The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries

Consolidated Financial Statements
December 31, 2022 and 2021

Cohen & Co

cohencpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
The Convention and Visitors Bureau of Greater Cleveland, Inc.
dba Destination Cleveland and Subsidiaries
334 Euclid Ave
Cleveland, Ohio 44114

We have reviewed the *Independent Auditors' Report* of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries, Cuyahoga County, prepared by Cohen & Company, for the audit period January 1, 2022 through December 31, 2022. 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 Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 07, 2023

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THE CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC. DBA
DESTINATION CLEVELAND AND SUBSIDIARIES

DECEMBER 31, 2022 AND 2021

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Cohen & Co

Independent Auditors' Report

Board of Directors
The Convention and Visitors Bureau of Greater Cleveland, Inc.
dba Destination Cleveland and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, in 2022, the Organization adopted Accounting Standards Codification 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our 2022 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023, on our consideration of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control over financial reporting and on our tests of their 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control over financial reporting and compliance.

Cohen & Company Ltd.

Cleveland, Ohio
May 24, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,541,112	$ 14,619,093
Amounts due from Cuyahoga County	3,047,396	2,629,519
Accounts receivable	3,417	82,874
Prepaid expenses and other assets	355,228	704,722
Employee Retention Tax Credit receivable	517,581	801,404
	23,464,734	18,837,612
PROPERTY AND EQUIPMENT - AT COST	8,702,500	8,147,218
Less: Accumulated depreciation and amortization	7,161,116	6,532,009
	1,541,384	1,615,209
OTHER ASSETS		
Investments	4,282,080	4,753,457
Operating lease right-of-use assets	1,071,564	
Other assets	150,000	125,000
	5,503,644	4,878,457
	$ 30,509,762	$ 25,331,278

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of operating lease liabilities	$ 439,141	
Accounts payable and accrued expenses	834,091	$ 576,250
Salaries and payroll taxes payable	414,063	194,668
Deferred revenue	145,028	173,826
	1,832,323	944,744
LONG-TERM LIABILITIES		
Operating lease liabilities	896,528	
Deferred rent		352,140
	896,528	352,140
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	14,365,293	11,188,975
Board designated	4,594,290	2,698,360
	18,959,583	13,887,335
NET ASSETS WITH DONOR RESTRICTIONS		
Capital improvement funds - General reserve	5,809,730	6,898,900
Capital improvement funds - Special projects	2,996,701	3,169,000
Other initiatives	14,897	79,159
	8,821,328	10,147,059
	27,780,911	24,034,394
	$ 30,509,762	$ 25,331,278

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Transient occupancy tax	$ 13,823,430		$ 13,823,430
Capital improvement transient occupancy tax		$ 7,292,096	7,292,096
Less: Rocket Mortgage FieldHouse renovation	2,000,000		2,000,000
Less: Rock & Roll Hall of Fame	500,000		500,000
Net assets released from restriction	8,553,565	(8,553,565)	
Net transient occupancy tax	19,876,995	(1,261,469)	18,615,526
Partnership dues	398,959		398,959
Ad and publication	269,679		269,679
Grants		10,800	10,800
Interest and investment loss - Net	(136,495)		(136,495)
Sponsorships and contributions	66,701	72,956	139,657
Miscellaneous	111,931		111,931
In-kind contributions	27,372		27,372
Net assets released from restriction	148,018	(148,018)	
	20,763,160	(1,325,731)	19,437,429
EXPENSES			
Program services			
Destination development	2,046,431		2,046,431
Marketing	6,466,814		6,466,814
Partnerships	1,340,757		1,340,757
Sales - Convention	2,872,089		2,872,089
Services - Convention	591,877		591,877
Spirit of Cleveland	108,744		108,744
	13,426,712		13,426,712
Supporting services			
Management and general	2,264,200		2,264,200
	15,690,912		15,690,912
CHANGE IN NET ASSETS	5,072,248	(1,325,731)	3,746,517
NET ASSETS - BEGINNING OF THE YEAR	13,887,335	10,147,059	24,034,394
NET ASSETS - END OF THE YEAR	$ 18,959,583	$ 8,821,328	$ 27,780,911

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Transient occupancy tax	$ 10,190,425		$ 10,190,425
Capital improvement transient occupancy tax		$ 5,376,309	5,376,309
Less: Rocket Mortgage Fieldhouse renovation	1,500,000		1,500,000
Net assets released from restriction	6,005,209	(6,005,209)	
Net transient occupancy tax	14,695,634	(628,900)	14,066,734
Partnership dues	326,487		326,487
Ad and publication	192,915		192,915
Grants		55,000	55,000
Interest and investment loss - Net	(28,739)		(28,739)
Sponsorships and contributions	29,575	20,000	49,575
Miscellaneous	50,466		50,466
Forgiveness of Paycheck Protection Program loans	2,089,940		2,089,940
Employee Retention Tax Credit income	579,062		579,062
In-kind contributions	10,761		10,761
Net assets released from restriction	48,405	(48,405)	
	17,994,506	(602,305)	17,392,201
EXPENSES			
Program services			
Destination development	1,821,730		1,821,730
Marketing	4,812,722		4,812,722
Partnerships	1,117,170		1,117,170
Sales - Convention	2,210,179		2,210,179
Services - Convention	260,867		260,867
Spirit of Cleveland	50,036		50,036
	10,272,704		10,272,704
Supporting services			
Management and general	2,120,629		2,120,629
	12,393,333		12,393,333
CHANGE IN NET ASSETS	5,601,173	(602,305)	4,998,868
NET ASSETS - BEGINNING OF THE YEAR	8,286,162	10,749,364	19,035,526
NET ASSETS - END OF THE YEAR	$ 13,887,335	$ 10,147,059	$ 24,034,394

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	PROGRAM							SUPPORTING	
	Destination Development	Marketing	Partnerships	Sales - Convention	Services - Convention	Spirit of Cleveland	Total Program Services	Management and General	Total Expenses
Salaries and wages	$ 609,128	$ 1,527,246	$ 540,828	$ 1,124,894	$ 274,046		$ 4,076,142	$ 1,396,184	$ 5,472,326
Payroll taxes and fringe benefits	114,341	290,291	101,521	206,168	50,227		762,548	247,617	1,010,165
	723,469	1,817,537	642,349	1,331,062	324,273		4,838,690	1,643,801	6,482,491
Marketing, advertising and promotions	226	2,704,168	3,406	18,734	23,819		2,750,353		2,750,353
Professional fees	172,520	1,291,872	281,776	258,357	30,833	$ 101,074	2,136,432	71,039	2,207,471
Information technology	19,397	221,545	107,893	114,432	13,893		477,160	166,641	643,801
Events, trade shows and meetings	2,974	3,068	34,105	443,738	55,829		539,714		539,714
Travel and client development	32,890	54,853	4,020	215,651	79,209		386,623	137,054	523,677
Occupancy	73,003	64,754	146,294	106,951	28,779		419,781	91,137	510,918
Community support and initiatives	439,994						439,994		439,994
Convention subsidies				212,504	1,566		214,070		214,070
Research		192,029	2,000				194,029		194,029
Training, memberships and subscriptions	3,472	6,075	8,633	83,841	8,289		110,310	62,480	172,790
Destination development	166,291					5,000	171,291		171,291
Office	13,877	44,252	41,335	31,330	8,010	2,670	141,474	24,946	166,420
Other	1,225	7,619	1,976	4,174	4,252		19,246	25,541	44,787
	925,869	4,590,235	631,438	1,489,712	254,479	108,744	8,000,477	578,838	8,579,315
Depreciation and amortization	397,093	59,042	66,970	51,315	13,125		587,545	41,561	629,106
Total expenses	$ 2,046,431	$ 6,466,814	$ 1,340,757	$ 2,872,089	$ 591,877	$ 108,744	$ 13,426,712	$ 2,264,200	$ 15,690,912

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	PROGRAM							SUPPORTING	
	Destination Development	Marketing	Partnerships	Sales - Convention	Services - Convention	Spirit of Cleveland	Total Program Services	Management and General	Total Expenses
Salaries and wages	$ 413,372	$ 1,335,689	$ 386,297	$ 853,494	$ 86,849		$ 3,075,701	$ 1,227,608	$ 4,303,309
Payroll taxes and fringe benefits	76,447	263,231	71,465	155,309	16,067		582,519	183,481	766,000
	489,819	1,598,920	457,762	1,008,803	102,916		3,658,220	1,411,089	5,069,309
Marketing, advertising and promotions	75,209	1,804,167	151,864	12,909	1,077		2,045,226	8,907	2,054,133
Professional fees	61,512	813,694	97,784	126,714	8,604	$ 47,981	1,156,289	47,322	1,203,611
Information technology		138,646	38,178	24,783			201,607	347,687	549,294
Community support and initiatives	482,829		12,915				495,744		495,744
Occupancy	109,910	44,779	144,286	85,030	14,927		398,932	82,093	481,025
Travel and client development	129	34,527	735	302,061	17,399		354,851	82,494	437,345
Events, trade shows and meetings		840	17,863	360,262	16,134		395,099		395,099
Research		276,239					276,239	16,092	292,331
Office	20,756	34,093	84,297	38,337	6,610	1,662	185,755	37,254	223,009
Training, memberships and subscriptions	4,674	6,398	15,295	59,569	74,410	393	160,739	31,779	192,518
Convention subsidies				124,628	9,537		134,165		134,165
Destination development	113,330		1,196				114,526		114,526
Other		3,933	980	16,129	261		21,303	6,456	27,759
	868,349	3,157,316	565,393	1,150,422	148,959	50,036	5,940,475	660,084	6,600,559
Depreciation and amortization	463,562	56,486	94,015	50,954	8,992		674,009	49,456	723,465
Total expenses	$ 1,821,730	$ 4,812,722	$ 1,117,170	$ 2,210,179	$ 260,867	$ 50,036	$ 10,272,704	$ 2,120,629	$ 12,393,333

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,746,517	$ 4,998,868
Noncash items included in activities:		
Depreciation and amortization of property and equipment	629,106	723,465
Amortization of deferred lease incentive		(17,224)
Deferred rent		(49,946)
Operating lease expense	345,135	
Forgiveness of Paycheck Protection Program loans		(2,089,940)
Unrealized losses on investments	221,377	88,502
(Decrease) increase in cash and cash equivalents caused by changes in current items:		
Amounts due from Cuyahoga County	(417,877)	(1,478,683)
Accounts receivable	79,457	(62,021)
Prepaid expenses and other assets	349,494	(237,237)
Employee Retention Tax Credit receivable	283,823	(579,062)
Other assets	(25,000)	(25,000)
Accounts payable and accrued expenses	257,841	210,832
Grants payable		(490,000)
Salaries and payroll taxes payable	219,395	(33,199)
Deferred revenue	(28,798)	68,844
Operating lease liabilities	(433,170)	
Net cash flow provided from operations	5,227,300	1,028,199
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(555,281)	(505,460)
Purchase of investments	(750,000)	(4,798,229)
Proceeds from sale of investments	1,000,000	1,250,000
Net cash flow used in investing	(305,281)	(4,053,689)
CASH FLOW PROVIDED FROM FINANCING ACTIVITY		
Proceeds from Paycheck Protection Program loan		2,089,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,922,019	(935,550)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,619,093	15,554,643
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,541,112	$ 14,619,093
SUPPLEMENTAL FINANCIAL INFORMATION		
Operating cash flows from operating leases	$ 454,171	
NONCASH INVESTING AND FINANCING ACTIVITY		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 1,416,699	

The accompanying notes are an integral part of these consolidated statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The accompanying consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland (Destination Cleveland) include the accounts of its wholly-owned subsidiaries, DC CCC Investment LLC (DC CCC), and Spirit of Cleveland, Inc. (Spirit) (collectively, the Organization).

The purpose of Destination Cleveland, a non-profit organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code (IRC), is to drive economic impact and stimulate community vitality for Cleveland through memorable leisure, convention, and business travel experiences.

DC CCC, a limited liability company, began operations in 2018, for the purpose of investing in a local concert company. DC CCC was inactive for the years ended December 31, 2022 and 2021.

The purpose of Spirit, a non-profit organization exempt from federal income tax under Section 501(c)(3) of the IRC, is to provide training programs to enhance the Cleveland visitor experience and destination development projects to strengthen Cleveland as a visitor destination.

Revenue Recognition

The Organization's revenue from contracts with customers consists primarily of sponsorships and partnership dues. Sponsorship obligations are satisfied at the conclusion of conferences or events hosted by the Organization. Partnership dues, which are nonrefundable, are comprised of an exchange element based benefits provided to the partners over one year. Obligations to these partners are satisfied and recognized ratably over time as partners are simultaneously receiving and consuming the benefit of the partnership with the Organization over one year. Included in deferred revenue are partnership dues received by the Organization in advance of completing the over time performance obligation.

Total revenue recognized from contracts with customers for the years ended December 31, 2022 and 2021, amounted to approximately $399,000 and $326,000, respectively. Deferred revenue from contracts with customers amounted to $105,000 as of January 1, 2021. Accounts receivable from contracts with customers were immaterial as of January 1, 2021.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

A substantial portion of Destination Cleveland's revenue comes from the Transient Occupancy Tax, which is accounted for on an accrual basis based on reports from the Cuyahoga County (the County).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

A portion of the Transient Occupancy Tax is required to be used for direct and indirect costs of capital improvements (Capital Improvement Funds), as outlined in the agreement with the City of Cleveland and the County and subject to Destination Cleveland's capital improvement policy, and further clarified by Ohio Senate Bill 310 effective on January 1, 2021. As such, Capital Improvement Funds are recorded as net assets with donor restrictions. When Capital Improvement Funds are spent, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. There were no such advances received for the year ended December 31, 2022. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. No funds were required to be returned during the current year.

In 2021 and 2020, the Organization obtained government assistance through the Employee Retention Tax Credits program (ERTC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA Act). The Organization accounted for the assistance as a conditional contribution under Account Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, proceeds from such assistance were recorded as a refundable advance, with the refundable advance reduced and the contribution recognized once the conditions of release have been substantially met or explicitly waived.

ERTCs are refundable tax credits against certain employment taxes equal to a percentage of qualified wages an eligible employer pays to employees, as defined in the CARES Act and CAA Act. The Organization was eligible for $579,062 and $222,342 of ERTCs in 2021 and 2020, respectively, with $579,062 recognized in other income in 2021 on the accompanying consolidated statement of activities. The Organization received $283,824 in 2022 relating to ERTCs earned in 2021. The consolidated statement of financial position reflects a receivable of $517,581 and $801,404 at December 31, 2022 and 2021, respectively. The Organization believes the amounts remaining in receivables at December 31, 2022, are collectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used and such differences may be material.

Functional Allocation of Expenses

The consolidated statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, lease, depreciation, and overhead, which are allocated on the basis of estimates of time and effort.

Contributed Goods and Services

The Organization has recorded contributed in-kind goods and services for travel, visitor meals and entertainment and other expenses totaling $27,372 and $10,761 during 2022 and 2021, respectively. These in-kind goods and services have been recorded at fair value on the date of contribution and have been included in revenues and expenses in the accompanying consolidated statement of activities.

Cash and Cash Equivalents

The Organization considers all short-term securities purchased and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, except for certificates of deposits included in the Organization’s investment accounts. In addition, the Organization maintains cash at major financial institutions which may, at times, exceed federally insured amounts.

Receivables and Credit Policies

Accounts receivable primarily includes receivables due from exchange transactions. These amounts are due under various payment terms.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management’s best estimate of the amounts that will not be collected based on historical experience. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. When receivables are determined to be uncollectible, they are written off against the allowance for doubtful accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Credit Policies (continued)

As of December 31, 2022 and 2021, management believed that all receivables were collectible and therefore no valuation allowance was necessary.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition. Minor items of property and equipment are charged to expense as incurred. Depreciation and amortization are computed by the straight-line method over the following estimated useful lives of the assets:

Leasehold improvements	Term of lease
Furniture and fixtures	3-10 years
Office equipment	3-5 years
Software	3-5 years
Destination development projects	5 years

Investments

Investments are carried at fair value and consist of United States (U.S.) government bonds and certificates of deposit. Investments in securities with readily determinable fair values are reported at quoted market values. Realized and unrealized gains or losses are reflected in the accompanying consolidated statement of activities.

Advertising

Advertising costs are expensed as incurred and amounted to $2,091,454 and $1,127,053 for 2022 and 2021, respectively.

Income Taxes

The Organization accounts for uncertain tax positions in accordance with GAAP, which requires recognition of and disclosure related to uncertain tax positions. As of and during the years ended December 31, 2022 and 2021, the Organization did not have a liability for unrecognized tax benefits.

Split Dollar Loan Agreement

The Organization has a split dollar loan agreement with a key executive in which the Organization pays the premiums on the insurance policy in the name of the executive. The Organization accounts for split-dollar life insurance premiums that have been paid by the Organization as other assets. The balance represents the aggregate of accumulated premiums paid and are classified as such because there is an assignment, in favor of the Organization, of all proceeds of the policy to the extent of the accumulated premiums paid by the Organization. All proceeds in excess of accumulated premiums will be paid to a third-party beneficiary, and repayment will occur upon a trigger event, as defined in the agreement. The accumulated premiums as of December 31, 2022 and 2021, amounted to $150,000 and $125,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Forgivable Loans

Absent specific guidance in GAAP, the Organization accounts for forgivable loans as debt in accordance with ASC 470, *Debt*, and accrues interest in accordance with the interest method under ASC 835-30, *Interest - Imputation of Interest*. Accordingly, proceeds from such loans are recorded as a liability until either the loan is, in part or wholly forgiven and the debt has been legally released or the loan is paid off.

Adoption of New Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for the Organization's year ended December 31, 2022. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

In February 2016, the Financial Accounting Standards Board (FASB) issued accounting standards update (ASU) 2016-02, *Leases* (known as FASB Accounting Standards Codification [ASC] 842) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in ASC 842 is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, expanded disclosures are required about the nature and terms of lease agreements to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The comparative information presented in the accompanying consolidated financial statements continues to be reported under prior lease guidance in accordance with ASC 840.

The Organization adopted the provisions of ASC 842 effective January 1, 2022, and recognized and measured leases existing at, or entered into after the beginning of the period of adoption, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in ASC 840. The adoption of ASC 842 did not have a material impact on the Organization's consolidated financial statements, although the financial statement presentation and disclosures have changed. No cumulative adjustment to retained earnings was needed upon adoption. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged.

Concurrent with the adoption of ASC 842, the Organization elected the following implementation package of practical expedients: (1) to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncements (continued)

As a result of the adoption of ASC 842, on January 1, 2022, the Organization recognized operating lease liabilities of approximately $1,769,000, which represents the present value of the remaining operating lease payments of approximately $1,817,000, discounted using the risk-free rate, and related ROU assets of approximately $1,417,000, which represents the operating lease liability of approximately $1,769,000 adjusted for accrued rent of approximately $352,000.

Leases

The Organization determines if an arrangement is, or contains, a lease at the inception date. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based primarily on the present value of lease payments over the lease term. In determining the discount rate used to measure the ROU assets and lease liabilities, the Organization uses rates implicit in the lease, when available. If the rate implicit in the lease is not readily available, the Organization has elected to use a risk-free rate for all classes of assets. The risk-free rate used is the 5-year risk-free rate in effect at the commencement of the lease for a similar term. The operating lease ROU assets also include any lease payments made at commencement and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Organization elected to apply the short-term lease exemption. Under this exemption, ROU assets and lease liabilities are not recognized for leases with an initial term of 12 months or less.

Leases Prior to the Adoption of ASC 842

Prior to the adoption of ASC 842, under ASC 840, lease expense related to operating leases was recognized on a straight-line basis over the lease term with disclosures made regarding future minimum payments. Prior to the adoption of ASC 842, there was no recognition of operating leases on the consolidated statement of financial position.

Subsequent Events

Management has evaluated subsequent events May 24, 2023, the date the consolidated financial statements were available to be issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization had investments without donor restrictions of $4,282,080 and $4,753,457 at December 31, 2022 and 2021, respectively, which can be drawn upon if necessary. In addition the Organization has a committed line of credit in the amount of $2,000,000 to be drawn upon if necessary.

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 19,541,112	$ 14,619,093
Amounts due from Cuyahoga County	3,047,396	2,629,519
Accounts receivable	3,417	82,874
Investments	4,282,080	4,753,457
Employee Retention Tax Credit receivable	517,581	801,404
Total financial assets, at year end	27,391,586	22,886,347
Less: Amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Spirit of Cleveland initiatives	14,897	59,519
Trade show support		20,000
Capital improvement funds	8,806,431	10,067,900
	8,821,328	10,147,419
Board designations:		
Special initiatives	925,000	
Convention subsidy	3,669,290	2,698,360
	4,594,290	2,698,360
Total financial assets available to meet cash needs for general expenditures within one year	$ 13,975,968	$ 10,040,568

3. PROPERTY AND EQUIPMENT

At December 31, 2022 and 2021, the cost of property and equipment consisted of the following:

	2022	2021
Leasehold improvements	$ 2,878,065	$ 2,798,270
Furniture and fixtures	722,461	722,461
Office equipment	696,158	567,210
Software	500,570	500,570
Destination development projects	3,905,246	3,558,707
	$ 8,702,500	$ 8,147,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The various inputs that may be used to determine the fair value of the Organization's assets are summarized in three broad levels:

Level 1 Quoted prices in active markets for identical securities

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 Significant unobservable inputs (including the Organization's own assumptions used to determine value)

Fair values of certificates of deposit approximate cost, as they are generally short-term in nature and bear market rates of interest. U.S. government bonds are valued at the closing price reported on the active market on which the individual securities are traded.

Assets measured at fair value are comprised of the following at December 31, 2022:

Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	$	$ 1,667,565	$	$ 1,667,565
U.S. government bonds	2,614,515			2,614,515
	$ 2,614,515	$ 1,667,565	$	$ 4,282,080

Assets measured at fair value are comprised of the following at December 31, 2021:

Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	$	$ 2,009,570	$	$ 2,009,570
U.S. government bonds	2,743,887			2,743,887
	$ 2,743,887	$ 2,009,570	$	$ 4,753,457

The Organization did not hold any Level 3 assets during 2022 or 2021.

5. AMOUNTS DUE FROM CUYAHOGA COUNTY

The amounts due from the County at December 31 of each year include Destination Cleveland's unremitted share of that year's Transient Occupancy Taxes. The taxes are levied under state legislation enabling the County to impose the tax and enter into an agreement to remit a portion of the amounts collected to Destination Cleveland.

Destination Cleveland is also party to an agreement with the County and the Mayor of the City of Cleveland (the City) in which the County and the City agreed to allocate a portion of the revenue they receive from the Capital Improvement portion of the Transient Occupancy Tax to Destination Cleveland to be used for the direct and indirect costs of capital improvements, as defined in the agreement. There are no amounts due from the County at December 31, 2022 and 2021, related to Destination Cleveland's unremitted share of the Capital Improvement Funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. LINE OF CREDIT

At December 31, 2022 and 2021, the Organization has available a line of credit, renewable annually, with a bank in the amount of $2,000,000, expiring in October 2023. The line is secured by substantially all business assets and bears interest at the prime rate (7.50% and 3.25% at December 31, 2022 and 2021, respectively). At December 31, 2022 and 2021, there was no balance outstanding and no interest was paid on the line in either year. The line of credit agreement contains certain non-financial covenants. Management believes the Organization is in compliance with these covenants.

7. RETIREMENT PLAN

Destination Cleveland has a defined contribution pension plan, with a 401(k) provision, which covers all employees who meet certain criteria as to age and years of service. Effective as of February 1, 2021, Destination Cleveland provided matching contributions of 50% of employee deferrals up to 6% of compensation. Destination Cleveland may also make discretionary contributions to the plan. Destination Cleveland's policy is to fund the plan annually. The provisions for pension costs are included in benefits and amounted to approximately $112,000 and $68,000 for 2022 and 2021, respectively.

8. PAYROLL PROTECTION PROGRAM LOANS

In January 2021, the Organization received proceeds (PPP1) from their lending bank of $1,044,970, as guaranteed by the Small Business Administration's Paycheck Protection Program under the CAA Act. The Organization secured these funds in order to help keep their workforce employed during the COVID-19 crisis. The loan can be 100% forgiven as long as the Organization meets specific criteria, as defined, for the covered period through April 15, 2021, following receipt of the loan proceeds. This includes maintaining a certain level of employee headcount and compensation during that time period, demonstrating that the money was used for payroll costs, rent, mortgage interest, or utilities, and documenting in good faith the organization was unable to operate between February 15, 2020, and the end of the covered period at the same level of business activity as before February 15, 2020, due to the maintenance of standards for social distancing. The Organization met the safe harbor criteria for loan forgiveness during 2021, and was notified by the SBA of the forgiveness.

After spending PPP1 funds on eligible expenses by April 15, 2021, the Organization received proceeds from their lending bank in the amount of $1,044,970 as guaranteed by the Small Business Administration's Paycheck Protection Program (PPP2) under the CAA Act. The loan can be 100% forgiven as long as the Organization meets the same specific criteria as PPP1 funds for the covered period of up to 24 weeks following the receipt of the loan proceeds. The Organization met the safe harbor criteria for loan forgiveness during 2021, and was notified by the SBA of the forgiveness.

A total of $2,089,940 in proceeds from PPP1 and PPP2 forgivable loans is included on the consolidated statement of activities for the year ended December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES

Leases Under ASC 842

The Organization maintains an operating lease for their office space and visitors center expiring through 2025. Although there are two options to renew the lease, as of January 1, 2022, there was no reasonably certainty that the lease would be renewed.

The Organization subleases a portion of its office space to the Greater Cleveland Sports Commission (GCSC), on a month-to-month basis. As part of the sublease agreement, GCSC pays for a portion of information technology and office maintenance services and equipment.

For the year ended December 31, 2022, the Organization's expenses relating to leases consist of the following:

Operating lease expense	$ 366,136
Short-term lease expense	$ 16,800
Sublease income	$ 94,973

At December 31, 2022, the weighted average remaining on the lease term and weighted average discount rate for operating leases was 3 years and 1.37%, respectively.

At December 31, 2022, future minimum lease payments under non-cancellable leases are as follows:

	Operating Leases
2023	$ 454,172
2024	454,172
2025	454,172
Total undiscounted cash flows	1,362,516
Less: Present value discount	(26,843)
Total lease liabilities	$ 1,335,673

Leases Prior to the Adoption of ASC 842

During 2021, total rent with respect to leases totaled $311,000. At December 31, 2021, future minimum lease payments were:

2022	$ 492,839
2023	455,248
2024	454,171
2025	454,171
	$ 1,856,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES (Continued)

Employee Leasing Agreement

Destination Cleveland has an employee leasing agreement with GCSC that expires on December 31, 2024. GCSC's CEO and President provides executive services as required by Destination Cleveland consistent with the terms provided in the agreement. Either party may terminate the leasing agreement with 30 days written notice, with or without cause.

10. COMMITMENTS AND CONTINGENCIES

Future Sponsorship and Convention Subsidy Commitments

The Organization has made commitments of approximately $3,344,000 to sponsor and subsidize conventions scheduled to occur in 2023 - 2029. Based on the nature and conditions surrounding these commitments, no amounts have been accrued in the consolidated statement of financial position at December 31, 2022 and 2021.

The Rock and Roll Hall of Fame

Effective January 1, 2020, the Organization entered into a Restated Agreement (Agreement) with The Rock and Roll Hall of Fame and Museum, Inc. (Museum) whereby the Organization agrees to sponsor the Museum's biennial induction ceremonies in the County and shall pay to the Museum $500,000 in even-numbered years beginning January 2020. The agreement states the induction must be held at least once every other year. The agreement may be terminated by mutual written consent of the Organization and the Museum at any time. In addition, if the Organization's bed tax funding is significantly reduced by any change in law or legislative action, the Museum has agreed to renegotiate the agreement with the Organization to account for the reduction.

In 2022, these sponsorships and allocations amounted to approximately $500,000 and were recorded as a reduction to net Transient Occupancy Tax revenue. There were no sponsorships or allocations to the Museum in 2021.

Laws and Regulations

The Ohio Revised Code (the Code) relating to the Transient Occupancy Tax is subject to interpretation. Potential noncompliance with the Code can be subject to future government review and interpretation as well as regulatory action. During 2016, the County withheld Transient Occupancy Tax generated from the Hilton Cleveland Downtown Hotel, which opened in 2016, from Destination Cleveland. Management therefore believes additional Transient Occupancy Tax could be owed to Destination Cleveland. However, no amounts have been recorded in these consolidated financial statements related to the County's potential noncompliance with state legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES (Continued)

Laws and Regulations (continued)

Laws and regulations over federal funds received by the Organization as a result of the CARES Act and the CAA Act are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

Rocket Mortgage FieldHouse Renovation

The Organization has an agreement with the County to financially support a portion of the costs to renovate the Rocket Mortgage FieldHouse, a multi-purpose arena located in downtown Cleveland. Under the agreement, the Organization will allocate a portion of the gross Capital Improvement Transient Occupancy Tax receipts generated in any calendar year to renovate Rocket Mortgage FieldHouse, according to a schedule of annual payments through December 31, 2034. The sum of all annual payments during the term of the agreement amounts to $44,000,000.

The annual payments to be made each year, as defined, are as follows:

2023	$ 2,000,000
2024	2,750,000
2025	2,750,000
2026	2,750,000
2027	2,750,000
Thereafter	21,500,000
	$ 34,500,000

During 2022, $1,546,799 of the gross Capital Improvement Transient Occupancy Tax receipts were applied to the annual payment requirements, all of which related to the required 2022 payment.

During 2021, $1,649,302 of the gross Capital Improvement Transient Occupancy Tax receipts were applied to the annual payment requirements, $1,500,000 of which related to the required 2021 payment. The total includes an advance of $453,201 related to the required 2022 payment, less the $303,899 paid in 2021, has been included in the prepaid expenses and other assets on the accompanying consolidated statement of financial position at December 31, 2021.

11. NET ASSETS

Board Designated Net Assets

At December 31, 2022 and 2021, the Board of Directors designated assets of $3,669,290 and $2,698,360, respectively, for convention subsidies.

At December 31, 2022, the Board of Directors designated assets of $925,000 for special initiatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. NET ASSETS (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows at December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
Capital improvements for the Organization's share of the Capital improvement Funds	$ 8,806,431	$ 10,067,900
Leverage of trade shows		20,000
Spirit of Cleveland initiatives	14,897	59,159
	$ 8,821,328	$ 10,147,059

Cohen & Co

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*

Board of Directors
The Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Destination Cleveland and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries (nonprofit organization) (referred to as Destination Cleveland), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Destination Cleveland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Destination Cleveland's internal control. Accordingly, we do not express an opinion on the effectiveness of Destination Cleveland's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Destination Cleveland's consolidated financial statements are free from 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 consolidated financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Destination Cleveland's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Destination Cleveland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cohen & Company Ltd.

Cleveland, Ohio
May 24, 2023

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS	Destination Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 19,523,355	$ 17,757		$ 19,541,112
Amounts due from Cuyahoga County	3,047,396			3,047,396
Accounts receivable	3,317	14,923	$ (14,823)	3,417
Prepaid expenses and other assets	355,228			355,228
Employee Retention Tax Credit receivable	517,581			517,581
	23,446,877	32,680	(14,823)	23,464,734
PROPERTY AND EQUIPMENT - AT COST	8,702,500			8,702,500
Less: Accumulated depreciation and amortization	7,161,116			7,161,116
	1,541,384			1,541,384
OTHER ASSETS				
Investments	4,282,080			4,282,080
Investment in subsidiaries	32,680		(32,680)	
Operating lease right-of-use assets	1,071,564			1,071,564
Other	150,000			150,000
	5,536,324		(32,680)	5,503,644
	$ 30,524,585	$ 32,680	$ (47,503)	$ 30,509,762

LIABILITIES AND NET ASSETS	Destination Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT LIABILITIES				
Current portion of operating lease liabilities	$ 439,141			$ 439,141
Accounts payable and accrued expenses	848,914		$ (14,823)	834,091
Salaries and payroll taxes payable	414,063			414,063
Deferred revenue	145,028			145,028
	1,847,146		(14,823)	1,832,323
OPERATING LEASE LIABILITIES	896,528			896,528
	2,743,674		(14,823)	2,728,851
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	14,365,293	$ 17,783	(17,783)	14,365,293
Board designated	4,594,290			4,594,290
	18,959,583	17,783	(17,783)	18,959,583
NET ASSETS WITH DONOR RESTRICTIONS				
Capital improvement funds - General reserve	5,809,730			5,809,730
Capital improvement funds - Special projects	2,996,701			2,996,701
Other initiatives	14,897	14,897	(14,897)	14,897
	8,821,328	14,897	(14,897)	8,821,328
	27,780,911	32,680	(32,680)	27,780,911
	$ 30,524,585	$ 32,680	$ (47,503)	$ 30,509,762

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Destination Cleveland			Spirit of Cleveland, Inc.			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
REVENUES										
Transient occupancy tax	$ 13,823,430		$ 13,823,430					$ 13,823,430		$ 13,823,430
Capital improvement transient occupancy tax		$ 7,292,096	7,292,096						$ 7,292,096	7,292,096
Less: Rocket Mortgage FieldHouse renovation	2,000,000		2,000,000					2,000,000		2,000,000
Less: Rock & Roll Hall of Fame	500,000		500,000					500,000		500,000
Net assets released from restriction	8,553,565	(8,553,565)						8,553,565	(8,553,565)	
Net transient occupancy tax	19,876,995	(1,261,469)	18,615,526					19,876,995	(1,261,469)	18,615,526
Partnership dues	398,959		398,959					398,959		398,959
Ad and publication	269,679		269,679					269,679		269,679
Grants		10,800	10,800						10,800	10,800
Interest and investment loss - Net	(136,565)		(136,565)	$ 70		$ 70		(136,495)		(136,495)
Sponsorships and contributions	66,601	57,206	123,807	25,100	$ 15,750	40,850	$ (25,000)	66,701	72,956	139,657
Miscellaneous	112,431		112,431				(500)	111,931		111,931
In-kind contributions	27,372		27,372					27,372		27,372
Income from subsidiaries	(24,062)	(44,262)	(68,324)				68,324			
Net assets released from restriction	88,006	(88,006)		60,012	(60,012)			148,018	(148,018)	
	20,679,416	(1,325,731)	19,353,685	85,182	(44,262)	40,920	42,824	20,763,160	(1,325,731)	19,437,429
EXPENSES										
Program services										
Destination development	2,071,431		2,071,431				(25,000)	2,046,431		2,046,431
Marketing	6,466,814		6,466,814					6,466,814		6,466,814
Partnerships	1,340,757		1,340,757					1,340,757		1,340,757
Sales - Convention	2,872,089		2,872,089					2,872,089		2,872,089
Services - Convention	591,877		591,877					591,877		591,877
Spirit of Cleveland				109,244		109,244	(500)	108,744		108,744
	13,342,968		13,342,968	109,244		109,244	(25,500)	13,426,712		13,426,712
Supporting services										
Management and general	2,264,200		2,264,200					2,264,200		2,264,200
	15,607,168		15,607,168	109,244		109,244	(25,500)	15,690,912		15,690,912
CHANGE IN NET ASSETS	5,072,248	(1,325,731)	3,746,517	(24,062)	(44,262)	(68,324)	68,324	5,072,248	(1,325,731)	3,746,517
NET ASSETS - BEGINNING OF THE YEAR	13,887,335	10,147,059	24,034,394	41,845	59,159	101,004	(101,004)	13,887,335	10,147,059	24,034,394
NET ASSETS - END OF THE YEAR	$ 18,959,583	$ 8,821,328	$ 27,780,911	$ 17,783	$ 14,897	$ 32,680	$ (32,680)	$ 18,959,583	$ 8,821,328	$ 27,780,911

OHIO AUDITOR OF STATE
KEITH FABER

CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/20/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370