

**BELOIT CONVENTION &
VISITORS BUREAU, INC.
Beloit, Wisconsin**

**Financial Statements
and
Independent Auditor's Report**

December 31, 2020 and 2019

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SIEPERT & CO., LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Beloit Convention & Visitors Bureau, Inc.
Beloit, Wisconsin

Opinion

We have audited the accompanying financial statements of Beloit Convention & Visitors Bureau, Inc. (BCVB) (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beloit Convention & Visitors Bureau, Inc. as of December 31, 2020 and 2019, and the changes in its net assets 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 BCVB 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Board of Directors
Beloit Convention & Visitors Bureau, Inc.

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 BCVB'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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 BCVB'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 BCVB's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Beloit Convention & Visitors Bureau, Inc.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

SIEPERT & CO., LLP

Siepert & Co., LLP

Beloit, Wisconsin
August 19, 2021

BELOIT CONVENTION & VISITORS BUREAU, INC.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 457,104	\$ 487,883
Accounts receivable	194,378	224,476
Prepayments	10,451	11,508
Total current assets	661,933	723,867
Property and Equipment:		
Office equipment	39,471	60,769
Furniture and fixtures	30,460	30,460
Vehicles	45,977	45,977
Website	81,096	73,596
Total property and equipment	197,004	210,802
Less: Accumulated depreciation and amortization	180,054	173,844
Net property and equipment	16,950	36,958
Construction in process	394,480	19,757
Total net property and equipment	411,430	56,715
Total Assets	\$ 1,073,363	\$ 780,582
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 22,758	\$ 15,378
Legacy Program sponsorships payable	35,000	25,000
Grants payable	-	3,521
Retainage payable	28,538	-
Deferred revenue	30,513	27,488
Accrued payroll	4,341	8,520
Accrued vacation	9,804	-
Other payroll liabilities	4,696	5,270
Total current liabilities	135,650	85,177
Long-Term Liabilities:		
Note payable	110,902	-
Legacy Program sponsorships payable, net of discounts to present value	17,799	41,835
Total long-term liabilities	128,701	41,835
Total liabilities	264,351	127,012

BELOIT CONVENTION & VISITORS BUREAU, INC.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net Assets:		
Without donor restrictions-		
Undesignated	625,231	382,335
Designated	<u>183,781</u>	<u>271,235</u>
Total net assets	<u>809,012</u>	<u>653,570</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,073,363</u></u>	 <u><u>\$ 780,582</u></u>

The accompanying notes are an integral part of this statement.

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BELOIT CONVENTION & VISITORS BUREAU, INC.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions:		
Revenues and support:		
Room taxes	\$ 587,157	\$ 944,829
Grants	301,275	67,692
Expense reimbursements	29	-
Sponsorship fees	23,073	22,143
Other sales income, net of cost of sales of \$0 for 2020 and \$26 for 2019	989	5,715
In-kind contributions	29,583	29,583
Other contributions	66,162	-
Interest	613	559
Total revenues and support without donor restrictions	1,008,881	1,070,521
Expenses:		
Program services	754,130	922,201
Supporting services-		
Management and general	99,309	106,248
Total expenses	853,439	1,028,449
Change in net assets without donor restrictions	155,442	42,072
Change in Net Assets	155,442	42,072
Net Assets, Beginning of Year	653,570	611,498
Net Assets, End of Year	\$ 809,012	\$ 653,570

The accompanying notes are an integral part of this statement.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020		Total
	Program Services	Supporting Services Management and General	
Salaries	\$ 253,209	\$ 44,684	\$ 297,893
Payroll taxes	18,722	3,304	22,026
Employee benefits	45,849	5,094	50,943
Occupancy	19,334	19,332	38,666
Office supplies and expense	25,182	5,256	30,438
Telephone	1,312	387	1,699
Internet access and website	11,643	2,055	13,698
Postage	3,789	421	4,210
Maintenance and repairs	1,558	1,557	3,115
Research expense	24,489	-	24,489
Advertising and promotion	247,152	-	247,152
Marketing	13,060	-	13,060
Welcome vehicle expense	377	-	377
Conferences and meetings	5,236	583	5,819
Professional development	284	32	316
Familiarization tours	642	-	642
Event hosting	5,018	-	5,018
Travel	2,174	243	2,417
Membership dues and subscriptions	8,331	1,471	9,802
Grants and donations	-	-	-
Sponsorships	22,318	-	22,318
Professional fees	6,725	6,724	13,449
General insurance	6,357	2,368	8,725
Depreciation and amortization	19,160	3,381	22,541
Loss on disposal of property and equipment	5,344	876	6,220
Interest	5,958	1,052	7,010
Miscellaneous	907	489	1,396
Total Expenses	\$ 754,130	\$ 99,309	\$ 853,439

2019		
Program Services	Supporting Services Management and General	Total
\$ 274,294	\$ 48,405	\$ 322,699
21,949	3,874	25,823
48,602	5,400	54,002
19,825	14,797	34,622
25,115	6,186	31,301
1,106	343	1,449
11,230	1,982	13,212
7,125	791	7,916
514	513	1,027
36,629	-	36,629
183,652	-	183,652
17,038	-	17,038
5,120	-	5,120
17,678	1,964	19,642
601	67	668
10,180	-	10,180
20,262	-	20,262
21,067	2,340	23,407
10,220	1,804	12,024
19,305	-	19,305
121,416	-	121,416
7,612	7,613	15,225
3,907	2,426	6,333
29,231	5,158	34,389
-	-	-
-	-	-
8,523	2,585	11,108
<u>\$ 922,201</u>	<u>\$ 106,248</u>	<u>\$ 1,028,449</u>

The accompanying notes are an integral part of this statement.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ 155,442	\$ 42,072
Adjustments to reconcile change in net assets to net cash from operating activities-		
Depreciation and amortization	22,541	34,389
Loss on disposal of property and equipment	6,220	-
Change in assets and liabilities-		
Accounts receivable	30,098	28,862
Prepayments	1,057	4,678
Other current assets	-	73
Accounts payable	7,380	(7,631)
Legacy Program sponsorships payable	(14,036)	66,835
Grants payable	(3,521)	(19,647)
Retainage payable	28,538	-
Deferred revenue	3,025	-
Accrued payroll	(4,179)	(2,626)
Accrued vacation	9,804	-
Other payroll liabilities	(574)	4,240
Net cash from operating activities	241,795	151,245
Cash Flows From Investing Activities:		
Purchase of property and equipment	(383,476)	(32,238)
Net cash from investing activities	(383,476)	(32,238)
Cash Flows From Financing Activities:		
Proceeds from note payable	110,902	-
Net cash from financing activities	110,902	-
Change in Cash and Cash Equivalents	(30,779)	119,007
Cash and Cash Equivalents, Beginning of Year	487,883	368,876
Cash and Cash Equivalents, End of Year	\$ 457,104	\$ 487,883

The accompanying notes are an integral part of this statement.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Beloit Convention & Visitors Bureau, Inc. (BCVB), a nonprofit corporation located in Beloit, Wisconsin, was incorporated in 1987. Its purpose is to promote the Beloit area as a convention location and tourist area and to provide staff development and promotional services for the tourism industry to municipalities and other entities contracting with BCVB for such services.

In 2020, Visit Beloit, Inc. (Visit Beloit) was created as a separate nonprofit organization. Starting in 2021, Visit Beloit will manage the operational activities of the organization with the fundraising activities remaining under the BCVB organization. With this change, BCVB changed its name to Beloit Convention and Visitors Bureau Charitable Foundation, Inc.

Basis of Accounting

BCVB's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and support are being reported when earned regardless of when received and expenses are reported when incurred regardless of when payment is made.

Accounting 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, checking and money market accounts which have an original maturity of three months or less.

The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts at each FDIC insured depository institution. As of December 31, 2020 and 2019, BCVB had a carrying balance (excluding petty cash totaling \$207 and \$161, respectively) of \$456,897 and \$487,722, respectively. As of December 31, 2020 and 2019, the bank balances were \$460,566 and \$508,618, respectively, of which \$201,347 and \$97,139, respectively, was uninsured.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable reported on the Statements of Financial Position are typically due 30 days after billing, and uncollectable receivables are written off as deemed necessary. Management has evaluated accounts receivable as of December 31, 2020 and 2019, and management feels the amounts are fully collectable.

Accounts receivable consists of the following as of December 31:

	2020	2019
City room taxes	\$ 113,576	\$ 214,489
Greater Beloit Partnership reimbursements	-	295
Media buy	51,975	-
TRAVEL grant	18,591	-
Other	10,236	9,692
 Total	 \$ 194,378	 \$ 224,476

Property and Equipment

Property and equipment are recorded at original cost if purchased or estimated fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 with a useful life of 3 years or more are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation/amortization are removed from the accounts and resulting gains or losses are included in income on the Statements of Activities.

Property and equipment are depreciated/amortized using the straight-line method over their estimated useful lives which range from 3 to 10 years.

Classification of Net Assets

Net assets and revenues, support, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, BCVB's net assets and changes therein are classified and reported as follows:

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets (Continued)

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor imposed time and/or purpose restrictions. BCVB reports grants, funding and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. There were no net assets with donor restrictions as of December 31, 2020 and 2019.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the year in which the contributions are recognized. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

Revenues

BCVB's revenues are substantially provided by room taxes and grants. Room taxes are collected by the City of Beloit, WI and the City of South Beloit, IL to help promote tourism, conventions, expositions, theatrical, sport, and cultural activities. During 2020 and 2019, the City of Beloit, WI and the City of South Beloit, IL remitted 80% and 1%, respectively, of the room taxes collected to BCVB. This revenue amounted to approximately 58% and 88% of total revenues for the years ended December 31, 2020 and 2019, respectively. Grants received by BCVB amounted to approximately 30% and 7% of total revenues for the years ended December 31, 2020 and 2019, respectively.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

BCVB and Visit Beloit are nonprofit organizations exempt from federal and state income taxes under Internal Revenue Code Sections 501(c)(3) and 501(c)(6), respectively, both as other than a private foundation. As a result, there is no provision for income taxes in the financial statements.

Management of BCVB and Visit Beloit have evaluated for and determined there are no uncertain tax positions as of December 31, 2020. BCVB and Visit Beloit are subject to informational reporting requirements in the United States federal jurisdiction and the State of Wisconsin. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tax returns remain open for federal examination for the past three years and state examination for the past four years. At December 31, 2020, there are no ongoing income tax audits or unresolved disputes with the various taxing authorities BCVB and Visit Beloit currently file, or have filed, with.

Expense Allocation

Directly identifiable expenses are charged to program activities or appropriate supporting services. Expenses related to more than one function are charged to program activities and supporting services based on BCVB's analysis of personnel time and management's actual and estimated allocation of the expense. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of BCVB.

Advertising and Promotion Costs

BCVB expenses costs of advertising and promotion at the time incurred. Advertising and promotion expenses were \$247,152 and \$183,652 for the years ended December 31, 2020 and 2019, respectively.

NOTE B LIQUIDITY AND AVAILABILITY

BCVB regularly monitors liquidity required to meet its operating needs, while also striving to maintain liquid financial assets to cover 3 months of operating expenditures. Financial assets in excess of daily cash requirements are invested in money market funds. BCVB receives support without donor restrictions; such support has historically funded annual programs and supporting service needs.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE B LIQUIDITY AND AVAILABILITY (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, BCVB considers all administrative and general expenses, which are expected to be paid in the subsequent year, to be general expenditures.

As of December 31, the following table shows the total financial assets held by BCVB and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end-		
Cash and cash equivalents	\$ 457,104	\$ 487,883
Accounts receivable	194,378	224,476
Board designated funds	<u>(183,781)</u>	<u>(271,235)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 467,701</u>	<u>\$ 441,124</u>

NOTE C LEGACY PROGRAM SCHOLARSHIPS PAYABLE

Legacy Program scholarships payable consist of commitments due to local organizations as follows:

	<u>2020</u>	<u>2019</u>
Payable in less than one year	<u>\$ 35,000</u>	<u>\$ 25,000</u>
Payable in over one year	\$ 18,333	\$ 43,333
Less: Discounts to present value	<u>534</u>	<u>1,498</u>
Net long-term Legacy Program scholarships payable	<u>\$ 17,799</u>	<u>\$ 41,835</u>

The discount rate used on long-term Legacy Program scholarships payable was 3.0% for 2020 and 2019.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE D OFFICE LEASE

On October 13, 2017, BCVB entered into a month-to-month lease agreement for a temporary office space. Under this agreement, BCVB is not required to make rent or utility payments, but is responsible for all other costs incurred related to this temporary office space.

Rent expense was \$24,554 for the years ended December 31, 2020 and 2019, respectively. These amounts are included in occupancy costs along with other office costs and reimbursements on the Statements of Activities.

NOTE E RELATED PARTIES

BCVB is a member of the Greater Beloit Partnership (GBP) with the Greater Beloit Chamber of Commerce, Greater Beloit Economic Development Corporation, and Downtown Beloit Association. During 2020 and 2019, expense reimbursements received from GBP members totaled \$0 and \$44, respectively. As of December 31, 2020 and 2019, amounts receivable from GBP members totaled \$0 and \$295, respectively. As of December 31, 2020 and 2019, amounts payable to GBP members totaled \$100 and \$108, respectively. Also, BCVB has an agreement with the Downtown Beloit Association for shared marketing activities and shares website costs with the Greater Beloit Economic Development Corporation.

NOTE F IN-KIND CONTRIBUTIONS

As discussed in Note D, BCVB is currently under a month-to-month lease for a temporary office space that does not require rent or utility payments. As of December 31, 2020 and 2019, in-kind contributions for rent and utilities totaling \$29,583 have been reported in the Statements of Activities.

NOTE G NET ASSETS - DESIGNATED

As of December 31, 2020 and 2019, respectively, the Board designated \$183,781 and \$271,235 of net assets as an operating reserve to ensure net assets equal to three months of expected operating expenses would be designated for future expense payments. These amounts as of December 31, 2020 and 2019 are reported as designated net assets in the Statements of Financial Position.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE H LONG-TERM DEBT

As of December 31, 2020, long-term debt consisted of:

Construction loan in the original amount of \$496,000 dated November 23, 2020, due November 23, 2026, payable by monthly interest-only payments at 4.39% with a final balloon payment due at maturity. This loan was used to cover renovation costs for the 656 Pleasant Street project. The loan is secured by the 656 Pleasant Street property.	\$ 110,902
Less: Current maturity	<u> -</u>
Net Long-Term Debt	<u>\$ 110,902</u>

During 2020, BCVB drew \$110,902 on the construction loan. For the year ended December 31, 2020, loan fees of \$6,563 and interest paid on the loan of \$24 are included in interest expense as reported on the Statements of Functional Expenses.

Future scheduled maturities of long-term debt are as follows for the years ending December 31:

	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 4,869
2022	-	4,869
2023	-	4,869
2024	-	4,869
2025	-	4,869
2026	<u>110,902</u>	<u>4,389</u>
Total	<u>\$ 110,902</u>	<u>\$ 28,734</u>

NOTE I PAYCHECK PROTECTION PROGRAM LOANS

On April 17, 2020, BCVB received a Paycheck Protection Program (PPP) loan of \$65,739 through a local bank as part of the United States Small Business Administration's response to the coronavirus pandemic. Interest on this loan is charged at 1% and will be paid in 18

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE I PAYCHECK PROTECTION PROGRAM LOANS (Continued)

monthly installments following a six month deferral period. Subject to certain conditions, this loan and any accrued interest are subject to be forgiven. On December 9, 2020, BCVB's PPP loan and accrued interest of \$423 were fully forgiven.

BCVB applied for and received another PPP loan in 2021 through the United States Small Business Administration's second round of funding. See Note M.

NOTE J COPIER LEASE

Through January 2019, BCVB had a monthly service contract for its copier. In February 2019, BCVB entered into a 5 year lease for a copier. This lease requires monthly payments of \$206 from March 2019 through February 2024 plus overage charges. Total copier lease payments during the years ended December 31, 2020 and 2019 were \$2,173 and \$3,412, respectively.

Future minimum lease payments through maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	
2021	\$ 2,475
2022	2,475
2023	2,475
2024	<u>413</u>
Totals	<u>\$ 7,838</u>

NOTE K SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest totaled \$24 and \$0 for 2020 and 2019, respectively, as reported in the Statements of Activities. There was no cash paid for income taxes in 2020 or 2019.

NOTE L NEW ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) has issued a new pronouncement that will affect the accounting for nonprofit organizations. It is:

ASU 2016-02 *Leases*. This will amend the treatment of operating leases by lessees by requiring them to be recorded on the Statements of Financial Position as an asset and a liability. It will be effective for the year ending December 31, 2022.

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE L NEW ACCOUNTING PRONOUNCEMENT (Continued)

Management is in the process of reviewing its records to ensure BCBV is prepared to implement the new standard as required. No determination has been made as to the effect of this on BCBV's financial statements.

NOTE M SUBSEQUENT EVENTS

BCVB has evaluated subsequent events through August 19, 2021, which was the date these financial statements were available for issuance, and determined there were no significant non-recognized subsequent events through that date except as noted below.

In 2019, BCBV began a two-phase project to acquire a property from the City of Beloit for its new office and remodel the existing building and add additional office space and conference rooms. The project is expected to be completed by 2022, and BCBV is financing this project with a construction loan through a local bank. Phase one is expected to cost approximately \$330,000 and phase two is expected to cost approximately \$2,186,000. During 2019, BCBV incurred legal, engineering, design, and other costs totaling \$19,757 related to this project, and during 2020, an additional \$374,723 of legal, engineering, equipment, and construction costs were incurred, bringing the total costs incurred through December 31, 2020 to \$394,480. These amounts are reported as construction in process on the Statements of Financial Position as of December 31, 2020 and 2019, respectively.

In January 2020, the World Health Organization declared the novel coronavirus outbreak originating in Wuhan, China to be a public health emergency. This coronavirus spread to other countries, including the United States, and efforts to contain the spread of this coronavirus intensified. The outbreak and the preventative or protective actions that governments and BCBV took in respect of this coronavirus resulted in a period of business disruption and reduced operations. Any future resulting financial impact cannot be reasonably estimated at this time but may materially affect BCBV's financial condition and results of operations. The extent to which the coronavirus impacts BCBV's future results will depend on further developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

Room taxes are BCBV's main revenue source, and the coronavirus outbreak resulted in significant declines in the tourism industry and hotel usage, which led to decreases in room taxes remitted to BCBV. During the peak of the outbreak in 2020, room tax revenue was

BELOIT CONVENTION & VISITORS BUREAU, INC.
Notes to Financial Statements

NOTE M SUBSEQUENT EVENTS (Continued)

down approximately 54% from the same period in 2019. Total room tax revenue for 2020 was down approximately 38% when compared to 2019. Despite conditions starting to improve, the industry is still in fluctuation, and there is a reasonable possibility that tourism and hotel usage will continue to change, but that amount cannot be predicted.

On March 12, 2021, BCVB received a Paycheck Protection Program loan of \$67,708 through a local bank as part of the United States Small Business Administration's second round of funding in response to the coronavirus pandemic.