

CONFIDENTIAL DRAFT
TENTATIVE AND PRELIMINARY
FOR DISCUSSION AND INTERNAL
PURPOSES ONLY - SUBJECT TO REVISION

CHAUTAUQUA COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

CHAUTAUQUA COUNTY VISITORS BUREAU

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	2
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	8
Supplementary Information:	
Schedule of Activities - Actual to Budget	15

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Chautauqua County Visitors Bureau (the Bureau), which comprise the statement of financial position as of December 31, 2023, 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.

Auditors' 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, 2023, 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 assets, liabilities, and net assets by program on page 17 and the schedule of activities by program on page 18 are presented for purposes of additional analysis and are 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.

CONFIDENTIAL DRAFT
JOHNSON, MACKOWIAK & ASSOCIATES, LLP
FOR DISCUSSION AND INTERNAL
PURPOSES ONLY - SUBJECT TO REVISION

Fredonia, New York
April 22, 2024

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>12/31/2023</u>	<u>12/31/2022</u>
CURRENT ASSETS		
Cash	\$ 541,303	\$ 652,651
Accounts receivable, net of allowance for doubtful accounts	17,739	9,993
Prepaid expenses	6,217	2,593
Total current assets	<u>565,259</u>	<u>665,237</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>5,774</u>	<u>17,629</u>
 TOTAL ASSETS	 <u>\$ 571,033</u>	 <u>\$ 682,866</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 17,444	\$ 11,350
Funds held for Chautauqua-Allegheny Region	2,575	2,712
Deferred revenue	168,116	161,904
Total current liabilities	<u>188,135</u>	<u>175,966</u>
NET ASSETS		
Without Donor Restriction	<u>382,898</u>	<u>506,900</u>
Total net assets	<u>382,898</u>	<u>506,900</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 571,033</u>	 <u>\$ 682,866</u>

See accompanying notes to financial statements and independent auditors' report.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE		
Government grants	\$ 597,851	\$ 517,007
Advertising and promotion revenue	182,751	169,251
Membership revenue	40,041	38,503
Interest income	3,104	1,212
Miscellaneous	-	200,000
PPP income	-	62,205
Total support and revenue	<u>823,747</u>	<u>988,178</u>
 EXPENSES		
Program Services	839,270	698,847
Supporting Services	108,479	101,397
Total expenses	<u>947,749</u>	<u>800,244</u>
 CHANGE IN NET ASSETS	 (124,002)	 187,934
 NET ASSETS, beginning of year	 <u>506,900</u>	 <u>318,966</u>
 NET ASSETS, end of year	 <u>\$ 382,898</u>	 <u>\$ 506,900</u>

See accompanying notes to financial statements and independent auditors' report.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (124,002)	\$ 187,934
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	(7,746)	(3,591)
(Increase) decrease in ERTC receivable	-	44,236
(Increase) decrease in prepaid expense	(3,624)	(66)
Increase (decrease) in accounts payable and accrued expenses	6,094	5,554
Increase (decrease) in funds held for others	(137)	94
Increase (decrease) deferred revenue	6,212	7,779
	<u>(111,348)</u>	<u>253,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	<u>-</u>	<u>(3,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP proceeds received	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(111,348)	250,726
CASH AND CASH EQUIVALENTS, beginning	<u>652,651</u>	<u>401,925</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 541,303</u>	<u>\$ 652,651</u>

See accompanying notes to financial statements and independent auditors' report.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE 2022 INFORMATION

	Program services	Management and general	Total 2023	Total 2022
Salaries and wages	\$ 238,456	\$ 59,614	\$ 298,070	\$ 286,849
Payroll taxes	19,790	4,947	24,737	24,035
Fringe benefits	36,965	9,241	46,206	26,527
Total salaries, wages and related expenses	295,211	73,802	369,013	337,411
Promotion/ marketing	499,486	-	499,486	383,333
Consultants	14,900	-	14,900	14,275
Rent	5,200	1,300	6,500	6,000
Supplies and printing	334	83	417	1,079
Professional fees	10,571	2,643	13,214	14,085
Phone	4,094	1,023	5,117	4,949
Repairs, maintenance, and copier lease	2,974	743	3,717	6,789
Miscellaneous	-	12,511	12,511	11,577
Dues and subscriptions	-	3,570	3,570	3,470
Travel	1,118	280	1,398	912
Insurance	3,707	-	3,707	3,259
Postage	1,675	419	2,094	1,250
Corporate taxes	-	250	250	-
Bad debt expense	-	-	-	-
Depreciation expense	-	11,855	11,855	11,855
	\$ 839,270	\$ 108,479	\$ 947,749	\$ 800,244

See accompanying notes to financial statements and independent auditors' 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 2023 and 2022, the Bureau received approximately 73% and 76%, 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.

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, 2023 and 2022 was \$250,000. Based on bank balances at December 31, 2023, the Bureau had \$208,068 in excess of the FDIC insured limits. Based on bank balances at December 31, 2022, the Bureau had \$61,125 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 – In 2023 and 2022 the Bureau received approximately 73% and 76%, respectively, of its funding from state and local government sources. 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 2023 and 2022 was \$275 and \$0, respectively.

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2023 and 2022, 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, 2023 and 2022, bad debt expense was \$0. The Bureau's allowance for doubtful accounts as of December 31, 2023 and 2022 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 reported deferred revenue of \$168,116 for year ended December 31, 2023 and \$161,904 for year ended December 31, 2022 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>2023</u>	<u>2022</u>
Cash	\$ 541,303	\$ 652,651
Accounts receivable, net	17,739	9,993
Prepaid expenses	<u>6,217</u>	<u>2,593</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 565,259</u>	<u>\$ 665,237</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>2023</u>	<u>2022</u>
Office furniture	\$ 94,668	\$ 94,668
Fixtures	1,650	1,650
Website	45,374	45,374
Digital equipment	3,693	3,693
Less: accumulated depreciation	<u>(139,611)</u>	<u>(127,756)</u>
Property and equipment, net	<u>\$ 5,774</u>	<u>\$ 17,629</u>

Depreciation expense for 2023 and 2022 was \$11,855 and \$11,855, respectively.

NOTE 4 - DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Guide revenue for subsequent year	\$ 168,116	\$ 161,778
Website revenue for subsequent year	-	126
	<u>\$ 168,116</u>	<u>\$ 161,904</u>

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$46,551 and \$48,207 from the New York State Department of Economic Development for the years ended December 31, 2023 and 2022, respectively. Total expenses incurred under this program were \$46,551 for 2023 and \$48,207 for 2022.

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 \$6,682 and \$6,402 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 was \$2,575 and \$2,712, 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, 2023 and 2022 were \$9,636 and \$14,700, respectively. Account disbursements for 2023 and 2022, were \$9,636 and \$14,646, respectively. This activity is not included within the Bureau's Statements of Activities.

NOTE 8 – OPERATING LEASES

The Bureau leases office space on a month to month basis 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 2023 and 2022 was \$6,500 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, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Savings	\$ 22,848	\$ 30,068
Checking	1,836	8,717
	<u>\$ 24,684</u>	<u>\$ 38,785</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, 2024 and April 22, 2024, 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, 2023.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES - ACTUAL TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SUPPORT AND REVENUE			
Support and revenue			
Government grants	\$ 597,851	\$ 597,797	\$ 54
Advertising and promotion revenue	182,751	164,500	18,251
Membership revenue	40,041	36,600	3,441
Employee retention credit	-	-	-
Interest income	3,104	600	2,504
Miscellaneous	-	30,000	(30,000)
PPP income	-	-	-
Use of retained earnings for 2022 programs	-	-	-
	<u>823,747</u>	<u>829,497</u>	<u>(5,750)</u>
EXPENSES			
Salaries	298,070	290,914	7,156
Payroll taxes	24,737	22,991	1,746
Fringe benefits - health insurance	46,206	49,250	(3,044)
Pension plan	-	-	-
Promotion/marketing	499,486	398,112	101,374
Consultants	14,900	16,500	(1,600)
Rent	6,500	6,250	250
Supplies and printing	417	3,000	(2,583)
Professional fees	13,214	11,950	1,264
Phone	5,117	3,900	1,217
Repairs, maintenance and copier lease	3,717	5,500	(1,783)
Miscellaneous	12,511	7,850	4,661
Dues and subscriptions	3,570	3,250	320
Travel	1,398	2,500	(1,102)
Insurance	3,707	4,180	(473)
Postage	2,094	1,500	594
Corporate taxes - unrelated business	250	250	-
Bad debt expense	-	1,600	(1,600)
Depreciation	11,855	-	11,855
To be used in coming years	-	-	-
	<u>947,749</u>	<u>829,497</u>	<u>118,252</u>
CHANGE IN NET ASSETS	<u>\$ (124,002)</u>	<u>\$ -</u>	<u>\$ (124,002)</u>

See accompanying notes to financial statements and independent auditors' report.