

Sonoma County Tourism Bureau

Financial Statements

*For the Year ended
June 30, 2018 and
Six Month Period ended
June 30, 2017*



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 statement of financial position as of June 30, 2018, 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 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 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 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.

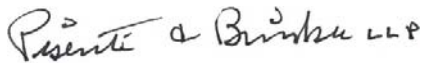
Opinion

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, 2018, 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.

Other Matters

The financial statements of the Organization, as of and for the six month period ended June 30, 2017, were audited by other auditors, whose report, dated February 28, 2018, expressed an unmodified opinion on those statements. The supplementary information as of and for the six month period then ended June 30, 2017, was audited by other auditors, whose report, dated February 28, 2018, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2018, as a whole. The accompanying supplementary information for the year ended June 30, 2018 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 year ended June 30, 2018, 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 year ended June 30, 2018 is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, reading "Pimentel & Brink LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
February 20, 2019

Sonoma County Tourism Bureau

Statements of Financial Position

June 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,537,959	\$ 1,179,919
Investments	3,618,318	3,691,166
Accounts receivable	54,907	29,830
Inventory	29,031	27,267
Prepaid expenses and other assets	81,254	207,926
Total current assets	5,321,469	5,136,108
Non-current assets		
Investments	428,177	428,177
Property, equipment and improvements, net	150,413	238,801
Deposits	26,122	26,122
Total non-current assets	604,712	693,100
Total assets	\$ 5,926,181	\$ 5,829,208
Liabilities		
Accounts payable	\$ -	\$ 204,182
Due to other organizations	250,000	-
Accrued expenses	368,159	309,742
Total liabilities	618,159	513,924
Net assets		
Unrestricted		
Undesignated	677,407	1,188,009
Board designated	4,630,615	4,127,275
Total net unrestricted net assets	5,308,022	5,315,284
Total liabilities and net assets	\$ 5,926,181	\$ 5,829,208

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Activities

For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenue				
Contract revenue				
BIA contract	\$ 5,300,032	\$ -	\$ -	\$ 5,300,032
TOT contract	3,117,576	-	-	3,117,576
Rental income and reimbursements	174,879	-	-	174,879
Investment income	44,975	-	-	44,975
CTA fees	34,520	-	-	34,520
Total support and other revenue	8,671,982	-	-	8,671,982
Expenses				
Program services	7,055,493	-	-	7,055,493
Management and general	1,612,356	-	-	1,612,356
Total expenses	8,667,849	-	-	8,667,849
Other operating expense				
Loss on sale of equipment	11,395	-	-	11,395
Changes in net assets	(7,262)	-	-	(7,262)
Net assets at beginning of year	5,315,284	-	-	5,315,284
Net assets at end of year	\$ 5,308,022	\$ -	\$ -	\$ 5,308,022

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Activities

For the Six Month Period Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenue				
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
Total support and revenue	3,796,106	-	-	3,796,106
Expenses				
Program services	2,885,002	-	-	2,885,002
Management and general	828,209	-	-	828,209
Total expenses	3,713,211	-	-	3,713,211
Changes in net assets	82,895	-	-	82,895
Net assets at beginning of period	5,232,389	-	-	5,232,389
Net assets at end of period	\$ 5,315,284	\$ -	\$ -	\$ 5,315,284

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Functional Expenses

For the Year Ended June 30, 2018

	Program Services	Management and General	Total
Personnel			
Salaries and wages	\$ 1,555,206	\$ 468,478	\$ 2,023,684
Employee benefits	259,273	63,333	322,606
Payroll taxes	128,903	43,559	172,462
Recruiting	-	110,521	110,521
Personnel subtotal	1,943,382	685,891	2,629,273
Operating			
Advertising	1,161,253	-	1,161,253
Administrative expenses	109,472	919,489	1,028,961
Marketing materials and distribution	976,710	-	976,710
Sales and marketing promotions	836,188	1,904	838,092
Tradeshows and sales mission	641,466	-	641,466
Destination development	604,172	1,205	605,377
Research and development	446,289	3,867	450,156
Public relations	274,318	-	274,318
Sales and marketing tools	62,243	-	62,243
Operating subtotal	5,112,111	926,465	6,038,576
Total expenses	\$ 7,055,493	\$ 1,612,356	\$ 8,667,849

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
Personnel			
Salaries and wages	\$ 888,621	\$ 235,747	\$ 1,124,368
Employee benefits	140,835	26,252	167,087
Payroll taxes	70,424	26,042	96,466
Recruiting	-	5,390	5,390
Personnel subtotal	1,099,880	293,431	1,393,311
Operating			
Administrative expenses	182,487	534,778	717,265
Marketing materials and distribution	431,832	-	431,832
Tradeshows and sales mission	305,294	-	305,294
Advertising	300,420	-	300,420
Sales and marketing promotions	210,508	-	210,508
Destination development	248,841	-	248,841
Sales and marketing tools	49,290	-	49,290
Research and development	34,245	-	34,245
Public relations	22,205	-	22,205
Operating subtotal	1,785,122	534,778	2,319,900
Total expenses	\$ 2,885,002	\$ 828,209	\$ 3,713,211

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statements of Cash Flows

	Year Ended June 30, 2018	Six Month Period Ended June 30, 2017
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	\$ (7,262)	\$ 82,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,073	50,526
Unrealized loss on investments	4,855	132
Loss on disposal of equipment	11,395	-
Decrease (increase) in operating assets:		
Accounts receivable	(25,077)	1,160,024
Inventory	(1,764)	(22,173)
Prepaid expenses and other assets	126,672	(58,813)
Increase (decrease) in operating liabilities:		
Accounts payable	(204,182)	(141,837)
Due to other organizations	250,000	-
Accrued expenses	58,417	(24,850)
Net cash provided by operating activities	290,127	1,045,904
Cash flows from investing activities		
Purchase of investments	(1,872,007)	(155,000)
Maturity of investments	1,940,000	-
Purchase of property, equipment and improvements	(35,259)	(8,658)
Proceeds from sale of property, equipment and improvements	35,179	-
Net cash provided by (used in) financing activities	67,913	(163,658)
Net increase in cash and cash equivalents	358,040	882,246
Cash and cash equivalents at beginning of period	1,179,919	297,673
Cash and cash equivalents at end of period	\$ 1,537,959	\$ 1,179,919

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 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.

Net assets released from restriction – Temporarily restricted net assets are released to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

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.

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, 2018 and 2017, 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, 2018 have various maturities through 2019.

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability ("exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the exit price. The Organization categorizes its financial instruments, based on the priority of inputs to the valuation technique, into a three-level hierarchy, as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note B. Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

The Organization has invested in certificates of deposit which are a level 1 investment with a fair value of \$4,046,495 and \$4,119,343 as of June 30, 2018 and 2017, 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.

Asset Impairment

The Organization routinely evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted net cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment loss is recognized. No asset impairment charges were recorded during the year ended June 30, 2018 or the six month period ended June 30, 2017.

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.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restriction.

Note B. Summary of Significant Accounting Policies (continued)

Due to Other Organizations

This represents contributions to be made to other nonprofit organizations that were approved by the Organization prior to year-end but not paid.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expenses amounted to \$1,161,253 and \$300,420 for the year ended June 30, 2018 and six month period ended June 30, 2017, respectively.

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, 2018, 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.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018 and Six Month Period Ended June 30, 2017

Note B. Summary of Significant Accounting Policies (continued)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.

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 year and six month period ended June 30, 2018 and 2017:

	2018	2017
Interest	\$ 49,830	\$ 23,174
Unrealized loss	(4,855)	(132)
	<u>\$ 44,975</u>	<u>\$ 23,042</u>

For the Fiscal Year Ended June 30, 2018 and Six Month Period Ended June 30, 2017

Note D. Property, Equipment and Improvements

Property, equipment and improvements consist of the following as of June 30:

	2018	2017
Furniture and fixtures	\$ 163,450	\$ 164,168
IT hardware	166,518	164,650
Office equipment	56,456	64,226
Leasehold improvements	45,387	45,387
Software	17,216	17,216
Vehicles	-	58,466
	449,027	514,113
Accumulated depreciation	(298,614)	(275,312)
	\$ 150,413	\$ 238,801

Depreciation expense for the year and six month period ended June 30, 2018 and 2017 amounted to \$77,073 and \$50,526, 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, 2018 and 2017 was \$108,791 and \$136,678, respectively, and is reported within accrued expenses on the statements of financial position.

Note F. Net Asset ClassificationUnrestricted 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 Fiscal Year Ended June 30, 2018 and Six Month Period Ended June 30, 2017

Note F. Net Asset Classification (continued)

Board designated net assets consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Strategic	\$ 2,189,823	\$ 2,189,823
Catastrophic	1,463,344	1,537,452
Brand launch	460,000	-
Airline attraction	300,000	300,000
IT, furniture and equipment	108,646	100,000
Targeted promotions	83,802	-
Research	25,000	-
	<u>\$ 4,630,615</u>	<u>\$ 4,127,275</u>

The Organization had no temporarily or permanently restricted net assets as of June 30, 2018 or 2017.

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:

2019	\$ 340,020
2020	333,396
2021	250,047
	<u>\$ 923,463</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 Organizations for utilities and other common area maintenance expenses.

For the Fiscal Year Ended June 30, 2018 and Six Month Period Ended June 30, 2017

Note G. Operating Leases (continued)

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

2019	\$ 79,476
2020	79,476
2021	59,607
	<hr/>
	\$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 year and six month period ended June 30, 2018 and 2017 were \$89,874 and \$35,391, 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.

Note K. Subsequent Events

The Organization has evaluated subsequent events through February 20, 2019 the date the financial statements were available to be issued.

Supplementary Information

Sonoma County Tourism Bureau

Statement of Activities by Source

For the Year Ended June 30, 2018

	Transient Occupancy Tax	Business Improvement Area and Other Sources	Total
Unrestricted revenue and support			
Contracts			
BIA contract	\$ -	\$ 5,300,032	\$ 5,300,032
TOT contract	3,117,576	-	3,117,576
Investment income	-	44,975	44,975
Rental income and reimbursements	-	174,879	174,879
CTA Fees	-	34,520	34,520
Total revenue and support	3,117,576	5,554,406	8,671,982
Expenses			
Advertising	-	1,161,253	1,161,253
Marketing Material and Distribution	683,386	293,325	976,711
Tradeshows and Sales Missions	-	641,467	641,467
Sales and Marketing Promotions	191,473	646,618	838,091
Destination Development	605,257	120	605,377
Research and Development	450,155	-	450,155
Public Relations	-	274,318	274,318
Sales and Marketing Tools	-	62,243	62,243
Labor	779,812	1,849,461	2,629,273
Administrative Expenses	1,028,546	415	1,028,961
Total expenses	3,738,629	4,929,220	8,667,849
Changes in net assets prior to nonoperating income	(621,053)	625,186	4,133

See accompanying Notes to Supplementary Information

Sonoma County Tourism Bureau

Statement of Activities by Source

For the Six-Month Period Ended June 30, 2017

	Transient Occupancy Tax	Business Improvement Area and Other Sources	Total
Unrestricted revenue and support			
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
Total revenue and support	1,617,850	2,178,256	3,796,106
Expenses			
Advertising	283,383	17,037	300,420
Marketing Material and Distribution	392,729	39,103	431,832
Tradeshows and Sales Missions	146,130	159,164	305,294
Sales and Marketing Promotions	111,218	99,290	210,508
Destination Development	134,860	113,981	248,841
Research and Development	31,895	2,350	34,245
Public Relations	20,171	2,034	22,205
Sales and Marketing Tools	9,261	40,029	49,290
Labor	385,145	1,008,166	1,393,311
Administrative Expenses	102,104	615,161	717,265
Total expenses	1,616,896	2,096,315	3,713,211
Changes in net assets prior to nonoperating income	\$ 954	\$ 81,941	\$ 82,895

See accompanying Notes to Supplementary Information

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.