

CHAUTAUQUA COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

CHAUTAUQUA COUNTY VISITORS BUREAU

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**JOHNSON, MACKOWIAK
& ASSOCIATES, LLP**

Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Chautauqua County Visitors Bureau
P.O. Box 1441
Chautauqua, NY 14722

We have reviewed the accompanying financial statements of Chautauqua County Visitors Bureau (the Bureau), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Chautauqua County Visitors Bureau and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The 2022 supplementary information included in Schedule of Activities – Actual to Budget is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

Fredonia, New York

April 20, 2023

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2022 AND 2021

ASSETS

	12/31/2022	12/31/2021
CURRENT ASSETS		
Cash	\$ 652,651	\$ 464,130
Accounts receivable, net of allowance for doubtful accounts	9,993	6,402
ERTC receivable	-	44,236
Prepaid expenses	2,593	2,527
Total current assets	665,237	517,295
PROPERTY AND EQUIPMENT, net of accumulated depreciation	17,629	26,415
TOTAL ASSETS	\$ 682,866	\$ 543,710

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,350	\$ 5,796
Funds held for Chautauqua-Allegheny Region	2,712	2,618
Deferred revenue	161,904	154,125
PPP loan	-	62,205
Total current liabilities	175,966	224,744
NET ASSETS		
Without Donor Restriction	506,900	318,966
Total net assets	506,900	318,966
TOTAL LIABILITIES AND NET ASSETS	\$ 682,866	\$ 543,710

See accompanying notes to financial statements and independent accountants' review report

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SUPPORT AND REVENUE		
Government grants	\$ 517,007	\$ 414,497
Advertising and promotion revenue	169,251	17,574
Membership revenue	38,503	32,020
Employee retention credit	-	44,236
Interest income	1,212	730
Miscellaneous	200,000	-
PPP income	62,205	-
Total support and revenue	988,178	509,057
 EXPENSES		
Program Services	698,847	536,955
Supporting Services	101,397	80,464
Total expenses	800,244	617,419
 CHANGE IN NET ASSETS	187,934	(108,362)
 NET ASSETS, beginning of year	318,966	427,328
 NET ASSETS, end of year	\$ 506,900	\$ 318,966

See accompanying notes to financial statements and independent accountants' review report.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 187,934	\$ (108,362)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,855	11,855
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(3,591)	70,266
(Increase) decrease in ERTC receivable	44,236	(44,236)
(Increase) decrease in prepaid expense	(66)	(631)
Increase (decrease) in accounts payable and accrued expenses	5,554	2,744
Increase (decrease) in funds held for others	94	(405)
Increase (decrease) deferred revenue	7,779	153,320
	<u>253,795</u>	<u>84,551</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	<u>(3,069)</u>	<u>(2,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP proceeds received	<u>-</u>	<u>62,205</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	250,726	82,339
CASH AND CASH EQUIVALENTS, beginning	<u>401,925</u>	<u>319,586</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 652,651</u>	<u>\$ 401,925</u>

See accompanying notes to financial statements and independent accountants' review report.

CHAUTAQUA COUNTY VISITORS BUREAU
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 WITH SUMMARIZED COMPARATIVE 2021 INFORMATION

	Program services	Management and general	Total 2022	Total 2021
Salaries and wages	\$ 229,479	\$ 57,370	\$ 286,849	\$ 225,309
Payroll taxes	19,228	4,807	24,035	18,927
Fringe benefits	21,222	5,305	26,527	25,068
Total salaries, wages and related expenses	<u>269,929</u>	<u>67,482</u>	<u>337,411</u>	<u>269,304</u>
Promotion/ marketing	383,333	-	383,333	287,268
Consultants	14,275	-	14,275	5,325
Rent	4,800	1,200	6,000	6,000
Supplies and printing	863	216	1,079	915
Professional fees	11,268	2,817	14,085	14,543
Phone	3,959	990	4,949	4,074
Repairs, maintenance, and copier lease	5,431	1,358	6,789	7,438
Miscellaneous	-	11,577	11,577	4,503
Dues and subscriptions	-	3,470	3,470	2,920
Travel	730	182	912	49
Insurance	3,259	-	3,259	1,049
Postage	1,000	250	1,250	269
Corporate taxes	-	-	-	356
Bad debt expense	-	-	-	1,551
Depreciation expense	-	11,855	11,855	11,855
	<u>\$ 698,847</u>	<u>\$ 101,397</u>	<u>\$ 800,244</u>	<u>\$ 617,419</u>

See accompanying notes to financial statements and independent accountants' review report.

CHAUTAUQUA COUNTY VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Chautauqua County Visitors Bureau (the Bureau) is a non-profit agency organized for the purpose of promoting and advertising the positive aspects of Chautauqua County, assisting and serving visitors to the County, and soliciting their patronage. In 2022 and 2021, the Bureau received approximately 76% each year of its total support and revenue from the County of Chautauqua, NY, and the New York State Department of Economic Development. The majority of the Bureau's remaining support and revenue is from advertising and memberships.

ACCOUNTING METHOD - The financial statements of the Chautauqua County Visitors Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION - The Bureau is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions which are described as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Bureau. These net assets may be used at the discretion of the Bureau's management and the board of directors.

NET ASSETS WITH DONOR RESTRICTIONS: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Bureau or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restriction in the statements of activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION EXPENSES – The costs of Chautauqua County Visitors Bureau, Inc.'s operations have been summarized in the Statements of Activities. The Statements of Functional Expenses presents the natural classification of expenses by function. Accordingly, the Bureau allocated its expenses on a functional basis among program services and management and general expense and then summarized and categorized based upon their functional classification. Expenses that can be identified with a specific program or activity are allocated directly according to their natural expenditure classification.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the Bureau considers cash on hand and all checking, savings and money market accounts to be cash and cash equivalents.

CONCENTRATIONS OF CREDIT RISK – The Bureau periodically maintains cash balances that exceed the FDIC insurance limits. The FDIC insurance limit at December 31, 2022 and 2021 was \$250,000. Based on bank balances at December 31, 2022, the Bureau had \$61,125 in excess of the FDIC insured limits. Based on bank balances at December 31, 2021, the Bureau had \$79,467 in excess of the FDIC insured limits.

PROPERTY AND EQUIPMENT – Property and equipment purchases are made with general operating funds and the corresponding asset values are recorded at cost. Chautauqua County has reversionary interest in any assets purchased with County funds which have life extending beyond that of the program for which they were purchased. The Bureau capitalizes expenditures for property and equipment in excess of \$1,000. Depreciation is recognized using both the straight-line method and double declining balance method over the assets expected useful lives ranging from 5 to 7 years.

USE OF ESTIMATES - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

CONTINGENCIES – The Bureau received approximately 76% of its funding from state and local government sources in 2022 and 2021. This funding is dependent on current economic conditions and community needs as defined by governmental units. The contracts related to these programs could be terminated or significantly reduced with minimal notice. The Bureau has received grants, which are subject to audit by agencies of state and local governments. Such audits may result in disallowances and a request for a return of funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

INCOME TAXES – The Bureau is exempt from federal income taxes under Section 501(C)(6) of the Internal Revenue Code and from New York State income taxes, and is not considered to be a private foundation under Section 509(a) of the code. However, income from certain activities not directly related to the Bureau's tax-exempt purpose is subject to taxation as unrelated business income. Income taxes paid on unrelated business income in 2022 and 2021 was \$0 and \$356, respectively.

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2022 and 2021, there were no penalties or interest recognized related to uncertain tax positions. The Bureau believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the statements.

ALLOWANCE FOR DOUBTFUL ACCOUNTS – It is the policy of management to review the outstanding accounts receivable at year end as well as the bad debt write offs experienced in the past, and establish an allowance for doubtful accounts related to anticipated uncollectible amounts. For the year ended December 31, 2022 and 2021, bad debt expense was \$0 and \$1,551, respectively. The Bureau's allowance for doubtful accounts as of December 31, 2022 and 2021 was \$0.

ADVERTISING AND PROMOTION COSTS – It is the policy of the Bureau to expense all program-related advertising and promotion costs as such costs are incurred.

REVENUE RECOGNITION -The Bureau's revenue consists of grants, advertising and promotion revenue and membership fees. These revenues are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Bureau has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position. The Bureau received deferred revenue of \$161,904 for year ended December 31, 2022 and \$154,125 for year ended December 31, 2021 because performance obligations had not yet been completed at the years then ended.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Bureau's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet.

	<u>2022</u>	<u>2021</u>
Cash	\$ 652,651	\$ 464,130
Accounts receivable, net	9,993	6,402
Prepaid expenses	<u>2,593</u>	<u>2,527</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 665,237</u>	<u>\$ 473,059</u>

The Bureau has a goal to maintain financial assets, which consists of cash on hand to meet normal operating expenses. The Bureau has its financial assets available as its general expenditures, liabilities and other obligations come due.

NOTE 3 - EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Office furniture	\$ 94,668	\$ 91,599
Fixtures	1,650	1,650
Website	45,374	45,374
Digital equipment	3,693	3,693
Less: accumulated depreciation	<u>(127,756)</u>	<u>(115,901)</u>
Property and equipment, net	<u>\$ 17,629</u>	<u>\$ 26,415</u>

Depreciation expense for 2022 and 2021 was \$11,855 and \$11,855, respectively.

NOTE 4 - DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Guide revenue for subsequent year	\$ 161,778	\$ 153,843
Website revenue for subsequent year	126	282
	<u>\$ 161,904</u>	<u>\$ 154,125</u>

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$48,207 and \$28,197 from the New York State Department of Economic Development for the years ended December 31, 2022 and 2021, respectively. Total expenses incurred under this program were \$48,207 for 2022 and \$28,197 for 2021.

NOTE 6 – PENSION

During 1998, the Bureau established a simple IRA for all full-time employees who receive at least \$5,000 in compensation. The Bureau contributes 3% of each eligible employee's compensation. The contributions totaled \$6,402 and \$4,914 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 - CHAUTAUQUA-ALLEGHENY REGION

In March 2006, the Bureau assumed administrative responsibilities for the Chautauqua-Allegheny Region, a collaboration of Chautauqua, Cattaraugus, and Allegany Counties tourism marketing agencies or departments. The Chautauqua-Allegheny Region collaboration conducts joint marketing and promotional efforts intended to promote the entire three-county "region", utilizing a portion of the NYS tourism matching fund grant program referenced in Note 5. The programs conducted within this collaboration are determined annually by representatives of three respective County tourism promotion agencies/departments. Currently the Cattaraugus County Director of Economic Development, Planning and Tourism is the official "project director" for the three-county Chautauqua-Allegheny Region collaboration. The Bureau performs administrative and bookkeeping functions for the group.

NOTE 7 - CHAUTAUQUA-ALLEGHENY REGION, continued

Promotional programs include joint promotion at tourism and travel shows, an 800-tourism information phone line, a three-county regional tourism website, a limited amount of advertising, and potential involvement in 8-county Western New York region tourism marketing programs. The Bureau maintained a checking account for the Region and processes its financial activity. The cash balance of the account at December 31, 2022 and 2021 was \$2,712 and \$2,618, respectively. Such amounts have been included in cash on the Bureau's Statements of Financial Position, along with an offsetting liability which is classified as Funds held for Chautauqua-Allegheny Region. Total account receipts during the years ended December 31, 2022 and 2021 were \$14,700 and \$6,072, respectively. Account disbursements for 2022 and 2021, were \$14,646 and \$6,477, respectively. This activity is not included within the Bureau's Statements of Activities.

NOTE 8 – OPERATING LEASES

The Bureau leases office space from Chautauqua Institution. Payment of the rent is \$500 per month for January through November with a final December payment due in accordance with the lease terms. Rent expense for 2022 and 2021 was \$6,000 and \$6,000, respectively.

NOTE 9 – FUNDING AGREEMENT TERMS

Under the terms of agreement for funding provided by the County of Chautauqua, NY, such funds have been deposited in and disbursed from separate bank accounts. The balance of the accounts at December 31, 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Savings	\$ 30,068	\$ 19,945
Checking	8,717	5,295
	<u>\$ 38,785</u>	<u>\$ 25,240</u>

NOTE 10 - COVID-19

On January 30, 2021, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2021, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses.

NOTE 10 - COVID-19, continued

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Bureau operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Bureau.

NOTE 11 - PPP

In February of 2021, the Bureau received loan proceeds in the amount of \$62,205 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. \$62,205 in loan proceeds were forgiven in 2022, and are included in income for the year ended December 31, 2022.

NOTE 12 - SUBSEQUENT EVENTS

Management of the Bureau has reviewed events and transactions that occurred between January 1, 2021 and April 20, 2023, which is the date the financial statements were available to be issued for the purpose of determining whether there were any events or transactions that might require disclosure in these financial statements.

There were no items noted requiring reporting or disclosure for the year ended December 31, 2022.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES - ACTUAL TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SUPPORT AND REVENUE			
Support and revenue			
Government grants	\$ 517,007	\$ 517,007	\$ -
Advertising and promotion revenue	169,251	151,000	18,251
Membership revenue	38,503	35,500	3,003
Employee retention credit	-	-	-
Interest income	1,212	600	612
Miscellaneous	200,000	1,500	198,500
PPP income	62,205	-	62,205
Use of retained earnings for 2022 programs	-	-	-
	<u>988,178</u>	<u>705,607</u>	<u>282,571</u>
EXPENSES			
Salaries	286,849	274,897	11,952
Payroll taxes	24,035	21,735	2,300
Fringe benefits - health insurance	26,527	28,530	(2,003)
Pension plan	-	-	-
Promotion/marketing	383,333	361,967	21,366
Consultants	14,275	15,000	(725)
Rent	6,000	6,250	(250)
Supplies and printing	1,079	1,500	(421)
Professional fees	14,085	11,700	2,385
Phone	4,949	3,976	973
Repairs, maintenance and copier lease	6,789	4,500	2,289
Miscellaneous	11,577	7,372	4,205
Dues and subscriptions	3,470	3,250	220
Travel	912	2,500	(1,588)
Insurance	3,259	4,180	(921)
Postage	1,250	1,500	(250)
Corporate taxes - unrelated business	-	250	(250)
Bad debt expense	-	1,500	(1,500)
Depreciation	11,855	-	11,855
To be used in coming years	-	-	-
	<u>800,244</u>	<u>750,607</u>	<u>49,637</u>
CHANGE IN NET ASSETS	<u>\$ 187,934</u>	<u>\$ (45,000)</u>	<u>\$ 232,934</u>

See accompanying notes to financial statements and independent accountants' review report.