

**Catalina Island Chamber of Commerce  
and Visitors Bureau, Inc.**

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**Financial Statements**

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**June 30, 2023 and 2022**

(With Independent Auditor's Report Thereon)

**Catalina Island Chamber of Commerce**

**and Visitors Bureau, Inc.**

**June 30, 2023**

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# McGinty, Knudtson & Associates, LLP

## Certified Public Accountants

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### Independent Auditor's Report

To the Board of Directors of  
Catalina Island Chamber of Commerce and Visitors Bureau, Inc.

### Opinion

We have audited the accompanying financial statements of Catalina Island Chamber of Commerce and Visitors Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expense 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 Catalina Island Chamber of Commerce and Visitors Bureau, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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 Catalina Island Chamber of Commerce and Visitors Bureau, 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 Catalina Island Chamber of Commerce 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 judgement 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 Catalina Island Chamber of Commerce 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 Catalina Island Chamber of Commerce 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 audit, significant findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited the Catalina Island Chamber of Commerce and Visitors Bureau, Inc.'s 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McGinty Knudtson & Associates, LLP*

McGinty, Knudtson & Associates, LLP  
Huntington Beach, CA  
November 2, 2023

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Statement of Financial Position**  
June 30, 2023 and 2022

**Assets**

	<u>6/30/2023</u>	<u>6/30/2022</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 332,600	\$ 315,500
Investments	121,500	112,900
Accounts receivable	442,800	590,100
Prepaid expenses	<u>137,400</u>	<u>30,500</u>
Total current assets	1,034,300	1,049,000
<b>Fixed Assets</b>		
Property and equipment	186,500	186,500
Less: accumulated depreciation	<u>(81,400)</u>	<u>(77,500)</u>
Total fixed assets	<u>105,100</u>	<u>109,000</u>
<b>Total Assets</b>	<u><u>\$ 1,139,400</u></u>	<u><u>\$ 1,158,000</u></u>

**Liabilities & Net Assets**

<b>Current Liabilities</b>		
Accounts payable	\$ 213,600	\$ 187,300
Accrued wages	62,400	51,600
Deferred income	<u>63,300</u>	<u>100</u>
Total current liabilities	339,300	239,000
<b>Long Term Liabilities</b>		
SBA Economic Injury Disaster Loan	<u>147,600</u>	<u>150,000</u>
Total long term liabilities	<u>147,600</u>	<u>150,000</u>
<b>Net Assets</b>		
Without donor restrictions	652,500	664,800
With donor restrictions	<u>-</u>	<u>104,200</u>
Total net assets	652,500	769,000
<b>Total Liabilities &amp; Net Assets</b>	<u><u>\$ 1,139,400</u></u>	<u><u>\$ 1,158,000</u></u>

The accompanying notes are an integral part of these financial statements.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**

**Statement of Activities**

For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	6/30/2023 With Donor Restrictions	Total	6/30/2022
<b>Support and Revenue</b>				
Public source revenue - Transient Occupancy Tax	\$ -	\$ 1,822,100	\$ 1,822,100	\$ 1,912,700
Public source revenue - Rent Waiver	-	22,500	22,500	22,500
Membership dues	90,600		90,600	81,800
Advertising and marketing income	254,700		254,700	259,100
Programs and special events	160,700		160,700	142,600
Other income	1,900		1,900	121,800
Total Support and Revenue	507,900	\$ 1,844,600	2,352,500	2,540,500
<b>Expenses</b>				
Program Services				
Marketing & public relations	-	1,602,600	1,602,600	1,502,400
Visitors services	96,200	108,500	204,700	154,500
Programs to promote & enhance	-	237,700	237,700	174,100
Other activities	-	-	-	-
Total Program Services	96,200	1,948,800	2,045,000	1,831,000
Supporting Services				
General & administrative	424,000	-	424,000	341,500
Total Supporting Services	424,000	-	424,000	341,500
Total Expenses	520,200	1,948,800	2,469,000	2,172,500
<b>Change in Net Assets</b>	(12,300)	(104,200)	(116,500)	368,000
<b>Net Assets at Beginning of Year</b>	664,800	104,200	769,000	373,700
<b>Net Assets at End of Year</b>	\$ 652,500	\$ -	\$ 652,500	\$ 741,700

The accompanying notes are an integral part of these financial statements.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Statement of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
<b>Cash Flows from Operating Activities</b>		
Reconciliation of net income to net cash provided by operating activities:		
Net income (loss)	\$ (116,500)	\$ 368,000
Depreciation expense	4,000	3,600
PPP loan forgiveness	-	(99,300)
Loss on asset disposal	-	400
Changes in assets and liabilities		
Accounts receivable	147,300	(77,400)
Prepaid expenses	(106,900)	(16,200)
Accounts payable	26,300	58,700
Accrued wages	10,800	(10,700)
Deferred income	<u>63,200</u>	<u>(28,100)</u>
Net cash provided by operations	28,200	199,000
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(55,300)	(28,400)
Sale of investments	46,600	-
Equipment additions	<u>-</u>	<u>(21,000)</u>
Net cash provided by investing	(8,700)	(49,400)
<b>Cash Flows from Financing Activities</b>		
Payments on SBA EIDL	<u>(2,400)</u>	<u>-</u>
Net cash provided by financing	(2,400)	-
<b>Net Cash Increase (Decrease)</b>	17,100	149,600
<b>Cash at Beginning of Year</b>	<u>\$ 315,500</u>	<u>\$ 165,900</u>
<b>Cash at End of Year</b>	<u><u>\$ 332,600</u></u>	<u><u>\$ 315,500</u></u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for:		
Interest (net of amount capitalized)	\$ 13,000	\$ -

The accompanying notes are an integral part of these financial statements.

# Catalina Island Chamber of Commerce and Visitors Bureau, Inc.

## Statement of Functional Expenses

For the Years Ended June 30, 2023 and 2022

	Marketing & Public Relations	Visitors Services	Programs to Promote & Enhance	Other Activities	Total Program Services	General & Administrative	6/30/2023 Total Expenses	6/30/2022 Total Expenses
Salaries	\$ 217,300	\$ 94,100	\$ -	\$ -	\$ 311,400	\$ 240,100	\$ 551,500	\$ 468,500
Payroll taxes	17,400	8,100	-	-	25,500	19,100	44,600	37,500
Employee benefits	7,800	1,400	-	-	9,200	8,600	17,800	15,200
Advertising & marketing	771,800	900	11,700	-	784,400	6,400	790,800	718,100
Bad debts	-	-	-	-	-	-	-	-
Bank & credit card processing fees	-	-	-	-	-	11,400	11,400	10,700
Depreciation	-	-	-	-	-	4,000	4,000	3,700
Dues & subscriptions	16,100	200	300	-	16,600	23,400	40,000	20,200
Equipment rentals	-	1,300	-	-	1,300	9,800	11,100	6,400
Insurance	22,000	11,400	-	-	33,400	33,500	66,900	46,400
Interest	2,400	1,400	-	-	3,800	1,000	4,800	4,100
Licenses & fess	-	-	800	-	800	1,000	1,800	200
Meetings & events	3,200	-	5,300	-	8,500	300	8,800	13,100
Miscellaneous	-	-	-	-	-	-	-	200
Office expenses	500	2,800	-	-	3,300	2,900	6,200	6,400
Outside services	0	0	0	-	-	0	-	-
Postage & freight	32,800	200	2,400	-	35,400	2,100	37,500	16,200
Printing & reproduction	141,600	-	4,800	-	146,400	3,000	149,400	167,800
Professional development	400	-	-	-	400	-	400	-
Professional fees	232,800	-	2,300	-	235,100	35,500	270,600	249,000
Rent	22,900	24,500	-	-	47,400	11,100	58,500	70,300
Repairs & maintenance	(100)	7,700	-	-	7,600	300	7,900	7,700
Special events	200	-	206,800	-	207,000	1,000	208,000	154,800
Telecommunication	3,500	2,600	-	-	6,100	2,500	8,600	9,000
Travel	30,000	200	3,300	-	33,500	4,200	37,700	21,900
Utilities	-	1,100	-	-	1,100	2,400	3,500	3,800
Website expenses	80,000	46,800	-	-	126,800	400	127,200	121,400
Total expenses	\$ 1,602,600	\$ 204,700	\$ 237,700	\$ -	\$ 2,045,000	\$ 424,000	\$ 2,469,000	\$ 2,172,600

The accompanying notes are an integral part of these financial statements.



**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

**Note A – Nature of Organization**

The Catalina Island Chamber of Commerce and Visitors Bureau, Inc. (CICCVB), a non-profit 501(c)(6) entity incorporated under the laws of the State of California. CICCVB was organized for the purpose of advancing the general welfare and prosperity of the Santa Catalina Island Area so that its citizens and all areas of its business community shall prosper. All necessary means of promotion shall be provided and particular attention and emphasis shall be given to the economic, civic, commercial, cultural, industrial and educational interest of the area. CICCVB is supported primarily by the Transient Occupancy Tax paid by over-night visitors to the island.

The mission of CICCVB is to attract visitors and to advocate for commerce on Catalina Island. The five core functions of CICCVB are to promote the community, build a strong local economy, represent the interests of business at various levels of government, provide networking opportunities, and engage in political action in the interests of business.

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

**Basis of Accounting**

The financial statements of CICCVB have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Under ASC 958, CICCVB is required to report information regarding financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions of laws.
- *Net assets with donor restrictions* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of CICCVB pursuant to those restrictions or that expire by the passage of time. Contributions by donors whose restrictions are met in the same reporting periods are recorded as without restrictions. Net assets whose use is limited by donor-imposed restrictions are recorded as net assets with restrictions and are released from restrictions when donor stipulations have been met.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the June 30, 2022 financial statements to maintain consistency with the June 30, 2023 presentation. The reclassification of \$22,464 rent waiver income from revenue without donor restrictions to revenue with donor restrictions decreased net assets without donor restrictions by \$22,464 and increased net assets with donor restrictions by \$22,464.

**Change in Accounting Principle**

In fiscal year 2020, CICCVB adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) and ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way CICCVB recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

**Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CICCVB's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, CICCVCB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Fair Value of Financial Instruments**

CICCVCB has recorded in its financial statements certain financial instruments, none of which are held for trading purposes. CICCVCB estimates that the fair value of all its financial instruments at June 30, 2023 and 2022, do not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by CICCVCB using available market information and appropriate valuation methodologies.

**Investments**

Investments are stated at fair value (the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date). Investments are measured in accordance with FASB ASC 820-10, *Fair Value Measurements*, as disclosed in Note D.

**Property and Equipment**

CICCVCB capitalizes expenditures for furniture, fixtures, and equipment. These assets are recorded at original cost. Donated assets are recorded at the estimated fair market value on the date received. CICCVCB has set the capitalization threshold for reporting property and equipment at \$2,000. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Website development	3 years
Computer equipment	5 years
Office furniture and equipment	5-10 years
Building improvements	5-10 years

When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is shown on the financial statements as other gains or losses.

**Donated Services and Facilities**

Unpaid volunteers have made contributions of their time in conjunction with CICCVCB's programs and services. The value of these contributions is not included in these financial statements, since they are not susceptible to objective measurement.

CICCVCB's Visitor Center occupies space at the Avalon Green Pier rent-free on a month-to-month agreement with the City of Avalon. The landlord has estimated the approximate fair value of the annual rent to be \$22,464. The revenue and expense is reported in local government grant revenue in the statement of activities and rent expense in the statement of functional expenses, respectively.

**Membership Dues**

Membership dues received pertaining to all membership categories are recognized as revenue ratable over the term of the membership period. Amounts not yet earned by the end of the fiscal year are reported as deferred income. CICCVCB has reviewed membership dues as part of the adoption of Topic 606 and has determined CICCVCB provides service to members equally over the membership term and thus requires no change to the accounting of this revenue.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

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

**Compensated Absences**

CICCVB records compensated absences for accrued vacation for all full-time employees. The expense is recorded when earned.

**Net Assets**

CICCVB is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted and donor restricted. CICCVB did not have donor restricted net assets for the year ended June 30, 2023. All Transient Occupancy Tax revenue from the City of Avalon must be spent solely and exclusively for the promotion of the City. The funds shall be expended as follows: to provide information services to the public, to prepare and distribute advertising and publicity materials, to promote the City for business and trade conventions, and to perform other such activities as may be required by the City. During 2022/2023, TOT expenditures exceeded revenues by \$200,400, and therefore were covered by internally generated funds.

**Use of Estimates**

Preparation of financial statements in accordance with U.S. generally accepted accounting principles necessitates the use of estimates of certain amounts. CICCVB uses estimates to determine the useful lives of fixed assets. Estimates are also used to ascertain that all accounts receivable are collectible. It is reasonably possible these estimates may change in the near term.

CICCVB carries an estimated net receivable of \$434,228 for TOT revenues to be received from the City for the fiscal year 2022/2023. This estimated “true-up” payment is calculated by the City of Avalon based on estimated TOT revenues for the fiscal year 2022/2023.

**Federal and State Income Taxes**

CICCVB is a California corporation granted exemption from federal income taxes under Section 501(C) (6) of the Internal Revenue Code, and from California franchise taxes under the General Nonprofit Corporation Law of the State of California. As such, CICCVB is not taxed on income derived from its exempt functions. However, it is subject to federal and California income taxes on unrelated trade or business income taxes, which is generated from CICCVB’s activities not related to their stated exempt purposes.

**Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Date of Management’s Review**

CICCVB has evaluated subsequent events through November 2, 2023, which is the date the financial statements were available to be issued.

**Note C – Cash and Cash Equivalents**

As of June 30, 2023 and 2022, cash and cash equivalents consisted of the following:

	<u>2023</u>	<u>2022</u>
Checking	\$ 219,781	\$ 203,240
Money market	111,816	111,678
Petty cash	1,050	550
Total	<u>\$ 332,647</u>	<u>\$ 315,468</u>

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

**Note D – Investments and Fair Value Measurement**

CICCVB follows ASC 958-205, which establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Defined as observable inputs such as quoted prices for identical instruments in active markets;

Level 2: Defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

Level 3: Defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable.

As of June 30, 2023 and 2022, investments consist of the following, which are considered Level 1 in the fair value hierarchy:

**Fair Value Measurements at June 30, 2023**

	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
Investments, at fair value:		
Demand deposit account	\$ 48,640	\$ 48,640
Fixed income funds	37,713	37,713
Bond funds	23,602	23,602
Exchange traded funds	11,557	11,557
	<u>\$ 121,512</u>	<u>\$ 121,512</u>

**Fair Value Measurements at June 30, 2022**

	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
Investments, at fair value:		
Demand deposit account	\$ 69,281	\$ 69,281
Bond funds	23,752	23,752
Exchange traded funds	19,855	19,855
	<u>\$ 112,887</u>	<u>\$ 112,887</u>

Interest income for the year ended June 30, 2023 was \$1,497 and June 30, 2022 was \$1,009.

**Note E – Property and Equipment**

Property and equipment consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	12,416	12,416
Leasehold improvements	122,485	122,485
Computer hardware	5,211	5,211
Website development	46,385	46,385
	<u>\$ 186,498</u>	<u>\$ 186,498</u>
Less: accumulated depreciation	<u>(81,449)</u>	<u>(77,452)</u>
	<u>\$ 105,049</u>	<u>\$ 109,046</u>

Depreciation expense for the year ended June 30, 2023 was \$3,997 and June 30, 2022 was \$3,649.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

**Note F – Grants**

Effective March 15, 1994, CICCVC entered into an agreement with the City of Avalon to receive an amount equal to 22% of the Transient Occupancy Tax (TOT) collected by the city. Per the agreement, the funds are to be used to carry out promotional activities, on behalf of the City per City of Avalon Municipal Code.

For the year ended June 30, 2023, TOT revenue totaled \$1,822,088 with receivables of \$434,228. During the fiscal year 2022/2023, the City estimated TOT revenues for the fiscal year and issued 12 installments. Once accounts were reconciled for the year, the City determined CICCVC was due an additional \$434,228.

For the year ended June 30, 2022, TOT revenue totaled \$1,912,719 with receivables of \$579,715. During the fiscal year 2021/2022, the City estimated TOT revenues for the fiscal year and issued 12 installments. Once accounts were reconciled for the year, the City determined CICCVC was due an additional \$579,715.

For the years ended June 30, 2023 and 2022, TOT grant revenue represents 77% and 79%, respectively of operating revenues and 98% of receivables and 98% of receivables, respectively.

**Note G – Lease Commitments**

CICCVC's Visitor Center occupies space at the Avalon Green Pier rent-free on a 10-year lease agreement with the City of Avalon commencing on January 1, 2015. The property owner has estimated the approximate fair value of the annual rent to be \$22,464. The revenue and expense is reported in local government grant revenue in the statement of activities and rent expense in the statement of functional expenses, respectively.

CICCVC leases management and marketing offices under a lease amendment commencing September 1, 2022. The lease now expires August 31, 2027 with a minimum lease payment of \$1,604 per month with an incremental cost of living increase each year.

CICCVC entered into an operating lease agreement for a copier beginning November 2021 for 60 months. The lease required fixed monthly payments of \$176 plus sales tax at the applicable state, county, and city sales tax rates.

The minimum future lease payments are as follows:

Year Ending June 30,	Office	Equipment	Total
2024	\$ 42,195	\$ 2,106	\$ 44,301
2025	42,787	2,106	44,893
2026	32,165	2,106	34,271
2027	21,561	702	22,263
2028	3,611		3,611
	<u>\$ 142,319</u>	<u>\$ 7,020</u>	<u>\$ 149,339</u>

**Note H – SBA PPP Loan**

On February 18, 2021, CICCVC successfully secured a \$99,306 Small Business Association loan under the Payroll Protection Program to secure payroll expenses for otherwise furloughed employees impacted by government imposed shelter in place orders. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs. CICCVC fully intends to comply with the terms in order to qualify for loan forgiveness. On July 6, 2021, CICCVC received forgiveness of the full \$99,306 PPP loan.

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

**Note I – Long Term Debt**

On June 9, 2020, CICCVCB successfully secured a \$150,000 Small Business Association loan under the Economic Injury Disaster Loan program. Proceeds are to be used as working capital to alleviate injury caused by the disaster, in this case the COVID-19 pandemic. The loans is secured by deposit accounts, receivables, and equipment. It is payable in monthly installments including principal and interest of \$641 beginning 12 months from the date of the promissory note. The note bears interest at 2.75% and the balance of principal and interest will be payable 30 years from the date of the promissory note. Repayment of the EIDL was delayed until December 2022, but interest still accrued during the deferment period. Future payments on the loan payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,679	\$ 4,013	\$ 7,692
2025	3,782	3,910	7,692
2026	3,887	3,805	7,692
2027	3,995	3,697	7,692
2028	4,106	3,586	7,692
Thereafter	128,154	43,428	171,582
	<u>\$ 147,603</u>	<u>\$ 62,440</u>	<u>\$ 210,043</u>

**Note J –Risk and Uncertainties**

CICCVCB may be subject to credit risk to its cash and cash equivalent investments, which are placed with high credit-quality financial institutions. From time to time, CICCVCB may have amounts on deposit in excess of the FDIC limits. Management believes CICCVCB is not exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2023 and 2022, account balances exceeded FDIC insurance limits by \$76,310 and \$59,291, respectively.

CICCVCB's operations are solely on Catalina Island, California and are subject to fluctuations in the local economy.

**Note K – Employee Pension Plan**

CICCVCB has a SIMPLE employee retirement plan covering qualified employees. Under the program, CICCVCB contributes 3% of employee compensation. Total employer contributions to the plan were \$13,902 and \$11,906 for the years ended June 30, 2023 and 2022, respectively.

**Note L – Liquid Resource Management**

CICCVCB regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CICCVCB considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 332,647
Investments not encumbered by board	<u>121,512</u>
Financial assets available for expenditures over next 12-months	<u>\$ 454,159</u>

**Catalina Island Chamber of Commerce and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
June 30, 2023 and 2022

**Note L – Liquid Resource Management (continued)**

In addition to the financial assets available to meet general expenditures over the next 12-months noted above, CICCVB has prepaid expenses and receivables that will likely be converted to cash or available for general expenditures during the normal course of next year's operations.

**Note M – Prior Period Adjustment**

The accompanying financial statements of CICCVB have been restated to correct an error made in the prior year. The error relates to the misclassification of the City Rent Waiver revenue of \$22,464 as without donor restrictions. The revenue does in fact have donor restrictions and should be classified as such. The adjustment reduced net assets without donor restrictions by \$22,464 and increased net assets with donor restrictions by \$22,464. The restrictions are met each year during the year with the lease of the Green Pier Visitors' Center.