

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

June 30, 2024

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

Financial Statements

June 30, 2024

(With Independent Auditor's Report Thereon)

McGinty, Knudtson & Associates, LLP

Certified Public Accountants

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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 19, 2024

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.
Statement of Financial Position
June 30, 2024 and 2023

Assets

	6/30/2024	6/30/2023
Current Assets		
Cash and cash equivalents	\$ 253,200	\$ 332,600
Investments	126,000	121,500
Accounts receivable	196,400	442,800
Prepaid expenses	43,200	137,400
Total current assets	618,800	1,034,300
Fixed Assets		
Property and equipment	134,600	186,500
Less: accumulated depreciation	(34,300)	(81,400)
Total fixed assets	100,300	105,100
Other Assets		
Intangible assets	102,800	102,800
Less: accumulated amortization	(38,500)	(17,700)
Total other assets	64,300	85,100
Total Assets	\$ 783,400	\$ 1,224,500

Liabilities & Net Assets

Current Liabilities		
Accounts payable	\$ 29,500	\$ 117,800
Accrued wages	60,300	62,300
Gift certificates payable	89,100	95,800
Deferred income	15,900	63,300
Current portion of long term liabilities	3,800	3,700
Total current liabilities	198,600	342,900
Long Term Liabilities		
Lease liability	67,800	87,200
SBA Economic Injury Disaster Loan	140,100	143,900
Total long term liabilities	207,900	231,100
Net Assets		
Without donor restrictions	376,900	650,500
With donor restrictions	-	-
Total net assets	376,900	650,500
Total Liabilities & Net Assets	\$ 783,400	\$ 1,224,500

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, 2024 and 2023 (summarized)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>6/30/2024 Totals</u>	<u>6/30/2023</u>
Support and Revenue				
Public source revenue - Transient Occupancy Tax	\$ 1,726,300		\$ 1,726,300	\$ 1,822,100
Public source revenue - Rent Waiver	22,500		22,500	22,500
Membership dues	99,200		99,200	90,600
Advertising and marketing income	285,500		285,500	254,700
Programs and special events	240,900		240,900	160,700
Other income	5,100		5,100	1,900
	<u>2,379,500</u>		<u>2,379,500</u>	<u>2,352,500</u>
Total Support and Revenue	2,379,500	\$ -	2,379,500	2,352,500
Expenses				
Program Services				
Marketing & public relations	1,632,100		1,632,100	1,603,600
Visitors services	224,400		224,400	204,700
Programs to promote & enhance	241,600		241,600	237,700
Other activities	109,300		109,300	-
Satisfaction of donor restrictions	-		-	-
Expiration of donor restrictions	-		-	-
	<u>2,207,400</u>	<u>-</u>	<u>2,207,400</u>	<u>2,046,000</u>
Total Program Services	2,207,400	-	2,207,400	2,046,000
Supporting Services				
General & administrative	445,700	-	445,700	425,000
	<u>445,700</u>	<u>-</u>	<u>445,700</u>	<u>425,000</u>
Total Supporting Services	445,700	-	445,700	425,000
Total Expenses	2,653,100	-	2,653,100	2,471,000
Change in Net Assets	(273,600)	-	(273,600)	(118,500)
Net Assets at Beginning of Year	<u>650,500</u>	<u>-</u>	<u>650,500</u>	<u>769,000</u>
Net Assets at End of Year	<u>\$ 376,900</u>	<u>\$ -</u>	<u>\$ 376,900</u>	<u>\$ 650,500</u>

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, 2024 and 2023

	6/30/2024	6/30/2023
Cash Flows from Operating Activities		
Reconciliation of net income to net cash provided by operating activities:		
Net income (loss)	\$ (273,600)	\$ (118,500)
Amortization expense	20,800	17,700
Depreciation expense	3,900	4,000
Loss on asset disposal	900	-
Net realized and unrealized gains/losses on investments	(2,100)	3,100
Changes in assets and liabilities		
Accounts receivable	246,400	147,300
Prepaid expenses	94,200	(106,900)
Intangible assets	-	(102,800)
Accounts payable	(88,300)	26,300
Accrued wages	(2,000)	10,800
Gift certificates payable	(6,700)	5,800
Deferred income	(47,400)	57,400
Lease liability	(19,400)	87,200
	(73,300)	31,400
Net cash provided by operations	(73,300)	31,400
Cash Flows from Investing Activities		
Purchase of investments	(91,000)	(58,400)
Sale of investments	88,600	46,500
	(2,400)	(11,900)
Net cash provided by investing	(2,400)	(11,900)
Cash Flows from Financing Activities		
Payments on SBA EIDL	(3,700)	(2,400)
	(3,700)	(2,400)
Net cash provided by financing	(3,700)	(2,400)
Net Cash Increase (Decrease)	(79,400)	17,100
Cash at Beginning of Year	\$ 332,600	\$ 315,500
Cash at End of Year	\$ 253,200	\$ 332,600
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest (net of amount capitalized)	\$ 4,000	\$ 4,800

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, 2024 and 2023 (summarized)

	Marketing & Public Relations	Visitors Services	Programs to Promote & Enhance	Other Activities	Total Program Services	General & Administrative	6/30/2024 Total Expenses	6/30/2023 Total Expenses
Salaries	\$ 219,600	\$ 106,600	\$ -	\$ -	\$ 326,200	\$ 246,100	\$ 572,300	\$ 551,500
Payroll taxes	17,300	8,500	-	-	25,800	19,400	45,200	44,600
Employee benefits	8,800	1,300	-	-	10,100	10,100	20,200	17,800
Advertising & marketing	844,100	2,500	7,400	-	854,000	6,500	860,500	790,800
Amortization	9,400	-	-	-	9,400	11,400	20,800	17,700
Bad debts	-	-	-	-	-	-	-	-
Bank & credit card processing fees	-	-	(300)	-	(300)	13,100	12,800	11,400
Depreciation	-	-	-	-	-	3,900	3,900	4,000
Dues & subscriptions	17,500	100	300	-	17,900	11,400	29,300	40,000
Equipment rentals	-	1,300	-	-	1,300	4,800	6,100	9,000
Insurance	22,600	8,400	-	-	31,000	34,100	65,100	66,900
Interest	3,200	1,200	-	-	4,400	2,100	6,500	7,300
Licenses & fees	-	-	100	-	100	1,400	1,500	1,800
Meetings & events	3,800	-	7,600	-	11,400	-	11,400	8,800
Miscellaneous	-	100	-	-	100	500	600	-
Office expenses	600	7,000	1,100	-	8,700	4,600	13,300	6,200
Outside services	-	-	-	-	-	-	-	-
Postage & freight	45,200	200	2,900	-	48,300	700	49,000	37,500
Printing & reproduction	143,200	-	500	-	143,700	2,800	146,500	149,400
Professional development	200	700	200	-	1,100	-	1,100	400
Professional fees	173,600	8,100	-	-	181,700	59,100	240,800	270,600
Rent	10,100	24,500	-	-	34,600	800	35,400	42,400
Repairs & maintenance	500	5,500	-	-	6,000	200	6,200	7,900
Special events	1,000	-	216,700	109,300	327,000	2,700	329,700	208,000
Telecommunication	3,600	2,400	-	-	6,000	900	6,900	8,600
Travel	33,000	100	5,100	-	38,200	4,700	42,900	37,700
Utilities	-	1,100	-	-	1,100	2,500	3,600	3,500
Website expenses	74,800	44,800	-	-	119,600	1,900	121,500	127,200
Total expenses	\$ 1,632,100	\$ 224,400	\$ 241,600	\$ 109,300	\$ 2,207,400	\$ 445,700	\$ 2,653,100	\$ 2,471,000

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, 2024

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CICCVB 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

CICCVB has recorded in its financial statements certain financial instruments, none of which are held for trading purposes. CICCVB estimates that the fair value of all its financial instruments at June 30, 2024 and 2023, 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 CICCVB 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.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.

Notes to Financial Statements

June 30, 2024

Note B – Summary of Significant Accounting Policies (continued)

Property and Equipment

CICCVB 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. CICCVB 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.

Intangibles and Amortization

Leases that meet the definition of FASB ASC 842, *Leases* are included in intangible assets and lease liabilities in the statement of financial position (see Note X). Intangible lease assets and liabilities reflect the present value of the future minimum lease payments over the lease term. CICCVB does not report lease assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Donated Services and Facilities

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

CICCVB'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. Since no consideration is exchanged for the use of the space, the donated space does not meet the definition of a lease under ASC 842.

Accounts Receivable

CICCVB carries a receivable balance primarily of City of Avalon TOT revenues and small event revenues earned in 2023/2024 fiscal year, but collected subsequent to year end. The organization carries a small allowance for doubtful accounts as determined from experience.

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. CICCVB has reviewed membership dues as part of the adoption of Topic 606 and has determined CICCVB provides service to members equally over the membership term and thus requires no change to the accounting of this revenue.

Advertising

CICCVB uses advertising to promote the island as a destination and attract visitors to the island. Advertising costs are expensed as incurred. For the year ended June 30, 2024, CICCVB incurred advertising expenses of \$866,044.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.
Notes to Financial Statements
June 30, 2024

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, 2024. 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 2023/2024, TOT expenditures exceeded revenues by \$457,800, and therefore were covered by internally generated funds and reserves.

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 \$186,295 for TOT revenues to be received from the City for the fiscal year 2023/2024. This estimated “true-up” payment is calculated by the City of Avalon based on estimated TOT revenues for the fiscal year 2023/2024.

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. Expenses identified to a specific program or support are charged directly to that program or support. Costs common to multiple functions have been allocated among those functions based on a reasonable allocation consistently applied. Salaries, payroll taxes and benefits are allocated based on the department personnel are assigned to; rent is allocated based on space usage; travel, insurance, telephone, utilities, and website are allocated based on employee/department usage.

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, 2023, from which the summarized information was derived.

Date of Management’s Review

CICCVB has evaluated subsequent events through November 19, 2024, which is the date the financial statements were available to be issued.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.
Notes to Financial Statements
June 30, 2024

Note C – Cash and Cash Equivalents

As of June 30, 2024, cash and cash equivalents consisted of the following:

	<u>2024</u>	
Checking	\$ 140,146	
Money market	112,096	
Petty cash	1,050	
Total	\$ 253,292	:

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, 2024, investments consist of the following, which are considered Level 1 in the fair value hierarchy:

Investments, at fair value:	Fair Value	Quoted Market Prices (Level 1)
Demand deposit account	\$ 51,024	\$ 51,024
Fixed income funds	50,616	50,616
Bond funds	24,348	24,348
	\$ 125,988	\$ 125,988

Interest income for the year ended June 30, 2024 was \$17,453.

Note E – Property and Equipment

Property and equipment consist of the following as of June 30, 2024:

	<u>2024</u>	
Furniture and equipment	10,360	
Leasehold improvements	122,485	
Computer hardware	1,714	
Website development	-	
	\$ 134,560	:
Less: accumulated depreciation	(34,314)	
	\$ 100,246	:

Depreciation expense for the year ended June 30, 2024 was \$3,873.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.
Notes to Financial Statements
 June 30, 2024

Note F – Grants

Effective March 15, 1994, CICCVCB 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.

TOT revenue totaled \$1,726,295 with receivables of \$186,295. During the fiscal year 2023/2024, the City estimated TOT revenues for the fiscal year and issued 12 installments. Once accounts were reconciled for the year, the City determined CICCVCB was due an additional \$186,295. TOT grant revenue represents 72% of operating revenues and 95% of receivables.

Note G – Lease Commitments

CICCVCB 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. At June 30, 2024, the outstanding balance is \$62,942.

The future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	18,524	1,799	20,323
2026	19,764	1,169	20,933
2027	21,062	499	21,561
2028	3,592	15	3,607
	<u>\$ 62,942</u>	<u>\$ 3,482</u>	<u>\$ 66,424</u>

CICCVCB 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. At June 30, 2024, the outstanding balance is \$4,865.

The future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	2,052	48	2,100
2026	2,078	22	2,100
2027	735	2	737
	<u>\$ 4,865</u>	<u>\$ 72</u>	<u>\$ 4,937</u>

Note H – 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 loan 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 began December 2022.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.
Notes to Financial Statements
June 30, 2024

Note H – Long Term Debt (continued)

Future payments on the loan payable are as follows:

Year Ending June 30,	Principal	Interest	Total
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
2029	4,221	3,471	7,692
Thereafter	123,933	39,957	163,890
	<u>\$ 143,924</u>	<u>\$ 58,427</u>	<u>\$ 202,350</u>

Note I – Risk and Uncertainties

CICCVB 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, CICCVB may have amounts on deposit in excess of the FDIC limits. Management believes CICCVB is not exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2024, account balances exceed FDIC insurance limits by \$3,879.

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

Note J – Employee Pension Plan

CICCVB has a SIMPLE employee retirement plan covering qualified employees. Under the program, CICCVB contributes 3% of employee compensation. Total employer contributions to the plan were \$14,982 for the year ended June 30, 2024.

Note K – Liquid Resource Management

CICCVB 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, CICCVB 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, 2024, 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	\$ 253,292
Investments not encumbered by board	125,988
Accounts receivable	196,411
Prepaid expenses	43,174
Financial assets available for expenditures over next 12-months	<u>\$ 618,865</u>

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.

Catalina Island Chamber of Commerce and Visitors Bureau, Inc.

Notes to Financial Statements

June 30, 2024

Note L – Prior Period Adjustment

A prior period adjustment was made to record \$85,107 in net intangible assets, \$87,178 in lease liabilities, and \$2,071 in expenses as of June 30, 2023. The adjustments relate the implementation of new leasing standards effective in tax year 2023 (included in Note B). The adjustment increased net assets to \$1,224,495, increased long term liabilities to \$231,081, and decreased net assets to \$650,586.