

TOLEDO-LUCAS COUNTY CONVENTION
AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
401 Jefferson Avenue
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., prepared by Weber O'Brien Ltd., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Toledo-Lucas County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 18, 2008

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio 43604

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau, (collectively the "Organization") as of December 31, 2007, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit as of December 31, 2007, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages 3 - 8 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Webster O'Brien Ltd

June 26, 2008

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Toledo Lucas County Convention and Visitors Bureau, Inc. (herein referred to as the TLCCVB) and its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (herein referred to as the GTCVB) (collectively called the Organization) for the year ended December 31, 2007. This information in the MD&A should be read in conjunction with the Organization's financial statements and corresponding notes to the financial statements.

Financial Highlights

- Assets exceeded liabilities for the Organization by \$6,207,333 as of December 31, 2007.
- Net assets decreased for the Organization by \$513,496 in 2007.
- Net long-term liabilities increased \$23,016. There was one new addition to debt to finance the purchase of the parking rights.

Overview of the Financial Statements

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, TLCCVB is defined as a "primary government", the GTCVB is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Organization together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows - This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

Financial Analysis of the Organization's Net Assets and Revenues, Expenses and Changes in Net Assets

The tables below provide a summary of the Organization's financial position and operations for 2007 and 2006, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

Condensed Statements of Net Assets
December 31,
(Amounts in Thousands)

	<u>TLCCVB</u>			<u>GTCVB</u>		
	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Current Assets	\$ 3,064	\$ 2,628	\$ 436	\$1,140	\$ 1,048	\$ 92
Restricted Assets	2,600	3,199	(599)	-0-	-0-	-0-
Capital Assets, Net	13,831	14,147	(316)	16	24	(8)
Other Assets	<u>229</u>	<u>259</u>	<u>(30)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	19,724	20,233	(509)	1,156	1,072	84
Current Liabilities	1,886	1,788	98	94	127	(33)
Long Term Liabilities, Net	<u>12,693</u>	<u>12,670</u>	<u>23</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	14,579	14,458	121	94	127	(33)
Invested in Capital Assets	20	441	(421)	-0-	-0-	-0-
Restricted	2,600	3,199	(599)	-0-	-0-	-0-
Unrestricted	<u>2,525</u>	<u>2,135</u>	<u>390</u>	<u>1,062</u>	<u>945</u>	<u>117</u>
Total Net Assets	\$ 5,145	\$ 5,775	(\$ 630)	\$ 1,062	\$ 945	\$ 117

During 2007, net assets decreased by \$629,889 for TLCCVB and increased by \$116,393 for GTCVB. The majority of this decrease was due to the following:

- Cash has increased \$170,000 for TLCCVB and \$83,000 for GTCVB from 2006.
- Capital assets decreased by \$324,300. This was largely due to depreciation.
- Long-term liabilities increased by \$23,000 as a result of the addition of a loan to purchase the rights to a portion of parking spaces in the garage for \$1,175,000 offset by scheduled debt service payments.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

The following table summarizes the changes in revenues and expenses for the Organization between 2006 and 2007:

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
Years ended December 31
(Amounts in Thousands)

	<u>2007</u>	<u>TLCCVB</u> <u>2006</u>	<u>Change</u>	<u>2007</u>	<u>GTCVB</u> <u>2006</u>	<u>Change</u>
<u>Operating Revenues</u>						
Hotel/Motel Tax	\$ 913	\$ 908	\$ 5	\$1,218	\$1,205	\$ 13
Sales	1,206	1,066	140	-0-	-0-	-0-
Parking	531	551	(20)	-0-	-0-	-0-
Lucas County Subsidy	150	150	-0-	-0-	-0-	-0-
Other	<u>425</u>	<u>325</u>	<u>100</u>	<u>97</u>	<u>100</u>	<u>(3)</u>
Total Operating Revenue	3,225	3,000	225	1,315	1,305	10
<u>Operating Expenses</u>						
Payroll and benefits	1,868	1,705	163	414	423	(9)
Marketing/ Advertising	137	83	54	533	510	23
Utilities	485	524	(39)	9	10	(1)
Supplies	279	250	29	8	12	(4)
Insurance	120	112	8	0	1	(1)
Other	<u>569</u>	<u>92</u>	<u>477</u>	<u>257</u>	<u>234</u>	<u>23</u>
Total Operating Expense	<u>3,458</u>	<u>2,766</u>	<u>692</u>	<u>1,221</u>	<u>1,190</u>	<u>31</u>
Operating Income before						
Depreciation	(233)	234	(467)	94	115	(21)
Depreciation	<u>1,577</u>	<u>1,103</u>	<u>474</u>	<u>8</u>	<u>9</u>	<u>(1)</u>
Operating Income after						
Depreciation	(1,810)	(869)	(941)	86	106	(20)
<u>Non-Operating</u>						
Hotel/Motel Tax	1,787	1,783	4	-0-	-0-	-0-
Capital contribution	(0)	5,238	(5,238)	-0-	-0-	-0-
Other	<u>(607)</u>	<u>(484)</u>	<u>(123)</u>	<u>30</u>	<u>23</u>	<u>7</u>
Total Non-operating	<u>1,180</u>	<u>6,537</u>	<u>(5,357)</u>	<u>30</u>	<u>23</u>	<u>7</u>
Net Change in Net Assets	\$ (630)	\$ 5,668	\$ (6,298)	\$ 116	\$ 129	\$ (13)

Operating revenues consist of a portion of Hotel/Motel taxes collected on rooms occupied, with amounts in excess of debt service requirements used for operating purposes. These revenues are a function of price and occupancy. A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to the TLCCVB for Bond interest and debt repayment. An additional 2% of hotel/motel tax is levied for use by the GTCVB, and is distributed directly to the GTCVB.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

The remaining revenues largely come from convention facility sales, and funding by the County of Lucas.

- Hotel/Motel Taxes (in total) increased by \$22,000 in 2007.
- Revenue from Lucas County was \$150,000 in 2007, the same as in 2006.
- Convention Center sales increased by \$140,000 in 2007.
- Food and Beverage income increased by \$77,000 due to increased sales and a new agreement.

Operating expenses

- Marketing and advertising increased by \$77,000 due to an increase in expenditures by both the TLCCVB & GTCVB.
- Utilities have decreased by \$39,000. A decrease was recognized in the natural gas area due to price reduction during the year.
- Payroll and benefits increased by \$154,000 due to addition of two staff members, and an increase in benefits.
- Legal and accounting fees increased by \$56,000 in 2007.
- Total operating expenses were higher in 2007 due to the lack of reimbursement of expenses by the University of Toledo and other co-tenants which totaled \$360,000 in 2006.

Capital Assets

At the end of 2007, the Organization had \$13,847,300 (net of accumulated depreciation) invested in capital assets. The investment in capital assets includes the convention facility with over 75,000 square feet of exhibit hall space, a 374-car underground parking garage, and related meeting and back of house space and supporting furniture, fixtures and equipment.

The investment in capital assets decreased by \$324,267 during 2007. Current year depreciation expense was \$1,584,700. Purchases of capital assets were \$1,281,800.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

Debt Administration

At December 31, 2007 the Bureau had total long-term debt outstanding of \$12,693,000 compared to \$12,670,000 at December 31, 2006. During 2007, the Organization repaid \$1,070,000 in principal on outstanding debt. One additional loan was added during 2007 to facilitate the purchase the rights to a portion of parking spaces in the garage under the Convention Center. This loan was for \$1,175,000.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

During 1996 the Bureau issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate Demand and Special Revenue bond of \$753,000 still exists and is payable in October, 2010.

Interest on the Series 1996 Bonds is payable semiannually on April 1 and October 1 of each year. Interest rates on the Bonds range from 4.85% - 5.70% through 2015. Interest has been accrued on all bonds through December 31, 2007.

Annual debt service requirements for the bonds are met through the collection of hotel/motel taxes. The Bond Indenture requires that proceeds from the hotel/motel tax as well as from earnings received through investments must first be used to meet annual debt service obligations. Only after these obligations are met can tax proceeds and investments be used to offset on-going improvements to and operations of the convention center. The Organization has pledged all present and future receipts at the 6% level consisting of the hotel/motel tax receipts and any deposit accounts, along with investment income to be used for the debt service requirements.

In accordance with the Bond Indenture, a bond service reserve fund has been established as special trust funds to provide for the payment of the bond principal and interest in the event the amount in the debt service fund is insufficient. The balance in this fund is currently approximately \$1,707,000. Also included in restricted funds are hotel/motel tax receipts collected between debt service payment dates.

Outstanding Debt at December 31,
(In Thousands)

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Bonds Payable	\$11,660	\$12,640	(\$980)
Note Payable to Bank	1,398	313	1,085
Notes Payable	<u>753</u>	<u>753</u>	<u>0</u>
Total Debt	\$13,811	\$13,706	\$105

Economic Factors

Economic factors have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as booking also decreased during this period of time. This caused a decline in facility income that parallels the decrease in hotel/motel taxes. The good news is that over the past year (as in 2006), the hotel/motel market and booking are beginning to improve. This past year the hotel/motel revenues have rebounded, and we are optimistic for the year ahead.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2007

Contacting the Organization's Financial Management

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISTORS BUREAU, INC.
STATEMENT OF NET ASSETS
December 31, 2007

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,371,088	\$ 964,009
Accounts receivable		
Trade, net of allowance of \$6,700 and \$6,000, respectively	161,389	10,330
Hotel/motel tax receivables	380,092	165,582
Deposits	117,391	-0-
Inventory	33,564	-0-
Total Current Assets	3,063,524	1,139,921
RESTRICTED ASSETS FOR DEBT SERVICE		
Trustee held investments	2,600,486	-0-
Total Restricted Assets	2,600,486	-0-
CAPITAL ASSETS		
Parking rights	1,175,000	-0-
Depreciable Capital Assets		
Building	32,044,769	-0-
Furniture and fixtures	2,787,116	136,440
Other capital assets	417,439	-0-
Total depreciable capital assets	35,249,324	136,440
Accumulated depreciation	(22,592,860)	(120,582)
Net depreciable capital assets	12,656,464	15,858
Total capital assets, net	13,831,464	15,858
OTHER ASSETS - Deferred Bond Issuance Costs	229,117	-0-
TOTAL ASSETS	19,724,591	1,155,779

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF NET ASSETS, CONTINUED
December 31, 2007

LIABILITIES AND NET ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 152,782	\$ 32,310
Current portion of long term liabilities	1,117,887	-0-
Accrued payroll and payroll taxes	201,935	26,675
Accrued interest	164,520	-0-
Accrued real estate taxes and special assessments	86,598	-0-
Other accrued liabilities	3,513	-0-
Security deposits	83,640	-0-
Deferred revenue	<u>75,210</u>	<u>34,609</u>
Total Current Liabilities	1,886,085	93,594
LONG TERM LIABILITIES		
Bonds payable	11,660,000	-0-
Note payable to bank	1,397,914	-0-
Note payable - non-interest bearing	<u>753,331</u>	<u>-0-</u>
Subtotal	13,811,245	-0-
Less: Current portion	<u>(1,117,887)</u>	<u>-0-</u>
Net Long Term Liabilities	<u>12,693,358</u>	<u>-0-</u>
TOTAL LIABILITIES	14,579,443	93,594
NET ASSETS:		
Invested in capital assets, net of related debt	20,219	-0-
Restricted for debt service	2,600,486	-0-
Unrestricted	<u>2,524,443</u>	<u>1,062,185</u>
TOTAL NET ASSETS	<u>\$ 5,145,148</u>	<u>\$ 1,062,185</u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2007

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented <u>Component Unit</u> Greater Toledo Convention and Visitors Bureau
OPERATING REVENUES		
Hotel/motel tax receipts	\$ 913,379	\$ 1,218,359
Convention facilities	1,205,623	-0-
Parking, net of expenses of \$218,114	531,751	-0-
Gladieux subsidy	334,624	-0-
Lucas County subsidy and State Grant	150,000	-0-
Membership dues	-0-	81,558
Earnings from sale of exclusive rights	74,000	-0-
Cooperative projects	-0-	10,292
Other	16,026	5,029
	<hr/>	<hr/>
Total Operating Revenues	3,225,403	1,315,238
OPERATING EXPENSES		
Payroll and fringe benefits	1,867,615	414,456
Utilities	484,971	9,212
Supplies, maintenance and other	279,380	7,995
Security	122,815	-0-
Miscellaneous	178,989	19,074
Building and equipment rent	81,249	11,167
Insurance	120,400	443
Marketing and advertising	137,454	533,496
Legal and Accounting	108,650	2,357
Real estate taxes and special assessments	40,329	-0-
Travel and entertainment	23,735	27,885
Dues, memberships and subscriptions	6,446	8,045
Provision for losses on accounts receivable	4,801	-0-
Postage	1,782	57,337
Photography, printing and publications	-0-	122,298
Sales tax expense	-0-	7,623
	<hr/>	<hr/>
Total Operating Expenses	3,458,616	1,221,388
Operating Income before Depreciation	(233,213)	93,850
Depreciation	1,576,634	8,081
	<hr/>	<hr/>
Operating Income (Loss)	(1,809,847)	85,769
NONOPERATING REVENUES (EXPENSES)		
Hotel/motel tax receipts	1,787,503	-0-
Interest and amortization of bond discount and finance costs	(794,639)	-0-
Interest income	204,255	30,624
Loss on Disposal of Capital Assets	(14,454)	-0-
Unrealized loss on investments	(2,707)	-0-
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	1,179,958	30,624
CHANGE IN NET ASSETS	(629,889)	116,393
NET ASSETS - BEGINNING	<hr/> 5,775,037	<hr/> 945,792
NET ASSETS - ENDING	<hr/> <u>\$ 5,145,148</u>	<hr/> <u>\$ 1,062,185</u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2007

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers, Taxes and Subsidies	\$ 3,173,001	\$ 1,303,826
Cash Payments to Suppliers for Goods and Services	(1,784,156)	(841,012)
Cash Payments to Employees for Services	(1,850,547)	(410,482)
NET CASH PROVIDED (USED) BY OPERATIONS	(461,702)	52,332
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received for Debt Service	1,787,503	-0-
Purchases of Capital Assets	(1,281,803)	-0-
Proceeds from Disposal of Property and Equipment	3,156	
Proceeds from Long Term Debt	1,175,000	-0-
Repayment of Long Term Debt	(1,069,874)	-0-
Interest paid	(783,211)	-0-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(169,229)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	205,277	30,624
Sale of investments	7,151,811	-0-
Purchase of investments	(6,556,484)	-0-
NET CASH PROVIDED BY INVESTING ACTIVITIES	800,604	30,624
INCREASE IN CASH AND CASH EQUIVALENTS	169,673	82,956
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,201,415	881,053
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,371,088</u>	<u>\$ 964,009</u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended December 31, 2007

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Operating income (loss)	(\$ 1,809,847)	\$ 85,769
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,580,330	8,080
Loss on disposal of capital assets	14,454	-0-
Unrealized loss on investments	2,707	-0-
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	(80,654)	3,814
Hotel/motel tax receivables	(33,376)	(12,400)
Deposits	(117,391)	-0-
Inventory	(33,564)	-0-
Other assets and liabilities	(11,860)	-0-
Security deposits	(5,678)	-0-
Accrued real estate taxes	15,361	-0-
Accounts payable	(60,880)	(34,079)
Accrued payroll and payroll taxes	17,068	3,974
Deferred revenue	61,628	(2,826)
Total adjustments	<u>1,348,145</u>	<u>(33,437)</u>
NET CASH PROVIDED (USED) BY OPERATIONS	<u><u>(\$ 461,702)</u></u>	<u><u>\$ 52,332</u></u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention and convocation center) in the City of Toledo. The SeaGate Centre is comprised of a convention facility which is owned by TLCCVB and The Greater Toledo Convention and Visitors Bureau (GTCVB), a component unit, which was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo and the surrounding areas. Upon the dissolution of GTCVB, any remaining assets after payment of all obligations will be distributed to the TLCCVB. TLCCVB is supported primarily through hotel/motel taxes that account for approximately 52% of revenue in 2007.

TLCCVB is affiliated with GTCVB by virtue of being the sole member of GTCVB, as provided under GTCVB's code of regulations. Consequently, TLCCVB has controlling interest in GTCVB, and is responsible for appointing and removing GTCVB's Board of Trustees.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, GTCVB is determined to be a component unit.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria, however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that are developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

Investments

Investments are stated at fair values.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Bond Issuance Costs

Deferred bond issuance costs are stated at cost and are being amortized over the life of the related indebtedness on the straight-line basis.

Accounts Receivable - Trade

A reserve for uncollectible accounts is determined based on prior history and individual account status. An account is delinquent at 30 days past due and finance charges at a rate of 1.5% monthly or 18% annually are charged per the policy indicated on every invoice. A phone call is made first in an attempt to collect and notify the customer of the finance charges applied. If the account becomes between 60 and 90 days past due, it is sent to a collection agency. In the first phase, which can span another 90 days, 100% of the invoice can be collected. Approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer.

Inventory

Inventories are valued at cost (first-in/first out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenses when purchased; however, material amounts of inventories at period-end are reported as assets.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution. The Centre maintains a capitalization threshold of one thousand dollars.

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Intangible assets with an indefinite life are not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. All other intangible assets are amortized over their estimated useful lives.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues

A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to TLCCVB for bond interest and debt repayment. The excess of annual hotel/motel tax receipts over debt service payments and mandatory debt reserve fund additions is distributed to TLCCVB and can be used for operating purposes. Such excess amounts are shown as operating income in the financial statements.

Effective September 1997, a 1% hotel/motel tax was enacted by Lucas County, Ohio, to be collected by the County and distributed as revenue to GTCVB and is to be used for marketing purposes. In February 1998, the rate was increased to 1½% through June 1998 and 2% thereafter. This revenue is recognized in the period in which the underlying hotel/motel tax revenue is generated as evidenced by collection by the County. A portion of the tax is classified as non-operating as it is restricted for payments relating to debt service. Approximately 52% of the TLCCVB's total revenues and 91% of GTCVB's total revenues for 2007 were derived from this source. Accounts receivable from this source approximated 70% of total accounts receivable at December 31, 2007 for the TLCCVB. Accounts receivable from this source are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required.

Compensated Absences

The Organization follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment upon termination of employment.

Deferred Revenue

Income from membership dues and scheduled events is deferred and recognized over the periods to which the dues relate and scheduled events take place.

Income Taxes

TLCCVB and GTCVB are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined TLCCVB and GTCVB to be exempt from federal income taxes under Section 501(c)(3) and Section 501 (c)(6), respectively, of the Internal Revenue Code. However, income from certain activities not directly related to their tax-exempt purpose is subject to taxation as unrelated business income.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes, continued

Unrelated business income is immaterial. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Restricted net assets consist of monies and other resources that are restricted to satisfy debt service requirements as specified in debt agreements. The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$728,270 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$753,331 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$157,544 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$570,726. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board.

NOTE 2 – CASH AND INVESTMENTS

Protection of TLCCVB and GTCVB's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, TLCCVB and GTCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2007, the carrying amount of TLCCVB and GTCVB's deposits were \$2,371,088 and \$964,009 respectively. At year end, \$2,309,680 of TLCCVB's bank balance of \$2,409,680 and \$874,540 of GTCVB's bank balance of \$974,540 was exposed to custodial credit risk because it was uninsured and collateralized by the financial institution's collateral pool.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 2 - CASH AND INVESTMENTS, Continued

Deposits, continued

Demand deposits and certificates of deposit are collateralized at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments

As of December 31, 2007, TLCCVB had the following investments:

	<u>Fair Value</u>
Fifth Third US Treasury Money Market Fund	<u>\$2,600,486</u>

Interest Rate Risk - Board Resolutions requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of TLCCVB or GTCVB, and must be purchased with the expectation that it will be held to maturity.

Credit Risk - Fifth Third U.S. Treasury money market fund carries a rating of AAA by Standard and Poor's rating agency.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, TLCCVB and GTCVB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TLCCVB and GTCVB have no policies which address custodial credit risk.

Concentration of Credit Risk - TLCCVB and GTCVB places no limit on the amount it may invest in any one issuer.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 3 - PARKING RIGHTS

During 2007, the Organization purchased the rights to a portion of the parking spaces in the garage for \$1,175,000. The Organization elected early implementation of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes standards of accounting and financial reporting for intangible assets. The parking rights purchased were recorded as a capital asset in accordance with this standard. As these rights have an indefinite life, they are not amortized.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2007 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2007	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, 2007
Historical Cost:				
Parking Rights	-0-	1,175,000	-0-	1,175,000
Depreciable Capital Assets				
Building	\$31,983,017	\$ 93,884	\$ 32,132	\$32,044,769
Furniture and Fixtures	3,175,682	1,139	389,705	2,787,116
Other Capital Assets	<u>411,367</u>	<u>11,780</u>	<u>5,708</u>	<u>417,439</u>
Total Historical Cost	35,570,066	1,281,803	427,545	36,424,324
Accumulated Depreciation:				
Building	17,963,233	1,545,402	15,888	19,492,747
Furniture and Fixtures	3,121,652	14,983	389,705	2,746,930
Other Capital Assets	<u>337,531</u>	<u>19,945</u>	<u>4,293</u>	<u>353,183</u>
Total Accumulated Depreciation	<u>21,422,416</u>	<u>1,580,330</u>	<u>409,886</u>	<u>22,592,860</u>
Capital Assets, Net	<u>\$14,147,650</u>	(<u>\$298,527</u>)	<u>\$ 17,659</u>	<u>\$13,831,464</u>
Depreciation Expense Charged to Operating Activities		<u>\$1,580,330</u>		

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 Year Ended December 31, 2007

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, Continued

<u>GTCVB</u>	Balance at January 1, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2007</u>
Historical Cost:				
Furniture and Fixtures	\$197,715	\$ -0-	\$61,275	\$136,440
Accumulated Depreciation:				
Furniture and Fixtures	<u>173,776</u>	<u>8,081</u>	<u>61,275</u>	<u>120,582</u>
Capital Assets, Net	\$ <u>23,939</u>	(\$ <u>8,081</u>)	\$ <u>-0-</u>	\$ <u>15,858</u>
Depreciation Expense Charged to Operating Activities		<u>\$8,081</u>		

NOTE 5 - BONDS AND NOTES PAYABLE

Bonds and notes outstanding at December 31, 2007 are as follows:

	Balance at December 31, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2007</u>	Due Within <u>One Year</u>
Bonds Payable	\$12,640,000	\$ -0-	\$ 980,000	\$11,660,000	\$1,030,000
Note Payable to Bank	312,788	1,175,000	89,874	1,397,914	87,887
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>-0-</u>
Total	<u>\$13,706,119</u>	<u>\$1,175,000</u>	<u>\$1,069,874</u>	<u>\$13,811,245</u>	<u>\$1,117,887</u>

During 1996 TLCCVB issued \$20,290,000 Fixed Rate Special Revenue Refunding Bonds Series 1996 and refunded the Series 1988 and 1991 Variable Rate Demand Special Revenue Bonds. Accrued interest from October 1985 through September 1991 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds still exists and is payable in October 2010. It is reported in the financial statements as the note payable, non-interest bearing.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 5 - BONDS AND NOTES PAYABLE, Continued

Interest on the Series 1996 Bonds is payable on April 1 and October 1 of each year, with the interest rates fixed at a rate that is adjusted on an annual basis. The interest rate on the Series 1996 Bonds range from 4.85% - 5.70% through 2015. Annual principal retirements are payable October 1 each year.

TLCCVB has pledged all present and future receipts of the 6% hotel/motel tax receipts, net parking revenues, and any deposit accounts, along with the investment income, held by the trustee for debt service payments on the Series 1996 Bonds. TLCCVB agreed, among other things, not to create any debt against pledged receipts and to maintain a reserve fund and a bond fund to provide for payments relating to principal and interest on the bonds.

The funds held by the trustee under the bond indenture agreements consist of certain investments and are classified in the balance sheet as restricted assets.

When the bonds are paid off TLCCVB will convey to the County the exclusive use and possession of the Convention Center and any additions made to the site. The County also has the right to acquire the Convention Center from the TLCCVB if the County provides sufficient funds to defease the bonds

During 2005 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of four turbines to generate electricity and reduce utility costs. The turbine project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a "linked deposit program" established by the Ohio Revised Code. The term of the loan is 80 months with payments of \$5,123 at an interest rate of 1.985%.

During 2007 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of the Garage parking rights from a partner. The term of the loan is 6 years with payments of \$8,760 at an interest rate of 6.5% and a balloon payment at maturity for the remaining principal and interest. This loan is secured by certain real estate, assignment of rents, and a deposit account aggregating \$235,000.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 Year Ended December 31, 2007

NOTE 5 - BONDS AND NOTES PAYABLE, Continued

Maturities of bonds and notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,117,887	\$ 736,794
2009	1,181,089	676,947
2010	1,997,785	613,640
2011	1,308,916	546,862
2012	1,319,657	474,729
2013 and Thereafter	<u>6,885,911</u>	<u>1,311,723</u>
Total	<u>\$13,811,245</u>	<u>\$4,360,695</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

TLCCVB, under an operating lease agreement, leases the land of the convention center site from the Lucas County Commissioners for a nominal annual fee. Representatives of Lucas County are presently serving as Trustees of the TLCCVB.

TLCCVB retains a law firm of which a partner is a Trustee of the TLCCVB. TLCCVB incurred fees from this firm amounting to \$53,126 in 2007.

The Organization retains a marketing firm of which a Trustee of the TLCCVB is a partner. The Organization incurred fees from this firm amounting to \$69,327 in 2007.

NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS

TLCCVB and GTCVB both have defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing boards and administered by Emjay Retirement Plan Services. Under the provisions of the plans (the TLCCVB salaried employees' retirement plan, the TLCCVB hourly employees' retirement plan and the GTCVB 401(k) plan, TLCCVB and GTCVB contribute an amount equal to 4% of its employees' gross salaries. In addition, TLCCVB and GTCVB make matching contributions at a rate of 75% of employee contributions up to a maximum of 1% of an employee's gross salary. Employees may elect to defer up to 20% of their compensation. Employer contributions to the plans during 2007 were \$75,850.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 8 - INSURANCE

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

NOTE 9 - MANAGEMENT AGREEMENTS

The TLCCVB entered into a management agreement with SMG during 2007. The contract term will run from January 1, 2008 for five years. The five year contract provides for an initial fixed fee of \$144,000 per year. The fixed fee will be reduced to \$75,000 per year upon commencement of SMG's agreement to concurrently manage the new arena presently under construction. The contract also contains an incentive whereby SMG will be paid a fee of 25% of the amount by which the gross operating revenues for each year exceed the prior year's gross revenues. The incentive fee percentage will increase to 35% once the increase in revenues exceeds \$250,000. Effective January 1, 2008 all non-union employees of TLCCVB became employees of SMG. All union employees will become employees of SMG effective August 1, 2008.

TLCCVB entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, with the fee to be received by March 1st. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2007 was \$85,166 and is included in parking revenue.

The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to TLCCVB and 60% to the owner. Net parking receipts to the Organization for 2007 under the above arrangement were \$78,352.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2007

NOTE 10 - SUBSEQUENT EVENTS

Subsequent to year end, the 1996 bonds that were held to finance the construction of the SeaGate Convention Centre were paid off and redeemed with the proceeds of certain general obligation bond anticipation notes (the "Notes") issued by the County of Lucas, Ohio. Prior to the end of 2008, Lucas County intends to issue new bonds (the "New Bonds") to retire the Notes and to finance costs of development and construction of the new multipurpose arena that is being built by Lucas County in downtown Toledo. The basic security for payment of the Notes and the New Bonds is the requirement of the levy by Lucas County of ad valorem property taxes, and Lucas County expects that debt service on the New Bonds will be paid primarily from pledged receipts of the lodging tax collected by Lucas County.

All of the real property and personal property owned by the TLCCVB, with the exception of the micro-turbines and the former Geraldo garage space (for which there is separate financing), was conveyed and transferred to Lucas County on or about April 22, 2008. It is anticipated that these assets will be conveyed back to the TLCCVB by Lucas County at the time of the New Bond financing.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS

To the Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio

We have audited the accompanying statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (Collectively "Organization"), as of and for the year ended December 31, 2007 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material

To the Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.

misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.



June 26, 2008



Mary Taylor, CPA
Auditor of State

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

LUCAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 4, 2008**