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

## FINDLAY-HANCOCK COUNTY ALLIANCE

**December 31, 2021 and 2020**

## CONTENTS

**Robert Apling + Associates, LLC**

*Certified Public Accountants*

2155 Oak Harbor Road
Fremont, Ohio 43420
419/355-8200 • Fax 419/355-8808

2060 E. Harbor Road
Port Clinton, Ohio 43452
419/734-9548


# INDEPENDENT ACCOUNTANT'S REVIEW REPORT

June 10, 2022

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) (the Organization) which comprise the statement of financial position as of December 31, 2021, and the related statement 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 company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

## Management's Responsibility for the Financial Statements

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

## Accountant's Responsibility

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

## Accountant's Conclusion

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

## Supplementary Information

The supplementary information included on pages 21 and 23 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 2020 Financial Statements

The financial statements of the Organization as of December 31, 2020, were reviewed by other accountants whose report dated June 11, 2021, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Robert Apling + Associates, LLC

Robert Apling + Associates, LLC
Fremont, Ohio

**STATEMENTS OF FINANCIAL POSITION**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,624,727 | $ 861,779 |
| Accounts receivable | 46,319 | 8,739 |
| Employee retention credit receivable | 187,785 | - |
| Hotel/motel tax receivable | 167,786 | 97,515 |
| Prepaid expenses and other current assets | 6,814 | 3,645 |
| Total current assets | 2,033,431 | 971,678 |
| **Property and equipment - net** | 81,024 | 75,147 |
| **Investments** | 51,869 | 199,880 |
| **Accounts receivable - related party** | 216,995 | 212,679 |
| Total assets | $ 2,383,319 | $ 1,459,384 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current liabilities** | | |
| Accounts payable | $ 91,612 | $ 35,966 |
| Refundable advances | 8,480 | - |
| Accrued payroll bonuses | 59,624 | 45,343 |
| Accrued payroll liabilities | 5,497 | 2,104 |
| Accrued real estate taxes | - | 1,092 |
| Deferred membership | 88,072 | 142,579 |
| Total current liabilities | 253,285 | 227,084 |
| Total liabilities | 253,285 | 227,084 |
| **Net assets** | | |
| Without donor restrictions | 1,614,229 | 828,719 |
| With donor restrictions | 515,805 | 403,581 |
| Total net assets | 2,130,034 | 1,232,300 |
| Total liabilities and net assets | $ 2,383,319 | $ 1,459,384 |

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Years Ended December 31, 2021 and 2020**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| **Operating revenues and support** | | | | | | |
| Hotel/motel tax and interest | $ - | $ 625,862 | $ 625,862 | $ - | $ 443,282 | $ 443,282 |
| Contributions | 605,438 | - | 605,438 | 472,679 | - | 472,679 |
| Membership income | 374,857 | - | 374,857 | 335,303 | - | 335,303 |
| Member services | 117,220 | - | 117,220 | 121,266 | - | 121,266 |
| Fundraising revenue | 74,625 | - | 74,625 | 62,925 | - | 62,925 |
| Development income | 238,607 | - | 238,607 | - | - | - |
| Marketing | 49,565 | - | 49,565 | 34,332 | - | 34,332 |
| In-kind contributions | 19,215 | - | 19,215 | 14,655 | - | 14,655 |
| Administrative | 26,290 | - | 26,290 | 18,955 | - | 18,955 |
| SBRC/MEP income | 16,500 | - | 16,500 | 20,488 | - | 20,488 |
| Interest income (expense) | - | - | - | (1,708) | - | (1,708) |
| Satisfaction of time and program restrictions | 513,638 | (513,638) | - | 420,920 | (420,920) | - |
| Total operating revenues and support | 2,035,955 | 112,224 | 2,148,179 | 1,499,815 | 22,362 | 1,522,177 |
| **Operating expenses** | | | | | | |
| Program services | 1,224,811 | - | 1,224,811 | 1,294,763 | - | 1,294,763 |
| Management and general | 353,128 | - | 353,128 | 365,170 | - | 365,170 |
| Fundraising | 36,921 | - | 36,921 | 33,455 | - | 33,455 |
| Total operating expenses | 1,614,860 | - | 1,614,860 | 1,693,388 | - | 1,693,388 |
| Total operating income (loss) | 421,095 | 112,224 | 533,319 | (193,573) | 22,362 | (171,211) |
| **Nonoperating income (loss)** | | | | | | |
| Net investment income (loss) | | | | | | |
| Interest and dividends | 1,344 | - | 1,344 | 4,802 | - | 4,802 |
| Realized and unrealized loss on investments | (3,011) | - | (3,011) | (855) | - | (855) |
| Total net investment gain (loss) | (1,667) | - | (1,667) | 3,947 | - | 3,947 |
| Forgivable loan - PPP | 178,297 | - | 178,297 | 181,900 | - | 181,900 |
| Employee retention credit | 187,785 | - | 187,785 | - | - | - |
| Loss on disposal of assets | - | - | - | (9,575) | - | (9,575) |
| Total nonoperating income | 364,415 | - | 364,415 | 176,272 | - | 176,272 |
| Change in net assets | 785,510 | 112,224 | 897,734 | (17,301) | 22,362 | 5,061 |
| Net assets, beginning of year | 828,719 | 403,581 | 1,232,300 | 846,020 | 381,219 | 1,227,239 |
| Net assets, end of year | $ 1,614,229 | $ 515,805 | $ 2,130,034 | $ 828,719 | $ 403,581 | $ 1,232,300 |

See accompanying notes and independent accountant's review report.

**STATEMENT OF FUNCTIONAL EXPENSES**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Year Ended December 31, 2021**

| | 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 | $ 257,803 | $ 159,179 | $ 267,714 | $ 684,696 | $ 218,098 | $ - | $ 902,794 |
| Member services | 73,177 | 90,663 | 41,997 | 205,837 | 51,459 | 36,921 | 294,217 |
| Other | 8,841 | 4,383 | 24,035 | 37,259 | 9,315 | - | 46,574 |
| Advertising and promotion | 6,743 | 47,000 | 16,689 | 70,432 | 17,609 | - | 88,041 |
| Occupancy | 30,720 | 35,466 | 12,672 | 78,858 | 19,715 | - | 98,573 |
| Information technologies | 22,513 | 12,092 | 14,348 | 48,953 | 12,237 | - | 61,190 |
| Office expenses | 11,146 | 6,883 | 5,502 | 23,531 | 5,883 | - | 29,414 |
| Professional services | 5,917 | 7,992 | 36,975 | 50,884 | 12,721 | - | 63,605 |
| Depreciation | 9,725 | 4,816 | 918 | 15,459 | 3,865 | - | 19,324 |
| Travel | 836 | 130 | 7,509 | 8,475 | 2,119 | - | 10,594 |
| Insurance | 427 | - | - | 427 | 107 | - | 534 |
| Total expenses | $ 427,848 | $ 368,604 | $ 428,359 | $ 1,224,811 | $ 353,128 | $ 36,921 | $ 1,614,860 |

**STATEMENT OF FUNCTIONAL EXPENSES**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Year Ended December 31, 2020**

| | 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 | $ 244,669 | $ 167,955 | $ 256,973 | $ 669,597 | $ 242,333 | $ - | $ 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 | $ 449,146 | $ 420,624 | $ 424,993 | $ 1,294,763 | $ 365,170 | $ 33,455 | $ 1,693,388 |

See accompanying notes and independent accountant's review report.

**STATEMENTS OF CASH FLOWS**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 897,734 | $ 5,061 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: | | |
| Forgivable loan - PPP | (178,297) | (181,900) |
| Depreciation | 19,324 | 26,991 |
| Net realized and unrealized (gain) losses on investments net of management fees | 3,011 | (397) |
| Loss on disposal of assets | - | 9,575 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (37,580) | 14,195 |
| Employee retention credit receivable | (187,785) | - |
| Hotel/motel tax receivable | (70,271) | 90,084 |
| Prepaid expenses and other current assets | (3,169) | - |
| Accounts payable | 55,646 | (14,648) |
| Refundable advances | 8,480 | - |
| Accrued payroll bonuses | 14,281 | 1,485 |
| Accrued payroll liabilities | 3,393 | (523) |
| Accrued real estate taxes | (1,092) | 38 |
| Deferred membership | (54,507) | 14,651 |
| Cash provided by (used in) operating activities | 469,168 | (35,388) |
| **Cash flows from investing activities** | | |
| Purchase of property and equipment | (25,201) | - |
| Purchase of investments | (103,838) | (53,707) |
| Proceeds from sale of investments | 248,838 | 155,000 |
| Cash provided by investing activities | 119,799 | 101,293 |
| **Cash flows from financing activities** | | |
| Proceeds from forgivable loan - PPP | 178,297 | 181,900 |
| Accounts payable - related party | (4,316) | (23,564) |
| Cash provided by investing activities | 173,981 | 158,336 |
| Net increase in cash | 762,948 | 224,241 |
| Cash and cash equivalents at beginning of year | 861,779 | 637,538 |
| Cash and cash equivalents at end of year | $ 1,624,727 | $ 861,779 |
| **Supplemental disclosure of non-cash financing activities** | | |
| Forgiveness of PPP loan | $ 178,297 | $ 181,900 |

See accompanying notes and independent accountant's review report.

## Note 1 – Summary of Significant Accounting Policies

### Business Activity and Nature of Operations

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 600 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).

### 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*, Not-for-Profit Entities (Topic 958)*, 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.

### 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.

### 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**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:

| | Years |
|---|---|
| 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 as of January 1, 2020 was $127,928.

**Refundable Advances**
The Organization is the recipient of grants that require expenditure for specified activities. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as a refundable advance.

**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 purposed restriction is met. All net assets with donor restrictions as of December 31, 2021 and 2020 are restricted for specific program use; see Note 7.

## Note 1 – 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 income 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 Topic, *Income Taxes (740)* 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, 2021 and 2020, 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, 2021 and 2020, 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 (Topic 606)* (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 to provide 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.

## Note 1 – 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.

*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. Development income is recognized under ASC 606 as an exchange transaction.

Opening balances of accounts receivable from customers as of January 1, 2021 and 2020 were $0. Closing balance of accounts receivable from customers was $0 at December 31, 2021.

*Contributions*
In accordance with FASB ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions. See Note 7 for further disclosure. Contributions received are recorded as restricted support, depending on the existence and/or nature of any donor restrictions.

Additionally, the Organization receives income from hotel tax as discussed in Note 9.

## Note 1 – Summary of Significant Accounting Policies (continued)

### 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 6.

### Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2021 and 2020 were $88,041 and $118,978, respectively.

### 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.

### New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* (ASU 2016-12). ASU 2016-02 will require that a lessee recognize assets and liabilities on the statement of financial position 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.

## Note 1 – Summary of Significant Accounting Policies (continued)

### New Accounting Pronouncements (continued)

In February 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 expands presentation and disclosure requirements for contributed nonfinancial assets (also referred to as gifts-in-kind). The amendments require that contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, nonprofit organizations must disclose contributed nonfinancial assets received disaggregated by category that depicts the type of assets contributed. Additional disclosures are required for each category of contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted and is to be applied retrospectively. The Organization is currently evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

### Subsequent Events

The Organization evaluated subsequent events through June 10, 2022, the date that these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements other than events discussed in Note 5 and Note 12.

### Reclassification

Certain prior year classifications have been changed in the current year financial statements in order to clarify financial presentation.

## Note 2 – Property and Equipment

Property and equipment at December 31, 2021 and 2020 consists of the following:

| | 2021 | 2020 |
|---|---|---|
| Leasehold improvements | $ 857 | $ 857 |
| Furniture and equipment | 453,030 | 450,391 |
| Construction in progress | 22,560 | - |
| Total property and equipment | 476,447 | 451,248 |
| Less: accumulated depreciation | 395,423 | 376,101 |
| Net property and equipment | $ 81,024 | $ 75,147 |

Depreciation expense of $19,323 and $26,991 was incurred during 2021 and 2020, respectively.

## Note 3 – Investments

The Organization accounts for investments with readily determinable fair values at fair value.

Investments consist of the following at December 31:

| | **2021** | | **2020** | |
|---|---|---|---|---|
| | **Cost** | **Market** | **Cost** | **Market** |
| U.S. Treasury notes | $ 53,706 | $ 51,869 | $ 199,633 | $ 199,880 |
| Total | $ 53,706 | $ 51,869 | $ 199,633 | $ 199,880 |

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

| | **2021** | **2020** |
|---|---|---|
| Interest and dividend income | $ 1,344 | $ 4,802 |
| Net realized and unrealized losses | (3,011) | (855) |
| Total | $ (1,667) | $ 3,947 |

## Note 4 – 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 (Topic 820)*, 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.

## Note 4 – Fair Value Measurements (continued)

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.

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, 2021 and 2020.

*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 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 measured at fair value on a recurring basis as of December 31:

| | 2021 | | | |
|---|---|---|---|---|
| **Description** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| U.S. Treasury notes | $ 51,869 | $ 51,869 | $ - | $ - |
| Total | $ 51,869 | $ 51,869 | $ - | $ - |

| | 2020 | | | |
|---|---|---|---|---|
| **Description** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| U.S. Treasury notes | $ 199,880 | $ 199,880 | $ - | $ - |
| Total | $ 199,880 | $ 199,880 | $ - | $ - |

## Note 5 – Line of credit

The Organization has available a $150,000 line of credit with a 3.25% interest rate for the years ended December 31, 2021 and 2020. During February 2022, the line of credit was extended through February 6, 2023. At December 31, 2021 and 2020, the Organization had an outstanding balance of $0.

## Note 6 – Forgivable Loan - PPP

During April 2020, the Organization entered into an unsecured loan in the amount of $181,900 under the PPP granted by the Small Business Administration under the 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 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.

The Organization applied for a second forgivable loan through the PPP in the amount of $178,297 and received proceeds in February 2021. The second PPP loan was forgiven in 2021 and recognized in income from the forgiveness of the loan that related to qualified expenses. The forgivable loans are recorded as forgivable loan – PPP within the statement of activities and changes in net assets during the year.

## Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are contributions that have been reserved for specific purposes designated by the donor. The restricted funds and the changes therein for the years ended December 31, 2021 or 2020 are as follows:

| **2021** | | **Beginning Balance** | **Contribution Additions** | **Restrictions Released** | **Ending Balance** |
|---|---|---|---|---|---|
| CVB hotel taxes | | $ 403,581 | $ 625,862 | $ 513,638 | $ 515,805 |
| | Total | $ 403,581 | $ 625,862 | $ 513,638 | $ 515,805 |

| **2020** | | **Beginning Balance** | **Contribution Additions** | **Restrictions Released** | **Ending Balance** |
|---|---|---|---|---|---|
| Raise the Bar | | $ 10,000 | $ - | $ 10,000 | $ - |
| CVB hotel taxes | | 371,219 | 443,282 | 410,920 | 403,581 |
| | Total | $ 381,219 | $ 443,282 | $ 420,920 | $ 403,581 |

## Note 8 – Employee Retention Credit

Under tax provisions of the CARES Act, employers can receive a refundable tax credit as an incentive to retain employees. The Organization has applied for refundable credits in the amount of $187,785 for 2021, which is recorded as employee retention credit within the statement of activities and changes in net assets. The entire amount of the employee retention credit is a receivable as of December 31, 2021.

## Note 9 – 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 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 December 2021, the agreement was renewed effective January 1, 2022 for 5 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 10 – In-Kind Contributions

In 2021, the Organization received services for communications/advertising, transportation, maintenance, and professional services totaling $19,215 with offsetting expenses of $19,215. In 2020, the Organization received services totaling $14,655 with offsetting expenses of $14,655.

**Note 11 – Retirement Plan**

The Organization has a qualified profit-sharing plan (the Plan) for which full-time employees are eligible after thirty days 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. Effective January 1, 2019, new hires are automatically enrolled at 6% unless they elect to opt out, and contributions to an employee's 401(k) account are immediately 100% vested. Profit sharing and matching expense was $45,292 and $45,183 for the years ended December 31, 2021 and 2020, respectively.

**Note 12 – Operating Leases**

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

In January of 2018, the Organization entered into a 63-month equipment (postage meter) lease agreement. Lease expense for 2021 and 2020 was $2,028. Future minimum lease payments for 2022 are $2,028 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 paid $2,800 per month.

Beginning January 1, 2022, the Organization entered into a formal agreement with the Foundation to pay rent for office spaces. The Foundation will lease office space to the Organization for $115,200 per year for the next ten years.

**Note 13 – Unrelated Business Income**

For the years December 31, 2021 and 2020, the Organization had no tax expense with regards to its unrelated business income.

## Note 14 – 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 $216,995 and $212,679 at December 31, 2021 and 2020, 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 $312,194 at December 31, 2021, with monthly principal and interest payments of $1,953 and the final payment due October 2040.

During 2021 and 2020, one and two members, respectively, 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, 2021 and 2020, the amounts of these business services charged to operating expenses were $5,976 and $21,749, respectively.

## 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:

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 1,624,727 | $ 861,779 |
| Accounts receivable - trade | 46,319 | 8,739 |
| Employee retention credit receivable | 187,785 | - |
| Hotel/motel tax receivable | 167,786 | 97,515 |
| Investments | 51,869 | 199,880 |
| Less net assets with donor restrictions | (515,805) | (403,581) |
| Total | $ 1,562,681 | $ 764,332 |

The Organization had $1,562,681 and $764,332 at December 31, 2021 and 2020, 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 5, 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.

# SUPPLEMENTARY INFORMATION

**SCHEDULE I - DEPARTMENTAL EXPENSES**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **MEMBER SERVICES - CHAMBER** | | |
| Programs | $ 18,429 | $ 9,338 |
| Small Business Awards | 9,473 | 5,895 |
| Rally in the Alley | 13,472 | 361 |
| Safety council | 3,036 | 16,776 |
| Golf outing | 36,921 | 33,456 |
| Hancock Leadership Alumni Association | 5,350 | 20,266 |
| Total member services | $ 86,681 | $ 86,092 |
| **MARKETING - CHAMBER** | | |
| Travel | $ 7,131 | $ 3,431 |
| Printing | 1,667 | 165 |
| Marketing/advertising | 10,385 | 12,755 |
| Hancock Leadership Alumni Association | - | 1 |
| Total marketing | $ 19,183 | $ 16,352 |
| **ADMIN. - SALARIES AND BENEFITS - CHAMBER** | | |
| Salaries | $ 194,542 | $ 185,212 |
| Operational and support services | 48,469 | 50,817 |
| Employee benefits and taxes | 88,070 | 89,947 |
| Total salaries and benefits | $ 331,081 | $ 325,976 |

**SCHEDULE I - DEPARTMENTAL EXPENSES**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **ADMIN. - OPERATIONS - CHAMBER** | | |
| Training | $ - | $ 801 |
| Board development | 169 | - |
| Dues and subscriptions | 7,497 | 7,196 |
| Postage | (54) | 1,316 |
| Telephone/internet | 1,753 | 1,765 |
| Professional services | 7,396 | 10,460 |
| Supplies and miscellaneous | 6,048 | 20,542 |
| Other expenses | 6,404 | 3,738 |
| Software | 14,922 | 11,419 |
| Facility - rent, utilities and maintenance | 49,866 | 49,718 |
| Depreciation | 12,156 | 15,999 |
| Contribution to Foundation | - | 23,167 |
| Total admin. - operations | $ 106,157 | $ 146,121 |
| Total Chamber expense | $ 543,102 | $ 574,541 |
| Less allocated support services | (78,333) | (91,940) |
| Less allocated fundraising services | (36,921) | (33,455) |
| Total Chamber program expenses | $ 427,848 | $ 449,146 |
| **CONVENTION AND VISITORS BUREAU** | | |
| Travel | $ 163 | $ 158 |
| Board development | 50 | - |
| Marketing/advertising | 174,202 | 213,818 |
| Salaries | 129,636 | 135,377 |
| Operational services | 48,469 | 50,817 |
| Employee benefits and taxes | 53,698 | 62,539 |
| Training | 99 | 984 |
| Dues and subscriptions | 5,045 | 5,911 |
| Postage | 938 | 532 |
| Telephone/internet | 1,263 | 964 |
| Professional services | 9,990 | 9,835 |
| Facility - rent, utilities and maintenance | 55,512 | 45,445 |
| Depreciation | 6,020 | 8,913 |
| Supplies and miscellaneous | 8,499 | 12,611 |
| Contribution to Foundation | - | 23,167 |
| Total Convention and Visitors Bureau expenses | 493,584 | 571,071 |
| Less allocated support services | (124,980) | (150,447) |
| Total Convention and Visitors Bureau program expenses | $ 368,604 | $ 420,624 |

See accompanying notes and independent accountant's review report.

**SCHEDULE I - DEPARTMENTAL EXPENSES**
**FINDLAY-HANCOCK COUNTY ALLIANCE**
**For the Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **ECONOMIC DEVELOPMENT COUNCIL** | | |
| Program expenses | $ - | $ 2,120 |
| Business development | 74,340 | 35,471 |
| Printing | 424 | - |
| Marketing/advertising | 22,815 | 34,372 |
| In-kind contributions | 19,215 | 14,655 |
| Salaries | 213,812 | 201,224 |
| Operational services | 48,469 | 50,817 |
| Employee benefits and taxes | 78,165 | 85,710 |
| Dues and subscriptions | 9,140 | 11,339 |
| Postage | 852 | 95 |
| Telephone/internet | 2,287 | 2,187 |
| Professional services | 46,219 | 20,368 |
| Facility - rent, utilities and maintenance | 49,637 | 45,184 |
| Depreciation | 1,147 | 2,079 |
| Software | 4,412 | 4,888 |
| Supplies and miscellaneous | 7,240 | 14,101 |
| Contribution to Foundation | - | 23,166 |
| Total Economic Development Council expenses | 578,174 | 547,776 |
| Less allocated support services | (149,815) | (122,783) |
| Total Economic Development Council program expenses | $ 428,359 | $ 424,993 |
| Total all departmental expenses | $ 1,614,860 | $ 1,693,388 |

See accompanying notes and independent accountant's review report.