

**FAYETTEVILLE AREA CONVENTION  
AND VISITORS BUREAU, INC.  
(A Component Unit of the County of  
Cumberland, North Carolina)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULE**

*As of and for the Years Ended June 30, 2018  
and 2017*

*And Report of Independent Auditor*

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
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## Report of Independent Auditor

To the Board of Directors  
Fayetteville Area Convention and Visitors Bureau, Inc.  
Fayetteville, North Carolina

We have audited the accompanying statements of net position of the Fayetteville Area Convention and Visitors Bureau, Inc. (the "Bureau"), a component unit of the County of Cumberland, North Carolina, as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bureau as of June 30, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Component Unit*

The financial statements referred to above present only the Bureau and are not intended to present fairly the financial position of the County of Cumberland, North Carolina, and the results of its operations and cash flows in conformity with accounting principles generally accepted in the United States of America.

*Management's Discussion and Analysis*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Chemy Bekaert LLP*

Fayetteville, North Carolina  
August 25, 2018

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**STATEMENTS OF NET POSITION**

*JUNE 30, 2018 AND 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 193,766	\$ 95,584
Investments	739,457	717,811
Accounts receivable - County	245,221	226,674
Inventory	9,238	16,861
Prepaid expenses	4,090	96,266
<b>Total Current Assets</b>	<b>1,191,772</b>	<b>1,153,196</b>
Capital Assets, at Cost:		
Furniture and fixtures	25,519	25,519
Equipment	294,803	238,887
Software	22,621	22,621
Capital improvements	163,340	163,340
	506,283	450,367
Less accumulated depreciation	272,246	251,002
<b>Net Capital Assets</b>	<b>234,037</b>	<b>199,365</b>
Other Noncurrent Assets:		
Investments	-	115,897
<b>Total Noncurrent Assets</b>	<b>234,037</b>	<b>315,262</b>
<b>Total Assets</b>	<b>1,425,809</b>	<b>1,468,458</b>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Accounts payable - trade	332	26,696
Accrued expenses	68,822	68,990
Deferred liability	32,494	12,005
<b>Total Current Liabilities</b>	<b>101,648</b>	<b>107,691</b>
Net Position:		
Investment in capital assets	234,037	199,365
Unrestricted	1,090,124	1,161,402
<b>Total Net Position</b>	<b>\$ 1,324,161</b>	<b>\$ 1,360,767</b>

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

*YEARS ENDED JUNE 30, 2018 AND 2017*

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Occupancy tax	\$ 2,755,537	\$ 2,804,358
Promotional	49,511	57,995
Other	12,696	57,414
Total Operating Revenues	<u>2,817,744</u>	<u>2,919,767</u>
Operating Expenses:		
Direct promotional expenses	2,651,451	2,663,085
Management and general expenses	212,004	217,835
Total Operating Expenses	<u>2,863,455</u>	<u>2,880,920</u>
Operating income (loss)	<u>(45,711)</u>	<u>38,847</u>
Nonoperating Revenues:		
Interest	9,105	9,345
Total Nonoperating Revenues	<u>9,105</u>	<u>9,345</u>
Increase (decrease) in net position	(36,606)	48,192
Net position, beginning of year	<u>1,360,767</u>	<u>1,312,575</u>
Net position, end of year	<u>\$ 1,324,161</u>	<u>\$ 1,360,767</u>

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

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Cash received from operations	\$ 2,820,531	\$ 2,886,083
Cash paid for goods and services	(1,923,980)	(2,113,327)
Cash paid to or on behalf of employees for services	(843,915)	(817,474)
Net cash from operating activities	<u>52,636</u>	<u>(44,718)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(57,810)	(48,605)
Net cash from financing activities	<u>(57,810)</u>	<u>(48,605)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	710,184	339,903
Purchase of investments	(615,933)	(349,248)
Investment income received	9,105	9,345
Net cash from investing activities	<u>103,356</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	98,182	(93,323)
Cash and cash equivalents, beginning of year	95,584	188,907
Cash and cash equivalents, end of year	<u>\$ 193,766</u>	<u>\$ 95,584</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>		
Operating income (loss)	\$ (45,711)	\$ 38,847
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	23,138	19,984
Changes in operating assets and liabilities:		
Accounts receivable	(18,547)	(18,569)
Inventory	7,623	(214)
Prepaid expenses	92,176	(90,010)
Accounts payable	(26,364)	14,863
Accrued expenses	(168)	3,926
Deferred liabilities	20,489	(13,545)
Net cash from operating activities	<u>\$ 52,636</u>	<u>\$ (44,718)</u>

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2018 AND 2017

**Note 1—Organization and nature of operations**

The Fayetteville Area Convention and Visitors Bureau, Inc. (the “Bureau”) was incorporated on April 30, 1997 and began operating as a nonprofit organization on July 1, 1997. The Bureau has entered into an agreement with the County of Cumberland, North Carolina (the “County”) to provide services to promote the development and expansion of travel and tourism within the Fayetteville area. The agreement requires the approval of the Tourism Development Authority.

The Board of Directors of the Bureau (the “Board”) consist of eleven members, including the City Manager, County Manager, Crown Director, and Airborne and Special Operations Museum Chairman. The County Commissioners appoint four representatives from the Cumberland County hotel/motel industry, and one at large member from the community. The Board of Directors of the Bureau appoints two Cumberland County hotel/motel industry representatives. The County appoints a voting majority on the Board.

The composition of the Board is as follows:

<b>Board Members</b>	<b>Eligible for Reappointment</b>	<b>Bylaw Criteria</b>	<b>Appointed By</b>
Amy Cannon	Permanent	(a) County Manager	Ex Officio--Bylaws
Doug Hewett	Permanent	(b) City Manager	Ex Officio--Bylaws
James Grafstrom	Permanent	(c) Crown Complex General Manager	Ex Officio--Bylaws
Sharon Lee	Yes	(d) < 100 rooms	County Commissioners
Laura Leal	Yes	(e) > 100 rooms	County Commissioners
Henry Holt	Permanent	(f) Airborne and Special Operations Museum representative	Ex Officio--Bylaws
Sanda Budic	Yes	(g) > 6,000 ft <sup>2</sup> meeting space	Board Appointed
Subodh Thakur	Yes	(h) Hotel rep, Board appointed	Board Appointed
Suresh Patel		(d) < 100 rooms	County Commissioners
Adam Collier		(e) > 100 rooms	County Commissioners
Becki Kirby	Yes	(j) At Large	County Commissioners
<b>Non-Voting Members</b> (Can be enacted at Board discretion)			
<i>Vacant</i>	County Liaison	(r) County liaison	Board Appointed
<i>Vacant</i>	TDA Liaison	(p) Nonvoting ex officio position	Board Appointed
<i>Vacant</i>	President FAHA	(p) Nonvoting ex officio position	Board Appointed
<i>Vacant</i>	Past Chair of CVB Board	(p) Nonvoting ex officio position	Board Appointed



**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

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**Note 1—Organization and nature of operations (continued)**

The Bureau receives room occupancy taxes, which are levied on gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by a hotel, motel, or similar establishment within Cumberland County, which is subject to the 6.0% occupancy tax imposed by the state of North Carolina under General Statute 105-164.4(3). The occupancy taxes are collected by the Tax Collector for the County of Cumberland, North Carolina and remitted to the Bureau.

**Note 2—Summary of significant accounting policies**

*Reporting Entity* – The Bureau has no component units (legally separate entities for which it is financially accountable) required to be included in the accompanying financial statements.

The County is financially accountable for the Bureau. The County appoints a voting majority of the Bureau's Board of Directors. In addition, the County levies the occupancy tax, which is the major source of Bureau revenues. Therefore, the Bureau is considered a discretely presented component unit of the County and is presented in the County's government-wide financial statements in a separate column.

*Basis of Presentation* – All activities of the Bureau are accounted for within a single proprietary ("enterprise") fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Measurement Focus and Basis of Accounting* – The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and certificates of deposit. The Bureau does not have a deposit policy, but will consider adopting one in the future. At year end and throughout the year, management believes that the Bureau is not exposed to any significant credit risk on cash and cash equivalents.

*Custodial Credit Risk (Deposits)* – Custodial credit risk is the risk that in the event of a bank failure, the Bureau's deposits may not be returned to it. The Bureau does not have a deposit policy for custodial credit risk, but plans to adopt one in the future. The Bureau places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Bureau from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2018 and 2017, the Bureau had \$107,195 and \$71,828, respectively, which exceeded these insured amounts.

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2018 AND 2017

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**Note 2—Summary of significant accounting policies (continued)**

*Property and Equipment* – Property and equipment acquisitions are recorded at cost. The Bureau has formally established a capitalization threshold of \$500. Depreciation is provided over the estimated useful lives of the assets and computed on the straight-line method as follows:

Software	3 years
Equipment	5 years
Furniture and fixtures	10 years
Capital improvements	3 - 40 years

Amortization of software is computed on the straight-line basis and is amortized over three years.

*Advertising Costs* – Advertising costs are expensed the first time the advertising takes place. During the years ended June 30, 2018 and 2017, the Bureau incurred advertising costs of \$1,623,365 and \$1,608,868, respectively.

*Inventory* – Inventory consists of promotional merchandise and is stated at the lower of average cost or market.

*Income Tax Status* – The Bureau is exempt from income taxes as a nonprofit organization under Section 501(c)(6) of the Internal Revenue Code. Management believes that the Bureau continues to satisfy the requirements of a tax-exempt organization at June 30, 2018 and 2017.

The Bureau accounts for tax uncertainties based on a more likely than not recognition threshold whereby tax benefits are only recognized when the Bureau believes that they have a greater than 50% likelihood of being sustained upon examination by taxing authorities. The Bureau has evaluated all of its tax positions and determined that it had no material uncertain income tax positions as of June 30, 2018 and 2017.

*Functional Allocation of Expenses* – The costs of services to promote the development and expansion of travel and tourism have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, some costs have been allocated amongst the program and administrative activities benefited.

*Allowance for Uncollectible Accounts* – An allowance for uncollectible accounts is recorded to report the receivables at their net realizable value. At June 30, 2018 and 2017, no allowance for uncollectible accounts was considered necessary by management.

*Compensated Absences* – Full-time salary and hourly paid employees of the Bureau may accumulate up to 75 days earned vacation leave and such leave is fully vested when earned. Employees may also accumulate 37.50 days nonvesting sick leave. Vested or accumulated vacation leave is reported as an expense and liability as it accrues to employees. Accrued vacation as of June 30, 2018 and 2017 totaled \$55,016 and \$55,319, respectively.

Full-time salary and hourly paid employees may accumulate up to 37.50 days nonvesting sick leave. In accordance with the provisions of GAAP, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

*Deferred Liability* – During the year ended June 30, 2017, the Bureau obtained an addendum to an agreement from the Arts Council of Fayetteville/Cumberland County for \$75,000 to develop a marketing campaign focused on the cultural industry of Cumberland County. In fiscal year 2017, the Bureau received \$50,000 of the \$75,000 up front and the remaining \$25,000 was paid in fiscal year 2018 when expenses were incurred. A deferred liability of \$12,005 was recorded at June 30, 2017. During the year ended June 30, 2018, the Bureau obtained an additional addendum to the agreement for \$50,000 and the whole amount has been received. In fiscal year 2018, the Bureau had incurred expenses of \$49,511 related to the agreements and \$5,000 was used for banner ads. A deferred liability of \$32,494 was recorded at June 30, 2018.

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**Note 2—Summary of significant accounting policies (continued)**

*Operating Revenues and Expenses* – The Bureau is responsible for the marketing and promotion of the region as a successful travel and tourism destination. All of the Bureau’s activities relate to the marketing and promotion of the region except for the investment of residual cash and distributions received from and payments made to the County. Accordingly, all of the Bureau’s revenues and expenses, except for those receipts and payments listed under the section titled non-operating revenues (expenses), are classified as operating activities in the statements of revenues, expenses, and changes in net position. Non-operating revenues (expenses) primarily include activities related to interest earned on deposits.

*Net Position* – Net position is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors or laws and regulation of other governments, or imposed by law through state statute.

When the Bureau incurs expenses for purposes for which both restricted and unrestricted net position is available, the Bureau uses restricted funds first then unrestricted funds to satisfy the expense.

**Note 3—Operating leases**

The Bureau leases its building from the County for \$6,168 per month for 10 years, ending November 30, 2022. The lease includes no provisions for increases in rent. The Bureau leases the Cape Fear and Yadkin Valley Passenger Train Depot from the City of Fayetteville for \$11,180 per year for 25 years, ending June 30, 2028, and month-to-month thereafter. The annual rental payment is subject to a cost of living increase after the first five years of the original term.

Minimum future rental payments under noncancelable leases having remaining terms in excess of one year as of June 30, 2018 for each of the next five years and in the aggregate are:

**Years Ending June 30,**

2019	\$ 85,196
2020	85,196
2021	85,196
2022	85,196
2023	42,020
2024-2028	55,900
Total	<u>\$ 438,704</u>

Rental expense for leases was \$85,196 in 2018 and 2017.

**Note 4—Defined contribution retirement plan**

The Bureau has established the Fayetteville Area CVB 401(k) Plan (the “Plan”), a defined contribution plan covering substantially all employees. The Bureau has the authority to amend the Plan. The Plan is administered by Automatic Data Processing, Inc. The Plan requires the Bureau to match employee contributions dollar-for-dollar up to 6% of employee compensation. Employees who choose to contribute must contribute at least 1% of their compensation. Employer contributions to the Plan totaled \$33,333 and \$28,157 for the years ended June 30, 2018 and 2017, respectively. Employee contributions were \$47,365 and \$41,745 for the years ended June 30, 2018 and 2017, respectively.

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**Note 5—Fair value of financial instruments**

Certificates of deposit held for investments that are not debt securities are included in investments. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as "current investments." Certificates of deposit with remaining maturities greater than one year are classified as "noncurrent investments."

Current investments, stated at fair value, at June 30, 2018 include a 13-month Certificate of Deposit for \$103,573 maturing on December 12, 2018, plus interest; a 12-month Certificate of Deposit for \$140,415 maturing on September 22, 2018, plus interest; a 12-month Certificate of Deposit for \$247,504 maturing on July 21, 2018, plus interest; a 13-month Certificate of Deposit for \$50,231 maturing on March 7, 2019, plus interest; an 18-month Certificate of Deposit for \$117,476 maturing on August 6, 2018, plus interest; and a 6-month Certificate of Deposit for \$30,144 maturing on September 10, 2018, plus interest. Noncurrent investments, stated at fair value, at June 30, 2018 include an 18-month Certificate of Deposit for \$50,114 maturing on September 9, 2019.

Current investments, stated at fair value, at June 30, 2017 include a 21-month Certificate of Deposit for \$238,610 maturing on September 22, 2017, plus interest; a 13-month Certificate of Deposit for \$102,250 maturing on November 12, 2017, plus interest; a 60-month Certificate of Deposit for \$244,177 maturing on July 21, 2017, plus interest; and a 13-month Certificate of Deposit for \$132,774 maturing on February 11, 2018, plus interest. Noncurrent investments at June 30, 2017 include an 18-month Certificate of Deposit for \$115,897 maturing on August 6, 2018, plus interest.

The Board does not have a formal policy regarding interest rate, credit, custodial credit, or concentration of credit risks.

**Note 6—Capital assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balances</b>
Capital assets being depreciated:				
Furniture and fixtures	\$ 25,519	\$ -	\$ -	\$ 25,519
Equipment	238,887	57,811	1,895	294,803
Software	22,621	-	-	22,621
Capital improvements	163,340	-	-	163,340
Total capital assets being depreciated	<u>450,367</u>	<u>57,811</u>	<u>1,895</u>	<u>506,283</u>
Less accumulated depreciation for:				
Furniture and fixtures	22,289	1,617	-	23,906
Equipment	170,958	14,427	1,895	183,490
Software	19,454	3,167	-	22,621
Capital improvements	38,301	3,928	-	42,229
Total accumulated depreciation	<u>251,002</u>	<u>\$ 23,139</u>	<u>\$ 1,895</u>	<u>272,246</u>
Total capital assets, net	<u>\$ 199,365</u>			<u>\$ 234,037</u>

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**Note 6—Capital assets (continued)**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 25,519	\$ -	\$ -	\$ 25,519
Equipment	224,240	35,405	20,758	238,887
Software	52,853	-	30,232	22,621
Capital improvements	150,140	13,200	-	163,340
Total capital assets being depreciated	<u>452,752</u>	<u>48,605</u>	<u>50,990</u>	<u>450,367</u>
Less accumulated depreciation for:				
Furniture and fixtures	20,534	1,755	-	22,289
Equipment	183,525	6,642	19,209	170,958
Software	43,353	6,333	30,232	19,454
Capital improvements	34,596	3,705	-	38,301
Total accumulated depreciation	<u>282,008</u>	<u>\$ 18,435</u>	<u>\$ 49,441</u>	<u>251,002</u>
Total capital assets, net	<u>\$ 170,744</u>			<u>\$ 199,365</u>

**Note 7—Related party and concentrations**

Contractual occupancy tax receivables from the County constitute 100% of the accounts receivable - County balance reported on the statements of net position as of June 30, 2018 and 2017. At year end June 30, 2018, 100% of other accounts receivable was from one party during the years ended June 30, 2018 and 2017. Approximately 97% and 96% of the revenues reported on the statements of revenues, expenses, and changes in net position during the years ended June 30, 2018 and 2017, respectively, were from the County. The contract with the County will expire on June 30, 2019. The contract contains a provision requiring the County to notify the Bureau in writing six months in advance of terminating contracted services. As of the date of the audit report, no such notification has been received.

As discussed in Note 3, the Bureau has operating leases with the County and the City of Fayetteville.

**Note 8—Subsequent events**

The Bureau has evaluated subsequent events through August 25, 2018, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE**

**FAYETTEVILLE AREA CONVENTION AND VISITORS BUREAU, INC.**  
**(A Component Unit of the County of Cumberland, North Carolina)**  
**SCHEDULES OF FUNCTIONAL EXPENSES**

*YEARS ENDED JUNE 30, 2018 AND 2017*

	2018			2017		
	Program	Management and General	Total	Program	Management and General	Total
Salaries and benefits	\$ 682,435	\$ 111,094	\$ 793,529	\$ 663,357	\$ 107,988	\$ 771,345
Payroll taxes	43,187	7,031	50,218	43,047	7,008	50,055
Postage	14,201	747	14,948	29,149	1,534	30,683
Advertising	1,623,365	-	1,623,365	1,608,868	-	1,608,868
FAM/site visits	19,034	-	19,034	20,291	-	20,291
Telephone	21,412	-	21,412	28,593	-	28,593
Computer	12,268	2,693	14,961	11,428	2,508	13,936
Depreciation and amortization	20,130	3,008	23,138	17,386	2,598	19,984
Dues and subscriptions	22,693	4,982	27,675	21,051	4,621	25,672
Training	3,043	668	3,711	4,028	884	4,912
Insurance	-	14,342	14,342	-	13,088	13,088
Travel expense	43,150	9,472	52,622	45,157	9,913	55,070
Professional fees	-	36,095	36,095	-	42,266	42,266
Promotional	161	-	161	562	-	562
Building expenses	84,173	12,578	96,751	84,996	12,700	97,696
Repairs and maintenance	40,623	6,070	46,693	53,314	7,966	61,280
Supplies	18,280	2,732	21,012	28,795	4,303	33,098
Other operating expenses	3,296	492	3,788	3,063	458	3,521
	<u>\$ 2,651,451</u>	<u>\$ 212,004</u>	<u>\$ 2,863,455</u>	<u>\$ 2,663,085</u>	<u>\$ 217,835</u>	<u>\$ 2,880,920</u>