

CHAUTAUQUA COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

CHAUTAUQUA COUNTY VISITORS BUREAU

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**JOHNSON, MACKOWIAK
& ASSOCIATES, LLP**

Certified Public Accountants & Consultants

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, 2020, 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, 2020, 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.

Prior Period Financial Statements

The financial statements of Chautauqua County Visitors Bureau as of December 31, 2019 and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated June 23, 2020.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

Fredonia, New York
May 3, 2021

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2020 AND 2019

ASSETS

	12/31/2020	12/31/2019
CURRENT ASSETS		
Cash	\$ 319,586	\$ 340,042
Accounts receivable, net of allowance for doubtful accounts	76,668	33,135
Prepaid expenses	1,896	11,689
Total current assets	398,150	384,866
PROPERTY AND EQUIPMENT, net of accumulated depreciation	36,058	47,913
TOTAL ASSETS	\$ 434,208	\$ 432,779

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,052	\$ 3,528
Funds held for Chautauqua-Allegheny Region	3,023	10,373
Deferred revenue	805	166,692
Total current liabilities	6,880	180,593
NET ASSETS		
Without Donor Restriction	427,328	252,186
Total net assets	427,328	252,186
TOTAL LIABILITIES AND NET ASSETS	\$ 434,208	\$ 432,779

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

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
SUPPORT AND REVENUE		
Government grants	\$ 487,677	\$ 600,474
Advertising and promotion revenue	174,004	191,533
Membership revenue	25,058	40,702
Employee retention credit	26,320	-
Interest income	970	558
Miscellaneous	-	1,808
Total support and revenue	714,029	835,075
 EXPENSES		
Program Services	465,070	717,566
Supporting Services	73,817	82,605
Total expenses	538,887	800,171
 CHANGE IN NET ASSETS	175,142	34,904
 NET ASSETS, beginning of year	252,186	217,282
 NET ASSETS, end of year	\$ 427,328	\$ 252,186

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

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	12/31/2020	12/31/2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 175,142	\$ 34,904
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,855	6,628
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(43,533)	8,188
(Increase) decrease in prepaid expense	9,793	448
Increase (decrease) in accounts payable and accrued expenses	(476)	(9,561)
Increase (decrease) in funds held for others	(7,350)	1,407
Increase (decrease) deferred revenue	(165,887)	(19,362)
	(20,456)	22,652
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	-	(30,504)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,456)	(7,852)
CASH AND CASH EQUIVALENTS, beginning	340,042	347,894
CASH AND CASH EQUIVALENTS, ending	\$ 319,586	\$ 340,042

The accompanying notes are an integral part of these statements.

CHAUTAUQUA COUNTY VISITORS BUREAU
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED DECEMBER 31, 2020 AND SUMMARIZED 2019

	Program services	Management and general	Total 2020	Total 2019
Salaries and wages	\$ 158,872	\$ 39,718	\$ 198,590	\$ 267,979
Payroll taxes	12,406	3,101	15,507	21,119
Fringe benefits	17,654	4,413	22,067	26,026
Total salaries, wages and related expenses	188,931	47,232	236,164	315,124
Promotion/ marketing	224,251	-	224,251	407,173
Consultants	12,350	-	12,350	26,412
Rent	4,800	1,200	6,000	6,082
Supplies and printing	1,946	486	2,432	4,731
Professional fees	5,554	1,388	6,942	4,797
Phone	3,332	833	4,165	4,484
Repairs, maintenance, and copier lease	4,046	1,012	5,058	8,492
Miscellaneous	-	1,911	1,911	2,355
Dues and subscriptions	-	3,441	3,441	3,197
Travel	359	90	449	3,095
Insurance	3,027	-	3,027	3,278
Postage	423	106	529	4,073
Corporate taxes	-	250	250	250
Bad debt expense	16,050	4,013	20,063	-
Depreciation expense	-	11,855	11,855	6,628
	<u>\$ 465,070</u>	<u>\$ 73,817</u>	<u>\$ 538,887</u>	<u>\$ 800,171</u>

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 2020 and 2019, 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, 2020 and 2019 was \$250,000. Based on bank balances at December 31, 2020, the Bureau had \$66,560 in excess of the FDIC insured limits. Based on bank balances at December 31, 2019, the Bureau had \$88,553 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 66% of its funding from state and local government sources in 2020. 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 2020 and 2019 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 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, 2020 and 2019, bad debt expense was \$20,063 and \$0, respectively. The Bureau's allowance for doubtful accounts as of December 31, 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 \$805 for year ended December 31, 2020 and \$166,692 for year ended December 31, 2019 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>2020</u>	<u>2019</u>
Cash	\$ 319,586	\$ 340,042
Accounts receivable, net	76,668	33,135
Prepaid expenses	<u>1,896</u>	<u>11,689</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 398,150</u>	<u>\$ 384,866</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>12/31/2020</u>	<u>12/31/2019</u>
Office furniture	\$ 89,387	\$ 89,387
Fixtures	1,650	1,650
Website	45,374	45,374
Digital equipment	3,693	3,693
Less: accumulated depreciation	<u>(104,046)</u>	<u>(92,191)</u>
Property and equipment, net	<u>\$ 36,058</u>	<u>\$ 47,913</u>

Depreciation expense for 2020 and 2019 was \$11,855 and \$6,628, respectively.

NOTE 4 - DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Guide revenue for subsequent year	\$ -	\$ 156,004
Website revenue for subsequent year	805	10,688
	<u>\$ 805</u>	<u>\$ 166,692</u>

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$51,877 and \$69,174 from the New York State Department of Economic Development for the years ended December 31, 2020 and 2019, respectively. Total expenses incurred under this program were \$51,877 for 2020 and \$69,174 for 2019.

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 \$8,067 and \$7,274 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 was \$3,023 and \$10,373, 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, 2020 and 2019 were \$11,173 and \$23,907, respectively. Account disbursements for 2020 and 2019, were \$18,523 and \$22,500, 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 2020 and 2019 was \$6,000 and \$6,082, 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, 2020 and 2019 were:

	<u>2020</u>	<u>2019</u>
Savings	\$ 145,572	\$ 51,328
Checking	5,479	8,037
	<u>\$ 151,051</u>	<u>\$ 59,365</u>

NOTE 10 - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, 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. During 2020, revenue compared to 2019 has decreased 20% and expenses have decreased 33%. It is unknown how long these conditions will last and what the complete financial effect will be on the Bureau.

NOTE 11 - EMPLOYEE RETENTION CREDIT

In 2020, the Bureau received \$26,320 in Employee Retention tax credits. These credits are available to organizations whose revenue decreased by at least 50% in any quarter of 2020 or was subject to full or partial shutdown by governmental authority. The credit was 50% of each employees wages paid during the shutdown or quarter showing a decrease in revenue, up to \$10,000 wages paid (\$5,000 maximum credit per employee for 2020).

NOTE 12 - SUBSEQUENT EVENTS

Management of the Bureau has reviewed events and transactions that occurred between January 1, 2021 and May 3, 2021, 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. In February of 2021, the Bureau received \$62,205 in funds from a Paycheck Protection Program Loan. This loan is able to be fully forgiven if the Bureau uses the loan for allowable expenditures.

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES - ACTUAL TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SUPPORT AND REVENUE			
Support and revenue			
Government grants	\$ 487,677	\$ 632,785	\$ (145,108)
Advertising and promotion revenue	174,004	180,000	(5,996)
Membership revenue	25,058	26,500	(1,442)
Employee retention credit	26,320	-	26,320
Interest income	970	600	370
Miscellaneous	-	500	(500)
	<u>714,029</u>	<u>840,385</u>	<u>(126,356)</u>
EXPENSES			
Salaries	198,590	277,671	(79,081)
Payroll taxes	15,507	22,487	(6,980)
Fringe benefits - health insurance	17,093	20,864	(3,771)
Pension plan	4,974	8,068	(3,094)
Promotion/marketing	224,251	443,085	(218,834)
Rent	6,000	6,250	(250)
Repairs, maintenance and copier lease	5,058	4,250	808
Postage	529	1,500	(971)
Supplies and printing	2,432	5,000	(2,568)
Travel	449	3,500	(3,051)
Phone	4,165	3,970	195
Professional fees	6,942	5,500	1,442
Insurance	3,027	4,180	(1,153)
Depreciation	11,855	-	11,855
Bad debt expense	20,063	1,500	18,563
Consultants	12,350	25,000	(12,650)
Dues and subscriptions	3,441	3,000	441
Corporate taxes - unrelated business	250	250	-
Miscellaneous	1,911	4,310	(2,399)
	<u>538,887</u>	<u>840,385</u>	<u>(301,498)</u>
CHANGE IN NET ASSETS	<u>\$ 175,142</u>	<u>\$ -</u>	<u>\$ 175,142</u>

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