Visit Salt Lake

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2020 and 2019

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

Report on the Financial Statements

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2021, on our consideration of **Visit Salt Lake's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Visit Salt Lake's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Visit Salt Lake's** internal control over financial reporting and compliance.

Larson & Company P.C.

Larson & Company PC
June 22, 2021

VISIT SALT LAKE

Statements of Financial Position
As of December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,381,755**	$ 1,787,788
Certificates of deposit	**750,000**	1,250,000
Accounts receivable, less allowance of **$20,584** and $19,335, respectively	**623,120**	873,257
Note and other receivable, related party	**-**	39,121
Deferred tax asset	**-**	6,323
Inventories	**54,845**	69,017
Prepaid expenses	**77,506**	259,354
Total current assets	**3,887,226**	4,284,860
Certificates of deposit	**1,500,000**	2,750,000
Property and equipment, net	**144,667**	155,000
Total assets	**$ 5,531,893**	$ 7,189,860
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable, trade	**$ 672,869**	$ 698,106
Accrued liabilities	**532,896**	696,066
Refundable advance	**-**	518,434
Deferred revenue	**401,761**	818,717
Total current liabilities	**1,607,526**	2,731,323
Total liabilities	**1,607,526**	2,731,323
Net assets:		
Net assets without donor restrictions:		
Undesignated	**3,924,367**	458,537
Board designated	**-**	4,000,000
Net assets with donor restrictions	**-**	-
Total net assets	**3,924,367**	4,458,537
Total liabilities and net assets	**$ 5,531,893**	$ 7,189,860

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

VISIT SALT LAKE

Statements of Activities

Years Ended December 31, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenue, gains, losses, other income and satisfaction of restrictions:		
Public sector:		
Contract with Salt Lake County: Operations	**$ 8,571,771**	$ 11,188,206
Contract with Salt Lake County: Ski Salt Lake	**450,000**	450,000
	9,021,771	11,638,206
Private Sector:		
Ticketing programs	**2,280,196**	3,129,680
Sales and marketing programs	**2,277,183**	2,917,425
Simply Salt Lake gift shop	**10,436**	44,139
Partner development	**566,867**	603,236
Net investment return	**100,783**	118,436
	5,235,465	6,812,916
Satisfaction of donor restrictions	**-**	350,000
Total revenue, gains, losses, other income and satisfaction of restrictions	**14,257,236**	18,801,122
Expenses:		
Public Sector:		
Sales, marketing and services	**7,595,217**	9,832,605
General and administrative	**1,426,554**	1,805,601
	9,021,771	11,638,206
Private Sector:		
Ticketing programs	**2,225,264**	3,124,074
Sales and marketing programs	**2,761,825**	3,334,474
Simply Salt Lake gift shop	**55,299**	119,215
Partner development	**572,869**	666,289
Other general expenses	**154,378**	383,993
	5,769,635	7,628,045
Total expenses	**14,791,406**	19,266,251
Changes in net assets without donor restrictions	**(534,170)**	(465,129)
Net assets without donor restrictions beginning of year	**4,458,537**	4,923,666
Net assets without donor restrictions, end of year	**3,924,367**	4,458,537

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

VISIT SALT LAKE

Statements of Activities (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
Changes in net assets with donor restrictions:		
Revenue, gains, losses, other income and satisfaction of restrictions:		
Public sector:		
Contract with Salt Lake County: Operations	**-**	-
Satisfaction of donor restrictions	**-**	(350,000)
Changes in net assets with donor restrictions	**-**	(350,000)
Net assets with donor restrictions, beginning of year	**-**	350,000
Net assets with donor restrictions, end of year	**-**	-
Changes in net assets	**(534,170)**	(815,129)
Net assets, beginning of year	**4,458,537**	5,273,666
Net assets, end of year	**$ 3,924,367**	$ 4,458,537

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, 2020

	Public Sector			Private Sector						
	Sales, Marketing and Services	General and Administrative	Total Public Sector	Ticketing Programs	Sales and Marketing Programs	Simply Salt Lake Gift Shop	Partner Development	Other General Expenses	Total Private Sector	Total Combined
Salaries and wages	$ 3,167,120	$ 434,745	$ 3,601,865	$ -	$ -	$ 39,730	$ 301,726	$ 76,907	$ 418,363	$ 4,020,228
Office expenses	-	77,370	77,370	12,001	-	2,344	7,016	-	21,361	98,731
Printing	23,010	-	23,010	-	-	-	-	-	-	23,010
Advertising and promotion	2,013,288	-	2,013,288	2,213,263	-	-	134,568	-	2,347,831	4,361,119
Occupancy	-	161,465	161,465	-	374,562	15,298	-	10,333	400,193	561,658
Fees for services	428,564	358,056	786,620	-	-	-	-	-	-	786,620
Travel	20,238	25,684	45,922	-	-	-	514	3,578	4,092	50,014
Conferences, conventions and meetings	1,748,569	296,467	2,045,036	-	1,938,591	-	91,972	-	2,030,563	4,075,599
Information technology	457,583	107,718	565,301	-	9,000	-	-	-	9,000	574,301
Education and awareness	45,073	(2,131)	42,942	-	(779)	-	34,579	-	33,800	76,742
Other expenses	(308,228)	(32,820)	(341,048)	-	440,451	(2,073)	2,494	63,560	504,432	163,384
	$ 7,595,217	$ 1,426,554	$ 9,021,771	$ 2,225,264	$ 2,761,825	$ 55,299	$ 572,869	$ 154,378	$ 5,769,635	$14,791,406

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, 2019

	Public Sector			Private Sector						
	Sales, Marketing and Services	General and Administrative	Total Public Sector	Ticketing Programs	Sales and Marketing Programs	Simply Salt Lake Gift Shop	Partner Development	Other General Expenses	Total Private Sector	Total Combined
Salaries and wages	$ 3,775,084	$ 547,283	$ 4,322,367	$ -	$ -	$ 66,486	$ 360,475	$ (3,628)	$ 423,333	$ 4,745,700
Office expenses	122,003	100,300	222,303	28,319	-	2,851	9,525	-	40,695	262,998
Printing	57,314	-	57,314	-	-	-	2,492	-	2,492	59,806
Advertising and promotion	2,426,761	-	2,426,761	3,095,755	-	11	75,809	-	3,171,575	5,598,336
Occupancy	68,375	159,807	228,182	-	156,584	39,592	-	-	196,176	424,358
Fees for services	453,826	393,187	847,013	-	-	-	-	-	-	847,013
Travel	83,888	34,006	117,894	-	-	-	1,545	7,067	8,612	126,506
Conferences, conventions and meetings	2,083,751	246,304	2,330,055	-	2,909,568	-	147,200	-	3,056,768	5,386,823
Information technology	423,711	118,320	542,031	-	-	6,830	-	-	6,830	548,861
Education and awareness	160,607	206,119	366,726	-	285,294	-	71,737	350,000	707,031	1,073,757
Other expenses	177,285	275	177,560	-	(16,972)	3,445	(2,494)	30,554	14,533	192,093
	$ 9,832,605	$ 1,805,601	$11,638,206	$ 3,124,074	$ 3,334,474	$ 119,215	$ 666,289	$ 383,993	$ 7,628,045	$19,266,251

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, 2020 and 2019

	2020	2019
Cash flow from operating activities:		
Increase (decrease) in net assets	**$ (534,170)**	$ (815,129)
Adjustments to reconcile change in net assets to cash flow from operating activities:		
Depreciation and amortization	**10,333**	-
Decrease (increase) in operating assets:		
Accounts receivable	**250,137**	(238,609)
Accounts receivable, related party	**39,121**	25,832
Deferred tax asset	**6,323**	-
Inventories	**14,172**	(36,767)
Prepaid expenses	**181,848**	254,519
Increase (decrease) in operating liabilities:		
Accounts payable, trade	**(25,237)**	23,501
Accrued liabilities	**(163,170)**	(96,460)
Advance deposits	**(518,434)**	518,434
Deferred revenue	**(416,956)**	394,796
Net cash flow from operating activities	**(1,156,033)**	30,117
Cash flow from investing activities:		
Purchase of property and equipment	**-**	(155,000)
Proceeds from investment maturities	**1,750,000**	-
Net cash flow from investing activities	**1,750,000**	(155,000)
Net increase in cash and cash equivalents	**593,967**	(124,883)
Cash and cash equivalents, beginning of year	**1,787,788**	1,912,671
Cash and cash equivalents, end of year	**$ 2,381,755**	$ 1,787,788

Supplemental disclosures of cash flow information:

Cash paid during the year for

	2020	2019
Interest	**$ -**	$ -
Income taxes	**$ -**	$ -

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.

VSL offers housing services to tourists and visitors through Orchid Event Solutions, LLC ("Orchid"), a related entity owned by an employee of the Organization. Refer to Note 10 for additional detail.

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.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Net investment return or loss is reported in the statement of activities as return on investments and consists of; interest and dividend income, realized and unrealized gains and losses, less investment fees.

Certificates of Deposit

The Organization holds certificates of deposit with maturities ranging between 2021 and 2022. As of December 31, 2020 and 2019, interest rates ranged from 2% 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 **$100,783** and $118,436 for the years ended December 31, 2020 and 2019, respectively. The Organization intends to hold these certificates until maturity and, as such, has classified these accordingly on the statements of financial position. As of December 31, 2020 and 2019, the current portion of certifications of deposits were **$750,000** and $1,250,000, respectively.

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, 2020 and 2019.

Advance Deposits

Advance deposits consist of registration and housing deposits for conventions.

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 at the fair market value of the services exchanged. Trade revenue was **$21,250** and $33,150 for the years ended December 31, 2020 and 2019, 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. 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 **$1,215,533** and $1,508,916 the years ended December 31, 2020 and 2019, 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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. There were no changes to ending or beginning net assets as a result of these reclassifications.

Recent Developments Related to COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The subsequent COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of effects of COVID-19. The related financial impact and duration cannot be reasonably estimated at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In March of 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Company does not anticipate a significant impact on the Company's results of operations, financial position, or cash flows as a result of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June15, 2021. The Organization is currently in the process of evaluating the impacts this update will have on the presentation of its financial statements.

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:

	2020	2019
Cash and cash equivalents	**$ 2,381,755**	$ 1,787,788
Certificates of deposit	**750,000**	1,250,000
Accounts receivable	**623,120**	873,257
Accounts receivable, related party	**-**	39,121
Total financial assets	**3,754,875**	3,950,166
Less:		
Accounts payable, trade	**(672,869)**	(698,106)
Accrued liabilities	**(532,896)**	(696,066)
Refundable advance	**-**	(518,434)
Financial assets available to meet general expenditures within one year	**$ 2,549,110**	$ 2,037,560

3. LIQUIDITY AND AVAILABILITY (Continued)

The Organization holds certificates of deposit for $2,250,000, of which $750,000 has been included as a current financial asset in the statements of financial position and in the schedule above. These certificates will mature between 2021 and 2022 and may be subject to early withdrawal penalties if cashed in before maturity or, market fluctuations if sold.

During the year ended December 31, 2020, the Board released its designation on unrestricted net assets. As of December 31, 2019, the Board had designated $4,000,000 of unrestricted net assets to fund an attendance-based rebate VSL will pay to a specific tradeshow company if that company brings one or more tradeshows to Salt Lake City prior to June of 2022. VSL is working diligently to book these valuable tradeshows, but as of June 2021, no such tradeshows have been booked. Due to the lack of any tradeshows being recorded, management and the Board considered the release of the designated funds appropriate.

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 **$248,496** and $747,897 as of December 31, 2020 and 2019, respectively.

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

4. PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation and amortization of property and equipment as of December 31, 2020 and 2019 are as follows:

	2020	2019
Cost		
Office equipment	**$ 26,008**	$ 26,008
Construction in progress	**155,000**	155,000
Total cost of property and equipment	**181,008**	181,008
Accumulated depreciation and amortization	**(36,341)**	(26,008)
Total property and equipment, net	**$ 144,667**	$ 155,000

Depreciation and amortization expense was **$10,333** and $0 for the years ended December 31, 2020 and 2019, respectively.

5. LINE OF CREDIT

VSL has a $300,000 line of credit with interest set at prime plus 2%. The interest rate in effect was **5.25%** and 7% as of December 31, 2020 and 2019, 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, 2020 and 2019, the Organization was in compliance with all covenants included in the line of credit agreement. As of December 31, 2020 and 2019, the entire line of credit was unused and available.

6. NET ASSETS – BOARD DESIGNATED

In a prior year, VSL entered into a settlement agreement related to the early termination of a contract. At the time of entering the agreement, VSL recognized a settlement gain of $6,500,000. A portion of the funds related to this settlement were designated by the board of directors and invested in certificates of deposit for the payment of future liabilities that may arise under the settlement agreement. Each year the board evaluates the remaining likelihood that future payments will be required and releases the designated funds for operations based on this evaluation. For the years ended December 31, 2020 and 2019 **$4,000,000** and $0, respectively, of designated funds were released for operations.

7. CONTRACT SETTLEMENT

VSL and a customer entered into a Letter of Agreement dated July 31, 2015 to hold a major trade show in Salt Lake City through 2018. In 2017 the customer elected to withdraw early from the agreement which resulted in a breach of the Letter of Agreement. A settlement agreement was reached between the two parties and documented as an amendment to the July 31, 2015 Letter of Agreement.

Important terms of the agreement include the following: (1) the customer agreed to pay VSL $6,500,000 to be irrevocably released from all obligations in the 2015 Letter of Agreement and the 2017 Letter of Intent, (2) the Organization provided the customer access to Salt Lake City Block #85 for the 2017 summer trade show and reimbursed the customer $2,200,000 for costs associated with operation and clean-up of show pavilions, and (3) both parties agreed to engage in good-faith efforts to bring future trade shows to Salt Lake City. If the customer is successful in bringing qualified trade shows to Salt Lake City, the Organization will make per-attendee payments to the customer in the form of incentives not to exceed $5,500,000 over a 5 year period. The payments are related to the occurrence of future events and performance of the customer over which the Organization has no control. The Organization has determined that these payments do not represent a liability as of December 31, 2020 and 2019 but will be expensed in the year in which performance occurs. For the years ended December 31, 2020 and 2019 there had been no occurrence of events or performance under the settlement agreement for which VSL was liable for payments to the customer.

8. REVENUE FROM CONTRACTS

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2020 and 2019:

	2020	2019
Deferred revenues, beginning of year	**$ 818,717**	$ 423,921
Revenue recognized that was included in deferred revenue at the beginning of year	**(818,717)**	(423,921)
Increase in deferred revenue due to cash received	**401,761**	818,717
Deferred revenues, end of year	**$ 401,761**	$ 818,717

9. GIFT SHOP EXPENSE

Gift shop expense includes cost of goods sold of **$18,137** and $36,956 for the years ended December 31, 2020 and 2019, respectively

10. RELATED PARTY TRANSACTIONS

In January 2018, a related party purchased Orchid from VSL. Per the terms of the sale agreement, all assets and liabilities of Orchid were transferred to the buyer in exchange for a cash payment of **$50,000** and a **$50,000** note receivable due on January 1, 2023 with an interest rate of 20%. Original terms of the note prohibited prepayment. However, during the year ended December 31, 2020 the note was modified to allow prepayment and the note was paid in full.

Orchid also entered into a five year membership agreement with VSL in which Orchid will pay VSL $10,000 per year in exchange for Orchid being marketed by VSL as the exclusive housing provider for VSL events.

Interest payments related to the note totaled **$15,000** and membership dues totaled **$10,000** for the years ended December 31, 2020. Interest payments related to the note totaled $10,000 and membership dues totaled $10,000 for the years ended December 31, 2019**.**

Simultaneous with the sale transaction, VSL and Orchid entered into a number of service agreements for office sharing, executive services, accounting, payroll and IT support provided to VSL by Orchid. The lease agreement for office space is between Orchid and the lessor. In order for both VSL and Orchid to enjoy large group purchasing power employee benefits related to health insurance and pensions, VSL remained Employer of Record for both Orchid and VSL employees. Payments by VSL to Orchid under the service agreements totaled **$364,718** and $375,024 for the years ended December 31, 2020 and 2019, respectively.

11. 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, 2020 and 2019, VSL contributed **$100,927** and $107,604, respectively, in required matching contributions. The Organization made discretionary contributions of **$0** and $73,129 for the years ended December 31, 2020 and 2019, respectively.

12. 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 **63%** and 62% of the total revenue of the Organization for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2019, there were concentrations in the Organization's accounts receivable balances as 31% of total accounts receivable balances were from one party. As of December 31, 2020, no such concentrations were noted.

13. 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.

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

Years Ending December 31,	
2021	$ 30,000
2022	-
2023	-
2024	-
2025	30,000
Thereafter	-
Total commitments	$ 60,000

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the audit report, which is the date the consolidated financial statements were available to be issued.

FEDERAL AWARD REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

VISIT SALT LAKE

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Program or Cluster Title / Pass-Through Grantor	Federal CFDA Number	Pass-Through/ Grant Identifying Number	Total Federal Expenditures
U. S. Department of Treasury:			
Coronavirus Relief Fund:			
Governor's Office of Economic Development	21.019	None	$ 1,150,200
Utah Office of Tourism	21.019	21063C0071	275,000
Salt Lake County	21.019	CPGP2020075	225,000
Salt Lake County	21.019	DRD51606	198,323
Governor's Office of Economic Development	21.019	None	50,000
Governor's Office of Economic Development	21.019	None	50,000
Governor's Office of Economic Development	21.019	None	9,250
Total expenditures of federal awards			$ 1,957,773

Reconciliation to revenue recognized in the Statement of Acitivies:

Sales and marketing programs revenue	$ 2,277,183
Plus: amounts included in ticketing revenue	50,000
Less: Local government grants	(350,000)
Less: Revenues from other sources	(19,410)
Total expenditures of federal awards	$ 1,957,773

See the accompanying notes to the Schedule of Expenditures of Federal Awards

VISIT SALT LAKE

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of **Visit Salt Lake** (the "Organization"). The reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting for expenditures. The cost principles contained in Subpart E - Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization's summary of significant accounting policies is presented in Note 2 of the Organization's basic financial statements.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Visit Salt Lake

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Visit Salt Lake**, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Visit Salt Lake's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Visit Salt Lake's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Visit Salt Lake's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Purpose of this Report

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

Larson & Company P.C.

Salt Lake City, Utah
June 22, 2021

Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Visit Salt Lake

Report on Compliance for Each Major Federal Program

We have audited **Visit Salt Lake's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Visit Salt Lake's** major federal programs for the year ended December 31, 2020. **Visit Salt Lake's** major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of **Visit Salt Lake's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Visit Salt Lake's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Visit Salt Lake's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Visit Salt Lake** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of **Visit Salt Lake** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Visit Salt Lake's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Visit Salt Lake's** internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Larson & Company P.C.

Salt Lake City, Utah
June 22, 2021

VISIT SALT LAKE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Type of auditor's report issued on compliance for major programs	Unmodified
Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	No

VISIT SALT LAKE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section II – Financial Statement Findings

None

Section III – Financial Award Findings and Questioned Costs

Current year - None

Prior year – No single audit performed