

FINDLAY-HANCOCK COUNTY ALLIANCE

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

DECEMBER 31, 2019 AND 2018

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT.....	3 - 4
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	6
STATEMENTS OF FUNCTIONAL EXPENSES.....	7 - 8
STATEMENTS OF CASH FLOWS.....	9
NOTES TO FINANCIAL STATEMENTS	10 - 20
SUPPLEMENTARY INFORMATION:	
SCHEDULE I – DEPARTMENTAL EXPENSES	21 - 23

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, 2019 and 2018, 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 (collectively, 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.

GJMLTD.COM

TOLEDO OFFICE:
1785 INDIAN WOOD CIRCLE
MAUMEE OH 43537-4055

PHONE: 419.794.2000
FAX: 419.794.2090

FINDLAY OFFICE:
551 LAKE CASCADES PKWY
PO BOX 1106
FINDLAY OH 45839-1106

PHONE: 419.423.4481
FAX: 419.423.4865

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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, 2019 and 2018, 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, effective January 1, 2019, the Findlay-Hancock County Alliance adopted Accounting Standards Update (ASU) 2018-08, *Not-for-profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Made* and early adopted ASU 2014-09, *Revenue from Contracts with Customers* using the modified retrospective method. 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
August 14, 2020

**FINDLAY-HANCOCK COUNTY ALLIANCE
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018**

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 637,538	\$ 1,000,997
Accounts receivable - trade	22,934	36,582
Hotel/motel tax receivable	187,599	177,488
Prepaid expenses	3,645	3,645
Total current assets	851,716	1,218,712
Property and equipment, net	111,713	143,011
Investments	300,776	0
Accounts receivable - related party	189,115	161,455
Total assets	\$ 1,453,320	\$ 1,523,178
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable - trade	\$ 50,614	\$ 85,899
Accrued payroll bonuses	43,858	41,312
Accrued payroll liabilities	2,627	3,939
Accrued real estate taxes	1,054	1,054
Deferred membership	127,928	225,176
Total current liabilities	226,081	357,380
Total liabilities	226,081	357,380
Net assets		
Without donor restrictions	846,020	724,316
With donor restrictions	381,219	441,482
Total net assets	1,227,239	1,165,798
Total liabilities and net assets	\$ 1,453,320	\$ 1,523,178

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, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues and support						
Hotel tax and interest	\$ 0	\$ 802,286	\$ 802,286	\$ 0	\$ 750,171	\$ 750,171
Corporate contributions	497,761		497,761	483,496		483,496
Membership income	321,413		321,413	329,545		329,545
Member services	178,357		178,357	162,473		162,473
Fundraising revenue	62,550		62,550	64,191		64,191
Development income	33,461		33,461	65,663		65,663
Marketing	49,332		49,332	62,724		62,724
In-kind contributions	23,055		23,055	24,140		24,140
Administrative	18,481		18,481	18,017		18,017
SBRC/MEP income	19,500		19,500	15,000		15,000
Interest income	127		127	95		95
Satisfaction of time and program restrictions	862,549	(862,549)	0	821,118	(821,118)	0
Total operating revenues and support	2,066,586	(60,263)	2,006,323	2,046,462	(70,947)	1,975,515
Operating expenses						
Program service	1,484,532		1,484,532	1,376,522		1,376,522
Management and general	426,457		426,457	425,667		425,667
Fundraising	33,560		33,560	34,083		34,083
Total operating expenses	1,944,549	0	1,944,549	1,836,272	0	1,836,272
Excess of operating revenues and support under operating expenses	122,037	(60,263)	61,774	210,190	(70,947)	139,243
Net investment loss						
Interest and dividends	460		460	0		0
Realized and unrealized loss on investments	(793)		(793)	0		0
Total net investment loss	(333)	0	(333)	0	0	0
Change in net assets	121,704	(60,263)	61,441	210,190	(70,947)	139,243
Net assets, beginning of year	724,316	441,482	1,165,798	514,126	512,429	1,026,555
Net assets, end of year	<u>\$ 846,020</u>	<u>\$ 381,219</u>	<u>\$ 1,227,239</u>	<u>\$ 724,316</u>	<u>\$ 441,482</u>	<u>\$ 1,165,798</u>

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

**FINDLAY-HANCOCK COUNTY ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019**

	Program Services			Support Services			
	Chamber of Commerce	Convention and Visitor's Bureau	Economic Development Council	Total Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 227,333	\$ 166,127	\$ 282,479	\$ 675,939	\$ 224,307	\$ 0	\$ 900,246
Member services	88,924	310,580	133,134	532,638	133,160	33,560	699,358
Other	14,127	5,686	28,786	48,599	12,150		60,749
Occupancy	16,908	19,979	10,078	46,965	11,741		58,706
Information technologies	14,902	10,036	14,444	39,382	9,846		49,228
Professional services	6,488	6,334	27,801	40,623	10,156		50,779
Travel	4,212	2,287	29,058	35,557	8,889		44,446
Office expenses	13,320	8,932	6,693	28,945	7,236		36,181
Depreciation	13,414	8,362	6,014	27,790	6,948		34,738
Insurance	3,096	2,499	2,499	8,094	2,024		10,118
Total expenses	\$ 402,724	\$ 540,822	\$ 540,986	\$ 1,484,532	\$ 426,457	\$ 33,560	\$ 1,944,549

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

**FINDLAY-HANCOCK COUNTY ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018**

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

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, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 61,441	\$ 139,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,738	38,507
Net realized and unrealized losses on investments, net of management fees	793	0
Changes in assets		
Accounts receivable - trade	13,648	(1,900)
Hotel/motel tax receivable	(10,111)	(32,993)
Prepaid expenses	0	7,804
Deposits	0	56
Changes in liabilities		
Accounts payable - trade	4,715	16,149
Accrued payroll bonuses	2,546	1,472
Accrued payroll liabilities	(1,312)	(8,933)
Accrued real estate taxes	0	(1)
Deferred membership	(97,248)	81,644
Rental security deposits	0	(750)
Net cash provided by operating activities	9,210	240,298
Cash flows from investing activities		
Payments for purchase of property and equipment	(43,440)	(28,990)
Purchase of investments	(611,570)	0
Proceeds from sale of investments	310,001	0
Net cash used in investing activities	(345,009)	(28,990)
Cash flows from financing activities		
Accounts payable - related party	(27,660)	19,900
Net cash provided by (used in) financing activities	(27,660)	19,900
Net increase (decrease) in cash and cash equivalents	(363,459)	231,208
Cash and cash equivalents, beginning of year	1,000,997	769,789
Cash and cash equivalents, end of year	\$ 637,538	\$ 1,000,997
Non-cash investing and financing activities:		
Property and equipment purchased through accounts payable	\$ 0	\$ 40,000

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

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Presentation of Financial Statements of Not-for-Profit Entities* to be in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding the financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization is also required to make certain disclosures about liquidity, financial performance, and cash flows.

Recently adopted new accounting standards

In 2019 the Organization adopted the following Accounting Standard Updates:

Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606). This standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps:

1. Identify the contract(s);
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Organization's contracts with customers.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 2—Summary of significant accounting policies – continued

Recently adopted new accounting standards – continued

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which amends the effective date of ASC 606 reporting periods for those entities that have not yet issued their financial statements as of June 3, 2020 until reporting periods beginning after December 15, 2019 with early adoption permitted. The Organization has elected to early adopt ASC 606 and its subsequent amendments on January 1, 2019 using the modified retrospective approach which requires the financial statements to reflect the new standard as of January 1, 2019, and as a result, contracts that ended prior to January 1, 2019 were not included within the Organization's assessment. The Organization, using the modified retrospective method, determined there was no cumulative effect of initially applying ASC 606 and therefore no adjustments were required to the opening balance of net assets at January 1, 2019. The comparative information for historical periods has not been adjusted and there was no material change to the Organization's revenue recognition in the 2019 statement of activities due to the Organization's adoption of ASC 606.

ASU 2018-08, *Not-for-profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Made* (ASU 2018-08). ASU 2018-08 clarifies and improves the current guidance about whether a transfer of assets is a contribution or an exchange transaction. Furthermore, it requires the Organization to determine if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The updated standard had no material impact the financial statements and related disclosures.

Use of estimates

The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles, which 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.

Cash and cash equivalents

The Organization maintains deposits in federally insured financial institutions. At times, these deposits exceed federal 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.

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

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 2—Summary of significant accounting policies – continued

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 provided on the straight-line method over the estimated useful 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.

Investments

Investments, which consist of principally U.S. Treasury notes, are carried at fair value based upon independent market quotes. The change in fair value is reported as unrealized gain and loss in the accompanying statement of activities.

Deferred membership dues

The Organization bills members for yearly dues in members' anniversary months. Revenue related to membership dues is recorded over the length of time the membership is active. 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. The opening balance of deferred membership dues as of January 1, 2018 was \$143,532.

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 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, 2019 and 2018 are restricted for specific program use; see Note 13.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, no interest or penalties were recognized.

Revenue recognition

Membership income and member services

Membership income is recognized under ASC 606 as an exchange transaction. Dues are recognized ratably over the term of the membership, which is generally one year, as members benefit ratably over the course of the membership and the performance obligations of the Organization are fulfilled during that time. Member services are primarily composed of programming and events and associated revenue when the performance obligation of providing the service is met.

Corporate contributions

Corporate contributions received are recorded as revenues without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions in accordance with ASU 2018-08.

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, and revenue is recognized at that point in time. For the years ended December 31, 2019 and 2018, this income amounted to \$33,461 and \$65,663, respectively.

Additionally, the Organization receives income from hotel tax as discussed in Note 6.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 2—Summary of significant accounting policies – continued

Revenue recognition – continued

The following table shows the Organization’s revenues disaggregated according to the timing of transfer of goods or services as of the year ending:

	2019	2018
Revenue recognized at a point in time:		
Hotel tax and interest	\$ 802,286	\$ 750,171
Corporate contributions	497,761	483,496
Member services	178,357	162,473
Fundraising, development and marketing revenue	145,343	192,578
In-kind contributions	23,055	24,140
Administrative income	18,481	18,017
SBRC/MEP income	19,500	15,000
Interest income	127	95
Total revenue recognized at a point in time	1,684,910	1,645,970
Revenue recognized over time:		
Membership income	321,413	329,545
Total revenue recognized over time	321,413	329,545
Total revenue	\$ 2,006,323	\$ 1,975,515

Advertising costs

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2019 and 2018 was \$102,254 and \$91,572, respectively.

New accounting pronouncements

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, as amended by ASU 2020-05, is effective for fiscal years beginning after December 15, 2021 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.

Subsequent events

Subsequent events have been evaluated through the report date, which is the date in which the financial statements were available to be issued, and have determined that other than events discussed in Note 16 there are no subsequent events that require recognition or disclosure.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 2—Summary of significant accounting policies – continued

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—Property and equipment

Property and equipment at December 31, 2019 and 2018 consists of the following:

	2019	2018
Building and improvements	\$ 15,100	\$ 15,100
Furniture and equipment	510,389	506,949
Total property and equipment	525,489	522,049
Less: accumulated depreciation	(413,776)	(379,038)
Net property and equipment	\$ 111,713	\$ 143,011

Depreciation expense was \$34,738 and \$38,507 in 2019 and 2018, respectively.

Note 4—Investments

The Organization accounts for investments with readily determinable fair values and all debt securities at fair value, in accordance with FASB ASC Topic, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. A summary of investment activity is as follows:

Investments consist of the following at June 30:

	2019		2018	
	Cost	Market	Cost	Market
U.S. Treasury notes	\$ 300,847	\$ 300,776	\$ 0	\$ 0
Total	\$ 300,847	\$ 300,776	\$ 0	\$ 0

Net investment earnings consisted of the following for the years ended December 31:

	2019	2018
Interest and dividend income	\$ 460	\$ 0
Net realized and unrealized losses	(701)	0
Management and trustee fees	(92)	0
Total	\$ (333)	\$ 0

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 5–Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC Topic, *Fair Value Measurement*, are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2. Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in inactive markets;
- c. Inputs other than quoted prices that are observable for the asset or liability;
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

U.S. Treasury notes – valued using pricing models maximizing the use of observable inputs for similar securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 5–Fair value measurements–continued

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

The following tables present the Organization’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31:

Description	December 31, 2019			
	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	\$ 300,776	\$ 300,776	\$ 0	\$ 0
Total	\$ 300,776	\$ 300,776	\$ 0	\$ 0

There were no investments held at December 31, 2018.

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. Revenue is recognized when earned. 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 2019, the Organization received services for communications/advertising, transportation, maintenance, and professional services totaling \$23,055 with offsetting expenses of \$23,055. In 2018, the Organization received services totaling \$24,140 with offsetting expenses of \$24,140.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

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 was amended effective January 1, 2019 to allow eligibility after thirty days of service. 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. During 2018, new hires were required to defer 1% to the Plan but could opt out if desired. Effective January 1, 2019, new hires are automatically enrolled at 6% unless they elect to opt out. During 2018, the Organization's contributions to an employees' 401(k) account were fully vested after three full years of employment. Effective January 1, 2019, vesting is 100% full and immediate. Profit sharing and matching expense was \$43,168 and \$38,796 for the years ended December 31, 2019 and 2018, respectively.

Note 9—Unrelated business income

For the years December 31, 2019 and 2018, 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 \$189,115 and \$161,455 at December 31, 2019 and 2018, respectively.

During 2019 and 2018, four and three members of the Organization's Board of Directors, respectively, operate and/or manage local businesses that the Organization dealt with during the normal course of business. For the years ended December 31, 2019 and 2018, the amounts of these business services charged to operating expenses were \$36,616 and \$5,565, respectively.

Note 11—Line of credit

The Organization has available a \$150,000 line of credit with a 4.75% and 5.50% interest rate for the years ended December 31, 2019 and 2018, respectively. During February 2020, the line of credit was extended through February 6, 2021. At December 31, 2019 and 2018, the Organization had an outstanding balance of \$0.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

Note 12—Operating leases

In July of 2017, the Organization entered into a 60-month equipment (copier) lease agreement. Lease expense for 2019 and 2018 was \$2,024. Future minimum lease payments for 2020 through 2021 is \$2,024 per year and \$1,012 for 2022.

In January of 2018, the Organization entered into a 63-month equipment (postage meter) lease agreement. Lease expense for 2019 and 2018 was \$2,028 and \$1,859, respectively. Future minimum lease payments for 2020 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, expiring December 31, 2018. Lease expense for 2018 was \$12,600. As of January 1, 2019 the lease is operating on a month-to-month basis and ended in April 2020, therefore there are no future minimum lease payments.

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, 2019 and 2018 are as follows:

2019	Beginning Balance	Contribution Additions	Restrictions Released	Ending Balance
EDC Workforce Development	\$ 40,000	\$ 0	\$ 30,000	\$ 10,000
CVB hotel taxes	401,482	802,286	832,549	371,219
Total	<u>\$ 441,482</u>	<u>\$ 802,286</u>	<u>\$ 862,549</u>	<u>\$ 381,219</u>
	Beginning Balance	Contribution Additions	Restrictions Released	Ending Balance
2018				
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>

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2019 and 2018

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:

	2019	2018
Cash and cash equivalents	\$ 637,538	\$ 1,000,997
Accounts receivable – trade	22,934	36,582
Hotel/motel tax receivable	187,599	177,488
Investments	300,776	0
Less net assets with donor restrictions	(381,219)	(441,482)
Total	\$ 767,628	\$ 773,585

The Organization had \$767,628 and \$773,585 at December 31, 2019 and 2018, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash, receivables and investments. 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

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.

Note 16–Risks and uncertainties

A novel strain of coronavirus (“COVID-19”) surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organizations on January 30, 2020. As a result of the spread of COVID-19 during 2020, economic uncertainties have arisen as of the date of the financial statements. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the Organization’s payors and donors, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain.

In May 2020, the Organization was granted a loan in the amount of \$181,900, pursuant to the Paycheck Protection Program (PPP loan) under the CARES Act. The PPP loan is intended to be used for payroll and other qualifying expenses as a means of maintaining previous employment levels. Under the terms of the PPP loan, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. As of the report date, the Organization does not anticipate the PPP loan will be forgiven.

SUPPLEMENTARY INFORMATION

FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019	2018
MEMBER SERVICES - CHAMBER		
Programs	\$ 27,449	\$ 28,035
Small Business Awards	9,921	11,006
Rally in the Alley	15,403	9,926
Safety council	22,330	7,496
Golf outing	33,560	34,083
Hancock Leadership Alumni Association	15,355	18,703
Total member services	\$ 124,018	\$ 109,249
MARKETING - CHAMBER		
Travel	\$ 10,680	\$ 9,052
Printing	3,159	3,094
Marketing/advertising	18,085	6,208
Hancock Leadership Alumni Association	39	1,013
Total marketing	\$ 31,963	\$ 19,367
ADMIN. - SALARIES AND BENEFITS - CHAMBER		
Salaries	\$ 173,938	\$ 168,847
Operational and support services	49,453	54,746
Employee benefits and taxes	79,457	78,077
Total admin. - salaries and benefits	\$ 302,848	\$ 301,670

FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019	2018
ADMIN. - OPERATIONS - CHAMBER		
Training	\$ 2,580	\$ 5,049
Board development	2,489	847
Dues and subscriptions	8,896	7,964
Postage	4,596	3,125
Telephone/internet	3,657	1,654
Professional services	8,110	9,412
Supplies and miscellaneous	5,611	4,586
Other expenses	3,978	9,100
Software	6,650	8,547
Insurance	3,124	11,198
Facility - rent, utilities, & maintenance	29,456	31,577
Depreciation	16,768	17,071
	Total admin. - operations	\$ 110,130
	Total Chamber expenses	\$ 540,416
	Less allocated support services	(118,436)
	Less allocated fundraising services	(34,083)
	Total Chamber program expenses	\$ 387,897
CONVENTION AND VISITORS BUREAU		
Travel	\$ 2,859	\$ 3,030
Board development	290	573
Marketing/advertising	393,361	344,067
Salaries	133,099	108,230
Operational services	49,453	54,746
Employee benefits and taxes	58,344	46,183
Training	153	1,844
Dues and subscriptions	5,832	5,110
Postage	1,069	949
Telephone/internet	2,290	1,116
Professional services	7,917	12,502
Insurance	3,124	3,968
Facility - rent, utilities, & maintenance	33,295	33,758
Depreciation	10,452	11,057
Supplies and miscellaneous	7,727	13,260
	Total Convention and Visitors Bureau	640,393
	Less allocated support services	(163,949)
	Total Convention and Visitors Bureau program expenses	\$ 476,444

FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ECONOMIC DEVELOPMENT COUNCIL		
Program expenses	\$ 1,703	\$ 1,702
Business development	132,991	142,627
Printing	989	1,365
Marketing/advertising	68,204	77,361
In-kind contributions	23,055	24,140
Training	1,690	1,844
Salaries	224,716	202,266
Operational services	49,453	54,746
Employee benefits and taxes	83,080	71,553
Dues and subscriptions	8,137	13,024
Postage	913	600
Telephone/internet	4,757	4,453
Professional services	34,751	11,310
Insurance	3,124	4,155
Repair and maintenance	21,418	22,930
Depreciation	7,518	10,379
Bad debt	0	2,500
Software	4,477	1,912
Supplies and miscellaneous	9,564	6,596
	<u>680,540</u>	<u>655,463</u>
Total Economic Development Council	<u>680,540</u>	<u>655,463</u>
Less allocated support services	<u>(139,554)</u>	<u>(143,282)</u>
Total Economic Development Council program expenses	<u>\$ 540,986</u>	<u>\$ 512,181</u>
Total all departmental expenses	<u>\$ 1,944,549</u>	<u>\$ 1,836,272</u>