



971 State Route 34, Suite 1, Hurricane, WV 25526
(304) 757-7282 www.visitputnamwv.com

August 30, 2022

Putnam County Commission - mjsmith@putnamwv.org

WV State Auditors' Office – lgs@wvsao.gov , Attn: Shellie Humphries

WV Joint Committee on Government & Finance – drew.ross@wvlegislature.gov and steve.marsden@wvlegislature.gov

WVACVB – sgill@fulksandassociates.com

Dear Putnam County Commission, WV State Auditor's Office, WV Joint Committee on Government & Finance, and WV Association of Convention & Visitor Bureaus,

As you are aware with the passing of Senate Bill 488 during the 2021 West Virginia Legislature's Regular Session several new requirements have been implemented on CVBs to qualify for distributions of Hotel Occupancy taxes by the county(s) and or the municipality(s) we serve. In compliance with W.Va. Code §7-18-13a, CVBs are to now report to the WVSABO, the WV Joint Committee on Government & Finance, and the WVACVB 90 days following the end of the CVB's fiscal year the following:

- Balance sheet – annually,
- Income statement - annually, and
- Either an audit or a financial review – triennially W.Va. Code § 7-18-14.

In addition, CVBs are to be accredited by an accrediting body such as the WV Association of Convention and Visitors Bureaus (WVACVB) W.Va. Code §7-18-13a(b) which confirms compliance with the following industry standards as follows:

- Annual budget,
- Budget allocation within the industry standard of 40% - 40% - 20% (Marketing, Personnel, Administrative),
- Marketing plan targeting markets outside of 50 miles of their destination,
- Full time executive director,
- Physical office/ Visitor Center,
- Website, and
- Annual reporting to all the CVBs funding entities.

On behalf of the Putnam County Convention and Visitors Bureau, I respectfully submit the required information and confirm that the Putnam County Convention and Visitors Bureau is in full compliance with all WV Code 7-18-13 requirements.

If you have any questions, please contact me at kelli@putnamcountycvb.com or 304-757-7282.

Sincerely,

A handwritten signature in cursive script that reads "Kelli M. Steele".

Kelli Steele

Executive Director

CC: David Gilpin, President of the Putnam County Convention and Visitors Bureau Board of Directors

Attachments: Income statement (July 1, 2021 – June 30, 2022), Balance sheet (June 30, 2022), Annual report (FY2022), and most recent Annual audit/review (FY2021).



2021-
2022



ANNUAL REPORT

www.visitputnamwv.com

- ▶ For FY2022
- ▶ Published August 2023

Board of Directors

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Dave Allen Communications /
WVRC Media

Evan Young, Vice President
Appalachian Boarding Company /
Putnam Wellness Coalition

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Joe Stevens
Nitro CVB / WV Ski Association

Rob Sydenstricker
FireSide Grille

Maggie Parsons
Putnam County Fair Representative

Rebekah Withrow
Battle Run Events



From a convenient place to stop to a true destination.

Executive Summary

In September 2020, after serving the Putnam County CVB for nearly four years, I left the position to work at an ad agency where we helped other destinations market their respective areas. I was grateful to gain insight into how other areas leverage what they have to better tell the story of their destinations. I soon realized two things: 1) The Putnam County CVB had, indeed, been a well-run, strategic organization, making efficient use of a limited budget - we were on the right path. And 2) I knew exactly what I would do differently if I had known four years prior what I know now. Over and over again I would think to myself, "I wish I had known that when I worked at the Putnam County CVB."

When the Executive Director's position was once again open, I eagerly applied and was grateful for the opportunity. We work hard to promote Putnam County, to help support the local tourism community and ultimately to strengthen the local economy. Putnam County has grown from being a convenient place to stop while traveling through or while visiting family, to a place with genuine attractors - things that draw leisure travelers to the area. The growth of infrastructure and amenities, combined with travelers' increased appetite to engage in outdoor recreation, have unique experiences, taste flavors from local restaurants and discover fresh boutique shopping, has Putnam County primed for growth. Despite an uncertain economy amid a barely recovered tourism industry, the future for visitation to Putnam County is incredibly bright, and I am humbly eager for what lies ahead for the CVB team.



We work hard to promote Putnam County, to help support the local tourism community and ultimately to strengthen the local economy.



Kelli Steele
Executive Director

Marketing Overview

We work efficiently and strategically to have **maximum marketing impact** while maintaining low overhead.

This past year provided opportunities to adapt to changing visitor preferences.

We took advantage of the WV Department of Tourism's Cooperative Advertising program which covered 80% of the cost of participating buys. This helped us reach a wider audience on a small budget.

We strengthened our social media strategy which positively impacted both our audience numbers and engagement.

We engaged in local and regional partnerships to bring sports tournaments to the Metro Valley, build awareness around tourist attractions in our area, and lay the foundation for continued industry recovery.

Finally, we invested in cutting-edge research to guide data-informed decisions for future marketing plans.

The redesigned Visitors Guide is distributed through web and print requests, in local hotels, and in visitors centers across the region and state.



3,400

Visitors Guides Distributed

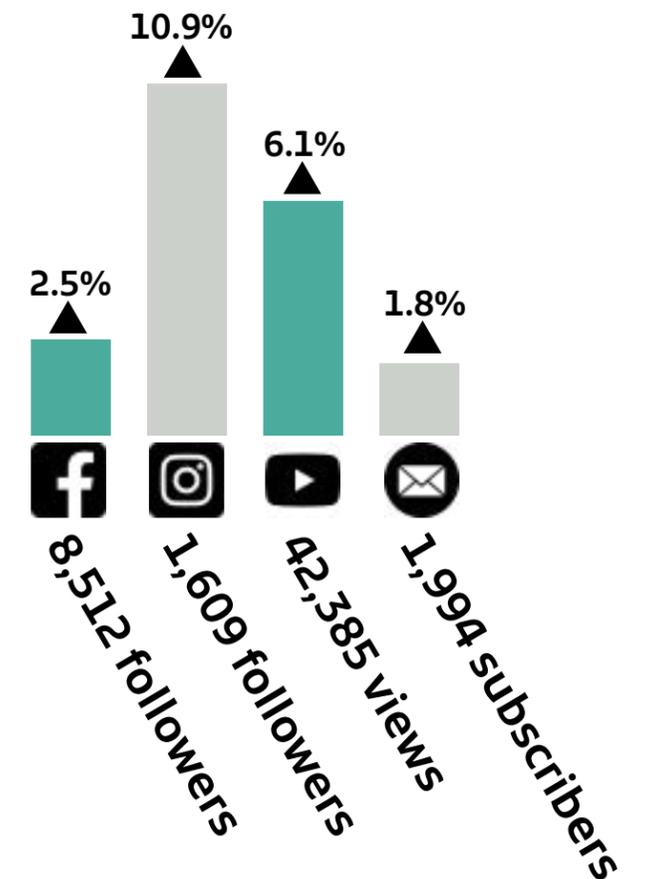
3,337

Putnam County jobs created by the visitor economy

\$8M

In monthly wages in leisure & hospitality

Reach & Impact



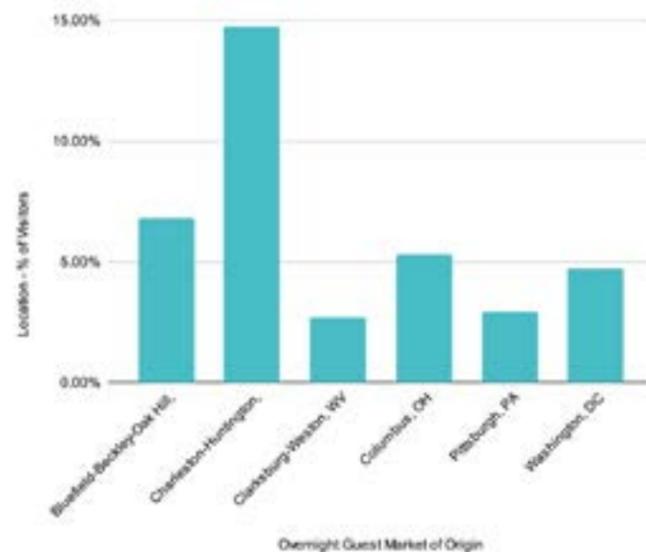
Advertising & Planning

Below is sampling of the ads and vendors we partnered with in the 2021-2022 fiscal year.

- Southern Travel & Lifestyle Magazine
- Guest Quest
- Madden Media
- Facebook/Instagram
- Google/YouTube
- Bristol Broadcasting
- Northern Virginia Magazine
- West Virginia Executive
- Marietta Times
- WV Metro News



As we look to FY2023, we are able to employ data-driven strategy using technology that wasn't available even a few years ago. This will provide opportunity for more efficient media planning and marketing efforts, resulting in a greater impact with our resources.



Financial Report

Expenditures by Category

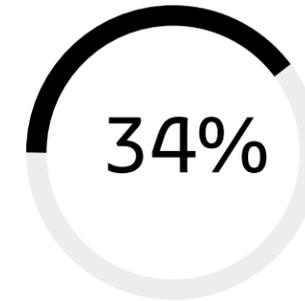
In accordance with WV state code, a convention and visitors bureau expenses should align with 40% spent on marketing, no more than 40% on personnel (including benefits), and 20% on operations.



\$89,514

Marketing and Advertising

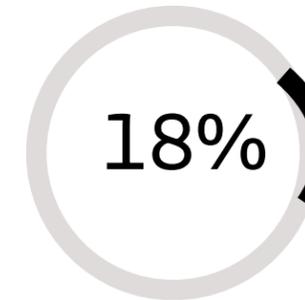
- advertising & digital marketing
- event sponsorship & support
- collateral & creative support
- research & planning



\$62,035

Personnel

- Executive Director
- Office Manager (PT)
- Information & Events Specialist (PT)
- Summer Intern



\$33,854

Operations

- Rent and telephone
- Office supplies and software
- Accounting & financial review
- Insurance
- IT services

Revenue & Savings

| Category | Actual | Budget |
|--------------------------------------|------------------|------------------|
| Hotel/Motel Tax Revenue | \$195,200 | \$195,000 |
| Other / Event Revenue | \$485 | \$0 |
| Total Revenue | \$195,685 | \$195,000 |
| Long-Term Planning / Reserves | \$10,000 | \$10,000 |



Bear Wood Company



Putnam Provisions Co.



FireSide Grille



Gritt's Farm



The Pallet Bar



Appalachian Boarding Co.



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tourism@putnamcountycvb.com
www.VisitPutnamWU.com



Scan for tourism industry and partner resources.

Putnam County Convention and Visitors Bureau

Budget vs. Actuals
July 2021 - June 2022

| | TOTAL | | | |
|---|---------------------|---------------------|------------------|-----------------|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| Revenue | | | | |
| 505 Income-County Commission | 195,200.00 | 195,000.00 | 200.00 | 100.10 % |
| 520 Income-Events | | | | |
| 524 Income-WV Food Truck Fest | 485.34 | | 485.34 | |
| Total 520 Income-Events | 485.34 | | 485.34 | |
| Total Revenue | \$195,685.34 | \$195,000.00 | \$685.34 | 100.35 % |
| GROSS PROFIT | \$195,685.34 | \$195,000.00 | \$685.34 | 100.35 % |
| Expenditures | | | | |
| Overhead | | | | |
| 730 Bank Fees | 142.94 | | 142.94 | |
| 740 Accounting/Audit Review | 6,425.00 | 7,000.00 | -575.00 | 91.79 % |
| 779 Insurance | 3,220.00 | 3,400.00 | -180.00 | 94.71 % |
| 790 Equipment | 414.88 | 1,000.00 | -585.12 | 41.49 % |
| 791 Furniture | | 100.00 | -100.00 | |
| 830 Membership Fees/License | 2,789.10 | 2,700.00 | 89.10 | 103.30 % |
| 845 Postage | 1,297.76 | 1,300.00 | -2.24 | 99.83 % |
| 850 Rent | 13,200.00 | 10,300.00 | 2,900.00 | 128.16 % |
| 870 Supplies-Office | 1,985.14 | 1,500.00 | 485.14 | 132.34 % |
| 881 Telephone | 1,927.57 | 1,900.00 | 27.57 | 101.45 % |
| 885 Transportation | 541.17 | 1,000.00 | -458.83 | 54.12 % |
| 888 Website & IT Services | 1,910.08 | 1,600.00 | 310.08 | 119.38 % |
| Total Overhead | 33,853.64 | 31,800.00 | 2,053.64 | 106.46 % |
| Personnel | | | | |
| 775 Salaries/Wages | 57,563.89 | 65,000.00 | -7,436.11 | 88.56 % |
| 776 Taxes | 4,471.55 | | 4,471.55 | |
| Total 775 Salaries/Wages | 62,035.44 | 65,000.00 | -2,964.56 | 95.44 % |
| Total Personnel | 62,035.44 | 65,000.00 | -2,964.56 | 95.44 % |
| Promotional & Advertising Expenses | | | | |
| 744 Advertising | 34,085.34 | 36,000.00 | -1,914.66 | 94.68 % |
| 747 Advertising-Web/Digital | 7,692.85 | 6,700.00 | 992.85 | 114.82 % |
| 750 Brochures | 3,440.74 | 4,000.00 | -559.26 | 86.02 % |
| 768 Design | 1,104.00 | 1,200.00 | -96.00 | 92.00 % |
| 769 Events | 13,294.73 | 13,500.00 | -205.27 | 98.48 % |
| 769-13 WV Food Truck Festival | 430.47 | | 430.47 | |
| 769-19 Tastes and Talents | 463.57 | | 463.57 | |
| 769-21 Holiday Boxes | 1,731.73 | | 1,731.73 | |
| Total 769 Events | 15,920.50 | 13,500.00 | 2,420.50 | 117.93 % |
| 771 Mobile Visitors Center | 3,555.34 | 3,500.00 | 55.34 | 101.58 % |
| 774 Photography | 2,200.00 | 2,200.00 | 0.00 | 100.00 % |
| 825 Miscellaneous/Special Projects | 1,701.83 | 1,600.00 | 101.83 | 106.36 % |
| 855 Research | 17,552.95 | 17,500.00 | 52.95 | 100.30 % |

Putnam County Convention and Visitors Bureau

Budget vs. Actuals
July 2021 - June 2022

| | TOTAL | | | |
|---|---------------------|---------------------|-----------------|-----------------|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| 887 Training/Workshops | 2,260.11 | 2,000.00 | 260.11 | 113.01 % |
| Total Promotional & Advertising Expenses | 89,513.66 | 88,200.00 | 1,313.66 | 101.49 % |
| Total Expenditures | \$185,402.74 | \$185,000.00 | \$402.74 | 100.22 % |
| NET OPERATING REVENUE | \$10,282.60 | \$10,000.00 | \$282.60 | 102.83 % |
| Other Revenue | | | | |
| 512 Income-Interest | 275.11 | | 275.11 | |
| Total Other Revenue | \$275.11 | \$0.00 | \$275.11 | 0.00% |
| NET OTHER REVENUE | \$275.11 | \$0.00 | \$275.11 | 0.00% |
| NET REVENUE | \$10,557.71 | \$10,000.00 | \$557.71 | 105.58 % |

Putnam County Convention and Visitors Bureau

Statement of Financial Position

As of June 30, 2022

| | TOTAL |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 112 Checking - CVB | 79,247.73 |
| 113 United MMDA | 91,233.36 |
| Total Bank Accounts | \$170,481.09 |
| Accounts Receivable | |
| 120 Accounts Receivable | 23,900.00 |
| Total Accounts Receivable | \$23,900.00 |
| Other Current Assets | |
| 125 Prepaid Rent | 12,750.00 |
| Interest Income Receivable | 12.00 |
| Prepaid Expense | 1,500.00 |
| Tax Credit Receivable | 0.00 |
| Total Other Current Assets | \$14,262.00 |
| Total Current Assets | \$208,643.09 |
| Fixed Assets | |
| 140 Furniture & Fixtures | 4,134.00 |
| 150 Leasehold Improvements | 7,000.00 |
| 160 Accumulated Depreciation | -3,892.32 |
| Total Fixed Assets | \$7,241.68 |
| TOTAL ASSETS | \$215,884.77 |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 313 Accounts Payable | 87.00 |
| Total Accounts Payable | \$87.00 |
| Other Current Liabilities | |
| 205 Federal Tax Withheld | 0.00 |
| 206 State Tax Withheld | 161.00 |
| 207 FICA Withheld | 0.00 |
| 375 N/P Putnam County parks | 0.00 |
| Accrued Payroll Expense | 1,101.00 |
| Total Other Current Liabilities | \$1,262.00 |
| Total Current Liabilities | \$1,349.00 |
| Total Liabilities | \$1,349.00 |

Putnam County Convention and Visitors Bureau

Statement of Financial Position

As of June 30, 2022

| | TOTAL |
|-------------------------------------|---------------------|
| Equity | |
| 3900 Retained Earnings | 163,099.06 |
| 471 Net Assets w/o Donor Restrict. | 40,879.00 |
| Net Revenue | 10,557.71 |
| Total Equity | \$214,535.77 |
| TOTAL LIABILITIES AND EQUITY | \$215,884.77 |

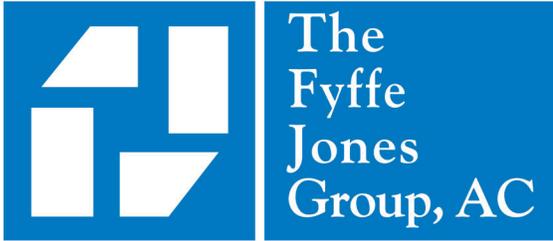
PUTNAM COUNTY CONVENTION & VISITORS BUREAU,
INC.

Financial Statements & Review

June 30, 2021

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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The Fyffe Jones Group, AC

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740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Putnam County Convention & Visitors Bureau
Hurricane, West Virginia

We have reviewed the accompanying financial statements of the Putnam County Convention & Visitors Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Bureau's 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 the 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.

Accountants' 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 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.

Accountants' 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.

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
January 24, 2022

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets:

| | |
|--------------------------------|----------------|
| Cash | \$ 154,329 |
| Hotel and motel tax receivable | 48,700 |
| Tax credit receivable | 2,596 |
| Interest income receivable | 12 |
| Prepaid rent - current portion | <u>3,000</u> |
| Total current assets | <u>208,637</u> |

Noncurrent assets:

| | |
|-----------------------------------|----------------|
| Prepaid rent - noncurrent portion | 12,750 |
| Property and equipment | 11,134 |
| Less: accumulated depreciation | <u>(4,949)</u> |
| Total noncurrent assets | <u>18,935</u> |

TOTAL ASSETS \$ 227,572

LIABILITIES AND NET ASSETS

Current liabilities:

| | |
|---------------------------|--------------|
| Accounts Payable | \$ 1,863 |
| Payroll tax withheld | 165 |
| Accrued payroll expenses | <u>1,389</u> |
| Total current liabilities | <u>3,417</u> |

Total liabilities 3,417

Net assets:

| | |
|----------------------------|----------------|
| Without donor restrictions | <u>224,155</u> |
| Total net assets | <u>224,155</u> |

TOTAL LIABILITIES AND NET ASSETS \$ 227,572

See accompanying notes to the financial statements.

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|-------------------|
| REVENUE AND GAINS | | | |
| Hotel and motel tax | \$ 158,400 | \$ - | \$ 158,400 |
| Special event income | 225 | - | 225 |
| Interest income | 301 | - | 301 |
| TOTAL REVENUE AND GAINS | <u>158,926</u> | <u>-</u> | <u>158,926</u> |
| EXPENSES: | | | |
| Program services | 92,050 | - | 92,050 |
| Supporting services: | | | |
| Management and general | 34,979 | - | 34,979 |
| TOTAL EXPENSES | <u>127,029</u> | <u>-</u> | <u>127,029</u> |
| CHANGE IN NET ASSETS | <u>31,897</u> | <u>-</u> | <u>31,897</u> |
| NET ASSETS, BEGINNING OF YEAR | 191,113 | - | 191,113 |
| Prior Period Adjustment, See Note 2 | <u>1,145</u> | <u>-</u> | <u>1,145</u> |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | 192,258 | - | 192,258 |
| NET ASSETS, END OF YEAR | <u>\$ 224,155</u> | <u>\$ -</u> | <u>\$ 224,155</u> |

See accompanying notes to the financial statements.

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | Program Services | Supporting Services Management and General | Total |
|------------------------------------|-------------------------|--|--------------------------|
| Salaries and wages | \$ 25,676 | \$ 11,004 | \$ 36,680 |
| Payroll taxes | 2,873 | 1,232 | 4,105 |
| Insurance | 1,106 | 2,147 | 3,253 |
| Membership fees and licensure | 811 | 1,574 | 2,385 |
| Postage | 7 | 15 | 22 |
| Telephone | 656 | 1,274 | 1,930 |
| Rent | 4,488 | 8,712 | 13,200 |
| Professional fees | 3,956 | 7,680 | 11,636 |
| Technology | 364 | 706 | 1,070 |
| Miscellaneous | 245 | 476 | 721 |
| Brochures | 447 | - | 447 |
| Training, research, and workshops | 2,745 | - | 2,745 |
| Photography | 2,500 | - | 2,500 |
| Office supplies | 911 | - | 911 |
| Design and technology | 1,074 | - | 1,074 |
| Advertising | 31,727 | - | 31,727 |
| Special events | 11,566 | - | 11,566 |
| TOTAL EXPENSES BEFORE DEPRECIATION | <u>\$ 91,152</u> | <u>\$ 34,820</u> | <u>\$ 125,972</u> |
| Depreciation | <u>\$ 898</u> | <u>\$ 159</u> | <u>\$ 1,057</u> |
| TOTAL EXPENSES | <u><u>\$ 92,050</u></u> | <u><u>\$ 34,979</u></u> | <u><u>\$ 127,029</u></u> |

See accompanying notes to the financial statements.

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | |
|--|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 31,897 |
| Adjustment to reconcile changes in net assets to net cash provided/(used) by operations: | |
| Depreciation expense | 1,057 |
| (Increase)/Decrease in hotel and motel tax receivable | (23,900) |
| (Increase)/Decrease in tax credit tax receivable | (2,596) |
| (Increase)/Decrease in interest income receivable | (12) |
| (Increase)/Decrease in prepaid rent | 3,000 |
| Increase/(Decrease) in accounts payable | 1,863 |
| Increase/(Decrease) in accrued payoll expenses | 587 |
| CASH PROVIDED/(USED) BY OPERATING ACTIVITIES | 11,896 |
| INCREASE/(DECREASE) IN CASH | \$ 11,896 |
| CASH, BEGINNING OF YEAR | \$ 142,433 |
| CASH, END OF YEAR | \$ 154,329 |
| SUPPLEMENTAL CASH FLOW DISCLOSURES: | |
| Interest paid | \$ - |
| Taxes paid | \$ - |

See accompanying notes to the financial statements.

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies:

A. Organization

The Putnam County Convention & Visitors Bureau, Inc., is a nonprofit organization that receives the majority of its revenue from hotel and motel taxes collected by the county government.

B. Basis of Presentation

The accompanying financial statements of the Putnam County Convention & Visitors Bureau, Inc., have been prepared on the accrual basis of accounting. The Bureau records contributions and grants received as an increase in net assets with donor restrictions, or without donor restrictions, depending on the existence of any donor/grantor restrictions. The Bureau reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

C. Business Activity

The Bureau is an economic engine that serves as a conduit to educate visitors and promote the resources of Putnam County. The Bureau works to bring groups, meetings and events to Putnam County and connect that activity with recreational opportunities within the region.

D. Property and Equipment

Expenditures for property and equipment are stated at cost. Donated assets are recorded at their estimated or appraised value at the date of donation. Depreciation is computed on the straight-line method over the useful lives of the assets, which range from five (5) to fifteen (15) years.

E. Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

F. Use of Estimates

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

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued):

G. Advertising Costs

Advertising costs are charged to operations in the period in which they occur.

H. Accounting for Uncertain Tax Positions

The Bureau follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Bureau is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The Bureau believes that it has not engaged in any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of June 30, 2021.

I. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on estimates of time and effort.

J. Hotel and Motel Tax Receivable

Hotel and motel tax receivable represent consideration from local government agencies, of which the Bureau has an unconditional right to receive. Hotel and motel tax receivable is stated at the amount the Bureau expects to be collected from the outstanding balance. As of June 30, 2021, the Bureau has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Note 2 – Prior Period Adjustment:

Net assets at June 30, 2020 have been restated in accordance with the Bureau’s accounting policies:

| | |
|---|--------------------------------------|
| | Without Donor <u>Restrictions</u> |
| Net Assets, June 30, 2020, As Previously Reported | \$ 191,113 |
| Correction of Error | 300 |
| Employee Retention Credit | 845 |
| Net Assets, June 30, 2020, As Restated | \$ 192,258 |

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 – Prior Period Adjustment (Continued):

A. Correction of Error

Certain errors resulting in an overstatement of previously reported expenses were discovered during the current year, relating to an outstanding check. Accordingly, an adjustment of \$300 was made to the prior year cash account. A corresponding entry was made to reduce previously reported net assets.

B. Employee Retention Credit

As further discussed in Note 7, the Bureau applied for and has subsequently received the Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In accordance with the Bureau’s accounting policies, the Bureau has elected to retroactively apply the credit received for prior year to salaries and wages. A corresponding entry was made to reduce previously reported net assets.

Note 3 – Liquidity:

The following reflects the Bureau’s financial assets as of the statement of financial position date, reduced by amounts not available (if any) for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

| | |
|---|--------------------------|
| <u>Financial assets as of June 30, 2021</u> | |
| Cash | \$ 154,329 |
| Hotel and motel tax receivable | 48,700 |
| Tax credit receivable | 2,596 |
| Interest income receivable | <u>12</u> |
| Total financial assets | 203,029 |
| | |
| Less: Amounts not available for general use | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 203,029</u></u> |

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 4 – Property and Equipment:

Property and equipment consisted of the following at June 30, 2021:

| | |
|--------------------------------|-----------------|
| Furniture and fixtures | \$ 4,134 |
| Leasehold improvements | 7,000 |
| Total | <u>11,134</u> |
| Less: accumulated depreciation | 4,949 |
| Property and equipment - net | <u>\$ 6,185</u> |

Note 5 – Operating Leases:

The Bureau has an operating lease agreement for its office space at 971 WV Route 34, Hurricane, West Virginia. Effective September 1, 2016, a one-year lease was executed, renewable annually, with the discounted monthly lease payment of \$750 should the Bureau choose to annually renew this lease.

The discounted lease rate is determined by the \$30,000 lease prepayment made on September 1, 2016, divided by \$250 per month for a total of ten years. The regular lease rate is \$1,000 a month.

As of June 30, 2021, the Bureau has a total of \$15,750 prepaid rent remaining to apply to the operating lease should the Bureau choose to continue to annually renew the lease. The lease has been renewed annually since inception, and the Bureau intends to continue renewing the lease.

Rent expense for the leased office space was \$12,000 for the year ended June 30, 2021.

Note 6 – Federal Income Taxes:

Putnam County Convention & Visitors Bureau, is exempt from federal income taxes under Section 501 (c) (4) of the Internal Revenue Code.

As of the date of this report it has come to the attention of management of the Bureau that the Bureau has not properly filed an annual Form 990, Return of Organization Exempt From Income Tax, for several years leading up to and including the fiscal year ended June 30, 2020. Management is working to file all past due returns and has corresponded with the IRS on a regular basis regarding the late filing and eventual proper filing of these returns. Although per the IRS, the maximum penalty for failure to file is \$10,000, or 5 percent of the organization's gross receipts, whichever is less, management believes that the IRS will waive all penalties associated with these late returns under the Reasonable Cause exclusion, as management was advised by a prior accountant that there was not a filing requirement.

While management cannot reasonably determine the likelihood of the penalties being waived, management's position is that this disclosure herein is sufficient.

PUTNAM COUNTY CONVENTION & VISITORS BUREAU, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 7 – Employee Retention Credit:

The Bureau applied for and has subsequently received the Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. For the fiscal year ended June 30, 2021, amounts received were reported as a reduction of salaries and wages. Outstanding amounts owed to the Bureau have been reported as a tax credit receivable on the statement of financial position.

Note 8 – Net Assets with Donor Restrictions:

For the fiscal year ended June 30, 2021, the Bureau did not have net assets with donor restrictions.

Note 9 – Subsequent Events:

The Bureau's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the pandemic is uncertain; however, the pandemic may result in a material adverse impact on the Bureau's financial position due to the reliance on travel and tourism, two industries adversely affected by the pandemic. The Bureau has reduced expenses and continues to monitor the situation as the economy re-opens in the coming months.

The Bureau has evaluated all other subsequent events through January 24, 2022, the date the financial statements were available to be issued, and feel that all subsequent events have been properly evaluated and disclosed.