



# AUDIT PRESENTATION

December 31, 2023

Lumsden   
McCormick LLP

CERTIFIED PUBLIC ACCOUNTANTS

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# AUDITORS' REPORTS AND FILINGS



- The financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America
  - Unmodified “clean” opinion
  - VBN consolidated financial statements include Foundation and Buffalo Niagara Sports Development Company, Inc.; consolidating schedules presented as additional information
- Required Communication With Those Charged With Governance
- Management Letter
- Tax Filings for VBN, Foundation, and Sports Development
  - Due May 15<sup>th</sup>; extensions available

# REQUIRED COMMUNICATIONS

## AUDIT ADJUSTMENTS

- No audit journal entries or passed journal entries

## ESTIMATES

- Evaluated key factors and assumptions
- Significant estimates
  - Collectability of accounts receivable
  - Functional expense allocations

## FRAUD

- Financial audit not designed to detect fraud
- Limited procedures performed
  - No unusual items noted

# REQUIRED COMMUNICATIONS CONT.

## FINANCIAL STATEMENT REPORTING AND DISCLOSURES

- FN 1 – Erie County Contract
  - Repay County surplus funds (excess of net assets over 6 months average of operating expenses for preceding 36 months)
  - Schedule of contracted surplus – additional information
  - Deficit of \$1,356,833 at December 31, 2023
- FN 4 – Long Term Debt – \$150,000 Economic Injury Disaster Loan (EIDL)
- FN 5 – Lease Liabilities
- FN 9 – Risks and Uncertainties
  - Applied for approximately \$390,000 Employee Retention Credits in April 2023

# OBSERVATIONS AND RECOMMENDATIONS



## MATERIAL WEAKNESS

- Deficiency such that there is a reasonable possibility that a material misstatement will not be prevented, or detected and corrected, timely; none noted

## SIGNIFICANT DEFICIENCY

- Merits attention by those charged with governance
- Comments not deemed to be significant deficiencies

## OTHER COMMENTS AND RECOMMENDATIONS

- Segregation of duties – update of prior year

# FINANCIAL SUMMARY

## STATEMENTS OF ACTIVITIES

	2023	2022	Variance	
<b>Changes in net assets:</b>				
Revenue and other support:				
Grants	\$ 4,355,718	\$ 3,908,838	\$ 446,880	\$3.9m Erie County subsidy (\$3.7m PY); ESD
Private sector participation	78,453	98,090	(19,637)	
Advertising	152,230	118,311	33,919	Visitor Guide
Interest and other	73,237	5,401	67,836	Interest earnings on money market account
Total revenue and other support	<u>4,659,638</u>	<u>4,130,640</u>	<u>528,998</u>	
Expenses:				
Payroll and related	2,169,588	1,976,858	192,730	Merit raises, additional staff hirings
Advertising, marketing and promotion	1,792,014	1,480,639	311,375	Increase from grant activity and event planner mtg
Market research	158,213	191,958	(33,745)	
Convention services, trade shows, events	452,353	398,321	54,032	Increased activity; display booth costs
Visitors' Guide	150,762	97,996	52,766	Change in paper quality
Postage, printing and supplies	69,531	57,818	11,713	
Occupancy, depreciation and other	459,947	405,680	54,267	Increase in search fees
Total expenses	<u>5,252,408</u>	<u>4,609,270</u>	<u>643,138</u>	
Contributions - restricted	<u>1,790</u>	<u>3,212</u>	<u>(1,422)</u>	Paul Murphy Scholarship Fund
<b>Change in net assets</b>	<b>\$ (590,980)</b>	<b>\$ (475,418)</b>	<b>\$ (116,984)</b>	

# FINANCIAL SUMMARY

## BALANCE SHEETS



	2023	2022	
<b>Assets</b>			
Cash	\$ 1,366,883	\$ 2,141,243	
Receivables, prepaid expenses and other	614,498	346,058	Empire State Development grant pmt terms
Property and equipment	64,812	83,544	
Right of use assets - leases	81,340	174,375	Office space lease; ASU 2016-02
	<u>\$ 2,127,533</u>	<u>\$ 2,745,220</u>	
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 210,401	\$ 159,380	Timing of payables
Refundable advances	-	44,499	Theatre promotion grant PY
Deferred revenue	224,174	160,600	Visitor Guide ad sales
Debt	140,473	144,241	EIDL loan
Lease liabilities	81,340	174,375	Office space lease
	<u>656,388</u>	<u>683,095</u>	
<b>Net assets:</b>			
Without donor restrictions	1,427,140	2,017,910	
With donor restrictions	44,005	44,215	Paul Murphy Scholarship Fund
	<u>1,471,145</u>	<u>2,062,125</u>	
	<u>\$ 2,127,533</u>	<u>\$ 2,745,220</u>	



# QUESTIONS AND DISCUSSION

