

MEET AC, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2021 AND 2020
AND
INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]
ACCOUNTANTS AND ADVISORS

MEET AC, INC. AND AFFILIATE

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ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Meet AC, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Meet AC, Inc. and Affiliate (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meet AC, Inc. and Affiliate as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meet AC, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization'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 audit findings, and certain internal control related matters that we identified during the audit.

(Continued)

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and the consolidating statements of activities and change in net assets are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the consolidated financial position and changes in net assets of the individual entities, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Northfield, New Jersey
March 28, 2022

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,357,512	\$ 2,093,206
Cash and cash equivalents - committed for convention incentive funds	640,895	514,700
Accounts receivable	3,313	-
Prepaid expenses	133,653	129,968
Note receivable, current portion	25,000	25,000
Total current assets	3,160,373	2,762,874
Noncurrent assets		
Intangible assets	35,000	35,000
Equipment - at cost, less accumulated depreciation	38,869	37,357
Note receivable, net of current portion	50,000	75,000
Total noncurrent assets	123,869	147,357
Total assets	\$ 3,284,242	\$ 2,910,231
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 880,900	\$ 142,526
Accrued payroll and related expenses	654,104	105,067
Refundable advance - NJ Department of State	75,442	49,005
Deferred revenue - CRDA	924,309	1,897,146
Deferred revenue - CRDA contractual budget reserve	405,000	372,000
Due to Small Business Administration - PPP Loan	307,500	307,500
Total current liabilities	3,247,255	2,873,244
Commitments		
Net assets without donor restrictions	36,987	36,987
Total liabilities and net assets	\$ 3,284,242	\$ 2,910,231

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,	
	2021	2020
Revenues and other support		
CRDA contract revenue	\$ 7,150,835	\$ 5,171,019
Registration staffing	89,849	23,835
Grants	176,738	110,838
Miscellaneous income	10,005	10,000
Interest income	6,684	8,931
Total revenues and other support	7,434,111	5,324,623
Expenses		
Program services		
Meetings, conventions and groups	5,712,586	4,009,115
Registration staffing	74,262	40,792
Marketing - sports and entertainment	1,071,623	735,533
Total program services	6,858,471	4,785,440
Supporting services		
Management and general	575,640	539,183
Total expenses	7,434,111	5,324,623
Change in net assets without donor restrictions	-	-
Net assets, beginning of year	36,987	36,987
Net assets, end of year	\$ 36,987	\$ 36,987

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services		Total Functional Expenses
	Meetings, Conventions and Groups	Registration Staffing	Marketing - Sports and Entertainment	Total Program Services	Management and General	
Payroll	\$ 1,741,561	\$ 62,295	\$ 218,681	\$ 2,022,537	\$ 316,181	\$ 2,338,718
Payroll taxes	121,551	4,765	45,378	171,694	24,238	195,932
Benefits	328,572	-	11,534	340,106	50,704	390,810
Salaries and related expenses	2,191,684	67,060	275,593	2,534,337	391,123	2,925,460
Marketing	1,694,415	6,413	728,073	2,428,901	15,014	2,443,915
Advertising and print	1,096,956	-	37,643	1,134,599	-	1,134,599
Client entertainment	347,425	-	11,361	358,786	-	358,786
Professional fees	38,062	-	7,398	45,460	18,996	64,456
Public relations	232,637	-	11,555	244,192	-	244,192
Facilities and insurance	42,462	-	-	42,462	80,146	122,608
Other expenses	11,350	398	-	11,748	4,391	16,139
Office and computer expenses	43,177	391	-	43,568	65,970	109,538
Depreciation	14,418	-	-	14,418	-	14,418
Total expenses	\$ 5,712,586	\$ 74,262	\$ 1,071,623	\$ 6,858,471	\$ 575,640	\$ 7,434,111

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total Functional Expenses
	Meetings, Conventions and Groups	Registration Staffing	Marketing - Sports and Entertainment	Total Program Services	Management and General	
Payroll	\$ 1,439,416	\$ 30,971	\$ 156,089	\$ 1,626,476	\$ 238,762	\$ 1,865,238
Payroll taxes	104,633	3,309	17,417	125,359	18,343	143,702
Benefits	303,405	-	9,120	312,525	42,074	354,599
Salaries and related expenses	1,847,454	34,280	182,626	2,064,360	299,179	2,363,539
Marketing	604,465	6,512	467,505	1,078,482	2,690	1,081,172
Advertising and print	1,139,100	-	55,883	1,194,983	-	1,194,983
Client entertainment	78,264	-	7,311	85,575	-	85,575
Public relations	197,917	-	15,657	213,574	5,859	219,433
Professional fees	34,862	-	6,551	41,413	90,126	131,539
Facilities and insurance	45,564	-	-	45,564	82,161	127,725
Office and computer expenses	37,798	-	-	37,798	57,569	95,367
Other expenses	10,878	-	-	10,878	1,599	12,477
Depreciation	12,813	-	-	12,813	-	12,813
Total expenses	\$ 4,009,115	\$ 40,792	\$ 735,533	\$ 4,785,440	\$ 539,183	\$ 5,324,623

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities		
Change in net assets without donor restrictions	\$ -	\$ -
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation expense	14,418	12,813
Changes in assets and liabilities		
Accounts receivable	(3,313)	45,722
Prepaid expenses	(3,685)	13,732
Accounts payable and accrued expenses	738,374	(168,291)
Accrued payroll and related expenses	549,037	(575,586)
Refundable advance - NJ Department of State	26,437	30,912
Deferred revenue - CRDA	(972,837)	1,897,146
Deferred revenue - CRDA contractual budget reserve	33,000	372,000
Net cash provided by operating activities	381,431	1,628,448
Cash flows from investing activities		
Funding of note receivable	-	(100,000)
Repayment of note receivable	25,000	-
Equipment purchases	(15,930)	(7,306)
Net cash provided by (used in) investing activities	9,070	(107,306)
Cash flows from financing activity		
Proceeds from Small Business Administration - PPP Loan	-	307,500
Net increase in cash and cash equivalents	390,501	1,828,642
Cash and cash equivalents, beginning of year	2,607,906	779,264
Cash and cash equivalents, end of year	\$ 2,998,407	\$ 2,607,906
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 2,357,512	\$ 2,093,206
Cash and cash equivalents - committed for convention incentive funds	640,895	514,700
	<u>\$ 2,998,407</u>	<u>\$ 2,607,906</u>

See notes to consolidated financial statements.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - NATURE OF THE ORGANIZATION

Meet AC, Inc. (“Meet AC”) was incorporated on April 22, 2014. Effective June 18, 2014, the Casino Reinvestment Development Authority (“CRDA”), which is an instrumentality of the State of New Jersey (the “State”), approved the restructuring and outsourcing of the sales function of its Convention Sales Division through the creation of this separate and distinct not-for-profit business league entity. The Organization’s purpose is to promote, market and advance the City of Atlantic City as a premium destination for conventions, meetings, and tradeshow, all with the goal of expanding the convention and tourism industries in Atlantic City and promoting the general business conditions of the community at large. As such, the CRDA and the Organization have entered into a public-private partnership agreement, whereby the CRDA provides funding to the Organization in exchange for these services, including booking convention space at Atlantic City Convention Center and Historic Boardwalk Hall (the “Facilities”), hotel rooms and off-site venues within Atlantic City, and promoting other Atlantic City amenities.

Meet AC’s affiliate, Atlantic City Sports Commission, Inc. (the “Commission”), was incorporated on December 3, 2014. The Commission was created by the State, through the efforts of the CRDA and Meet AC, to further carry out the CRDA’s purposes. The Commission’s purpose is to engage in sports and entertainment related activities, including, but not limited to, making distributions for charitable purposes and improving the Atlantic City region by promoting, marketing and advancing Atlantic City as a destination for amateur and professional sporting and other entertainment events. The Commission’s primary source of revenue is from CRDA funding passed through Meet AC to the Commission.

Program Services

Meet AC, Inc.’s program services have been established, in accordance with the Organization’s agreement with the CRDA, to promote and market the Facilities as premier destinations for conventions, meetings, trade shows and group leisure events; conduct coordinated advertising, publicity and promotion campaigns emphasizing attractions offered in Atlantic City (the “City”) for meetings and groups; sell and coordinate the booking and reservation of convention, meeting and trade show space, hotel rooms and other off-site venues; participate in appropriate convention and destination marketing associations’ events and trade shows to assure favorable publicity about the City and the Facilities; solicit convention, tradeshow and meeting organizations to use the Facilities and other venues throughout the City; provide tourism and event-planning services to associations, businesses, organizations and groups convening or holding conventions, meetings or events; prepare, publish and update materials providing specific information on the Facilities, hotels, restaurants, entertainment and other amenities located in the City, and distribute said materials to event planners or coordinators; coordinate with City hotels, restaurants and entertainment venues the cross-selling and booking of said Facilities in connection with the booking of a convention, tradeshow or other meeting events at the Facilities; and create and maintain strategic relationships for the coordination of services with the CRDA and its business partners, as they relate to the convention and meeting business in the City.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - NATURE OF THE ORGANIZATION (Continued)

Program Services (Continued)

The Commission's program services are supported by Meet AC's agreement with the CRDA, and established to promote and market the Atlantic City Convention Center, Historic Boardwalk Hall and Bader Field (the "Commission Facilities") as premier destinations for sports related events, emphasizing attractions offered in the City for events to groups; to sell and coordinate the booking and reservation of events, hotel rooms and other off-site venues; to participate in appropriate convention and destination marketing associations' events and trade shows to assure favorable publicity about the City and the Commission Facilities; and to solicit, create and support sport related events to use the Commission Facilities and other venues throughout the City.

Supporting Services

Management and general services include those functions necessary to obtain and manage the Organization's financial and other resources, ensure an adequate working environment, develop and administer Organization programs and services and, in conjunction with the Organization's Board of Trustees, oversee the articulation of Organization policies and procedures, as well as long-term Organization strategies.

Meet AC and the Commission did not incur any fundraising expenses during the years ended December 31, 2021 and 2020.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Accounting principles generally accepted in the United States of America ("GAAP") require the Organization to consolidate entities in which it has control and an economic interest, when that control is evidenced through a majority ownership or voting interest. Meet AC has an economic interest and control of the Commission's board, by virtue of common corporate governance, and therefore consolidation is required. The consolidated financial statements include the accounts of Meet AC and the Commission, collectively referred to as the "Organization." All material intra-organizational accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements have been presented in accordance with GAAP. Net assets, revenues and other support, and expenses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions consist of assets, revenues and other support which are available and used for operations and programs.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets with donor restrictions include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

There were no net assets with donor restrictions as of December 31, 2021 and 2020.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, support, and expenses. Actual results could differ from those estimates.

Revenues and Support

Contract Revenue – In accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, the Organization recognizes contract revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) The transaction price has been allocated to the performance obligations; and 5) When (or as) performance obligations are satisfied. Revenue from exchange contracts is recognized as the Organization substantially meets the performance obligations contained in the agreement with the sponsor.

The Organization’s marketing and sales agreement with CRDA is a fixed-price agreement and does not include any incentive provisions. The Organization receives its approved contract funding from CRDA in four quarterly advance payments. The sales and marketing services are considered a single performance obligation that is satisfied over time. The Organization recognizes revenue for financial reporting purposes over time. Progress toward completion of the Organization’s contract is measured by the costs incurred to date. This method is used because management considers total cost to be the best available measure of progress the contract.

All contract revenue and grants are recorded as deferred revenue and refundable advances, respectively, until they are expended and recognized as revenue. Certain CRDA contract revenues received but not expended as of the end of the year are permitted to be retained in a budget reserve in accordance with the terms of the agreement with CRDA. If, at the end of the contract term, the CRDA requests a return of any remaining uncommitted and unexpended monies, over and above the allowable budget reserve retained, the advances would then be reclassified as due back to the CRDA. Accordingly, CRDA contract revenue is recognized only to the extent of expenses incurred (exchange transaction).

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support (Continued)

At December 31, 2021, there was \$1,329,309 of deferred revenue for advances received from CRDA in 2021 for which expenses were not incurred as of December 31, 2021. Included in the deferred revenue total is \$405,000 which the Organization may retain as part of its contract with CRDA. The Organization received approval from CRDA to retain those funds and apply them to 2022 budgeted expenses.

The Organization also provides registration services. Each registration service contract is considered to be one performance obligation and revenue is recognized at the point in time of performance.

Grants – In accordance with ASC 958, *Not-for-Profit Entities*, grants and contracts awarded by the State of New Jersey which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The Organization recognizes a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

The Organization was awarded grants from the NJ Department of State, Division of Travel & Tourism, entitled, Destination Marketing Organization, in the amount of \$157,500, covering the period July 1, 2020 to June 30, 2021, and \$248,850, covering the period July 1, 2021 to June 30, 2022. For the year ending December 31, 2021, the Organization recognized revenues of \$127,755 for the grant covering the period July 1, 2020 to June 30, 2021, and \$48,983 for the grant covering the period July 1, 2021 to June 30, 2022, totaling \$176,738. For the year ending December 31, 2020, the Organization recognized revenues of \$81,093 for the grant covering the period July 1, 2019 to June 30, 2020, and \$29,745 for the grant covering the period July 1, 2020 to June 30, 2021, totaling \$110,838. At December 31, 2021 and 2020, the Organization had received funds in advance of and in excess of expenses incurred, which are reflected as refundable advances totaling \$75,442 and \$49,005, respectively. During 2021, the Organization recognized the December 31, 2020 refundable advance of \$49,005 as revenue. The Organization anticipates recognizing the remaining funds as revenue in 2022, prior to the June 30, 2022, grant expiration date.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support (Continued)

The Organization recognized revenues and support as follows:

	Year Ended December 31,	
	2021	2020
CRDA contract revenue (over time)	\$ 7,150,835	\$ 5,171,019
Registration staffing contract revenue (point in time)	89,849	23,835
Grants	176,738	110,838
Miscellaneous income	10,005	10,000
	<u>\$ 7,427,427</u>	<u>\$ 5,315,692</u>

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. At various times during the year, the Organization's cash balances may exceed the insurable limit; however, the Organization has not experienced any losses in such accounts. For purposes of the consolidated statements of cash flows, the Organization considers all cash and cash equivalents with original maturities of three months or less when purchased to be cash or cash equivalents.

Investments

The Board of Trustees may approve the investment of unused funds into money-market type funds and certificates of deposit with maturities approved by the Board of Trustees. The Organization did not have any investments at December 31, 2021 or 2020.

Accounts Receivable

Accounts receivable represent amounts due from registration activities, and are stated at the amounts management expects to collect. Management evaluates its accounts receivable and records an allowance for doubtful accounts, when deemed necessary, based on a combination of historical experience, aging analysis, and information on specific accounts. Based on the Organization's review of accounts receivable, no allowance for doubtful accounts is considered necessary at December 31, 2021 and 2020.

Equipment

Equipment is stated at cost, less accumulated depreciation. The Organization's policy is to capitalize all assets with estimated useful lives greater than one year and with an original cost over \$1,000.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (Continued)

Equipment is stated at cost, less accumulated depreciation. The Organization's policy is to capitalize all assets with estimated useful lives greater than one year and with an original cost over \$1,000. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The principal useful life for computers and computer equipment is estimated to be five years. Accumulated depreciation was \$53,937 and \$39,519 as of December 31, 2021 and 2020, respectively.

Intangible Assets

The intangible assets consist of domain names (meetac.com and meetatlanticcity.com) purchased by the Organization. The Organization follows the provisions of ASC 350-30-35-18 for intangible assets, which requires an organization to perform impairment testing annually, or more frequently if events or circumstances indicate that the asset may be impaired, using a direct valuation methodology for those assets determined to have an indefinite life. Since the domain names have been determined to have an indefinite life, no amortization is recorded. No impairment loss was recognized for the years ended December 31, 2021 and 2020.

Compensated Absences

Certain employees of the Organization have earned a vested right to compensation for unused vacation time. Accordingly, the Organization has made an accrual for vacation compensation that employees have earned but not taken. As of December 31, 2021 and 2020, the Organization has accrued approximately \$76,000 and \$68,000 of earned vacation, respectively, which is included in accrued payroll and related expenses in the consolidated statements of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and in the consolidated statements of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on estimates of time and effort incurred by personnel. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Advertising Costs

It is the Organization's policy to expense advertising costs as incurred. The Organization incurred \$1,134,599 and \$1,194,98 in advertising costs for the years ended December 31, 2021 and 2020, respectively.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Meet AC, Inc. qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. Contributions to the Organization are neither solicited nor tax deductible.

Atlantic City Sports Commission, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Commission also has been classified as an organization that is not a private foundation under Section 509(a)(2), and therefore qualifies for the charitable contribution deduction under Section 170(b)(1)(a). Since both entities qualify as tax-exempt organizations for both federal and state purposes, and neither organization engaged in any activities that might give rise to unrelated business income tax, the consolidated financial statements do not reflect a provision for income taxes.

New Accounting Pronouncements Issued –Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial statements.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2021 presentation. The reclassifications have no effect on previously reported change in net assets.

3 - LIQUIDITY, AVAILABILITY OF RESOURCES, RISKS AND UNCERTAINTIES

The Organization's financial assets available within one year of the consolidated statements of financial position for general expenditure are as follows:

	Year Ended December 31,	
	2021	2020
Cash and cash equivalents	\$ 2,998,407	\$ 2,607,906
Accounts receivable	3,313	-
Notes receivable, current portion	25,000	25,000
	3,026,720	2,632,906
Less: Cash unavailable within one year due to repayment of SBA PPP Loan (See Note 5)	(307,500)	(307,500)
	\$ 2,719,220	\$ 2,325,406

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - LIQUIDITY, AVAILABILITY OF RESOURCES, RISKS AND UNCERTAINTIES

(Continued)

The spread of COVID-19 around the world starting in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations going forward. COVID-19 caused several events and meetings to be canceled or postponed. As COVID-19 restrictions ease, the Organization has increased the number of events and rescheduled events from 2020 and 2021 to 2022 and future dates. The Organization also received advanced funds in 2020 and 2021 from CRDA for which it was unable to spend as of December 31, 2021, which resulted in \$1,329,309 of deferred revenue as of December 31, 2021, included in this balance is \$405,000 of a contractual budget reserve.

In addition to the financial assets shown above as of December 31, 2021 to meet cash requirements within one year, the Organization's 2022 funding of \$8 million has been approved by the CRDA. The 2021 deferred revenue of \$924,309 received in advance from CRDA will be used to offset the \$8 million 2022 funding. In February 2022, CRDA approved a budget amendment to increase the Organization's 2022 funding by \$1.2 million for a total approved 2022 funding of \$9.2 million. The increase to the 2022 funding is to provide required sponsorship investment funding for the 2022 National Association for the Advancement of Colored People ("NAACP") conference which is expected to be held in Atlantic City in July 2022. The Organization also receives revenue approximating \$150,000 annually from a state tourism grant and other sources, which is available to meet its financial obligations.

As a result of the excess 2021 funding permitted to be used in 2022 and the 2022 funding commitment from CRDA and the Organization's ability to manage expenses within its budget, Management and the Board of Trustees projects that it will have sufficient liquidity to continue operations for at least one year from the issuance of these consolidated financial statements.

4 - NOTE RECEIVABLE

On August 8, 2020, the Organization provided a loan to a company sponsoring the Atlantic City Beer and Music Festival in the amount of \$100,000. The note bears interest at 5%, is unsecured and is personally guaranteed by the owner of the company. The note is payable in four annual installments of \$25,000 plus interest starting on May 15, 2021, and each subsequent May 15 through the maturity date of May 15, 2024. During the year ended December 31, 2021, the company made its first payment of \$25,000.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 - DUE TO THE SMALL BUSINESS ADMINISTRATION – PPP LOAN

As a result of the spread of a novel strain of coronavirus (“COVID-19”), on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “ CARES Act”) was signed into law. The CARES Act amends the Small Business Act to include a new guaranteed, unsecured loan program (the “Paycheck Protection Program”). In May 2020, the Organization applied for, was approved and awarded a Paycheck Protection Program loan (“PPP Loan”) in the amount of \$307,500 from the Small Business Administration (“SBA”). The PPP Loan has a term of two years and is subject to interest of 1% per annum. Interest and potential principal payments were deferred for the first six months. Subject to certain conditions as defined in the CARES Act, up to 100% of the PPP Loan may be forgiven. In addition, the Agency applied for a Small Business Administration Economic Injury Disaster Grant (“EIDG”) and received a grant of \$10,000, which does not have to be repaid.

In December 2020, the Organization received forgiveness of the principal and accrued interest on the loan from the bank in the amount of \$299,285. Subsequently, the Organization determined it was not qualified to receive the loan and as such, may have to return the loan funds. Due to these circumstances, the entire amount of the loan is reflected as a current liability as of December 31, 2021 and 2020. On March 9, 2022, the Organization returned the loan funds to the bank.

6 - COMMITMENTS

Incentive funding commitments

The Organization enters into agreements with various groups and organizations providing convention development and incentive funds to encourage the booking of conferences, conventions, and meetings in Atlantic City.

As of December 31, 2021, the Organization had the following incentive funding commitments:

Year Ending December 31,	
2022	\$ 491,655
2023	107,120
2024	15,000
2025	27,120
	<hr/>
	\$ 640,895

Operating leases

The Organization leases office equipment under leases that expire through August 2024. Total expense under the arrangements totaled approximately \$44,000 and \$39,000 the years ended December 31, 2021 and 2020, respectively. Also see Note 8 regarding month-to-month facilities lease.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - COMMITMENTS (Continued)

Operating leases (Continued)

Future minimum lease payments as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	\$ 52,560
2023	6,008
2024	1,184
	<u>\$ 59,752</u>

7 - CONCENTRATIONS

Major Sources of Revenue

The Organization receives approximately 96% of its funding from the CRDA under a contract which expires in 2022, and provides for quarterly funding totaling approximately \$8 million per year. The contract also provides for a reduction in the funding commitment to the Organization, in the event of an extraordinary reduction in the amount of annual Luxury Tax Revenues collected by the CRDA in any year and also does not provide for guaranteed revenue.

8 - RELATED PARTY TRANSACTIONS

Contract Revenues

The Organization is funded by the CRDA as part of its collaborative, public-private partnership agreement with the CRDA in exchange for promotional, marketing and sales efforts rendered, including booking convention space, leisure groups, hotel rooms and off-site venues. Revenue recognized for the years ended December 31, 2021 and 2020, was \$7,150,835 and \$5,171,019, respectively.

Expenses

The Organization leases its operating facilities, on a month-to-month basis, from the CRDA. The monthly rental expense is based upon the percentage of floor space used. Rent expense for each of the years ended December 31, 2021 and 2020, was \$60,000. CRDA also charges for cleaning services at the facilities. Cleaning expense for each of the years ended December 31, 2021 and 2020, was \$13,560 and \$10,170, respectively.

MEET AC, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 - RELATED PARTY TRANSACTIONS (Continued)

Expenses (Continued)

The Organization pays CRDA for marketing signage at the facilities. Marketing expense for each of the years ended December 31, 2021 and 2020, was \$19,250 and \$11,200, respectively.

Occasionally, CRDA will pay various other administrative/office expenses on behalf of the Organization, for which the Organization will reimburse CRDA. Amounts have been *de minimis*.

9 - RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan, covering all full-time employees. The Organization contributed a safe harbor amount equal to 5% of each full-time employee's compensation in 2021 and 2020. The contributions for the years ended December 31, 2021 and 2020, were \$113,327 and \$91,340, respectively.

10 - SUBSEQUENT EVENTS

In February 2022, CRDA approved a budget amendment to increase the Organization's 2022 funding by \$1.2 million for a total approved 2022 funding of \$9.2 million (see Note 3). The Organization returned the PPP loan on March 9, 2022 (see Note 5).

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 28, 2022, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MEET AC, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Meet AC	Atlantic City Sports Commission	Eliminations	Consolidated Statement
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,348,088	\$ 9,424	\$ -	\$ 2,357,512
Cash and cash equivalents - committed for convention incentive funds	640,895	-	-	640,895
Accounts receivable	3,313	-	-	3,313
Prepaid expenses	128,483	5,170	-	133,653
Due from related party	8,409	-	(8,409)	-
Note receivable, current portion	25,000	-	-	25,000
Total current assets	3,154,188	14,594	(8,409)	3,160,373
Noncurrent assets				
Intangible assets	35,000	-	-	35,000
Equipment - at cost, less accumulated depreciation	38,869	-	-	38,869
Note receivable, net of current portion	50,000	-	-	50,000
Total noncurrent assets	123,869	-	-	123,869
Total assets	\$ 3,278,057	\$ 14,594	\$ (8,409)	\$ 3,284,242
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 874,715	\$ 6,185	\$ -	\$ 880,900
Accrued payroll and related expenses	654,104	-	-	654,104
Refundable advance - NJ Department of State	75,442	-	-	75,442
Deferred revenue - CRDA	924,309	-	-	924,309
Deferred revenue - CRDA contractual budget reserve	405,000	-	-	405,000
Due to Small Business Administration - PPP Loan	307,500	-	-	307,500
Due to related party	-	8,409	(8,409)	-
Total current liabilities	3,241,070	14,594	(8,409)	3,247,255
Commitments				
Net assets without donor restrictions	36,987	-	-	36,987
Total liabilities and net assets	\$ 3,278,057	\$ 14,594	\$ (8,409)	\$ 3,284,242

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Meet AC	Atlantic City Sports Commission	Eliminations	Consolidated Statement
ASSETS				
Current assets				
Cash and cash equivalents - uncommitted	\$ 2,091,017	\$ 2,189	\$ -	\$ 2,093,206
Cash and cash equivalents - committed for convention incentive funds	514,700	-	-	514,700
Prepaid expenses	129,968	-	-	129,968
Due from related party	-	5,475	(5,475)	-
Note receivable, current portion	25,000	-	-	25,000
Total current assets	2,760,685	7,664	(5,475)	2,762,874
Noncurrent assets				
Intangible assets	35,000	-	-	35,000
Equipment - at cost, less accumulated depreciation	37,357	-	-	37,357
Note receivable, net of current portion	75,000	-	-	75,000
Total noncurrent assets	147,357	-	-	147,357
Total assets	\$ 2,908,042	\$ 7,664	\$ (5,475)	\$ 2,910,231
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 134,862	\$ 7,664	\$ -	\$ 142,526
Accrued payroll and related expenses	105,067	-	-	105,067
Refundable advance - NJ Department of State	49,005	-	-	49,005
Refundable advance - CRDA	1,897,146	-	-	1,897,146
Deferred revenue - CRDA contractual budget reserve	372,000	-	-	372,000
Due to Small Business Administration - PPP Loan	307,500	-	-	307,500
Due to related party	5,475	-	(5,475)	-
Total current liabilities	2,871,055	7,664	(5,475)	2,873,244
Commitments				
Net assets without donor restrictions	36,987	-	-	36,987
Total liabilities and net assets	\$ 2,908,042	\$ 7,664	\$ (5,475)	\$ 2,910,231

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	Meet AC	Atlantic City Sports Commission	Eliminations	Consolidated Statement
Revenues and other support				
CRDA contract revenue	\$ 7,150,835	\$ 1,071,623	\$ (1,071,623)	\$ 7,150,835
Registration staffing	89,849	-	-	89,849
Grants	176,738	-	-	176,738
Miscellaneous income	10,005	-	-	10,005
Interest income	6,684	-	-	6,684
Total revenues and other support	7,434,111	1,071,623	(1,071,623)	7,434,111
Expenses				
Program services				
Meetings, conventions and groups	5,712,586	-	-	5,712,586
Registration staffing	74,262	-	-	74,262
Marketing - sports and entertainment	-	1,071,623	-	1,071,623
Atlantic City Sports Commission	1,071,623	-	(1,071,623)	-
Total program services	6,858,471	1,071,623	(1,071,623)	6,858,471
Supporting services				
Management and general	575,640	-	-	575,640
Total expenses	7,434,111	1,071,623	(1,071,623)	7,434,111
Change in net assets without donor restrictions	-	-	-	-
Net assets, beginning of year	36,987	-	-	36,987
Net assets, end of year	\$ 36,987	\$ -	\$ -	\$ 36,987

See Independent Auditors' Report.

MEET AC, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

	Meet AC	Atlantic City Sports Commission	Eliminations	Consolidated Statement
Revenues and other support				
CRDA contract revenue	\$ 5,171,019	\$ 735,533	\$ (735,533)	\$ 5,171,019
Registration staffing	23,835	-	-	23,835
Grants	110,838	-	-	110,838
Miscellaneous income	10,000	-	-	10,000
Interest income	8,931	-	-	8,931
Total revenues and other support	5,324,623	735,533	(735,533)	5,324,623
Expenses				
Program services				
Meetings, conventions and groups	4,009,115	-	-	4,009,115
Registration staffing	40,792	-	-	40,792
Marketing - sports and entertainment	-	735,533	-	735,533
Atlantic City Sports Commission	735,533	-	(735,533)	-
Total program services	4,785,440	735,533	(735,533)	4,785,440
Supporting services				
Management and general	539,183	-	-	539,183
Total expenses	5,324,623	735,533	(735,533)	5,324,623
Change in net assets without donor restrictions	-	-	-	-
Net assets, beginning of year	36,987	-	-	36,987
Net assets, end of year	\$ 36,987	\$ -	\$ -	\$ 36,987

See Independent Auditors' Report.

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Meet AC, Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Meet AC, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Meet AC, Inc. and Affiliate's (the "Organization") 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity's consolidated 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

Northfield, New Jersey
March 28, 2022

MEET AC, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- | | | |
|--|----------|--------------------------|
| 1) Material weakness(es) identified? | _____yes | _____X_____no |
| 2) Significant deficiency(ies) identified? | _____yes | _____X_____none reported |
| Noncompliance material to the consolidated financial statements noted? | _____yes | _____X_____no |

Section II – Consolidated Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.