

CHAUTAUQUA COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018



BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

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Independent Auditor's Report

The Board of Directors of
Chautauqua County Visitors Bureau

We have audited the accompanying financial statements of Chautauqua County Visitors Bureau (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chautauqua County Visitors Bureau as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities - actual to budget on page 14 is presented for purposes of additional analysis and is not a required part of the 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 information has been 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter

The financial statements for the year ended December 31, 2018 were reviewed by us and we issued our report dated April 1, 2019. The service was less in scope than an audit and does not provide a basis for an opinion on the financial statements.


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

June 23, 2020

**CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018 (REVIEWED)**

<u>ASSETS</u>	<u>2019</u>	<u>2018 (REVIEWED)</u>
CURRENT ASSETS		
Cash	\$ 340,042	\$ 347,894
Accounts receivable, net of allowance for doubtful accounts	33,135	41,323
Prepaid expenses	11,689	12,137
Total Current Assets	384,866	401,354
PROPERTY AND EQUIPMENT, less accumulated depreciation	47,913	24,037
TOTAL ASSETS	<u>\$ 432,779</u>	<u>\$ 425,391</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,528	\$ 13,089
Funds held for Chautauqua-Allegheny Region	10,373	8,966
Deferred revenue	166,692	186,054
Total Current Liabilities	180,593	208,109
NET ASSETS		
Without Donor Restriction	252,186	217,282
Total Net Assets	252,186	217,282
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 432,779</u>	<u>\$ 425,391</u>

**CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018 (REVIEWED)**

	2019	2018 (REVIEWED)
SUPPORT AND REVENUE		
Support and revenue		
Government grants	\$ 600,474	\$ 593,186
Other grants	-	10,140
Advertising and promotion revenue	191,533	193,102
Membership revenue	40,702	37,125
Interest income	558	579
Miscellaneous	1,808	3,023
	835,075	837,155
 EXPENSES		
Program services	717,566	722,860
Supporting services	82,605	82,383
	800,171	805,243
 CHANGE IN NET ASSETS	 34,904	 31,912
NET ASSETS WITHOUT DONOR RESTRICTIONS, at beginning of year	217,282	185,370
NET ASSETS WITHOUT DONOR RESTRICTIONS, at end of year	\$ 252,186	\$ 217,282

**CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018 (REVIEWED)**

	2019	2018 (REVIEWED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 34,904	\$ 31,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,628	1,652
(Increase) decrease in operating assets:		
Accounts receivable	8,188	(9,608)
Prepaid expenses	448	(789)
Increase (Decrease) in operating liabilities:		
Accounts payable & accrued expenses	(9,561)	4,997
Funds held for others	1,407	(11,952)
Deferred revenue	(19,362)	(4,131)
	22,652	12,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(30,504)	(22,600)
	(30,504)	(22,600)
NET DECREASE IN CASH	(7,852)	(10,519)
CASH, at beginning of year	347,894	358,413
CASH, at end of year	\$ 340,042	\$ 347,894

**CHAUTAQUA COUNTY VISITORS BUREAU
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 and 2018 (REVIEWED)**

	Program Services		Management and General		TOTAL	
	2019	2018 (REVIEWED)	2019	2018 (REVIEWED)	2019	2018 (REVIEWED)
Promotion/marketing	407,173	404,909	\$ -	\$ -	\$ 407,173	\$ 404,909
Salaries	214,383	216,082	53,596	54,021	267,979	270,103
Fringe benefits	20,821	20,946	5,205	5,236	26,026	26,182
Consultants	26,412	24,140	-	-	26,412	24,140
Payroll taxes	16,895	16,691	4,224	4,173	21,119	20,864
Wine and grape match	-	7,140	-	-	-	7,140
Rent	4,866	4,858	1,216	1,215	6,082	6,073
Supplies and printing	3,785	5,103	946	1,276	4,731	6,379
Professional fees	3,838	5,659	959	1,415	4,797	7,074
Phone	3,587	3,842	897	960	4,484	4,802
Repairs, maintenance, and copier lease	6,794	4,426	1,698	1,106	8,492	5,532
Miscellaneous	-	-	2,355	6,725	2,355	6,725
Dues and subscriptions	-	-	3,197	3,141	3,197	3,141
Travel	2,476	1,967	619	492	3,095	2,459
Insurance	3,278	4,214	-	-	3,278	4,214
Postage	3,258	2,883	815	721	4,073	3,604
Corporate taxes - unrelated business	-	-	250	250	250	250
Expenses before depreciation	717,566	722,860	75,977	80,731	793,543	803,591
Depreciation Expense	-	-	6,628	1,652	6,628	1,652
TOTAL EXPENSES	\$ 717,566	\$ 722,860	\$ 82,605	\$ 82,383	\$ 800,171	\$ 805,243

See accompanying notes and independent accountant's report.

Chautauqua County Visitors Bureau
Notes to Financial Statements
December 31, 2019

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 2019 and 2018, 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.

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.

FINANCIAL STATEMENT 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:

With Donor Restriction

Donor restricted net assets are subject to donor imposed stipulations that may or will be met either by actions of the Bureau and/or passage of time. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Without Donor Restriction

Net assets without donor restriction are not subject to donor imposed stipulation.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of Chautauqua 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.

Chautauqua County Visitors Bureau
Notes to Financial Statements
December 31, 2019

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.

CONCENTRATIONS OF CREDIT RISK

The Bureau periodically maintains cash balances that exceed the FDIC insurance limits. The FDIC insurance limit at December 31, 2019 and 2018 was \$250,000. Based on bank balances at December 31, 2019, the Bureau had \$88,553 in excess of the FDIC insured limits. Based on bank balances at December 31, 2018, the Bureau had \$96,724 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 both the straight-line method and double-declining balance 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 72% of its funding from state and local governmental sources in 2019. 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.

Chautauqua County Visitors Bureau
Notes to Financial Statements
December 31, 2019

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 2019 and 2018 was \$250 for both years.

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2019, there were no penalties or interest recognized related to uncertain tax positions. The Bureau believes that it has appropriate support for any tax positions 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, 2019 bad debt expense was \$0 and \$4,344 for December 31, 2018. The Bureau's allowance for doubtful accounts as of December 31, 2019 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 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Bureau has \$373,177 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$340,042 and contributions receivable of \$33,135. Financial assets subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date include \$10,373 of cash held for Chautauqua-Allegheny Region. Refer to Note 7. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. 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.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2019
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NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Office furniture	\$ 89,387	\$ 86,800
Fixtures	1,650	1,650
Website	45,374	21,150
Digital Equipment	3,693	-
	140,104	109,600
 Less: accumulated depreciation	 92,191	 85,563
	 \$ 47,913	 \$ 24,037

Depreciation expense for 2019 and 2018 was \$6,628 and \$1,652, respectively.

NOTE 4 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	2019	2018
Guide revenue for subsequent year	\$ 156,004	\$ 173,471
Website revenue for subsequent year	10,688	12,583
	\$ 166,692	\$ 186,054

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$69,174 and \$63,066 from the New York State Department of Economic Development for the years ended December 31, 2019 and 2018, respectively. Total expenses incurred under this program were \$69,174 for 2019 and \$63,066 for 2018.

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 \$6,656 and \$7,274 for the years ended December 31, 2019 and 2018, respectively.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2019
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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 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, 2019 and 2018 was \$10,373 and \$8,966, 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, 2019 and 2018, were \$23,907 and \$15,529, respectively. Account disbursements for 2019 and 2018, were \$22,500 and \$27,481, 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 2019 and 2018 was \$6,082 and \$6,073, 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, 2019 and 2018 were:

	2019	2018
Savings	\$ 51,328	\$ 101,167
Checking	8,037	13,100
	\$ 59,365	\$ 114,267

Chautauqua County Visitors Bureau
Notes to Financial Statements
December 31, 2019

NOTE 10 - SUBSEQUENT EVENTS

Events and transactions which have occurred from December 31, 2019 through June 23, 2020, the date these financial statements were available to be issued, have been evaluated by management for the purpose of determining whether there were any events that might require disclosure in these financial statements. The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). Due to COVID-19 pandemic response, the occupancy tax grant award for 2020 for Chautauqua County Visitors Bureau has been reduced by 21% (\$115,500) and could potentially be further reduced before year end. Another effect of the COVID-19 pandemic is the NYS tourism matching funds program for 2020. The funds for this program are currently frozen. Chautauqua County Visitors Bureau is unsure if the \$60,925 of matching funds will be collected. The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the Bureau and its future results and financial position are not presently determinable.

CHAUTAUQUA COUNTY VISITORS BUREAU
SCHEDULE OF ACTIVITIES - ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Support and revenue			
Government grants	\$ 600,474	\$ 600,474	\$ -
Advertising and promotion revenue	191,533	179,500	12,033
Membership revenue	40,702	41,500	(798)
Interest income	558	626	(68)
Miscellaneous	1,808	750	1,058
	<u>835,075</u>	<u>822,850</u>	<u>12,225</u>
Expenses			
Salaries	267,979	269,940	1,961
Payroll taxes	21,119	22,213	1,094
Fringe benefits - health insurance	20,232	20,728	496
Pension plan	5,794	7,114	1,320
Promotion/marketing	407,173	430,690	23,517
Rent	6,082	6,250	168
Repairs, maintenance, and copier lease	8,492	4,355	(4,137)
Postage	4,073	4,500	427
Supplies and printing	4,731	5,970	1,239
Travel	3,095	4,200	1,105
Phone	4,484	5,325	841
Professional fees	4,797	3,600	(1,197)
Insurance	3,278	4,215	937
Depreciation	6,628	-	(6,628)
Bad debt expense	-	1,000	1,000
Consultants	26,412	25,000	(1,412)
Dues and subscriptions	3,197	3,250	53
Corporate taxes - unrelated business	250	250	-
Miscellaneous	2,355	4,250	1,895
	<u>800,171</u>	<u>822,850</u>	<u>22,679</u>
Change in net assets	<u>\$ 34,904</u>	<u>\$ -</u>	<u>\$ 34,904</u>