

**FINDLAY-HANCOCK COUNTY ALLIANCE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Findlay-Hancock County Alliance  
Findlay, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of Findlay-Hancock County Chamber of Commerce (dba Findlay-Hancock County Alliance), a nonprofit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Findlay-Hancock County Alliance as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, in 2018 the Findlay-Hancock County Alliance adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to these matters.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 audits 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.

*Gilmore Jasion Mahler, LTD*

Findlay, Ohio  
June 14, 2019

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,000,997	\$ 769,789
Accounts receivable - trade	36,582	34,682
Hotel/motel tax receivable	177,488	144,495
Prepaid expenses	3,645	11,449
Total current assets	1,218,712	960,415
Property and equipment, net	143,011	112,528
<b>Other assets</b>		
Accounts receivable - related party	161,455	181,355
Deposits	0	56
Total other assets	161,455	181,411
Total assets	\$ 1,523,178	\$ 1,254,354
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable - trade	\$ 85,899	\$ 29,750
Accrued payroll bonuses	41,312	39,840
Accrued payroll liabilities	3,939	12,872
Accrued real estate taxes	1,054	1,055
Deferred membership	225,176	143,532
Total current liabilities	357,380	227,049
<b>Other liabilities</b>		
Rental security deposits	0	750
Total liabilities	357,380	227,799
<b>Net assets</b>		
Without donor restrictions	724,316	514,126
With donor restrictions	441,482	512,429
Total net assets	1,165,798	1,026,555
Total liabilities and net assets	\$ 1,523,178	\$ 1,254,354

The accompanying notes are an integral part of these financial statements.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Changes in net assets without donor restrictions:</b>		
<b>Operating revenues and support</b>		
Corporate contributions	\$ 483,496	\$ 439,197
Membership income	329,545	326,430
Member services	162,473	151,681
Fundraising revenue	64,191	52,912
Development income	65,663	278,647
Marketing	62,724	63,611
In-kind contributions	24,140	17,740
Administrative	18,017	27,483
SBRC/MEP income	15,000	18,000
Interest income	95	38
Rental income	0	11,645
Satisfaction of time and program restrictions - hotel tax	<u>821,118</u>	<u>624,790</u>
Total operating revenues and support	2,046,462	2,012,174
<b>Expenses</b>		
Program service	1,376,522	1,456,217
Management and general	425,667	371,315
Fundraising	<u>34,083</u>	<u>29,044</u>
Total operating expenses	<u>1,836,272</u>	<u>1,856,576</u>
Excess of operating revenues and support under operating expenses	210,190	155,598
<b>Changes in net assets with donor restrictions:</b>		
Time and program restricted revenue	750,171	654,894
Satisfaction of time and program restrictions - hotel tax	<u>(821,118)</u>	<u>(624,790)</u>
Total changes in net assets with donor restrictions	<u>(70,947)</u>	<u>30,104</u>
Change in net assets	139,243	185,702
Net assets, beginning of year	<u>1,026,555</u>	<u>840,853</u>
Net assets, end of year	<u>\$ 1,165,798</u>	<u>\$ 1,026,555</u>

The accompanying notes are an integral part of these financial statements.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended December 31, 2018 and 2017

	<u>Program Services</u>			<u>Support Services</u>		<u>2018 Totals</u>	<u>2017 Totals</u>	
	<u>Chamber of Commerce</u>	<u>Convention and Visitor's Bureau</u>	<u>Economic Development Council</u>	<u>Total Program Services</u>	<u>Management and General</u>			<u>Fundraising</u>
Salaries and benefits	\$ 223,966	\$ 131,456	\$ 250,862	\$ 606,284	\$ 233,110	\$ 0	\$ 839,394	\$ 856,689
Member services	67,879	274,228	146,760	488,867	122,217	34,083	645,167	571,701
Other	17,725	6,648	33,356	57,729	14,430		72,159	95,931
Occupancy	17,371	19,116	10,005	46,492	11,623		58,115	55,349
Information technologies	16,051	14,846	13,431	44,328	11,082		55,410	49,034
Travel	3,329	2,424	30,859	36,612	9,153		45,765	52,958
Depreciation	13,657	8,846	8,303	30,806	7,701		38,507	42,866
Professional services	7,730	10,002	8,848	26,580	6,645		33,225	78,370
Office expenses	11,231	5,704	6,433	23,368	5,842		29,210	36,158
Insurance	8,958	3,174	3,324	15,456	3,864		19,320	17,520
<b>Total Expenses</b>	<u>\$ 387,897</u>	<u>\$ 476,444</u>	<u>\$ 512,181</u>	<u>\$ 1,376,522</u>	<u>\$ 425,667</u>	<u>\$ 34,083</u>	<u>\$ 1,836,272</u>	<u>\$ 1,856,576</u>

The accompanying notes are an integral part of these financial statements.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 139,243	\$ 185,702
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,507	42,866
Bad debt	0	9,904
Changes in assets		
Accounts receivable - trade	(1,900)	(20,715)
Hotel/motel tax receivable	(32,993)	(4,714)
Prepaid expenses	7,804	(7,948)
Note receivable - NCC-ET	0	193,800
Deposits	56	0
Changes in liabilities		
Accounts payable - trade	16,149	(6,920)
Accrued payroll bonuses	1,472	29,840
Accrued payroll liabilities	(8,933)	2,525
Accrued real estate taxes	(1)	(4,257)
Deferred membership	81,644	12,751
Rental security deposits	(750)	225
Net cash provided by operating activities	240,298	433,059
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment	(28,990)	(61,593)
Net cash used in investing activities	(28,990)	(61,593)
<b>Cash flows from financing activities</b>		
Accounts payable - related party	19,900	25,847
Net cash provided by financing activities	19,900	25,847
Net increase in cash and cash equivalents	231,208	397,313
Cash and cash equivalents, beginning of year	769,789	372,476
Cash and cash equivalents, end of year	\$ 1,000,997	\$ 769,789
<b>Non-cash investing and financing activities:</b>		
Property and equipment purchased through accounts payable	\$ 40,000	\$ 0
Property and equipment transferred through related party transaction	\$ 0	\$ 237,587

The accompanying notes are an integral part of these financial statements.



**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**Note 1–Nature of business**

The Findlay-Hancock County Chamber of Commerce (dba Findlay-Hancock County Alliance), a non-profit organization, (the Organization) is dedicated to driving growth and prosperity in the Findlay-Hancock County region. The Organization solicits funds from local businesses and residents and has more than 700 members consisting of both business and professional firms. The Organization consists principally of three divisions, the Chamber of Commerce (Chamber), Convention and Visitors Bureau (CVB), and the Economic Development Council (EDC).

**Note 2–Summary of significant accounting policies**

**Basis of accounting**

The accounting policies of the Organization conform to generally accepted accounting principles and reflect practices appropriate for a non-profit organization. The financial statements have been prepared on the accrual basis of accounting and include all divisions and accounts of the Organization: the Chamber, CVB and EDC. Inter-divisional balances and transactions have been eliminated.

**Financial statement presentation and implementation of new accounting standard**

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-14 (ASU 2016-14), Not-for-profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, ASU 2016-14 replaces the three prior classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 was adopted by the Organization for the year ended December 31, 2018.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 follows:

<u>Net assets classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
As previously presented:			
Unrestricted	\$ 514,126	\$ 0	\$ 514,126
Temporarily restricted		512,429	512,429
Net assets as presented	<u>\$ 514,126</u>	<u>\$ 512,429</u>	<u>\$ 1,026,555</u>

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 2—Summary of significant accounting policies – continued**

**Cash and cash equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

**Accounts receivable**

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

**Property and equipment**

Property and equipment is recorded at cost if purchased or at fair value if contributed. Depreciation is being provided on the straight-line method over the estimated lives of the assets, which are as follows:

	<u>Years</u>
Leasehold improvements	15-40
Furniture and equipment	3-10

Expenditures for maintenance and repairs are charged to operations as incurred. It is the Organization's policy to capitalize property and equipment having an acquisition cost of \$1,000 or more.

**Deferred membership dues**

The Organization bills members for yearly dues in members' anniversary months. Amounts received but not yet earned by the Organization are recorded as Deferred Membership in the current liabilities section of the accompanying statements of financial position.

**Classification of net assets**

Most funds of the Organization are classified as net assets without donor restrictions, since the governing instruments of the Organization and certain agreements provide for the invasion of principal, or for the Organization to exercise its variance power to modify any restriction if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Net assets without donor restrictions are not subject to donor-imposed restrictions.

Net assets with donor restrictions contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. These restrictions are satisfied either by the passage of time or when the proposed restriction is met. All net assets with donor restrictions as of December 31, 2018 and 2017 are restricted for specific program use; see Note 13.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 2—Summary of significant accounting policies – continued**

**Federal income taxes**

The Organization has been approved under Internal Revenue Code Section 501(c)(6) as a non-profit organization exempt from federal taxes on its normal activities. The Organization is taxed on its unrelated business income. The Organization files Forms 990 and 990-T annually. The Organization has adopted FASB ASC 740-10-50-15 to account for uncertainty in income taxes.

The Organization files Exempt Organization tax returns in the U.S. federal jurisdiction, and the state of Ohio. At December 31, 2018 and 2017, there are no unrecognized tax benefits, that if recognized would affect the annual effective tax rate. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2018 and 2017, no interest or penalties were recognized.

**Contributions**

The Organization has adopted FASB ASC 958-605-25, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as revenues without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose-restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Pledges are recorded as income in the year made. Amounts received “in-kind” have been recorded at the fair value of the services rendered.

**Development income**

From time to time, EDC enters into agreements to promote the development of the Findlay and Hancock County area. The agreements provide for EDC to receive an assignment fee for the successful sale of property to be used for economic development. For the years ended December 31, 2018 and 2017, this income amounted to \$65,663 and \$278,647, respectively.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 2—Summary of significant accounting policies – continued**

**Advertising costs**

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2018 and 2017 was \$91,572 and \$87,142, respectively.

**New accounting pronouncements**

In June 2018 the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*. ASU 2018-08 clarifies the accounting for both makers and recipients of grants. The guidance amends the new revenue recognition standard as well as long-standing contribution accounting guidance. The amendments provide a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 if the entity serves as the resource recipient or fiscal years beginning after December 15, 2019 if the entity serves as the resource provider with early adoption permitted in both cases. The Organization is currently evaluating the effect that ASU 2018-08 will have on its financial statements and related disclosures.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASU 2014-09)*, to supersede nearly all existing revenue recognition guidance under accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 will require that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than twelve months, with the result being the recognition of a right of use asset and a lease liability. Recognition and presentation of expenses will depend on the classification of the lease as either finance or operating. ASU 2016-02 will also require quantitative and qualitative disclosures to supplement the amounts recorded in the financial statements to afford better understanding of the Organization's leasing activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 with early adoption permitted and is to be applied retrospectively. The Organization is currently evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 2—Summary of significant accounting policies – continued**

**Subsequent events**

Subsequent events have been evaluated through June 14, 2019, the date in which the financial statements were available to be issued. Subsequent to year end, the line of credit was extended. See Note 11.

**Reclassification**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported results of operations or net assets.

**Note 3—Cash and cash equivalents**

Cash and cash equivalents at December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 150	\$ 150
Checking accounts	175,358	24,800
Savings accounts		
Convention and Visitors Bureau	401,482	315,450
Economic Development Council	400,632	402,128
Hancock Leadership Alumni Association	23,375	27,261
Total cash and cash equivalents	<u>\$ 1,000,997</u>	<u>\$ 769,789</u>

The Organization maintains deposits in federally insured financial institutions. At times, these deposits exceed federally insured limits. The Organization regularly monitors the financial condition of the institution in which it has depository accounts and believes the risks of loss are minimal.

**Note 4—Note receivable - NCC-ET**

The Organization entered into an agreement on October 17, 2008 for a note receivable from NCC-ET. The note receivable had an original maturity date of May 31, 2011. Subsequently, extension agreements have been signed by both organizations. The most recent extension agreement contained a modification and expired on May 31, 2018. The agreement was modified to provide for monthly installment payments of \$3,400 to be applied all to the unpaid principal balance of the note, except during default. Interest will accrue on the principal balance of the note at the rate of 4.0% per annum starting on June 1, 2015 and continue until the maturity date. Payment of interest is deferred unless the borrower defaults on the note.

In May 2017, the Organization made the decision, along with other debtors of NCC-ET, to sell their interest in the receivable. NCC-ET continued to pay their monthly payments through May 2017 and made a final payment of \$176,800 to settle the debt.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 5—Property and equipment**

Property and equipment at December 31, 2018 and 2017 consists of the following:

	<b>2018</b>	<b>2017</b>
Building and improvements	\$ 15,100	\$ 15,100
Furniture and equipment	506,949	437,959
Total property and equipment	522,049	453,059
Less: accumulated depreciation	(379,038)	(340,531)
Net property and equipment	\$ 143,011	\$ 112,528

Depreciation expense was \$38,507 and \$42,866 in 2018 and 2017, respectively.

**Note 6—Governmental contracts**

**Convention and Visitors Bureau**

The Hancock County Commissioners enacted Resolution 379-91 on December 17, 1991. This resolution authorized Hancock County (the County) to enter into an agreement with the Organization to provide for the operations of CVB. The County agrees to remit to CVB 40% of the net proceeds of the actual collection of the hotel/motel tax. The aforementioned fund is to be used for promoting and publicizing Hancock County, including the City of Findlay, in order to bring the patronage of business and tourists; and cultural, educational, religious, professional and sports organizations into the County.

The contract began in 1992 and can be renewed annually. The Organization will receive the full 3% tax assessed by the County from hotels and motels to fund CVB. In November 2015, the agreement was renewed effective January 1, 2016 for three years. In December 2018, the agreement was renewed effective January 1, 2019 for two years. In the event of termination, any and all remaining monies originally received from the County shall be returned to the General Fund of the County.

**Note 7—In-kind contributions**

In 2018, the Organization received services for communications/advertising, transportation, maintenance, and professional services totaling \$24,140 with offsetting expenses of \$24,140. In 2017, the Organization received services totaling \$17,740 with offsetting expenses of \$17,740.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 8—Retirement plan**

The Organization has a qualified profit-sharing plan (the Plan) for which full-time employees are eligible after one year of service provided that they are twenty-one years of age or older. The Plan allows eligible employees to defer the lower of 92% of their compensation or the maximum contribution specified for that year in accordance with the Internal Revenue Code Section 401(k). The Organization contributes 3% of an employee's compensation to the Plan and matches up to 4% of an employee's deferral. New hires must defer 1% to the Plan but can opt out if desired. The Organization's contributions to an employees' 401(k) account are fully vested after three full years of employment. During November 2018, the Plan was amended effective January 1, 2019 that employees are eligible after thirty days of service. Profit sharing and matching expense was \$38,796 and \$36,601 for the years ended December 31, 2018 and 2017, respectively.

**Note 9—Unrelated business income**

For the years December 31, 2018 and 2017, the Organization had no tax expense with regards to its unrelated business income.

**Note 10—Related parties**

All members of the Organization's Board of Directors also comprise the Board of Trustees of Findlay-Hancock County Alliance Foundation (the Alliance Foundation). The entities are separate distinct legal entities and all transactions between the organizations are handled at arms-length. The organizations do share management, but there is not an economic interest between the organizations. Accounts receivable from the Alliance Foundation amounted to \$161,455 and \$181,355 at December 31, 2018 and 2017, respectively.

During both 2018 and 2017, three members of the Organization's Board of Directors operate and/or manage local businesses that the Organization dealt with during the normal course of business. For the years ended December 31, 2018 and 2017, the amounts of these business services charged to operating expenses were \$5,565 and \$55,934, respectively.

**Note 11—Line of credit**

The Organization has available a \$150,000 line of credit with a 5.50% and 4.50% interest rate for the years ended December 31, 2018 and 2017, respectively. During February 2019 the line of credit was extended through February 6, 2020. At December 31, 2018 and 2017, the Organization had an outstanding balance of \$0.

**Note 12—Lease transactions**

**As Lessee**

In July 2012, the Organization entered into a 60-month equipment (copier) lease agreement. Lease expense for 2018 and 2017 was \$0 and \$1,574, respectively. The lease expired in July of 2017, therefore there are no future minimum lease payments.

In July of 2017, the Organization entered into a 60-month equipment (copier) lease agreement. Lease expense for 2018 and 2017 was \$2,024 and \$1,012, respectively. Future minimum lease payments for 2019 through 2021 is \$2,024 per year and \$1,012 for 2022.

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 12—Lease transactions – continued**

**As Lessee – continued**

In January of 2018, the Organization entered into a 63-month equipment (postage meter) lease agreement. Lease expense for 2018 and 2017 was \$1,859 and \$0, respectively. Future minimum lease payments for 2019 through 2022 is \$2,028 per year and \$676 for 2023.

During 2015, the Organization held a month-to-month lease for the CVB building. The agreement was extended to a three-year lease beginning on January 1, 2016. Lease expense for 2017 and 2018 was \$12,600. As of January 1, 2019 the lease is operating on a month-to-month basis, therefore there are no future minimum lease payments.

**As Lessor**

The Organization had operating lease agreements with lessees to occupy space in its property through June 14, 2017 when the property was transferred to the Alliance Foundation. Lease terms for the spaces commence on the day of signing and continue for one year thereafter. The contract for the commercial suite is conducted on an annual term. Notice of termination must be received by either party sixty days prior to termination for the suite, and sixty days prior to termination for the apartment. Monthly rental payments range from \$475 to \$1,000 for each unit. Total lease income for the years ended December 31, 2018 and 2017 was \$0 and \$11,645, respectively.

**Note 13—Net assets with donor restrictions**

Net assets with donor restrictions are contributions that have been reserved for specific purposes designated by the donor. The net assets with donor restrictions and the changes therein for the years ended December 31, 2018 and 2017 are as follows:

	Beginning balance	Contribution additions	Restrictions released	Ending balance
<b>2018</b>				
EDC Workforce Development	\$ 70,000	\$ 0	\$ 30,000	\$ 40,000
CVB hotel taxes	442,429	750,171	791,118	401,482
Total	<u>\$ 512,429</u>	<u>\$ 750,171</u>	<u>\$ 821,118</u>	<u>\$ 441,482</u>
<b>2017</b>				
EDC Workforce Development	\$ 100,000	\$ 0	\$ 30,000	\$ 70,000
CVB hotel taxes	382,325	654,894	594,790	442,429
Total	<u>\$ 482,325</u>	<u>\$ 654,894</u>	<u>\$ 624,790</u>	<u>\$ 512,429</u>



**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
**December 31, 2018 and 2017**

**Note 14—Liquidity and availability of financial assets**

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31, 2018:

Cash and cash equivalents	\$ 1,000,997
Accounts receivable – trade	36,582
Hotel/motel tax receivable	177,488
Less net assets with donor restrictions	<u>(441,482)</u>
Total	<u>\$ 773,585</u>

The Organization has \$773,585 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and accounts receivable. The Organization reviews cash balances on a monthly basis to ensure cash flow. Additionally, as discussed in Note 11, a line of credit is available in the amount of \$150,000 in the event of short-term cash needs.

**Note 15—Methods used for the allocation of expenses between program and management and general**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and schedules of functional expenses. Accordingly, certain costs have been allocated between program services and support services on a reasonable basis that is consistently applied. The expenses that are allocated include: professional services, travel, advertising which are allocated based on time spent; and office expenses, occupancy, depreciation, information technologies, and insurance, which are allocated based on square footage and identification of resources consumed.

## **SUPPLEMENTARY INFORMATION**

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**For the Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>MEMBER SERVICES - CHAMBER</b>		
Programs	\$ 28,035	\$ 33,544
Small Business Awards	11,006	11,354
Rally in the Alley	9,926	11,139
Safety council	7,496	7,438
Golf outing	34,083	28,206
Hancock Leadership Alumni Association	18,703	12,095
Total member services	\$ 109,249	\$ 103,776
<b>MARKETING - CHAMBER</b>		
Travel	\$ 9,052	\$ 11,388
Printing	3,094	5,193
Marketing/advertising	6,208	21,032
Hancock Leadership Alumni Association	1,013	481
Total marketing	\$ 19,367	\$ 38,094
<b>ADMIN. - SALARIES AND BENEFITS - CHAMBER</b>		
Salaries	\$ 168,847	\$ 182,751
Operational and support services	54,746	63,969
Employee benefits and taxes	78,077	108,658
Total admin. - salaries and benefits	\$ 301,670	\$ 355,378

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**For the Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>ADMIN. - OPERATIONS - CHAMBER</b>		
Training	\$ 5,049	\$ 8,599
Board development	847	1,832
Dues and subscriptions	7,964	5,648
Postage	3,125	3,154
Telephone/internet	1,654	1,187
Professional services	9,412	8,434
Supplies and miscellaneous	4,586	7,841
Other expenses	9,100	1,945
Software	8,547	8,370
Insurance	11,198	4,987
Facility - rent, utilities, & maintenance	31,577	23,790
Bad debt	0	9,904
Depreciation	17,071	20,114
	<b>Total admin. - operations</b>	<b>\$ 105,805</b>
	<b>Total Chamber expenses</b>	<b>\$ 603,053</b>
	<b>Less allocated support services</b>	<b>(127,239)</b>
	<b>Less allocated fundraising services</b>	<b>(40,183)</b>
	<b>Total Chamber program expenses</b>	<b>\$ 435,631</b>
<b>CONVENTION AND VISITORS BUREAU</b>		
Travel	\$ 3,030	\$ 2,591
Board development	573	1,011
Marketing/advertising	344,067	322,977
Salaries	108,230	121,798
Operational services	54,746	31,984
Employee benefits and taxes	46,183	24,446
Training	1,844	8,533
Dues and subscriptions	5,110	3,548
Postage	949	1,263
Telephone/internet	1,116	1,410
Professional services	12,502	10,230
Insurance	3,968	5,973
Facility - rent, utilities, & maintenance	33,758	30,921
Depreciation	11,057	10,371
Supplies and miscellaneous	13,260	6,034
	<b>Total Convention and Visitors Bureau</b>	<b>583,090</b>
	<b>Less allocated support services</b>	<b>(158,674)</b>
	<b>Total Convention and Visitors Bureau program expenses</b>	<b>\$ 424,416</b>

**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ECONOMIC DEVELOPMENT COUNCIL</b>		
Program expenses	\$ 1,702	\$ 1,053
SBRC/MEP expenses	0	10,833
Business development	142,627	112,822
Printing	1,365	3,167
Marketing/advertising	77,361	69,636
In-kind contributions	24,140	17,740
Training	1,844	8,533
Salaries	202,266	224,642
Operational services	54,746	31,984
Employee benefits and taxes	71,553	55,624
Dues and subscriptions	13,024	12,905
Postage	600	827
Telephone/internet	4,453	6,008
Professional services	11,310	59,706
Insurance	4,155	6,560
Repair and maintenance	22,930	29,809
Depreciation	10,379	12,381
Bad debt	2,500	0
Software	1,912	1,515
Supplies and miscellaneous	6,596	4,688
	<u>655,463</u>	<u>670,433</u>
Total Economic Development Council	<u>655,463</u>	<u>670,433</u>
Less allocated support services	<u>(143,282)</u>	<u>(149,340)</u>
Total Economic Development Council program expenses	<u>\$ 512,181</u>	<u>\$ 521,093</u>
Total all departmental expenses	<u>\$ 1,836,272</u>	<u>\$ 1,856,576</u>