BELLA VISTA ADVERTISING & PROMOTION COMMISSION

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2023

PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

DECEMBER 31, 2023

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PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Commissioners
Bella Vista Advertising & Promotion Commission
Bella Vista, Arkansas

Opinion

We have audited the accompanying financial statements of the governmental activities of the Bella Vista Advertising & Promotion Commission, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Bella Vista Advertising & Promotion Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Bella Vista Advertising & Promotion Commission as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Bella Vista Advertising & Promotion Commission, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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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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 the Bella Vista Advertising & Promotion Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing, 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 the Bella Vista Advertising & Promotion Commission'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 the Bella Vista Advertising & Promotion Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate

operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 18, 2025

FINANCIAL STATEMENTS

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

AS OF DECEMBER 31, 2023

	General	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	$ 69,699	$ -	$ 69,699
Certificate of deposit	101,953	-	101,953
Accounts receivable, net	50,612	-	50,612
Prepaid expenses	5,000	-	5,000
Inventory	3,440	-	3,440
Total Assets	$ 230,704	-	230,704
Liabilities			
Accounts payable	$ 6,637	-	6,637
Total Liabilities	6,637	-	6,637
Fund Balances/Net Position			
Fund balances:			
Nonspendable	8,440	(8,440)	-
Restricted	215,627	(215,627)	-
Total Fund Balances	224,067	(224,067)	-
Total Liabilities and Fund Balances	$ 230,704		
Net Position:			
Restricted		224,067	224,067
Total Net Position		224,067	224,067
Total Liabilities and Net Position		$ -	$ 230,704

See accompanying notes to financial statements.

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Adjustments	Statement of Activities
General Revenues			
Taxes	$ 446,529	$ -	$ 446,529
Contribution	12,500	-	12,500
Interest income	1,953	-	1,953
Product sales	2,956	-	2,956
Miscellaneous	664	-	664
Total General Revenues	464,602	-	464,602
Expenditures/Expenses			
Advertising	84,458	-	84,458
Community promotion	28,750	-	28,750
Content marketing	35,318	-	35,318
Technology and website	19,230	-	19,230
Professional services	65,226	-	65,226
Events and conferences	542	-	542
Marketing and management coordinator	138,753	-	138,753
Dues and memberships	11,300	-	11,300
Special projects	93,620	-	93,620
Cost of product sales	2,542	-	2,542
Other	876	-	876
Total Expenditures/Expenses	480,615	-	480,615
Change in Fund Balance/Net Position	(16,013)	-	(16,013)
Fund Balance/Net Position Beginning of Year	240,080	-	240,080
Fund Balance/Net Position End of Year	$ 224,067	$ -	$ 224,067

See accompanying notes to financial statements.

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Nature of Operations

The Bella Vista Advertising & Promotion Commission (the Commission) was created by the City Council of Bella Vista, Arkansas, via City Ordinance 2017-15 in April 2017. The Commission was created to facilitate tourism and the promotion of the City of Bella Vista, Arkansas (the City).

The Commission consists of seven members, four of which represent the hospitality industry, two represent the City Council, and one is a resident at-large representative. Commissioners serve staggered four-year terms, voted in by existing commissioners.

1. Summary of Significant Accounting Policies

Financial Reporting

The accompanying financial statements of the Commission have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The Commission is not presented in the City of Bella Vista, Arkansas' Annual Comprehensive Financial Report. The financial statements present only the Commission and are not intended to present the financial position and results of operations of the City of Bella Vista, Arkansas.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues which include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred.

Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports one major governmental fund. The special revenue fund is the Commission's operating fund. It accounts for all financial resources of the Commission. Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes. The Commission's revenues are restricted exclusively for the advertising and promotion of the City and its environs and/or for the construction, maintenance, repair, and operation of a convention center, including the pledge of revenues therein to the payment of bonds issued.

Assets, Liabilities and Net Assets or Equity

Accounts Receivable

Accounts receivable in governmental funds and governmental activities include revenue accruals for taxes since they are usually both measurable and available. Past-due status is based on contractual terms. The Commission does not charge interest on past-due accounts but does charge a 5% late fee for late payments. The Commission determines the collectability of individual accounts based on historical collection experience and current economic conditions. Accounts are written off after reasonable collection efforts are made. The allowance for doubtful accounts is $3,057 at December 31, 2023.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (continued)

Subscription-Based Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contractual agreements that convey control of the right-to-use another entities information technology asset, alone, or in conjunction with a tangible capital asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Commission does not have any SBITA's in excess of one year.

Net Position and Fund Balances

Government-Wide Statements:

The government-wide financial statements utilize a net position presentation. Net position is categorized in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position consists of assets that must be used for a particular purpose as specified by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of "restricted" or net investment in capital assets.

The Commission does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. For financial statement classification of net position amounts, restricted resources are considered spent before unrestricted.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. The Commission's fund balance is classified as the following:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (continued)

Net Position and Fund Balances (continued)

The Commission does not have a policy addressing whether it considers restricted, committed, or unassigned to have been spent when expenditures are incurred for purposes when restricted, committed and unassigned balances are available. For financial statement classification of fund balance amounts in the financial statements, committed amounts would be reduced first, followed by assigned amounts and then unassigned.

Revenues

The Commission is funded by a 2% tax on the gross receipts or gross proceeds from renting, leasing, or otherwise furnishing hotel, motel, house, cabin, bed and breakfast, campground, condominium, or other similar rental accommodations for sleeping, meeting, or other party room facilities for profit in the City, not including rental or lease of such accommodations for periods of thirty days or more.

The Commission is also funded by a 1% tax on the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants, or similar businesses from the sale of prepared food and (non-alcoholic) beverages for on-premises consumption, but such tax shall not apply to such gross receipts or proceeds of certain tax-exempt organizations.

The taxes levied are collected from the user of the accommodations or purchaser of food by the sellers of such goods and/or services and remitted to the Commission by the 20th day of each month for the preceding month.

Income Taxes

The District is exempt from income taxes as a governmental agency.

Advertising

The Commission expenses advertising, marketing, and promotion costs as incurred.

Budgetary Principles

The Commission is legally required to adopt an annual budget for the ensuing fiscal year. Prior to the commencement of the fiscal year, the annual budget is prepared and submitted to the Board of Commissioners for approval. Budget approval is performed at one of the Commission's quarterly meetings, which are open to the public. Budgets are reviewed mid-year and adjusted as necessary to reflect changing conditions.

GASB Statement No. 34 requires that budgetary comparison statements for Special Revenue Funds be presented in the basic financial statements. These statements must display original budget, final amended budget and actual results.

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent 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 these estimates.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following new accounting standards effective for the Commission's year beginning January 1, 2023:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. The purpose of this statement is to improve financial reporting issues related to PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance and financial reporting for subscription-based technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA.

Implementation of these standards did not have an impact on the Commission's financial statements.

2. Deposits With Financial Institutions

The Commission does not have a formal deposit and investment policy, but does follow state laws. State statutes generally require that municipal funds be deposited in federally insured banks located in the state of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in direct obligations of the United States of America, the principal and interest of which are fully guaranteed by the United States government.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be recovered. At December 31, 2023, the Commission had no deposits that were uninsured or uncollateralized. The bank balances and carrying amount of the Commission's deposits held were as follows:

2. Deposits With Financial Institutions (continued)

As of December 31, 2023	Bank Balance	Carrying Amount
Insured	$ 172,677	$ 171,652
Total	$ 172,677	$ 171,652

Deposits as reported in the following Statement of Net Position / Governmental Funds Balance Sheet captions:

As Of December 31, 2023	
Cash and cash equivalents	$ 69,699
Certificate of deposit	101,953
Total	$ 171,652

Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of of an investment. The Commission manages its exposure to declines in fair values by limiting the duration of its certificate of deposit to one year.

Fair Value Measurements

The Commission's investments are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categories are as follows:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for identical investments in markets that are not active.

Level 3 - Unobservable inputs

Fair Value Measurements (continued)

The following table represents the Commission's investments that are measured at fair value on a recurring basis at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	$ 101,953	$ -	$ -	$ 101,953
Total	$ 101,953	$ -	$ -	$ 101,953

Certificates of deposit are stated at cost plus interest earned.

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. Revenues

Tax revenues collected are broken out as follows:

Year Ended December 31, 2023		
Food and beverage	$	216,783
Lodging		229,746
Total	$	446,529

Related Party

Per Ordinance 2017-15, four of the Commission members are owners or managers of businesses in the tourism industry which collect the hotel or restaurant taxes levied. Total collections received by the Commission from these entities during the year ended December 31, 2023 were $22,134.

4. Concentrations

Generally accepted accounting principles require disclosure of current vulnerabilities due to certain concentrations. The Commission receives substantially all of its revenues from taxes levied on entities in the hospitality industry in the City of Bella Vista, Arkansas. In addition, total revenues collected from one entity represented approximately 31% of the Commission's total revenues during the year ended December 31, 2023. Any significant changes in the economy or tourism industry could negatively impact the Commission.

5. Commitments

The Commission enters into contracts for accounting services and software rental management. These contracts are renewed annually. In addition, the Commission enters into contract for marketing services. Expense under these contracts is as follows:

Year Ended December 31, 2023		
Marketing services	$	163,200
Software		20,980
Accounting		7,762
Total	$	191,942

Prior to year-end and subsequent to year-end the Commission renewed these annual contracts. Future commitments under these contracts are as follows:

Year Ending December 31,		
2024	$	197,070
2025		202,431
2026		147,996
Total	$	399,501

6. Subsequent Events

The Commission has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2023 through February 18, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BELLA VISTA ADVERTISING & PROMOTION COMMISSION

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over/(Under)
General Revenues				
Taxes	$ 410,000	$ 410,000	$ 446,529	$ 36,529
Contribution	-	-	12,500	12,500
Interest income	500	500	1,953	1,453
Product sales	-	-	2,956	2,956
Miscellaneous	100	100	664	564
Total General Revenues	410,600	410,600	464,602	54,002
Expenditures/Expenses				
Advertising	75,000	65,000	84,458	19,458
Community promotion	33,500	33,500	28,750	(4,750)
Content marketing	36,400	46,400	35,318	(11,082)
Technology and website	15,528	15,528	19,230	3,702
Professional services	79,500	89,620	65,226	(24,394)
Events and conferences	5,000	5,000	542	(4,458)
Marketing and management coordinator	118,080	118,080	138,753	20,673
Dues and memberships	10,500	10,500	11,300	800
Special projects	61,700	86,700	93,620	6,920
Cost of product sales	-	-	2,542	2,542
Other	-	-	876	876
Total Expenditures/Expenses	435,208	470,328	480,615	10,287
Change in Fund Balance/Net Position	(24,608)	(59,728)	(16,013)	43,715
Fund Balance/Net Position Beginning of Year	240,080	240,080	240,080	-
Fund Balance/Net Position End of Year	$ 215,472	$ 180,352	$ 224,067	$ 43,715

See independent auditor's report.