



Financial Statements

June 30, 2021

(with Comparative Totals for 2020)

Mammoth Lakes Tourism

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Independent Auditor's Report

To the Board of Directors
Mammoth Lakes Tourism
Mammoth Lakes, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mammoth Lakes Tourism (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Mammoth Lakes Tourism as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the June 30, 2020 financial statements of Mammoth Lakes Tourism, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenue and expenses - budget to actual on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Organization's 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Reno, Nevada
December 15, 2021

Mammoth Lakes Tourism
Statement of Financial Position
June 30, 2021
(with Comparative Totals for 2020)

	2021			2020
	Tourism Taxes	Business Improvement District	Total	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,954,009	\$ 5,197,772	\$ 7,151,781	\$ 5,328,251
Accounts receivable	435,180	587,759	1,022,939	471,063
Settlement receivable, current	-	-	-	300,000
Deposits	-	-	-	200
Prepaid expenses	65,102	-	65,102	19,314
Note receivable	225,138	-	225,138	-
Inventory	3,961	-	3,961	4,743
Total current assets	2,683,390	5,785,531	8,468,921	6,123,571
Property and Equipment, Net	522,761	-	522,761	618,131
Total assets	<u>\$ 3,206,151</u>	<u>\$ 5,785,531</u>	<u>\$ 8,991,682</u>	<u>\$ 6,741,702</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 62,977	\$ 328,480	\$ 391,457	\$ 1,365,251
Due to tourism taxes/(from) Business Improvement District	(5,249)	5,249	-	-
Accrued payroll, related benefits and compensated absences	72,799	-	72,799	71,601
Income tax payable	6	-	6	-
Total liabilities	130,533	333,729	464,262	1,436,852
Net Assets				
Without donor restrictions				
Invested in property and equipment, net	522,761	-	522,761	618,131
Undesignated	2,427,857	5,451,802	7,879,659	4,686,719
Total net assets without donor restrictions	2,950,618	5,451,802	8,402,420	5,304,850
With donor restrictions				
Purpose restricted	125,000	-	125,000	-
Total net assets	3,075,618	5,451,802	8,527,420	5,304,850
Total Liabilities and Net Assets	<u>\$ 3,206,151</u>	<u>\$ 5,785,531</u>	<u>\$ 8,991,682</u>	<u>\$ 6,741,702</u>

Mammoth Lakes Tourism
Statement of Activities
Year Ended June 30, 2021
(with Comparative Totals for 2020)

	2021			2020
	Tourism Taxes	Business Improvement District	Total	Total
Change in Net Assets Without Donor Restrictions				
Revenue				
Town of Mammoth Lakes				
Transient occupancy tax	\$ 1,751,600	\$ -	\$ 1,751,600	\$ 2,179,600
Improvement District assessment	-	4,411,172	4,411,172	4,373,743
Designated joint reserve fund	-	-	-	260,000
Food Bank contributions	4,147	-	4,147	208,607
Visitor guide sales	-	-	-	106,843
Retail sales	130	-	130	-
Certified folder display income	401	-	401	5,327
Mono County air support	-	-	-	35,000
Other revenue	1,200	-	1,200	16,234
Assessment interest and penalties	-	37,981	37,981	36,890
Interest income	22,846	1,936	24,782	8,488
Total revenue	<u>1,780,324</u>	<u>4,451,089</u>	<u>6,231,413</u>	<u>7,230,732</u>
Net Assets Released from Restrictions	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Expenses				
Marketing program				
General marketing	683,415	1,512,591	2,196,006	5,994,204
Sales	285,206	53,417	338,623	603,477
Public relations	222,156	2,140	224,296	318,122
Total marketing program	<u>1,190,777</u>	<u>1,568,148</u>	<u>2,758,925</u>	<u>6,915,803</u>
Supporting services				
General and administrative	309,935	89,983	399,918	480,364
Total expenses	<u>1,500,712</u>	<u>1,658,131</u>	<u>3,158,843</u>	<u>7,396,167</u>
Change in Net Assets Without Donor Restrictions	<u>304,612</u>	<u>2,792,958</u>	<u>3,097,570</u>	<u>(165,435)</u>
Change in Net Assets With Donor Restrictions				
Designated Joint Reserve Fund	150,000	-	150,000	-
Net assets released from restriction	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Increase in Net Assets With Donor Restrictions	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
Change in Total Net Assets	429,612	2,792,958	3,222,570	(165,435)
Net Assets, Beginning of Year	<u>2,646,006</u>	<u>2,658,844</u>	<u>5,304,850</u>	<u>5,470,285</u>
Net Assets, End of Year	<u>\$ 3,075,618</u>	<u>\$ 5,451,802</u>	<u>\$ 8,527,420</u>	<u>\$ 5,304,850</u>

See Notes to Financial Statements

Mammoth Lakes Tourism
Statement of Functional Expenses
Year Ended June 30, 2021
(with Comparative Totals for 2020)

	2021							2020				
	Tourism Taxes			Business Improvement District				Supporting Services				
				Marketing Program				General and Administrative				
	General Marketing	Sales	Public Relations	General Marketing	Sales	Public Relations	Total Program	Tourism Taxes	Business Improvement District	Total Supporting Services	Total Expenses	Total
Salaries	\$ 380,191	\$ 115,634	\$ 68,538	\$ -	\$ -	\$ -	\$ 564,363	\$ 162,440	\$ -	\$ 162,440	\$ 726,803	\$ 755,031
Payroll taxes and employee benefits	84,348	25,654	15,205	-	-	-	125,207	36,038	-	36,038	161,245	180,081
Agency fees	-	50,500	56,000	-	50,620	-	157,120	-	-	-	157,120	325,508
Air subsidy	-	-	-	79,800	-	-	79,800	-	-	-	79,800	2,267,829
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	3,200
Branding and promotional	-	7,269	4,001	-	-	2,140	13,410	-	-	-	13,410	29,785
Collateral and printing	14,526	-	-	-	-	-	14,526	-	-	-	14,526	15,237
Contract services	-	-	-	-	-	-	-	-	89,018	89,018	89,018	88,375
Crib condo expenses	-	-	23,284	-	-	-	23,284	-	-	-	23,284	27,495
Depreciation and amortization	53,318	-	-	42,052	-	-	95,370	-	-	-	95,370	171,922
Dues and subscriptions	3,585	4,078	7,644	14,823	-	-	30,130	-	-	-	30,130	39,193
Event marketing	4,785	-	-	-	-	-	4,785	-	-	-	4,785	44,559
Food bank program	1,160	-	-	-	-	-	1,160	-	-	-	1,160	284,741
Insurance	-	-	-	-	-	-	-	5,443	-	5,443	5,443	3,233
Interactive advertising	144	37,526	-	847,967	-	-	885,637	-	-	-	885,637	1,615,070
Joint reserve fund expenses	25,000	-	-	-	-	-	25,000	-	-	-	25,000	325,000
Marketing design	-	-	-	254,897	-	-	254,897	-	-	-	254,897	235,713
Marketing shows	-	42,918	-	-	-	-	42,918	-	-	-	42,918	55,165
Miscellaneous expense	-	-	-	-	-	-	-	920	965	1,885	1,885	8,522
Office operating and supplies	-	-	-	-	-	-	-	21,200	-	21,200	21,200	24,081
Online search advertising	-	-	-	1,900	-	-	1,900	-	-	-	1,900	11,300
Professional development	2,283	-	-	-	-	-	2,283	-	-	-	2,283	4,469
Professional services	113,611	-	-	135,000	-	-	248,611	43,429	-	43,429	292,040	420,335
Rent and other operating	-	-	-	-	-	-	-	3,776	-	3,776	3,776	7,894
Research and surveys	-	-	-	-	-	-	-	-	-	-	-	79,745
Social media and technology	-	-	-	40,949	-	-	40,949	8,035	-	8,035	48,984	47,073
Sponsorship	-	-	25,750	527	-	-	26,277	-	-	-	26,277	32,462
Supplies	-	1,066	86	-	-	-	1,152	-	-	-	1,152	8,808
Telephone and utilities	-	-	-	-	-	-	-	24,745	-	24,745	24,745	25,055
Travel, meals, and entertainment	236	561	21,648	80	2,797	-	25,322	-	-	-	25,322	131,956
Vehicle	-	-	-	-	-	-	-	3,909	-	3,909	3,909	12,135
Website redesign	228	-	-	94,596	-	-	94,824	-	-	-	94,824	115,195
	<u>\$ 683,415</u>	<u>\$ 285,206</u>	<u>\$ 222,156</u>	<u>\$ 1,512,591</u>	<u>\$ 53,417</u>	<u>\$ 2,140</u>	<u>\$ 2,758,925</u>	<u>\$ 309,935</u>	<u>\$ 89,983</u>	<u>\$ 399,918</u>	<u>\$ 3,158,843</u>	<u>\$ 7,396,167</u>

See Notes to Consolidated Financial Statements

Mammoth Lakes Tourism
Statement of Cash Flows
Year Ended June 30, 2021
(with Comparative Totals for 2020)

	2021			2020
	Tourism Taxes	Business Improvement District	Total	Total
Operating Activities				
Change in net assets	\$ 429,612	\$ 2,792,958	\$ 3,222,570	\$ (165,435)
Adjustments to reconcile change in net assets to net cash flows from (used for) operating activities				
Depreciation and amortization	53,318	42,052	95,370	171,922
Changes in				
Accounts and tourism occupancy taxes (TOT) receivable	(406,466)	(145,410)	(551,876)	76,780
Settlement receivable	300,000	-	300,000	300,000
Inventory	782	-	782	1,325
Deposits	200	-	200	-
Prepaid expenses	(49,036)	3,248	(45,788)	42,479
Note receivable	(225,138)	-	(225,138)	-
Accounts payable	25,745	(999,539)	(973,794)	(1,275,942)
Due to/(from)	(139,494)	139,494	-	-
Accrued payroll, related benefits and compensated absences	1,198	-	1,198	(28,133)
Sales and income tax payable	6	-	6	(178)
Net Cash Flows from (used for) Operating Activities	(9,273)	1,832,803	1,823,530	(877,182)
Net Change in Cash and Cash Equivalents	(9,273)	1,832,803	1,823,530	(877,182)
Cash and Cash Equivalents, Beginning of Year	1,963,282	3,364,969	5,328,251	6,205,433
Cash and Cash Equivalents, End of Year	\$ 1,954,009	\$ 5,197,772	\$ 7,151,781	\$ 5,328,251

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Mammoth Lakes Tourism (Organization) was incorporated on June 15, 2010 under the Nonprofit Mutual Benefit Corporation Law in the State of California. The Organization is organized under Section 501(c)(6) of the Internal Revenue Code. The primary function of the Organization is to engage in such activities as are meant to improve the tourism industry in the Town of Mammoth Lakes, CA (Town). The Organization's revenue is derived primarily from Mammoth Lakes Tourism Business Improvement District (TBID) assessments and transient occupancy taxes collected in the Town.

The Organization has entered into a contract with the Town to receive 2.35 points of the 13% transient occupancy tax (TOT or tourism taxes). Pursuant to the Organization's contract with the Town, should revenue collected exceed the budgeted amounts, such surplus is held in a designated joint reserve account for marketing purposes and controlled by joint approval from both the Organization's Board of Directors and the Town Council. Additional sources of funding are received from retail and advertising sales.

On July 24, 2013, TBID was formed to enhance funding for marketing efforts with a destination marketing and collective tourism strategy. The Organization will receive 100% of funds collected in conjunction with TBID. Funds will be collected by the Town with businesses paying a percentage of revenue as noted below. The TBID was renewed in July 2018 and the new five-year TBID will be in place until September 30, 2023.

TBID assessments commenced on September 1, 2013 and vary by business type and annual revenue. The TBID was recently renewed and collections began under the new Management District Plan on September 1, 2018. Retail businesses and restaurants are categorized as Tier 1, Tier 2, or Tier 3 based on annual gross revenue with assessments ranging from a \$50 flat rate per year to 1.5% of gross sales. Lodging businesses are assessed 1% of gross room revenue. Ski resorts are assessed 2% of lift ticket and ski school revenue and 1.5% of retail, restaurant, or equipment rental revenue. TBID funds can be used primarily for sales, marketing, public relations, and air service subsidy expenses. Businesses may also be reclassified to a different category if greater than 50% of revenue is generated from locals; an appeals procedure and panel is in place.

All significant interfund transactions have been eliminated.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of revenue payments due from the Town and amounts due from advertising customers. Management has not reflected an allowance for doubtful accounts as management believes all accounts are collectible at June 30, 2021.

Note Receivable

The note receivable consists of a \$200,000 loan made to another entity in order to be able to resume an event held in Mammoth Lakes each year. \$100,000 is payable by December 31, 2021 and \$100,000 is payable by March 31, 2022. The note bears interest at a rate of 1.02%. In addition, there is a reimbursable grant of \$25,000 payable by December 31, 2021 bearing interest at a rate of 1.02%. The remaining receivable amount is for interest accrued at June 30, 2021.

Inventory

Inventory consists primarily of general merchandise with the Mammoth Lakes logo provided at conferences or provided to businesses for resale. Inventory is valued at lower of cost or net realizable value and determined on the first-in, first out (FIFO) basis.

Property and Equipment

Property and equipment consist primarily of a high-altitude training condo known as “the Crib,” a virtual reality film, vehicles, and a website. Property and equipment additions over \$2,500 are recorded at cost, and depreciation on these assets is provided on a straight-line basis at annual rates over the estimated useful life of the assets. Contributed equipment is recorded at fair value at the date of contribution. The estimated useful life of property and equipment ranges between 2-39 years.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on the disposition of property and equipment are included in the statement of activities.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Net Assets

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

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

Revenue and Revenue Recognition

Revenue is recognized in the period in which it is applicable for TOT and TBID revenue passed through from Town. Certain other revenue such as joint reserve fund revenue is recognized when the activity that gives rise to the revenue is authorized. Revenue from visitor guide advertising sales is recognized when the visitor guide is available. Revenue such as assessment penalties, and similar is recognized upon the performance of the noted activity.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give 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 substantially met.

Donated Services

Donated professional services are recorded at the respective fair value of the services recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professional craftsmen.

Members of the Board of Directors donate their time to various activities of the Organization. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services.

Advertising Costs

Advertising costs relate to the promotion of tourism in the Mammoth Lakes region. The Organization expenses advertising costs as incurred. Advertising expense, including all marketing efforts, is reflected by type in the accompanying financial statements in the statement of functional expenses.

Functional Allocation of Expenses

The costs of marketing program and administrative supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a consistently applied, reasonable basis. Allocated expenses include salaries, payroll taxes and benefits, insurance, and social media and technology. Expenses are allocated based on estimated time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and Section 2370(f) of the California Tax Code as a business league. The entity is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been incurred in any of these accounts. Credit risk associated with accounts receivable is considered as limited due to the high historical collection rates and because substantial portions of the outstanding amounts are due from Town of Mammoth Lakes.

Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases. This amendment amends current guidance by requiring that lessees recognize a lease liability and a right-of-use asset (initially measured at the present value of the lease payments) on their balance sheets for operating leases. The accounting for lessors remains largely unchanged from prior guidance. Upon adoption, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period using a modified retrospective approach. This standard is effective for annual reporting periods beginning after December 15, 2021 or July 1, 2022 for the Organization. The Organization is currently assessing the impact the adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

Subsequent Events

Subsequent events have been evaluated through December 15, 2021, which represents the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

Cash in banks		\$ 3,606,599
Certificates of deposit		3,420,182
Accounts and current settlement receivable		<u>1,022,939</u>
		<u>\$ 8,049,720</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit with original maturities less than three months and savings accounts.

Note 3 - Concentration of Revenue

The Organization generates substantially all its revenue from TOT and TBID assessments collected in the Mammoth Lakes, California area. TOT and TBID assessments represented approximately 97% of total revenue for the year ended June 30, 2021.

Note 4 - Property and Equipment

Property and equipment are stated at cost or fair market value, if donated, and consists of the following at June 30, 2021:

Capital assets, not being depreciated	
Land	\$ 102,565
Capital assets, being depreciated	
Furniture and fixtures	37,987
Machinery and equipment	28,946
Vehicles	71,342
Building and improvements	426,671
Interactive	468,630
Total capital assets, being depreciated	1,033,576
Less accumulated depreciation	(613,380)
Total depreciable assets, net	420,196
Net capital assets	\$ 522,761

Depreciation expense totaled \$95,370 for the year ended June 30, 2021.

Note 5 - Operating Lease Commitments

The Organization currently leases office space from the Town. The term of the lease with the Town began July 1, 2020 and ends June 30, 2023. The lease called for a one-time payment of \$100.

In addition, the Organization entered into an operating lease during 2021 for the lease of a postage meter. The lease was for a term of 60 months with monthly payments of \$181. During the year ended June 30, 2021, the Organization incurred lease payments and equipment use expenses in conjunction with the postage meter lease of \$3,347, which is included in office operating and supplies expense on the statement of functional expenses.

Further, the Organization entered into an operating lease for a copy machine, beginning in October 2019, for a term of 60 months with monthly payments of \$650. This lease replaced a previous operating lease, which terminated upon signing of the October 2019 agreement. The monthly payment amount also includes ongoing maintenance, toner, and drums. During the year ended June 30, 2021, the Organization incurred lease payments and equipment use expenses in conjunction with copy machine leases of \$8,371, which is included in office operating and supplies expense on the statement of functional expenses.

Minimum future amounts payable under the above leases for the years ending June 30 are as follows:

Years Ending June 30,	
2022	\$ 9,975
2023	9,975
2024	4,775
2025	2,175
2026	1,269
	\$ 28,169

Note 6 - Retirement Plan

Eligible employees are authorized to contribute a portion of their wages to a qualified retirement plan established under Section 401(k) of the Internal Revenue Code. The plan reports on a calendar year basis. The Organization’s contribution consists of a required Safe Harbor Non-Elective contribution, as defined by the plan documents, equal to 100% of salary deferrals that do not exceed 3% of the eligible employee’s annual compensation, plus 50% of salary deferrals that are between 3% and 5% of the eligible employee’s annual compensation. During the year ended June 30, 2021, the Organization’s Safe Harbor Non-Elective contribution totaled \$20,130.

Note 7 - Commitments, Contingencies, and Subsequent Events

Commercial Air Service Cost Sharing Agreements

Air service for Winter 2020-2021 and Summer 2021 was planned, however was ultimately cancelled due to COVID-19 travel uncertainties. On October 22, 2021, the Organization renewed its cost sharing agreement with Mammoth Mountain Ski Area LLC (MMSA) relating to Non-Winter Season commercial air service. Under the terms of the cost sharing agreement, the Organization is responsible for the entire Non-Winter Season subsidy for April 1, 2022 through October 31, 2022. Funding for this subsidy will be paid by a combination of TOT and TBID funds. The Organization also guaranteed a Winter Season subsidy equal to a minimum revenue guarantee not to exceed \$1,510,000 for the airlines providing commercial air services to Bishop, California. Funding for that portion of the cost sharing agreement is paid by TBID funds. Amounts in excess of the subsidy are the responsibility of MMSA; MMSA also provides the required line of credit and insurance in connection with this agreement.

On August 4, 2021, the Organization entered into an agreement to subsidize certain air service provided by Advanced Air LLC for the 2021-22 Season. Due to COVID 19 risks Advance Air and Mammoth Lakes Tourism each have the right to reduce or cancel the air service once either determine the 2021-2022 season is no longer a viable financial investment. The Organization pays upfront an initial deposit toward flight operations of \$100,000 directly to Advanced Air LLC. Thereafter, the Organization pays as needed to maintain the account at \$100,000, up to a maximum of \$450,000. At the end of the season, any excess funds below \$100,000 are returned to the Organization by Advanced Air LLC. The Town has committed \$200,000 to reimburse the Organization if the Organization's obligation exceeds \$275,000.

Services Agreement

The Organization is contracted under a five-year service agreement through June 30, 2023 with the Town encompassing the responsibility for all tourism attraction, marketing and branding services. The Organization is compensated by the Town at the rate of 2.35 points of the 13% TOT, net of the Town's administrative costs. The rate of 2.35 points is subject to change annually as part of Town's budgeting process. Additionally, TBID funds will be passed through to the Organization at 100%, less funding support for the Town's employee assigned to TBID collection, enforcement, and related work.

California Welcome Center Agreement

The Organization signed an ongoing contractor agreement with the State of California Business, Transportation, and Housing Authority to operate an official California Welcome Center. This agreement calls for an annual fee totaling \$5,000 per year through June 30, 2023.

Event Center Agreement and Related Litigation

The Organization entered into an agreement on April 5, 2017 with the Town and with The Woods at Mammoth Lakes, LLC (Woods) to fund infrastructure improvements on the Woods Site located at 5699 Minaret Road in Mammoth Lakes, California. The Organization agreed to pay Woods a one-time payment of \$300,000 during the year ended June 30, 2017 to fund site infrastructure improvements involving construction of an event venue. The infrastructure improvements must be completed by Woods within five years after Town issues a permit to Woods, or the funds must be repaid to the Organization.

The Organization filed a lawsuit against Woods and its owner(s) on October 25, 2018 since the project was not completed, rather, the property was put up for sale by Woods with no intention by Woods of improving or maintaining the site per the terms of the original agreement between the Organization and Woods. On November 11, 2019, the lawsuit was settled in the Organization's favor. As a result, Woods paid the Organization \$300,000 during the year ended June 30, 2020, and the remaining \$300,000, plus interest of \$22,601, was paid on January 5, 2021.

Litigation Activities

A lawsuit was filed in Mono County Superior Court, naming the Organization, among other parties, as a defendant. This lawsuit alleged that the TBID is illegal and was looking to require the refund of all TBID Assessments collected by Town and disgorgement from all recipients of TBID funds, including the Organization. This case was dismissed on January 24, 2020 and the TBID was not impacted. However, the plaintiff appealed the case and the Court of Appeal affirmed judgement in favor of MLT on November 15, 2021. Though the Main Street Taxpayer Association may petition the Court of Appeal for rehearing and petition the California Supreme Court for review, the matter is considered closed at this time.

Los Angeles Kings Promotional Partnership

The Organization entered into a new agreement on January 8, 2021 with the Los Angeles Kings (Kings). The Organization will receive various marketing and promotional activations during Kings games for the 2021-2022 season at a cost of \$100,000. The 2019-2020 season was shortened due to the COVID-19 pandemic, and the Organization did not fund the partnership for the 2020-2021 season. Due to this, the Organization has a \$50,000 credit remaining that will be carried forward to the 2021-2022 season, leaving \$50,000 payable on or before February 1, 2022. Additionally, the agreement includes an option to extend for two additional seasons through the 2022-2023 season.

Advertising, Marketing, and Public Relations

The Organization entered into an open-ended agreement dated July 1, 2020 with The Shipyard, LLC to provide various marketing services to be paid primarily through TBID revenue, including development of a strategic marketing plan, presentations, general brand management, integrated media planning and purchases, creative development services, and research. The Shipyard, LLC agreement calls for a service fee of \$10,000 per month for the first six months and \$12,500 for the last six months, plus a commission based upon gross charges for all advertising space or time used; the commission rate is 15% for digital media and 10% for traditional media. This agreement is subject to both parties renegotiating the Scope of Work and associated compensation if the budget adjusts by +/- 20%, and payments for commissions for planned and purchased media that is canceled will still be due to The Shipyard, LLC.

The Organization entered into agreements with various firms to provide international marketing, air service consulting, and public relations services. The agreements include, but are not limited to, services account management, quarterly reporting, travel trade, public relations and in-market events. The Organization has one or more agreements with the following agencies:

- Marketing Services International, Germany, Austria, and Switzerland \$19,000 per year, effective until terminated
- Marketing Services International, California Partnership, \$14,000 per year, effective until terminated
- Gate 7, Australia and New Zealand, \$44,000 per year, effective through June 30, 2022
- AVIAREPS srl, Italy, \$10,000 per year, effective through August 31, 2022
- Black Diamond, United Kingdom and Ireland, \$44,000 per year, effective through June 30, 2022
- Bluebird Communications, \$84,000 per year, effective until terminated
- Sartha Global Marketing, India, \$10,000 per year, effective through June 30, 2022
- Airplanners, \$48,000 per year, effective through July 31, 2022
- TracPro Mobile, \$11,650 per year, effective through October 31, 2022

Joint Reserve Funds

The Town holds funds on reserve based on excess TOT collections, which are made available to the Organization at the Town's discretion. Funds totaling \$150,000 were remitted to the Organization at June 30, 2021 and were recorded as revenue with donor restrictions as the funds were restricted to be used to fund special events. \$25,000 was released from restriction during the year ended June 30, 2021.

As of June 30, 2021, the reserve funds, which are held by Town and not reflected in the accompanying financial statements of the Organization, totaled approximately \$2,015,145.

COVID-19 Pandemic

During 2020, the world-wide COVID-19 pandemic impacted national and global economies. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Organization is not known.

Note 8 - Related Party Transactions

During the year ended June 30, 2021, the Organization entered into various related party transactions with companies where Board members are employed. These transactions included: \$79,800 paid to MMSA for Air Subsidy agreement discussed in Note 7 and season pass expense of \$10,621.



Supplementary Information
June 30, 2021

Mammoth Lakes Tourism

Mammoth Lakes Tourism
Schedule of Revenue and Expenses – Budget to Actual – Tourism Taxes
Year Ended June 30, 2021

	Tourism Taxes		
	Budget	Actual	Variance
Revenue			
Town of Mammoth Lakes - transient occupancy taxes	\$ 1,746,624	\$ 1,751,600	\$ 4,976
Designated joint reserve fund	200,000	150,000	(50,000)
Food Bank revenue	-	4,147	4,147
Retail sales/royalty income	4,000	130	(3,870)
Certified folder display income	9,600	401	(9,199)
Other revenue	-	1,200	1,200
Interest income	-	22,846	22,846
Total revenue	<u>1,960,224</u>	<u>1,930,324</u>	<u>(29,900)</u>
Expenses			
Marketing program			
General marketing	1,043,254	683,415	359,839
Sales	449,413	285,206	164,207
Public relations	<u>271,468</u>	<u>222,156</u>	<u>49,312</u>
Total marketing program	1,764,135	1,190,777	573,358
Supporting services			
General and administrative	<u>241,850</u>	<u>309,935</u>	<u>(68,085)</u>
Total expenses	<u>2,005,985</u>	<u>1,500,712</u>	<u>505,273</u>
Change in Net Assets	<u>\$ (45,761)</u>	<u>\$ 429,612</u>	<u>\$ 475,373</u>

Mammoth Lakes Tourism
Schedule of Revenue and Expenses – Budget to Actual – Business Improvement District
Year Ended June 30, 2021

	Business Improvement District		
	Budget	Actual	Variance
Revenue			
Tourism assessment revenue	\$ 3,246,773	\$ 4,411,172	\$ 1,164,399
Assessment interest and penalties	-	37,981	37,981
Interest income	-	1,936	1,936
Total revenue	<u>3,246,773</u>	<u>4,451,089</u>	<u>1,204,316</u>
Expenses			
Marketing program			
General marketing	3,711,027	1,512,591	2,198,436
Sales	77,500	53,417	24,083
Public relations	23,750	2,140	21,610
Total marketing program	<u>3,812,277</u>	<u>1,568,148</u>	<u>2,244,129</u>
Supporting services			
General and administrative	64,935	89,983	(25,048)
Total expenses	<u>3,877,212</u>	<u>1,658,131</u>	<u>2,219,081</u>
Change in Net Assets	<u>\$ (630,439)</u>	<u>\$ 2,792,958</u>	<u>\$ 3,423,397</u>