



PETRINOVICH PUGH & COMPANY, LLP
Certified Public Accountants & Consultants

To the Board of Directors
San Jose Convention and Visitors Bureau
San Jose, California

In planning and performing our audit of the financial statements of San Jose Convention & Visitors Bureau (the Bureau) in accordance with auditing standards generally accepted in the United States of America, we considered the Bureau'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 Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 27, 2007, on the financial statements of the San Jose Convention & Visitors Bureau.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

The Bureau did not invoice certain partnered hotels on a timely basis for services provided which delayed the recognition of revenue to a subsequent period. Revenue should be recognized in the period when services are provided. Untimely invoicing delays payments which reduces the cash flow and efficiency of the Bureau. We recommend that the Bureau develop and implement procedures to ensure that all services provided are billed in a timely manner and accounted for in the proper period to ensure accurate financial reporting.

We would like to express our appreciation for the opportunity to serve San Jose Convention & Visitors Bureau and to the staff for their efforts during our examination. We will be available to discuss our recommendations with you at your convenience.

Petrinovich Pugh & Company, LLP

San Jose, California
September 27, 2007

MEMORANDUM

Cash

During the course of our audit, we noted that the Bureau did not account for one outstanding check on the bank reconciliation.

We recommend that the Bureau implement procedures to ensure that all outstanding checks are properly recorded in the month end bank reconciliation. By doing so, the Bureau will ensure that cash balances are accurately reflected in the financial statements.

Management's comments: Management has implemented a procedure to ensure that all checks are properly accounted for in the reconciliation of the bank accounts.

Capital Lease Obligations

During the course of our audit, we noted that the Bureau does not maintain and update the amortization schedule for their capital lease obligations.

We recommend that the Bureau implement procedures to review the capital lease amortization schedules and to reconcile to the actual payments made throughout the year. By doing so, the Bureau will provide for more accurate financial reporting.

Management's comments: During the fiscal year 2006-07, the Capital Lease Obligation amortization schedule was maintained for the items that were on the schedule at the beginning of the year. However, there were questions concerning whether some items should have been added and subsequently have been added to the schedule. The Company will maintain the amortization schedule on an ongoing basis.