

Audited  
Financial  
Statements

December 31,  
2023

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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, 2023 and 2022, 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, 2023 and 2022, 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 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  
March 20, 2024

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Financial Position**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 496,958	\$ 756,935
Cash - restricted	166,865	16,507
Certificates of deposit	500,000	-
Taxes receivable	74,584	168,481
Accrued interest receivable	9,236	-
Prepaid expenses	5,500	5,500
Due from employees	1,000	-
Grants receivable	143,610	227,795
	<u>1,397,753</u>	<u>1,175,218</u>
<b>Property and Equipment</b>		
Office equipment	62,023	62,612
Less accumulated depreciation	41,316	31,964
	<u>20,707</u>	<u>30,648</u>
<b>Other Assets</b>		
Operating lease right-of-use assets	122,399	136,065
	<u>122,399</u>	<u>136,065</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,540,859</u>	<u>\$ 1,341,931</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 96,519	\$ 69,819
Accrued payroll and benefits	37,044	60,955
Deferred income	21,831	1,650
Custodial liability	12,500	-
Current maturities of operating lease obligations	30,946	26,695
	<u>198,840</u>	<u>159,119</u>
<b>Long-Term Liabilities</b>		
Long-term operating lease obligations	90,414	105,641
	<u>90,414</u>	<u>105,641</u>
<b>Total Liabilities</b>	<u>289,254</u>	<u>264,760</u>
<b>Net Assets</b>		
Without donor restrictions	1,097,240	1,060,664
With donor restrictions	154,365	16,507
	<u>1,251,605</u>	<u>1,077,171</u>
<b>Total Net Assets</b>	<u>1,251,605</u>	<u>1,077,171</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,540,859</u>	<u>\$ 1,341,931</u>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenues</b>		
Lodging taxes	\$ 1,489,077	\$ 1,308,163
Grants	424,769	737,645
Membership revenues	55,454	50,307
Interest income	19,773	2,491
Official Visitor's Guide revenues	3,795	41,477
	<u>1,992,868</u>	<u>2,140,083</u>
<b>Expenses</b>		
Advertising	810,185	823,812
Salaries	395,513	401,322
Public relations	127,006	78,003
Other promotional expense	125,543	148,638
Employee benefits and payroll taxes	87,950	81,048
Publications	82,592	86,724
Convention sales expense	77,132	43,388
Retirement expense	49,095	44,566
Rent expense	40,698	33,552
Professional fees	33,359	27,716
Dues and subscriptions	21,539	12,271
Maintenance and repairs	18,508	18,109
Utilities	15,384	13,855
Depreciation	9,940	9,941
Office supplies and equipment	9,488	5,508
Civil War Heritage	8,700	6,000
Research	8,685	8,452
Newcomer house	8,125	6,350
Miscellaneous	7,021	14,890
Postage	6,994	6,687
Board of directors	4,929	3,455
Printing expenses	4,060	1,773
Interest	3,846	-
	<u>1,956,292</u>	<u>1,876,060</u>
Change in Net Assets Without Donor Restrictions	<u>36,576</u>	<u>264,023</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grant revenue	154,365	16,507
Net assets released from restrictions	(16,507)	-
	<u>137,858</u>	<u>16,507</u>
Change in Net Assets With Donor Restrictions	<u>137,858</u>	<u>16,507</u>
Change in Total Net Assets	<u>174,434</u>	<u>280,530</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>		
	1,060,664	796,641
Change in net assets	36,576	264,023
	<u>1,097,240</u>	<u>1,060,664</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>		
	<u>\$ 1,097,240</u>	<u>\$ 1,060,664</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS, BEGINNING OF YEAR</b>		
	\$ 16,507	\$ -
Change in net assets	137,858	16,507
	<u>154,365</u>	<u>16,507</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR</b>		
	<u>\$ 154,365</u>	<u>\$ 16,507</u>

**WASHINGTON COUNTY, MARYLAND**  
**CONVENTION AND VISITORS BUREAU, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 174,434	\$ 280,530
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,940	9,941
Cash paid for leases in excess of recognized expense	-	(3,730)
Noncash operating lease expense in excess of lease payments	2,691	-
Decrease (increase) in taxes receivable	93,897	(62,482)
(Increase) in accrued interest receivable	(9,236)	-
(Increase) in due from employees	(1,000)	-
Decrease (increase) in grants receivable	84,185	(158,521)
(Increase) in prepaid expenses	-	(5,500)
Increase in accounts payable	26,700	58,383
(Decrease) increase in accrued payroll and benefits	(23,911)	17,455
Increase (decrease) in deferred income	20,181	(11,103)
Net Cash Provided By Operating Activities	<u>377,881</u>	<u>124,973</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	<u>(500,000)</u>	<u>-</u>
Net Cash (Used In) Investing Activities	<u>(500,000)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in custodial liability	<u>12,500</u>	<u>(170,000)</u>
Net Cash Provided By (Used In) Financing Activities	<u>12,500</u>	<u>(170,000)</u>
Net (Decrease) In Cash	(109,619)	(45,027)
<b>CASH AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>773,442</u>	<u>818,469</u>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<u>\$ 663,823</u>	<u>\$ 773,442</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 3,846	\$ -
<b>NON-CASH TRANSACTIONS</b>		
Establishment of operating right-of-use assets and lease obligations	\$ 15,540	\$ 155,066
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash	\$ 496,958	\$ 756,935
Cash - restricted	<u>166,865</u>	<u>16,507</u>
<b>TOTAL ENDING CASH BALANCE</b>	<u>\$ 663,823</u>	<u>\$ 773,442</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 69% and 61% of the Bureau's funding in 2023 and 2022, 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 Credit Losses***

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 credit losses. Based on management's review, an allowance for credit losses is not considered necessary.

***Investments***

The Bureau holds non-negotiable certificates of deposit which are recorded at cost.



**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.

***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.

***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, 2023 and 2022:

***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.

**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 (Continued)***

***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.

***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.

***Leases***

In February 2016, the FASB issued No. 2016-02, Leases (Topic 842). Under ASU No. 2016-02, lessees are 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.

The Bureau adopted ASU No. 2016-02 effective January 1, 2022. As allowed by ASU 2018-11, the guidance was applied on a prospective basis using the alternative transition method, which eliminates the requirements to restate periods prior to the date of implementation.

**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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***Leases (Continued)***

The standard provides for several practical expedients in transition, which have been described in Note 7. The Bureau elected to apply the practical expedients, which among other things, allowed it to carryforward the prior conclusion on lease identification, lease classification, initial direct costs, and determination of lease term. The Bureau also made a policy election to account for short-term leases (leases with enforceable terms of 12 months or less) by recognizing the lease payments as expense on a straight-line basis over the term of the lease.

***Reclassifications***

Certain reclassifications of amounts previously reported have been made in the accompanying financial statements in order to make the December 31, 2022 amounts conform to classifications used for the year ended December 31, 2023.

**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>2023</b>	<b>2022</b>
Cash	\$ 496,958	\$ 756,935
Certificates of deposit	500,000	-
Taxes receivable	74,584	168,481
Accrued interest receivable	9,236	-
Grants receivable	143,610	227,795
Due from employees	1,000	-
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,225,388	\$ 1,153,211

The Bureau regularly monitors liquidity required to meet its operating needs and other contractual commitments.

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 their line of credit.

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

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**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, 2023, \$12,500 of the funds are to be used for the purpose of the Jonathan Street project. This amount is reported on the Statements of Financial Position as a custodial liability. Additionally, restricted cash includes \$104,365 to be used for strategic planning and a Destination Training program, and \$50,000 for a ballpark digital advertising campaign.

As of December 31, 2022, restricted cash included \$16,507 to be used for 2023 USA BMX Gold Cup event which was used for the intended purpose during 2023.

**NOTE 4 PROPERTY AND EQUIPMENT**

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	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>2023</b>			
Office equipment (3-15 years)	\$ 62,023	\$ 41,316	\$ 20,707
<b>2022</b>			
Office equipment (3-15 years)	\$ 62,612	\$ 31,964	\$ 30,648

**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 \$41,761 and \$38,043 for the years ended December 31, 2023 and 2022, 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**

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**NOTE 6 FUNCTIONAL EXPENSES (CONTINUED)**

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

	<b>Management and General</b>	<b>Program Services</b>	<b>Total</b>
<b>2023</b>			
Advertising	\$ -	\$ 810,185	\$ 810,185
Salaries	44,051	351,462	395,513
Public relations	4,559	122,447	127,006
Other promotional expense	-	125,543	125,543
Employee benefits and payroll taxes	21,988	65,963	87,951
Publications	-	82,592	82,592
Convention sales expense	5,288	71,844	77,132
Retirement expense	12,274	36,821	49,095
Rent expense	17,768	22,930	40,698
Professional fees	33,359	-	33,359
Dues and subscriptions	2,210	19,330	21,540
Maintenance and repairs	5,552	12,956	18,508
Miscellaneous	3,627	12,077	15,704
Utilities	2,966	12,418	15,384
Depreciation	2,982	6,958	9,940
Office supplies and equipment	1,898	7,590	9,488
Civil War Heritage	-	8,700	8,700
Newcomer house	-	8,125	8,125
Postage	2,098	4,896	6,994
Board of directors	4,929	-	4,929
Interest	3,846	-	3,846
Printing expenses	812	3,248	4,060
<b>Total</b>	<b>\$ 170,207</b>	<b>\$ 1,786,085</b>	<b>\$ 1,956,292</b>

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

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**NOTE 6 FUNCTIONAL EXPENSES (CONTINUED)**

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	<b>Management and General</b>	<b>Program Services</b>	<b>Total</b>
<b>2022</b>			
Advertising	\$ -	\$ 823,812	\$ 823,812
Salaries	46,477	354,845	401,322
Other promotional expense	-	148,638	148,638
Publications	-	86,724	86,724
Employee benefits and payroll taxes	20,262	60,786	81,048
Public relations	7,656	70,347	78,003
Retirement expense	11,142	33,424	44,566
Convention sales expense	3,267	40,121	43,388
Rent expense	15,119	18,433	33,552
Professional fees	27,716	-	27,716
Miscellaneous	8,507	14,835	23,342
Maintenance and repairs	5,433	12,676	18,109
Utilities	2,771	11,084	13,855
Dues and subscriptions	1,247	11,024	12,271
Depreciation	2,982	6,959	9,941
Postage	2,006	4,681	6,687
Newcomer house	-	6,350	6,350
Civil War Heritage	-	6,000	6,000
Office supplies	1,113	4,395	5,508
Board of directors	3,455	-	3,455
Printing expenses	355	1,418	1,773
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>\$ 159,508</b>	<b>\$ 1,716,552</b>	<b>\$ 1,876,060</b>

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

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**NOTE 7 LEASES**

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Lease obligations represent the Bureau's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. Cash flows are discounted at the Bureau's incremental borrowing rate in effect at the commencement of the lease. Right-of-use assets represent the Bureau's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and, if applicable, prepaid rent, initial direct costs and any incentives received from the lessor.

The Bureau's long-term lease agreements are classified as operating leases. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact the financial statements or require incurring additional financial obligations.

The expenses incurred under these leases were as follows:

	<b>Building</b>	<b>Vehicle</b>	<b>Equipment</b>	<b>Total</b>
<b>2023</b>				
Operating lease expense	\$ 24,072	\$ 7,941	\$ 5,995	\$ 38,008
<b>2022</b>				
Operating lease expense	\$ 24,032	\$ 7,219	\$ 1,220	\$ 32,471

For the years ended December 31, 2023 and 2022, there were no significant variable lease costs incurred. Cash paid for amounts included in the measurement of lease obligations totaled \$29,709 and \$26,225, respectively. The leases expire between 2025 and 2028.

The following is a schedule of future minimum lease payments included in the calculation of the lease obligations as of December 31, 2023:

<b>Year Ending December 31,</b>	<b>Operating</b>
2024	\$ 33,888
2025	32,433
2026	27,021
2027	26,501
2028	8,492
Total gross cash flows	128,335
Present value adjustment	<u>(6,975)</u>
Lease obligations	121,360
Less: current portion	<u>30,946</u>
	<u>\$ 90,414</u>

The Bureau assumed incremental borrowing rates of 1.76% to 4.60% to discount the future minimum lease payments included in operating lease obligations. These discount rates were determined by the Bureau based on the risk-free treasury rates for 3.5 to 5 years. At December 31, 2023 and 2022, the weighted average discount rate was 2.83% and 2.56%, respectively. Additionally, the weighted average remaining lease term as of December 31, 2023 and 2022 was 4.01 and 4.82 years, respectively.



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

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**NOTE 8 DEFERRED INCOME**

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Deferred income represents advertising fees received prior to the satisfaction of the related performance obligation. Deferred income at December 31 is as follows:

	<b>Amount</b>	<b>Description</b>
<b>2023</b>		
Visitor's guide	\$ 21,831	2024 Advertising Fees
<b>2022</b>		
Visitor's guide	\$ 1,650	2023 Advertising Fees

Additionally, deferred income as of January 1, 2022 was \$12,753.

**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% (10.00% at December 31, 2023). The line is collateralized by the taxes receivable of the Bureau. At December 31, 2023 and 2022, there was no outstanding balance on this line of credit.

**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, 2023, and through March 20, 2024, 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, 2023 and 2022.

**NOTE 11 SUBSEQUENT EVENTS**

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The Bureau has evaluated events and transactions subsequent to December 31, 2023 through March 20, 2024, 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, 2023 that require recognition or disclosure in the financial statements.