

**FINANCIAL STATEMENTS  
AND INDEPENDENT ACCOUNTANT'S  
REVIEW REPORT WITH  
SUPPLEMENTARY INFORMATION**

**FINDLAY-HANCOCK COUNTY ALLIANCE**

**December 31, 2022 and 2021**

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# Robert Apling + Associates, LLC

*Certified Public Accountants*

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

September 15, 2023

Board of Directors  
Findlay-Hancock County Alliance  
Findlay, Ohio

We have reviewed the accompanying financial statements of Findlay-Hancock County Alliance (fka Findlay-Hancock County Chamber of Commerce) (the Organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements). A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

See independent accountant's review report.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The supplementary information included on pages 20 and 22 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*Robert Apling + Associates, LLC*

Robert Apling + Associates, LLC  
Fremont, Ohio

**STATEMENTS OF FINANCIAL POSITION**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,631,726	\$ 1,624,727
Accounts receivable	69,448	46,319
Employee retention credit receivable	-	187,785
Hotel/motel tax receivable	191,725	167,786
Prepaid expenses and other current assets	11,566	6,814
Total current assets	<u>1,904,465</u>	<u>2,033,431</u>
<b>Property and equipment - net</b>	64,264	81,024
<b>Investments</b>	350,028	51,869
<b>Accounts receivable - related party</b>	<u>223,966</u>	<u>216,995</u>
Total assets	<u><u>\$ 2,542,723</u></u>	<u><u>\$ 2,383,319</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 119,678	\$ 91,612
Refundable advances	6,416	8,480
Accrued payroll bonuses	35,262	59,624
Accrued payroll liabilities	5,453	5,497
Deferred revenue	96,085	88,072
Total current liabilities	<u>262,894</u>	<u>253,285</u>
Total liabilities	262,894	253,285
<b>Net assets</b>		
Without donor restrictions	1,637,398	1,614,229
With donor restrictions	642,431	515,805
Total net assets	<u>2,279,829</u>	<u>2,130,034</u>
Total liabilities and net assets	<u><u>\$ 2,542,723</u></u>	<u><u>\$ 2,383,319</u></u>

See accompanying notes and independent accountant's review report.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenues and support</b>						
Hotel/motel tax and interest	\$ -	\$ 770,823	\$ 770,823	\$ -	\$ 625,862	\$ 625,862
Contributions	536,602	-	536,602	605,438	-	605,438
Membership	330,807	-	330,807	374,857	-	374,857
Member services	160,060	-	160,060	117,220	-	117,220
Fundraising	83,775	-	83,775	74,625	-	74,625
Development	-	-	-	238,607	-	238,607
Foreign Trade Zone	26,690	-	26,690	37,040	-	37,040
Blanchard Valley Port Authority	19,350	-	19,350	12,525	-	12,525
Contributions of nonfinancial assets	18,865	-	18,865	19,215	-	19,215
Administrative	20,690	-	20,690	26,290	-	26,290
SBRC/MEP	2,370	-	2,370	16,500	-	16,500
Satisfaction of time and program restrictions	644,197	(644,197)	-	513,638	(513,638)	-
Total operating revenues and support	1,843,406	126,626	1,970,032	2,035,955	112,224	2,148,179
<b>Operating expenses</b>						
Program services	1,427,967	-	1,427,967	1,224,811	-	1,224,811
Management and general	335,345	-	335,345	353,128	-	353,128
Fundraising	51,927	-	51,927	36,921	-	36,921
Total operating expenses	1,815,239	-	1,815,239	1,614,860	-	1,614,860
Total operating income	28,167	126,626	154,793	421,095	112,224	533,319
<b>Nonoperating income (loss)</b>						
Net investment income (loss):						
Interest and dividends	7,935	-	7,935	1,344	-	1,344
Realized and unrealized loss on investments	(12,933)	-	(12,933)	(3,011)	-	(3,011)
Total net investment gain (loss)	(4,998)	-	(4,998)	(1,667)	-	(1,667)
Forgivable loan - PPP	-	-	-	178,297	-	178,297
Employee retention credit	-	-	-	187,785	-	187,785
Total nonoperating income (loss)	(4,998)	-	(4,998)	364,415	-	364,415
Change in net assets	23,169	126,626	149,795	785,510	112,224	897,734
Net assets, beginning of year	1,614,229	515,805	2,130,034	828,719	403,581	1,232,300
Net assets, end of year	\$ 1,637,398	\$ 642,431	\$ 2,279,829	\$ 1,614,229	\$ 515,805	\$ 2,130,034

See accompanying notes and independent accountant's review report.

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Year Ended December 31, 2022**

	Program Services			Support Services			
	Chamber of Commerce	Convention and Visitor's Bureau	Economic Development Council	Total Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 255,054	\$ 171,846	\$ 300,289	\$ 727,189	\$ 203,203	\$ -	\$ 930,392
Member services	97,905	163,271	56,854	318,030	36,873	51,927	406,830
Other	14,089	8,573	27,897	50,559	12,222	-	62,781
Advertising and promotion	9,003	87,771	10,931	107,705	26,926	-	134,631
Occupancy	30,720	30,720	30,720	92,160	23,040	-	115,200
Information technologies	21,548	14,538	17,010	53,096	13,274	-	66,370
Office expenses	12,970	7,762	10,283	31,015	7,754	-	38,769
Professional services	5,285	8,109	9,635	23,029	5,757	-	28,786
Depreciation	4,244	4,638	4,527	13,409	3,352	-	16,761
Travel	1,599	365	9,811	11,775	2,944	-	14,719
Total expenses	<u>\$ 452,417</u>	<u>\$ 497,593</u>	<u>\$ 477,957</u>	<u>\$ 1,427,967</u>	<u>\$ 335,345</u>	<u>\$ 51,927</u>	<u>\$ 1,815,239</u>

See accompanying notes and independent accountant's review report.

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Year Ended December 31, 2021**

	Program Services			Support Services		Total	
	Chamber of Commerce	Convention and Visitor's Bureau	Economic Development Council	Total Program Services	Management and General		Fundraising
Salaries and benefits	\$ 257,803	\$ 159,179	\$ 267,714	\$ 684,696	\$ 218,098	\$ -	\$ 902,794
Member services	73,177	90,663	41,997	205,837	51,459	36,921	294,217
Other	8,841	4,383	24,035	37,259	9,315	-	46,574
Advertising and promotion	6,743	47,000	16,689	70,432	17,609	-	88,041
Occupancy	30,720	35,466	12,672	78,858	19,715	-	98,573
Information technologies	22,513	12,092	14,348	48,953	12,237	-	61,190
Office expenses	11,146	6,883	5,502	23,531	5,883	-	29,414
Professional services	5,917	7,992	36,975	50,884	12,721	-	63,605
Depreciation	9,725	4,816	918	15,459	3,865	-	19,324
Travel	836	130	7,509	8,475	2,119	-	10,594
Insurance	427	-	-	427	107	-	534
Total expenses	<u>\$ 427,848</u>	<u>\$ 368,604</u>	<u>\$ 428,359</u>	<u>\$ 1,224,811</u>	<u>\$ 353,128</u>	<u>\$ 36,921</u>	<u>\$ 1,614,860</u>

See accompanying notes and independent accountant's review report.

**STATEMENTS OF CASH FLOWS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 149,795	\$ 897,734
Adjustments to reconcile net income to cash provided by operating activities:		
Forgivable loan - PPP	-	(178,297)
Depreciation	16,761	19,324
Net realized and unrealized losses on investments net of management fees	12,933	3,011
Changes in operating assets and liabilities:		
Accounts receivable	(23,129)	(37,580)
Employee retention credit receivable	187,785	(187,785)
Hotel/motel tax receivable	(23,939)	(70,271)
Prepaid expenses and other current assets	(4,752)	(3,169)
Accounts payable	28,066	55,646
Refundable advances	(2,064)	8,480
Accrued payroll bonuses	(24,362)	14,281
Accrued payroll liabilities	(44)	3,393
Accrued real estate taxes	-	(1,092)
Deferred membership	8,013	(54,507)
Cash provided by operating activities	<u>325,063</u>	<u>469,168</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	(25,201)
Purchase of investments	(360,507)	(103,838)
Proceeds from sale of investments	49,414	248,838
Cash provided by (used in) investing activities	<u>(311,093)</u>	<u>119,799</u>
<b>Cash flows from financing activities</b>		
Proceeds from forgivable loan - PPP	-	178,297
Accounts receivable - related party - net	(6,971)	(4,316)
Cash provided by (used in) financing activities	<u>(6,971)</u>	<u>173,981</u>
Net increase in cash	<u>6,999</u>	<u>762,948</u>
Cash and cash equivalents at beginning of year	1,624,727	861,779
Cash and cash equivalents at end of year	<u>\$ 1,631,726</u>	<u>\$ 1,624,727</u>
<b>Supplemental disclosure of non-cash financing activities</b>		
Forgiveness of PPP loan	<u>\$ -</u>	<u>\$ 178,297</u>

See accompanying notes and independent accountant's review report.

**NOTES TO FINANCIAL STATEMENTS  
FINDLAY-HANCOCK COUNTY ALLIANCE  
December 31, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies**

**Business Activity and Nature of Operations**

The Findlay-Hancock County Alliance (fka Findlay-Hancock County Chamber of Commerce), a non-profit organization (the Organization), is dedicated to driving growth and prosperity in the Findlay-Hancock County region. The Organization solicits funds from local businesses and residents and has more than 600 members consisting of both business and professional firms. The Organization consists principally of three divisions: the Chamber of Commerce (Chamber), Convention and Visitors Bureau (CVB), and the Economic Development Council (EDC).

**Basis of Accounting**

The accounting policies of the Organization conform to generally accepted accounting principles and reflect practices appropriate for a non-profit organization. The financial statements have been prepared on the accrual basis of accounting and include all divisions and accounts of the Organization: the Chamber, CVB, and EDC. Inter-divisional balances and transactions have been eliminated.

**Financial Statement Presentation**

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Not-for-Profit Entities (Topic 958)*, to be in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding the financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization is also required to make certain disclosures about liquidity, financial performance, and cash flows.

**Cash and Cash Equivalents**

The Organization maintains deposits in federally insured financial institutions. At times, these deposits exceed federal insured limits. The Organization regularly monitors the financial condition of the institution in which it has depository accounts and believes the risks of loss are minimal. For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents.

**Accounts Receivable**

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment is recorded at cost if purchased or at fair value if contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which are as follows:

	<u>Years</u>
Leasehold improvements	5-40
Furniture and equipment	3-10

Expenditures for maintenance and repairs are charged to operations as incurred. It is the Organization’s policy to capitalize property and equipment having an acquisition cost of \$1,000 or more.

**Investments**

Investments are carried at fair value based upon independent market quotes. The change in fair value is reported as unrealized gain and loss in the accompanying statements of activities and changes in net assets.

**Deferred Membership Dues**

The Organization bills members for yearly dues in members’ anniversary months. Revenue related to membership dues is recorded over the length of time the membership is active. Amounts received but not yet earned by the Organization are recorded as deferred membership in the current liabilities section of the accompanying statements of financial position. The opening balance of deferred membership as of January 1, 2021 was \$142,579.

**Refundable Advances**

The Organization is the recipient of grants that require expenditure for specified activities. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as a refundable advance.

**Classification of Net Assets**

Most funds of the Organization are classified as net assets without donor restrictions, since the governing instruments of the Organization and certain agreements provide for the invasion of principal, or for the Organization to exercise its variance power to modify any restriction if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Net assets without donor restrictions are not subject to donor-imposed restrictions.

Net assets with donor restrictions contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. These restrictions are satisfied either by the passage of time or when the purposed restriction is met. All net assets with donor restrictions as of December 31, 2022 and 2021 are restricted for specific program use; see Note 7.

See independent accountant’s review report.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Federal Income Taxes**

The Organization has been approved under Internal Revenue Code Section 501(c)(6) as a non-profit organization exempt from federal income taxes on its normal activities. The Organization is taxed on its unrelated business income. The Organization files Forms 990 and 990-T annually. The Organization has adopted FASB ASC Topic, *Income Taxes (740)*, to account for uncertainty in income taxes.

The Organization files Exempt Organization tax returns in the U.S. federal jurisdiction, and the state of Ohio. At December 31, 2022 and 2021, there are no unrecognized tax benefits, that if recognized would affect the annual effective tax rate. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2022 and 2021, no interest or penalties were recognized.

**Revenue Recognition**

The Organization recognizes revenue from contracts with customers in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)* (ASC 606).

ASC 606 requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. ASC 606 prescribes the following five-step model for recognizing revenue, the application of which may require significant judgment:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue as performance obligations are satisfied.

This standard also requires an entity to provide users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Organization's contracts with customers.

The Organization determines the transaction price based on contractually agreed-upon amounts or rates, reduced by the contractual adjustments provided to third-party payors and other adjustments for estimated or variable considerations, such as implicit price concessions. The Organization utilizes the expected value method to determine the amount of variable consideration that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience with each payor type. The Organization assesses collectability on all accounts prior to providing services.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

*Membership and member services*

Membership income is recognized under ASC 606 as an exchange transaction. Dues are recognized ratably over the term of the membership, which is generally one year, as members benefit ratably over the course of the membership and the performance obligations of the Organization are fulfilled during that time. Member services are primarily composed of programming and events and associated revenue when the performance obligation of providing the service is met.

*Development*

From time to time, the EDC enters into agreements to promote the development of the Findlay and Hancock County area. The agreements provide for the EDC to receive an assignment fee for the successful sale of property to be used for economic development, and revenue is recognized at that point in time. Development income is recognized under ASC 606 as an exchange transaction.

*Foreign Trade Zone*

The EDC is able to assist manufacturers in Hancock and surrounding counties by lowering costs and boosting profits by the reduction, elimination, or deferral of duty payments. Income is recognized ratably over the term of the contract, which is generally one year, as manufacturers benefit ratably over the course of the contract and the performance obligations of the Organization are fulfilled during that time.

Additionally, the Organization receives income from hotel tax as discussed in Note 9.

Opening balances of accounts receivable from customers as of January 1, 2022 and 2021 were \$0. Closing balance of accounts receivable from customers was \$0 at December 31, 2022.

*Contributions*

In accordance with FASB Accounting Standards Update (ASU), 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization reports gifts of cash 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 statements of activities as net assets released from restrictions. Contributions received are recorded as restricted support, depending on the existence and/or nature of any donor restrictions.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Forgivable Loan**

In March 2020, passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA) to provide loans to qualifying entities. The Organization has elected to follow Topic 958, previously described, to account for the PPP loan received. Conditions exist for loan forgiveness per SBA guidelines including use of proceeds on eligible expenses. Revenue is recognized as eligible expenses are incurred and as other conditions for the loan are satisfied. See Note 6.

**Advertising Costs**

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2022 and 2021 were \$134,631 and \$88,041, respectively.

**Use of Estimates**

The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions. Those estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncements**

In February 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 expands presentation and disclosure requirements for contributed nonfinancial assets (also referred to as gifts-in-kind). The amendments require that contributed nonfinancial assets be presented as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. In addition, nonprofit organizations must disclose contributed nonfinancial assets received disaggregated by category that depicts the type of assets contributed. Additional disclosures are required for each category of contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted and is to be applied retrospectively. The Organization adopted ASU 2020-07 as of January 1, 2022.

**Reclassification**

Certain prior year classifications have been changed in the current year financial statements in order to clarify financial presentation.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 2 – Property and Equipment**

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 857	\$ 857
Furniture and equipment	453,030	453,030
Construction in progress	<u>22,560</u>	<u>22,560</u>
Total property and equipment	476,447	476,447
Less: accumulated depreciation	<u>412,183</u>	<u>395,423</u>
Net property and equipment	<u>\$ 64,264</u>	<u>\$ 81,024</u>

Depreciation expense of \$16,761 and \$19,323 was incurred during 2022 and 2021, respectively.

**Note 3 – Investments**

The Organization accounts for investments with readily determinable fair values at fair value.

Investments consist of the following at December 31:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common stock	\$ 116,688	\$ 112,341	\$ -	\$ -
Mutual funds	215,159	209,546	-	-
Exchange traded funds	28,896	28,141	-	-
U.S. Treasury notes	-	-	53,706	51,869
Total	<u>\$ 360,743</u>	<u>\$ 350,028</u>	<u>\$ 53,706</u>	<u>\$ 51,869</u>

Net investment earnings consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 7,935	\$ 1,344
Net realized and unrealized losses	<u>(12,933)</u>	<u>(3,011)</u>
Total	<u>\$ (4,998)</u>	<u>\$ (1,667)</u>

**Note 4 – Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC Topic, *Fair Value Measurement (Topic 820)*, are described 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.

See independent accountant’s review report.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 4 – Fair Value Measurements (continued)**

Level 2 – Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in inactive markets;
- c. Inputs other than quoted prices that are observable for the asset or liability;
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Money market funds* – valued using amortized cost which approximates fair value.

*Common stocks* – valued at quoted prices in active markets at year end.

*Mutual Funds & Exchange Traded Funds* – valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Organization at year end.

*U.S. Treasury notes* – valued using pricing models maximizing the use of observable inputs for similar securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization invests in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

See independent accountant's review report.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 4 – Fair Value Measurements (continued)**

The following tables present the Organization’s fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31:

Description	2022			
	Total	Level 1	Level 2	Level 3
Common stocks:				
Healthcare	\$ 14,824	\$ 14,824	\$ -	\$ -
Technology	26,149	26,149	-	-
Consumer	34,676	34,676	-	-
Financial services	19,829	19,829	-	-
Real estate	7,805	7,805	-	-
Energy	3,640	3,640	-	-
Other	5,418	5,418	-	-
Mutual funds:				
Stock	65,176	65,176	-	-
Bond	144,370	144,370	-	-
Exchange traded funds:				
Blend	28,141	28,141	-	-
Money market funds	11,894	11,894	-	-
Total	<u>\$ 361,922</u>	<u>\$ 361,922</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2021			
	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	\$ 51,869	\$ 51,869	\$ -	\$ -
Money market funds	316,957	316,957	-	-
Total	<u>\$ 368,826</u>	<u>\$ 368,826</u>	<u>\$ -</u>	<u>\$ -</u>

Money market funds are recorded in cash and cash equivalents within the statements of financial position.

**Note 5 – Line of credit**

The Organization has available a \$150,000 line of credit with a 7.50% and 3.25% interest rate for the years ended December 31, 2022 and 2021. During February 2023, the line of credit was extended through February 7, 2024. At December 31, 2022 and 2021, the Organization had an outstanding balance of \$0.

See independent accountant’s review report.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 6 – Forgivable Loan – PPP**

During February 2021, the Organization entered into an unsecured loan in the amount of \$178,297 under the PPP granted by the Small Business Administration under the CARES Act. The Organization accounted for the transaction under the assumption that there was reasonable assurance that the grant amounts would be received and all necessary qualifying conditions for forgiveness, as stated in the loan agreement, were met. In 2021, the Organization received correspondence from the lender of the PPP loan that the Organization’s PPP loan amount had been forgiven. Accordingly, the Organization has recognized the income from the forgiveness of the loan that relates to qualified expenses during the year ended December 31, 2021. The forgivable loan is recorded as forgivable loan – PPP within the statements of activities and changes in net assets during the year.

**Note 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are contributions that have been reserved for specific purposes designated by the donor. The restricted funds and the changes therein for the years ended December 31, 2022 or 2021 are as follows:

	<b>2022</b>	<b>Beginning Balance</b>	<b>Contribution Additions</b>	<b>Restrictions Released</b>	<b>Ending Balance</b>
CVB hotel taxes		\$ 515,805	\$ 770,823	\$ 644,197	\$ 642,431
Total		\$ 515,805	\$ 770,823	\$ 644,197	\$ 642,431
	<b>2021</b>	<b>Beginning Balance</b>	<b>Contribution Additions</b>	<b>Restrictions Released</b>	<b>Ending Balance</b>
CVB hotel taxes		\$ 403,581	\$ 625,862	\$ 513,638	\$ 515,805
Total		\$ 403,581	\$ 625,862	\$ 513,638	\$ 515,805

**Note 8 – Employee Retention Credit**

Under tax provisions of the CARES Act, employers can receive a refundable tax credit as an incentive to retain employees. The Organization has applied for refundable credits in the amount of \$187,785 for 2021, which is recorded as employee retention credit within the statements of activities and changes in net assets. The entire amount of the employee retention credit is a has been collected as of December 31, 2022.

**Note 9 – Governmental contracts - Convention and Visitors Bureau**

The Hancock County Commissioners enacted Resolution 379-91 on December 17, 1991. This resolution authorized Hancock County (the County) to enter into an agreement with the Organization to provide for the operations of CVB. The County agrees to remit to CVB 40% of the net proceeds of the actual collection of the hotel/motel tax. The aforementioned fund is to be used for promoting and publicizing Hancock County, including the City of Findlay, in order to bring the patronage of business and tourists; and cultural, educational, religious, professional and sports organizations into the County.

See independent accountant’s review report.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 9 – Governmental contracts - Convention and Visitors Bureau (continued)**

The contract began in 1992 and can be renewed annually. The Organization will receive the full 3% tax assessed by the County from hotels and motels to fund CVB. Revenue is recognized when earned. In December 2020, the agreement was renewed effective January 1, 2021 for one year. In December 2021, the agreement was renewed effective January 1, 2022 for 5 years. In the event of termination, any and all remaining monies originally received from the County shall be returned to the General Fund of the County.

**Note 10 – Contributions of Nonfinancial Assets**

In 2022, the Organization received services for communications/advertising, transportation, maintenance, and professional services totaling \$18,865 with offsetting expenses of \$18,865. In 2021, the Organization received services totaling \$19,215 with offsetting expenses of \$19,215.

	<u>2022</u>	<u>2021</u>
(a) Services	\$ 13,525	\$ 14,490
(b) Food	3,440	2,100
(c) Prizes	1,900	2,625
Total	<u>\$ 18,865</u>	<u>\$ 19,215</u>

The contributed nonfinancial assets have no associated donor restrictions.

- (a) Services – Contributed services include advertising, snow removal, recycling, and MC for ceremonies valued and reported at estimated fair value based on current rates for similar services.
- (b) Food – Contributed food was utilized in the Rally in the Alley event and valued based on the cost of the related food.
- (c) Prizes – Prizes contributed by local business for annual golf outing reported at fair value.

**Note 11 – Retirement Plan**

The Organization has a qualified profit-sharing plan (the Plan) for which full-time employees are eligible after thirty days of service provided that they are twenty-one years of age or older. The Plan allows eligible employees to defer the lower of 92% of their compensation or the maximum contribution specified for that year in accordance with the Internal Revenue Code Section 401(k). The Organization contributes 3% of an employee’s compensation to the Plan and matches up to 4% of an employee’s deferral. Effective January 1, 2019, new hires are automatically enrolled at 6% unless they elect to opt out, and contributions to an employee’s 401(k) account are immediately 100% vested. Profit sharing and matching expense was \$48,683 and \$45,292 for the years ended December 31, 2022 and 2021, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 12 – Operating Leases**

In July of 2017, the Organization entered into a 60-month equipment (copier) lease agreement. Lease expense for 2022 and 2021 was \$2,024. The copier lease was not renewed.

In January of 2018, the Organization entered into a 63-month equipment (postage meter) lease agreement. Lease expense for 2022 and 2021 was \$2,028. Future minimum lease payment for 2023 is \$676.

The Organization rents its premises from the Foundation on a month-to-month basis. Rent paid to this related organization amounted to \$115,200 for 2022 and for 2021. The Company has elected the practical expedient under FASB ASU 2023 - 01 to assess the written terms and conditions of common control leasing arrangements.

**Note 13 – Unrelated Business Income**

For the years December 31, 2022 and 2021, the Organization had no tax expense with regards to its unrelated business income.

**Note 14 – Related Parties**

All members of the Organization's Board of Directors also comprise the Board of Trustees of Findlay-Hancock County Alliance Foundation (the Alliance Foundation). The entities are separate distinct legal entities and all transactions between the organizations are handled at arms-length. The organizations do share management, but there is not an economic interest between the organizations. Accounts receivable from the Alliance Foundation amounted to \$223,966 and \$216,995 at December 31, 2022 and 2021, respectively.

During 2022, the Alliance contributed \$11,650 to the Alliance Foundation to be used for capital improvement projects. Additionally, the Alliance guaranteed a mortgage note on behalf of the Foundation. The ending balance of the guaranteed mortgage note was \$297,431 at December 31, 2022, with monthly principal and interest payments of \$1,953 and the final payment due October 2040.

During 2022 and 2021, one and two members, respectively, of the Organization's Board of Directors, operate and/or manage local businesses that the Organization dealt with during the normal course of business. For the years ended December 31, 2022 and 2021, the amounts of these business services charged to operating expenses were \$3,043 and \$5,976, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**December 31, 2022 and 2021**

**Note 15 – Liquidity and Availability of Financial Assets**

The Organization’s financial assets available within one year of the statements of financial position date for general expenditures are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,631,726	\$ 1,624,727
Accounts receivable	69,448	46,319
Employee retention credit receivable	-	187,785
Hotel/motel tax receivable	191,725	167,786
Investments	350,028	51,869
Less net assets with donor restrictions	<u>(642,431)</u>	<u>(515,805)</u>
Total	<u>\$ 1,600,496</u>	<u>\$ 1,562,681</u>

The Organization had \$1,600,496 and \$1,562,681 at December 31, 2022 and 2021, respectively, of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures, consisting of cash, receivables and investments. The Organization reviews cash balances on a monthly basis to ensure cash flow. Additionally, as discussed in Note 5, a line of credit is available in the amount of \$150,000 in the event of short-term cash needs.

**Note 16 – Methods Used for the Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and schedules of functional expenses. Accordingly, certain costs have been allocated between program services and support services on a reasonable basis that is consistently applied. The expenses that are allocated include: professional services, travel, advertising which are allocated based on time spent; and office expenses, occupancy, depreciation, information technologies, and insurance, which are allocated based on square footage and identification of resources consumed.

**Note 17 – Subsequent Events**

The Organization evaluated subsequent events through September 15, 2023, the date that these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements other than events discussed in Note 5.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>MEMBER SERVICES - CHAMBER</b>		
Programs	\$ 35,824	\$ 18,429
Small Business Awards	7,128	9,473
Rally in the Alley	13,297	13,472
Safety council	9,972	3,036
Golf outing	44,183	36,921
Hancock Leadership Alumni Association	4,329	5,350
Total member services	<u>\$ 114,733</u>	<u>\$ 86,681</u>
<b>MARKETING - CHAMBER</b>		
Travel	\$ 8,775	\$ 7,131
Printing	549	1,667
Marketing/advertising	14,497	10,385
Total marketing	<u>\$ 23,821</u>	<u>\$ 19,183</u>
<b>ADMIN. - SALARIES AND BENEFITS - CHAMBER</b>		
Salaries	\$ 196,298	\$ 194,542
Operational and support services	52,628	48,469
Employee benefits and taxes	74,148	88,070
Total salaries and benefits	<u>\$ 323,074</u>	<u>\$ 331,081</u>

See accompanying notes and independent accountant's review report.

**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ADMIN. - OPERATIONS - CHAMBER</b>		
Training	\$ 5,412	\$ -
Board development	-	169
Dues and subscriptions	6,258	7,497
Postage	2,044	(54)
Telephone/internet	1,769	1,753
Professional services	6,606	7,396
Supplies and miscellaneous	6,077	6,048
Other expenses	6,935	6,404
Software	14,988	14,922
Facility - rent, utilities and maintenance	49,251	49,866
Depreciation	5,304	12,156
Contribution to Foundation	3,883	-
Total admin. - operations	<u>\$ 108,527</u>	<u>\$ 106,157</u>
Total Chamber expense	<u>\$ 570,155</u>	<u>\$ 543,102</u>
Less allocated support services	<u>(73,555)</u>	<u>(78,333)</u>
Less allocated fundraising services	<u>(44,183)</u>	<u>(36,921)</u>
Total Chamber program expenses	<u>\$ 452,417</u>	<u>\$ 427,848</u>

**CONVENTION AND VISITORS BUREAU**

Travel	\$ 452	\$ 163
Board development	-	50
Marketing/advertising	316,143	174,202
Salaries	140,868	129,636
Operational services	52,628	48,469
Employee benefits and taxes	46,369	53,698
Training	99	99
Dues and subscriptions	6,623	5,045
Postage	332	938
Telephone/internet	2,574	1,263
Professional services	10,136	9,990
Facility - rent, utilities and maintenance	49,602	55,512
Depreciation	5,798	6,020
Supplies and miscellaneous	12,294	8,499
Contribution to Foundation	3,883	-
Total Convention and Visitors Bureau expenses	<u>647,801</u>	<u>493,584</u>
Less allocated support services	<u>(150,208)</u>	<u>(124,980)</u>
Total Convention and Visitors Bureau program expenses	<u>\$ 497,593</u>	<u>\$ 368,604</u>

See accompanying notes and independent accountant's review report.

**SCHEDULE I - DEPARTMENTAL EXPENSES**  
**FINDLAY-HANCOCK COUNTY ALLIANCE**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ECONOMIC DEVELOPMENT COUNCIL</b>		
Business development	\$ 80,970	\$ 74,340
Printing	884	424
Marketing/advertising	23,769	22,815
In-kind contributions	18,865	19,215
Salaries	246,266	213,812
Operational services	51,853	48,469
Employee benefits and taxes	69,333	78,165
Dues and subscriptions	12,056	9,140
Postage	215	852
Telephone/internet	3,355	2,287
Professional services	12,044	46,219
Facility - rent, utilities and maintenance	49,601	49,637
Depreciation	5,659	1,147
Software	4,916	4,412
Supplies and miscellaneous	13,614	7,240
Contribution to Foundation	3,883	-
Total Economic Development Council expenses	<u>597,283</u>	<u>578,174</u>
Less allocated support services	<u>(111,582)</u>	<u>(149,815)</u>
Less allocated fundraising services	<u>(7,744)</u>	<u>-</u>
Total Economic Development Council program expenses	<u>\$ 477,957</u>	<u>\$ 428,359</u>
Total all departmental expenses	<u>\$ 1,815,239</u>	<u>\$ 1,614,860</u>

See accompanying notes and independent accountant's review report.