

CHAUTAUQUA COUNTY VISITORS BUREAU

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017



BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

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**Independent Accountant's Report**

The Board of Directors of
Chautauqua County Visitors Bureau

We have reviewed the accompanying financial statements of the Chautauqua County Visitors Bureau (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, statements of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have not audited or reviewed such information and, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it.


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

April 1, 2019

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 and 2017

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash		\$ 347,894	\$ 358,413
Accounts receivable, net of allowance for doubtful accounts		41,323	31,715
Prepaid expenses		12,137	11,348
Total Current Assets		401,354	401,476
PROPERTY AND EQUIPMENT, less accumulated depreciation		24,037	3,089
TOTAL ASSETS		<u><u>\$ 425,391</u></u>	<u><u>\$ 404,565</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 13,089	\$ 8,092
Funds held for Chautauqua-Allegheny Region		8,966	20,918
Deferred revenue		186,054	190,185
Total Current Liabilities		208,109	219,195
NET ASSETS			
Without Donor Restriction		217,282	185,370
Total Net Assets		217,282	185,370
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 425,391</u></u>	<u><u>\$ 404,565</u></u>

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUE		
Support and revenue		
Government grants	\$ 593,186	\$ 575,589
Other grants	10,140	7,500
Advertising and promotion revenue	193,102	188,578
Membership revenue	37,125	38,313
Interest income	579	636
Miscellaneous	<u>3,023</u>	<u>3,198</u>
Total Support and Revenue	837,155	813,814
 EXPENSES		
Program services	722,860	718,207
Supporting services	<u>82,383</u>	<u>79,592</u>
Total Expenses	<u>805,243</u>	<u>797,799</u>
 CHANGE IN NET ASSETS	31,912	16,015
 NET ASSETS WITHOUT DONOR RESTRICTIONS, at beginning of year	<u>185,370</u>	<u>169,355</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS, at end of year	<u>\$ 217,282</u>	<u>\$ 185,370</u>

CHAUTAUQUA COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 31,912	\$ 16,015
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,652	1,971
(Increase) decrease in operating assets:		
Accounts receivable	(9,608)	(952)
Prepaid expenses	(789)	3,650
Increase (Decrease) in operating liabilities:		
Accounts payable & accrued expenses	4,997	(11,923)
Funds held for others	(11,952)	16,748
Deferred revenue	(4,131)	12,511
	<u>12,081</u>	<u>38,020</u>
Net cash provided by operating activities	12,081	38,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	<u>(22,600)</u>	<u>(745)</u>
	<u>(22,600)</u>	<u>(745)</u>
Net cash used in investing activities	(22,600)	(745)
NET(DECREASE) INCREASE IN CASH	(10,519)	37,275
CASH, at beginning of year	<u>358,413</u>	<u>321,138</u>
CASH, at end of year	<u><u>\$ 347,894</u></u>	<u><u>\$ 358,413</u></u>

**CHAUTAQUA COUNTY VISITORS BUREAU
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 and 2017**

	Program Services		Management and General		TOTAL	
	2018	2017	2018	2017	2018	2017
Promotion/marketing	404,909	404,866	\$ -	\$ -	\$ 404,909	\$ 404,866
Salaries	216,082	217,633	54,021	54,408	270,103	272,041
Fringe benefits	20,946	22,857	5,236	5,714	26,182	28,571
Consultants	24,140	21,460	-	-	24,140	21,460
Payroll taxes	16,691	16,864	4,173	4,216	20,864	21,080
Wine and grape match	7,140	7,140	-	-	7,140	7,140
Rent	4,858	4,899	1,215	1,225	6,073	6,124
Supplies and printing	5,103	4,588	1,276	1,147	6,379	5,735
Professional fees	5,659	4,414	1,415	1,103	7,074	5,517
Phone	3,842	3,814	960	954	4,802	4,768
Repairs, maintenance, and copier lease	4,426	3,190	1,106	798	5,532	3,988
Miscellaneous	-	-	6,725	3,867	6,725	3,867
Dues and subscriptions	-	-	3,141	3,041	3,141	3,041
Travel	1,967	2,418	492	604	2,459	3,022
Insurance	4,214	2,888	-	-	4,214	2,888
Postage	2,883	1,176	721	294	3,604	1,470
Corporate taxes - unrelated business	-	-	250	250	250	250
Expenses before depreciation	722,860	718,207	80,731	77,621	803,591	795,828
Depreciation Expense	-	-	1,652	1,971	1,652	1,971
TOTAL EXPENSES	\$ 722,860	\$ 718,207	\$ 82,383	\$ 79,592	\$ 805,243	\$ 797,799

See accompanying notes and independent accountant's report.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2018

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 2018 and 2017, the Bureau received approximately 72% and 71%, respectively, of its total support and revenue from the County of Chautauqua, NY, and the New York State Department of Economic Development. The majority of the Bureau's remaining support and revenue is from advertising and memberships.

BASIS OF ACCOUNTING

The financial statements of the Chautauqua County Visitors Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

The Bureau's financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 205 "*Financial Statement Presentation*." Under FASB ASC 205, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Bureau had no temporarily or permanently restricted net assets at December 31, 2018 or 2017.

FINANCIAL STATEMENT PRESENTATION

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)-*Presentation of Financial Statements of Not-for-Profit Entities*. Chautauqua County Visitors Bureau has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of Chautauqua County Visitors Bureau financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).

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:

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT PRESENTATION (continued)

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 net assets without donor restrictions and reported in the Statements of Activities. The Bureau did not have any donor restricted net assets at December 31, 2018.

Without Donor Restriction

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

FUNCTIONAL ALLOCATION OF EXPENSES

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

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Bureau considers cash on hand and all checking, savings and money market accounts to be cash and cash equivalents. Income taxes paid on unrelated business income in 2018 and 2017 was \$250 for both years.

CONCENTRATIONS OF CREDIT RISK

The Bureau periodically maintains cash balances that exceed the FDIC insurance limits. The FDIC insurance limit at December 31, 2018 and 2017 was \$250,000. Based on bank balances at December 31, 2018, the Bureau had \$96,724 in excess of the FDIC insured limits. Based on bank balances at December 31, 2017, the Bureau had \$107,758 in excess of the FDIC insured limits.

PROPERTY AND EQUIPMENT

Property and equipment purchases are made with general operating funds and the corresponding asset values are recorded at cost. Chautauqua County has a reversionary interest in any assets purchased with County funds which have life extending beyond that of the program for which they were purchased. The Bureau capitalizes expenditures for property and equipment in excess of \$1,000. Depreciation is recognized using the straight-line method over the assets expected useful lives ranging from 5 to 7 years.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018. This funding is dependent on current economic conditions and community needs as defined by governmental units. The contracts related to these programs could be terminated or significantly reduced with minimal notice. The Bureau has received grants, which are subject to audit by agencies of state and local governments. Such audits may result in disallowances and a request for a return of funds.

INCOME TAXES

The Bureau is exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code and from New York State income taxes, and is not considered to be a private foundation under Section 509(a) of the code. However, certain activities not directly related to the Bureau's tax-exempt purpose are subject to taxation as unrelated business income.

Penalties and interest, if any, associated with uncertain tax positions are accrued as part of any income tax provision. For 2018, there were no penalties or interest recognized related to uncertain tax positions.

The Bureau files exempt organization returns with the required U.S. Federal and New York jurisdictions. The Bureau's returns prior to 2015 are closed.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

It is the policy of management to review the outstanding accounts receivable at year end as well as the bad debt write offs experienced in the past, and establish an allowance for doubtful accounts related to anticipated uncollectible amounts. For the year ended December 31, 2018 bad debt expense was \$4,344 and \$1,234 for December 31, 2017. The Bureau's allowance for doubtful accounts as of December 31, 2018 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.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2018

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Bureau has \$389,217 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$347,894 and contributions receivable of \$41,323. 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 \$8,966 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.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2018	2017
Office furniture	\$ 86,800	\$ 85,350
Fixtures	1,650	1,650
Website	21,150	-
	<u>109,600</u>	<u>87,000</u>
Less: accumulated depreciation	<u>85,563</u>	<u>83,911</u>
	<u>\$ 24,037</u>	<u>\$ 3,089</u>

Depreciation expense for 2018 and 2017 was \$1,652 and \$1,971, respectively.

NOTE 4 – DEFERRED REVENUE

Deferred revenue consisted of the following at December 31:

	2018	2017
Guide revenue for subsequent year	\$ 172,304	\$ 177,385
Website revenue for subsequent year	13,750	12,800
	<u>\$ 186,054</u>	<u>\$ 190,185</u>

NOTE 5 – MATCHING FUNDS

The Bureau qualified for grant funding of \$63,066 and \$60,289 from the New York State Department of Economic Development for the years ended December 31, 2018 and 2017, respectively. Total expenses incurred under this program were \$63,066 for 2018 and \$60,289 for 2017.

Chautauqua County Visitors Bureau
Notes to Financial Statements
December 31, 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 \$7,274 and \$6,613 for the years ended December 31, 2018 and 2017, 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 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, 2018 and 2017 was \$8,966 and \$20,918, 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, 2018 and 2017, were \$15,529 and \$27,038, respectively. Account disbursements for 2018 and 2017, were \$27,481 and \$10,290, 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 2018 and 2017 was \$6,073 and \$6,124, respectively.

The Bureau leases a copier for \$181 a month plus tax. The lease covers free labor, but the Bureau is responsible for the cost of any parts and supplies.

Chautauqua County Visitors Bureau Notes to Financial Statements December 31, 2018

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, 2018 and 2017 were:

	<u>2018</u>	<u>2017</u>
Savings	\$ 101,167	\$ 73,991
Checking	<u>13,100</u>	<u>6,135</u>
	<u>\$ 114,267</u>	<u>\$ 80,126</u>

NOTE 10 - SUBSEQUENT EVENTS

Events and transactions which have occurred from December 31, 2018 through April 1, 2019 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. No such events or transactions were noted.

CHAUTAUQUA COUNTY VISITORS BUREAU
SCHEDULE OF ACTIVITIES - ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2018

	Actual	Budget	Variance
Support and revenue			
Government grants	\$ 593,186	\$ 592,457	\$ 729
Other grants	10,140	-	10,140
Advertising and promotion revenue	193,102	181,500	11,602
Membership revenue	37,125	37,500	(375)
Interest income	579	1,000	(421)
Miscellaneous	3,023	3,200	(177)
	<u>837,155</u>	<u>815,657</u>	<u>21,498</u>
Total support and revenue			
Expenses			
Salaries	270,103	268,967	(1,136)
Payroll taxes	20,864	22,133	1,269
Fringe benefits - health insurance	18,908	17,945	(963)
Pension plan	7,274	7,141	(133)
Promotion/marketing	404,909	431,186	26,277
Rent	6,073	6,250	177
Repairs, maintenance, and copier lease	5,532	4,400	(1,132)
Postage	3,604	4,750	1,146
Supplies and printing	6,379	5,851	(528)
Travel	2,459	3,698	1,239
Phone	4,802	5,086	284
Professional fees	7,074	3,000	(4,074)
Insurance	4,214	3,000	(1,214)
Depreciation	1,652	-	(1,652)
Wine and grape match	7,140	-	(7,140)
Bad debt expense	4,344	1,500	(2,844)
Consultants	24,140	24,000	(140)
Dues and subscriptions	3,141	3,250	109
Corporate taxes - unrelated business	250	-	(250)
Miscellaneous	2,381	3,500	1,119
	<u>805,243</u>	<u>815,657</u>	<u>10,414</u>
Total expenses			
Change in net assets	<u>\$ 31,912</u>	<u>\$ -</u>	<u>\$ 31,912</u>