# VISIT SALT LAKE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*For the Years Ended December 31, 2023 and 2022*

Larson
CERTIFIED PUBLIC ACCOUNTANTS

# VISIT SALT LAKE

## C O N T E N T S

Larson
CERTIFIED PUBLIC ACCOUNTANTS

# Independent Auditor's Report

To the Board of Directors
**Visit Salt Lake**

### *Opinion*

We have audited the accompanying financial statements of **Visit Salt Lake** (a nonprofit 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 years 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 **Visit Salt Lake** as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years 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 **Visit Salt Lake** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibility 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 **Visit Salt Lake's** ability to continue as a going concern within one year after the date that the financial statements are 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 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, 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.

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 audit 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 **Visit Salt Lake'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 **Visit Salt Lake'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Larson & Company P.C.

Salt Lake City, Utah
September 19, 2024

# VISIT SALT LAKE

Statements of Financial Position

As of December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | **$ 3,901,081** | $ 4,742,257 |
| Accounts receivable, less allowance of **$6,276** and $6,458, respectively | **505,469** | 759,088 |
| Note receivable, current portion | **-** | 16,197 |
| Inventories | **9,550** | 139 |
| Prepaid expenses | **344,774** | 201,035 |
| **Total current assets** | **4,760,874** | 5,718,716 |
| **Right-of-use asset - operating** | **597,016** | - |
| **Property and equipment, net** | **113,668** | 124,001 |
| **Total assets** | **$ 5,471,558** | $ 5,842,717 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current liabilities:** | | |
| Accounts payable, trade | **$ 798,676** | $ 1,039,658 |
| Accrued liabilities | **1,214,183** | 1,117,148 |
| Lease liability - operating, current | **94,519** | - |
| Deferred revenue | **478,166** | 853,742 |
| **Total current liabilities** | **2,585,544** | 3,010,548 |
| **Lease liability - operating, long term** | **526,974** | - |
| **Total liabilities** | **3,112,518** | 3,010,548 |
| **Net assets:** | | |
| Net assets without donor restrictions | **2,359,040** | 2,832,169 |
| **Total net assets** | **2,359,040** | 2,832,169 |
| **Total liabilities and net assets** | **$ 5,471,558** | $ 5,842,717 |

The accompanying notes to the financial statements are an integral part of these statements

# VISIT SALT LAKE

Statements of Activities

Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Changes in net assets without donor restrictions:** | | |
| **Revenue, gains, losses, other income and satisfaction of restrictions:** | | |
| **Public sector:** | | |
| Contract with Salt Lake County: Operations | **$ 14,745,200** | $ 12,640,199 |
| Contract with Salt Lake County: Ski Salt Lake | **450,000** | 450,000 |
| Contributions of nonfinancial assets | **254,200** | 254,200 |
| | **15,449,400** | 13,344,399 |
| **Private Sector:** | | |
| Ticketing programs | **2,225,990** | 2,085,076 |
| Sales and marketing programs | **1,071,169** | 1,157,823 |
| Salt and Honey gift shop | **49,675** | 31,838 |
| Partner development | **544,080** | 480,779 |
| Net investment return | **191,140** | 65,024 |
| | **4,082,054** | 3,820,540 |
| **Total revenue, gains, losses, other income and satisfaction of restrictions** | **19,531,454** | 17,164,939 |
| **Expenses:** | | |
| **Public Sector:** | | |
| Sales, marketing and services | **11,908,848** | 11,208,812 |
| General and administrative | **3,540,552** | 2,135,587 |
| | **15,449,400** | 13,344,399 |
| **Private Sector:** | | |
| Ticketing programs | **2,413,825** | 1,917,793 |
| Sales and marketing programs | **990,670** | 1,068,230 |
| Salt and Honey gift shop | **29,474** | 14,297 |
| Partner development | **887,650** | 1,028,762 |
| Other general expenses | **233,564** | 720,097 |
| | **4,555,183** | 4,749,179 |
| **Total expenses** | **20,004,583** | 18,093,578 |
| **Changes in net assets without donor restrictions** | **(473,129)** | (928,639) |
| **Net assets without donor restrictions beginning of year** | **2,832,169** | 3,760,808 |
| **Net assets without donor restrictions, end of year** | **$ 2,359,040** | $ 2,832,169 |

The accompanying notes to the financial statements are an integral part of these statements

# VISIT SALT LAKE

Statement of Functional Expenses
Year Ended December 31, 2023

| | Public Sector | | | Private Sector | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sales, Marketing and Services | General and Administrative | Total Public Sector | Ticketing Programs | Sales and Marketing Programs | Salt and Honey Gift Shop | Partner Development | Other General Expenses | Total Private Sector | Total Combined |
| Salaries and wages | $ 5,453,019 | $ 1,684,286 | $ 7,137,305 | $ - | $ - | $ - | $ 662,942 | $ 46,900 | $ 709,842 | $ 7,847,147 |
| Office expenses | 108,062 | 107,620 | 215,682 | 44,510 | - | 22,610 | 5,519 | 6,045 | 78,684 | 294,366 |
| Printing | 15 | - | 15 | - | - | - | 115,728 | - | 115,728 | 115,743 |
| Advertising and promotion | 2,723,869 | - | 2,723,869 | 2,361,380 | - | 4,512 | 9,298 | - | 2,375,190 | 5,099,059 |
| Occupancy | - | 582,023 | 582,023 | - | - | - | - | 18,491 | 18,491 | 600,514 |
| Fees for services | 231,790 | 229,764 | 461,554 | - | - | - | - | - | - | 461,554 |
| Travel | 90,211 | 40,557 | 130,768 | - | 486,635 | - | 2,278 | - | 488,913 | 619,681 |
| Conferences, conventions and meetings | 2,928,352 | 717,794 | 3,646,146 | - | 465,832 | - | 72,316 | 106,610 | 644,758 | 4,290,904 |
| Information technology | 223,589 | 133,363 | 356,952 | - | - | 1,843 | - | - | 1,843 | 358,795 |
| Education and awareness | 137,136 | 45,127 | 182,263 | - | 38,203 | - | 19,569 | - | 57,772 | 240,035 |
| Other expenses | 12,805 | 18 | 12,823 | 7,935 | - | 509 | - | 55,518 | 63,962 | 76,785 |
| | $11,908,848 | $ 3,540,552 | $15,449,400 | $ 2,413,825 | $ 990,670 | $ 29,474 | $ 887,650 | $ 233,564 | $ 4,555,183 | $20,004,583 |

The accompanying notes to the financial statements
are an integral part of these statements

# VISIT SALT LAKE
## Statement of Functional Expenses
## Year Ended December 31, 2022

| | Public Sector | | | Private Sector | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sales, Marketing and Services | General and Administrative | Total Public Sector | Ticketing Programs | Sales and Marketing Programs | Salt and Honey Gift Shop | Partner Development | Other General Expenses | Total Private Sector | Total Combined |
| Salaries and wages | $ 4,640,772 | $ 1,355,005 | $ 5,995,777 | $ - | $ - | $ - | $ 722,580 | $ 29,793 | $ 752,373 | $ 6,748,150 |
| Office expenses | - | 106,406 | 106,406 | 10,332 | - | 7,006 | 11,355 | - | 28,693 | 135,099 |
| Printing | 8,387 | - | 8,387 | - | - | - | 586 | - | 586 | 8,973 |
| Advertising and promotion | 2,728,500 | - | 2,728,500 | 1,873,424 | - | 3,988 | 93,144 | - | 1,970,556 | 4,699,056 |
| Occupancy | - | 364,852 | 364,852 | - | - | - | - | 10,333 | 10,333 | 375,185 |
| Fees for services | 534,448 | 121,528 | 655,976 | - | - | - | - | - | - | 655,976 |
| Travel | 103,706 | 36,738 | 140,444 | - | - | - | 1,042 | - | 1,042 | 141,486 |
| Conferences, conventions and meetings | 3,028,997 | 632,415 | 3,661,412 | 34,037 | 1,078,833 | - | 55,740 | - | 1,168,610 | 4,830,022 |
| Information technology | 55,208 | 151,985 | 207,193 | - | - | 1,722 | - | - | 1,722 | 208,915 |
| Education and awareness | 52,381 | 14,722 | 67,103 | - | - | - | 144,315 | - | 144,315 | 211,418 |
| Other expenses | 56,413 | (648,064) | (591,651) | - | (10,603) | 1,581 | - | 679,971 | 670,949 | 79,298 |
| | $11,208,812 | $ 2,135,587 | $13,344,399 | $ 1,917,793 | $ 1,068,230 | $ 14,297 | $ 1,028,762 | $ 720,097 | $ 4,749,179 | $18,093,578 |

The accompanying notes to the financial statements
are an integral part of these statements

# VISIT SALT LAKE

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Increase (decrease) in net assets** | **$ (473,129)** | $ (928,639) |
| **Adjustments to reconcile change in net assets to cash flow from operating activities:** | | |
| Depreciation and amortization | **10,333** | 10,333 |
| **Decrease (increase) in operating assets:** | | |
| Accounts receivable | **253,619** | (145,997) |
| Accounts receivable, related party | **-** | 21,181 |
| Inventories | **(9,411)** | (139) |
| Right-of-use asset - operating | **(597,016)** | - |
| Prepaid expenses | **(143,739)** | (50,988) |
| **Increase (decrease) in operating liabilities:** | | |
| Accounts payable, trade | **(240,982)** | 350,578 |
| Accrued liabilities | **97,035** | (88,013) |
| Lease Liability - operating | **621,493** | - |
| Deferred revenue | **(375,576)** | (584,003) |
| **Net cash flow from operating activities** | **(857,373)** | (1,415,687) |
| **Cash flow from investing activities:** | | |
| Proceeds from note receivable | **16,197** | - |
| Proceeds from certificate of deposit maturities | **-** | 1,500,000 |
| **Net cash flow from investing activities** | **16,197** | 1,500,000 |
| **Net change in cash and cash equivalents** | **(841,176)** | 84,313 |
| **Cash and cash equivalents, beginning of year** | **4,742,257** | 4,657,944 |
| **Cash and cash equivalents, end of year** | **$ 3,901,081** | $ 4,742,257 |

**Supplemental disclosures of cash flow information:**

| | 2023 | 2022 |
|---|---|---|
| Cash paid during the year for: | | |
| Interest | **$ -** | $ - |
| Income taxes | **$ -** | $ - |
| Noncash investment and financing activities: | | |
| Operating lease obligations recorded | **$ 628,191** | $ - |
| Operating lease right-of-use assets recorded | **$ 628,191** | $ - |

The accompanying notes to the financial statements are an integral part of these statements

## 1. ORGANIZATION

**Visit Salt Lake** ("VSL" or the "Organization") is a 501(c)(6) nonprofit sales and marketing organization. VSL was established to improve the area economy by attracting and providing support to conventions, leisure travelers, and tourists to Salt Lake County. In fulfilling its mission, VSL promotes Salt Lake through development and operation of its websites, social media, advertising and both national and international public relations efforts and deploys a convention and tourism sales force to contract for conventions, tradeshows, meetings, sporting events and tour and ski tour groups having Salt Lake as their destination. VSL assists conventions with logistics, locating services offered by VSL's members, attendance promotion, and raising awareness for upcoming events. Approximately half of VSL's funding is provided by Salt Lake County through a contract for services to promote conventions and tourism. VSL obtains additional funding through the sale of memberships, sponsorships, ticketing programs, and grants, as well as charging for services rendered to local and national businesses in the meetings, conventions and tourism industry.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of VSL management and the designation of the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of VSL or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual amounts could differ from these estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Public and Private Sector Accounting

The accounts of VSL are maintained as one general operating entity, which is comprised of public and private sector funds. Under the terms of the operating contract with the County, all public sector receipts and expenditures are reviewed and approved by the County. All private sector receipts and expenditures are to be accounted for separately and do not require authorization from the County. Private sector also includes any governmental funding besides the County. In the normal course of business, the Organization records transactions between public and private sector divisions. These inter-division transactions are recorded in each sector with an entry to interdivision accounts payable and accounts receivable.

### Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and cash equivalents consists of cash on hand, demand deposits, and money market accounts with financial institutions.

### Accounts Receivable

Accounts receivable are stated net of an allowance for uncollectible accounts. The Organization estimates the allowance based on its historical experience and on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer’s ability to pay. An account is written off when it is determined that all collection efforts have been exhausted.

### Inventories

Inventories are stated at the lower of cost or market and consist of goods held for resale in the gift shop. Cost is determined using the first-in, first-out (“FIFO”) method. Market is based upon realizable value less an allowance for selling expenses and normal gross profit.

### Certificates of Deposit

The Organization held certificates of deposit with maturities in 2022. Interest rates ranged from 2.1% to 2.4%, with interest paid periodically on a monthly or semi-annual basis and reported in the statement of activities as return on investments of **$192,228** and $65,024, respectively, for the year ended December 31, 2023 and 2022. As of December 31, 2023, the current portion of certifications of deposits was $0.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property and Equipment

Under the contract with the County, the County retains ownership of all property, buildings, and equipment purchased or constructed by the VSL with County funds. Accordingly, property and equipment expenditures are not capitalized on the Organization's financial statements for the public sector, but are recorded as general and administrative expenses in the period expended. However, property and equipment specifically acquired for the private sector operations, costing in excess of $1,000, is capitalized in the Organization's financial statements and then depreciated on a straight-line basis over the applicable useful life.

Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives:

| Assets | Useful Lives |
|---|---|
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Software | 3 years |
| Building improvements | 15 years |

### Fair Value of Financial Instruments

The VSL's financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities are carried at cost, which approximates fair value because of the short term nature of these assets and liabilities.

### Long-lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present for the year ended December 31, 2023 and 2022.

### Advance Deposits

As part of operations, VSL may receive deposits consisting of registration and housing deposits for future conventions. When applicable, these are recognized as an advance deposit in the liabilities section of the statement of financial position.

### Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue Recognition (Continued)

Public sector revenues are derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are accrued based on a contractual obligation with the County to fund all authorized expenditures and are recognized as revenue as expenditures are incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization recognizes revenue under the core principle of depicting the transfer of promised goods and services to its customers in an amount that reflects the consideration to which it expects to be entitled. In order to achieve that core principle, the Organization applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Organization recognizes revenue when (or as) a performance obligation is satisfied by transferring promised goods or services to a customer. Private sector revenues are recognized at the point of sale, at the completion of any contracted services, or over the period of membership. The majority of private sector revenues represent ski voucher sales (Ski City Super Pass), housing and registration service fees, advertising revenues, gift shop sales, member dues, hotel participation in sales and marketing programs and funds from other governmental agencies. Funds are deposited in the general operating account and are available to VSL for both public and private sector use. Membership dues received for the coming year, if any, are recorded as deferred revenues and recognized in the period earned. Ski voucher sales anticipated to be redeemed in the following year are recorded as deferred revenue. Contract revenue is recognized as revenue in the period in which it is earned and expended. Funds received in advance under these contracts are recorded as deferred revenue. Other contract revenue is recognized as revenue in the period in which it is earned.

### Trade Revenue

The Organization receives transportation and related services in exchange for membership dues and advertising, and networking opportunities. The Organization records these transactions in sales and marketing programs at the fair market value of the services exchanged at a point in time. Trade revenue was **$0** and $50,000 for the years ended December 31, 2023 and 2022, respectively.

### Contributions and Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. The Organization allocates expenses either by time and effort or by square footage depending on the nature of the expense. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense for the public sector was **$1,962,715** and $1,703,355 the years ended December 31, 2023 and 2022, respectively.

### Income Taxes

VSL is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code on the excess of revenue over expenses generated in the normal course of business. However, the Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose of the Organization. In the opinion of management the Organization does not have any unrelated business income.

Management evaluates tax positions taken or expected to be taken in preparation of the Organization’s tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. The Organization’s Returns of Organization Exempt from Income Tax (Form 990) generally remain subject to examination by the Internal Revenue Service for three years after they are filed.

### Recently Issued Accounting Pronouncements

In June of 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments Credit Losses*, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This requirement eliminates the probable initial recognition threshold in current GAAP which has delayed recognition of credit losses until the loss was probable. Instead, the new treatment will better reflect an entity’s current estimate of all expected credit losses. In addition, the new guidance requires that any credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down. Initial allowance for credit losses is added to the purchase price rather than reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in credit loss expense. This will allow entities to also record reversals of credit losses in current period net income, whereas the current GAAP prohibits reflecting these improvements in current period earnings. The Organization adopted this new guidance as of January 1, 2023. The adoption of this guidance did not have any material impact to the Organization's financial statements as a whole.

## 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | **$ 3,901,081** | $ 4,742,257 |
| Accounts receivable | **505,469** | 759,088 |
| Note receivable, current portion | **-** | 16,197 |
| **Total financial assets** | **4,406,550** | 5,517,542 |
| Less: | | |
| Accounts payable, trade | **(798,676)** | (1,039,658) |
| Accrued liabilities | **(1,214,183)** | (1,117,148) |
| **Financial assets available to meet general expenditures within one year** | **$ 2,393,691** | $ 3,360,736 |

Several of VSL's marketing programs are based on a call to action involving the sale of a pass to an attraction – the Connect Pass, Ski City Super Pass, and the Pub Pass. Through various media, VSL sells a pass and when redeemed, sends an agreed upon amount to the participating attraction, ski resort or pub/drinking establishment, as the case may be. These funds are received into and paid out of a designated bank account. The amounts held for these passes were **$0** and $66,894 as of December 31, 2023 and 2022, respectively.

The Organization invests cash in excess of bi-weekly requirements and deposit balances required to offset banking fees in money market funds.

## 4. NOTES RECEIVABLE

During the year ended December 31, 2021, the Organization entered into an unsecured promissory note with an unrelated party in the amount of $42,560. The note receivable bears interest at a rate of 3% per annum, requires quarterly payments of $5,501 and was due at maturity in July 2023. As of December 31, 2023 and 2022, the balance on this note was **$0** and $16,197, respectively.

## 5. PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation and amortization of property and equipment as of December 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| **Cost** | | |
| Office equipment | **$ 26,008** | $ 26,008 |
| Building improvements | **155,000** | 155,000 |
| Total cost of property and equipment | **181,008** | 181,008 |
| Accumulated depreciation and amortization | **(67,340)** | (57,007) |
| **Total property and equipment, net** | **$ 113,668** | $ 124,001 |

Depreciation and amortization expense was **$10,333** and $10,333 for the years ended December 31, 2023 and 2022, respectively.

## 6. LINE OF CREDIT

VSL has a $300,000 line of credit with interest set at prime plus 2%. The interest rate in effect was **10.50%** and 9.50% as of December 31, 2023 and 2022, respectively. The line of credit does not have a maturity date. The instrument is collateralized by cash, accounts receivable, inventory and equipment. In addition, the line of credit requires that VSL meet certain financial covenants. As of December 31, 2023 and 2022, the Organization was in compliance with all covenants included in the line of credit agreement. As of December 31, 2023 and 2022, the entire line of credit was unused and available.

## 7. REVENUE FROM CONTRACTS

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| **Deferred revenues, beginning of year** | **$ 853,742** | $ 1,437,745 |
| Revenue recognized that was included in deferred revenue at the beginning of year | **(853,742)** | (1,437,745) |
| Increase in deferred revenue due to cash received | **478,166** | 853,742 |
| **Deferred revenues, end of year** | **$ 478,166** | $ 853,742 |

## 8. GIFT SHOP EXPENSE

Gift shop expense includes cost of goods sold of **$20,574** and $4,239 for the years ended December 31, 2023 and 2022, respectively.

## 9. 401(k) SAVINGS PLAN

VSL administers a defined contribution profit sharing and savings plan under Section 401(k) of the Internal Revenue Code for eligible employees who are at least 21 years old and have completed three months of service with the Organization.

VSL matches 100% of pretax 401(k) contributions up to 3% of base compensation plus 50% of pretax 401(k) contributions on the next 2% of base compensation subject to the limits of the Internal Revenue Code. In addition, a discretionary amount up to 3% of the employee's annual compensation may be contributed by the Organization, subject to the limits of the Internal Revenue Code and 401(k) Plan criteria.

For the years ended December 31, 2023 and 2022, VSL contributed **$156,637** and $146,218, respectively, in required matching contributions. The Organization made discretionary contributions of **$80,661** and $92,528 for the years ended December 31, 2023 and 2022, respectively.

## 10. CONCENTRATIONS

VSL maintains its cash and cash equivalent balances at financial institutions located in Salt Lake City, Utah. The deposits may at times exceed their federally insured limits of $250,000 established by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

VSL receives a significant amount of its revenue from Salt Lake County (the "County"). The County contract provided approximately **78%** and 77% of the total revenue of the Organization for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, there were concentrations in the Organization's accounts receivable balances as **86%** and 85%, respectively, of total accounts receivable balances were from one party.

## 11. COMMITMENTS

In order to entice groups to select Salt Lake City as the destination for their future convention, trade show or meeting, management has made promotional and service commitments to certain groups that VSL will be obligated to fulfill during the year of the group's arrival. These commitments are expected to increase attendance or enhance the quality of the group's event, and thus are anticipated to increase the likelihood of new or repeat bookings.

Anticipated funding for the fulfillment of these commitments is based on VSL's expectation of its continued contractual relationship with the County to fund the Organization's destination sales and marketing programs. The promotional and service commitment expenses are submitted to the County for reimbursement when incurred. However, no liability for these commitments has been accrued in the financial statements as they are contingent upon the respective individual events taking place.

## 11. COMMITMENTS (Continued)

Management's estimate of the costs and timing associated with fulfilling these commitments in the future are as follows:

| Years Ending December 31, | |
|---|---|
| 2024 | $ 2,390,000 |
| 2025 | 145,000 |
| 2026 | 225,000 |
| 2027 | 50,000 |
| 2028 | 75,000 |
| Thereafter | 50,000 |
| Total commitments | $ 2,935,000 |

Certain grants and other funding require the fulfillment of specific conditions as set forth in the instrument of grants and contracts. Failure to fulfill the conditions could result in the return of the funds to the funders or forfeiture of future cash receipts.

As of December 31, 2023 and 2022, the Organization had conditional promises to give related to open contracts. Contributions and the related receivable will not be recognized until certain conditions have been met. Amounts related to these contracts that had not yet been recognized as revenue or a receivable totaled **$4,642,000** and $4,353,000 as of December 31, 2023 and 2022, respectively.

## 12. CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended December 31, 2023 and 2022, in-kind contributions recognized within the statement of activities consisted of the following:

| | 2023 | 2022 | Utilization in Programs or Other Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|---|
| Occupancy | **254,200** | 254,200 | General & Administrative, Other General | None | Contributed facilities are valued using rent rates for space of similar size and quality. |
| Total | **$ 254,200** | $ 254,200 | | | |

## 13. OPERATING LEASES

The Organization leases their office space under an noncancellable lease. Lease commencement occurs on the date the Organization takes possession or control of the property. The office space lease commenced on August 21, 2023 and runs through October 31, 2030. The Organization's lease also includes termination provisions. Total lease cost for the years ended December 31, 2023 and December 31, 2022, were **$18,304** and $0 respectively.

## 13. OPERATING LEASES (Continued)

The Organization's lease agreements do not contain any material restrictions, covenants, or any material residual value guarantees.

If readily determinable, the rate implicit in the lease is used to discount lease payments to present value; however, the Organization's leases do not provide a readily determinable implicit rate. When the implicit rate is not determinable, the risk-free borrowing rate is utilized, determined by using the US Treasury Bill or Note rate that closely track with the length of the lease, to discount lease payments based on information available at lease commencement.

The following table summarizes the supplemental cash flow information for the years ended December 31, 2023 and December 31, 2022:

| | 2023 | 2022 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | **$ 18,304** | $ - |
| Right-of-use assets obtained in exchange for lease liabilities: | | |
| Operating leases | **$ 628,191** | $ - |

The following table summarizes the weighted-average remaining lease term and the weighted-average discount rate as of December 31, 2023 and December 31, 2022:

| | 2023 | 2022 |
|---|---|---|
| Weighted-average remaining lease term | | |
| Operating leases (years) | **6.83** | - |
| Weighted-average discount rate | | |
| Operating leases | **4.42%** | - |

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

| | |
|---|---|
| Years ending December 31 | |
| 2024 | **$ 94,519** |
| 2025 | **98,299** |
| 2026 | **102,231** |
| 2027 | **106,321** |
| 2028 | **110,573** |
| Thereafter | **214,136** |
| Total lease payments | **726,079** |
| Less: present value discount | **(104,586)** |
| Present value of lease liabilities | **$ 621,493** |

## 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.