

Sonoma County Tourism Bureau

Financial Statements

*For the Years ended
June 30, 2020 and
2019*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors



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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, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years 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 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.

Independent Auditor's Report (continued)

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the years ended June 30, 2020 and 2019, as a whole. The accompanying supplementary information for the years ended June 30, 2020 and 2019 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 years ended June 30, 2020 and 2019 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 years ended June 30, 2020 and 2019 is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Presente & Brink LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
March 26, 2021

Sonoma County Tourism Bureau

Statements of Financial Position

June 30,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,527,845	\$ 1,785,835
Investments	-	528,177
Accounts receivable	1,195,094	2,059,457
Inventory	57,157	52,880
Prepaid expenses and other assets	333,311	70,306
Total current assets	5,113,407	4,496,655
Non-current assets		
Investments	-	1,371,732
Property, equipment and improvements, net	55,596	101,822
Deposits	26,122	26,122
Total non-current assets	81,718	1,499,676
Total assets	\$ 5,195,125	\$ 5,996,331
Liabilities		
Accounts payable	\$ 108,500	\$ 422,468
Due to other organizations	-	6,000
Accrued expenses	150,800	650,550
Total liabilities	259,300	1,079,018
Net assets without donor restrictions	4,935,825	4,917,313
Total liabilities and net assets	\$ 5,195,125	\$ 5,996,331

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Activities

For the Year Ended June 30, 2020

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Support and other revenue			
Contract revenue			
BIA contract	\$ 4,207,935	\$ -	\$ 4,207,935
TOT contract	1,677,202	-	1,677,202
Rental income and reimbursements	226,559	-	226,559
Investment income	31,354	-	31,354
CTA fees	19,713	-	19,713
Total support and other revenue	6,162,763	-	6,162,763
Expenses			
Program services	4,654,093	-	4,654,093
Management and general	1,490,158	-	1,490,158
Total expenses	6,144,251	-	6,144,251
Changes in net assets	18,512	-	18,512
Net assets at beginning of year	4,917,313	-	4,917,313
Net assets at end of year	\$ 4,935,825	\$ -	\$ 4,935,825

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Activities

For the Year Ended June 30, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Support and other revenue			
Contract revenue			
BIA contract	\$ 6,376,961	\$ -	\$ 6,376,961
TOT contract	2,107,840	-	2,107,840
Rental income and reimbursements	129,887	-	129,887
Investment income	80,661	-	80,661
CTA fees	25,394	-	25,394
Total support and other revenue	8,720,743	-	8,720,743
Expenses			
Program services	7,399,686	-	7,399,686
Management and general	1,711,766	-	1,711,766
Total expenses	9,111,452	-	9,111,452
Changes in net assets	(390,709)	-	(390,709)
Net assets at beginning of year	5,308,022	-	5,308,022
Net assets at end of year	\$ 4,917,313	\$ -	\$ 4,917,313

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services	Management and General	Total
Personnel			
Salaries and wages	\$ 1,485,331	\$ 518,030	\$ 2,003,361
Employee benefits	182,782	56,538	239,320
Payroll taxes	112,863	29,765	142,628
Recruiting	-	9,918	9,918
Personnel subtotal	1,780,976	614,251	2,395,227
Operating			
Advertising	763,051	-	763,051
Contract services	578,728	24,310	603,038
Facilities expense	-	379,260	379,260
Digital engagement	339,383	612	339,995
Research and development	211,847	-	211,847
Client events and entertainment	186,107	1,342	187,449
Fees and licenses	-	178,234	178,234
Event and organization sponsorship	175,200	-	175,200
Travel and tradeshow	155,335	-	155,335
Other expense	154,116	-	154,116
Technology	19,012	113,176	132,188
Professional development and training	57,398	59,128	116,526
Destination programming	105,670	-	105,670
Office supplies and equipment	77,374	17,411	94,785
Organization tools	36,037	42,331	78,368
Depreciation	-	46,226	46,226
Memberships	13,859	13,877	27,736
Operating subtotal	2,873,117	875,907	3,749,024
Total expenses	\$ 4,654,093	\$ 1,490,158	\$ 6,144,251

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program Services	Management and General	Total
Personnel			
Salaries and wages	\$ 1,438,217	\$ 633,005	\$ 2,071,222
Employee benefits	243,481	81,221	324,702
Payroll taxes	126,824	41,683	168,507
Recruiting	149	28,224	28,373
Personnel subtotal	1,808,671	784,133	2,592,804
Operating			
Advertising	1,649,326	-	1,649,326
Digital engagement	1,145,006	-	1,145,006
Contract services	528,179	30,628	558,807
Client events and entertainment	429,190	6,384	435,574
Facilities	-	404,537	404,537
Travel and tradeshow	397,564	136	397,700
Event and organization sponsorship	370,816	-	370,816
Destination programming	270,056	-	270,056
Office supplies and equipment	140,931	55,425	196,356
Research and development	193,301	1,085	194,386
Fees and licenses	116	182,978	183,094
Organization tools	163,394	-	163,394
Air promotion	149,330	-	149,330
Technology	18,063	122,746	140,809
Professional development and training	67,347	60,983	128,330
Memberships	68,396	790	69,186
Depreciation	-	61,941	61,941
Operating subtotal	5,591,015	927,633	6,518,648
Total expenses	\$ 7,399,686	\$ 1,711,766	\$ 9,111,452

See accompanying Notes to Financial Statements

Sonoma County Tourism Bureau

Statements of Cash Flows

Year Ended June 30,	2020	2019
	Increase in cash and cash equivalents	
Cash flows from operating activities		
Change in net assets	\$ 18,512	\$ (390,709)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	46,226	61,941
Unrealized gain on investments	-	(6,272)
Decrease (increase) in operating assets:		
Accounts receivable	864,363	(2,004,550)
Inventory	(4,277)	(23,849)
Prepaid expenses and other assets	(263,005)	10,948
Increase (decrease) in operating liabilities:		
Accounts payable	(313,968)	422,468
Due to other organizations	(6,000)	(244,000)
Accrued expenses	(499,750)	282,391
Net cash used in operating activities	(157,899)	(1,891,632)
Cash flows from investing activities		
Purchase of investments	-	(528,176)
Maturity of investments	1,899,909	2,681,034
Purchase of property, equipment and improvements	-	(13,350)
Net cash provided by financing activities	1,899,909	2,139,508
Net increase in cash and cash equivalents	1,742,010	247,876
Cash and cash equivalents at beginning of year	1,785,835	1,537,959
Cash and cash equivalents at end of year	\$ 3,527,845	\$ 1,785,835

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:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity.

Net Assets Released from Restriction – Net assets with donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resourced was restricted has been fulfilled, or both.

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, 2020 and 2019, 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.

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 \$0 and \$1,899,909 as of June 30, 2020 and 2019, 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, equipment, and improvements 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 years ended June 30, 2020 and 2019.

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 represent 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 \$763,051 and \$1,649,326 for the years ended June 30, 2020 and 2019, 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, 2020, 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. The expenses that are allocated include payroll and payroll related expenses, employee benefits, occupancy costs, travel, depreciation, and supplies. These expenses are allocated on the basis of estimates of time and effort.

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

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contribution Received and Contributions Made*, which distinguishes the difference between contributions and exchange transactions. Under the new ASU, an entity will need to evaluate whether the transaction should be accounted for as a contribution (nonreciprocal transaction) which occurs when the resource provider is not itself receiving commensurate value for the resources provided or as an exchange (reciprocal) transaction which occurs when the resource provider is receiving commensurate value in return for the resources transferred. A determination will also need to be made on whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. This ASU is effective for fiscal years beginning after December 15, 2019, with early application permitted. This ASU should not be applied on a retrospective basis. The Organization is evaluating the impact of this standard on the financial statements.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02 "Leases (Topic 842)." This standard requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. For nonpublic companies the new guidance will be required for annual reporting periods beginning after December 15, 2021, and interim and annual reporting periods after those reporting periods. Nonpublic companies and organizations may elect early application, but no earlier than the effective date for public entities. The Organization is evaluating the impact of this standard on the financial statements.

Reclassifications

Certain amounts in the prior period 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

Years Ended June 30, 2020 and 2019

Note C. Investments

The following schedule summarizes investment income in the statements of activities for the years ended June 30:

	2020	2019
Interest	\$ 31,354	\$ 74,389
Unrealized gain (loss)	-	6,272
	<u>\$ 31,354</u>	<u>\$ 80,661</u>

Note D. Property, Equipment, and Improvements

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

	2020	2019
IT hardware	\$ 178,013	\$ 178,013
Furniture and fixtures	163,450	163,450
Office equipment	58,311	58,311
Leasehold improvements	45,387	45,387
Software	17,216	17,216
	462,377	462,377
Accumulated depreciation	(406,781)	(360,555)
	<u>\$ 55,596</u>	<u>\$ 101,822</u>

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$46,226 and \$61,941, respectively.

Note E. Accumulated Vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The carrying value of accumulated vacation at June 30, 2020 and 2019 was \$68,176 and \$50,286, respectively, and is reported within accrued expenses on the statements of financial position.

Notes to the Basic Financial Statements

Years Ended June 30, 2020 and 2019

Note F. Net Asset Classification*Net Assets without Donor Restrictions*

All general operating revenues and expenses related to the program activities of the Organization are included in the change in net assets without donor restrictions. From time-to-time net assets donations 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 the board designated net assets.

Board designated net assets consisted of the following as of June 30:

	2020	2019
Strategic	\$ 2,189,823	\$ 2,189,823
Catastrophic	1,728,965	1,524,123
Brand launch	60,000	460,000
Airline attraction	58,843	64,211
30 60 90 day plan	76,252	-
IT, furniture and equipment	108,646	108,646
Targeted promotions	83,802	83,802
Research	25,000	25,000
	\$ 4,331,331	\$ 4,455,605

The Organization had no net assets with donor restrictions as of June 30, 2020 or 2019.

Note G. Operating Leases

The Organization is party to a lease agreement as lessee for office space which ends January 2022. Base rent for the space totaled \$34,407 for the year ended June 30, 2020. Under the agreement, the Organization is responsible for utilities expense and disposal costs of any leasehold improvements

The Organization is a lessor in a sub-lease agreement with a similar not-for-profit organization which also expires January 2022. The Organization requests reimbursements from the sub-lessee for utilities and other common area maintenance expenses.

Future minimum rent payment commitments total \$208,293 and \$96,615 for the years ending June 30, 2021 and 2022, respectively. Future minimum rental income payments from the sub-lessee are \$67,080 and \$27,342 the years ending June 30, 2021 and 2022, respectively.

Notes to the Basic Financial Statements

Years Ended June 30, 2020 and 2019

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 years ended June 30, 2020 and 2019 were \$63,401 and \$75,784, 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 receives funds from the 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, for the promotion of tourism within Sonoma County. Should the tax levy cease to exist, the Organization would be significantly impacted.

Note K. Liquidity

The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year. Financial assets are considered unavailable due to donor-imposed restrictions or governing board use-designations. Amounts available include donor-restricted amounts that will meet purpose or time restrictions within the next twelve months from the statement of position date.

June 30,	2020	2019
Cash and cash equivalents	\$ 3,527,845	\$ 1,785,835
Investments	-	528,177
Accounts receivable	1,195,094	2,059,457
	4,722,939	4,373,469
Less funds unavailable for general expenditure within one year due to:		
Board designated funds	(4,331,331)	(4,455,605)
Funds available to meet expenditures within one year	\$ 391,608	\$ (82,136)

Note L. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the outbreak has negatively affected the Organization's operations for the year presented as well as the period subsequent to year end through the issuance date of this report. The future impact of the outbreak is highly uncertain and cannot be predicted and therefore the Organization cannot estimate the ultimate impact on future financial results.

Note M. Subsequent Events

The Organization has evaluated subsequent events through March 26, 2021 the date the financial statements were available to be issued. Subsequent to June 30, 2020, the Organization applied for and received loan proceeds in the amount of \$446,459 under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans are forgivable as long as the borrower maintains payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

Sonoma County Tourism Bureau

Statement of Activities by Source

For the Year Ended June 30, 2020

	Transient Occupancy Tax	Business Improvement Area and Other Sources	Total
Unrestricted revenue and support			
Contracts			
BIA contract	\$ -	\$ 4,207,935	\$ 4,207,935
TOT contract	1,677,202	-	1,677,202
Rental income and reimbursements	-	226,559	226,559
Investment income	-	31,354	31,354
CTA fees	-	19,713	19,713
Total revenue and support	1,677,202	4,485,561	6,162,763
Expenses			
Labor	614,173	1,781,054	2,395,227
Advertising	-	763,051	763,051
Contract services	24,310	578,728	603,038
Facilities	379,260	-	379,260
Digital engagement	612	339,383	339,995
Research and development	-	211,847	211,847
Client events and entertainment	1,897	185,552	187,449
Fees and licenses	178,234	-	178,234
Event and organization sponsorship	-	175,200	175,200
Travel and tradeshow	306	155,029	155,335
Other expense	-	154,116	154,116
Technology	113,275	18,913	132,188
Professional development and training	59,129	57,397	116,526
Destination programming	-	105,670	105,670
Office supplies and equipment	17,269	77,516	94,785
Organization tools	42,331	36,037	78,368
Depreciation	46,226	-	46,226
Memberships	9,028	18,708	27,736
Total expenses	1,486,050	4,658,201	6,144,251
Change in net assets	\$ 191,152	\$ (172,640)	\$ 18,512

See accompanying Notes to Supplementary Information

Sonoma County Tourism Bureau

Statement of Activities by Source

For the Year Ended June 30, 2019

	Transient Occupancy Tax	Business Improvement Area and Other Sources	Total
Unrestricted revenue and support			
Contracts			
BIA contract	\$ -	\$ 6,376,961	\$ 6,376,961
TOT contract	2,107,840	-	2,107,840
Rental income and reimbursements	-	129,887	129,887
Investment income	-	80,661	80,661
CTA Fees	-	25,394	25,394
Total revenue and support	2,107,840	6,612,903	8,720,743
Expenses			
Labor	789,807	1,802,997	2,592,804
Advertising	120,836	1,528,490	1,649,326
Client events and entertainment	37,122	398,452	435,574
Digital engagement	783,598	361,408	1,145,006
Contract services	154,823	403,984	558,807
Destination programming	241,886	28,170	270,056
Facilities expense	402,307	2,230	404,537
Research and development	114,386	80,000	194,386
Travel and tradeshow	9,276	388,424	397,700
Event and organization sponsorship	35,397	335,419	370,816
Office supplies and equipment	55,571	140,785	196,356
Fees and licenses	182,974	120	183,094
Technology	135,634	5,175	140,809
Organization tools	3,924	159,470	163,394
Depreciation expense	61,941	-	61,941
Professional development and training	81,165	47,165	128,330
Air promotion	-	149,330	149,330
Memberships	62,532	6,654	69,186
Total expenses	3,273,179	5,838,273	9,111,452
Change in net assets	\$ (1,165,339)	\$ 774,630	\$ (390,709)

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.