

**SALT LAKE CONVENTION & VISITORS BUREAU AND
THE HOUSING CONNECTION, LLC**

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

We have audited the accompanying consolidated statements of financial position of Salt Lake Convention & Visitors Bureau and The Housing Connection, LLC as of December 31, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Salt Lake Convention & Visitors Bureau and The Housing Connection, LLC as of December 31, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
April 30, 2009

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 815,891	\$ 1,000,639
Accounts receivable, less allowance for losses of \$75,096 in 2008 and \$39,013 in 2007	2,184,684	2,659,315
Accounts receivable, related party	108,606	-
Inventories	107,174	106,673
Prepaid expenses	146,468	85,623
Deferred tax asset	-	11,895
TOTAL CURRENT ASSETS	<u>3,362,823</u>	<u>3,864,145</u>
PROPERTY AND EQUIPMENT, net	<u>47,368</u>	<u>66,170</u>
TOTAL ASSETS	<u>\$ 3,410,191</u>	<u>\$ 3,930,315</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 322,921	\$ 283,211
Accrued liabilities	908,621	886,415
Income tax payable	514	-
Advance deposits	364,960	347,391
Working capital advances from Salt Lake County	-	500,000
Deferred rent	33,785	35,441
Deferred revenue	762,890	985,647
TOTAL CURRENT LIABILITIES	<u>2,393,691</u>	<u>3,038,105</u>
NET ASSETS		
Unrestricted	<u>1,016,500</u>	<u>892,210</u>
TOTAL UNRESTRICTED NET ASSETS	<u>1,016,500</u>	<u>892,210</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,410,191</u>	<u>\$ 3,930,315</u>

See Notes to Consolidated Financial Statements

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Public Sector		
Contract with Salt Lake County: Operations	\$ 8,042,453	\$ 6,959,140
Contract with Salt Lake County: Ski Salt Lake	450,000	450,000
	<u>8,492,453</u>	<u>7,409,140</u>
Private Sector		
Ticketing programs	3,256,467	3,180,581
Housing - reservation services	2,281,888	2,177,933
Sales and marketing programs	937,738	936,889
Publishing	-	427,015
Salt Lake to go gift shop	524,636	485,159
Membership	317,734	284,303
Investment and miscellaneous income	143,810	212,968
	<u>7,462,273</u>	<u>7,704,848</u>
TOTAL REVENUE	<u>15,954,726</u>	<u>15,113,988</u>
EXPENSES		
Public Sector		
Sales, marketing and services	7,034,910	6,314,414
General and administration	1,457,544	1,089,241
	<u>8,492,454</u>	<u>7,403,655</u>
Private Sector		
Ticketing programs	3,256,467	3,226,450
Housing - reservation services	2,176,170	2,161,510
Sales and marketing programs	1,054,269	985,028
Publishing	-	591,496
Salt Lake to go gift shop	476,991	431,031
Membership services	260,702	211,659
General and administration	112,869	76,545
	<u>7,337,468</u>	<u>7,683,719</u>
TOTAL EXPENSES	<u>15,829,922</u>	<u>15,087,374</u>
INCREASE IN UNRESTRICTED NET ASSETS BEFORE INCOME TAX EXPENSE	124,804	26,614
INCOME TAX EXPENSE	<u>514</u>	<u>-</u>
INCREASE IN UNRESTRICTED NET ASSETS AFTER INCOME TAX EXPENSE	124,290	26,614
NET ASSETS, BEGINNING OF YEAR	<u>892,210</u>	<u>865,596</u>
NET ASSETS, END OF YEAR	<u>\$ 1,016,500</u>	<u>\$ 892,210</u>

See Notes to Consolidated Financial Statements

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 124,290	\$ 26,614
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	22,133	24,008
Gain on sale of investments	-	(9,572)
Allowance for losses	36,083	-
Decrease (increase) in operating assets:		
Accounts receivable	438,548	(469,588)
Accounts receivable, related party	(108,606)	-
Inventories	(501)	(14,354)
Prepaid expenses	(60,845)	113,415
Deferred tax asset	11,895	-
Increase (decrease) in operating liabilities:		
Accounts payable, trade	39,710	(80,825)
Accrued liabilities	22,206	387,500
Income taxes payable	514	-
Advance deposits	17,569	(2,506,904)
Deferred rent	(1,656)	1,405
Deferred revenue	(222,757)	(184,163)
	<u>318,583</u>	<u>(2,712,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,331)	(86,178)
Sale of investments	-	498,593
	<u>(3,331)</u>	<u>412,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	2,246,000	-
Repayment of line of credit	(2,246,000)	-
Repayment of working capital advance from Salt Lake County	(500,000)	-
	<u>(500,000)</u>	<u>-</u>
NET DECREASE IN CASH	(184,748)	(2,300,049)
CASH, BEGINNING OF YEAR	<u>1,000,639</u>	<u>3,300,688</u>
CASH, END OF YEAR	<u>\$ 815,891</u>	<u>\$ 1,000,639</u>

See Notes to Consolidated Financial Statements

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of operations – The Salt Lake Convention & Visitors Bureau (the Bureau) was established as a nonprofit organization to attract tourists and visitors to the Salt Lake area through the promotion, sponsorship and participation in conventions, trade shows, exhibitions, competitions and other activities. Salt Lake County (the County) provides the Bureau's largest source of funding through a contract for services to promote conventions and tourism. The Bureau obtains additional funding through the sale of memberships and sponsorships, donor grants, as well as charging for services rendered to local businesses in the tourist industry. The Housing Connection, LLC was organized on November 30, 2006 as a wholly owned subsidiary of the Bureau and provides housing and registration services.

Principles of consolidation – The accompanying consolidated financial statements include the accounts of Salt Lake Convention & Visitors Bureau and The Housing Connection, LLC (the Organization). All significant intercompany balances and transactions between Salt Lake Convention & Visitors Bureau and The Housing Connection, LLC have been eliminated in the consolidation.

Basis of accounting and presentation – The Organization prepares their consolidated financial statements on the accrual basis of accounting and follows U.S. generally accepted accounting principles for non-profit organizations and reports information regarding their consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. Classification of restricted net assets is determined by the nature of the donor-imposed restrictions.

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

There were no temporarily or permanently restricted net assets as of December 31, 2008 and 2007.

Public and private sector accounting – The accounts of the Organization are maintained as one general operating entity, which is comprised of public and private sector monies. Under the terms of the operating contract with the County, all public sector receipts and expenditures are authorized by the County. All private sector receipts and expenditures are to be accounted for separately and do not require authorization from the County. Private sector includes any government funding besides the County.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes – The Organization is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code. As an exempt organization, the Organization is, however, subject to Federal and state income taxes on income determined to be unrelated business taxable income which is reported annually on IRS Form 990-T. At December 31, 2008, the Organization recorded a tax liability of \$514 on this unrelated business activity. Deferred taxes are reported in the consolidated financial statements (see Note 12).

Cash – Cash consists of cash on hand and demand deposits with financial institutions.

Accounts receivable – Trade accounts receivable are stated net of an allowance for losses. The Organization estimates the allowance based on its historical experience and on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. An account is written off when it is determined that all collection efforts have been exhausted.

Inventories – Inventories are stated at the lower of cost or market and consist of goods held for resale in the gift shop. Cost is determined using the first-in, first-out (FIFO) method. Market is based upon realizable value less an allowance for selling expenses and normal gross profit.

Short-term investments – Investments in debt securities are recorded at their fair value on the date of purchase. Unrealized gains and losses resulting from the difference between cost and market value are included in the statement of activities with investment and miscellaneous income.

Property and equipment – Under the contract with the County, the County retains ownership of all property, buildings, and equipment purchased or constructed by the Organization with County funds. Accordingly, property and equipment expenditures are not capitalized on the Organization's financial statements for the public sector, but are recorded as general and administrative expenses and contract revenues in the period expended. However, property and equipment specifically acquired for the private sector operations, costing in excess of \$1,000, is capitalized in the Organization's financial statements and then depreciated on a straight-line basis over the applicable useful life.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Office Equipment	5 years
Computer Equipment	3 years

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Long-lived assets – Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment on Disposal of Long-Lived Assets*. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended December 31, 2008 and 2007, respectively.

Advance deposits – Advance deposits consist of registration and housing deposits for conventions.

Revenue recognition – Public sector revenues are accrued based on a contractual obligation with the County to fund all authorized expenditures and are recognized as revenue as authorized expenditures are incurred. Private sector revenues are recognized at the point of sale, at the completion of any contracted services, or over the period of membership. The majority of private sector revenues represent ski voucher sales (Ski Salt Lake Super Pass), housing and registration service fees, gift shop sales, member dues, hotel participation in sales & marketing programs and grants from other governmental agencies. Funds are deposited in the general operating account and are available to the Organization for both public and private sector use. Membership dues received for the coming year, if any, are recorded as deferred revenues and recognized in the period earned. Ski voucher sales anticipated to be redeemed in the following year are recorded as deferred revenue. Contract revenue from grants is recognized as revenue in the period in which it is expended. Funds received in advance under these contracts are recorded as deferred revenue. Other contract revenue is recognized as revenue in the period in which it is earned.

Trade revenue – The Organization receives transportation and related services in exchange for membership dues and advertising, and networking opportunities. The Organization records these transactions at the fair market value of the services exchanged. Trade revenue was \$37,780 and \$216,417 for the years ended December 31, 2008 and 2007, respectively.

Donor-imposed restrictions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases temporarily restricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. The Organization did not receive any restricted support during the years ending December 31, 2008 and 2007.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Functional allocation of expenses – The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising costs – Advertising costs are charged to operations when incurred. Advertising expense was approximately \$1,557,000 and \$1,185,000 for the years ending December 31, 2008 and 2007, respectively.

Fair value of financial instruments – The Organization's financial statements, including cash, accounts receivable, accounts payable and accrued liabilities are carried at cost, which approximates their fair value because of the short-term of these instruments.

Recent accounting pronouncements – In July 2006, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 48 ("FIN No. 48"), *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. FIN No. 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN No. 48 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2008. The Organization has elected to defer the provisions of FIN No. 48 under the provisions of FIN No. 48-3. As such, the Organization has not determined the impact of FIN No. 48 on its accounting and has not implemented the requirements of this pronouncement in the 2008 consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, or SFAS No 157, *Fair Value Measurements*, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS No. 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2 which delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). For the Organization, this action defers the effective date for those assets and liabilities until January 1, 2009. The Organization believes that the implementation of SFAS No. 157 will not have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* - Including an amendment of FASB Statement No. 115. SFAS No 159 permits organizations to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. For the Organization, the statement was effective January 1, 2008. The implementation of SFAS No. 159 as of January 1, 2008 did not have any material impact on the Organization's consolidated financial statements.

Reclassification – Certain items in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

(2) Short-term investments

Investments and investment returns are summarized as follows:

	Years Ended December 31,	
	2008	2007
Realized gain on investments	\$ -	\$ 9,572

Gains are included in the investment and miscellaneous income and on the statements of activities.

(3) Property and equipment, net

Property and equipment consists of the following:

	December 31,	
	2008	2007
Cost		
Office equipment	\$ 60,717	\$ 59,382
Computer equipment	28,792	26,796
Total cost	89,509	86,178
Less: Accumulated depreciation	42,141	20,008
Net property and equipment	\$ 47,368	\$ 66,170

The aggregate depreciation charged to operations was \$22,133 and \$24,008 for the years ended December 31, 2008 and 2007, respectively.

(4) Working capital advances from Salt Lake County

Under the contract for services with the County, expenses incurred by the Organization to promote conventions and tourism are funded on a reimbursement basis. The County granted the Organization a working capital advance of \$500,000 in 2008 and 2007, to provide interim funding for these approved activities. The working capital advance of \$500,000 was paid back to the County during the year ended December 31, 2008.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(5) Interdivisional transactions

In the normal course of business, the Organization records transactions between the private and public sectors. These interdivision transactions are recorded in each sector with an entry to interdivision accounts payable and accounts receivable.

(6) Gift shop expense

Gift shop expense includes cost of goods sold of \$269,961 and \$259,096 for the years ended December 31, 2008 and 2007, respectively.

(7) Line of credit

During the year ended December 31, 2008, the Organization entered into an agreement with a bank to open a revolving line of credit in the amount of \$600,000 at a variable rate of prime plus 2% (5.25% at December 31, 2008), maturing January 1, 2009. At December 31, 2008, the line of credit balance of \$600,000 was unused and available. The line is collateralized by cash, accounts receivable and inventory of the Organization. In addition, the line of credit requires the Organization to meet certain financial covenants. The Organization is in compliance with all covenants at December 31, 2008.

(8) Operating leases

The Organization has a lease agreement for office space which is accounted for as an operating lease. The lease term is five years and five months commencing in 2007 with monthly payments ranging from \$8,750 to \$10,145 over the lease term. The deferred rent liability arising from the escalating lease terms will be amortized over the lease term. At December 31, 2008 and 2007, the deferred rent liability was \$33,785 and \$35,441, respectively. Organization also leases equipment under non-cancellable operating leases.

Future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year are as follows:

Years Ending December 31,

2009	\$	160,140
2010		163,482
2011		163,970
2012		60,862
Total future annual payments	\$	<u>548,454</u>

Total rental expense under operating leases with terms in excess of one year was \$172,234 and \$160,593 the years ended December 31, 2008 and 2007, respectively.

(9) Related party transactions

During the year ended December 31, 2008, The Utah Arts and Cultural Coalition, Inc. (dba Now Playing Utah), a non-for-profit organization, was formed by the Organization, the Utah Arts Council, and Salt Lake County Zoo, Arts and Parks as a marketing and promotional collaboration of Utah's art and cultural organizations.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) Related party transactions (continued)

The Organization provides management services to Now Playing Utah. Based on the operating agreement between Now Playing Utah and Organization, Now Playing Utah shall reimburse the Organization for all managing expenses incurred by the Organization. Accounts receivable of \$108,606 was due from Now Playing Utah as of December 31, 2008. The President of the Organization serves as a board member on the Board of Trustees of Now Playing Utah.

(10) 401(k) savings plan

The Organization administers a defined contribution profit sharing and savings plan under Section 401(k) of the Internal Revenue Code for eligible employees who are at least 21 years old and have completed three months of service with the Organization.

The Organization matches 100% of pretax 401(k) contributions up to 3% of base compensation plus 50% of pretax 401(k) contributions on the next 2% of base compensation subject to the limits of the Internal Revenue Code. In addition, a discretionary amount up to 3% of the employee's annual compensation may be contributed by the Organization, subject to the limits of the Internal Revenue Code and 401(k) Plan criteria.

For the years ended December 31, 2008 and 2007, the Organization contributed \$97,565 and \$88,382, in required matching contributions and, \$76,061 and \$66,250 in discretionary contributions, respectively.

(11) Concentrations

The Organization receives a significant amount of support from the County. The County provided approximately 53% and 49% of the total support to the Organization for the years ended December 31, 2008 and 2007, respectively. As of December 31, 2008 and 2007, approximately 54% and 56% of the balances of accounts receivable are due from the County.

The Organization maintains cash in bank accounts which at times may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances. Cash balances exceeded federally insured limits by approximately \$275,537 and \$752,000 for the years ended December 31, 2008 and 2007, respectively.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(12) Income taxes

The current provision for income taxes consists of the following:

	<u>Years Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Current provision:		
Federal income tax	\$ 380	\$ -
State income tax	134	-
Total income taxes, current provision	<u>514</u>	<u>-</u>
Deferred income tax benefit resulting from:		
Net operating losses	-	9,506
Depreciation expense	-	2,389
Total deferred income taxes	<u>-</u>	<u>11,895</u>
 Total provision for income taxes	 <u>\$ 514</u>	 <u>\$ 11,895</u>

For the years ended December 31, 2008 and 2007, the effective tax rate approximated 19% and 0%, respectively.

The tax benefit of \$11,895 was included in miscellaneous income at December 31, 2007. As of December 31, 2007, the Organization had net operating loss carryforwards totaling \$70,150 that were offset against the taxable income in 2008. As a result, the net operating loss carryforward balance was fully used against the taxable income during the year ended December 31, 2008.

(13) Commitments

In order to entice groups to select Salt Lake City as the destination for their future convention, tradeshow or meeting, management has made promotional and service commitments to certain groups that the Organization will be obligated to fulfill in the year of the group's arrival. These commitments are expected to increase attendance or enhance the quality of the group's event, and thus are anticipated to increase the likelihood of new or repeat bookings. Anticipated funding for the fulfillment of these commitments is based on the Organization's expectation of its continued contractual relationship with the County to fund the Organization's destination sales and marketing programs. The promotional and service commitment expenses will be submitted to the County for reimbursement when incurred. However, no liability for these commitments has been accrued in the financial statements as they are contingent upon the respective individual events taking place.

SALT LAKE CONVENTION & VISITORS BUREAU AND THE HOUSING CONNECTION, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(13) Commitments (continued)

Management's estimate of the costs and timing associated with fulfilling these commitments in the future are summarized as follows:

Years Ending December 31,

2009	\$ 629,000
2010	115,000
2011	33,725
2012	2,500
2013	25,000
2014	25,000
2015	90,000
Thereafter	80,000
Total commitments	<u><u>\$ 1,000,225</u></u>

(14) Contingencies

The Organization is subject to claims and lawsuits that arise in the normal course of business. It is the opinion of management that the disposition or ultimate resolutions of such claims and lawsuits will not have a material adverse affect on the consolidated financial position of the Organization.

(15) Cash flow disclosures

The following is a summary of supplemental cash flow information:

	<u>Years Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Cash paid:		
Interest	<u>\$ 81,714</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

(16) Subsequent events

Subsequent to year end, the Organization renewed its line of credit agreement with the bank and increased the principal borrowing amount from \$600,000 to \$1,100,000. The renewed line of credit matures on June 1, 2009.