

Minutes

MCCVB Finance Committee

Friday October 21, 2022 | 9:30AM – 11:00AM

MEMBERS PRESENT

Stefan Lorch
Kirk Gafill
Sean Panchal

GUESTS PRESENT

Jarrold Penner BKP

STAFF PRESENT

Paul Martin
Edward Isabella

CALL TO ORDER Stefan Loch called the meeting to order at 9:31AM.

PUBLIC COMMENT: None

ANNOUNCEMENTS:

CONSENT AGENDA

There was a motion to approve the Minutes of the April 22, 2022 Finance Committee Meeting. M/S/ Panchal/Gafill. The motion passed unanimously.

REGULAR AGENDA

New Business

A. 2020-21 Audited Financial Statements Review

Edward introduced the audit by presenting at a high level the changes from the results as they were originally published to the final audited results. Jarrod Penner then described the salient points of the audit and the process. Jarrod indicated it was good to work with Paul and Edward and that BKP would provide a clean unqualified opinion. He said there were no disagreements with management. Jarrod explained there will be a new accounting standard implemented in the current year related to the treatment of operating leases. Operating leases will be presented on the balance sheet as a liability and a “right to use” asset will be created as an offset. Due to the nature of the accounting treatment, these two entries will not directly offset. Jarrod pointed out that the PPP loan forgiveness was driving a large, one-time revenue influx and described. Jarrod spoke to the audit opinion of internal controls as required by the ARPA grant and described the conditions of a federal single audit. Gafill questioned the interest rate on the line of credit and Paul agreed that it was uncompetitive. A motion to recommend the Board approve the 2020-21 Audited Financial Statements was made. M/S/ Panchal/Lorch. The motion passed unanimously.

B. 2021 IRS Form 990 Review

Jarrold Penner explained that the 990 was a public document so it was good to address any questions at this time. Jarrod pointed out the important checklists on governance and policies that raised no red flags. He pointed out that schedule A disclosed information on highly compensated employees and schedule J included more information on the CEO and VP of Sales. He pointed out that unrelated business income (UBI) was in a loss position that resulted in no tax liability. A motion was made to recommend the Board approve the 2021 IRS Form 990. M/S/ Gafill/Panchal. The motion passed unanimously.

C. First Quarter (2022-23) Financial Review

Big Sur | Carmel-by-the-Sea | Carmel Valley | Del Rey Oaks | Marina | Monterey
Moss Landing | Pacific Grove | Pebble Beach | Salinas | Salinas Valley | Sand City | Seaside

Edward reviewed the Financial Statements for the three months ending September 30, 2022. Edward walked through the new presentation format and highlighted significant variances. A motion was made to approve the first quarter financial statements. M/S/ Panchal/Gafill. The motion passed unanimously.

D. Future Reporting

Paul discussed the potential for changing how MCCVB presents its monthly financial reporting and forecast by moving to a quarterly cadence and including a better forecasting process. Gafill deferred the decision to hotel operators, however wanted assurance that the new approach satisfied the requirements of MCCVB's jurisdiction investors. Panchal asked for clarity on what would be gained and lost. Edward discussed that while not a true time savings, it will be a shift in how time is spent. Further, Edward and Paul made assurances that no information would be lost – monthly reports will still be provided, however analysis will be provided on a quarterly cadence. Lorch clarified that no decision would be made today but was looking for consensus. Panchal appreciated the forward looking aspect of the proposed change. Penner discussed the importance of budgeting as an internal control and clarified the level of detail for future year forecasts. Penner supported the plan of budget owners formally documenting future quarter forecasts. Lorch recommended further discussion at the next Board of Directors meeting on October 27, 2022.

GOOD OF THE ORDER

NEXT MEETING

Friday January 20, 2023

ADJOURN

Stefan Lorch adjourned the meeting at 10:55 AM