

# *Sonoma County Tourism Bureau*

## **Financial Statements**

*For the Six Month Period  
ended June 30, 2017  
and Year ended  
December 31, 2016*



**PISENTI & BRINKER** LLP  
Certified Public Accountants & Advisors

An independently owned member  
**RSM US Alliance**



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## **Independent Auditor's Report**

Board of Directors  
Sonoma County Tourism Bureau  
Santa Rosa, California

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the Sonoma County Tourism Bureau (“the Organization”), a nonprofit organization, which comprise the statements of financial position as of June 30, 2017 and December 31, 2016, the related statements of activities, functional expenses, and cash flows for the six month period and 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 responsibility 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.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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.

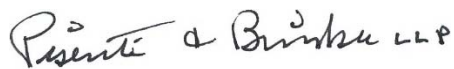
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sonoma County Tourism Bureau as of June 30, 2017 and December 31, 2016, and the changes in its net assets and its cash flows for the six month period and year then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as of and for the six month period and year ended June 30, 2017 and December 31, 2016, as a whole, respectively. The accompanying supplementary information for the six month period and year ended June 30, 2017 and December 31, 2016 is presented for purposes of additional analysis and is not a required part of the 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 information for the six month period and year ended June 30, 2017 and December 31, 2016, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the six month period and year ended June 30, 2017 and December 31, 2016 is fairly stated in all material respects in relation to the financial statements as a whole.



Santa Rosa, California

August 9, 2019

**Sonoma County Tourism Bureau**

**Statements of Financial Position**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,179,919	\$ 235,859
Investments	3,691,166	3,964,475
Accounts receivable	29,830	1,189,854
Inventory	27,267	5,094
Prepaid expenses and other assets	207,926	149,113
Total current assets	5,136,108	5,544,395
<b>Non-current assets</b>		
Investments	428,177	-
Property, equipment and improvements, net	238,801	280,669
Deposits	26,122	26,122
Total non-current assets	693,100	306,791
Total assets	\$ 5,829,208	\$ 5,851,186
<b>Liabilities</b>		
Accounts payable	\$ 204,182	\$ 271,518
Accrued expenses	309,742	347,279
Total liabilities	513,924	618,797
<b>Net assets</b>		
Unrestricted		
Undesignated	1,188,009	1,265,474
Board designated	4,127,275	3,966,915
Total unrestricted net assets	5,315,284	5,232,389
Total liabilities and net assets	\$ 5,829,208	\$ 5,851,186

See accompanying Notes to Financial Statements

**Sonoma County Tourism Bureau**

**Statement of Activities**

**For the Six Month Period Ended June 30, 2017**

	<b>Unrestricted</b>	<b>Total</b>
<b>Support and other revenue</b>		
Contract revenue		
BIA contract	\$ 2,044,637	\$ 2,044,637
TOT contract	1,617,850	1,617,850
Rental income and reimbursements	89,473	89,473
Investment income	23,042	23,042
CTA fees	21,104	21,104
<b>Total contract and other revenue</b>	<b>3,796,106</b>	<b>3,796,106</b>
<b>Expenses</b>		
Program services	2,885,002	2,885,002
Management and general	828,209	828,209
<b>Total expenses</b>	<b>3,713,211</b>	<b>3,713,211</b>
<b>Changes in net assets</b>	<b>82,895</b>	<b>82,895</b>
<b>Net assets at beginning of year</b>	<b>5,232,389</b>	<b>5,232,389</b>
<b>Net assets at end of year</b>	<b>\$ 5,315,284</b>	<b>\$ 5,315,284</b>

See accompanying Notes to Financial Statements

**Sonoma County Tourism Bureau**

**Statement of Activities**

**For the Year Ended December 31, 2016**

	<b>Unrestricted</b>	<b>Total</b>
<b>Support and other revenue</b>		
Contract revenue		
BIA contract	\$ 4,851,146	\$ 4,851,146
TOT contract	2,881,328	2,881,328
Rental income and reimbursements	177,616	177,616
CTA fees	36,373	36,373
Investment income	13,997	13,997
<b>Total contract and other revenue</b>	<b>7,960,460</b>	<b>7,960,460</b>
<b>Expenses</b>		
Program services	5,862,473	5,862,473
Management and general	1,594,793	1,594,793
<b>Total expenses</b>	<b>7,457,266</b>	<b>7,457,266</b>
Other nonoperating income		
Gain on sale of equipment	27,927	27,927
<b>Changes in net assets</b>	<b>531,121</b>	<b>531,121</b>
<b>Net assets at beginning of year</b>	<b>4,701,268</b>	<b>4,701,268</b>
<b>Net assets at end of year</b>	<b>\$ 5,232,389</b>	<b>\$ 5,232,389</b>

See accompanying Notes to Financial Statements

**Sonoma County Tourism Bureau**

**Statement of Functional Expenses**

**For the Six Month Period Ended June 30, 2017**

	Program Services	Management and General	Total
<b>Personnel</b>			
Salaries and wages	\$ 885,514	\$ 243,857	\$ 1,129,371
Employee benefits	111,553	25,843	137,396
Payroll taxes	74,539	21,925	96,464
Personnel subtotal	1,071,606	291,625	1,363,231
<b>Operating</b>			
Meeting, travel, trade shows, and entertainment	346,227	33,761	379,988
Promotion and appreciation	348,172	-	348,172
Media advertising	300,420	-	300,420
Postage, printing, and publications	264,984	-	264,984
Web services	251,737	-	251,737
Professional services	105,029	144,355	249,384
Occupancy, utilities, and janitorial	-	231,185	231,185
Research, recruitment, and development	63,527	5,800	69,327
Depreciation	-	50,526	50,526
Sales and marketing tools	49,290	-	49,290
CTA program	45,587	-	45,587
Small equipment lease and repair	734	27,167	27,901
Materials and supplies	1,033	24,726	25,759
Dues and subscriptions	19,997	4,116	24,113
Telephone	16,659	2,629	19,288
Administrative and bank fees	-	7,194	7,194
Tax, license, and insurance fees	-	5,125	5,125
Operating subtotal	1,813,396	536,584	2,349,980
Total expenses	\$ 2,885,002	\$ 828,209	\$ 3,713,211

See accompanying Notes to Financial Statements



**Sonoma County Tourism Bureau**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2016**

	Program Services	Management and General	Total
<b>Personnel</b>			
Salaries and wages	\$ 1,505,039	\$ 533,155	\$ 2,038,194
Employee benefits	229,679	65,529	295,208
Payroll taxes	117,189	41,116	158,305
Personnel subtotal	1,851,907	639,800	2,491,707
<b>Operating</b>			
Media advertising	978,981	-	978,981
Promotion and appreciation	798,005	-	798,005
Meeting, travel, trade shows, and entertainment	640,197	46,843	687,040
Web services	505,302	-	505,302
Postage, printing, and publications	447,713	39	447,752
Occupancy, utilities, and janitorial	-	418,952	418,952
Professional services	193,149	193,651	386,800
Research, recruitment, and development	129,440	25,317	154,757
CTA program	120,775	-	120,775
Depreciation	-	119,558	119,558
Sales and marketing tools	100,723	-	100,723
Dues and subscriptions	56,591	12,973	69,564
Small equipment lease and repair	2,656	57,838	60,494
Materials and supplies	4,049	48,330	52,379
Telephone	32,985	4,972	37,957
Administrative and bank fees	-	13,902	13,902
Tax, license, and insurance fees	-	12,618	12,618
Operating subtotal	4,010,566	954,993	4,965,559
Total expenses	\$ 5,862,473	\$ 1,594,793	\$ 7,457,266

See accompanying Notes to Financial Statements

**Sonoma County Tourism Bureau**

**Statements of Cash Flows**

	<b>Six Month Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
	<b>Increase (decrease) in cash and cash equivalents</b>	
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 82,895	\$ 531,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,526	119,558
Unrealized loss on investments	132	615
Gain on disposal of equipment	-	(27,927)
Decrease (increase) in operating assets:		
Accounts receivable	1,160,024	407,614
Inventory	(22,173)	2,313
Prepaid expenses and other assets	(58,813)	(5,601)
Increase (decrease) in operating liabilities:		
Accounts payable	(67,336)	50,186
Accrued expenses	(37,537)	3,260
Net cash provided by operating activities	1,107,718	1,081,139
<b>Cash flows from investing activities</b>		
Purchase of investments	(2,660,000)	(3,395,000)
Maturity of investments	2,505,000	1,712,337
Purchase of property, equipment and improvements	(8,658)	(148,369)
Proceeds from sale of property, equipment and improvements	-	54,101
Net cash used in investing activities	(163,658)	(1,776,931)
<b>Net increase (decrease) in cash and cash equivalents</b>	944,060	(695,792)
Cash and cash equivalents at beginning of period	235,859	931,651
Cash and cash equivalents at end of period	\$ 1,179,919	\$ 235,859

See accompanying Notes to Financial Statements

**Note A. Nature of the Organization**

The Sonoma County Tourism Bureau (“the Organization”) was formed in 2005. The Organization is a California not-for-profit mutual benefit corporation established for the purpose of promoting Sonoma County as a premier overnight destination with unique and diverse experiences.

The Organization has contracts with the County of Sonoma and receives funding from the Sonoma County Tourism Business Improvement Area (“BIA”) and the County of Sonoma Transient Occupancy Tax (“TOT”). The Organization facilitates the services, activities, and programs funded by BIA revenue, which covers all unincorporated areas of Sonoma County, as well as the cities of Cloverdale, Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and Windsor. The Organization’s revenue received from TOT must be spent to promote tourism throughout Sonoma County.

**Note B. Summary of Significant Accounting Policies**

Basis of Presentation

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 (“GAAP”). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net Assets subject to donor-imposed stipulations that may or will be met by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted – Net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Cash and Cash Equivalents

The Organization considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except when a restriction is imposed which limits the investment’s use to long-term. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured amounts during the year.

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**Notes to the Basic Financial Statements**

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**For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016**

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**Note B. Summary of Significant Accounting Policies (continued)**Accounts Receivable

Receivables are monies due from various sources for services performed prior to the end of the reporting period. Management periodically evaluates the need for an allowance for doubtful accounts. At June 30, 2017 and December 31, 2016, management determined that no allowance was necessary.

Investments

The Organization invests in various negotiable and non-negotiable certificates of deposit which are carried at amortized cost, which approximates fair value. These certificates of deposit are classified as either current or noncurrent on the statement of financial position based on the contractual maturity date, with those in excess of 12 months classified as noncurrent. Certificates of deposit held at June 30, 2017 have various maturities through 2018. The certificates of deposit total \$4,119,343 and \$3,964,475 as of June 30, 2017 and December 31, 2016, respectively.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost or estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually ranging from three to ten years. It is the Organization's policy to capitalize property and equipment over \$1,000.

Support and Other Revenue

Contract revenue represents funds received from the County of Sonoma to support the Organization's program. Revenues are recorded when earned based on the terms of the contracts.

Rental income and reimbursements represents monies received from sub-lease rental agreements. Rental income is recorded as it is earned and reimbursements are recorded when utilities and common area maintenance expenses have been incurred.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expenses amounted to \$300,420 and \$978,981 for the six month period ended June 30, 2017 and year ended December 31, 2016, respectively.

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**Notes to the Basic Financial Statements**

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**For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016**

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**Note B. Summary of Significant Accounting Policies (continued)**Income Taxes

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(6) and California Franchise Tax Board Code Section 23701(d). However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. The Organization may be subject to taxes on this unrelated business income.

The Organization determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2017, the Organization has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Organization's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

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 based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support, and expenses. The use of management's estimates primarily relates to the collectability of accounts receivable, and depreciable lives of property, equipment, and improvements, and indirect functional expense allocations. Actual results could differ from those estimates.

## Notes to the Basic Financial Statements

For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016

**Note B. Summary of Significant Accounting Policies (continued)**Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, the existing three-category classification of net assets (i.e. unrestricted, temporarily restricted, and permanently restricted) will be replaced with a model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." Differences in the nature of donor restrictions will be disclosed in the notes, with an emphasis on how and when the resources can be used. The guidance for classifying deficiencies in endowment funds ("underwater endowments") and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Entities will be required to disclose (on the face of the statement or in notes) the extent to which the balance sheet comprises financial assets, the extent to which those assets can be converted to cash within one year, and any limitations that would preclude their current use. This ASU is effective for fiscal years beginning after December 15, 2017, with early application permitted. This ASU should be applied on a retrospective basis in the year that the ASU is first applied. The Organization is evaluating the impact of this standard on the financial statements.

**Note C. Investments**

The following schedule summarizes investment income in the statements of activities for the six month period ended June 30, 2017 and year ended December 31, 2016:

	2017	2016
Interest	\$ 23,174	\$ 14,612
Unrealized loss	(132)	(615)
	\$ 23,042	\$ 13,997

## Notes to the Basic Financial Statements

For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016

**Note D. Property, Equipment and Improvements**

Property, equipment and improvements consist of the following as of June 30, 2017 and December 31, 2016:

	2017	2016
Furniture and fixtures	\$ 164,168	\$ 164,168
IT hardware	164,650	155,992
Office equipment	64,226	64,226
Leasehold improvements	45,387	45,387
Software	17,216	17,216
Vehicles	58,466	58,466
	514,113	505,455
Accumulated depreciation	(275,312)	(224,786)
	\$ 238,801	\$ 280,669

Depreciation expense for the six month period ended June 30, 2017 and year ended December 31, 2016 amounted to \$50,526 and \$119,558, respectively.

**Note E. Accumulated Vacation**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2017 and December 31, 2016 was \$136,678 and \$119,134, respectively, and is reported within accrued expenses on the statements of financial position.

**Note F. Net Asset Classification**Unrestricted Net Assets

All general operating revenues and expenses related to the program activities of the Organization are included in the change in unrestricted net assets. From time to time unrestricted net assets are designated by the Organization's board of directors as board designated net assets. The board designated funds consist of funds with no legal restrictions, but through board resolutions have been set aside for specific purposes. A vote of the board is required to make use of designated net assets.

## Notes to the Basic Financial Statements

For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016

**Note F. Net Asset Classification (continued)**

Board designated net assets consisted of the following as of June 30, 2017 and December 31, 2016:

	2017	2016
Strategic	\$ 2,189,823	\$ 2,048,994
Catastrophic	1,537,452	1,517,921
Airline attraction	300,000	300,000
IT, furniture and equipment	100,000	100,000
	<u>\$ 4,127,275</u>	<u>\$ 3,966,915</u>

The Organization had no temporarily or permanently restricted net assets as of June 30, 2017 or December 31, 2016.

**Note G. Operating Leases**

The Organization entered into a lease agreement for a new office space beginning in April 2016 and ending March 2021, with a five year option to extend. Base rent for the space totaled \$34,407. The lease was amended effective July 31, 2018 to reduce the base rent payment to \$27,783 as one of the Organization's sub lessors cancelled and the landlord allowed for the terms to be renegotiated. Under the agreement, the Organization is responsible for utilities expense and disposal costs of any leasehold improvements.

Future minimum rental payments are as follows for the years ending June 30:

2018	\$ 379,764
2019	340,020
2020	333,396
2021	<u>250,047</u>
	<u>\$ 1,303,227</u>

The Organization had two sub-lease agreements with similar not-for-profit organizations which also expired in March 2021. One of the two sublease agreements was cancelled effective July 31, 2018. The Organization requests reimbursements from the sub-lesers for utilities and other common area maintenance expenses.



## Notes to the Basic Financial Statements

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For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016

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**Note G. Operating Leases (continued)**

Future minimum rental income payments are as follows for the years ending June 30:

2018	\$ 125,837
2019	79,476
2020	79,476
2021	59,607
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	\$ 218,559

**Note H. Defined Contribution Retirement Plan**

The Organization provides a 401(k) defined contribution plan for all employees meeting certain age and service requirements. The Organization contributes a safe harbor match of 100% of the first 3% of compensation and 50% of compensation between 3% and 5%. Additional amounts may be contributed at the option of the Organization. The Organization's contributions to the plan for the six month period ended June 30, 2017 and year ended December 31, 2016 were \$35,391 and \$101,430, respectively.

**Note I. Concentration of Credit Risk**

The Organization maintains cash balances in several financial institutions. Funds are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time throughout the year, the Organization had cash balances in excess of these limits.

**Note J. Concentration of Income**

The Organization is funded by an ordinance dated November 2, 2004, which created the Business Improvement Area (BIA) of Sonoma County. These revenues are a self-assessment of lodging properties within the BIA area. If the ordinance were discontinued the Organization would be significantly impacted.

The Organization also received funds from Transient Occupancy Tax (TOT), which is assessed and collected by the County of Sonoma. Each year, the County Board of Supervisors decides how much of the total TOT to allocate to the Organization, to be specifically used to promote tourism within Sonoma County. Should the tax levy cease to exist, the Organization would be significantly impacted.

## Notes to the Basic Financial Statements

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For the Six Month Period Ended June 30, 2017 and the Year Ended December 31, 2016

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**Note J. Concentration of Income** (continued)

The following represents the percentage of income from major revenue sources and accounts receivable from those sources at the six month period and year end:

	Six Month Period ended June 30, 2017		Year ended December 31, 2016	
	Percent of total income	Accounts receivable	Percent of total income	Accounts receivable
Source #1	54.50%	\$ -	61.33%	\$ 1,172,936
Source #2	43.12%	-	36.43%	-

**Note K. Subsequent Events**

The Organization has evaluated subsequent events through August 9, 2019 the date the financial statements were available to be issued.

## Supplementary Information

**Sonoma County Tourism Bureau**

**Statement of Activities by Source**

**For the Six Month Period Ended June 30, 2017**

	<b>Transient Occupancy Tax</b>	<b>Business Improvement Area and Other Sources</b>	<b>Total</b>
<b>Unrestricted revenue and support</b>			
Contracts			
BIA contract	\$ -	\$ 2,044,637	\$ 2,044,637
TOT contract	1,617,850	-	1,617,850
Investment income	-	23,042	23,042
Rental income and reimbursements	-	89,473	89,473
CTA Fees	-	21,104	21,104
<b>Total contract and other revenue</b>	<b>1,617,850</b>	<b>2,178,256</b>	<b>3,796,106</b>
<b>Expenses</b>			
Salaries and benefits	384,963	978,268	1,363,231
Meeting, travel, trade shows, and entertainment	152,814	227,174	379,988
Promotion and appreciation	129,435	218,737	348,172
Media advertising	283,383	17,037	300,420
Postage, printing, and publications	240,319	24,665	264,984
Web services	239,070	12,667	251,737
Professional services	100,576	148,808	249,384
Occupancy, utilities, and janitorial	-	231,185	231,185
Research, recruitment, and development	31,895	37,432	69,327
Depreciation	-	50,526	50,526
Sales and marketing tools	9,262	40,028	49,290
CTA program	45,527	60	45,587
Small equipment lease and repair	-	27,901	27,901
Materials and supplies	-	25,759	25,759
Dues and subscriptions	-	24,113	24,113
Telephone	-	19,288	19,288
Administrative and bank fees	-	7,194	7,194
Tax, license, and insurance fees	-	5,125	5,125
<b>Total expenses</b>	<b>1,617,244</b>	<b>2,095,967</b>	<b>3,713,211</b>
<b>Changes in net assets</b>	<b>\$ 606</b>	<b>\$ 82,289</b>	<b>\$ 82,895</b>

See accompanying Notes to Supplementary Information

**Sonoma County Tourism Bureau**

**Statement of Activities by Source**

**For the Year Ended December 31, 2016**

	<b>Transient Occupancy Tax</b>	<b>Business Improvement Area and Other Sources</b>	<b>Total</b>
<b>Unrestricted revenue and support</b>			
Contracts			
BIA contract	\$ -	\$ 4,851,146	\$ 4,851,146
TOT contract	2,881,328	-	2,881,328
Investment income	-	13,997	13,997
Rental income and reimbursements	-	177,616	177,616
CTA Fees	-	36,373	36,373
<b>Total contract and other revenue</b>	<b>2,881,328</b>	<b>5,079,132</b>	<b>7,960,460</b>
<b>Expenses</b>			
Salaries and benefits	642,628	1,849,079	2,491,707
Media advertising	954,094	24,887	978,981
Promotion and appreciation	282,021	515,984	798,005
Meeting, travel, trade shows, and entertainment	238,775	448,265	687,040
Web services	481,811	23,491	505,302
Postage, printing, and publications	393,151	54,601	447,752
Occupancy, utilities, and janitorial	-	418,952	418,952
Professional services	191,094	195,706	386,800
Research, recruitment, and development	76,091	78,666	154,757
CTA program	120,078	697	120,775
Depreciation	-	119,558	119,558
Sales and marketing tools	31,499	69,224	100,723
Dues and subscriptions	6,160	63,404	69,564
Small equipment lease and repair	-	60,494	60,494
Materials and supplies	-	52,379	52,379
Telephone	-	37,957	37,957
Administrative and bank fees	-	13,902	13,902
Tax, license, and insurance fees	-	12,618	12,618
<b>Total expenses</b>	<b>3,417,402</b>	<b>4,039,864</b>	<b>7,457,266</b>
<b>Changes in net assets prior to nonoperating income</b>	<b>\$ (536,074)</b>	<b>\$ 1,039,268</b>	<b>\$ 503,194</b>

See accompanying Notes to Supplementary Information

**Notes to the Supplementary Information**

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**For the Six Month Period Ended June 30, 2017 and Year Ended December 31, 2016**

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**Note A. Basis of Presentation**

The schedules included in Supplementary Information have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Note B. Expenses Reported Under Transient Occupancy Tax**

Sonoma County Tourism Bureau receives Transient Occupancy Tax (TOT) revenues from the County of Sonoma. Such contract revenues are used to promote the County of Sonoma. Expenses reported under TOT activities on the Statements of Activities by Source reflect only direct expenses incurred. The excess of these direct expenses over the TOT revenue are funded by other revenue sources received by the Organization. All indirect expenses have been absorbed by the activities funded by Business Improvement Area contract revenue and other support.