

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

As of and for the Years Ended June 30, 2021 and 2020

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, 2021 and 2020, 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 audit 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, 2021 and 2020, 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.

Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are 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.

Cheryl Bekaert LLP

Fayetteville, North Carolina
September 3, 2021

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

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 516,145	\$ 783,608
Investments	302,055	363,127
Accounts receivable - County	620,941	170,944
Accounts receivable - other (net)	-	1,577
Inventory	15,477	9,601
Prepaid expenses	4,213	6,828
Total Current Assets	<u>1,458,831</u>	<u>1,335,685</u>
Capital Assets:		
Furniture and fixtures	50,612	32,553
Equipment	150,566	163,550
Software	1,406	1,406
Capital improvements	163,340	163,340
	<u>365,924</u>	<u>360,849</u>
Less accumulated depreciation	<u>(195,723)</u>	<u>(192,405)</u>
Net Capital Assets	<u>170,201</u>	<u>168,444</u>
Other Noncurrent Assets:		
Investments	<u>241,165</u>	<u>122,838</u>
Total Noncurrent Assets	<u>411,366</u>	<u>291,282</u>
Total Assets	<u>1,870,197</u>	<u>1,626,967</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable - trade	138,901	54,482
Accrued expenses	36,064	87,534
Total Liabilities	<u>174,965</u>	<u>142,016</u>
Net Position:		
Investment in capital assets	170,201	168,444
Unrestricted	1,525,031	1,316,507
Total Net Position	<u>\$ 1,695,232</u>	<u>\$ 1,484,951</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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Occupancy tax	\$ 2,923,749	\$ 2,689,060
Promotional	20,750	21,784
Other	6,164	14,588
Total Operating Revenues	<u>2,950,663</u>	<u>2,725,432</u>
Operating Expenses:		
Direct promotional expenses	2,504,276	2,833,404
Management and general expenses	240,271	215,035
Total Operating Expenses	<u>2,744,547</u>	<u>3,048,439</u>
Operating Income (Loss)	<u>206,116</u>	<u>(323,007)</u>
Nonoperating Revenues (Expenses):		
Interest	9,180	14,344
Loss on disposal of capital assets	(5,015)	(39,906)
Total Nonoperating Revenues (Expenses)	<u>4,165</u>	<u>(25,562)</u>
(Decrease) increase in net position	210,281	(348,569)
Net position, beginning of year	<u>1,484,951</u>	<u>1,833,520</u>
Net position, end of year	<u>\$ 1,695,232</u>	<u>\$ 1,484,951</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from operations	\$ 2,502,243	\$ 2,832,923
Cash paid for goods and services	(1,710,866)	(2,103,329)
Cash paid to or on behalf of employees for services	(990,503)	(841,564)
Other (investment income)	9,180	14,344
Net cash flows from operating activities	<u>(189,946)</u>	<u>(97,626)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	<u>(20,262)</u>	<u>(7,444)</u>
Net cash flows from capital and related financing activities	<u>(20,262)</u>	<u>(7,444)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	218,485	305,678
Purchase of investments	(284,920)	(278,458)
Investment income received	9,180	14,344
Net cash flows from investing activities	<u>(57,255)</u>	<u>41,564</u>
Net change in cash and cash equivalents	(267,463)	(63,506)
Cash and cash equivalents, beginning of year	783,608	847,114
Cash and cash equivalents, end of year	<u>\$ 516,145</u>	<u>\$ 783,608</u>
Reconciliation of operating (loss) income to net cash flows from operating activities:		
Operating (loss) income	\$ 206,116	\$ (323,007)
Miscellaneous revenues (expenses)	4,165	(25,562)
Adjustments to reconcile operating (loss) income to net cash flows from operating activities:		
Depreciation and amortization	13,490	18,441
Loss or disposal of capital assets	5,015	39,906
Changes in operating assets and liabilities:		
Accounts receivable - County	(449,997)	127,734
Accounts receivable - Other	1,577	1,541
Inventory	(5,876)	-
Prepaid expenses	2,615	31,573
Accounts payable	84,419	40,053
Accrued expenses	(51,470)	13,479
Deferred liabilities	-	(21,784)
Net cash flows from operating activities	<u>\$ (189,946)</u>	<u>\$ (97,626)</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)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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") consists of 11 members, including the City Manager, County Manager, Crown Complex General Manager, 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 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:

Board Members	Eligible for Reappointment	Bylaw Criteria	Appointed By
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	No	(d) < 100 rooms	County Commissioners
Laura Leal	No	(e) > 100 rooms	County Commissioners
Jim Soffe	Permanent	(f) Airborne and Special Operations Museum representative	Ex Officio--Bylaws
Vacant	No	(g) > 6,000 ft ² meeting space	Board Appointed
Vacant	No	(h) Hotel rep, Board appointed	Board Appointed
Vacant	Yes	(d) < 100 rooms	County Commissioners
Adam Collier	Yes	(e) > 100 rooms	County Commissioners
Becki Kirby	No	(j) At Large	County Commissioners
Non-Voting Members (Can be enacted at Board discretion)			
Vacant	County Liaison	(r) County Liaison	Board Appointed
Vacant	TDA Liaison	(p) Nonvoting Ex Officio position	Board Appointed
Vacant	President FAHA	(p) Nonvoting Ex Officio position	Board Appointed
Vacant	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, 2021 AND 2020

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 ("U.S. GAAP") require 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 with maturities less than three months. The Bureau does not have a deposit policy but will consider adopting 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 ("FDIC") 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, 2021 and 2020, the Bureau had \$237,536 and \$380,843, respectively, which exceeded these insured limits.

Investments – Investments consist of certificates of deposit with maturities greater than three months. Current investments have a maturity less than one year, while long-term investments are greater than one year. The Bureau places these deposits with financial institutions in the United States. As noted above these deposits are covered by the FDIC up to a \$250,000 limit. The investment deposits are aggregated with the cash and cash equivalents for consideration of FDIC limits noted above.

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

JUNE 30, 2021 AND 2020

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

Advertising Costs – Advertising costs are expensed the first time the advertising takes place. During the years ended June 30, 2021 and 2020, the Bureau incurred advertising costs of \$1,353,430 and \$1,648,858 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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020 totaled \$22,828 and \$72,439 respectively. In accordance with the provisions of U.S. GAAP, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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 nonoperating revenues (expenses), are classified as operating activities in the statements of revenues, expenses, and changes in net position. Nonoperating 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.

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

JUNE 30, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

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, 2021 for each of the next five years and in the aggregate are:

<u>Years Ending June 30,</u>	
2022	85,196
2023	42,020
2024	11,180
2025	11,180
2026	11,180
2027-2028	22,360
	<u>\$ 183,116</u>

Rental expense for leases was \$85,196 in 2021 and 2020.

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 \$35,980 and \$35,890 for the years ended June 30, 2021 and 2020 respectively. Employee contributions were \$52,819 and \$56,451 for the years ended June 30, 2021 and 2020 respectively.

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, 2021, include a 25-month Certificate of Deposit for \$44,930 maturing on November 2, 2021, plus interest and a 15-month Certificate of Deposit for \$257,125 maturing on February 21, 2022, plus interest. Noncurrent investments, at June 30, 2021, include a 25-month Certificate of Deposit for \$241,165 maturing on October 2, 2022, plus interest.

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

JUNE 30, 2021 AND 2020

Note 5—Fair value of financial instruments (continued)

Current investments, stated at fair value at June 30, 2020, include a 15-month Certificate of Deposit for \$255,408 maturing on November 21, 2020, plus interest and a 13-month Certificate of Deposit for \$107,719 maturing on February 18, 2021, plus interest. Noncurrent investments, at June 30, 2021, include a 19-month Certificate of Deposit for \$122,838 maturing on September 16, 2021, plus interest.

The Bureau has no formal policy regarding interest rate, credit, custodial credit, or concentration of credit risks.

Note 6—Capital assets

Capital asset activity for the years ended June 30, 2021 and 2020 are as follows:

June 30, 2021	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 32,553	\$ 18,059	\$ -	\$ 50,612
Equipment	163,550	2,203	15,187	150,566
Software	1,406	-	-	1,406
Capital improvements	163,340	-	-	163,340
Total capital assets being depreciated	360,849	20,262	15,187	365,924
Less accumulated depreciation for:				
Furniture and fixtures	25,035	1,060	-	26,095
Equipment	115,879	8,502	10,172	114,209
Software	1,406	-	-	1,406
Capital improvements	50,085	3,928	-	54,013
Total accumulated depreciation	192,405	\$ 13,490	\$ 10,172	195,723
Total capital assets, net	\$ 168,444			\$ 170,201
June 30, 2020				
Capital assets being depreciated:				
Furniture and fixtures	\$ 29,321	\$ 3,232	\$ -	\$ 32,553
Equipment	294,346	4,212	135,008	163,550
Software	22,621	-	21,215	1,406
Capital improvements	163,340	-	-	163,340
Total capital assets being depreciated	509,628	7,444	156,223	360,849
Less accumulated depreciation for:				
Furniture and fixtures	24,471	564	-	25,035
Equipment	197,032	13,949	95,102	115,879
Software	22,621	-	21,215	1,406
Capital improvements	46,157	3,928	-	50,085
Total accumulated depreciation	290,281	\$ 18,441	\$ 116,317	192,405
Total capital assets, net	\$ 219,347			\$ 168,444

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

JUNE 30, 2021 AND 2020

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, 2021 and 2020. Approximately 99% of the revenues reported on the statements of revenues, expenses, and changes in net position during both of the years ended June 30, 2021 and 2020 were from the County. The contract with the County will expire on June 30, 2022. The contract contains a provision requiring the County to notify the Bureau in writing 90 days 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—Contingencies and uncertainties/COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus "COVID-19" outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Bureau operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Bureau is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business/operations and is unable at this time to predict the continued impact COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

Note 9—Subsequent events

The Bureau has evaluated subsequent events through September 3, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

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, 2021 AND 2020

	2021			2020		
	Direct Promotional	Management and General	Total	Direct Promotional	Management and General	Total
Salaries and benefits	\$ 755,576	\$ 123,001	\$ 878,577	\$ 692,751	\$ 112,774	\$ 805,525
Payroll taxes	51,992	8,464	60,456	42,585	6,933	49,518
Postage	13,619	717	14,336	11,570	609	12,179
Advertising	1,353,430	-	1,353,430	1,648,858	-	1,648,858
Event hosting	113,787	-	113,787	140,377	-	140,377
Telephone	23,220	-	23,220	21,057	-	21,057
Computer	6,886	1,511	8,397	13,318	2,924	16,242
Depreciation and amortization	11,736	1,754	13,490	16,044	2,397	18,441
Dues and subscriptions	18,572	4,077	22,649	22,461	4,931	27,392
Training	11,728	2,574	14,302	10,866	2,385	13,251
Insurance	-	9,467	9,467	-	9,009	9,009
Travel expense	8,884	1,950	10,834	36,213	7,949	44,162
Professional fees	-	66,606	66,606	-	38,631	38,631
Building expenses	84,207	12,583	96,790	110,116	16,454	126,570
Repairs and maintenance	37,016	5,531	42,547	40,972	6,122	47,094
Supplies	9,858	1,473	11,331	23,547	3,518	27,065
Other operating expenses	3,765	563	4,328	2,669	399	3,068
	<u>\$ 2,504,276</u>	<u>\$ 240,271</u>	<u>\$ 2,744,547</u>	<u>\$ 2,833,404</u>	<u>\$ 215,035</u>	<u>\$ 3,048,439</u>

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

We have audited the financial statements of the Fayetteville Area Convention and Visitors Bureau, Inc. (the "Bureau"), a component unit of the County of Cumberland, North Carolina, for the years ended June 30, 2021 and 2020 and have issued our report thereon September 3, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audits. We have communicated such information in our letter to you dated May 26, 2021. Professional standards also require that we communicate to you the following information related to our audits.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bureau are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies, in Note 2, was not changed during the year ended June 30, 2021. We noted no transactions entered into by the Bureau during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciation and amortization expense is based on an analysis of estimated useful lives of property and equipment. We evaluated the key factors and assumptions used to develop the useful lives to determine that they seem reasonable in relation to the financial statements of the Bureau for the year ended June 30, 2021, taken as a whole. While procedures used by management and the amount recorded for depreciation and amortization expense seem reasonable at this time, there will usually be differences between actual useful lives and the estimates used and these differences may be material.

Management's estimate of the allowance for doubtful accounts is based on an analysis of historical collection trends, customer experience, and economic conditions. We evaluated the key factors and assumptions used to develop the allowance to determine that it seems reasonable in relation to the financial statements taken as a whole. While the procedures used by management and the amount recorded for the allowance for doubtful accounts seem reasonable at this time, there will usually be differences between actual bad debts and the estimates used and these differences may be material.

Management's estimate of functional expenses is based on formulas derived from management's historical estimate of time allotted to administrative functions. We evaluated the key factors and assumptions used to develop the functional expense classifications to determine that they seemed reasonable in relation to the financial statements for the year ended June 30, 2021. While the procedures used by management and amounts recorded for functional expenses seem reasonable at this time, there will usually be differences between actual functional use and the estimates used and these differences may be material.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audits, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material corrected or uncorrected misstatements noted during the audits.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves an application of an accounting principle to the Bureau's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Bureau's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplemental schedules accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements. We compared and reconciled the supplemental schedules to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Management has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require 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.

This information is intended solely for the use of the Board of Directors and management of the Bureau and is not intended to be, and should not be, used by anyone other than these specified parties.

Cheryl Bekaert LLP

Fayetteville, North Carolina
September 3, 2021

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

In planning and performing our audits of the financial statements of the Fayetteville Area Convention and Visitors Bureau, Inc. (the "Bureau"), a component unit of the County of Cumberland, North Carolina, as of and for the years ended June 30, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Bureau's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Bureau's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OTHER MATTER

During the process described above, we identified a matter that we believe is an opportunity to improve controls, financial reporting, or administrative procedures. This matter is summarized below.

In accordance with your request, we assisted in the preparation of the Bureau's financial statements and footnote disclosures in accordance with accounting principles generally accepted in the United States of America. An effective system of internal controls contemplates that management can prepare financial statements, complete with appropriate disclosures, that are fairly presented in accordance with accounting principles generally accepted in the United States of America.

This communication is intended solely for the information and use of management, the Board of Directors and others within the Bureau, and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekaert LLP

Fayetteville, North Carolina
September 3, 2021