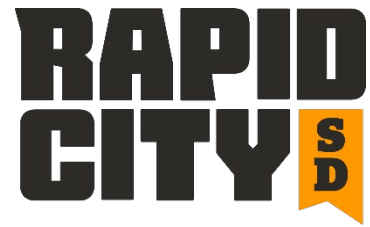


**Visit Rapid City**  
**Board of Directors Meeting**  
**Combined with the Hotel BID Board of Directors**

The Monument, Room 207  
444 N Mt Rushmore Road  
Thursday, August 8, 2024  
10:30AM – 11:30AM



**Call to Order**

Kelly Buntrock

**Consent Agenda**

Kelly Buntrock

- 1) Meeting Agenda
- 2) June 2024 Meeting Minutes
- 3) Financial Statements
  - a. May 2024
  - b. June 2024
  - c. July 2024 – Preliminary

**New Business**

Brook Kaufman

- 1) 2023 Audit
- 2) Cannabis Ballot Issue
- 3) Homeless Coalition Presentation
- 4) Director Update

Ketel Thorstenson

Brad (Murdoc) Jurgensen

Amy Ritchie

**Board Member Update**

Kelly Buntrock

**Other Business**

Kelly Buntrock

**Adjourn**

Kelly Buntrock



## MINUTES FOR THE BOARD OF DIRECTORS MEETING

Thursday, June 13, 2024

10:30 a.m. – 11:30 a.m.

The Monument

Combined with **Hotel BID Board of Directors Meeting**

### VRC BOARD OF DIRECTORS

#### **PRESENT**

C. Johnson  
K. Cook  
K. Buntrock  
L. Montague  
M. Derby  
S. Landguth  
T. Johnson  
W. Lampert

#### *NON-VOTING MEMBERS*

J. Brockelsby  
R. Jeffries  
M. Thomson  
C. Baltzer

#### **ABSENT**

J. Scheitler

#### *NON-VOTING MEMBERS*

L. Lehmann  
J. Biegler

### HOTEL BID BOARD OF DIRECTORS

#### **PRESENT**

J. Battochio  
J. Seifert-Brenna  
L. Montague  
W. Lampert

#### *NON-VOTING MEMBERS*

K. Buntrock  
B. Kaufman

#### **ABSENT**

G. Fawbush  
L. Steffens  
S. Hull

#### *NON-VOTING MEMBERS*

L. Lehmann  
Mayor Jason Salamun

**VRC STAFF** – Brook Kaufman, Ally Formanek, Domico Rodriguez, Tyson Steiger, Dani Benne, Brady Douglas, Shelby Solano, Bri Vande Pol

#### **Call to Order**

K. Buntrock called the meeting to order at 10:32 a.m. at The Monument.

## **Consent Agenda**

W. Lampert made a motion to approve the consent agenda including the meeting agenda, April 2024 VRC/BID meeting minutes, and March - May 2024 financials. S. Landguth seconded motion. Motion carried.

## **New Business**

### *Director Updates*

#### a) Operations

A. Formanek gave updates on the new Rapid City Visitor Center, including visitors assisted, partner referrals, and merchandise revenue. From May 9 to June 12, she reported 2,346 visitors were assisted and 2,649 partner referrals given. \$837.00 has been generated as merchandise revenue. A video wall featuring upcoming events, social media, and photo/video content will be installed June 20<sup>th</sup>, prior to the Grand Opening/Ribbon Cutting event on June 27<sup>th</sup>. Ribbon cutting will take place at 9am by Elevate Rapid City.

Formanek reported the City View Trolley will run daily from May 24 through September 28 with 2 tours each day beginning at 10am and 1:30pm. Tour prices have increased to \$25/adult and \$10/child. Military and senior discounts will be offered. Updates made to the tour in 2024 include a new pickup/drop off location of The Journey Museum, GPS-triggered narration recorded using AI, upgraded sound and speaker systems in each trolley, and an added stop during the tour along Skyline Drive. Currently, 279 tickets have been sold generating \$5,490.

As of May 26, employees of MSS are now on VRC's payroll and benefit plans. The team is currently working with KT Connections to migrate MSS's server onto VRC's cloud-based server, along with email domains. The Downtown Ambassador program is fully staffed for the summer season.

#### b) Marketing

D. Benne updated the board on marketing statistics through March 2024. She shared new technology that will be used for Restaurant Week in 2025. City of Presidents Audio Tour is completed and has been used by almost 4,000 visitors. Top social post in 2024 thus far contained a blog featuring lesser-known restaurants in Rapid City. Benne reported VRC's new website is performing well with website sessions and new users up 91% and 107% YOY respectively.

Benne introduced Bri Vande Pol, a new member of the marketing team from MSS. With the integration of MSS into VRC, a downtown microsite will be added to visitrapidcity.com to replace their current website.

#### c) Sales

T. Steiger reported on YTD sales numbers including wins, losses, leads, room nights, economic impact, and new accounts. Conventions hosted in Rapid City in 2024 include, but is not limited to, Red Pill Expo, Women on Wheels, World Wilderness Congress, and the Rocky Mountain Association of Fairs. Future business wins include American Indian Higher Education Consortium (2025), National Association of Counties (2025), Northwest Warrants/Transport Officers (2025), 173<sup>rd</sup> Airborne Brigade (2026), and SD Knights of Columbus (2027 & 2029).

Sales efforts taking place in 2024 include Global Meetings Industry Day community outreach, Hike the Hills FAM tour, Amazing Rush Season 8, attending Connect Marketplace tradeshow, Pierre sales blitz, site visits, and more.

d) Sports

D. Rodriguez reported the City of Rapid City and Monument Health are the RCSC's current Founding Five members. The commission has a goal of adding 2 additional members by the end of 2024. The revenue generated has been used to purchase portable fencing and mounds for the baseball/softball complexes to make the facilities more flexible.

Rodriguez shared new national events coming to Rapid City in 2025, Tumbling and Trampoline National Championships and USA BMX National Championships.

**Ex-Officio Reports**

*Tourism Advisory Board*

J. Brockelsby shared the Governor's Tourism Advisory Board will meet in a few weeks in Sisseton. Updates will be shared at the next board meeting.

*The Monument*

C. Baltzer shared The Monument is currently recruiting for 4 positions within the operations, marketing, and events departments. He reported the club level in the ice arena is currently under renovation to modernize the space.

*Central States Fairgrounds*

R. Jeffries highlighted upcoming events including the July 12<sup>th</sup> Military Appreciation Picnic and the Central States Fair, taking place August 16-24.

**Other Business**

S. Landguth gave an update on the Ellsworth Airforce Base runway replacement project, which will take place in 2025. After replacement, the runway will be the 2<sup>nd</sup> largest in the country. Landguth shared the base will begin seeing the influx of 1600 new airmen beginning in 2026.

M. Derby reported the primary election in June saw 17% voter turnout.

**Adjournment**

W. Lampert made a motion to adjourn the meeting at 11:32 a.m. S. Landguth seconded the motion. Motion carried.

Respectfully submitted,  
Ally Formanek, Director of Operations  
Visit Rapid City

# Visit Rapid City

## Balance Sheet

As of May 31, 2024

	<u>Total</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
1000 VRC Checking	363,610.46
1005 RCSC Checking	7,870.84
1010 VRC Events Checking	19,451.94
1100 VRC Savings	(302,362.26)
1101 Restricted VRC Savings	750,000.00
1150 Cash Drawer	500.00
<b>Total Cash</b>	<u><b>839,070.98</b></u>
1600 FIWM Portfolio	1,742,458.74
<b>Total Bank Accounts</b>	<u><b>2,581,529.72</b></u>
<b>Accounts Receivable</b>	
1400 Accounts Receivable	631,762.56 *
<b>Total Accounts Receivable</b>	<u><b>631,762.56</b></u>
<b>Other Current Assets</b>	
12000 Undeposited Funds	616.83
1300 Prepaid Insurance	11,060.18
1700 Merchandise Inventory	5,392.85
<b>Total Other Current Assets</b>	<u><b>17,069.86</b></u>
<b>Total Current Assets</b>	<u><b>3,230,362.14</b></u>
<b>Fixed Assets</b>	
1500 Furniture and Equipment	139,822.23
1501 Accumulated Depreciation	(73,605.36) *
1502 Leasehold Improvements	29,000.00
1510 Lease Asset	48,259.00 *
<b>Total Fixed Assets</b>	<u><b>143,475.87</b></u>
<b>TOTAL ASSETS</b>	<u><u><b>3,373,838.01</b></u></u>

No CPA Provides Any Assurance on These Statements.  
 Substantially All Disclosures Have Been Omitted.  
 \*This balance has not been updated for activity in this period.

**Visit Rapid City**  
**Balance Sheet**  
As of May 31, 2024

	<b>Total</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 Accounts Payable	21,486.04
<b>Total Accounts Payable</b>	<b>21,486.04</b>
<b>Credit Cards</b>	
2310 Divvy Credit Card	17,033.21
<b>Total Credit Cards</b>	<b>17,033.21</b>
<b>Other Current Liabilities</b>	
2400 Payroll Liabilities	-
2401 Medical	3,433.20
2402 Dental	408.98
2404 DakotaCare Flex	283.80
2405 Companion Life Vision	131.02
2406 AFLAC Pre-Tax	309.94
2407 AFLAC After Tax	258.96
2408 United Way Jeans Day	197.47
<b>Total 2400 Payroll Liabilities</b>	<b>5,023.37</b>
2450 Officials	19,511.94
2475 Deferred Revenue	2,500.00
25500 Sales Tax Payable	163.71
<b>Total Other Current Liabilities</b>	<b>27,199.02</b>
<b>Total Current Liabilities</b>	<b>65,718.27</b>
<b>Long-Term Liabilities</b>	
2555 Lease Liability	53,621.00 *
<b>Total Long-Term Liabilities</b>	<b>53,621.00</b>
<b>Total Liabilities</b>	<b>119,339.27</b>
<b>Equity</b>	
3200 Unrestricted Net Assets	2,884,677.47
3201 Restricted Net Assets	750,000.00
Net Income	(380,178.73)
<b>Total Equity</b>	<b>3,254,498.74</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,373,838.01</b>

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# Visit Rapid City

## Profit and Loss

### May 2024

	<b>Total</b>
<b>Income</b>	
<b>4000 Revenue</b>	
4100 BBB-Sales Tax Receipts	82,307.60
4200 BID Occupancy Tax	109,600.92
4400 Investments	1,661.07
4500 Miscellaneous Revenue	714.93
4561 Sports Commission Contributions	50.00
4600 Trolley Revenue	2,242.98
4700 Merchandise Revenue	579.58
<b>Total 4000 Revenue</b>	<b>197,157.08</b>
<b>Total Income</b>	<b>197,157.08</b>
<b>Cost of Goods Sold</b>	
<b>50000 Cost of Goods Sold</b>	
5700 Merchandise Cost of Goods Sold	278.35
<b>Total 50000 Cost of Goods Sold</b>	<b>278.35</b>
<b>Total Cost of Goods Sold</b>	<b>278.35</b>
<b>Gross Profit</b>	<b>196,878.73</b>
<b>Expenses</b>	
<b>5000 Office/Administrative</b>	
5210 Rent	8,271.33
5215 Storage	397.74
5220 Utilities	2,261.88
5230 Equipment Lease and Purchase	24,021.59
5240 Equipment Maintenance	4,457.83
5250 Insurance	1,180.76
5305 Office Supplies	1,523.68
5335 Auto Expense	119.08
5360 Service Charges/Bank Fees	226.82
5390 Membership Dues	5,115.92
5400 Professional Fees	26,509.98
5600 Board - Travel and Expenses	921.60
<b>Total 5000 Office/Administrative</b>	<b>75,008.21</b>
<b>5100 Employee Compensation &amp; Benefit</b>	
5150 Salaries	76,524.85
5175 Employee Benefits	9,835.65
5189 Payroll Taxes	5,702.63
5340 Training and Education	5,714.00
5350 Employee Relations	2,084.59
<b>Total 5100 Employee Compensation &amp; Benefit</b>	<b>99,861.72</b>

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**Visit Rapid City**  
**Profit and Loss**  
**May 2024**

	<b>Total</b>
<b>8100 Sales</b>	
8101 Tradeshows	204.00
8102 FAMs/Site Visit	2,259.27
8103 BID Fees/Business Development	316.71
8107 Sponsorships	548.00
<b>Total 8100 Sales</b>	<b>3,327.98</b>
<b>8109 Marketing</b>	
8110 Banners, Displays, Signage	2,434.78
8111 Print Advertising	2,500.00
8113 Billboard/OOH	319.04
8114 Research/Planning	7,734.47
8115 Promo Items	4,888.99
8116 Digital	68,619.81
8117 Content Production	727.23
8118 Website	4,773.54
8120 Public Relations/Retainer/Agenc	11,701.15
8121 Community Relations	655.66
8124 Events	2,643.82
8125 Printing and Copying	1,911.29
8126 Postage/Info Distribution	2,210.89
8127 Subscriptions	2,859.13
8128 Staff Travel	3,350.84
8129 Social	1,893.53
<b>Total 8109 Marketing</b>	<b>119,224.17</b>
<b>Total Expenses</b>	<b>297,422.08</b>
<b>Net Operating Income</b>	<b>(100,543.35)</b>
<b>Other Income</b>	
9100 Unrealized Gain/Loss on Investm	3,690.48
9101 Investment Interest/Dividends	4,275.52
<b>Total Other Income</b>	<b>7,966.00</b>
<b>Other Expenses</b>	
9200 Investment Fees	664.64
<b>Total Other Expenses</b>	<b>664.64</b>
<b>Net Other Income</b>	<b>7,301.36</b>
<b>Net Income</b>	<b>(93,241.99)</b>

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**Visit Rapid City**  
**Statement of Revenue and Expenses, Budgetary Basis**  
**January - May, 2024**

	YTD Total		
	Actual	Budget	% of Budget
<b>Income</b>			
<b>4000 Revenue</b>			
4100 BBB-Sales Tax Receipts	519,098.87 *	1,385,000.00	37.48%
4200 BID Occupancy Tax	464,862.42 *	1,500,000.00	30.99%
4300 Marketing Serv Fees-Partnership	15,300.00	22,500.00	68.00%
4400 Investments	9,628.85	20,000.00	48.14%
4500 Miscellaneous Revenue	2,118.43	6,480.00	32.69%
4560 Sports Commission	75,000.00	88,500.00	84.75%
4561 Sports Commission Contributions	50.00	-	#DIV/0!
4600 Trolley Revenue	2,409.87	40,000.00	6.02%
4700 Merchandise Revenue	682.64	21,000.00	3.25%
4810 SD Department of Tourism	250,000.00	250,000.00	100.00%
<b>Total 4000 Revenue</b>	<b>1,339,151.08</b>	<b>3,333,480.00</b>	<b>40.17%</b>
<b>Total Income</b>	<b>1,339,151.08</b>	<b>3,333,480.00</b>	<b>40.17%</b>
<b>Cost of Goods Sold</b>			
<b>50000 Cost of Goods Sold</b>			
5700 Merchandise Cost of Goods Sold	501.86	15,000.00	3.35%
<b>Total 50000 Cost of Goods Sold</b>	<b>501.86</b>	<b>15,000.00</b>	<b>3.35%</b>
<b>Total Cost of Goods Sold</b>	<b>501.86</b>	<b>15,000.00</b>	<b>3.35%</b>
<b>Gross Profit</b>	<b>1,338,649.22</b>	<b>3,318,480.00</b>	<b>40.34%</b>
<b>Expenses</b>			
<b>5000 Office/Administrative</b>	-	-	
5210 Rent	33,066.65	66,465.03	49.75%
5215 Storage	2,169.59	4,200.00	51.66%
5220 Utilities	11,444.94	41,195.00	27.78%
5230 Equipment Lease and Purchase	122,418.02	99,031.42	123.62%
5240 Equipment Maintenance	8,516.74	22,200.00	38.36%
5250 Insurance	5,340.47	19,562.56	27.30%
5305 Office Supplies	4,970.52	7,997.00	62.15%
5335 Auto Expense	1,212.45	10,874.32	11.15%
5360 Service Charges/Bank Fees	538.14	4,950.00	10.87%
5390 Membership Dues	16,093.59	25,973.22	61.96%
5400 Professional Fees	127,160.10	219,209.49	58.01%
5600 Board - Travel and Expenses	3,769.01	5,300.03	71.11%
<b>Total 5000 Office/Administrative</b>	<b>336,700.22</b>	<b>526,958.07</b>	<b>63.90%</b>
<b>5100 Employee Compensation &amp; Benefit</b>	-	-	
5150 Salaries	365,124.73	949,043.44	38.47%
5175 Employee Benefits	49,581.06	104,836.83	47.29%
5189 Payroll Taxes	28,973.31	-	#DIV/0!
5340 Training and Education	15,016.51	25,432.98	59.04%
5350 Employee Relations	6,888.97	10,350.05	66.56%
<b>Total 5100 Employee Compensation &amp; Benefit</b>	<b>465,584.58</b>	<b>1,089,663.30</b>	<b>42.73%</b>

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**Visit Rapid City**  
**Statement of Revenue and Expenses, Budgetary Basis**  
**January - May, 2024**

	YTD Total		
	Actual	Budget	% of Budget
<b>8100 Sales</b>	-	-	
8101 Tradeshows	17,083.35	17,250.00	99.03%
8102 FAMs/Site Visit	8,261.31	25,500.00	32.40%
8103 BID Fees/Business Development	20,075.81	109,640.00	18.31%
8106 Servicing	2,788.11	9,215.00	30.26%
8107 Sponsorships/Partnerships	32,413.44	85,500.00	37.91%
<b>Total 8100 Sales</b>	<b>80,622.02</b>	<b>247,105.00</b>	<b>32.63%</b>
<b>8109 Marketing</b>	-	-	
8110 Banners, Displays, Signage	17,965.30	66,499.00	27.02%
8111 Print Advertising	39,119.75	57,976.00	67.48%
8112 Broadcast	5,000.00	37,000.00	13.51%
8113 Billboard/OOH	2,019.04	7,700.00	26.22%
8114 Research/Planning	92,027.30	61,472.94	149.70%
8115 Promo Items	25,300.98	43,457.00	58.22%
8116 Digital	286,951.96	702,970.00	40.82%
8117 Content Production	87,649.66	92,380.26	94.88%
8118 Website	22,635.48	77,353.00	29.26%
8119 Visitor Materials	71,214.73	49,958.97	142.55%
8120 Public Relations/Retainer/Agenc	49,734.19	223,000.05	22.30%
8121 Community Relations	3,338.59	7,500.00	44.51%
8124 Events	3,763.43	46,300.00	8.13%
8125 Printing and Copying	1,963.83	18,505.00	10.61%
8126 Postage/Info Distribution	11,371.46	32,195.00	35.32%
8127 Subscriptions	84,645.70	130,235.54	64.99%
8128 Staff Travel	23,090.61	56,200.00	41.09%
8129 Social	34,098.57	53,200.00	64.10%
<b>Total 8109 Marketing</b>	<b>861,890.58</b>	<b>1,763,902.76</b>	<b>48.86%</b>
<b>Total Expenses</b>	<b>1,744,797.40</b>	<b>3,627,629.13</b>	<b>48.10%</b>
<b>Net Operating Income</b>	<b>(406,148.18)</b>	<b>(309,149.13)</b>	<b>131.38%</b>
<b>Other Income</b>			
9100 Unrealized Gain/Loss on Investm	12,536.82	-	
9101 Investment Interest/Dividends	16,738.87	-	
<b>Total Other Income</b>	<b>29,275.69</b>	-	-
<b>Other Expenses</b>			
9200 Investment Fees	3,306.24	-	
<b>Total Other Expenses</b>	<b>3,306.24</b>	-	-
<b>Net Other Income</b>	<b>25,969.45</b>	-	-
<b>Net Income</b>	<b>(380,178.73)</b>	<b>(309,149.13)</b>	<b>122.98%</b>

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**Visit Rapid City**  
**Balance Sheet**  
As of June 30, 2024

	<u><b>Total</b></u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
1000 VRC Checking	265,955.66
1005 RCSC Checking	7,870.84
1010 VRC Events Checking	19,162.68
1100 VRC Savings	448,582.07
1150 Cash Drawer	500.00
<b>Total Cash</b>	<u><b>742,071.25</b></u>
1600 FIWM Portfolio	1,749,573.95
<b>Total Bank Accounts</b>	<u><b>2,491,645.20</b></u>
<b>Accounts Receivable</b>	
1400 Accounts Receivable	683,519.57 *
<b>Total Accounts Receivable</b>	<u><b>683,519.57</b></u>
<b>Other Current Assets</b>	
12000 Undeposited Funds	212.84
1300 Prepaid Insurance	9,879.42
1700 Merchandise Inventory	4,985.62
<b>Total Other Current Assets</b>	<u><b>15,077.88</b></u>
<b>Total Current Assets</b>	<u><b>3,190,242.65</b></u>
<b>Fixed Assets</b>	
1500 Furniture and Equipment	139,822.23
1501 Accumulated Depreciation	(73,605.36) *
1502 Leasehold Improvements	69,783.93
1510 Lease Asset	48,259.00 *
<b>Total Fixed Assets</b>	<u><b>184,259.80</b></u>
<b>TOTAL ASSETS</b>	<u><u><b>3,374,502.45</b></u></u>

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**Visit Rapid City**  
**Balance Sheet**  
As of June 30, 2024

	<u>Total</u>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 Accounts Payable	37,043.34
<b>Total Accounts Payable</b>	<u>37,043.34</u>
<b>Credit Cards</b>	
2310 Divvy Credit Card	12,805.57
<b>Total Credit Cards</b>	<u>12,805.57</u>
<b>Other Current Liabilities</b>	
2400 Payroll Liabilities	-
2401 Medical	5,240.48
2402 Dental	554.94
2404 DakotaCare Flex	483.80
2405 Companion Life Vision	232.03
2406 AFLAC Pre-Tax	283.22
2407 AFLAC After Tax	258.96
2408 United Way Jeans Day	251.72
<b>Total 2400 Payroll Liabilities</b>	<u>7,305.15</u>
2450 Officials	19,162.68
2475 Deferred Revenue	2,500.00
25500 Sales Tax Payable	847.02
<b>Total Other Current Liabilities</b>	<u>29,814.85</u>
<b>Total Current Liabilities</b>	<u>79,663.76</u>
<b>Long-Term Liabilities</b>	
2555 Lease Liability	53,621.00 *
<b>Total Long-Term Liabilities</b>	<u>53,621.00</u>
<b>Total Liabilities</b>	<u>133,284.76</u>
<b>Equity</b>	
3200 Unrestricted Net Assets	2,884,677.47
3201 Restricted Net Assets	750,000.00
Net Income	(393,459.78)
<b>Total Equity</b>	<u>3,241,217.69</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>3,374,502.45</u></u>

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\*This balance has not been updated for activity in this period.

# Visit Rapid City

## Profit and Loss

June 2024

	<b>Total</b>
<b>Income</b>	
<b>4000 Revenue</b>	
4100 BBB-Sales Tax Receipts	134,251.32
4200 BID Occupancy Tax	104,050.98
4400 Investments	967.58
4500 Miscellaneous Revenue	399.54
4600 Trolley Revenue	10,474.59
4700 Merchandise Revenue	1,339.87
<b>Total 4000 Revenue</b>	<b>251,483.88</b>
<b>Total Income</b>	<b>251,483.88</b>
<b>Cost of Goods Sold</b>	
<b>50000 Cost of Goods Sold</b>	
5700 Merchandise Cost of Goods Sold	583.96
<b>Total 50000 Cost of Goods Sold</b>	<b>583.96</b>
<b>Total Cost of Goods Sold</b>	<b>583.96</b>
<b>Gross Profit</b>	<b>250,899.92</b>
<b>Expenses</b>	
<b>5000 Office/Administrative</b>	
5210 Rent	3,271.33
5215 Storage	231.61
5220 Utilities	2,493.88
5230 Equipment Lease and Purchase	1,462.24
5240 Equipment Maintenance	893.45
5250 Insurance	1,658.20
5305 Office Supplies	635.33
5335 Auto Expense	871.74
5360 Service Charges/Bank Fees	833.29
5390 Membership Dues	749.70
5400 Professional Fees	47,536.69
5600 Board - Travel and Expenses	285.35
<b>Total 5000 Office/Administrative</b>	<b>60,922.81</b>
<b>5100 Employee Compensation &amp; Benefit</b>	
5150 Salaries	81,832.83
5175 Employee Benefits	10,205.33
5189 Payroll Taxes	6,284.16
5340 Training and Education	1,787.20
5350 Employee Relations	524.61
<b>Total 5100 Employee Compensation &amp; Benefit</b>	<b>100,634.13</b>

No CPA Provides Any Assurance on These Statements.  
Substantially All Disclosures Have Been Omitted.

**Visit Rapid City**  
**Profit and Loss**  
June 2024

	<b>Total</b>
<b>8100 Sales</b>	
8102 FAMs/Site Visit	1,868.09
8103 BID Fees/Business Development	484.99
8106 Servicing	430.54
8107 Sponsorships	2,500.00
<b>Total 8100 Sales</b>	<b>5,283.62</b>
<b>8109 Marketing</b>	
8110 Banners, Displays, Signage	12,259.35
8111 Print Advertising	5,130.00
8112 Broadcast	750.00
8113 Billboard/OOH	150.00
8114 Research/Planning	12,114.47
8115 Promo Items	5,368.60
8116 Digital	46,952.49
8117 Content Production	842.84
8118 Website	5,294.05
8119 Visitor Materials	125.58
8120 Public Relations/Retainer/Agenc	5,750.00
8121 Community Relations	1,103.16
8124 Events	1,332.13
8125 Printing and Copying	1,531.94
8126 Postage/Info Distribution	5,353.41
8127 Subscriptions	1,523.35
8128 Staff Travel	3,823.06
8129 Social	1,461.19
<b>Total 8109 Marketing</b>	<b>110,865.62</b>
<b>Total Expenses</b>	<b>277,706.18</b>
<b>Net Operating Income</b>	<b>(26,806.26)</b>
<b>Other Income</b>	
9100 Unrealized Gain/Loss on Investm	6,397.16
9101 Investment Interest/Dividends	1,418.65
<b>Total Other Income</b>	<b>7,815.81</b>
<b>Other Expenses</b>	
9200 Investment Fees	700.60
<b>Total Other Expenses</b>	<b>700.60</b>
<b>Net Other Income</b>	<b>7,115.21</b>
<b>Net Income</b>	<b>(19,691.05)</b>

No CPA Provides Any Assurance on These Statements.  
Substantially All Disclosures Have Been Omitted.

**Visit Rapid City**  
**Statement of Revenue and Expenses, Budgetary Basis**  
**January - June, 2024**

	YTD Total		
	Actual	Budget	% of Budget
<b>Income</b>			
<b>4000 Revenue</b>			
4100 BBB-Sales Tax Receipts	653,350.19 *	1,385,000.00	47.17%
4200 BID Occupancy Tax	568,913.40 *	1,500,000.00	37.93%
4300 Marketing Serv Fees-Partnership	15,300.00	22,500.00	68.00%
4400 Investments	10,596.43	20,000.00	52.98%
4500 Miscellaneous Revenue	2,517.97	6,480.00	38.86%
4560 Sports Commission	75,000.00	88,500.00	84.75%
4561 Sports Commission Contributions	50.00	-	#DIV/0!
4600 Trolley Revenue	12,884.46	40,000.00	32.21%
4700 Merchandise Revenue	2,022.51	21,000.00	9.63%
4810 SD Department of Tourism	250,000.00	250,000.00	100.00%
<b>Total 4000 Revenue</b>	<b>1,590,634.96</b>	<b>3,333,480.00</b>	<b>47.72%</b>
<b>Total Income</b>	<b>1,590,634.96</b>	<b>3,333,480.00</b>	<b>47.72%</b>
<b>Cost of Goods Sold</b>			
50000 Cost of Goods Sold			
5700 Merchandise Cost of Goods Sold	1,085.82	15,000.00	7.24%
<b>Total 50000 Cost of Goods Sold</b>	<b>1,085.82</b>	<b>15,000.00</b>	<b>7.24%</b>
<b>Total Cost of Goods Sold</b>	<b>1,085.82</b>	<b>15,000.00</b>	<b>7.24%</b>
<b>Gross Profit</b>	<b>1,589,549.14</b>	<b>3,318,480.00</b>	<b>47.90%</b>
<b>Expenses</b>			
5000 Office/Administrative	-	-	
5210 Rent	36,337.98	66,465.03	54.67%
5215 Storage	2,401.20	4,200.00	57.17%
5220 Utilities	13,938.82	41,195.00	33.84%
5230 Equipment Lease and Purchase	123,880.26	99,031.42	125.09%
5240 Equipment Maintenance	9,410.19	22,200.00	42.39%
5250 Insurance	6,998.67	19,562.56	35.78%
5305 Office Supplies	5,605.85	7,997.00	70.10%
5335 Auto Expense	2,084.19	10,874.32	19.17%
5360 Service Charges/Bank Fees	1,371.43	4,950.00	27.71%
5390 Membership Dues	16,843.29	25,973.22	64.85%
5400 Professional Fees	168,286.79	219,209.49	76.77%
5600 Board - Travel and Expenses	4,054.36	5,300.03	76.50%
<b>Total 5000 Office/Administrative</b>	<b>391,213.03</b>	<b>526,958.07</b>	<b>74.24%</b>
5100 Employee Compensation & Benefit	-	-	
5150 Salaries	446,957.56	949,043.44	47.10%
5175 Employee Benefits	59,786.39	104,836.83	57.03%
5189 Payroll Taxes	35,257.47	-	#DIV/0!
5340 Training and Education	16,803.71	25,432.98	66.07%
5350 Employee Relations	7,413.58	10,350.05	71.63%
<b>Total 5100 Employee Compensation &amp; Benefit</b>	<b>566,218.71</b>	<b>1,089,663.30</b>	<b>51.96%</b>

No CPA Provides Any Assurance on These Statements.  
Substantially All Disclosures Have Been Omitted.  
\*This balance has not been updated for activity in this period.

**Visit Rapid City**  
**Statement of Revenue and Expenses, Budgetary Basis**  
January - June, 2024

	YTD Total		
	Actual	Budget	% of Budget
<b>8100 Sales</b>	-	-	
8101 Tradeshows	17,083.35	17,250.00	99.03%
8102 FAMs/Site Visit	10,129.40	25,500.00	39.72%
8103 BID Fees/Business Development	20,560.80	109,640.00	18.75%
8106 Servicing	3,218.65	9,215.00	34.93%
8107 Sponsorships/Partnerships	34,913.44	85,500.00	40.83%
<b>Total 8100 Sales</b>	<b>85,905.64</b>	<b>247,105.00</b>	<b>34.76%</b>
<b>8109 Marketing</b>	-	-	
8110 Banners, Displays, Signage	30,224.65	66,499.00	45.45%
8111 Print Advertising	44,249.75	57,976.00	76.32%
8112 Broadcast	5,750.00	37,000.00	15.54%
8113 Billboard/OOH	2,169.04	7,700.00	28.17%
8114 Research/Planning	104,141.77	61,472.94	169.41%
8115 Promo Items	30,669.58	43,457.00	70.57%
8116 Digital	333,904.45	702,970.00	47.50%
8117 Content Production	88,492.50	92,380.26	95.79%
8118 Website	27,929.53	77,353.00	36.11%
8119 Visitor Materials	71,340.31	49,958.97	142.80%
8120 Public Relations/Retainer/Agenc	55,484.19	223,000.05	24.88%
8121 Community Relations	4,441.75	7,500.00	59.22%
8124 Events	5,095.56	46,300.00	11.01%
8125 Printing and Copying	3,495.77	18,505.00	18.89%
8126 Postage/Info Distribution	16,724.87	32,195.00	51.95%
8127 Subscriptions	86,169.05	130,235.54	66.16%
8128 Staff Travel	26,913.67	56,200.00	47.89%
8129 Social	35,559.76	53,200.00	66.84%
<b>Total 8109 Marketing</b>	<b>972,756.20</b>	<b>1,763,902.76</b>	<b>55.15%</b>
<b>Total Expenses</b>	<b>2,016,093.58</b>	<b>3,627,629.13</b>	<b>55.58%</b>
<b>Net Operating Income</b>	<b>(426,544.44)</b>	<b>(309,149.13)</b>	<b>137.97%</b>
<b>Other Income</b>			
9100 Unrealized Gain/Loss on Investm	18,933.98	-	
9101 Investment Interest/Dividends	18,157.52	-	
<b>Total Other Income</b>	<b>37,091.50</b>	-	-
<b>Other Expenses</b>			
9200 Investment Fees	4,006.84	-	
<b>Total Other Expenses</b>	<b>4,006.84</b>	-	-
<b>Net Other Income</b>	<b>33,084.66</b>	-	-
<b>Net Income</b>	<b>(393,459.78)</b>	<b>(309,149.13)</b>	<b>127.27%</b>

No CPA Provides Any Assurance on These Statements.  
Substantially All Disclosures Have Been Omitted.  
\*This balance has not been updated for activity in this period.



**Visit Rapid City**  
**Budget vs. Actuals: Budget\_FY24\_P&L - FY24 P&L**  
January - July 31, 2024

	Actual	Total Budget	% of Budget
<b>Income</b>			
<b>4000 Revenue</b>			
4100 BBB-Sales Tax Receipts	715,689.52	1,385,000.00	51.67%
4200 BID Occupancy Tax	717,381.72	1,500,000.00	47.83%
4300 Marketing Serv Fees-Partnership	15,300.00	22,500.00	68.00%
4400 Investments	11,711.74	20,000.00	58.56%
4500 Miscellaneous Revenue	2,532.53	6,480.00	39.08%
4560 Sports Commission	75,000.00	88,500.00	84.75%
4561 Sports Commission Contributions	60.00		
4600 Trolley Revenue	21,431.34	40,000.00	53.58%
4700 Merchandise Revenue	3,881.22	21,000.00	18.48%
4810 SD Department of Tourism	250,000.00	250,000.00	100.00%
<b>Total 4000 Revenue</b>	<b>\$ 1,812,988.07</b>	<b>\$ 3,333,480.00</b>	<b>54.39%</b>
<b>Total Income</b>	<b>\$ 1,812,988.07</b>	<b>\$ 3,333,480.00</b>	<b>54.39%</b>
<b>Cost of Goods Sold</b>			
<b>50000 Cost of Goods Sold</b>			
5700 Merchandise Cost of Goods Sold	2,252.94	15,000.00	15.02%
<b>Total 50000 Cost of Goods Sold</b>	<b>\$ 2,252.94</b>	<b>\$ 15,000.00</b>	<b>15.02%</b>
<b>Total Cost of Goods Sold</b>	<b>\$ 2,252.94</b>	<b>\$ 15,000.00</b>	<b>15.02%</b>
<b>Gross Profit</b>	<b>\$ 1,810,735.13</b>	<b>\$ 3,318,480.00</b>	<b>54.57%</b>
<b>Expenses</b>			
<b>5000 Office/Administrative</b>			
5210 Rent	42,109.81	66,465.03	63.36%
5215 Storage	2,401.20	4,200.00	57.17%
5220 Utilities	15,494.85	41,195.00	37.61%
5230 Equipment Lease and Purchase	124,325.98	99,031.42	125.54%
5240 Equipment Maintenance	9,859.77	22,200.00	44.41%
5250 Insurance	8,800.67	19,562.56	44.99%
5305 Office Supplies	6,285.74	7,997.00	78.60%
5335 Auto Expense	4,397.24	10,874.32	40.44%
5360 Service Charges/Bank Fees	2,038.77	4,950.00	41.19%
5390 Membership Dues	19,154.21	25,973.22	73.75%
5400 Professional Fees	208,532.73	219,209.49	95.13%
5600 Board - Travel and Expenses	4,216.44	5,300.03	79.56%
<b>Total 5000 Office/Administrative</b>	<b>\$ 447,617.41</b>	<b>\$ 526,958.07</b>	<b>84.94%</b>
<b>5100 Employee Compensation &amp; Benefit</b>			
5150 Salaries	485,687.62	949,043.44	51.18%
5175 Employee Benefits	63,345.17	104,836.83	60.42%

5189 Payroll Taxes	38,198.80		
5340 Training and Education	20,417.71	25,432.98	80.28%
5350 Employee Relations	8,596.58	10,350.05	83.06%
<b>Total 5100 Employee Compensation &amp; Benefit</b>	<b>\$ 616,245.88</b>	<b>\$ 1,089,663.30</b>	<b>56.55%</b>
<b>8100 Sales</b>			
8101 Tradeshows	17,083.35	17,250.00	99.03%
8102 FAMs/Site Visit	10,217.92	25,500.00	40.07%
8103 BID Fees/Business Development	20,560.80	109,640.00	18.75%
8104 Partner Travel	(382.04)		
8106 Servicing	3,953.80	9,215.00	42.91%
8107 Sponsorships/Partnerships	59,923.44	85,500.00	70.09%
<b>Total 8100 Sales</b>	<b>\$ 111,357.27</b>	<b>\$ 247,105.00</b>	<b>45.06%</b>
<b>8109 Marketing</b>			
8110 Banners, Displays, Signage	31,209.71	66,499.00	46.93%
8111 Print Advertising	44,249.75	57,976.00	76.32%
8112 Broadcast	6,750.00	37,000.00	18.24%
8113 Billboard/OOH	2,669.04	7,700.00	34.66%
8114 Research/Planning	105,126.24	61,472.94	171.01%
8115 Promo Items	33,118.74	43,457.00	76.21%
8116 Digital	379,697.26	702,970.00	54.01%
8117 Content Production	89,444.88	92,380.26	96.82%
8118 Website	32,679.53	77,353.00	42.25%
8119 Visitor Materials	71,340.31	49,958.97	142.80%
8120 Public Relations/Retainer/Agenc	65,864.19	223,000.05	29.54%
8121 Community Relations	7,886.05	7,500.00	105.15%
8124 Events	10,105.82	46,300.00	21.83%
8125 Printing and Copying	3,831.75	18,505.00	20.71%
8126 Postage/Info Distribution	16,724.87	32,195.00	51.95%
8127 Subscriptions	102,278.20	130,235.54	78.53%
8128 Staff Travel	35,235.65	56,200.00	62.70%
8129 Social	36,959.76	53,200.00	69.47%
<b>Total 8109 Marketing</b>	<b>\$ 1,075,171.75</b>	<b>\$ 1,763,902.76</b>	<b>60.95%</b>
<b>Total Expenses</b>	<b>\$ 2,250,392.31</b>	<b>\$ 3,627,629.13</b>	<b>62.03%</b>
<b>Net Operating Income</b>	<b>\$ (439,657.18)</b>	<b>\$ (309,149.13)</b>	<b>142.22%</b>
<b>Other Income</b>			
9100 Unrealized Gain/Loss on Investm	18,933.98		
9101 Investment Interest/Dividends	18,157.52		
<b>Total Other Income</b>	<b>\$ 37,091.50</b>	<b>\$ -</b>	
<b>Other Expenses</b>			
9200 Investment Fees	4,006.84		
<b>Total Other Expenses</b>	<b>\$ 4,006.84</b>	<b>\$ -</b>	
<b>Net Other Income</b>	<b>\$ 33,084.66</b>	<b>\$ -</b>	
<b>Net Income</b>	<b>\$ (406,572.52)</b>	<b>\$ (309,149.13)</b>	<b>131.51%</b>

**Main Street Square Incorporated**  
**Statement of Revenues and Expenses - Budgetary Basis**  
January - July 31, 2024

	<b>Total</b>		
	<b>Actual</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Income</b>			
4000 BID Revenue	224,678.42	260,000.00	86.41%
4001 Partners in Progress	43,541.54	140,000.00	31.10%
4002 Ice Skating Income	46,842.22	150,000.00	31.23%
4003 Sponsorship Income	53,144.97	100,000.00	53.14%
4004 Event Income	64,537.40	92,800.00	69.54%
4004a Event Revenue (deleted)	3,270.00	0.00	
4005 Advertising Revenue	9,350.00	43,000.00	21.74%
4006 Rental Income	12,650.00	18,000.00	70.28%
4007 Downtown Business Group Dues	400.00	39,900.00	1.00%
4008 Downtown Ambassadors	40,000.00	40,000.00	100.00%
4009 Food Revenue	738.00	0.00	
4010 Grants and Donations	107,612.43	210,000.00	51.24%
4050 Miscellaneous Income	415.00	0.00	
4100 Interest Income	5,815.50	0.00	
4101 Investment Earnings	4,576.33	0.00	
4900 Unrealized Gain/Loss	4,649.25	0.00	
Sales of Product Income	116.68	0.00	
Unapplied Cash Payment Income	0.00	0.00	
<b>Total Income</b>	<b>\$ 622,337.74</b>	<b>\$ 1,093,700.00</b>	<b>56.90%</b>
<b>Cost of Goods Sold</b>			
5700 Cost of Goods Sold	5,967.07	0.00	
<b>Total Cost of Goods Sold</b>	<b>\$ 5,967.07</b>	<b>\$ 0.00</b>	
<b>Gross Profit</b>	<b>\$ 616,370.67</b>	<b>\$ 1,093,700.00</b>	<b>56.36%</b>
<b>Expenses</b>			
5000 Admin Expense	0.00	0.00	
5210 Rent	16,063.41	32,000.00	50.20%
5211 Property Tax Expense	5,229.38	22,000.00	23.77%
5215 Storage	1,543.09	0.00	
5220 Utilities	12,874.84	32,612.00	39.48%
5230 Furniture & Equipment	3,504.71	2,500.00	140.19%
5240 Maintenance Expense	85,432.21	121,500.00	70.31%
5250 Insurance	15,280.59	40,000.00	38.20%
5305 Office Supplies	1,135.51	5,000.00	22.71%
5360 Bank Fees & Interest Expense	8,818.55	5,000.00	176.37%
5361 Bad Debt	146.00	0.00	
5390 Membership	1,760.00	1,500.00	117.33%

5391 Subscriptions	5,702.20	14,100.00	40.44%
5400 Professional Fees	38,648.80	80,000.00	48.31%
<b>Total 5000 Admin Expense</b>	<b>\$ 196,139.29</b>	<b>\$ 356,212.00</b>	<b>55.06%</b>
5100 Employee Compensation & Benefits	0.00	0.00	
5150 Wage Expense	236,842.50	562,656.00	42.09%
5175 Employee Benefits	7,509.94	26,300.00	28.55%
5176 Simple IRA Match	3,395.32	0.00	
5177 Employee Parking	4,565.82	9,000.00	50.73%
5180 Payroll Tax Expense	19,252.48	0.00	
5340 Staff Training/Professional Development	1,445.86	6,500.00	22.24%
<b>Total 5100 Employee Compensation &amp; Benefits</b>	<b>\$ 273,011.92</b>	<b>\$ 604,456.00</b>	<b>45.17%</b>
8000 Program Expense	0.00	0.00	
6000 City Improvement Projects	6,037.55	8,000.00	75.47%
6001 License & Permits	1,206.20	1,500.00	80.41%
6002 Event Expense	25,000.57	25,500.00	98.04%
6008 Contribution/Donation Expense	500.00	1,500.00	33.33%
6010 Uniforms	1,314.35	3,000.00	43.81%
6999 Cash Over/Short	4.00	100.00	4.00%
8100 Marketing	24,715.70	70,000.00	35.31%
8125 Printing & Copying	3,386.72	8,000.00	42.33%
8126 Info Distribution	485.92	1,000.00	48.59%
8128 Staff Travel	5,099.27	10,000.00	50.99%
<b>Total 8000 Program Expense</b>	<b>\$ 67,750.28</b>	<b>\$ 128,600.00</b>	<b>52.68%</b>
Square Fees	151.86	0.00	
Uncategorized Expense	0.00	0.00	
<b>Total Expenses</b>	<b>\$ 537,053.35</b>	<b>\$ 1,089,268.00</b>	<b>49.30%</b>
<b>Net Operating Income</b>	<b>\$ 79,317.32</b>	<b>\$ 4,432.00</b>	<b>1789.65%</b>
Other Income			
4901 Gain/Loss on Sale of Assets	-3,282.36	0.00	
<b>Total Other Income</b>	<b>-\$ 3,282.36</b>	<b>\$ 0.00</b>	
<b>Net Other Income</b>	<b>-\$ 3,282.36</b>	<b>\$ 0.00</b>	
<b>Net Income</b>	<b>\$ 76,034.96</b>	<b>\$ 4,432.00</b>	<b>1715.59%</b>

Friday, Aug 02, 2024 10:21:14 AM GMT-7 - Cash Basis

VISIT RAPID CITY AND RAPID CITY SPORTS COMMISSION  
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
DECEMBER 31, 2023

DRAFT



810 Quincy Street  
P.O. Box 3140, Rapid City, South Dakota 57709  
Telephone (605) 342-5630 • e-mail: [info@ktllp.com](mailto:info@ktllp.com)

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

### CONFIDENTIAL

Board of Directors and Management  
Visit Rapid City and Rapid City Sports Commission  
Rapid City, South Dakota

We have audited the combined financial statements of Visit Rapid City and Rapid City Sports Commission (the Organization) for the year ended December 31, 2023, and have issued our report thereon dated \_\_\_\_\_, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 of the financial statements. As described in Note 1, the Organization changed accounting policies related to Credit losses, by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-13, Financial Instruments – Credit Losses. Accordingly, the accounting change has been adopted using a cumulative effect adjustment to opening net assets, if applicable. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No such significant sensitive estimates exist.

The financial statement disclosures are neutral, consistent, and clear.

#### *Audit Risks*

In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We previously communicated to you via our engagement letter noted above, the following significant risks of material misstatement that we identified as part of our audit planning process:

1. Revenue recognition
2. Management override of controls

We did not identify any additional significant risks of material misstatement during our audit that should be communicated to you.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No such disclosures exist.

#### *Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The underlying misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter, which is dated the same date as this letter.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

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

Sincerely,

KETEL THORSTENSON, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**VISIT RAPID CITY AND RAPID CITY SPORTS COMMISSION**  
**COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2023 AND 2022**

DRAFT



**KETEL  
THORSTENSON**  
CPAs • ADVISORS





810 Quincy Street  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Visit Rapid City and Rapid City Sports Commission  
Rapid City, South Dakota

### **Report on the Combined Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of Visit Rapid City and Rapid City Sports Commission (collectively, the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audit. We believe that the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 there 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 financial statements.

Board of Directors

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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 financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 other internal control matters that we identified during the audit.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of financial position as of December 31, 2023, the combining statement of activities for the year ended December 31, 2023, and the combining statement of functional expenses for the year Ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KETEL THORSTENSON, LLP  
Certified Public Accountants

\_\_\_\_\_, 2024

**Visit Rapid City  
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December 31, 2023 and 2022**

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FINANCIAL STATEMENTS

**Visit Rapid City**  
**Combined Statement of Financial Position**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,249,202	\$ 1,667,926
Investments	1,566,489	1,008,729
Taxes Receivable	420,250	384,034
Unconditional Promises to Give, Net of Discount	237,000	-
Inventory	1,931	-
Prepaid Expenses	136,164	8,592
Property and Equipment, Net of Depreciation	95,217	107,917
Operating Lease Right-of-use Asset	42,052	65,723
Financing Lease Right-of-use Asset, Net of Amortization	<u>6,207</u>	<u>9,586</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,754,512</u></u>	<u><u>3,252,507</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable	\$ 44,525	88,918
Unearned Revenue	2,500	43,861
Amounts Held for Others	19,188	18,931
Operating Lease Liability	47,147	73,876
Financing Lease Liability	<u>6,474</u>	<u>9,862</u>
Total Liabilities	<u>119,834</u>	<u>235,448</u>
Net Assets:		
Net Assets with Donor Restrictions	242,508	-
Net Assets Without Donor Restrictions:		
Board-designated	750,000	1,000,000
Undesignated	<u>2,642,170</u>	<u>2,017,059</u>
Total Net Assets	<u>3,634,678</u>	<u>3,017,059</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,754,512</u></u>	<u><u>\$ 3,252,507</u></u>

The accompanying notes are an integral part of this statement.

**Visit Rapid City**  
**Combined Statement of Activities**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Support, Gains, and Other Revenues:		
Tax Revenues	\$ 3,093,928	\$ 2,993,019
Grant Revenues	250,000	-
Partnership Fees	48,400	26,225
Program Revenues	22,661	-
Net Investment Return	57,760	11,118
Interest	<u>25,270</u>	<u>6,973</u>
Total Support, Gains, and Other Revenues	3,498,019	3,037,335
Net Assets Released from Restrictions	<u>6,492</u>	<u>-</u>
Total Support, Gains, and Other Revenues Without Donor Restrictions	<u>3,504,511</u>	<u>3,037,335</u>
Expenses:		
Program Expenses	2,756,143	3,206,253
Management and General	<u>373,257</u>	<u>360,748</u>
Total Expenses	<u>3,129,400</u>	<u>3,567,001</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>375,111</u>	<u>(529,666)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	249,000	-
Net Assets Released from Restrictions	<u>(6,492)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>242,508</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	617,619	(529,666)
<b>NET ASSETS, BEGINNING</b>	<u>3,017,059</u>	<u>3,546,725</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 3,634,678</u>	<u>\$ 3,017,059</u>

The accompanying notes are an integral part of this statement.

**Visit Rapid City**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program	Management and General	Total
Salaries and Wages	\$ 732,159	\$ 183,040	\$ 915,199
Employee Benefits	101,430	25,358	126,788
Payroll Taxes	53,166	13,291	66,457
Total Wages and Benefits	886,755	221,689	1,108,444
Advertising	1,523,061	-	1,523,061
Professional Services	132,111	98,016	230,127
Occupancy	72,596	18,149	90,745
Training and Education	25,818	6,455	32,273
Depreciation	24,207	6,052	30,259
Office	23,654	5,913	29,567
Information Technology	17,450	4,362	21,812
Dues	14,885	3,721	18,606
Insurance	14,338	3,584	17,922
Travel	10,346	2,586	12,932
Repair and Maintenance	7,949	1,987	9,936
Amortization	2,703	676	3,379
Interest	270	67	337
	<u>\$ 2,756,143</u>	<u>\$ 373,257</u>	<u>\$ 3,129,400</u>

The accompanying notes are an integral part of this statement.

**Visit Rapid City**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	Program	Management and General	Total
Salaries and Wages	\$ 680,302	\$ 170,076	\$ 850,378
Employee Benefits	99,248	24,811	124,059
Payroll Taxes	50,830	12,708	63,538
Total Wages and Benefits	830,380	207,595	1,037,975
Advertising	2,081,972	-	2,081,972
Professional Services	119,364	109,516	228,880
Occupancy	24,330	6,082	30,412
Training and Education	36,443	9,111	45,554
Depreciation	17,502	4,375	21,877
Office	38,608	9,654	48,262
Information Technology	13,819	3,455	17,274
Dues	20,353	5,089	25,442
Insurance	6,776	1,694	8,470
Travel	6,716	1,679	8,395
Repair and Maintenance	1,128	283	1,411
Amortization	4,862	1,215	6,077
Interest	4,000	1,000	5,000
	<u>\$ 3,206,253</u>	<u>\$ 360,748</u>	<u>\$ 3,567,001</u>

The accompanying notes are an integral part of this statement.



**Visit Rapid City**  
**Combined Statement of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 617,619	\$ (529,666)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	30,259	21,877
Amortization	3,379	6,077
Gain on Investments	(57,760)	(8,729)
(Increase) Decrease in:		
Taxes Receivable	(36,216)	197,967
Promises to Give	(237,000)	-
Inventory	(1,931)	-
Prepaid Expenses	(127,572)	85
Increase (Decrease) in:		
Accounts Payable	(44,393)	26,586
Unearned Revenue	(41,361)	20,435
Amounts Held for Others	257	2,632
Lease Liability/ Right-of-use Asset - Net	(3,058)	204
Net Cash Provided (Used) by Operating Activities	<u>102,223</u>	<u>(262,532)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(17,559)	(33,769)
Purchase of Investments	(500,000)	(1,000,000)
Net Cash Used in Investing Activities	<u>(517,559)</u>	<u>(1,033,769)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Finance Lease Liability	(3,388)	(6,067)
<b>NET DECREASE IN CASH</b>	(418,724)	(1,302,368)
<b>CASH - BEGINNING OF YEAR</b>	<u>1,667,926</u>	<u>2,970,294</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,249,202</u>	<u>\$ 1,667,926</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Amounts Included in Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Lease	<u>\$ 29,352</u>	<u>\$ 26,091</u>

The accompanying notes are an integral part of this statement.

# Visit Rapid City

## Notes to the Financial Statements

### December 31, 2023 and 2022

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Nature of Operations

Visit Rapid City (VRC) and Rapid City Sports Commission (RCSC), (collectively, the Organization), are non-profit organizations. VRC and RCSC are classified by the Internal Revenue Service as tax-exempt under Sections 501(c)(6) and 501(c)(3), respectively. VRC was formed in 1971 and promotes leisure travel, group travel and tours, and meetings and convention events in the Rapid City, South Dakota and the Black Hills areas. RCSC began operating in 2023 and promotes sporting events and partner programs in the Rapid City, South Dakota and the Black Hills areas.

The Board of Directors of RCSC is the executive committee of the Board of Directors of VRC. Accordingly, the entities are under common control and combined financial statements have been prepared for the Organization.

##### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. Therefore, they reflect all significant receivables, payables, and other liabilities.

##### Principles of Combination

The accompanying combined financial statements include the accounts of VRC and RCSC. All material intercompany balances and transactions have been eliminated in combination.

##### Cash

For financial statement purposes, cash consists of checking and savings accounts. The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

##### Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations. The guidance prescribes that covered investments be reported on the Statement of Financial Position at fair value. Investment income is recognized as revenue in the period it is earned, and gains and losses are recognized as changes in net assets in the accounting period in which they occur. Net investment return (loss) is reported on the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Realized gains and losses are determined on a specific identity basis.

##### Inventory

Inventory consists of retail merchandise and is stated at the lower of cost (first-in, first-out) or net realizable value.

# Visit Rapid City

## Notes to the Financial Statements

### December 31, 2023 and 2022

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. Purchased property and equipment are carried at cost. Donated property and equipment are recorded as contributions or grant revenue at their estimated fair value at the date of the donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Furniture, Equipment, and Vehicles	5 - 7 years
Leasehold Improvements	5 years

##### Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets of the Organization that are not subject to donor-imposed restrictions and are available for general operations. For the years ended December 31, 2023 and 2022, the Board has designated, from net assets without donor restrictions, an operating reserve in the amount of \$750,000 and \$1,000,000, respectively.

*Net Assets with Donor Restrictions* - The part of net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### Promises to Give

Promises to give consist of pledge commitments. The Organization records amounts based on donor notification of unconditional promises to give. Those expected to be collected in more than one year are measured at their present value using a 4% discount rate at the date the promise was made. Conditional gifts, with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

The Organization receives promises to give from government and corporate entities. Unconditional promises to give are as follows at December 31, 2023:

Due in Less Than One Year	\$ 100,000
Due in One to Five Years	150,000
	<u>250,000</u>
Less Discount to Net Present Value	<u>(13,000)</u>
Net Unconditional Promises to Give	<u>\$ 237,000</u>

There were no unconditional promises to give at December 31, 2022.

# Visit Rapid City

## Notes to the Financial Statements

### December 31, 2023 and 2022

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Tax Receivables and Revenues

The City of Rapid City collects sales taxes and lodging taxes within specified areas and remits those collections. Statutes and ordinances require the taxes to be used to support tourism and marketing activities of the City. These taxes are collected by the state in the month following the eligible sales or lodging rentals and remitted to the City the month after collection by the state. The City remits the tax collection to the Organization upon receipt.

##### Partnership Fees

Partnership fees are billed to local businesses that wish to partner with the Organization in advertising campaigns. Partnership revenues are billed according to contracts with each business. Partnership fees are recognized ratably over the period the partnership is provided on a straight-line basis in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. All of the Organization's revenue from contracts with customers is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Partnership fees paid to the Organization in advance represent contract liabilities and are recorded as unearned revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivable.

The following table provides information about significant changes in the contract liabilities for the years ended December 31.

	<u>2023</u>	<u>2022</u>
Unearned Partnership Revenues, Beginning of Year	\$ 43,861	\$ 23,426
Partnership Revenues Earned During the Year	(43,861)	(23,426)
Sports Sponsorships Paid in Advance	2,500	-
Increase in Unearned Partnership Fees, Due to Cash Received During the Year	<u>-</u>	<u>43,861</u>
Unearned Revenues, End of Year	<u>\$ 2,500</u>	<u>\$ 43,861</u>

##### Program Revenues

Program revenues consist of trolley ticket sales, net merchandise revenue, and Certified Tourism Ambassador (CTA) class registration fees. Program revenues are recorded and collected at the time of the transaction when a trolley ticket is sold, merchandise is purchased, or when a participant registers for a CTA class.

##### Contributions

The Organization receives contributions to support operating and program activities. Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Visit Rapid City**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grant Revenues

Based on the terms of individual grant agreements, revenue is considered to be a contribution or an exchange transaction. No grants were recognized as exchange transactions during the years ended December 31, 2023 and 2022. Grants are recognized as revenues when received based on reimbursement requests for eligible expenses incurred. Any grant funds received in advance of eligible expenses are also recorded as revenue in the accompanying statements unless such funds have a right of return and a performance barrier. Eligible expenses are defined as those that have met the allowable criteria for revenue under the grant agreements. As of December 31, 2023 and 2022, the Organization did not have any awarded but unexpended grant funds.

Concentrations

The Organization receives substantially all of its revenues from taxes related to sales and hotel occupancy in Rapid City, South Dakota. Changes in Rapid City ordinances pledging revenues to the Organization could negatively impact the financial condition of the Organization.

Functional Expenses

The Statement of Functional Expenses presents the natural classification detail of expenses by function. Certain expenses can be directly allocated to programs or supporting functions. Most categories of expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Accordingly, those costs have been allocated among program and management and general activities based on hours, space utilized, or other reasonable allocations.

Implementation of FASB ASC 326

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new or enhanced disclosures.

Leases

The Organization has entered into operating and finance leases for office space and equipment. The obligations associated with these leases have been recognized as a liability in the statement of financial position based on future lease payments, discounted by the incremental borrowing rate for the operating leases and the rate implicit in the lease for finance leases. Lease terms may include options to extend or terminate certain leases and are reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

**Visit Rapid City**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the term of the lease.

Federal Income Taxes

The Organization qualifies as exempt organizations under Section 501(c)(6) and 501(c)(3) of the Internal Revenue Code. The Organization is not liable for income taxes if it operates within the confines of its exempt status. However, the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Organization could be changed if taxing authorities adjust the tax-exempt purpose of the Organization or if taxing authorities determine activities are subject to unrelated business income.

As of December 31, 2023, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statement. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal and state income tax examinations by taxing authorities for years before fiscal year 2020. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

Advertising

The Organization's main purpose is to promote the Rapid City area. Advertising costs are expensed as incurred. Advertising expense was \$1,523,061 and \$2,081,972 for the years ended December 31, 2023 and 2022, respectively.

Liquidity

Assets and liabilities are presented in the order of liquidity in the statement of financial position. Any further restrictions are disclosed in the notes to the financial statements.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reporting and classification of amounts at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**Visit Rapid City**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2023	2022
Financial Assets Available for Use:		
Cash	\$ 1,249,202	\$ 1,667,926
Investments	1,566,489	1,008,729
Taxes Receivable	420,250	384,034
Unconditional Promises to Give, Current	100,000	-
	<u>\$ 3,335,941</u>	<u>\$ 3,060,689</u>

The Organization's assets available for use consist of cash, investments, and unconditional promises to give expected to be collected currently. The Organization's tax and partnership revenues are sufficient to cover operating costs.

**NOTE 3 - AMOUNTS HELD FOR OTHERS**

The Organization acts as an agent for an unrelated organization performing services in the community. The Organization has recognized receipts collected and disbursements paid as increases and decreases, respectively, of a liability rather than revenues and expenses.

**NOTE 4 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31 is as follows:

	2023	2022
Furniture, Equipment, and Vehicles	\$ 139,823	\$ 122,264
Leasehold Improvements	29,000	29,000
Total Property and Equipment	168,823	151,264
Less: Accumulated Depreciation	(73,606)	(43,347)
Total Property and Equipment, Net	<u>\$ 95,217</u>	<u>\$ 107,917</u>

**NOTE 5 - LEASES**

The right-of-use asset and corresponding liability associated with future lease payments as of December 31 are shown below:

	2023		2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Right-of-use Assets	\$ 42,052	\$ 6,207	\$ 65,723	\$ 9,586
Lease Liability	47,147	6,474	73,876	9,862
Weighted Average:				
Discount Rate	4.16%	4.25%	4.16%	4.25%
Remaining Lease Term (Months)	20	20	38	32

# Visit Rapid City

## Notes to the Financial Statements

### December 31, 2023 and 2022

#### NOTE 5 - LEASES (CONTINUED)

##### Lease Cost

Lease costs reported in the statement of functional expenses under office, occupancy, and amortization were comprised of the following as of December 31:

	2023	2022
Finance:		
Amortization of Right-of-use Assets	\$ 3,379	\$ 6,077
Interest on Lease Liability	291	402
Operating	26,729	26,691
Short-term (Less than 12 Months)	3,388	3,161
	<u>\$ 33,787</u>	<u>\$ 36,331</u>

Some equipment finance leases require additional payments based on the usage of equipment. These variable payments are recognized as operating expenses as they are incurred.

##### Future Lease Payments

The following operating and finance lease payments are expected to be paid for each of the following years ending December 31:

	Operating Leases	Finance Leases
2024	\$ 29,532	\$ 3,679
2025	19,568	3,010
	49,100	6,689
Less: Discount	(1,953)	(215)
	<u>\$ 47,147</u>	<u>\$ 6,474</u>

#### NOTE 6 - INVESTMENTS

The Organization uses a three-level hierarchy for the disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments that would generally be included in Level I include listed equities and listed derivatives. To the extent that it holds such investments, the Organization does not adjust the quoted price of these investments.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted securities, and certain over-the-counter derivatives.



# Visit Rapid City

## Notes to the Financial Statements

### December 31, 2023 and 2022

#### NOTE 6 - INVESTMENTS (CONTINUED)

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt, and non-investment grade residual interests in securitizations and collateralized debt obligations.

The fair value of each financial instrument in the table below was measured using input guidance and valuation techniques. The following table sets forth the inputs used and the estimated fair values of financial instruments at December 31:

	2023	
	Level I	Total
U.S. Treasuries	\$ 1,550,515	\$ 1,550,515
Money Market Funds	15,974	15,974
	<u>\$ 1,566,489</u>	<u>\$ 1,566,489</u>
	2022	
	Level I	Total
U.S. Treasuries	\$ 978,146	\$ 978,146
Money Market Funds	30,583	30,583
	<u>\$ 1,008,729</u>	<u>\$ 1,008,729</u>

#### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 include promises to give from donors that are not available to be used to support operations in the amount of \$237,000 and donations that are to be used to support sports activities in a future period of \$5,508. Amounts released from restriction during the current year represent donations spent on sports activities. There were no net assets with donor-imposed restrictions at December 31, 2022.

#### NOTE 8 - SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2023, the Organization entered into an agreement with the Board of Directors of Main Street Square (MSS) to integrate the operation of MSS, along with their programmatic and marketing efforts, into the Organization's operations. Beginning April 17, 2024, the day-to-day operation of the public square, capital investments (maintenance or new), marketing, fundraising, events, and staff will be the responsibility of the Organization, with oversight by the MSS board, until such a time the board dissolves or votes to reestablish MSS as a separate operating entity.

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

**Visit Rapid City**  
**Combining Statement of Financial Position**  
**December 31, 2023**

	Visit Rapid City	Rapid City Sports Commission	Total
<b>ASSETS</b>			
Cash	\$ 1,241,331	\$ 7,871	\$ 1,249,202
Investments	1,566,489	-	1,566,489
Taxes Receivable	420,250	-	420,250
Unconditional Promises to Give	-	237,000	237,000
Inventory	1,931	-	1,931
Prepaid Expenses	116,709	19,455	136,164
Property and Equipment, Net of Depreciation	95,217	-	95,217
Operating Lease Right-of-use Asset	42,052	-	42,052
Financing Lease Right-of-use Asset			
Asset, Net of Amortization	6,207	-	6,207
<b>TOTAL ASSETS</b>	<u>\$ 3,490,186</u>	<u>\$ 264,326</u>	<u>\$ 3,754,512</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts Payable	\$ 36,175	\$ 8,350	\$ 44,525
Unearned Revenue	-	2,500	2,500
Amounts Held for Others	19,188	-	19,188
Operating Lease Liability	47,147	-	47,147
Financing Lease Liability	6,474	-	6,474
<b>Total Liabilities</b>	<u>108,984</u>	<u>10,850</u>	<u>119,834</u>
Net Assets:			
Net Assets Without Donor Restrictions			
Board-designated	750,000	-	750,000
Donor-restricted	-	242,508	242,508
Undesignated	2,631,202	10,968	2,642,170
<b>Total Net Assets</b>	<u>3,381,202</u>	<u>253,476</u>	<u>3,634,678</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,490,186</u>	<u>\$ 264,326</u>	<u>\$ 3,754,512</u>

See independent auditor's report.

**Visit Rapid City**  
**Combining Statement of Activities**  
**For the Year Ended December 31, 2023**

	Visit Rapid City	Rapid City Sports Commission	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>			
Support, Gains, and Other Revenues:			
Tax Revenues	\$ 3,093,928	\$ -	\$ 3,093,928
Grant Revenues	250,000	-	250,000
Partnership Fees	48,400	-	48,400
Program Revenues	22,661	-	22,661
Net Investment Return	57,760	-	57,760
Interest	25,270	-	25,270
Intercompany Contributions	<u>(439,300)</u>	<u>439,300</u>	<u>-</u>
Total Support, Gains, and Other Revenues	3,058,719	439,300	3,498,019
Net Assets Released from Restrictions	<u>-</u>	<u>6,492</u>	<u>6,492</u>
Total Support, Gains, and Other Revenues Without Donor Restrictions	<u>3,058,719</u>	<u>445,792</u>	<u>3,504,511</u>
Expenses:			
Program Expenses	2,370,294	385,849	2,756,143
Management and General	<u>324,282</u>	<u>48,975</u>	<u>373,257</u>
Total Expenses	<u>2,694,576</u>	<u>434,824</u>	<u>3,129,400</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>364,143</u>	<u>10,968</u>	<u>375,111</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>			
Contributions	-	249,000	249,000
Net Assets Released from Restrictions	<u>-</u>	<u>(6,492)</u>	<u>(6,492)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>-</u>	<u>242,508</u>	<u>242,508</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>364,143</u>	<u>253,476</u>	<u>617,619</u>
<b>NET ASSETS, BEGINNING</b>	<u>3,017,059</u>	<u>-</u>	<u>3,017,059</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 3,381,202</u>	<u>\$ 253,476</u>	<u>\$ 3,634,678</u>

See independent auditor's report.

**Visit Rapid City**  
**Combining Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program			Management and General		
	Visit Rapid City	Rapid City Sports Commission	Total	Visit Rapid City	Rapid City Sports Commission	Total
Salaries and Wages	\$ 626,462	\$ 105,697	\$ 732,159	\$ 156,616	\$ 26,424	\$ 183,040
Employee Benefits	97,473	3,957	101,430	24,369	989	25,358
Payroll Taxes	44,782	8,384	53,166	11,195	2,096	13,291
Total Wages and Benefits	768,717	118,038	886,755	192,180	29,509	221,689
Advertising	1,339,909	183,152	1,523,061	-	-	-
Professional Services	71,895	60,216	132,111	84,660	13,356	98,016
Occupancy	61,570	11,026	72,596	15,393	2,756	18,149
Training and Education	23,853	1,965	25,818	5,963	492	6,455
Depreciation	24,207	-	24,207	6,052	-	6,052
Office	20,766	2,888	23,654	5,191	722	5,913
Information Technology	14,957	2,493	17,450	3,739	623	4,362
Dues	11,536	3,349	14,885	2,884	837	3,721
Insurance	12,964	1,374	14,338	3,241	343	3,584
Travel	9,548	798	10,346	2,387	199	2,586
Repair and Maintenance	7,399	550	7,949	1,849	138	1,987
Amortization	2,703	-	2,703	676	-	676
Interest	270	-	270	67	-	67
	<u>\$ 2,370,294</u>	<u>\$ 385,849</u>	<u>\$ 2,756,143</u>	<u>\$ 324,282</u>	<u>\$ 48,975</u>	<u>\$ 373,257</u>

See independent auditor's report.