

CHAUTAUQUA COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016



BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

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Independent Accountant's Report

The Board of Directors of
Chautauqua County Visitors Bureau

We have reviewed the accompanying financial statements of the Chautauqua County Visitors Bureau (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2016 Financial Statements and Supplementary Information

The 2016 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated March 31, 2017. In addition, the supplementary information for the year ended December 31, 2016, contained on page 12, was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures since that date.

Supplementary Information

The supplementary information included on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have not audited or reviewed such information and, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it.



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.

February 26, 2018

**CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 (Unaudited) AND 2016 (Audited)**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 358,413	\$ 321,138
Accounts receivable, net of allowance for doubtful accounts	31,715	30,763
Prepaid expenses	11,348	14,998
Total Current Assets	401,476	366,899
PROPERTY AND EQUIPMENT, less accumulated depreciation	3,089	4,315
TOTAL ASSETS	<u>\$ 404,565</u>	<u>\$ 371,214</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,092	\$ 20,015
Funds held for Chautauqua-Allegheny Region	20,918	4,170
Deferred revenue	190,185	177,674
Total Current Liabilities	219,195	201,859
NET ASSETS		
Unrestricted	185,370	169,355
Total Net Assets	185,370	169,355
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 404,565</u>	<u>\$ 371,214</u>

**CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 (Unaudited) AND 2016 (Audited)**

	2017	2016
UNRESTRICTED NET ASSETS		
Support and revenue		
Government grants	\$ 575,589	\$ 577,092
Other grants	7,500	7,500
Advertising and promotion revenue	188,578	195,489
Membership revenue	38,313	37,138
Interest income	636	725
Miscellaneous	3,198	3,521
Total Support and Revenue	813,814	821,465
 EXPENSES		
Program services	718,207	728,831
Supporting services	79,592	79,002
Total Expenses	797,799	807,833
CHANGE IN NET ASSETS	16,015	13,632
NET ASSETS, at beginning of year	169,355	155,723
NET ASSETS, at end of year	\$ 185,370	\$ 169,355

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 (Unaudited) AND 2016 (Audited)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,015	\$ 13,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,971	2,417
(Increase) decrease in operating assets:		
Accounts receivable	(952)	(5,271)
Prepaid expenses	3,650	(1,099)
Increase in operating liabilities:		
Accounts payable & accrued expenses	(11,923)	(820)
Funds held for others	16,748	(16,159)
Deferred revenue	12,511	(10,282)
	38,020	(17,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(745)	(1,652)
	(745)	(1,652)
NET INCREASE (DECREASE) IN CASH	37,275	(19,234)
CASH, at beginning of year	321,138	340,372
CASH, at end of year	\$ 358,413	\$ 321,138

<p style="text-align: center;">Chautauqua County Visitors Bureau Notes to Financial Statements</p>
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AGENCY DESCRIPTION

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 2017 and 2016, the Bureau received approximately 71% and 70%, respectively, 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.

BASIS OF ACCOUNTING

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's financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 205 "*Financial Statement Presentation*." Under FASB ASC 205, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Bureau had no temporarily or permanently restricted net assets at December 31, 2017 or 2016.

RESTRICTED AND UNRESTRICTED REVENUE

Support and revenue that is restricted by the donor/grantor is reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor/grantor restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated by management based on estimates among the programs and supporting services benefited.

<p style="text-align: center;">Chautauqua County Visitors Bureau Notes to Financial Statements</p>
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Income taxes paid on unrelated business income in 2017 and 2016 was \$250 for both years.

CONCENTRATIONS OF CREDIT RISK

The Bureau periodically maintains cash balances that exceed the FDIC insurance limits. The FDIC insurance limit at December 31, 2017 and 2016 was \$250,000. Based on bank balances at December 31, 2017, the Bureau had \$107,758 in excess of the FDIC insured limits. Based on bank balances at December 31, 2016, the Bureau had \$73,788 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 a 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 the straight-line method over the assets expected useful lives ranging from 5 to 7 years.

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 71% of its funding from state and local governmental sources in 2017. 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.

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, certain activities not directly related to the Bureau's tax-exempt purpose are subject to taxation as unrelated business income.

Chautauqua County Visitors Bureau Notes to Financial Statements
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES (continued)

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2017, there were no penalties or interest recognized related to uncertain tax positions.

The Bureau files exempt organization returns with the required U.S. Federal and New York jurisdictions. The Bureau's returns prior to 2014 are closed.

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. There was a bad debt expense of \$1,234 for the year ended December 31, 2017 and none for December 31, 2016. The Bureau's allowance for doubtful accounts as of December 31, 2017 was \$1,363.

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.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017 (Unaudited)	2016 (Audited)
Office furniture	\$ 85,350	\$ 84,604
Fixtures	1,650	1,650
	87,000	86,254
Less: accumulated depreciation	83,911	81,939
	\$ 3,089	\$ 4,315

Depreciation expense for 2017 and 2016 was \$1,971 and \$2,417, respectively.

Chautauqua County Visitors Bureau Notes to Financial Statements
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NOTE 3 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	2017 (Unaudited)	2016 (Audited)
Guide revenue for subsequent year	\$ 177,385	\$ 164,999
Website revenue for subsequent year	12,800	12,675
	\$ 190,185	\$ 177,674

NOTE 4 – MATCHING FUNDS

The Bureau qualified for grant funding of \$60,289 and \$61,792 from the New York State Department of Economic Development for the years ended December 31, 2017 and 2016, respectively. Total expenses incurred under this program were \$60,289 for 2017 and \$61,792 for 2016.

NOTE 5 – 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 \$6,613 and \$6,869 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 – 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 4. The programs conducted within this collaboration are determined annually by representatives of the 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. CCVB performs administrative and bookkeeping functions for the group. 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 potentially 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, 2017 and 2016 was \$20,918 and \$4,170, 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, 2017 and 2016, were \$27,038 and \$27,400, respectively. Account disbursements for 2017 and 2016, were \$10,290 and \$43,559, respectively. This activity is not included within the Bureau’s Statements of Activities.

Chautauqua County Visitors Bureau Notes to Financial Statements
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NOTE 7 – 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 2017 and 2016 was \$6,124 and \$6,178, respectively.

The Bureau leases a copier for \$235 a month plus tax. The lease covers free labor, but the Bureau is responsible for the cost of any parts and supplies.

NOTE 8 – 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, 2017 and 2016 were:

	2017 <u>(Unaudited)</u>	2016 <u>(Audited)</u>
Savings	\$ 73,991	\$ 97,650
Checking	<u>6,135</u>	<u>3,618</u>
	<u>\$ 80,126</u>	<u>\$ 101,268</u>

NOTE 9 - SUBSEQUENT EVENTS

Events and transactions which have occurred from January 1, 2018 through February 26, 2018, the date of these financial statements, have been evaluated by management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.

**CHAUTAQUA COUNTY VISITORS BUREAU
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 (Unaudited) AND 2016 (Audited)**

	Program Services		Management and General		TOTAL	
	2017	2016	2017	2016	2017	2016
Promotion/marketing	\$ 404,866	\$ 411,542	\$ -	\$ -	\$ 404,866	\$ 411,542
Salaries	217,633	216,721	54,408	54,180	272,041	270,901
Fringe benefits	22,857	23,295	5,714	5,824	28,571	29,119
Consultants	21,460	28,295	-	-	21,460	28,295
Payroll taxes	16,864	15,766	4,216	3,941	21,080	19,707
Wine and grape match	7,140	6,600	-	-	7,140	6,600
Rent	4,899	4,942	1,225	1,236	6,124	6,178
Supplies and printing	4,588	5,098	1,147	1,275	5,735	6,373
Professional fees	4,414	2,724	1,103	681	5,517	3,405
Phone	3,814	3,324	954	831	4,768	4,155
Repairs, maintenance, and copier le:	3,190	4,062	798	1,016	3,988	5,078
Miscellaneous	-	-	3,867	3,210	3,867	3,210
Dues and subscriptions	-	-	3,041	3,041	3,041	3,041
Travel	2,418	3,522	604	880	3,022	4,402
Insurance	2,888	2,062	-	-	2,888	2,062
Postage	1,176	878	294	220	1,470	1,098
Corporate taxes - unrelated business	-	-	250	250	250	250
Expenses before depreciation	718,207	728,831	77,621	76,585	795,828	805,416
Depreciation Expense	-	-	1,971	2,417	1,971	2,417
TOTAL EXPENSES	\$ 718,207	\$ 728,831	\$ 79,592	\$ 79,002	\$ 797,799	\$ 807,833

See accompanying notes and independent accountant's report.

**CHAUTAUQUA COUNTY VISITORS BUREAU
SCHEDULE OF ACTIVITIES - ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Support and revenue			
Government grants	\$ 575,589	\$ 577,055	\$ (1,466)
Other grants	7,500	-	7,500
Advertising and promotion revenue	188,578	181,750	6,828
Membership revenue	38,313	39,800	(1,487)
Interest income	636	1,000	(364)
Miscellaneous	3,198	3,340	(142)
	<u>813,814</u>	<u>802,945</u>	<u>10,869</u>
Expenses			
Salaries	272,041	279,401	7,360
Payroll taxes	21,080	22,791	1,711
Fringe benefits - health insurance	21,958	24,500	2,542
Pension plan	6,613	7,529	916
Promotion/marketing	404,866	405,624	758
Rent	6,124	6,250	126
Repairs, maintenance, and copier lease	3,988	4,400	412
Postage	1,470	1,000	(470)
Supplies and printing	5,735	5,500	(235)
Travel	3,022	3,200	178
Phone	4,768	4,000	(768)
Professional fees	5,517	4,250	(1,267)
Insurance	2,888	1,900	(988)
Depreciation	1,971	-	(1,971)
Wine and grape match	7,140	-	(7,140)
Bad debt expense	1,233	1,500	267
Consultants	21,460	28,500	7,040
Dues and subscriptions	3,041	3,250	209
Corporate taxes - unrelated business	250	-	(250)
Miscellaneous	2,634	1,350	(1,284)
	<u>797,799</u>	<u>804,945</u>	<u>7,146</u>
Change in net assets	<u>\$ 16,015</u>	<u>\$ (2,000)</u>	<u>\$ 18,015</u>