

CHAUTAUQUA COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses 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.

Accountants' 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.

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 review, 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 2021 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.

Report on 2020 Financial Statements

The 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 3, 2021. In addition, the 2020 supplementary information contained in Schedule of Activities – Actual to Budget 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 on whether the financial statements or on the supplementary information since May 3, 2021.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP
Fredonia, New York

April 19, 2022

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

ASSETS

	12/31/2021	12/31/2020
CURRENT ASSETS		
Cash	\$ 464,130	\$ 319,586
Accounts receivable, net of allowance for doubtful accounts	6,402	76,668
ERTC receivable	44,236	-
Prepaid expenses	2,527	1,896
Total current assets	517,295	398,150
PROPERTY AND EQUIPMENT, net of accumulated depreciation	26,415	36,058
TOTAL ASSETS	\$ 543,710	\$ 434,208

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,796	\$ 3,052
Funds held for Chautauqua-Allegheny Region	2,618	3,023
Deferred revenue	154,125	805
PPP loan	62,205	-
Total current liabilities	224,744	6,880
NET ASSETS		
Without Donor Restriction	318,966	427,328
Total net assets	318,966	427,328
TOTAL LIABILITIES AND NET ASSETS	\$ 543,710	\$ 434,208

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

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
SUPPORT AND REVENUE		
Government grants	\$ 414,497	\$ 487,677
Advertising and promotion revenue	17,574	174,004
Membership revenue	32,020	25,058
Employee retention credit	44,236	26,320
Interest income	730	970
Total support and revenue	509,057	714,029
 EXPENSES		
Program Services	536,955	465,070
Supporting Services	80,464	73,817
Total expenses	617,419	538,887
 CHANGE IN NET ASSETS	(108,362)	175,142
 NET ASSETS, beginning of year	427,328	252,186
 NET ASSETS, end of year	\$ 318,966	\$ 427,328

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, 2021 AND 2020

	12/31/2021	12/31/2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (108,362)	\$ 175,142
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	70,266	(43,533)
(Increase) decrease in ERTC receivable	(44,236)	-
(Increase) decrease in prepaid expense	(631)	9,793
Increase (decrease) in accounts payable and accrued expenses	2,744	(476)
Increase (decrease) in funds held for others	(405)	(7,350)
Increase (decrease) deferred revenue	153,320	(165,887)
 Net cash provided by (used in) operating activities	 84,551	 (20,456)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(2,212)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
PPP proceeds received	62,205	-
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 144,544	 (20,456)
 CASH AND CASH EQUIVALENTS, beginning	 319,586	 340,042
 CASH AND CASH EQUIVALENTS, ending	 \$ 464,130	 \$ 319,586

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

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED DECEMBER 31, 2021 WITH SUMMARIZED COMPARATIVE 2020 INFORMATION

	Program services	Management and general	Total 2021	Total 2020
Salaries and wages	\$ 180,247	\$ 45,062	\$ 225,309	\$ 198,590
Payroll taxes	15,142	3,785	18,927	15,507
Fringe benefits	20,054	5,014	25,068	22,067
Total salaries, wages and related expenses	<u>215,443</u>	<u>53,861</u>	<u>269,304</u>	<u>236,164</u>
Promotion/ marketing	287,268	-	287,268	224,251
Consultants	5,325	-	5,325	12,350
Rent	4,800	1,200	6,000	6,000
Supplies and printing	732	183	915	2,432
Professional fees	11,634	2,909	14,543	6,942
Phone	3,259	815	4,074	4,165
Repairs, maintenance, and copier lease	5,950	1,488	7,438	5,058
Miscellaneous	-	4,503	4,503	1,911
Dues and subscriptions	-	2,920	2,920	3,441
Travel	39	10	49	449
Insurance	1,049	-	1,049	3,027
Postage	215	54	269	529
Corporate taxes	-	356	356	250
Bad debt expense	1,241	310	1,551	20,063
Depreciation expense	-	11,855	11,855	11,855
	<u>\$ 536,955</u>	<u>\$ 80,464</u>	<u>\$ 617,419</u>	<u>\$ 538,887</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 2021 and 2020, the Bureau received approximately 72% 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 increase 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, 2021 and 2020 was \$250,000. Based on bank balances at December 31, 2021, the Bureau had \$79,467 in excess of the FDIC insured limits. Based on bank balances at December 31, 2020, the Bureau had \$66,560 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 80% of its funding from state and local government sources in 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 2021 and 2020 was \$356 and 250, respectively.

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2021 and 2020, 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, 2021 and 2020, bad debt expense was \$1,551 and \$20,063, respectively. The Bureau's allowance for doubtful accounts as of December 31, 2021 and 2020 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 \$154,125 for year ended December 31, 2021 and \$805 for year ended December 31, 2020 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>2021</u>	<u>2020</u>
Cash	\$ 464,130	\$ 319,586
Accounts receivable, net	6,402	76,668
Prepaid expenses	<u>2,527</u>	<u>1,896</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 473,059</u>	<u>\$ 398,150</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>2021</u>	<u>2020</u>
Office furniture	\$ 91,599	\$ 89,387
Fixtures	1,650	1,650
Website	45,374	45,374
Digital equipment	3,693	3,693
Less: accumulated depreciation	<u>(115,901)</u>	<u>(104,046)</u>
Property and equipment, net	<u>\$ 26,415</u>	<u>\$ 36,058</u>

Depreciation expense for 2021 and 2020 was \$11,855 and \$11,855, respectively.

NOTE 4 - DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Guide revenue for subsequent year	\$ 153,843	\$ -
Website revenue for subsequent year	282	805
	<u>\$ 154,125</u>	<u>\$ 805</u>

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$28,197 and \$51,877 from the New York State Department of Economic Development for the years ended December 31, 2021 and 2020, respectively. Total expenses incurred under this program were \$28,197 for 2021 and \$51,877 for 2020.

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 \$4,914 and \$4,973 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 was \$2,618 and \$3,023, 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, 2021 and 2020 were \$6,072 and \$11,173, respectively. Account disbursements for 2021 and 2020, were \$6,477 and \$18,523, 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 2021 and 2020 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, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Savings	\$ 19,945	\$ 145,572
Checking	5,295	5,479
	<u>\$ 25,240</u>	<u>\$ 151,051</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 will be included in income for the year ending December 31, 2022.

NOTE 12 - SUBSEQUENT EVENTS

Management of the Bureau has reviewed events and transactions that occurred between January 1, 2021 and April 19, 2022, 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.

The Bureau calculated that it will receive \$44,236 in Employee Retention tax (ERT) credits related to the 2021 year and have recorded a receivable in that amount. ERT credits are available to organizations whose revenue decreased by at least 20% in the first or second quarter of 2021 compared to the same quarter in 2019. The credit was 70% of each employees wages paid during the shutdown or quarter showing a decrease in revenue, up to \$10,000 wages paid (\$7,000 maximum credit per employee for 2021).

There were no other items noted requiring reporting or disclosure for the year ended December 31, 2021.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES - ACTUAL TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SUPPORT AND REVENUE			
Support and revenue			
Government grants	\$ 414,497	\$ 413,197	\$ 1,300
Advertising and promotion revenue	17,574	21,300	(3,726)
Membership revenue	32,020	22,000	10,020
Employee retention credit	44,236	-	44,236
Interest income	730	600	130
Miscellaneous	-	983	(983)
PPP income	-	62,205	(62,205)
Use of retained earnings for 2021 programs	-	108,250	(108,250)
	<u>509,057</u>	<u>628,535</u>	<u>(119,478)</u>
EXPENSES			
Salaries	225,309	239,816	(14,507)
Payroll taxes	18,927	19,277	(350)
Fringe benefits - health insurance	20,154	21,030	(876)
Pension plan	4,914	7,168	(2,254)
Promotion/marketing	287,268	280,134	7,134
Consultants	5,325	6,500	(1,175)
Rent	6,000	6,250	(250)
Supplies and printing	915	2,000	(1,085)
Professional fees	14,543	13,450	1,093
Phone	4,074	3,350	724
Repairs, maintenance and copier lease	7,438	5,500	1,938
Miscellaneous	4,503	3,910	593
Dues and subscriptions	2,920	3,500	(580)
Travel	49	2,000	(1,951)
Insurance	1,049	4,180	(3,131)
Postage	269	750	(481)
Corporate taxes - unrelated business	356	250	106
Bad debt expense	1,551	1,500	51
Depreciation	11,855	-	11,855
To be used in coming years	-	7,970	(7,970)
	<u>617,419</u>	<u>628,535</u>	<u>(11,116)</u>
CHANGE IN NET ASSETS	<u>\$ (108,362)</u>	<u>\$ -</u>	<u>\$ (108,362)</u>

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