



Visit Buffalo Niagara

Board of Directors Audit Presentation
Wednesday, July 10, 2024
Zoom Video Conference

PRESENT: M. Brown, D. Castle, A. Chase, P. Kaler, T. Long, W. Paladino, S. Ranalli K. Minkel, M. Roberts, B. Karmazyn, D. Spasiano, M. Urbanczyk

ABSENT: C. Abbott-Letro, M. Alnutt, T. Beauford, M. Chiazza, D. Gallagher, M. Glasgow, D. Schutte

STAFF: D. Marzo, J. Bialek

GUEST: C. Karpik

CALL TO ORDER: The Visit Buffalo Niagara Audit Report meeting was called to order by Vice Board Chair, Kimberley Minkel at 2:03 PM.

AUDIT REVIEW: Mr. Marzo reported that during the first quarter of 2024, Visit Buffalo Niagara underwent its annual independent audit, conducted by Lumsden & McCormick. Mr. Marzo introduced Cathy Karpik, the principle in charge, to present the reports.

Ms. Karpik reported the audit reports, management letter and required communications were reviewed in detail and approved by the Finance Committee at a meeting in April. She reported the financial statements are fairly stated which means it is a clean, unmodified opinion, and presented fairly in all material respects in accordance with generally accepted accounting principles. Unmodified is the highest level of assurance that can be provided on a financial statement. The consolidated statements also include the VBN Foundation and the Sports Development Company. As part of their services, Ms. Karpik reported her firm also prepares the tax returns for VBN, the Foundation and the Sports Development Company. We extended the VBN return, as the extension gives us until November 15th to file. The Foundation and Sports Development Company returns have been filed.

Required Communications: Ms. Karpik reported they are independent with respect to VBN. There were no issues when performing the audit. When they requested information, it was provided in a timely fashion. Accounting policies are consistently applied. There were no audit journal entries or passed journal entries.

Significant Footnotes:

Footnote 1 is related to the Erie County Contract, the requirement to repay the County surplus funds (excess of net assets over 6 months average of operating expenses for the preceding 36 months).

Footnote 4 is related to Long Term Debt, the EIDL – There is about \$140,000 to be repaid, and the organization is making payments as required in compliance with the terms of the agreement.

Footnote 5 is related to Lease Liabilities as an asset and a liability. It primarily has to do with our office rent space. We have about one year left on our office lease.

Footnote 9 is related to Risks and Uncertainties. We first saw the footnote for financial statements that were issued after March of 2020 due to the pandemic. This continues to be included in the financial statements, not to describe uncertainty relative to the overall organization due to the pandemic. This is more of a reminder that the organization has applied for the Employee Retention Credits and through the application process is to file an amended 941. The forms were submitted in April of 2023 and management feels confident of their determination of eligibility, but they are hesitant to recognize this as revenue until the funds are in hand. Management continues to monitor this.

Ms. Karpik reported that she also issues a Management Letter, and is issuing that there were no material weaknesses. Observations have been discussed with management and there is nothing of concern.

Statement of Activities: VBN ended 2023 with a loss of about \$591,000. This loss was expected and planned for based on how funds came in during 2020 and 2021 from Erie County. Revenues increased \$529,000 primarily due to our county grant going up about \$100,000 and receiving the Empire State Development Grant in the amount of \$354,000, as well as increased interest earnings. Expenses increased \$643,000. Salaries and related benefits are up about \$193,000. Advertising, marketing and promotions are up about \$311,000, and this is primarily related to grant activity and an event planner meeting that took place in 2023.

Balance Sheet: Overall we have a healthy balance sheet. Cash is down primarily due to the activity of the year. Cash receivables have increased from last year primarily due to the payment terms of the Empire State Development Grant. Liabilities are mostly timing related. We have \$1,471,000 of net assets, of which \$44,000 is restricted for the Paul Murphy Scholarship. The rest of the net assets are without donor restrictions.

A motion was made by Mr. Spasiano and seconded by Ms. Roberts to approve the audited financial statements as presented. Motion carried.

ADJOURNMENT: A motion was made by Ms. Brown and seconded by Mr. Spasiano to adjourn the VBN meeting. Motion carried. Meeting adjourned at 2:21 p.m.

Minutes prepared by J. Bialek

Approved: _____



Kimberley A. Minkel, Vice Chair