

**JACKSONVILLE AND THE BEACHES CONVENTION
& VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE**

CITY OF JACKSONVILLE CONTRACT FUND

FINANCIAL STATEMENTS

Year Ended September 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



3560 South Third Street
Jacksonville Beach
Florida 32250

www.beachcpafirm.com
(904) 241-8176 PHONE
(904) 247-9918 FAX

James R. Swindell, C.P.A.

Cindy B. Bohn, C.P.A.

Donald H. Durden, C.P.A.
(1941-1999)

Stephen L. Phillips, C.P.A.

Rhonda E. Boyles*

Kevin G. Rhoad, C.P.A.

Travis B. Wilson, C.P.A.

Christina A. Cutler, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jacksonville and the Beaches Convention & Visitors Bureau, Inc.
DBA Visit Jacksonville
City of Jacksonville Contract Fund
Jacksonville, Florida

We have audited the accompanying financial statements of the City of Jacksonville Contract Fund, a component of Jacksonville and the Beaches Convention & Visitors Bureau, Inc. DBA Visit Jacksonville (a nonprofit organization), which comprise the statement of financial position as of September 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

Members:

Private Companies
Practice Section

American Institute Of
Certified Public Accountants

Florida Institute Of
Certified Public Accountants

* Certified Public Bookkeeper.
Not registered with the
Board of Accountancy



INDEPENDENT AUDITORS' REPORT
(continued)

those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Jacksonville Contract Fund, a component of Jacksonville and the Beaches Convention & Visitors Bureau, Inc. DBA Visit Jacksonville as of September 30, 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.

Swindell, Bohn, Durden & Phillips

Swindell, Bohn, Durden & Phillips, PL
Jacksonville Beach, Florida
December 22, 2021

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
STATEMENT OF FINANCIAL POSITION
September 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$	895,974
Accounts receivable contract funds		706,383
Employee Retention Credit receivable		90,619
Accounts receivable TDC grants		11,862
Prepays		1,381

Total Current Assets		<u>1,706,219</u>
----------------------	--	------------------

Total Assets	\$	<u><u>1,706,219</u></u>
--------------	----	-------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	604,013
Accrued expenses and other liabilities		67,347
Accrued payroll		91,649
Due to TDC		926,446

Total Liabilities, all current		<u>1,689,455</u>
--------------------------------	--	------------------

Net Assets

Without donor restrictions		16,764
With donor restrictions		-
Total Net Assets		<u>16,764</u>

Total Liabilities and Net Assets	\$	<u><u>1,706,219</u></u>
----------------------------------	----	-------------------------

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Support and revenues	
TDC contract	\$ 3,643,074
TDC convention grants	5,430
TDC sports grants	6,433
Employee retention credit	343,926
Total Support and Revenues	<u>3,998,863</u>
Functional Expenses	
Program services	
Convention Sales and Services	1,007,299
Marketing	1,758,317
Tourist Bureau	255,577
Sports Initiatives	88,626
TDC convention grants	5,430
TDC sports grants	6,433
TDC prior contract funds	86,869
Total Program Services	<u>3,208,551</u>
Management and general	
Convention Sales and Services	369,979
Marketing	438,813
Tourist Bureau	51,625
Total Supporting Services	<u>860,417</u>
Total Functional Expenses	<u>4,068,968</u>
Decrease In Net Assets	(70,105)
Beginning Net Assets	<u>86,869</u>
Ending Net Assets	<u><u>\$ 16,764</u></u>

See notes to financial statements.

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Program Activities</u>	<u>Management and General</u>	<u>Total</u>
Convention Sales and Services			
Salaries and benefits	\$ 668,349	\$ -	\$ 668,349
Overhead costs - Visit Jacksonville Administration	-	369,979	369,979
Promotion to tourist groups	112,715	-	112,715
Convention market targeting	17,940	-	17,940
Convention sales activity	174,981	-	174,981
Convention services activity	33,314	-	33,314
Total Convention Sales and Services	<u>1,007,299</u>	<u>369,979</u>	<u>1,377,278</u>
Marketing			
Salaries and benefits	468,844	-	468,844
Overhead costs - Visit Jacksonville Administration	-	438,813	438,813
Advertising - name branding	1,034,835	-	1,034,835
Marketing services	253,996	-	253,996
Marketing and communication travel	642	-	642
Total Marketing	<u>1,758,317</u>	<u>438,813</u>	<u>2,197,130</u>
Tourist Bureau			
Salaries and benefits	191,121	-	191,121
Overhead costs - Visit Jacksonville Administration	-	51,625	51,625
Visitor center operations	43,656	-	43,656
Comprehensive listings/tourist bureau/assembly of information	20,800	-	20,800
Total Tourist Bureau	<u>255,577</u>	<u>51,625</u>	<u>307,202</u>
Sports Initiatives			
Sports sales activity	88,626	-	88,626
Total Sports Initiatives	<u>88,626</u>	<u>-</u>	<u>88,626</u>
TDC convention grants	5,430	-	5,430
TDC sports grants	6,433	-	6,433
TDC prior contract funds	86,869	-	86,869
Total Functional Expenses	<u>\$ 3,208,551</u>	<u>\$ 860,417</u>	<u>\$ 4,068,968</u>

See notes to financial statements.



JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
STATEMENT OF CASH FLOWS
Year Ended September 30, 2021

Cash Flows from Operating Activities	
Decrease in net assets	\$ (70,105)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Accounts receivable	(206,438)
Employee Retention Credit receivable	(90,619)
Prepays	345
Increase (Decrease) in:	
Accounts payable	486,648
Accrued expenses and other liabilities	26,701
Accrued payroll	(10,622)
Due to City of Jacksonville - TDC	(262,653)
Net Cash Provided by Operating Activities	<u>(126,743)</u>
Cash Flows from Financing Activities	
Proceeds from Paycheck Protection Program (PPP) Funds	<u>367,600</u>
Net Cash Provided by Financing Activities	<u>367,600</u>
Net Increase In Cash	240,857
Beginning Cash and Cash Equivalents	<u>655,117</u>
Ending Cash and Cash Equivalents	<u><u>\$ 895,974</u></u>

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	\$ -
Noncash investing and financing activities:	
PPP loan forgiveness recognized as Due to City of Jacksonville - TDC	\$ 367,600

See notes to financial statements.

**JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021**

NOTE A – NATURE OF BUSINESS

Jacksonville and the Beaches Convention & Visitors Bureau, Inc. DBA Visit Jacksonville (the Organization) primarily performs convention, promotion and tourist development activities under contract with the City of Jacksonville (the City). The Organization was formed by, and its Board of Directors is made up of, representatives of the hospitality and business communities in Greater Jacksonville, Florida. The Organization operates under the name Visit Jacksonville. The Organization's viability is dependent on the contracts with the City. The length of the contracts are five years. A separate amendment to the original contract is needed annually for budget purposes.

The financial statements include the accounts of the City of Jacksonville Contract Fund only and do not include the accounts of the Partner Development Fund of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

The Organization has evaluated subsequent events through December 22, 2021, the date which the financial statements were available to be issued.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations.

Net assets and changes therein are reported as being with or without donor restrictions. Revenues are reported as increases in net assets without donor restrictions, unless their use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions and classified as either relating to program services or support activities.

All donor-imposed restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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.

Contributions received with donor-imposed restrictions which are met in the same year as received are reported as net assets without donor restrictions.

**JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The Organization's financial statements are prepared in accordance with FASB ASC 958-605, *Revenue Recognition*. Under ASC 958-605, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; net assets with donor restrictions, which represents resources restricted by donors as to purpose, passage of time, or endowment funds, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization presently has no endowment funds.

Use of 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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

All receivables are reported at their realizable value and are considered by the Board of Directors to be fully collectable.

Property and Equipment

Certain property and equipment are purchased with funds from the City of Jacksonville. Title remains with the City with respect to these assets; however, through an agreement, these assets are to be used by the Organization indefinitely or until such time as the Organization ceases to exist. These assets have not been capitalized on the financial statements of the Organization. The following is a summary of assets purchased with City funds during the year ended September 30, 2021:

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Kiosks (New Screens & Setup/Update)	\$ 7,831
Visitor Center Door Lock & Signage	<u>3,652</u>
	<u>\$ 11,483</u>

Income Taxes

The Organization is recognized by the Internal Revenue Service as not-for-profit under Section 501(c)(6) of the Internal Revenue Code and is, therefore, exempt from income taxes. Therefore, no provision has been made for income taxes in the accompanying financial statements.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Organization has evaluated its uncertain tax positions and related income tax contingencies for the year ended September 30, 2021 and determined they have no material uncertain tax positions to be accounted for in the financial statements. The federal income tax returns of the Organization for 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. Penalties and interest assessed by income taxing authorities, if any, are included in operating expenses.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, receivables, other assets, payables and accrued expenses approximate fair value due to the short maturity of these instruments.

Functional Expense Allocation

The costs of providing program and management activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated amount the programs and supporting services benefited.

**JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021**

NOTE C – AGREEMENTS WITH THE CITY OF JACKSONVILLE

The Organization has entered into contracts with the City of Jacksonville to provide the City with professional services. The contracts contain options to renew and are currently set to run through September 30, 2022.

The Organization is to provide or cause to be provided all advertising, marketing and promotional services as requested by the City's Tourist Development Council. Specific objectives include the following:

- To promote and advertise the convention facilities that are presently available in the City (including also available public accommodations), and to attract conventions, exhibitions, trade shows, expositions, sports events and similar functions to the City.
- To advertise and promote the present tourist-oriented facilities and attractions within the City on a state, national and international basis, to identify potential or underdeveloped tourist attractions in the City and to plan for the expansion of tourism and tourist-oriented facilities.

The City agrees to pay the Organization compensation in the form of reimbursement payments. Annual budgets have been established prior to the beginning of the fiscal period. Certain record keeping, reporting and insurance coverage requirements are conditions of the contract.

Accounts receivable contract funds at September 30, 2021 were \$706,383 and represents balances earned during the year but not collected until subsequent to year end from the City of Jacksonville.

Due to TDC at September 30, 2021 was \$926,446 and represents advances and overpayments that are due to the City of Jacksonville.

NOTE D – MINIMUM LEASE COMMITMENTS

On June 1, 2020, the Organization entered into an office sublease agreement at 100 N. Laura St., Jacksonville, Florida. The sublease term is for six years and expires October 30, 2026. The lease calls for base rent payments. The sublease includes a one-time right of termination on September 30, 2022. The right to exercise the right of termination clause is only if the Organization's operating contract and funding will not be renewed.

**JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
 DBA VISIT JACKSONVILLE
 CITY OF JACKSONVILLE CONTRACT FUND
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2021**

NOTE D – MINIMUM LEASE COMMITMENTS (continued)

A schedule of future minimum lease payments under such lease at September 30, 2021 is as follows:

<u>Years Ending September 30,</u>	
2022	\$ 178,120
2023	182,556
2024	187,116
2025	191,832
2026	<u>196,652</u>
	<u>\$ 936,276</u>

Rent expense for the year ended September 30, 2021 was \$178,877.

NOTE E – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution located in Jacksonville, which may at times exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each institution are insured by the FDIC up to \$250,000. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk. At September 30, 2021 the Organization had an uninsured cash balance of \$693,938.

NOTE F – PROFIT SHARING PLAN

The Organization sponsors a discretionary profit sharing plan (the Plan). The Plan covers all employees over 21 years old. Under the Plan, both Pre-tax and Roth Elective Deferral Contributions are allowed. For the year ended September 30, 2021, the Organization did not make discretionary matching contributions.

NOTE G – LINE OF CREDIT

The Organization has a \$250,000 line for credit with BB&T bank. The line of credit is secured by the contract receivables between the Organization and the City of Jacksonville. Interest on any outstanding balance is payable monthly at the Bank’s Prime Rate plus 1%. As of September 30, 2021, there was no outstanding balance on the line of credit.

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021, there were no donor restricted net assets.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of September 30, 2021, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>
Financial assets at year-end	\$ 1,704,838
Less those unavailable for general expenditures within one year	-
Financial assets available for general expenditures within one year	<u>\$ 1,704,838</u>

NOTE J – PPP LOAN

The Organization had an unsecured note payable, guaranteed through the U.S. Small Business Administration through the Paycheck Protection Program (the “PPP”), which accrued interest at a fixed rate of interest of 1.00% and was eligible for loan forgiveness in accordance with the PPP. The outstanding balance of this loan as of January 22, 2021 was \$367,600. As of September 13, 2021, the entire amount of \$367,600 was forgiven by the SBA. While the PPP loan was secured in the name of Visit Jacksonville, all expenses paid with the PPP funding were covered by the Tourist Development Council (TDC) in the form of expense reimbursement requests. This resulted in the PPP funding being due back to the TDC with an agreement that future budgets may be increased with the additional dollars. Accordingly, as of September 30, 2021, the PPP forgiveness is not reflected on the statement of activities as Gain on Extinguishment of Debt, but rather properly included in the \$926,446 Due to TDC liability on the statement of financial position.

JACKSONVILLE AND THE BEACHES CONVENTION & VISITORS BUREAU, INC.
DBA VISIT JACKSONVILLE
CITY OF JACKSONVILLE CONTRACT FUND
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2021

NOTE K – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The ERC is a credit against certain payroll taxes allowed to an eligible employer for qualifying wages. The Organization qualified for and met the required conditions for ERC during the year ended September 30, 2021 for total credits of \$343,926.

This is properly reflected as revenue on the statement of activities. ERC funds received during the year ending September 30, 2021 were \$253,307. As of September 30, 2021, the remaining balance due of \$90,619 is reflected as a receivable on the statement of financial position.