

**Mendocino County Tourism
Commission, Inc.**



Financial Statements
Year ended June 30, 2015



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INFORMATION ABOUT THE ORGANIZATION

Name of organization.....	Mendocino County Tourism Commission, Inc.
Address.....	345 N. Franklin Street Fort Bragg, CA 95437
Telephone number.....	707 964-9010
Web site address.....	www.visitmendocino.com www.mendocinotourism.org
E-mail address.....	info@visitmendocino.com
Executive Director.....	Brent Haugen



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Officers
Mendocino County Tourism Commission, Inc.
Fort Bragg, CA

We have audited the accompanying financial statements of Mendocino County Tourism Commission, Inc. (a California nonprofit, corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of 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 Mendocino County Tourism Commission, Inc. as of June 30, 2015, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of selected expenses on page 14 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 to the underlying accounting and other records used to prepare the financial statements. The information 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 is fairly stated in all material respects in relation to the financial statements taken as a whole.



Fort Bragg, California
September 28, 2016

Mendocino County Tourism Commission, Inc.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

	2015
Current assets:	
Cash and equivalents	\$ 81,351
Accounts receivable	54,343
Prepaid assets	3,755
<i>Total current assets</i>	139,449
Website Development, net (Note 3)	56,000
Furniture, equipment and leasehold improvements, net (Note 2)	35
<i>Total Assets</i>	\$ 195,484

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 52,493
Accrued expenses	15,517
<i>Total current liabilities</i>	68,010
Net assets:	
Unrestricted net assets:	
Operating	71,439
Fixed assets and Website Development	56,035
<i>Total unrestricted net assets</i>	127,474
<i>Total Liabilities and Net Assets</i>	\$ 195,484

See accompanying notes and independent accountant's report.

Mendocino County Tourism Commission, Inc.
STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
REVENUE AND SUPPORT	
Sales	\$ 4,807
Program revenues	108,634
Related organizations	909,000
Investment income (losses)	84
Other receipts	625
TOTAL REVENUE AND SUPPORT	\$ 1,023,150
EXPENSES:	
Cost of sales	3,523
Program Services	583,812
Payroll expenses	335,717
Total Program Services	923,052
Administrative and general expenses	77,990
Depreciation and amortization	14,074
TOTAL EXPENSES	1,015,116
CHANGE IN NET ASSETS	\$ 8,034
NET ASSETS (LIABILITIES) BEGINNING	119,440
NET ASSETS ENDING	\$ 127,474

See accompanying notes and independent accountant's report.

Mendocino County Tourism Commission, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
Cash flow from activities:	
Change in net assets	\$ 8,034
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation and amortization	14,074
Deferred income	-
Changes in operating assets and liabilities:	
Accounts receivable	10,429
Prepaid expenses	1,315
Other current assets	-
Accounts payable	(356)
Accrued expenses	(2,779)
<i>Net cash provided (used) by operating activities</i>	30,717
Cash flows from investing activities:	
Purchases of fixed assets	-
Investments	
Other investing activities	(11,243)
<i>Net cash provided (used) by investing activities</i>	(11,243)
Cash flows from financing activities:	
Payment of capital lease	-
Payment of debt	-
<i>Net cash provided (used) by financing activities</i>	-
Net increase (decrease) in cash	\$ 19,474
Cash at the beginning of the year	61,877
Cash at the end of the year	\$ 81,351
<i>Supplemental disclosure of cash flow information:</i>	
Cash paid for:	
Interest	\$ -
Income taxes	\$ -

See accompanying notes and independent accountant's report.

MENDOCINO COUNTY TOURISM COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Organization and Nature of Activities:

The Mendocino County Tourism Commission, Inc., formerly known as Visit Mendocino County, Inc., is a non-profit corporation as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes. It was formed in June of 2009 for the specific and primary purpose of contracting with the Mendocino County Lodging Association (MCLA) and the Mendocino County Promotional Alliance (MCPA) to provide marketing and administrative services for both organizations relative to the Mendocino County Lodging Business Improvement District contact. In completing its purpose, Mendocino County Tourism Commission, Inc. is led by the Board of Directors comprised of eleven individuals – five from the MCLA and six from MCPA. The organization is responsible for all aspects of marketing Mendocino County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principle generally accepted in the United States of America.

Revenue and Accounts Receivable

Program revenues represent most of the annual revenue for this organization. The primary sources of revenue of Mendocino County Tourism Commission, Inc. are the marketing and administrative service contracts with MCLA and MCPA. Accounts receivable are considered to be fully collectible and no allowance for doubtful accounts has been established.

Estimates

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

Classification of Net Assets

Accounts of Mendocino County Tourism Commission, Inc. are reported in the following net asset categories:

Unrestricted Net Assets

Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure and accumulated investment gains and income on endowment investments that have not been appropriated for expenditure.

MENDOCINO COUNTY TOURISM COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Classification of Net Assets (Continued):

Permanently Restricted Net Assets

Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the organization to expend the income earned thereon.

As of June 30, 2015 all net assets of Mendocino County Tourism Commission, Inc. are classified and reported as unrestricted net assets.

Cash and Cash Equivalents

The Mendocino County Tourism Commission, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Inventory

Inventory consists of merchandise for sale in the retail store and at the Center. Inventories are stated at the lower of cost (first-in, first-out) or net realizable value market.

Most of the organization's inventory is held as consignment inventory in which title to the inventory does not transfer to the organization but is retained by the artist who created the works that are for sale. The consignment inventory is not recorded in the organization's books since the organization does not own the inventory. As with most consignment arrangements, the organization allows the owner of the item to show in the retail space and provides the owner of the piece the proceeds of all sales of their work, less a commission that is retained by Mendocino County Tourism Commission, Inc. for their services and costs.

Furniture, Equipment, and Leasehold Improvements

Fixed assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, which range from five to thirty years, or over the lesser of the term of the lease or the estimated useful life of the asset for assets under capital lease.

Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements. Normal repairs and maintenance are expensed as incurred whereas significant improvements that materially increase values or extend useful lives are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

MENDOCINO COUNTY TOURISM COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Identifiable Intangible Assets

Identifiable intangible assets are stated at cost, less accumulated amortization. Intangible assets are amortized on a straight-line basis over the estimated lives of the related assets. The organization uses assumptions in establishing estimated lives of identifiable intangible assets.

Income Taxes

The organization has been granted tax-exempt status under Internal Revenue Code Section 501(c)(6) and is, therefore, generally exempt from federal and state income taxes. Accordingly, no taxes have been provided for in the accompanying financial statements. Also, please refer to Note 4. "Uncertainty in Tax Positions" for more information about income tax positions.

Concentration of Credit Risk

The organization maintains cash balances at financial institutions located in northern California. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. At June 30, 2015 the organization has no uninsured cash balances.

NOTE 2. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS:

The following is a summary of furniture and equipment as of June 30, 2015:

Furniture and Equipment.....	\$46,385
Less accumulated depreciation.....	(46,350)
Net fixed assets.....	\$35

Fixed assets were transferred to Mendocino County Tourism Commission, Inc., formerly known as Visit Mendocino County, Inc., from MCPA and MCLA at net book value of \$46,385. The original purchase price of these fixed assets was \$46,385.

NOTE 3. WEBSITE DEVELOPMENT:

Website development fees are presented net of accumulated amortization of \$14,000 at June 30, 2015.

The future amortization for each of the next four years is as follows:

June 30,	Amount
2016	\$14,000
2017	14,000
2018	14,000
2019	<u>14,000</u>
	\$56,000

MENDOCINO COUNTY TOURISM COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4. UNCERTAINTY IN INCOME TAXES:

Mendocino County Tourism Commission, Inc. follows the guidance of FASB ASC 740-Accounting for Uncertainty in Income Taxes. For the year ended June 30, 2015 management evaluated the Organization's tax positions and concluded that Mendocino County Tourism Commission, Inc. had maintained its tax exempt status and had taken no uncertain tax positions that require adjustments to the financial statements.

NOTE 5. RELATED PARTIES, CONCENTRATIONS IN REVENUE AND ACCOUNTS RECEIVABLE:

The following is a summary of related parties and accounts receivable as of June 30, 2015:

Related Parties	Concentration Sales, Percentage	Concentration Accounts Receivables, Percentage
Mendocino County Promotional Alliance (MCPA)	31%	64%
Mendocino County Lodging Association (MCLA)	57	0
	88%	64%

A significant reduction in the level of support from the above organizations would have an effect on Mendocino County Tourism Commission, Inc.'s ability to continue its programs and activities.

NOTE 6. COMMITMENTS – OPERATING LEASES:

The organization leases two office facilities in Fort Bragg and Ukiah, on a month-to-month basis. Total rental expense for the year ended June 30, 2015 for two offices was \$21,000. Future rental payments under the operating leases are as follows:

Office lease - Fort Bragg and Ukiah, CA	Monthly Rent	Annual Rent
2016	1,800	21,600

NOTE 7. SUBSEQUENT EVENTS:

In July 2015 the Executive Director of the organization voluntarily terminated his employment. The organization continued using his services as a contractor until the end of June 2016 when new Executive Director was hired.

NOTE 8. MANAGEMENT REVIEW OF TRANSACTIONS:

Management has reviewed the financial transactions subsequent to the financial statement date through the date of this report, September 28, 2016, and reports no material transaction happened that could affect the carrying value of assets reported on June 30, 2015.

Supplemental Information

Mendocino County Tourism Commission, Inc.
SUPPLEMENTAL INFORMATION
SCHEDULE I
DETAIL OF SELECTED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	2015
PROGRAM SERVICES	
Advertising and media	222,012
Website maintenance	19,280
Public relations	178,682
Visitor services	96,862
Partnerships	27,894
Leisure and group sales	33,342
Related organizations expenses	5,740
TOTAL PROGRAM SERVICES	583,812
PAYROLL EXPENSES	
Salaries and wages	274,577
Payroll tax expense	23,575
Payroll benefits	31,391
Contract work	6,174
TOTAL PAYROLL EXPENSES	335,717
TOTAL STAFF PAYROLL HOURS	6,899
ADMINISTRATIVE AND GENERAL EXPENSES	
Bookkeeping and accounting	6,870
Legal fees	10,175
Bad debt expense	1,800
Office supplies and postage	13,697
Office and storage rent	21,600
Utilities	4,169
Telephone and telecommunications	8,776
Travel	6,384
Insurance	3,282
Miscellaneous	1,237
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	77,990

See accompanying notes and independent accountant's report.