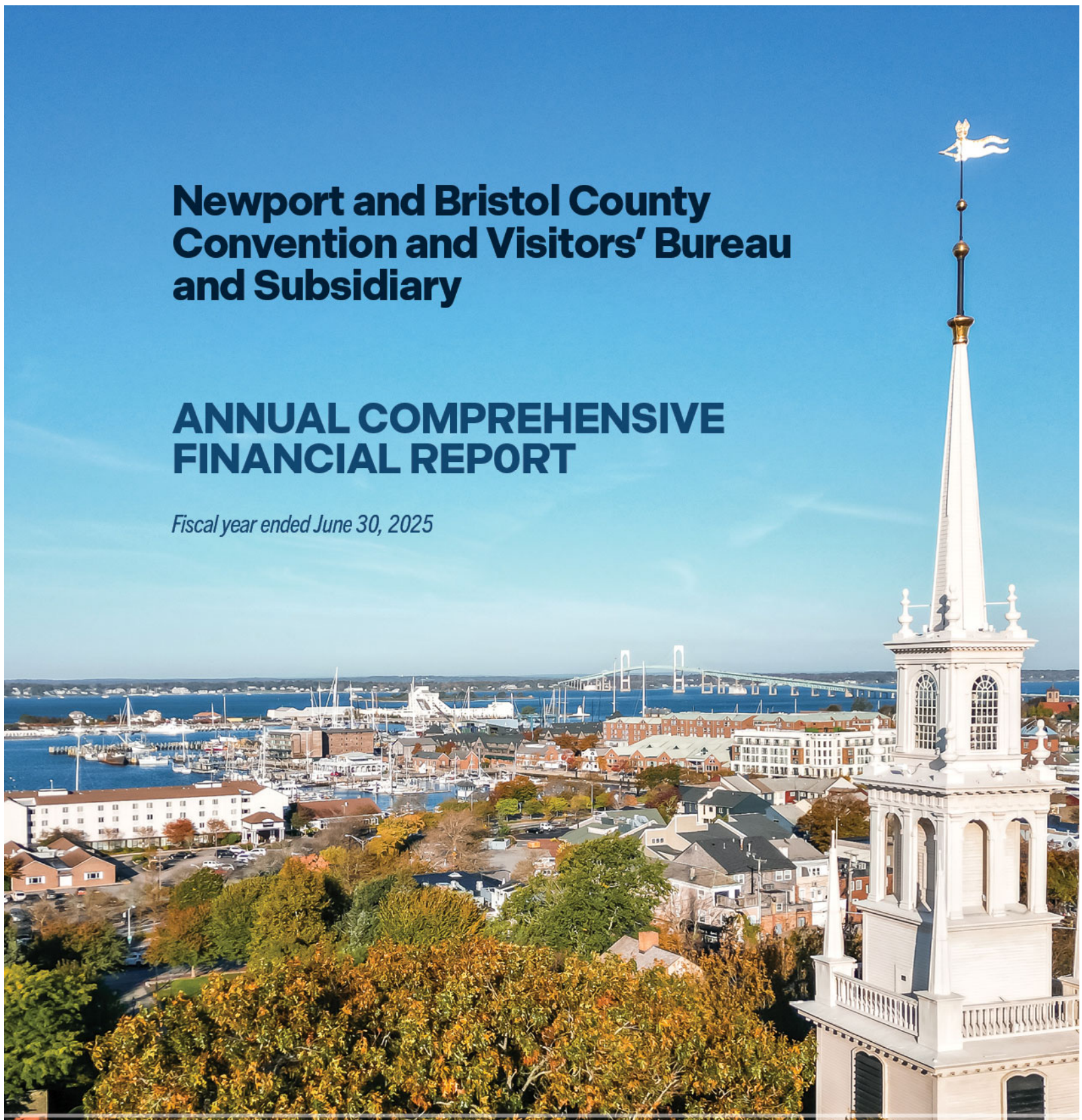


Newport and Bristol County Convention and Visitors' Bureau and Subsidiary

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal year ended June 30, 2025



VICTORIA CIMINO
President & CEO

ALYSON C. ADKINS, CPA
*Vice President of Finance
& Human Resources*

DISCOVER
NEWPORT
RHODE ISLAND

DiscoverNewport.org

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION



Board of Directors
Discover Newport
44 Long Wharf Mall
Newport, RI 02840

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Newport and Bristol County Convention and Visitors' Bureau and Subsidiary ("the Bureau") for the fiscal year ended June 30, 2025.

The Vice President of Finance and HR oversees the audit process and assumes responsibility for the accuracy and completeness of the information contained in this report. To ensure reliability, staff maintain a comprehensive internal control framework designed to provide reasonable assurance that the Bureau's assets are safeguarded against loss, theft, or misuse. This framework recognizes that the cost of internal controls should not exceed the expected benefits, as determined by management's estimates and judgment. We believe the Bureau's enhanced internal controls effectively safeguard assets and ensure the accurate recording of financial transactions.

Kahn, Litwin, Renza & Co., Ltd., a certified public accounting firm licensed in the State of Rhode Island, audited the Bureau's consolidated financial statements. The purpose of the independent audit was to provide reasonable assurance that the consolidated financial statements present fairly, in all material respects, the Bureau's financial position as of June 30, 2025, in accordance with generally accepted accounting principles (GAAP). The audit involved testing evidence supporting the reported amounts and disclosures, evaluating accounting principles and management estimates, and assessing overall consolidated financial statement presentation. The independent auditors concluded that the Bureau's consolidated financial statements are fairly presented and free from material misstatement. Their report appears on the first three pages of the financial section of this ACFR.

Following the auditors' report is Management's Discussion and Analysis (MD&A), which provides an analytical overview of the Bureau's operations for fiscal year (FY) 2025. This transmittal letter is intended to complement the MD&A in this report and should be read in conjunction with it.

REPORTING ENTITY

This ACFR includes all funds of the Bureau. The Bureau consisted of two entities:

- Newport and Bristol County Convention and Visitors' Bureau (dba Discover Newport)
- Newport Tourism Marketing Management Authority (Newport Hotel Collection)

Discover Newport is a quasi-governmental organization established by state law and funded primarily through hotel tax revenue. It operates under the oversight of an autonomous Board of Directors and is structured as a 501(c)(6) organization. Unlike typical membership-based convention and visitors' bureaus, Discover Newport's mission is to directly drive tourism to Newport and Bristol Counties through comprehensive sales and marketing initiatives.

FY25 was a year of transition and organizational evolution for Discover Newport, marked by leadership changes and structural adjustments.

In March, Discover Newport marked a leadership transition—bidding farewell to long-term President & CEO Evan Smith and welcoming Victoria Cimino as his successor.

Effective July 1, 2025, the Newport Hotel Collection transitioned into a Voluntary Tourism Improvement District (TID) following its dissolution as a District Management Authority (DMA) by the Newport City Council. All remaining funds were donated to Discover Newport for the benefit of the TID and the DMA's former Board of Directors now serves as a Discover Newport committee.

For context, the Newport Hotel Collection was originally established as a DMA by the Newport City Council in 2017. Funded entirely through a \$1.50 per room, per night tourism improvement district assessment (TID assessment) on properties with 18 or more rooms. While it had no employees, it was managed by Discover Newport and focused on marketing, branding, and promoting recreational, cultural and retail activities within the district.

PERFORMANCE/ECONOMIC CONDITIONS

The region's lodging inventory exceeds 4,200 rooms, with approximately 4,000 rooms located in Newport and Middletown. Average annual occupancy increased 1.8% (58% in FY25 vs. 57% in FY24) and average daily rate (ADR) rose 4% overall, including a 7% increase during the summer months in Newport, where the majority of lodging tax revenue originates.

The travel and tourism industry remains one of the largest contributors to — and a key economic driver of — the region. Accordingly, domestic and international travel trends are closely monitored. To ensure stability amid evolving market conditions, Discover Newport maintains operating reserves that can offset temporary revenue shortfalls and sustain sales and marketing initiatives.

Looking ahead to 2026, luxury travel is expected to remain strong, while international visitation is anticipated to gradually improve in 2026. Additionally, large-scale events such as America 250 and FIFA 2026, to be held during peak season, are expected to boost visitation and generate strong compression-driven revenue opportunities.

IN CLOSING

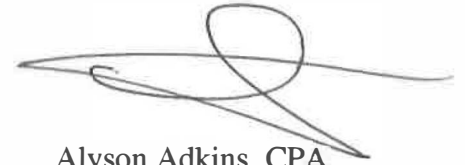
Discover Newport remains focused on responsible financial management, thoughtful planning, and community collaboration to ensure the continued success of the destination. In FY26, the organization will complete two major initiatives that will shape its future: a Resident Sentiment Study designed to better understand local perspectives on tourism, and the development of a new Strategic Plan to guide long-term priorities, structure, and resource allocation.

Together, these efforts will ensure Discover Newport continues to serve its mission effectively — strengthening the visitor economy, supporting industry partners, and preserving the quality of life that make the region an extraordinary place to live, work, and visit.

Respectfully submitted,

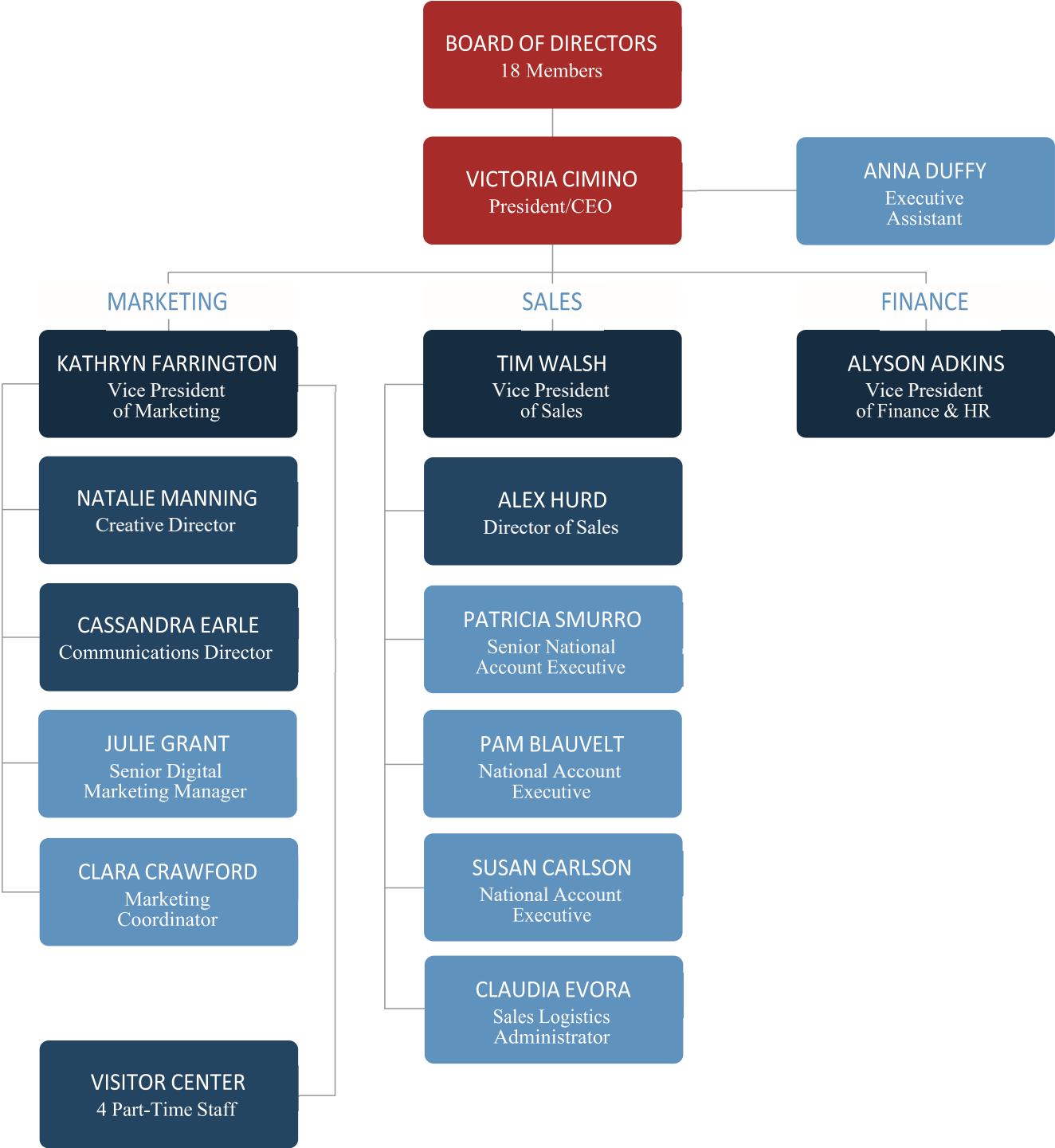


Victoria Cimino
President & CEO



Alyson Adkins, CPA
VP of Finance & Human
Resources

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Organization Chart
 For the Year Ended June 30, 2025



Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
 Board of Directors
 For the Year Ended June 30, 2025

The Discover Newport Board

This eighteen-member board is comprised of thirteen members appointed by the nine-town councils within Newport and Bristol Counties and five representatives who are nominated by the Discover Newport Board to represent the hotel industry (over 100 rooms), the hotel industry (under 100 rooms), restaurant industry, attractions industry, and general business interests. The members serve a three-year term and can be reappointed for one additional three-year term. As of June 30, 2025, members of the board included:

	Term Expires	Term Status
Appointed by the City of Newport		
Rebecca Bertrand	June 2025	Unexpired Term
Sean O' Connor	June 2025	First Full Term
Charlie Holder	June 2025	First Full Term
Appointed by the Town of Middletown		
Rocky Kempenaar	June 2025	Second Full Term
Peter Connerton	June 2025	Unexpired Term
TRMcGrath-Board Chair	June 2025	Extended Chair Term
Appointed by the Town of:		
Portsmouth - Matt Gray-Treasurer	June 2026	First Full Term
Jamestown – Marla Romash	June 2026	Unexpired Term
Tiverton – Meredith Brower	June 2026	First Full Term
Little Compton - Andrew Moore	June 2026	Second Full Term
Bristol – Stephen Brigidi-Secretary	June 2026	First Full Term
Warren – Keri Cronin	June 2026	First Full Term
Barrington - Ann Hof	June 2027	First Full Term
Nominated by Discover Newport Board:		
Lodging over 100 rooms – Joanna Arrighie	June 2027	Unexpired Term
Lodging under 100 rooms - Keith Chouinard - Vice Chair	June 2027	Second Full Term
Restaurant representative – Patrick Fitzgerald	June 2027	First Full Term
Attractions representative – John Nunes	June 2027	Second Full Term
Member of the public - Missy Varao	June 2027	Second Full Term

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Board of Directors
For the Year Ended June 30, 2025

Schedule for Discover Newport 2026 Board of Directors Meetings *

January 20, 2026, at 12 pm
March 17, 2026, at 12 pm
May 19, 2026, at 12 pm
June 16, 2026, at 12 pm
September 15, 2026, at 12 pm
November 17, 2026, at 12 pm

* Subject to change, place to be determined

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Board of Directors
For the Year Ended June 30, 2025

The Newport Hotel Collection Board/Committee

This nine-member board converted to a committee under Discover Newport effective June 30, 2025. All committee members come from properties within the district. The members serve at the leisure of the Board Chair. As of June 30, 2025, members of the committee included:

Randi Milewski	Hammetts Wharf Hotel
Cheryl Twist	The Chanler at Cliff Walk
Andy Ross	Brenton Hotel
Anne Krugman	Newport Harbor Island Resort
Brian Young	Castle Hill Inn
Joanna Arrighie	Newport Marriott Hotel & Spa (Committee Chair)
Derek Shelly	Hotel Viking
Kirby Arsenault	Newport Harbor Hotel & Marina

**FINANCIAL
SECTION**

Management's Discussion and Analysis

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

As management of the Newport and Bristol County Convention and Visitors' Bureau (Discover Newport) and the Newport Tourism Marketing Management Authority (Newport Hotel Collection)—collectively referred to as the Bureau—this narrative overview and analysis accompanies the Bureau's consolidated financial statements for the fiscal year ended June 30, 2025. Readers are encouraged to review this section alongside the letter of transmittal, located on pages i to iii of this report.

FINANCIAL HIGHLIGHTS

- Total revenues increased approximately \$609 thousand for FY 2025, which is attributable to a recovery in the conference market as well as higher daily average room rates in the leisure market. The following key metrics highlight the financial performance in FY 2025:
 - Hotel taxes ↑ 11%
 - TID assessment ↑ 24%
 - Private source revenue (advertising, promotional participation, etc.) ↑ 24%
 - Net position ↑ \$327 thousand
- Discover Newport invested approximately \$2.8 million in sales and marketing direct efforts.
 - On the leisure side, some of the investments supported the creation, management and marketing of:
 - Newport Restaurant Week & Newport Burger Bender
 - Seasonal campaigns-Fall, Holiday, Winter, Spring, and Gilded Age
 - Key feeder markets for these campaigns are Massachusetts, Connecticut, New York, New Jersey, and Philadelphia
 - Other efforts:
 - Leisure e-blasts
 - Creation of off-season commercials
 - Creation and production of destination travel guide
 - Sponsorships:
 - Transportation-RIPTA line #67 and the DATTCO Boston to Newport bus
 - Promotion of shoulder season events: Newport Winter Festival, Christmas in Newport, the Cliff Walk Commission, St. Patrick's Day parade, Daffodil Days, Sailing Museum, Norman Bird Sanctuary, street festivals, and events at the Newport Mansions
 - Hosted 60+ media visits for international and domestic journalists
 - Sales efforts included:
 - Mix of print and digital advertising campaigns
 - 16 client events
 - 31 trade shows

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

- 28 meeting planners site inspections
- 140+ group bookings for future conferences
- Discover Newport continues to operate a 700 square foot Visitor Center at 21 Long Wharf Mall. During cruise ship season (August-October) Discover Newport has an info hut in Perrotti Park to assist cruise ship visitors.
- The Newport Hotel Collection invested approximately \$223 thousand in sales and marketing efforts. Some of the investments included:
 - Website advertising (annual benefit)
 - RI Hospitality membership dues for all members (annual benefit)
 - Participation in the Smart Meetings trade show
- At the end of FY 2025, the district was dissolved, and a new volunteer tourism improvement district was formed. All funds at the end of FY 2025 were donated to Discover Newport for the benefit of the new district to be used in future years.

CONDENSED COMPARATIVE DATA

ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

The Bureau's change in net position increased approximately \$327 thousand during the year as follows:

CHANGES IN NET POSITION				
	FY 2024	FY 2025	Increase (Decrease)	
			Amount	Percent
Net position – beginning	\$ 4,454,619	\$ 4,214,534	\$ (240,085)	-5%
Revenues	5,751,647	6,360,689	609,042	11%
Expenses	5,991,732	6,033,550	41,818	1%
Change in net position	(240,085)	327,139	567,224	-236%
Net position – ending	\$ 4,214,534	\$ 4,541,673	\$ 327,139	8%

Increase in overall net position is due to net investment returns, which have been reinvested, and the function of the Newport Hotel Collection reserving funds for future years.

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

During FY 2025, net position consists of the following:

CONSOLIDATED STATEMENT OF NET POSITION				
			Increase (Decrease)	
	FY 2024	FY 2025	Amount	Percent
Current assets	\$ 2,645,265	\$ 2,774,606	\$ 129,341	5%
Non-current assets	2,695,945	3,271,203	575,258	21%
Total assets	\$ 5,341,210	\$ 6,045,809	\$ 704,599	13%
Current liabilities	\$ 650,636	\$ 676,865	\$ 26,229	4%
Long-term liabilities	476,040	827,271	351,231	74%
Total liabilities	\$ 1,126,676	\$ 1,504,136	\$ 377,460	34%
Net position:				
Net investment in capital assets	14,229	(8,813)	(23,042)	-162%
Restricted-Volunteer tourism improvement district	-	897,611	897,611	100%
Unrestricted:				
Board-designated	1,051,594	1,139,438	87,844	8%
General purpose	3,148,711	2,513,437	(635,274)	-20%
Total net position	\$ 4,214,534	\$ 4,541,673	\$ 327,139	8%

A portion of net position reflects an investment in capital assets net of debt used to acquire those assets. With the dissolution of the district management authority, the funds donated to Discover Newport are restricted to the use of the volunteer tourism improvement district. Board-designated net position is reported separately to show resources the Board has deemed for long-term use, and net of unrealized gains. Net position improved by approximately \$327 thousand, as a result of the changes above.

REVENUES

Revenues are classified as either public or private. Private revenues are those directly generated by an activity of the Bureau. For example, the sale of advertising on the website, co-op fees for trade shows, participation fees for client events, etc.

The public revenue classification includes all hotel taxes and TID assessments because the income is not derived by an activity of the Bureau. The Newport Management Authority assesses a \$1.50 TID assessment on all transient lodging establishments with more than 18 rooms in Newport. The Bureau received 97% of this fee. Grant income received from a government institution is also classified as public revenue.

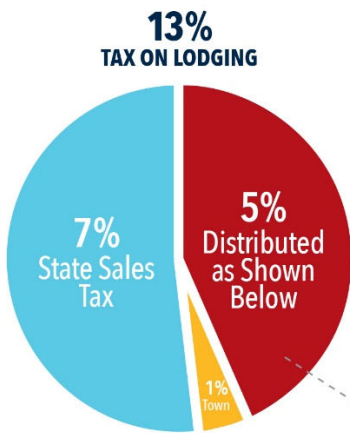
The hotel tax (6%) levied by the State of Rhode Island is on all transient lodging establishments in Newport and Bristol Counties, and the Bureau receives a portion of that tax, which is the Bureau's primary source of revenue. One percent of the hotel tax goes to the town that the lodging facility is physically located in. The remaining five percent of the hotel tax for hotel room rentals is distributed as follows:

45%	Discover Newport
25%	City/Town where the lodging property is physically located
25%	Rhode Island Commerce Corporation
5%	Greater Providence-Warwick Convention and Visitor's Bureau

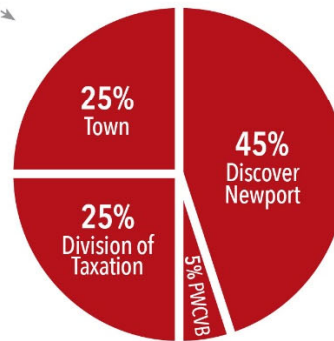
HOW LODGING TAXES ARE DISTRIBUTED

(For hotels and inns, but not for short-term rentals)

GROSS LODGING REVENUE



Lodging Tax: When a traveler stays in a Newport and Bristol County hotel or inn they pay 13% tax. That is a combination of a 7% state sales tax and a 6% lodging tax. Of the 6% lodging tax, 5% is distributed by a formula; the additional 1% is distributed directly to the city/township.



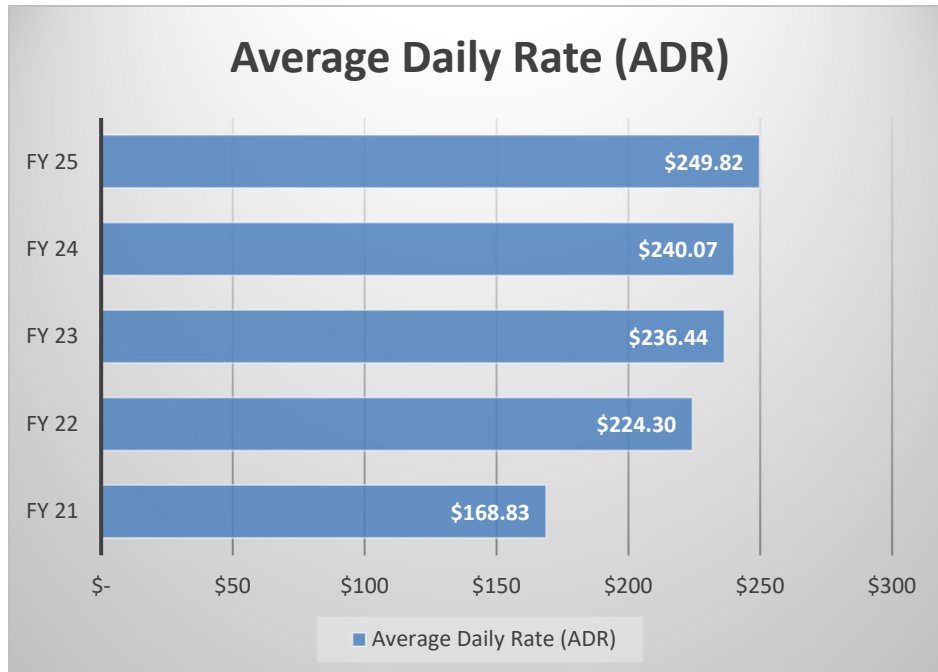
Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Total revenues for FY 2025 amounted to \$6 million, a 11% increase over FY 2024.

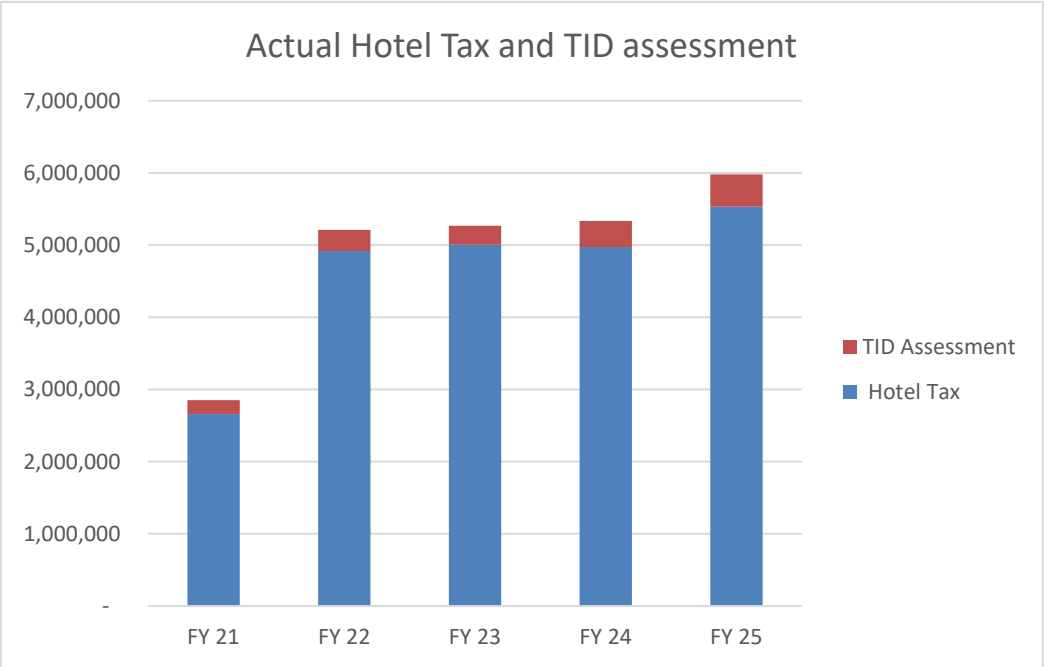
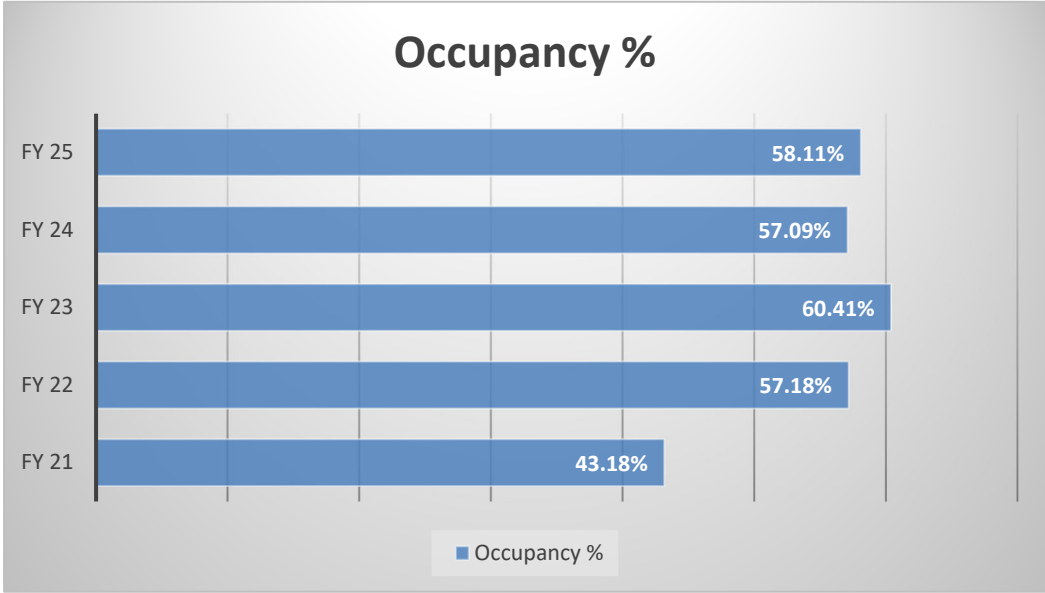
	FY 2024	FY 2025	Increase (Decrease)	
			Amount	Percent
Public revenues				
Hotel taxes	\$ 4,973,579	\$ 5,531,994	\$ 558,415	11%
TID assessment	361,535	448,713	87,178	24%
Government grants and funding	135,542	31,125	(104,417)	-77%
Total public revenue	5,470,656	6,011,832	541,176	10%
Private revenues				
Advertising	70,000	61,800	(8,200)	-12%
Promotional participation	31,194	25,202	(5,992)	-19%
Event hosting	13,056	20,563	7,507	57%
Other	32,187	65,604	33,417	104%
Investment return, net	134,554	175,688	41,134	31%
Total private revenues	280,991	348,857	67,866	24%
Total revenues	\$ 5,751,647	\$ 6,360,689	\$ 609,042	11%

Public revenue

Hotel taxes generated approximately \$5.5 million in FY 2025, an increase of \$558 thousand over the previous year. This growth was driven primarily by higher occupancy and average daily room rates (ADR), while room inventory remained stable. The TID assessment totaled approximately \$449 thousand—up \$87 thousand from FY 2024—also due to increased occupancy. Below is a five-year analysis of the ADR, occupancy, and actual hotel tax and TID assessment received by the Bureau.

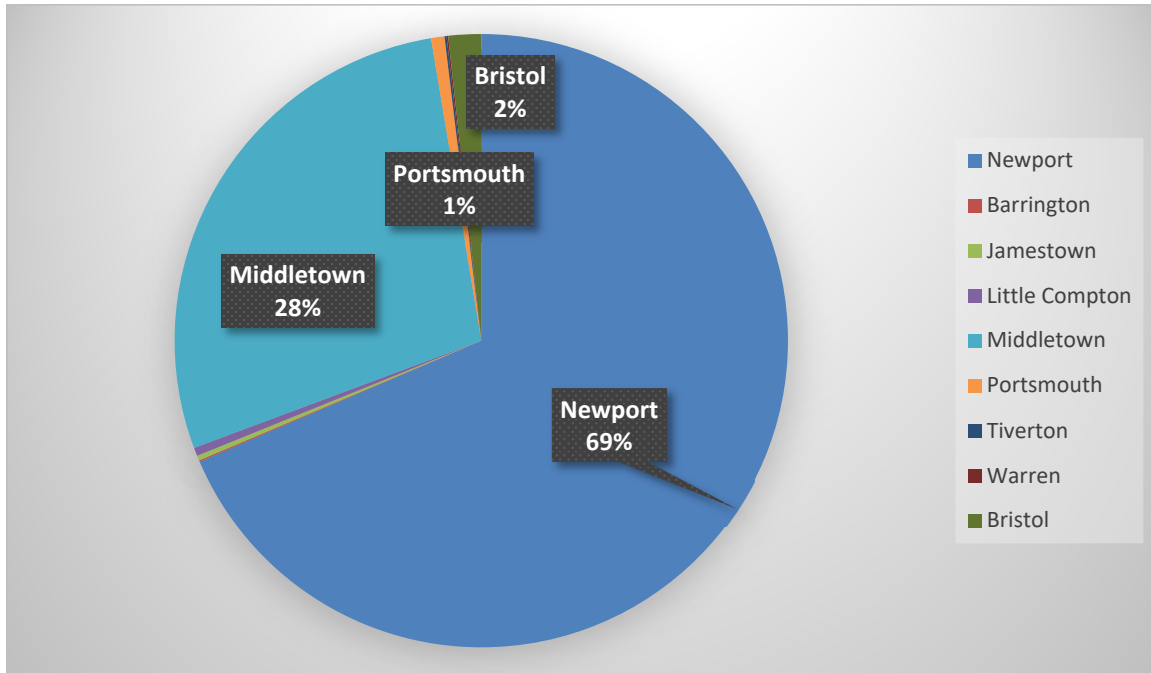


Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025



Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

To illustrate where the hotel tax is generated from, the following breakdown shows the amount the Bureau received from each municipality.



Private revenue

Private revenue increased by \$68 thousand as compared to FY 2024. The increase is attributable to two factors: funds were moved to a high-yield savings account, boosting interest income, and investment performance was strong throughout FY 2025.

EXPENSES

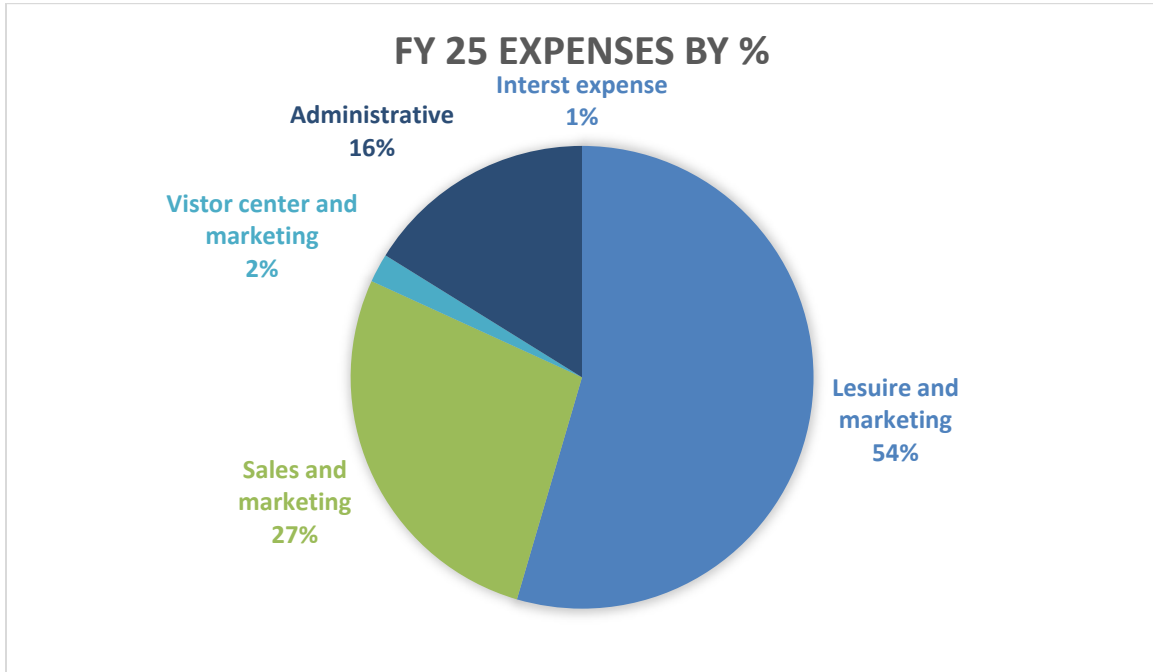
Total expenses by function were as follows:

	FY 2024		FY 2025		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Leisure and marketing	\$ 3,470,288		\$ 3,279,622		\$ (190,666)	-6%
Sales and marketing	1,533,907		1,631,340		97,433	6%
Visitor center and marketing	123,798		123,140		(658)	-1%
Administrative	837,054		963,558		126,504	13%
Interest expense	26,685		35,890		9,205	26%
Total expenses	\$ 5,991,732		\$ 6,033,550		\$ 41,818	1%

In the leisure market, the Bureau invested approximately \$2 million in advertising and sponsorships. Working with the Rhode Island Public Transit Authority, the Bureau continued the sponsorship of line #67, which runs from the Transportation Center to Bellevue Ave, for six months. The Bureau also sponsored DATTCO's Boston to Newport bus for a second season, which was four days a week, 2 round trips per day. The Bureau invested approximately \$656 thousand in sales initiatives, \$168

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

thousand in advertising, and \$488 thousand in client events, familiarization tours, site inspections, and trade shows. The increase in administrative expenses mainly relates to the renewal of the Tourism Improvement District and the search for a new President & CEO for Discover Newport.



Fiscal Year 2026

For FY 2026, priorities will focus on developing a strategic plan informed by data and community values, including resident sentiment and advertising effectiveness research. An organizational assessment is underway to evaluate internal capabilities and support long-term sustainability. Marketing efforts will continue to grow the shoulder and off-peak visitation, as summer approaches capacity. Media coverage will remain a key focus, leveraging PR resources to promote the region. Additionally, partnerships with local organizations will support community goals through targeted program investments.

OVERALL FINANCIAL POSITION

The Bureau delivered strong financial results in FY 2025. Management maintained fiscal sustainability through conservative budgeting and close monitoring of financial performance and economic trends at all levels. This approach enables quick responses to changing conditions and supports continued operations. The Bureau remains committed to maintaining sufficient reserves to meet operating cash flow needs.

Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
Management's Discussion and Analysis
For the Year Ended June 30, 2025

ADDITIONAL FINANCIAL INFORMATION

The Bureau's financial statements are designed to present users (citizens, taxpayers, customers, and industry partners) with a general overview of the Bureau's finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact:

Discover Newport
Vice President of Finance
44 Long Wharf Mall
Newport, RI 02840
(401) 845-9126
aadkins@discovernewport.org
Or, please visit our website at:
Discovernewport.org/about-us

Basic Financial Statements

**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
d/b/a DISCOVER NEWPORT**

**Consolidated Financial Statements
and Supplementary Information**

Year Ended June 30, 2025

(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Newport and Bristol County Convention and Visitors' Bureau and Subsidiary
d/b/a Discover Newport:

Opinion

We have audited the accompanying consolidated financial statements of Newport and Bristol County Convention and Visitors' Bureau and Subsidiary d/b/a Discover Newport (collectively, the Bureau) as of and for the year ended June 30, 2025, and the related notes to the consolidated financial statements, which collectively comprise the Newport and Bristol County Convention and Visitors' Bureau and Subsidiary d/b/a Discover Newport's consolidated basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Newport and Bristol County Convention and Visitors' Bureau and Subsidiary d/b/a Discover Newport as of June 30, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Bureau, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the Bureau's ability to continue as a going concern for twelve months beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Bureau'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 the Bureau'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Bureau's basic consolidated financial statements. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements or to the basic 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 consolidating financial statements are fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

In connection with our audit of the basic consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Kahn, Litwin, Renya & Co., Ltd.

November 18, 2025

**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
d/b/a DISCOVER NEWPORT
CONSOLIDATED STATEMENT OF NET POSITION
June 30, 2025**



Assets

Current Assets:

Cash and cash equivalents	\$	2,015,592
Accounts receivable		584,206
Prepaid expenses and other assets		174,808
Total current assets		<u>2,774,606</u>

Non-Current Assets:

Board-designated cash		2,490
Investments		2,273,875
Right-of-use assets - leases, net		525,350
Right-of-use assets - subscriptions, net		432,059
Capital assets, net		37,429
Total non-current assets		<u>3,271,203</u>

Total Assets

\$ 6,045,809

Liabilities and Net Position

Current Liabilities:

Current portion of leases payable	\$	93,143
Current portion of subscriptions payable		83,237
Accounts payable		195,367
Accrued expenses		50,137
Accrued payroll and related liabilities		229,869
Deferred revenue		25,112
Total current liabilities		<u>676,865</u>

Leases payable, less current portion

487,565

Subscriptions payable, less current portion

339,706

Total liabilities

1,504,136

Net Position:

Unrestricted		3,652,875
Net investment in capital assets		(8,813)
Restricted - tourism improvement district		897,611
Total net position		<u>4,541,673</u>

Total Liabilities and Net Position

\$ 6,045,809

**NEWPORT AND BRISTOL COUNTY COVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
d/b/a DISCOVER NEWPORT**



**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2025**

Support and revenue:	
Public sources:	
Hotel taxes	\$ 5,531,994
Tourism improvement district assessment	448,713
Government grants	31,125
Total public sources	<u>6,011,832</u>
Private sources:	
Advertising income	61,800
Promotional participation income	25,202
Event hosting income	20,563
Other income	65,604
Investment return, net	175,688
Total private sources	<u>348,857</u>
Total support and revenue	<u>6,360,689</u>
Expenses:	
Leisure and marketing	3,279,622
Sales and marketing	1,631,340
Visitor's center and marketing	123,140
Administrative	963,558
Interest expense	35,890
Total expenses	<u>6,033,550</u>
Change in Net Position	327,139
Net Position, beginning of year	<u>4,214,534</u>
Net Position, end of year	<u>\$ 4,541,673</u>

**NEWPORT AND BRISTOL COUNTY COVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
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CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2025**



Cash Flows from Operating Activities:	
Cash received from hotel taxes	\$ 5,432,584
Cash received from tourism fees	420,215
Cash received from government grants	31,125
Cash received from advertising and other income	319,409
Cash paid for leisure and marketing	(2,470,664)
Cash paid for sales and marketing	(773,093)
Cash paid for visitors center and marketing	(30,557)
Cash paid for administrative expenses	(416,446)
Cash paid for payroll and related expenses	(2,027,303)
Cash paid for interest	(35,890)
Net cash provided by operating activities	<u>449,380</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on capital debt	(185,711)
Net cash used by capital and related financing activities	<u>(185,711)</u>
Cash Flows from Investing Activities:	
Proceeds from sales of investments	821,972
Purchases of investments	(929,157)
Net cash used by investing activities	<u>(107,185)</u>
Net Increase in Cash, Cash Equivalents and Board-Designated Cash	156,484
Cash, Cash Equivalents and Board-Designated Cash, beginning of year	<u>1,861,598</u>
Cash, Cash Equivalents and Board-Designated Cash, end of year	<u>\$ 2,018,082</u>
Reconciliation to Consolidated Statement of Net Position	
Cash and cash equivalents	\$ 2,015,592
Board-designated cash	2,490
Cash, Cash Equivalents and Board-Designated Cash, end of year	<u>\$ 2,018,082</u>

**NEWPORT AND BRISTOL COUNTY COVENTION
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CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
Year Ended June 30, 2025**



**Reconciliation of Change in Net Position to Net Cash Provided
by Operating Activities**

Change in net position	\$ 327,139
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**Adjustments to Reconcile Change in Net Position to Net Cash
Provided by Operating Activities:**

Depreciation and amortization	211,593
Gain on early termination of finance lease	(2,840)
Net realized and unrealized gain on investments	(68,503)
Changes in operating assets and liabilities:	
Accounts receivable	(127,908)
Prepaid expenses and other assets	155,061
Accounts payable	(74,433)
Accrued expenses	15,747
Accrued payroll and related liabilities	25,599
Deferred revenue	(12,075)

Net cash provided by operating activities	<u>\$ 449,380</u>
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**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
d/b/a DISCOVER NEWPORT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2025**

1. Nature of Operations

Newport and Bristol County Convention and Visitors' Bureau, d/b/a Discover Newport, was established by the Rhode Island General Assembly as a public instrumentality of the State of Rhode Island (State). While it operates as a governmental agency, it maintains a distinct legal identity and is not a department of state government.

As the official destination management organization for Newport and Bristol Counties, Discover Newport promotes tourism across nine municipalities: Barrington, Bristol, Jamestown, Little Compton, Middletown, Newport, Portsmouth, Tiverton, and Warren. Its mission is to positively influence the economy of Newport and Bristol Counties by marketing the region as a travel and tourism destination.

Discover Newport was created to achieve the following purposes:

- Establish an operating program to promote and encourage tourism,
- Coordinate tourism activities within Newport and Bristol Counties and the State,
- Establish a fund to promote and encourage tourism, and
- Aid the municipalities in Newport and Bristol Counties in resolving problems that may arise due to growth in the tourism industry and to improve the quality of life in Newport and Bristol Counties.

Newport Tourism Marketing Management Authority d/b/a Newport Hotel Collection was established by the Newport City Council on September 13, 2017, as a District Management Authority.

Newport Hotel Collection is a collaborative of 20 like-minded lodging properties located in the heart of Newport, Rhode Island. These range from full-service, business-friendly hotels to charming inns and boutique accommodations, all united by a shared commitment to tourism marketing and destination promotion.

Newport Hotel Collection was created to achieve an increase in room night sales and revenue therefrom at assessed lodging properties within the district by performing the following:

- Sponsor and promote recreational, cultural and retail activities,
- Promote the development of the district, including collecting and disseminating information, and
- Provide general marketing and promotion efforts.

**NEWPORT AND BRISTOL COUNTY CONVENTION
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Discover Newport holds the power to appoint the majority of the governing board of the Newport Hotel Collection. As a result, Newport Hotel Collection is considered a subsidiary of Discover Newport and is consolidated with Discover Newport in the accompanying consolidated financial statements.

Discover Newport and Newport Hotel Collection are collectively referred to herein as the Bureau.

Effective June 30, 2025, the City of Newport (City) did not approve the renewal of the Newport Hotel Collection. All assets and liabilities of the Newport Hotel Collection as of June 30, 2025, were donated to Discover Newport. Effective July 1, 2025, the Volunteer Tourism Improvement District was formed to continue the mission of Newport Hotel Collection (Volunteer District). The Volunteer District will function as a fund of Discover Newport and will be governed by the Board of Directors (Board) of Discover Newport.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Bureau is presented to assist the reader in understanding the Bureau's consolidated financial statements. The consolidated financial statements and notes are representations of the Bureau's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Recently Adopted Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensation Absences*, requiring the liabilities for compensated absences to be recognized for both the leave that has not been used and the leave that has been used but not yet paid in cash or settled. This distinction will align the recognition and measurement for compensated absences. The Bureau adopted the standard on July 1, 2024, which did not have a significant effect on the consolidated financial statements.

Basis of Presentation

The Bureau is considered a special purpose government engaged in business-type activities for financial reporting purposes. The financial statements of the Bureau have been prepared in accordance with GAAP, as applicable to state and local governmental units. GASB is responsible for establishing GAAP for state and local governments through its pronouncements.

**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2025**

The consolidated financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used.

Basis of Consolidation

In accordance with GAAP, these consolidated financial statements include the accounts of Discover Newport and Newport Hotel Collection. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Bureau considers all cash balances and highly liquid investments with original maturities of three months or less to be cash equivalents except those funds which the Board has designated for investment.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for expected bad debts through recording an expense and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for bad debt. As of June 30, 2025, no allowance for bad debts was reported as the Bureau determined it to be nominal in amount. The Bureau does not accrue interest on past-due or long-term receivables.

Investments and Fair Value Measurements

The Bureau reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

**NEWPORT AND BRISTOL COUNTY CONVENTION
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Bureau has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available. The unobservable inputs are developed based on the best information available in the circumstances and may include the Bureau's own data.

The Bureau reports investments at fair value on a recurring basis using the following valuation techniques:

Level 1 investments owned by the Bureau and listed on a National Securities Exchange are valued at the last recorded sales price as of the consolidated financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the consolidated financial statement reporting date.

Level 2 investment values are determined by obtaining non-binding market prices from the custodian holding the Bureau's investments as of the consolidated financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

Realized and unrealized gains and losses are included in investment return in the consolidated statement of revenues, expenses and changes in net position. Gains and losses on investments are reported as changes in net position.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

**NEWPORT AND BRISTOL COUNTY CONVENTION
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Right-of-Use Assets

Leases

The Bureau leases office space and certain equipment. At inception, the Bureau evaluates whether an arrangement contains a lease. In accordance with GASB Statement No. 87,

Leases:

- Right-of-use (ROU) assets represent the Bureau's right to use an underlying asset for the lease term.
- Lease liabilities represent the Bureau's obligation to make lease payments.
- Both are recognized at the commencement date based on the present value of lease payments over the lease term.

If a lease does not specify an implicit interest rate, the Bureau uses its incremental borrowing rate based on information available at the commencement date. The ROU asset includes initial lease payments made prior to commencement and excludes lease incentives. Lease terms incorporate options to extend or terminate when it is reasonably certain the Bureau will exercise those options.

ROU assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Interest on lease liabilities is recorded as interest expense, and amortization of ROU assets is included in depreciation and amortization. Short-term leases (12 months or less) are excluded from this policy and are expensed as incurred.

Subscriptions

The Bureau has entered into various non-cancellable Subscription-Based Information Technology Arrangements (SBITAs). At the commencement of the subscription term, the Bureau evaluates whether an arrangement meets the definition of a SBITA. The subscription term begins upon completion of the initial implementation stage, when the Bureau gains control of the underlying ROU asset.

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements:*

- ROU assets represent the Bureau's right to use an underlying information technology asset for the subscription term.
- Subscription liabilities represent the Bureau's obligation to make payments under the arrangement.
- Both are recognized at the commencement date based on the present value of subscription payments over the subscription term.

**NEWPORT AND BRISTOL COUNTY CONVENTION
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If an agreement does not specify an implicit interest rate, the Bureau uses its incremental borrowing rate based on information available at the commencement date. The ROU asset includes payments made prior to commencement, including certain eligible initial implementation costs, and excludes vendor incentives. Subscription terms incorporate options to extend or terminate when it is reasonably certain the Bureau will exercise those options.

ROU assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset. Interest on subscription liabilities is recorded as interest expense, and amortization of ROU assets is included in depreciation and amortization. Short-term SBITAs (12 months or less) are excluded from this policy and are expensed as incurred.

Capital Assets

Property and Equipment

All expenditures for property and equipment in excess of \$5,000 are capitalized. Property and equipment are reported at cost and donations of property and equipment are recorded at their estimated fair value at the date of the donation.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 10 years.

Intangible Assets

Intangible assets consist of website development costs and costs to develop a brand name. Intangible assets are being amortized on a straight-line basis over periods ranging from 5 to 12 years, based on the estimated useful life of the website interface and branding.

Deferred Revenue

Deferred revenue represents advertising fees that have been collected in advance. These amounts are recognized as revenue in the period in which the revenue is earned.

Revenue Recognition

Public Sources –

Hotel Taxes - Discover Newport's principal funding source is a percentage of hotel tax collected regionally by the State and locally by the City in accordance with Rhode Island General Law Title 42 Chapter 42-61.1. Discover Newport recognizes its percentage of the hotel tax as revenue in the month in which the tax was collected by the State and the City.

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Newport Tourism Fee - Newport Hotel Collection's receives a special assessment tourism fee which is collected by the City from the district members in accordance with Rhode Island General Law Title 45 Chapter 45-59-15. Newport Hotel Collection recognizes the fee as revenue in the month in which the assessment was collected by the City.

Government Grants – Discover Newport recognizes revenue from cost-reimbursement grants as expenditures are incurred and revenue from other contracts when the contractual obligations have been met. From time to time, Discover Newport may receive funds in advance of when revenue should be recognized, which are recorded as deferred revenue on the accompanying consolidated statement of net position.

Private Sources –

Advertising Income - Discover Newport receives advertising income for advertisements placed primarily on its website. Advertising income is earned over the term of the advertising agreement. Revenue billed in advance is deferred and recognized when earned.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by the Bureau. The Bureau is currently in the process of evaluating the impact of adoption on the consolidated financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which introduces significant changes to enhance the transparency and usefulness of governmental financial statements. The standard is effective for fiscal years beginning after June 15, 2025, and will be adopted by the Bureau for the year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires expanded note disclosures for specific types of capital assets, including lease assets, subscription-based information technology assets, other intangible assets, and capital assets held for sale. The standard is effective for fiscal years beginning after June 15, 2025, and will be adopted by the Bureau for the year ending June 30, 2026.

**NEWPORT AND BRISTOL COUNTY CONVENTION
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2025**

Subsequent Events

Management has evaluated subsequent events through November 18, 2025, which is the date these consolidated financial statements were available to be issued.

3. Accounts Receivable

As of June 30, 2025, accounts receivable consisted of the following:

Hotel tax due from:	
City of Newport	\$ 367,039
State of Rhode Island	146,170
Tourism fee due from City of Newport	65,084
Other	<u>5,913</u>
Accounts receivable	<u><u>\$ 584,206</u></u>

4. Right-of-Use Lease Assets and Leases Payable

The Bureau leases office space and certain equipment under noncancellable finance leases, which expire at various dates through December 2030.

The related cost of the right-of-use assets and accumulated amortization as of June 30, 2025 are as follows:

Right-of-use assets - leases:	
Office Space	\$ 733,100
Equipment	93,477
Visitor Center	<u>47,470</u>
	874,047
Accumulated amortization	<u>(348,697)</u>
Right-of-use assets - leases, net	<u><u>\$ 525,350</u></u>

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Future minimum lease payments under such leases as of June 30, 2025 are as follows:

<u>Year Ending</u>		
June 30, 2026	\$	119,307
June 30, 2027		121,437
June 30, 2028		122,843
June 30, 2029		126,556
June 30, 2030		126,941
Thereafter		43,954
Total future minimum lease payments		<u>661,038</u>
Less imputed interest		<u>80,330</u>
Total		580,708
Less current portion of leases payable		<u>93,143</u>
Leases payable, long-term	\$	<u><u>487,565</u></u>

During the year ended June 30, 2025, the Bureau terminated an equipment lease with an original cost basis of \$139,869 and related accumulated amortization of \$339,825, with remaining lease payments owed of \$16,827. The Bureau was not required to pay the remaining lease liability and recorded a gain on the lease termination of \$2,840.

During the year ended June 30, 2025, the Bureau entered into certain lease modifications that extended the lease terms of existing lease agreements. The total right-of-use assets obtained in exchange for lease obligations totaled \$114,270.

5. Right-of-Use Subscription Assets and Subscriptions Payable

The Bureau has various subscriptions for information technology software and related support under noncancelable arrangements, which expire at various dates through August 2030.

The related cost of the right-of-use assets and accumulated amortization as of June 30, 2025 are as follows:

Right-of-use assets - subscriptions:		
Subscriptions	\$	510,890
Accumulated amortization		<u>(78,831)</u>
Right-of-use assets - subscriptions, net	\$	<u><u>432,059</u></u>

**NEWPORT AND BRISTOL COUNTY CONVENTION
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Year Ended June 30, 2025**

Future minimum lease payments under such subscriptions as of June 30, 2025 are as follows:

<u>Year Ending</u>		
June 30, 2026	\$	115,277
June 30, 2027		135,902
June 30, 2028		112,764
June 30, 2029		69,894
June 30, 2030		69,894
Thereafter		5,786
Total future minimum subscription payments		509,517
Less imputed interest		86,574
Total		422,943
Less current portion of subscriptions payable		83,237
Subscriptions payable, long-term	\$	339,706

During the year ended June 30, 2025, the Bureau entered into various SBITAs. The total right-of-use assets obtained in exchange for subscription obligations totaled \$510,890.

6. Capital Assets

As of June 30, 2025, capital assets consisted of the following:

Property and equipment:		
Furniture and fixtures	\$	43,116
Vehicles		74,487
Office equipment		10,586
		128,189
Accumulated depreciation		(98,293)
Property and equipment, net	\$	29,896

**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
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Intangible assets:		
Website	\$	92,550
Brand names		12,020
		104,570
Accumulated amortization		(97,037)
Intangible assets, net		7,533
Capital assets, net	\$	37,429

For the year ended June 30, 2025, changes in capital assets were as follows:

	Property and Equipment		Intangible Assets	
	Cost Basis	Accumulated Depreciation	Cost Basis	Accumulated Amortization
Balance as of June 30, 2024	\$ 129,697	\$ (81,969)	\$ 104,570	\$ (90,292)
Depreciation and amortization	-	(17,832)	-	(6,745)
Dispositions	(1,508)	1,508	-	-
Balance as of June 30, 2025	\$ 128,189	\$ (98,293)	\$ 104,570	\$ (97,037)

7. Investments

The following represents the Bureau's fair value hierarchy for its investments measured at fair value at June 30, 2025:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ 76,698	\$ -	\$ 76,698
Equities:			
Mutual funds	1,354,515	-	1,354,515
Exchange traded funds	413,020	-	413,020
Corporate bonds	-	429,642	429,642
Total investments	\$ 1,844,233	\$ 429,642	\$ 2,273,875

**NEWPORT AND BRISTOL COUNTY CONVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
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The composition of investment return for the year ended June 30, 2025 is as follows:

Interest and dividends	\$	118,130
Realized and unrealized gain		68,503
Investment fees		<u>(10,945)</u>
Investment return, net	\$	<u><u>175,688</u></u>

8. Line of Credit

Discover Newport has a line of credit agreement with a financial institution that provides for maximum borrowings of \$100,000. Interest is due monthly at the bank's prime rate (7.50% at June 30, 2025) plus .50%. The line of credit is due on demand and is secured by substantially all of Discover Newport's assets. Discover Newport had no amounts outstanding under the line at June 30, 2025.

9. Restricted Net Position

As of June 30, 2025, the Bureau reported a restricted net position totaling \$897,611. This amount reflects the assets and liabilities contributed to Discover Newport by the Newport Hotel Collection and is designated exclusively to support the ongoing mission of the Newport Hotel Collection.

10. Hotel Tax Revenue

Discover Newport receives funding from the State in the form of a percentage of the hotel tax collected by the State and by the City. For the year ended June 30, 2025, Discover Newport recorded hotel tax revenue as follows:

Collected by:		
City of Newport	\$	3,791,460
State of Rhode Island		<u>1,740,534</u>
Total	\$	<u><u>5,531,994</u></u>

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Year Ended June 30, 2025**

11. Employee Benefit Plans

Discover Newport maintains a defined contribution retirement plan, which qualifies under Section 401(a) of the Internal Revenue Code (IRC), for employees who meet the plan's eligibility requirements. For the year ended June 30, 2025, eligibility required completion of one year of service, at least 1,000 hours worked, and attainment of the age of twenty-one. The plan is a noncontributory plan whereby the only contributions to the plan are those of the employer. Discover Newport's contribution is discretionary and determined by the Board on an annual basis. For the year ended June 30, 2025, Discover Newport contributed \$97,632 to the plan. Effective July 1, 2025, the plan was amended to change eligibility requirements to three months of service, and the 1,000-hour requirement was removed.

Discover Newport also maintains a deferred compensation plan created in accordance with IRC Section 457. All employees are eligible upon commencement of employment. A participant may elect in writing to defer a percentage of their compensation, or a flat dollar amount, up to the maximum amount permitted under the IRC. The plan does not allow for employer contributions. The assets of the plan are held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian of the plan holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators act as agents of the employer for purposes of providing direction to the custodian related to investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 97, plan balances and activities are not reflected in the Bureau's consolidated financial statements.

12. Concentrations of Risk

The financial instruments that potentially expose the Bureau to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Management believes minimal credit risk exists with respect to these concentrations.

The Bureau maintains its cash accounts in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At year-end, the uninsured portion of this balance was approximately \$1,521,000. The Bureau monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the consolidated financial statements. The Bureau has a diversified portfolio for all of its investments and retains an investment advisor to attain a prudent level of diversification in an attempt to minimize potential risk associated with investment securities to the extent possible.

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Year Ended June 30, 2025**

The Bureau's revenues received directly from the State represented approximately 24% of total revenue and support for the year ended June 30, 2025. The Bureau's revenues which were collected from the City represented approximately 52% total revenues for the year ended June 30, 2025. Accounts receivable from the State and the City represent approximately 25% and 74%, respectively, of total accounts receivable at June 30, 2025.

NEWPORT AND BRISTOL COUNTY COVENTION
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CONSOLIDATING STATEMENTS OF NET POSITION
June 30, 2025

Schedule 1



	Discover Newport	Newport Hotel Collection	Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,190,413	\$ 825,179	\$ -	\$ 2,015,592
Accounts receivable	519,122	65,084	-	584,206
Prepaid expenses and other assets	174,808	-	-	174,808
Due from Newport Hotel Collection	882,983	-	(882,983)	-
Total current assets	2,767,326	890,263	(882,983)	2,774,606
Non-Current Assets:				
Board designated cash	2,490	-	-	2,490
Investments	2,273,875	-	-	2,273,875
Right-of-use assets - leases, net	525,350	-	-	525,350
Right-of-use assets - subscriptions, net	432,059	-	-	432,059
Capital assets, net	37,429	-	-	37,429
Total non-current assets	3,271,203	-	-	3,271,203
Total Assets	\$ 6,038,529	\$ 890,263	\$ (882,983)	\$ 6,045,809
Liabilities and Net Position				
Current Liabilities:				
Current portion of leases payable	\$ 93,143	\$ -	\$ -	\$ 93,143
Current portion of subscriptions payable	83,237	-	-	83,237
Accounts payable	195,367	-	-	195,367
Accrued expenses	42,857	7,280	-	50,137
Accrued payroll and related liabilities	229,869	-	-	229,869
Deferred revenue	25,112	-	-	25,112
Due to Discover Newport	-	882,983	(882,983)	-
Total current liabilities	669,585	890,263	(882,983)	676,865
Leases payable, less current portion	487,565	-	-	487,565
Subscriptions payable, less current portion	339,706	-	-	339,706
Total liabilities	1,496,856	890,263	(882,983)	1,504,136
Net Position:				
Unrestricted	3,652,875	-	-	3,652,875
Net investment in capital assets	(8,813)	-	-	(8,813)
Restricted - tourism improvement district	897,611	-	-	897,611
Total net position	4,541,673	-	-	4,541,673
Total Liabilities and Net Position	\$ 6,038,529	\$ 890,263	\$ (882,983)	\$ 6,045,809

NEWPORT AND BRISTOL COUNTY COVENTION
AND VISITORS' BUREAU AND SUBSIDIARY
d/b/a DISCOVER NEWPORT

Schedule 2



CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2025

	Discover Newport	Newport Hotel Collection	Eliminations	Total
Support and revenue:				
Public sources:				
Hotel taxes	\$ 5,531,994	\$ -	\$ -	\$ 5,531,994
Tourism improvement district assessment	-	448,713	-	448,713
Government grants	31,125	-	-	31,125
Total public sources	<u>5,563,119</u>	<u>448,713</u>	<u>-</u>	<u>6,011,832</u>
Private sources:				
Advertising income	185,800	-	(124,000)	61,800
Promotional participation income	25,202	-	-	25,202
Event hosting income	20,563	-	-	20,563
Contributed assets of Newport Hotel Collection	897,611	-	(897,611)	-
Other income	65,604	-	-	65,604
Investment return, net	175,688	-	-	175,688
Total private sources	<u>1,370,468</u>	<u>-</u>	<u>(1,021,611)</u>	<u>348,857</u>
Total support and revenue	<u>6,933,587</u>	<u>448,713</u>	<u>(1,021,611)</u>	<u>6,360,689</u>
Expenses:				
Leisure and marketing	3,254,866	148,756	(124,000)	3,279,622
Sales and marketing	1,557,171	74,169	-	1,631,340
Visitor's center and marketing	123,140	-	-	123,140
Administrative	912,877	50,681	-	963,558
Interest expense	35,890	-	-	35,890
Contribution of assets to Discover Newport	-	897,611	(897,611)	-
Total expenses	<u>5,883,944</u>	<u>1,171,217</u>	<u>(1,021,611)</u>	<u>6,033,550</u>
Change in Net Position	1,049,643	(722,504)	-	327,139
Net Position, beginning of year	<u>3,492,030</u>	<u>722,504</u>	<u>-</u>	<u>4,214,534</u>
Net Position, end of year	<u>\$ 4,541,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,541,673</u>