

FINDLAY-HANCOCK COUNTY ALLIANCE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT ACCOUNTANT REVIEW'S REPORT**

DECEMBER 31, 2020 AND 2019

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have reviewed the accompanying financial statements of Findlay-Hancock County Chamber of Commerce (dba Findlay-Hancock County Alliance), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements (collectively, the financial statements). A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 consolidated 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 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Supplementary Information

The 2020 supplementary information included on pages 22 through 24 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Report on 2019 Financial Statements and Supplementary Information

The 2019 financial statements of Findlay-Hancock County Alliance were audited by us, and we expressed an unmodified opinion on the report, dated August 14, 2020. In addition, the 2019 supplementary information contained on pages 22 through 24 was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on either the financial statements or supplementary information since August 14, 2020.

Gilmore Jasion Mahler, LTD

Findlay, Ohio
June 11, 2021

**FINDLAY-HANCOCK COUNTY ALLIANCE
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019**

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 861,779	\$ 637,538
Accounts receivable	8,739	22,934
Hotel/motel tax receivable	97,515	187,599
Prepaid expenses	3,645	3,645
Total current assets	971,678	851,716
Property and equipment, net	75,147	111,713
Investments	199,880	300,776
Accounts receivable - related party	212,679	189,115
Total assets	\$ 1,459,384	\$ 1,453,320
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 35,966	\$ 50,614
Accrued payroll bonuses	45,343	43,858
Accrued payroll liabilities	2,104	2,627
Accrued real estate taxes	1,092	1,054
Deferred membership	142,579	127,928
Total current liabilities	227,084	226,081
Total liabilities	227,084	226,081
Net assets		
Without donor restrictions	828,719	846,020
With donor restrictions	403,581	381,219
Total net assets	1,232,300	1,227,239
Total liabilities and net assets	\$ 1,459,384	\$ 1,453,320

See independent accountant's review report.
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, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues and support						
Hotel/motel tax and interest	\$ 0	\$ 443,282	\$ 443,282	\$ 0	\$ 802,286	\$ 802,286
Corporate contributions	471,004		471,004	497,761		497,761
Membership income	335,303		335,303	321,413		321,413
Member services	121,266		121,266	178,357		178,357
Fundraising revenue	62,925		62,925	62,550		62,550
Development income	1,675		1,675	33,461		33,461
Marketing	34,332		34,332	49,332		49,332
In-kind contributions	14,655		14,655	23,055		23,055
Administrative	18,955		18,955	18,481		18,481
SBRC/MEP income	20,488		20,488	19,500		19,500
Interest income (expense)	(1,708)		(1,708)	127		127
Satisfaction of time and program restrictions	420,920	(420,920)	0	862,549	(862,549)	0
Total operating revenues and support	1,499,815	22,362	1,522,177	2,066,586	(60,263)	2,006,323
Operating expenses						
Program services	1,294,763		1,294,763	1,484,532		1,484,532
Management and general	365,170		365,170	426,457		426,457
Fundraising	33,455		33,455	33,560		33,560
Total operating expenses	1,693,388	0	1,693,388	1,944,549	0	1,944,549
Operating income (loss)	(193,573)	22,362	(171,211)	122,037	(60,263)	61,774
Nonoperating income (loss)						
Net investment loss						
Interest and dividends	4,802		4,802	460		460
Realized and unrealized loss on investments	(855)		(855)	(793)		(793)
Total net investment gain (loss)	3,947	0	3,947	(333)	0	(333)
Forgivable loan - PPP	181,900		181,900			0
Loss on disposal of assets	(9,575)		(9,575)			0
Total nonoperating income (loss)	176,272		176,272	(333)		(333)
Change in net assets	(17,301)	22,362	5,061	121,704	(60,263)	61,441
Net assets, beginning of year	846,020	381,219	1,227,239	724,316	441,482	1,165,798
Net assets, end of year	<u>\$ 828,719</u>	<u>\$ 403,581</u>	<u>\$ 1,232,300</u>	<u>\$ 846,020</u>	<u>\$ 381,219</u>	<u>\$ 1,227,239</u>

See independent accountant's review report.

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, 2020**

	<u>Program Services</u>				<u>Support Services</u>		<u>Total</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	\$ 244,669	\$ 167,955	\$ 256,973	\$ 669,597	\$ 242,333	\$ 0	\$ 911,930
Member services	71,290	102,913	35,954	210,157	19,083	33,455	262,695
Other	32,391	24,503	39,382	96,276	24,069		120,345
Advertising and promotion	8,258	67,834	19,093	95,185	23,796		118,981
Occupancy	30,473	27,055	26,815	84,343	21,086		105,429
Information technologies	19,848	12,114	14,992	46,954	11,739		58,693
Office expenses	20,550	3,126	11,303	34,979	8,744		43,723
Professional services	8,368	7,868	16,294	32,530	8,133		40,663
Depreciation	12,799	7,130	1,663	21,592	5,399		26,991
Travel	76	126	2,524	2,726	682		3,408
Insurance	424			424	106		530
Total expenses	<u>\$ 449,146</u>	<u>\$ 420,624</u>	<u>\$ 424,993</u>	<u>\$ 1,294,763</u>	<u>\$ 365,170</u>	<u>\$ 33,455</u>	<u>\$ 1,693,388</u>

See independent accountant's review report.
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**

	<u>Program Services</u>				<u>Support Services</u>		<u>Total</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	\$ 227,333	\$ 166,127	\$ 282,479	\$ 675,939	\$ 224,307	\$ 0	\$ 900,246
Member services	78,395	236,779	103,725	418,899	104,725	33,560	557,184
Other	14,127	5,686	28,786	48,599	12,150		60,749
Advertising and promotion	10,529	73,801	29,409	113,739	28,435		142,174
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
Office expenses	13,320	8,932	6,693	28,945	7,236		36,181
Professional services	6,488	6,334	27,801	40,623	10,156		50,779
Depreciation	13,414	8,362	6,014	27,790	6,948		34,738
Travel	4,212	2,287	29,058	35,557	8,889		44,446
Insurance	3,096	2,499	2,499	8,094	2,024		10,118
Total expenses	<u>\$ 402,724</u>	<u>\$ 540,822</u>	<u>\$ 540,986</u>	<u>\$ 1,484,532</u>	<u>\$ 426,457</u>	<u>\$ 33,560</u>	<u>\$ 1,944,549</u>

See independent accountant's review report.
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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 5,061	\$ 61,441
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgivable loan - PPP	(181,900)	0
Depreciation	26,991	34,738
Net realized and unrealized (gain) losses on investments, net of management fees	(397)	793
Loss on disposals of assets	9,575	0
Changes in assets		
Accounts receivable	14,195	13,648
Hotel/motel tax receivable	90,084	(10,111)
Changes in liabilities		
Accounts payable	(14,648)	4,715
Accrued payroll bonuses	1,485	2,546
Accrued payroll liabilities	(523)	(1,312)
Accrued real estate taxes	38	0
Deferred membership	14,651	(97,248)
Net cash provided by (used in) operating activities	(35,388)	9,210
Cash flows from investing activities		
Purchase of property and equipment	0	(43,440)
Purchase of investments	(53,707)	(611,570)
Proceeds from sale of investments	155,000	310,001
Net cash provided by (used in) investing activities	101,293	(345,009)
Cash flows from financing activities		
Proceeds from forgivable loan - PPP	181,900	0
Accounts payable - related party	(23,564)	(27,660)
Net cash provided by (used in) financing activities	158,336	(27,660)
Net increase (decrease) in cash and cash equivalents	224,241	(363,459)
Cash and cash equivalents, beginning of year	637,538	1,000,997
Cash and cash equivalents, end of year	\$ 861,779	\$ 637,538
Supplemental disclosure of non-cash financing activities:		
Forgiveness of PPP loan	\$ 181,900	\$ 0

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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.

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.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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	5-40
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, 2019 was \$225,176.

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, 2020 and 2019 are restricted for specific program use; see Note 13.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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 Topic, *Income Taxes* 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, 2020 and 2019, 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, 2020 and 2019, no interest or penalties were recognized.

Revenue recognition

The Organization recognizes revenue from contracts with customers in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606).

ASC 606 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. ASC 606 prescribes the following five-step model for recognizing revenue, the application of which may require significant judgment:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue as performance obligations are satisfied.

This standard also requires an entity provides 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.

The Organization determines the transaction price based on contractually agreed-upon amounts or rates, reduced by the contractual adjustments provided to third-party payors and other adjustments for estimated or variable considerations, such as implicit price concessions. The Organization utilizes the expected value method to determine the amount of variable consideration that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience with each payor type. The Organization assesses collectability on all accounts prior to providing services.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

Note 2—Summary of significant accounting policies – continued

Revenue recognition – continued

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.

Opening balances of accounts receivable from customers as of January 1, 2020 and 2019 were \$0 and \$0, respectively. Closing balance of accounts receivable from customers was \$0 at December 31, 2020.

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 FASB ASC Topic, *Not-for-profit Entities – Revenue Recognition*.

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, 2020 and 2019, this income amounted to \$1,675 and \$33,461, respectively.

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

See independent accountant’s review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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 December 31:

	<u>2020</u>	<u>2019</u>
Revenue recognized over time:		
Membership income	\$ 335,303	\$ 321,413
Member services	107,484	178,357
Total revenue recognized over time	<u>\$ 442,787</u>	<u>\$ 499,770</u>

Forgivable loan

In March 2020, passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA) to provide loans to qualifying entities. The Organization has elected to follow Topic 958, previously described, to account for the PPP loan received. Conditions exist for loan forgiveness per SBA guidelines including use of proceeds on eligible expenses. Revenue is recognized as eligible expenses are incurred and as other conditions for the loan are satisfied. See Note 14.

Advertising costs

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2020 and 2019 was \$118,979 and \$142,174, 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

The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2020, through June 11, 2021, the date on which the financial statements were issued, and have determined that other than events discussed in Note 11 and Note 14 there are no subsequent events that require recognition or disclosure.

See independent accountant’s review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

Note 3—Property and equipment

Property and equipment at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 857	\$ 15,100
Furniture and equipment	450,391	510,389
Total property and equipment	<u>451,248</u>	<u>525,489</u>
Less: accumulated depreciation	<u>376,101</u>	<u>413,776</u>
Net property and equipment	<u>\$ 75,147</u>	<u>\$ 111,713</u>

Depreciation expense was \$26,991 and \$34,738 in 2020 and 2019, respectively.

Note 4—Investments

The Organization accounts for investments with readily determinable fair values and all debt securities at fair value. A summary of investment activity is as follows:

Investments consist of the following at December 31:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
U.S. Treasury notes	<u>\$ 199,633</u>	<u>\$ 199,880</u>	<u>\$ 300,847</u>	<u>\$ 300,776</u>
Total	<u>\$ 199,633</u>	<u>\$ 199,880</u>	<u>\$ 300,847</u>	<u>\$ 300,776</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 4,802	\$ 460
Net realized and unrealized losses	397	(701)
Management and trustee fees	<u>(1,252)</u>	<u>(92)</u>
Total	<u>\$ 3,947</u>	<u>\$ (333)</u>

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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's 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.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

Note 5–Fair value measurements - continued

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, 2020 and 2019.

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.

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, 2020			
		Total	Level 1	Level 2	Level 3
U.S. Treasury notes		\$ 199,880	\$ 199,880	\$ 0	\$ 0
	Total	<u>\$ 199,880</u>	<u>\$ 199,880</u>	<u>\$ 0</u>	<u>\$ 0</u>
Description		December 31, 2019			
		Total	Level 1	Level 2	Level 3
U.S. Treasury notes		\$ 300,776	\$ 300,776	\$ 0	\$ 0
	Total	<u>\$ 300,776</u>	<u>\$ 300,776</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent accountant’s review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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, and in December 2020, the agreement was renewed effective January 1, 2021 for one year. 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 2020, the Organization received services for communications/advertising, transportation, maintenance, and professional services totaling \$14,655 with offsetting expenses of \$14,655. In 2019, the Organization received services totaling \$23,055 with offsetting expenses of \$23,055.

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. Effective January 1, 2019, new hires are automatically enrolled at 6% unless they elect to opt out. Also effective January 1, 2019, contributions to an employee's 401(k) account are immediately 100% vested. Profit sharing and matching expense was \$45,183 and \$43,168 for the years ended December 31, 2020 and 2019, respectively.

Note 9—Unrelated business income

For the years December 31, 2020 and 2019, the Organization had no tax expense with regards to its unrelated business income.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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 \$212,679 and \$189,115 at December 31, 2020 and 2019, respectively.

During 2020, the Alliance contributed \$69,500 to the Alliance Foundation to be used for capital improvement projects. Additionally, the Alliance guaranteed a mortgage note on behalf of the Foundation. The ending balance of the guaranteed mortgage note was \$323,212 at December 31, 2020, with monthly principal and interest payments of \$1,953 and the final payment due October 2040.

During 2020 and 2019, two 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, 2020 and 2019, the amounts of these business services charged to operating expenses were \$21,749 and \$36,616, respectively.

Note 11—Line of credit

The Organization has available a \$150,000 line of credit with a 3.25% and 4.75% interest rate for the years ended December 31, 2020 and 2019, respectively. During February 2021, the line of credit was extended through February 6, 2022. At December 31, 2020 and 2019, the Organization had an outstanding balance of \$0.

Note 12—Operating leases

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

In January of 2018, the Organization entered into a 63-month equipment (postage meter) lease agreement. Lease expense for 2020 and 2019 was \$2,028. Future minimum lease payments for 2021 through 2022 are \$2,028 per year and \$676 for 2023.

During 2015, the Organization held a month-to-month lease for the CVB building. As of January 1, 2019 the lease was operating on a month-to-month basis and ended in April 2020, therefore there are no future minimum lease payments.

During 2020, the Organization entered into an informal agreement with the Foundation to pay rent for the newly rented office spaces. Each division will pay \$2,800 per month.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

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, 2020 and 2019 are as follows:

2020	Beginning Balance	Contribution Additions	Restrictions Released	Ending Balance
EDC Workforce Development	\$ 10,000	\$ 0	\$ 10,000	\$ 0
CVB hotel taxes	371,219	443,282	410,920	403,581
Total	<u>\$ 381,219</u>	<u>\$ 443,282</u>	<u>\$ 420,920</u>	<u>\$ 403,581</u>
	Beginning Balance	Contribution Additions	Restrictions Released	Ending Balance
2019				
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>

Note 14-Forgivable loan - PPP

During April 2020, the Organization entered into an unsecured loan in the amount of \$181,900 under the Paycheck Protection Program (PPP) granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization accounted for the transaction under the assumption that there was reasonable assurance that the grant amounts would be received and all necessary qualifying conditions for forgiveness, as stated in the loan agreement, were met. In November 2020, the Organization received correspondence from the lender of the PPP loan that the Organization's PPP loan amount had been forgiven. Accordingly, the Organization has recognized the income from the forgiveness of the loan that relates to qualified expenses during the year ended December 31, 2020, in accordance with ASC Topic 958.

Subsequent to year end, the Organization applied for a second forgivable loan through the PPP in the amount of \$178,297 and received proceeds in February 2021.

See independent accountant's review report.

FINDLAY-HANCOCK COUNTY ALLIANCE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

Note 15–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:

	2020	2019
Cash and cash equivalents	\$ 861,779	\$ 637,538
Accounts receivable – trade	8,739	22,934
Hotel/motel tax receivable	97,515	187,599
Investments	199,880	300,776
Less net assets with donor restrictions	(403,581)	(381,219)
Total	\$ 764,332	\$ 767,628

The Organization had \$764,332 and \$767,628 at December 31, 2020 and 2019, 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 16–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 17–Risks and uncertainties

As a result of the spread of the COVID-19 Coronavirus, 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 customers, employees, funders, 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.

See independent accountant’s review report.

SUPPLEMENTARY INFORMATION

FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2020 and 2019

	2020	2019
MEMBER SERVICES - CHAMBER		
Programs	\$ 9,338	\$ 27,449
Small Business Awards	5,895	9,921
Rally in the Alley	361	15,403
Safety council	16,776	22,330
Golf outing	33,456	33,560
Hancock Leadership Alumni Association	20,266	15,355
Total member services	\$ 86,092	\$ 124,018
MARKETING - CHAMBER		
Travel	\$ 3,431	\$ 10,680
Printing	165	3,159
Marketing/advertising	12,755	18,085
Hancock Leadership Alumni Association	1	39
Total marketing	\$ 16,352	\$ 31,963
ADMIN. - SALARIES AND BENEFITS - CHAMBER		
Salaries	\$ 185,212	\$ 173,938
Operational and support services	50,817	49,453
Employee benefits and taxes	89,947	79,457
Total admin. - salaries and benefits	\$ 325,976	\$ 302,848

FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2020 and 2019

	2020	2019
ADMIN. - OPERATIONS - CHAMBER		
Training	\$ 801	\$ 2,580
Board development	0	2,489
Dues and subscriptions	7,196	8,896
Postage	1,316	4,596
Telephone/internet	1,765	3,657
Professional services	10,460	8,110
Supplies and miscellaneous	20,542	5,611
Other expenses	3,738	3,978
Software	11,419	6,650
Insurance	0	3,124
Facility - rent, utilities and maintenance	49,718	29,456
Depreciation	15,999	16,768
Contribution to Foundation	23,167	0
	Total admin. - operations	\$ 95,915
	Total Chamber expenses	\$ 554,744
	Less allocated support services	(118,460)
	Less allocated fundraising services	(33,560)
	Total Chamber program expenses	\$ 402,724
CONVENTION AND VISITORS BUREAU		
Travel	\$ 158	\$ 2,859
Board development	0	290
Marketing/advertising	213,818	393,361
Salaries	135,377	133,099
Operational services	50,817	49,453
Employee benefits and taxes	62,539	58,344
Training	984	153
Dues and subscriptions	5,911	5,832
Postage	532	1,069
Telephone/internet	964	2,290
Professional services	9,835	7,917
Insurance	0	3,124
Facility - rent, utilities and maintenance	45,445	33,295
Depreciation	8,913	10,452
Supplies and miscellaneous	12,611	7,727
Contribution to Foundation	23,167	0
	Total Convention and Visitors Bureau	709,265
	Less allocated support services	(168,443)
	Total Convention and Visitors Bureau program expenses	\$ 540,822

**FINDLAY-HANCOCK COUNTY ALLIANCE
SCHEDULE I - DEPARTMENTAL EXPENSES
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ECONOMIC DEVELOPMENT COUNCIL		
Program expenses	\$ 2,120	\$ 1,703
Business development	35,471	132,991
Printing	0	989
Marketing/advertising	34,372	68,204
In-kind contributions	14,655	23,055
Training	0	1,690
Salaries	201,224	224,716
Operational services	50,817	49,453
Employee benefits and taxes	85,710	83,080
Dues and subscriptions	11,339	8,137
Postage	95	913
Telephone/internet	2,187	4,757
Professional services	20,368	34,751
Insurance	0	3,124
Facility - rent, utilities and maintenance	45,184	21,418
Depreciation	2,079	7,518
Software	4,888	4,477
Supplies and miscellaneous	14,101	9,564
Contribution to Foundation	23,166	0
	<u>547,776</u>	<u>680,540</u>
Total Economic Development Council	<u>547,776</u>	<u>680,540</u>
Less allocated support services	<u>(122,783)</u>	<u>(139,554)</u>
Total Economic Development Council program expenses	<u>\$ 424,993</u>	<u>\$ 540,986</u>
Total all departmental expenses	<u>\$ 1,693,388</u>	<u>\$ 1,944,549</u>