

DOUGLAS COUNTY TRAVEL & TOURISM, INC.

**AUDITED BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

(WITH AUDITOR'S OPINION THEREON)

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
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DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Douglas County Travel & Tourism, Inc.
Douglasville, Georgia

Opinion

We have audited the accompanying financial statements of Douglas County Travel & Tourism, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year 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 Douglas County Travel & Tourism, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Douglas County Travel & Tourism, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Douglas County Travel & Tourism, 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.



Gregg S. Bossen

CPA, PC

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 Douglas County Travel & Tourism, 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 Douglas County Travel & Tourism, 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gregg S. Bossen, CPA, PC
Atlanta, Georgia
April 5, 2023

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

<u>ASSETS</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$-0-	\$885,690	\$885,690
Grant Receivable	-0-	365,185	365,185
Total Current Assets	<u>-0-</u>	<u>1,250,875</u>	<u>1,250,875</u>
 TOTAL ASSETS	 <u>-0-</u>	 <u>1,250,875</u>	 <u>1,250,875</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable & Accrued Expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Current Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 <u>NET ASSETS:</u>			
Net Assets Without Donor Restrictions	-0-	-0-	35,340
Net Assets With Donor Restrictions	<u>-0-</u>	<u>1,250,875</u>	<u>1,215,535</u>
Total Net Assets	<u>-0-</u>	<u>1,250,875</u>	<u>1,250,875</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$-0-</u>	 <u>\$1,250,875</u>	 <u>\$1,250,875</u>

See Auditor's Report and Notes to Financial Statements

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
PUBLIC SUPPORT & REVENUE:			
Local Government Grant	\$-0-	\$1,215,535	\$1,215,535
Miscellaneous Income	10,000	-0-	10,000
Interest Income	630	-0-	630
Net Assets, Restrictions Met	783,323	(783,323)	
Total Public Support and Revenue	<u>\$793,953</u>	<u>\$432,212</u>	<u>\$1,226,165</u>
EXPENSES:			
Program Services	<u>651,795</u>		<u>651,795</u>
Supporting Services:			
Management & General	142,158		142,158
Fundraising	-0-		-0-
Total Supporting Services	<u>142,158</u>		<u>142,158</u>
Total Expenses	<u>793,953</u>		<u>793,953</u>
CHANGES IN NET ASSETS	<u>\$0</u>	<u>\$432,212</u>	<u>\$432,212</u>

See Auditor's Report and Notes to Financial Statements

DOUGLAS COUNTY TRAVEL TOURISM, INC.
DOUGLASVILLE, GEORGIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Marketing & Advertising	639,050			639,050
Contracted Services		132,085		132,085
Rent	6,864	1,716		8,580
Supplies	2,590	3,326		5,916
Accounting		2,213		2,213
Insurance		2,179		2,179
Training & Conferences	2,000			2,000
Dues and Subscriptions	1,291	323		1,614
Meals & Entertainment		231		231
Postage		55		55
Licenses & Permits		30		30
TOTAL EXPENSES	\$651,795	\$142,158	\$0	\$793,953

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
BALANCE, DECEMBER 31, 2021, BEFORE PRIOR PERIOD ADJUSTMENT	\$-0-	\$550,380	\$550,380
PRIOR PERIOD ADJUSTMENT	-0-	268,283	268,283
BALANCE, DECEMBER 31, 2021 AFTER PRIOR PERIOD ADJUSTMENT	-0-	818,663	818,663
CHANGES IN NET ASSETS	-0-	432,212	432,212
BALANCE, DECEMBER 31, 2022	\$-0-	\$1,250,875	\$1,250,875

See Auditor's Report and Notes to Financial Statements

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>December 31, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in Net Assets	\$432,212
Adjustments to reconcile Excess to net cash provided by operating activities:	
(Increase) in Receivables	(96,902)
Increase in Accounts Payable & Accrued Expenses	20
Net cash provided by operating activities	<u>335,330</u>
NET CHANGE IN CASH	335,330
CASH AT BEGINNING OF YEAR	550,360
CASH AT END OF YEAR	<u><u>\$885,690</u></u>

See Auditor's Report and Notes to Financial Statements

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of organization:

The mission of the Douglas County Travel and Tourism, Inc. (DCTT) is to promote awareness of Douglas County, increase hotel utilization, and support travelers and visitors while enhancing economic impact for the county. As the county's Destination Marketing Organization (DMO), DCTT is designed to spearhead the proactive, strategic, visitor-centered economy, and cultural development of the county by reinvesting a portion of the visitor-paid room occupancy tax back into the promotion and marketing of Douglas County.

(B) Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. These statements reflect the application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into two net asset groups. These are:

Without Donor Restrictions:

All assets that either have no imposed restrictions on use or whose restrictions have been met by December 31, 2022.

With Donor Restrictions:

All contributions by local government grants with restrictions on use that have not been met by December 31, 2022. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenues:

Douglas County Travel & Tourism, Inc. recognizes the contributions and exchange transactions based on the FASB ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. Also, ASU 2018-08 clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional.

Additionally, effective January 1, 2020 the Organization adopted Accounting Standards Codification (ASC) 606. *Revenue from Contracts with Customers* and has recognized earned revenue following the five-step framework listed below which was used to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Support and Revenue for the organization are as follows:

Local Government Grant (Contribution):

Support from this source is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received). (See Note 3)

Interest Income:

Revenue from this source is recognized in the accounting period during which revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

See Auditor's Report

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(D) Income Taxes:

The Organization is exempt from income taxes under Section 501 (c) (6) of the United States Internal Revenue Code. During the year, Douglas County Travel & Tourism, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

Douglas County Travel & Tourism, Inc. adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the Douglas County Travel & Tourism, Inc. Douglas County Travel & Tourism, Inc. is no longer subject to federal tax examinations and no longer subject to state income tax examinations if the statute of limitations has expired.

(E) Receivables:

The grant receivable consists of unpaid grant awards from Douglas County. Douglas County Travel & Tourism, Inc. carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. Douglas County Travel & Tourism, Inc. uses the allowance method to determine uncollectible receivables. Also, Douglas County Travel & Tourism, Inc. uses the direct write-off method for receivables which have been determined to be uncollectible. On a periodic basis, Douglas County Travel & Tourism, Inc. evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of the collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2022.

The receivables for Douglas County Travel & Tourism, Inc. are expected to be collected as follows as of December 31, 2022:

Due within one year:	
Grant Receivable	<u>\$365,185</u>
Total Receivables	<u><u>\$365,185</u></u>

See Auditor's Report

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(F) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates

(G) Concentration of Credit Risk:

Douglas County Travel & Tourism, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

(H) Concentration of Major Source of Revenue:

Douglas County Travel & Tourism, Inc. received \$1,215,535 from Douglas County which is greater than 10% of its total revenue of \$1,226,165.

(I) Functional Allocation of Expenses:

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(J) Evaluation of Subsequent Events:

DCTT's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of the public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Management considered all events through April 5, 2023, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events other than the preceding paragraph that occurred subsequent to December 31, 2022, but prior to the issuance of this report, that would have a material impact on the financial statements.

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following represents Douglas County Travel & Tourism, Inc.'s financial assets at December 31, 2022:

Financial assets at year-end, net of current liabilities:	
Cash and cash equivalents	\$885,690
Grant Receivable	365,185
Less: Current Liabilities	<u>(-0-)</u>
Total financial assets, net of current liabilities	1,250,875
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$1,250,875</u>

DCTT's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$200,000). As a part of DCTT's liquidity plan, excess cash is invested in savings bank accounts.

NOTE 3: MEMORANDUM OF UNDERSTANDING WITH DOUGLAS COUNTY:

On February 2, 2022, Douglas County Travel & Tourism, Inc. entered into a memorandum of understanding ("MOU") with Douglas County for January 1, 2022 through December 31, 2022. The funds received under the MOU will be utilized for the purpose of promoting tourism, conventions and trade shows ("TCT") and for tourism product development ("TPD"). The expenditures of the TPD funds may include capital costs and operating expenses, excluding salaries. The contract can be terminated for non-compliance upon thirty days' written notice from the County. For the year ended December 31, 2022, the MOU funds of \$1,215,535 are shown as a Local government grant on the Statement of Activities.

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

Promoting tourism, conventions, & trade shows, and for tourism product development, capital costs, and operating expenses of DCTT	\$1,250,875
Total Net Assets With Donor Restrictions	<u>\$1,250,875</u>

DOUGLAS COUNTY TRAVEL & TOURISM, INC.
DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 5: PRIOR PERIOD ADJUSTMENT:

For the year ended December 31, 2021, a prior period adjustment was needed to record grant receivables due from Douglas County for the fiscal year 2021.

In accordance with Generally Accepted Accounting Principles, the prior period adjustment is shown on the Statement of Changes in Net Assets as a Prior Period Adjustment and is detailed below:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
2021 Grant receivable	-0-	\$268,283	\$268,283
Total Prior Period Adjustment	\$-0-	\$268,283	\$268,283

See Auditor's Report