GREATER MORGANTOWN CONVENTION & VISITOR'S BUREAU, INC. (d/b/a VisitMountaineerCountry.com)

Audited Financial Statements

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Morgantown Convention and Visitor's Bureau, Inc.
dba VisitMountaineerCountry.com
Morgantown, West Virginia

Opinion

We have audited the financial statements of Greater Morgantown Convention and Visitor's Bureau, Inc. dba VisitMountaineerCountry.com ("the Organization"), which comprise of the statements of financial position as of December 31, 2021, and the related statement of activities and change in net assets, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter – *2020 Financial Statements*

The financial statements as of and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 26, 2021.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the Organization other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
March 18, 2022

GREATER MORGANTOWN CONVENTION AND VISITOR'S BUREAU, INC.
DBA VISITMOUNTAINEERCOUNTRY.COM

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	(Restated) 2020
Current assets:		
Cash and cash equivalents	$ 464,659	$ 109,514
Prepaid expenses	22,919	-
Accounts receivable	224,725	127,158
Accounts receivable - other	-	1,366
Total current assets	712,303	238,038
Property and equipment:		
Furniture and equipment	78,488	78,488
Leasehold improvements	193,204	193,204
Vehicles	20,764	20,764
Less: accumulated depreciation	(137,245)	(115,443)
Net property and equipment	155,211	177,013
Total assets	$ 867,514	$ 415,051

LIABILITIES	2021	(Restated) 2020
Current liabilities:		
Accounts payable and accrued expenses	$ 94,625	$ 100,463
Accrued wages and compensated absences	20,681	13,062
Deferred revenue	72,912	-
Total current liabilities	188,218	113,525
Net assets:		
Net assets without donor restrictions	679,296	301,526
Total net assets	679,296	301,526
Total liabilities and net assets	$ 867,514	$ 415,051

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

GREATER MORGANTOWN CONVENTION AND VISITOR'S BUREAU, INC.
DBA VISITMOUNTAINEERCOUNTRY.COM

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2021 and 2020

	2021	(Restated) 2020
Revenue and support:		
Hotel occupancy tax	$ 1,391,217	$ 909,566
Pass-through grant revenue	77,088	-
Paycheck protection program	68,146	-
Advertising, guides and events	-	9,009
Service revenue	155	64,981
Other revenue	494	5,194
Interest income	75	31
Total revenue and support	1,537,175	988,781
Expenses:		
Program services	1,040,311	961,110
Management and general	119,094	124,475
Total expenses	1,159,405	1,085,585
Change in net assets without donor restrictions	377,770	(96,804)
Net assets without donor restrictions - beginning of year	301,526	398,330
Net assets without donor restrictions - end of year	$ 679,296	$ 301,526

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

GREATER MORGANTOWN CONVENTION AND VISITOR'S BUREAU, INC.
DBA VISITMOUNTAINEERCOUNTRY.COM

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Expenses:				
Marketing	$ 427,087	$ -	$ -	$ 427,087
Salaries and wages	247,426	45,697	-	293,123
Pass-through grant expense	77,088	-	-	77,088
Database and website	63,114	10,877	-	73,991
Rent	63,143	10,882	-	74,025
Employee benefits	8,194	1,412	-	9,606
Promotional items and events	44,077	-	-	44,077
Payroll taxes and related	19,599	3,377	-	22,976
Professional fees	-	31,238	-	31,238
Office expense	21,728	3,744	-	25,472
Dues, subscriptions and memberships	21,823	3,761	-	25,584
Telephone and utilities	8,577	1,478	-	10,055
Insurance	8,067	1,390	-	9,457
Travel	1,274	220	-	1,494
Postage and shipping	6,026	1,039	-	7,065
Bank and merchant service fees	617	106	-	723
Conferences, conventions and meetings	2,420	417	-	2,837
Continuing education and training	1,454	251	-	1,705
Total expense before depreciation and amortization	1,021,714	115,889	-	1,137,603
Depreciation and amortization	18,597	3,205	-	21,802
Total expenses	$ 1,040,311	$ 119,094	$ -	$ 1,159,405

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

GREATER MORGANTOWN CONVENTION AND VISITOR'S BUREAU, INC.
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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Expenses:				
Marketing	$ 365,403	$ -	$ -	$ 365,403
Salaries and wages	273,799	48,132	-	321,931
Database and website	97,325	16,772	-	114,097
Rent	67,217	11,583	-	78,800
Employee benefits	37,986	6,546	-	44,532
Promotional items and events	30,869	-	-	30,869
Payroll taxes and related	24,624	4,244	-	28,868
Professional fees	-	26,184	-	26,184
Office expense	13,442	2,316	-	15,758
Dues, subscriptions and memberships	10,673	1,839	-	12,512
Telephone and utilities	8,829	1,521	-	10,350
Insurance	8,302	1,430	-	9,732
Travel	2,181	376	-	2,557
Postage and shipping	1,298	224	-	1,522
Bank and merchant service fees	1,134	197	-	1,331
Conferences, conventions and meetings	744	130	-	874
Continuing education and training	250	45	-	295
Total expense before depreciation and amortization	944,076	121,539	-	1,065,615
Depreciation and amortization	17,034	2,936	-	19,970
Total expenses	$ 961,110	$ 124,475	$ -	$ 1,085,585

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

GREATER MORGANTOWN CONVENTION AND VISITOR'S BUREAU, INC.
DBA VISITMOUNTAINEERCOUNTRY.COM

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	(Restated) 2020
Cash flows from operating activities:		
Change in net assets	$ 377,770	$ (96,804)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	21,802	19,970
Change in:		
Accounts receivable	(96,201)	192,762
Prepaid expenses	(22,919)	-
Accounts payable and accrued expenses	(5,838)	(41,673)
Accrued wages and compensated absences	7,619	(26,820)
Deferred revenue	72,912	-
Net cash provided by operating activities	355,145	47,435
Net change in cash	355,145	47,435
Cash and cash equivalents - beginning of year	109,514	62,079
Cash and cash equivalents - end of year	$ 464,659	$ 109,514

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

1 – ORGANIZATION AND NATURE OF BUSINESS

Greater Morgantown Convention and Visitor's Bureau, Inc. (dba VisitMountaineerCountry.com) (the Organization) was incorporated as a Not-For-Profit Organization in the state of West Virginia in June 1985. The Organization's primary function is to advance, stimulate and promote tourism, conventions, conferences, exhibits and visitors to Monongalia, Preston and Taylor Counties, West Virginia. Primary funding for this function is provided by the Hotel Occupancy Tax enacted by the West Virginia Legislature.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America whereby revenue is recognized when earned and expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking accounts held in several local financial institutions. The Organization considers all highly liquid investments with a remaining maturity date of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable consist of hotel lodging tax funds due the Organization, under the West Virginia State Code. Management uses historical performance indicators and other available data to record an estimate of the amount of accounts receivable at year-end. The Organization has evaluated the collectability of accounts receivable and has determined that no allowance was deemed necessary for the years ending December 31, 2021 and 2020. The amount of hotel occupancy tax receivable as of December 31, 2021 and 2020 was $224,725 and $127,158, respectively.

Property and Equipment

Purchases of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at the date of receipt. The Organization capitalizes purchased or donated property and equipment based on an assessment of the individual asset's useful life and cost of fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years. Non-capital expenditures for repairs and maintenance are charged to expense in the year the expense is incurred.

Net Assets

Net assets, revenue, gains, and losses are classified on the existence or absence of donor or grantor-imposed restrictions. The Organization's net assets and changes therein are classified and reported as follows:

> *Net assets without donor restrictions:* represent net assets available for use in general operation and not subject to donor restrictions.
>
> *Net assets with donor restrictions:* represent resources whose use is limited by donor-imposed restrictions. Some donor-imposed restrictions are temporary in natures, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2021 and 2020, there were no donor restricted net assets.

Advertising Revenue

Advertising revenue is recognized in the period in which the advertising is provided. Advertising revenue received in advance of the period provided is recorded as deferred revenue.

Hotel Occupancy Tax

The Organization recognizes contributions when cash, securities, or other assets; or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional contributions at December 31, 2021 and 2020.

Under West Virginia tax code, for every night of lodging utilized in the counties of Monongalia, Preston, and Taylor, lodging guests are required to pay a hotel occupancy tax to the hotel operator. This tax is added to the consideration paid for the use and occupancy of the hotel room and shall be collectible as such by the hotel operator. The amount of the tax varies from county to county. All taxes collected pursuant to the provisions of the West Virginia state tax code shall be deemed to be held in trust by the hotel until those taxes have been remitted to the taxing authority. The county or municipality that has collected the tax is then required to expend at least 50 percent of the hotel occupancy tax received for the promotion of conventions and tourism. These amounts are then remitted to the Organization. The Organization views the night of lodging as the triggering event for recognizing revenue, as an unconditional contribution.

Management views hotel occupancy tax revenues meet the criteria for unconditional contribution accounting and are recorded when the Organization is notified of the unconditional promise to give.

Revenue Recognition – Grant Revenue

Grant revenue is earned based on the nature of the grant. When grant support is received it is deferred by the Organization until the Organization has satisfied the grant requirements with respect to the terms and conditions of the grant agreement. All grant support received by the Organization requires specific actions to be taken and when the Organization satisfied the terms of the grant it recognizes revenue for the particular grant. The Organization records its remaining obligation under grant agreements as deferred revenue.

Advertising Expense

The Organization expenses advertising costs in the period incurred.

Income Taxes

For Federal tax purposes, the Organization is an exempt Organization under Section 501(c)(6) of the Internal Revenue Code and was determined not to be a private foundation by the Internal Revenue Service; however, the Organization remains subject to tax on any business income unrelated to its tax-exempt purpose. For the years ending December 31, 2021 and 2020, the Organization was no subject to unrelated business income tax and did not file Form 990-T to report unrelated business taxable income.

The Organization’s Form 990, *Return of Organization Exempt from Income Tax* for the prior three (3) years are open to audit by the Internal Revenue Service.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain expenses are charged to program or supporting services as incurred, allocated expenses were charged on the basis of estimates of time and effort or other statistical basis.

New Accounting Pronouncements

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Leases (Topic: 842): Leases (ASU 2016-02). The objective of ASU 2016-02 is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing agreements. ASU 2020-05 delayed the effective date of 2016-02 until fiscal years beginning after December 15, 2021. Management is currently evaluating the impact this pronouncement will have on the Organization’s financial statements and has elected not to early adopt it.

Accounting Pronouncements Recently Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance related to recognition of revenue from contracts with customers. Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, applies to exchange transactions with customers that are bound by contracts or similar The FASB has extended the effective date for nonpublic entities to annual reporting periods beginning after December 15, 2019, and interim reporting periods with annual reporting periods beginning after December 15, 2020. Early adoption is permitted. The Organization adopted ASU 2014-09 in the current year with no impact to the operating results.

Reclassifications

Certain comparative amounts have been reclassified to conform to the current year’s financial statement presentation. The reclassifications had no impact on previously reported net assets.

3 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The financial statements of the Organization for the year ending December 31, 2020, have been restated to correct errors found subsequent to their original issuance. The effects of this misstatement summarized as follows:

	(a) Accounts Receivable	(a) Hotel Occupancy Tax	(a) Beginning Net Assets Without Donor Restrictions	(a) Changes in Net Assets Without Donor Restrictions	(a) Ending Net Assets Without Donor Restrictions
As previously reported	$ -	$ 1,094,154	$ 86,584	$ 87,784	$ 174,368
Adjustments	127,158	(184,588)	311,746	(184,588)	127,158
As restated	$ 127,158	$ 909,566	$ 398,330	$ (96,804)	$ 301,526

(a) To correct prior period basis of accounting to be in conformity with the accrual basis of accounting

4 – CONCENTRATION OF RISK

The Organization maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization's cash balances at various times throughout the year may be in excess of amounts insured; however, the Organization monitors its cash balances thereby mitigating its exposure to concentrations of credit risk.

The Organization receives a significant amount of support from hotel occupancy taxes. A loss or substantial reduction in this funding may have a significant impact on the Organization's operations and ability to carry out its mission and major programs.

5 – LINE-OF-CREDIT

During year ending December 31, 2021, the Organization maintained a variable rate revolving line-of-credit (Line) at a local bank with a maximum available principal of $200,000, secured by all the Organization's assets. The Line provided for interest at 1% over the highest prime rate at major U.S. money center banks as published in the money rate section of the Wall Street Journal. There was no outstanding principal on this Line at December 31, 2021 and 2020. This Line is open with no stated maturity date.

6 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	2021	(Restated) 2020
Cash and cash equivalents	$ 464,659	$ 109,514
Accounts receivable	224,725	128,524
	$ 689,384	$ 238,038

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due.

7 – OPERATING LEASES

The Organization leased office space in Morgantown, West Virginia under an operating lease. Office lease expense under this lease agreement totaled $74,025 and $78,800 for years ending December 31, 2021 and 2020, respectively. Future minimum lease payments under the remaining office lease agreement are as follows:

2022	$ 74,025
2023	74,025
2024	61,688
	$ 209,738

The Organization also leases office equipment under an operating lease, which started in September 2020. The lease calls for 63 monthly payments of approximately $165 per month. Total lease expense for the leased office equipment was $2,938 and $1,962 for the year ended December 31, 2021 and 2020, respectively. Expected minimum lease payments under this agreement are as follows for years ending 31:

2022	$ 1,977
2023	1,977
2024	1,977
2025	165
	$ 6,096

8 – RETIREMENT PLAN

The Organization sponsors a savings incentive match plan for employees of small employers (SIMPLE Plan) under Section 408(p) of the Internal Revenue Code. All employees who have received at least $5,000 in compensation during any two (2) preceding calendar years, and who are reasonably expected to receive $5,000 in compensation during the current year are eligible to participate the SIMPLE Plan. For each calendar year, the Organization will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. The Organization contributed $5,033 and $5,587 to the SIMPLE Plan during years ended December 31, 2021 and 2020, respectively.

9 – COMPENSATED ABSENCES

Compensated absences is included in these financial statements at the employee's current hourly rate at year-end. In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences include amounts that are attributable to the employees' services already rendered and those for which the employer has an obligation to make payment even if an employee is terminated. At December 31, 2021 and 2020, the compensated absences balance was $16,853 and $9,236, respectively and is included in accrued wages and compensated absences in the statement of financial position.

10 – COVID-19

During the years ended December 31, 2021 and 2020, the spread of COVID-19 has severely impacted many local economies around the globe. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

11 – CARES ACT FUNDING

On January 19, 2021, the Organization received loan proceeds in the amount of $68,150 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization used PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period. This loan was fully forgiven during the year ended December 31, 2021, and the full amount has been recognized as revenue in the statement of activities and changes in net assets

12 – CONTINGENCIES

In the normal course of business, the Organization may be involved in litigation. The Organization is not a party to any litigation, which management believes could result in any judgements that would have a material adverse effect on its financial position, liquidity or results of future operations.

13 – SUBSEQUENT EVENTS

Subsequent to year end, the Organization amended its compensated absences carryover policy, retroactively to December 31, 2021, to remove the limit on hours available to carryover during the Coronavirus Pandemic. As a result, an adjustment of approximately $7,000 was made to increase the compensated absences balance at year end.