

Audited  
Financial  
Statements

December 31,  
2021

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Washington County,  
Maryland Convention and  
Visitors Bureau, Inc.



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Washington County, Maryland Convention and Visitors Bureau, Inc.  
Hagerstown, Maryland

### ***Opinion***

We have audited the accompanying financial statements of Washington County, Maryland Convention and Visitors Bureau, Inc. (the Bureau) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County, Maryland Convention and Visitors Bureau, Inc. as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington County, Maryland Convention and Visitors Bureau, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington County, Maryland Convention and Visitors Bureau, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington County, Maryland Convention and Visitors Bureau, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington County, Maryland Convention and Visitors Bureau, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Smith Elliott Keorns + Company, LLC*

Hagerstown, Maryland  
May 18, 2022

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Financial Position**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 648,469	\$ 712,988
Cash - restricted	170,000	83,279
Taxes receivable	105,999	66,731
Inventories	-	1,262
Total Current Assets	<u>924,468</u>	<u>864,260</u>
<b>Property and Equipment</b>		
Deposit	-	24,412
Office equipment	90,160	72,684
Leasehold improvements	-	33,236
	<u>90,160</u>	<u>130,332</u>
Less accumulated depreciation	<u>49,572</u>	<u>78,523</u>
Total Property and Equipment	<u>40,588</u>	<u>51,809</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 965,056</u></u>	<u><u>\$ 916,069</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,436	\$ 20,227
Accrued payroll and benefits	43,500	41,032
Accrued interest	-	2,176
Deferred income	12,753	-
Custodial liability	<u>170,000</u>	<u>20,000</u>
Total Current Liabilities	<u>237,689</u>	<u>83,435</u>
<b>Long-term Liabilities</b>		
Economic Injury Disaster Loan	<u>-</u>	<u>149,900</u>
Total Long-term Liabilities	<u>-</u>	<u>149,900</u>
<b>Net Assets</b>		
Without donor restrictions	<u>727,367</u>	<u>682,734</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 965,056</u></u>	<u><u>\$ 916,069</u></u>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
<b>REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Lodging taxes	\$ 1,210,519	\$ 774,903
Grants	136,960	660,721
Membership revenues	48,940	46,845
Official Visitor's Guide revenues	4,584	30,561
Gift shop revenues	1,499	3,995
Miscellaneous	3,176	4,906
Interest income	55	18
Loss on disposal of property and equipment	(26,745)	-
Total Revenues and Other Support	<u>1,378,988</u>	<u>1,521,949</u>
<b>EXPENSES</b>		
Advertising	442,060	309,263
Board of directors	3,794	5,074
Convention sales expense	29,463	20,855
Civil War Heritage	10,100	4,100
Depreciation	9,634	6,126
Dues and subscriptions	14,470	9,792
Employee benefits and payroll taxes	78,262	72,639
Gift shop cost of sales	-	3,046
Interest	125	2,288
Maintenance and repairs	15,137	17,219
Miscellaneous	12,135	6,489
Newcomer house	2,691	1,412
Office supplies and equipment	7,610	3,852
Postage	4,611	544
Printing expenses	1,565	706
Professional fees	27,250	26,761
Other promotional expense	57,170	71,216
Public relations	62,001	23,760
Publications	83,740	54,555
Rent expense	34,426	50,573
Retirement expense	60,088	13,773
Salaries	352,439	372,683
Stadium research	12,000	4,204
Utilities	13,584	16,555
Total Expenses	<u>1,334,355</u>	<u>1,097,485</u>
Change in Net Assets Without Donor Restrictions	44,633	424,464
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>	<u>682,734</u>	<u>258,270</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	<u>\$ 727,367</u>	<u>\$ 682,734</u>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 44,633	\$ 424,464
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,634	6,126
Loss on disposal of property and equipment	26,745	-
Forgiveness of Paycheck Protection Program loan	(88,039)	-
Decrease in grant receivable	-	53,200
(Increase) decrease in taxes receivable	(39,268)	20,927
Decrease in inventories	1,262	9,540
Increase (decrease) in accounts payable	(8,791)	4,964
Increase in accrued payroll and benefits	2,468	26,670
Increase (decrease) in accrued interest	(2,176)	2,176
Increase (decrease) in deferred income	12,753	(2,054)
Net Cash Provided By (Used In) Operating Activities	<u>(40,779)</u>	<u>546,013</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(25,158)	(6,302)
Deposit paid on property and equipment	-	(24,412)
Net Cash (Used In) Investing Activities	<u>(25,158)</u>	<u>(30,714)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	88,039	149,900
Payments on long term debt	(149,900)	-
Increase in custodial liability	150,000	-
Net Cash Provided By Financing Activities	<u>88,139</u>	<u>149,900</u>
Net Increase In Cash	22,202	665,199
<b>CASH AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>796,267</u>	<u>131,068</u>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<u>\$ 818,469</u>	<u>\$ 796,267</u>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash	\$ 648,469	\$ 712,988
Cash - restricted	<u>170,000</u>	<u>83,279</u>
<b>TOTAL ENDING CASH BALANCE</b>	<u>\$ 818,469</u>	<u>\$ 796,267</u>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Organization and Nature of Operations***

Washington County, Maryland Convention and Visitors Bureau, Inc. (Bureau) is a not-for-profit organization headquartered in Hagerstown, Maryland. The purpose of the Bureau is to develop tourism and market Washington County to meeting planners, leisure travelers and business customers. Approximately 88% and 51% of the Bureau's funding in 2021 and 2020, respectively, was received from lodging tax revenues passed through the County Commissioners of Washington County.

***Basis of Accounting***

The accounting policies of the Bureau conform to generally accepted accounting principles. Therefore, the financial statements are prepared using the accrual basis of accounting. Revenue from lodging taxes is recorded in the period the tax is remitted by the hotels/motels to the County Commissioners of Washington County.

***Use of Estimates in the Preparation of Financial Statements***

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

***Credit Risk***

The Bureau maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Bureau's management considers those circumstances to be a normal business risk.

***Allowance for Bad Debts***

The Bureau does not normally provide credit to its customers. The Bureau records receivables for lodging tax revenues and grant revenues. Management of the Bureau periodically reviews the collectability of accounts receivable, and those accounts which are considered not collectible are written off as bad debts. Based on management's review, an allowance for doubtful accounts is not considered necessary.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Property and Equipment***

The Bureau follows the practice of capitalizing expenditures for property and equipment in excess of \$5,000 that are deemed to have a useful life greater than one year. Fixed assets are recorded at cost or estimated value, if donated. Depreciation of fixed assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives, between three and fifteen years, using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

***Donated Services and Material***

Donations of services and materials, if applicable, are recorded at their estimated fair value at the date of donation, given the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

***General and Program Service Expenses***

Expenses directly identified within functional areas are charged to such area. If an expense affects more than one area, it is allocated based on the time expended, space utilized, or by another rational basis.

***Advertising***

Advertising costs are expensed the first time the advertising takes place.

***Income Tax Status***

The Bureau is a not-for-profit corporation as described in Internal Revenue Code Section 501(c)(6) and is exempt from federal income tax under Internal Revenue Code Section 501(a).

***Net Assets with Donor Restrictions***

Net assets with donor restrictions are those whose use by the Bureau has been limited by donors for a specific purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose to which the donation is restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Grant and Contribution Revenue Recognition***

Revenue from federal and state grants are recognized, generally, when the services are performed and requests for reimbursement of expenditures are submitted to the grantor. Revenues from contributions and fundraising are recognized when received, as the contributor has not received a quantifiable direct benefit in exchange for the resources provided.

***Uncertain Tax Positions***

The Bureau follows the FASB Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The Bureau's policy is to recognize interest and penalties in expense as incurred. The Bureau's federal and state income tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

***Inventory***

Inventory is valued at cost, using the first-in first-out method.

***Statement of Cash Flows***

For purposes of the statement of cash flows, the Bureau considers all highly liquid deposits with a maturity of three months or less to be cash equivalents.

***General Risks and Uncertainties***

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shut down of operations for some businesses and created many economic uncertainties. In 2020, the Bureau's Visitor Center was shut down as a result of the pandemic and experienced significant declines in lodging tax revenues due to the significant decline in travel and tourism, as presented in the Statements of Activities and Changes in Net Assets for the year ended December 31, 2020. While revenues substantially increased during 2021, the Bureau recognizes that these events could continue to have an impact on the Bureau's financial condition and operating results. However, the extent of any such impacts cannot be reasonably estimated at this time.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Revenue Recognition***

The Bureau records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2021 and 2020:

***Membership***

Membership dues consist of amounts that businesses in the Washington County area pay to receive advertising benefits. Members join for a one-year period, are billed in advance, and can renew annually. Membership is non-cancellable once paid each year and provides opportunities for business promotion through mediums such as the annual Visitor's Guide and online. The Bureau determined that the advertising is one performance obligation within each contract. The transaction price is established by the Bureau based on the type and size of the business. Revenue is recognized the first time that the member is acknowledged in Bureau advertising.

***Visitor's Guide***

The Bureau publishes a Visitor's Guide in March annually, which is made available online and at various locations within the Washington County area. The Bureau generates revenue by advertising local businesses within the guide. The performance obligation is publishing and making the Visitor's Guide available to the public. The transaction price is established by the Bureau based on the size and location of the advertisement within the guide. The Bureau recognizes revenue once the guide is made available to the public in March. Once advertising fees are paid, they are non-refundable.

***Gift Shop***

The Bureau operated a gift shop which sold area souvenirs on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Bureau based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Bureau recognizes revenue as the customer pays and takes possession of the merchandise. Total revenues do not include sales tax because the Bureau is a pass-through conduit for collecting and remitting sales taxes. Generally, customers may return merchandise within 30 days of purchase. If probable customer returns exist at the end of an accounting period, the Bureau estimates and records in its financial statements a liability for such returns, which is estimated using historical return patterns and management's expectations for future returns. Revenue is recognized net of the expected returns. Management has determined that any probable customer returns were insignificant and therefore no liability for probable customer returns was considered necessary as of December 31, 2020. During 2020, the Bureau closed the gift shop.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Portfolio Approach***

The Bureau has applied the practical expedient allowed under generally accepted accounting principles for contracts with customers. The Bureau has applied the portfolio approach to those contracts within a revenue stream that have similar characteristics, as management has determined that this would produce the same results if each contract within a portfolio was analyzed individually.

***Contract Costs***

The Bureau has applied the practical expedient allowed under generally accepted accounting principles for contracts with customers whereby all incremental contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Bureau would have recognized is one year or less.

***Financing Component***

The Bureau concluded that there were no significant financing components in its contracts.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued No. 2016-02, Leases (Topic 842). Under ASU No. 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

ASU No. 2016-02 is effective for the Bureau beginning after January 1, 2022. The Bureau is evaluating the impact that the updated standard will have on the financial statements.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 2 AVAILABILITY AND LIQUIDITY OF RESOURCES**

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Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<b>Financial Assets at Year-End</b>	<b>2021</b>	<b>2020</b>
Cash	\$ 648,469	712,988
Taxes receivable	<u>105,999</u>	<u>66,731</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 754,468</u>	<u>\$ 779,719</u>

The Bureau regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Bureau has two sources of liquidity at its disposal, including cash, and taxes receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Bureau considers all expenditures related to its ongoing activities of developing tourism, as well as the type of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Bureau operates with a Board approved budget and anticipates collecting sufficient revenue to cover general expenditures. In the event of an unanticipated liquidity need, the Bureau could draw upon its line of credit.

**NOTE 3 RESTRICTED CASH**

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Restricted cash includes cash held in a demand account at a financial institution that is held on behalf of other Organizations. As of December 31, 2021, \$20,000 of the funds are to be used for the purpose of beautification for the Town of Williamsport and \$150,000 is to be used for costs towards construction of a skate park in the City of Hagerstown. These funds are reported on the Statements of Financial Position as custodial liabilities.

As of December 31, 2020, restricted cash includes the \$20,000 mentioned previously, and also includes \$17,777 of grant proceeds that are restricted for the purchase of remote access equipment, software programs, and applications, and \$45,502 for advertising restaurants, entertainment, wineries, breweries and distilleries, attractions, shops, and services in the community to the local community.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 4 PROPERTY AND EQUIPMENT**

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	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>2021</b>			
Office equipment (3-10 years)	\$ 90,160	\$ 49,572	\$ 40,588
	<u>\$ 90,160</u>	<u>\$ 49,572</u>	<u>\$ 40,588</u>
<b>2020</b>			
Office equipment (3-10 years)	\$ 72,684	\$ 55,761	\$ 16,923
Leasehold improvements (5-15 years)	33,236	22,762	10,474
	<u>\$ 105,920</u>	<u>\$ 78,523</u>	<u>\$ 27,397</u>

**NOTE 5 SAVINGS INCENTIVE PLAN FOR EMPLOYEES**

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On January 1, 2018, the Bureau adopted a contributory employee savings incentive 401(k) plan. The plan covers substantially all employees, and the Bureau may contribute a matching amount at their discretion. Employer contributions to the plan were \$53,265 and \$11,908 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 6 FUNCTIONAL EXPENSES**

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The Bureau's expenses are allocated on the basis of time and effort by departments within the Bureau that are designated between program and management and general expenses. Directly identifiable expenses are charged to program services, and management and general expenses are those not directly identifiable with any specific function but provide overall support to the Bureau.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

**NOTE 6 FUNCTIONAL EXPENSES (CONTINUED)**

The allocation of total program services and management and general is as follows for the years ending December 31:

	Management and General	Program Services	Total
<b>2021</b>			
Advertising	\$ -	\$ 442,060	\$ 442,060
Board of directors	3,794	-	3,794
Convention sales expense	1,277	28,186	29,463
Civil War Heritage	-	10,100	10,100
Depreciation	2,890	6,744	9,634
Dues and subscriptions	1,452	13,018	14,470
Employee benefits and payroll taxes	19,566	58,697	78,262
Interest	125	-	125
Maintenance and repairs	4,541	10,596	15,137
Miscellaneous	2,598	9,537	12,135
Newcomer house	-	2,691	2,691
Office supplies	2,015	5,595	7,610
Postage	1,383	3,228	4,611
Printing expenses	313	1,252	1,565
Professional fees	27,250	-	27,250
Other promotional expense	-	57,170	57,170
Public relations	-	62,001	62,001
Publications	-	83,740	83,740
Rent expense	14,737	19,689	34,426
Retirement expense	15,022	45,066	60,088
Salaries	37,244	315,195	352,439
Stadium research	-	12,000	12,000
Utilities	2,636	10,948	13,584
<b>Total</b>	<b>\$ 136,843</b>	<b>\$ 1,197,512</b>	<b>\$ 1,334,355</b>
<b>2020</b>			
Advertising	\$ -	\$ 309,263	\$ 309,263
Board of directors	5,074	-	5,074
Convention sales expense	1,142	19,713	20,855
USA cycling	-	4,100	4,100
Civil War Heritage	1,838	4,288	6,126
Depreciation	997	8,795	9,792
Dues and subscriptions	18,160	54,479	72,639
Employee benefits and payroll taxes	-	3,046	3,046
Gift shop cost of sales	2,288	-	2,288
Maintenance and repairs	5,166	12,053	17,219
Miscellaneous	3,839	2,650	6,489
Newcomer house	-	1,412	1,412
Office supplies	770	3,082	3,852
Postage	163	381	544
Printing expenses	141	565	706
Professional fees	26,761	-	26,761
Other promotional expense	-	71,216	71,216
Public relations	-	23,760	23,760
Publications	-	54,555	54,555
Rent expense	17,214	33,359	50,573
Retirement expense	3,443	10,330	13,773
Salaries	39,268	333,415	372,683
Stadium research	-	4,204	4,204
Utilities	3,341	13,214	16,555
<b>Total</b>	<b>\$ 129,605</b>	<b>\$ 967,880</b>	<b>\$ 1,097,485</b>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 7 OPERATING LEASES**

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The Bureau leases office space from an unrelated party which expires March 2023. The lease requires a monthly payment of \$1,533, with a 2.5% increase over the most recent base rent amount on the annual anniversary date of the lease.

The Bureau also leases retail space from the City of Hagerstown, which expired in January 2021, requiring monthly payments of \$1,609. The Bureau must maintain general liability insurance and property damage insurance. This lease was not renewed, as the Bureau closed the Visitor Welcome Center.

During 2019, the Bureau entered into a vehicle lease for 36 months, requiring a monthly payment of \$525.

The Bureau also leases a copier which has a term of 60 months and requires monthly payments of \$330 plus taxes. The lease expired in 2021 and is currently on a month to month basis.

The following is a schedule of future minimum lease payments for the above operating leases based on their current terms as of December 31, 2021:

<u>Year Ending December 31,</u>		
2022	\$	21,700
2023		5,060

Rent expense under operating leases was \$34,426 and \$50,573 for 2021 and 2020, respectively.

**NOTE 8 DEFERRED INCOME**

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Deferred income represents advertising fees received prior to the satisfaction of the related performance obligation. There was no deferred income at December 31, 2020 and deferred income at December 31, 2021 is as follows:

	<u>Amount</u>	<u>Description</u>
<b>2021</b>		
Visitor's guide	\$ 12,753	2022 Advertising Fees

**NOTE 9 LINE OF CREDIT**

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The Bureau has a line of credit with a bank with a borrowing limit of \$125,000 bearing interest at the Prime Rate plus 1.50% (4.75% at December 31, 2021). The line is collateralized by the taxes receivable of the Bureau. At December 31, 2021 and 2020, there was no outstanding balance on this line of credit.

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Notes to Financial Statements**

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**NOTE 10 CONTINGENCIES**

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The Bureau is involved, from time to time, in litigation and proceedings arising in the ordinary course of business. At December 31, 2021, and through May 18, 2022, management does not anticipate any possible or pending material losses to arise from legal proceedings to which the Bureau is a party or to which the property of the Bureau is subject. Management does not believe an accrual for legal contingencies is necessary at December 31, 2021 and 2020.

**NOTE 11 ECONOMIC INJURY DISASTER LOAN**

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In June 2020, the Bureau received an Economic Injury Disaster Loan (EIDL) through the Small Business Administration in the amount of \$149,900. The loan required monthly principal and interest payments with a fixed rate of 2.75% and was secured by all assets of the Bureau. The loan was repaid in full in May 2021.

**NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN**

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In January 2021, the Bureau received a Paycheck Protection Program loan through the Small Business Administration (SBA) in the amount of \$88,039. The Bureau submitted a loan forgiveness application and received full loan forgiveness in 2021. The entire amount of the loan forgiven is included in grant income on the statements of activities and changes in net assets.

**NOTE 13 SUBSEQUENT EVENTS**

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The Bureau has evaluated events and transactions subsequent to December 31, 2021 through May 18, 2022, the date these financial statements were available to be issued. Based on definitions and requirements of generally accepted accounting principles, management has not identified any events that occurred subsequent to December 31, 2021 that require recognition or disclosure in the financial statements, other than described below.

During 2022, the Bureau entered into a vehicle lease for 42 months, requiring a monthly payment of \$662.

In March 2022, the Bureau received an American Rescue Plan Act (ARPA) grant award in the amount of \$500,000.