

**VISIT BELOIT, INC.
AND SUBSIDIARY
Beloit, Wisconsin**

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

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Visit Beloit, Inc. and Subsidiary
Beloit, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Visit Beloit, Inc. and Subsidiary (Visit Beloit) (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of December 31, 2022 and 2021, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Visit Beloit as of December 31, 2022 and 2021, 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 Consolidated Financial Statements section of our report. We are required to be independent of Visit Beloit 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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Board of Directors
Visit Beloit, Inc. and Subsidiary

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Visit Beloit's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Visit Beloit'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Visit Beloit's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Visit Beloit, Inc. and Subsidiary

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in pages 21 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

SIEPERT & CO., LLP



Beloit, Wisconsin
September 20, 2023

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 872,613	\$ 695,077
Accounts receivable, net	256,569	235,995
Prepaid expenses	38,079	13,463
Total current assets	1,167,261	944,535
Property and Equipment:		
Building and improvements	773,574	762,085
Office equipment	85,103	85,105
Furniture and fixtures	28,460	28,460
Vehicles	52,228	45,977
Website	92,536	46,496
Total property and equipment	1,031,901	968,123
Less: Accumulated depreciation and amortization	198,071	161,065
Total net property and equipment	833,830	807,058
Other Assets:		
Internal-use software, net	31,829	-
Total Assets	\$ 2,032,920	\$ 1,751,593
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current maturity - long-term debt	\$ 16,615	\$ 15,903
Accounts payable	12,968	59,721
Legacy Program sponsorships payable	85,250	64,333
Accrued payroll	6,588	5,660
Accrued vacation	9,804	9,804
Other payroll liabilities	5,484	4,754
Accrued expenses - internal-use software	15,915	-
Deferred revenue	25,863	26,238
Contract liabilities	4,808	23,660
Total current liabilities	183,295	210,073

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Long-Term Liabilities:		
Note payable	462,491	478,803
Accrued expenses - internal-use software	15,914	-
Legacy Program sponsorships payable, net of discounts	128,999	142,512
Total long-term liabilities	607,404	621,315
Total liabilities	790,699	831,388
Net Assets:		
Without donor restrictions-		
Undesignated	962,089	590,171
Designated	280,132	330,034
Total net assets	1,242,221	920,205
Total Liabilities and Net Assets	\$ 2,032,920	\$ 1,751,593

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Change in Net Assets Without Donor Restrictions:		
Revenues and support-		
Room taxes	\$ 1,056,707	\$ 903,756
Grants	341,401	78,956
Expense reimbursements	18,552	-
Sponsorship fees	25,948	4,860
Fundraising event income, net of expenses of \$28,420 for 2022	2,598	-
Other sales income, net of cost of sales of \$0 for 2022 and \$607 for 2021	9,663	2,052
In-kind contributions	-	4,931
Other contributions	-	68,081
Interest	1,062	238
Miscellaneous	34	-
Total revenues	1,455,965	1,062,874
Expenses-		
Program services	1,007,096	832,530
Supporting services-		
Management and general	126,853	119,151
Total expenses	1,133,949	951,681
Change in net assets without donor restrictions	322,016	111,193
Change in Net Assets	322,016	111,193
Net Assets, Beginning of Year	920,205	809,012
Net Assets, End of Year	\$ 1,242,221	\$ 920,205

The accompanying notes are an integral part of this statement.

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Supporting Services Management and General	Total
Salaries	\$ 281,247	\$ 49,631	\$ 330,878
Payroll taxes	21,552	3,803	25,355
Employee benefits	47,078	5,232	52,310
Occupancy	7,191	7,192	14,383
General insurance	7,739	2,431	10,170
Office supplies and expense	29,133	6,502	35,635
Telephone	1,339	349	1,688
Internet access and website	23,532	4,152	27,684
Postage	6,301	701	7,002
Maintenance and repairs	15,280	15,280	30,560
Professional fees	10,075	10,075	20,150
Conferences and meetings	15,074	1,674	16,748
Travel	26,184	2,909	29,093
Professional development	5,236	582	5,818
Familiarization tours	17,110	-	17,110
Event hosting	36,972	-	36,972
Membership dues and subscriptions	12,947	2,285	15,232
Advertising and promotion	195,705	-	195,705
Marketing	22,695	-	22,695
Welcome vehicle expense	2,755	-	2,755
Sponsorships	92,844	-	92,844
Grants and donations	4,550	-	4,550
Research expense	56,954	-	56,954
Depreciation and amortization	41,540	7,330	48,870
Interest	18,448	3,255	21,703
Miscellaneous	7,615	3,470	11,085
Total Expenses	\$ 1,007,096	\$ 126,853	\$ 1,133,949

The accompanying notes are an integral part of this statement.

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services Management and General	Total
Salaries	\$ 245,339	\$ 43,294	\$ 288,633
Payroll taxes	18,321	3,233	21,554
Employee benefits	44,432	4,938	49,370
Occupancy	13,213	13,213	26,426
General insurance	4,625	2,284	6,909
Office supplies and expense	35,738	7,524	43,262
Telephone	1,334	354	1,688
Internet access and website	15,557	2,746	18,303
Postage	3,271	364	3,635
Maintenance and repairs	17,683	26,754	44,437
Professional fees	6,791	6,792	13,583
Conferences and meetings	1,946	217	2,163
Travel	7,424	600	8,024
Professional development	5,833	648	6,481
Familiarization tours	15,624	-	15,624
Event hosting	16,372	-	16,372
Membership dues and subscriptions	9,570	1,689	11,259
Advertising and promotion	97,454	-	97,454
Marketing	11,250	-	11,250
Welcome vehicle expense	262	-	262
Sponsorships	205,747	-	205,747
Grants and donations	132	-	132
Research expense	19,700	-	19,700
Depreciation and amortization	13,268	2,343	15,611
Interest	17,733	56	17,789
Miscellaneous	3,911	2,102	6,013
Total Expenses	<u>\$ 832,530</u>	<u>\$ 119,151</u>	<u>\$ 951,681</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 322,016	\$ 111,193
Adjustments to reconcile change in net assets to net cash from operating activities-		
Depreciation and amortization	52,921	15,611
Change in assets and liabilities-		
Accounts receivable	(20,574)	(41,617)
Prepayments	(24,616)	(3,012)
Accounts payable	(46,753)	36,963
Legacy Program sponsorships payable	7,404	154,046
Accrued payroll	928	1,319
Other payroll liabilities	730	58
Retainage payable	-	(28,538)
Accrued expenses - internal-use software	31,829	-
Deferred revenue	(375)	(4,275)
Contract liabilities	(18,852)	23,660
Net cash from operating activities	304,658	265,408
Cash Flows From Investing Activities:		
Purchase of property and equipment	(63,778)	(411,239)
Purchase of internal-use software	(47,744)	-
Net cash from investing activities	(111,522)	(411,239)
Cash Flows From Financing Activities:		
Proceeds from note payable	-	385,098
Principal payments on note payable	(15,600)	(1,294)
Net cash from financing activities	(15,600)	383,804
Net Change in Cash and Cash Equivalents	177,536	237,973
Cash and Cash Equivalents - Beginning of Year	695,077	457,104
Cash and Cash Equivalents - End of Year	\$ 872,613	\$ 695,077

The accompanying notes are an integral part of this statement.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Beloit Convention and Visitors Bureau Charitable Foundation, Inc. (BCVBCF), a nonprofit corporation located in Beloit, Wisconsin, was incorporated in 1987. Its purpose is to manage destination development projects and fundraising activities. Visit Beloit, Inc., a nonprofit corporation located in Beloit, Wisconsin, was incorporated in 2019. 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.

Principles of Consolidation

The financial statements include the accounts and transactions of the parent Visit Beloit, Inc. and the wholly owned subsidiary Beloit Convention and Visitors Bureau Charitable Foundation, Inc. (collectively, referred to as "Visit Beloit"). Intercompany transactions have been eliminated in the consolidation.

Basis of Accounting

Visit Beloit's consolidated 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 consolidated 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 Statements 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.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

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, 2022, Visit Beloit's cash and cash equivalents had a carrying balance (excluding petty cash totaling \$200) of \$872,413 and the bank balances were \$882,496, of which \$354,430 was uninsured. As of December 31, 2021, Visit Beloit's cash and cash equivalents had a carrying balance (excluding petty cash totaling \$207) of \$694,870 and the bank balances were \$708,211, of which \$193,340 was uninsured.

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, 2022 and 2021, and management feels the amounts are fully collectable.

Accounts receivable consists of the following as of December 31, 2022 and 2021:

	<u>12/31/2022</u>	<u>12/31/2021</u>
City room taxes	\$ 243,370	\$ 219,441
TIC grant	7,500	7,500
Other	<u>5,699</u>	<u>9,054</u>
 Total	 <u>\$ 256,569</u>	 <u>\$ 235,995</u>

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 more than one year 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.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Visit Beloit's net assets and changes therein are classified and reported as follows:

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. Visit Beloit 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, 2022 and 2021.

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

Visit Beloit's revenues are substantially provided by room taxes. Room taxes are collected by the City of Beloit, Wisconsin and the City of South Beloit, Illinois to help promote tourism, conventions, expositions, theatrical, sport, and cultural activities. During 2022 and

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued)

2021, the City of Beloit, Wisconsin and the City of South Beloit, Illinois remitted 80% and 1%, respectively, of the room taxes collected to Visit Beloit. These revenues amounted to approximately 73% and 85% of total revenues for the years ended December 31, 2022 and 2021 respectively.

Income Taxes

Beloit Convention and Visitors Bureau Charitable Foundation, Inc. and Visit Beloit, Inc. 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 consolidated financial statements.

Management of Beloit Convention and Visitors Bureau Charitable Foundation, Inc. and Visit Beloit, Inc. have evaluated for and determined there are no uncertain tax positions as of December 31, 2022. Beloit Convention and Visitors Bureau Charitable Foundation, Inc. and Visit Beloit, Inc. 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, 2022, there are no ongoing income tax audits or unresolved disputes with the various taxing authorities Beloit Convention and Visitors Bureau Charitable Foundation, Inc. and Visit Beloit, Inc. 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 Visit Beloit'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 Visit Beloit.

Advertising and Promotion Costs

Visit Beloit expenses costs of advertising and promotion at the time incurred. Advertising and promotion expenses were \$195,705 and \$97,454 for the years ended December 31, 2022 and 2021, respectively.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2021 consolidated financial statements to conform with the 2022 presentation.

NOTE B LIQUIDITY AND AVAILABILITY

Visit Beloit 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. Visit Beloit receives support without donor restrictions; such support has historically funded annual programs and supporting service needs.

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

As of December 31, 2022 and 2021, the following table shows the total financial assets held by Visit Beloit and the amounts of those financial assets that could readily be made available within one year of the Statement of Financial Position date to meet general expenditures:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Financial assets at year-end-		
Cash and cash equivalents	\$ 872,613	\$ 695,077
Accounts receivable	256,569	235,995
Board designated funds	<u>(280,132)</u>	<u>(330,034)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 849,050</u>	<u>\$ 601,038</u>

NOTE C INTERNAL-USE SOFTWARE

In January 2022, Visit Beloit entered into a three year managed information technology agreement that includes software as a service, software licensing, and implementation services. This agreement requires monthly payments of \$2,963 from January 2022 through March 2022, \$2,220 from April 2022 through March 2023, and \$2,343 from April 2023 through December 2024. The software licenses and implementation costs under this agreement have been capitalized as internal-use software and are being amortized using the straight-line method over the life of the agreement. Accrued expenses were also recorded related to this agreement for costs expected to be amortized over the remaining life of the agreement.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE C INTERNAL-USE SOFTWARE (Continued)

Internal-use software, net includes the following at December 31, 2022:

Internal-use software	\$ 40,140
Capitalized implementation costs	7,604
	47,744
Less: Accumulated amortization	15,915
	\$ 31,829

Amortization expense on internal-use software included in depreciation and amortization as reported on the Statement of Functional Expenses amounted to \$15,915 for 2022.

NOTE D LEGACY PROGRAM SPONSORSHIPS PAYABLE

Legacy Program sponsorships payable as of December 31, 2022 and 2021 consist of commitments due to local organizations as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Payable in less than one year	\$ 85,250	\$ 64,333
Payable in over one year	\$ 134,500	\$ 149,500
Less: Discounts to present value	5,501	6,988
Net long-term Legacy Program sponsorships payable	\$ 128,999	\$ 142,512

The discount rate used on long-term Legacy Program sponsorships payable was 3.0% for 2022 and 2021.

NOTE E OFFICE LEASE

On October 13, 2017, Visit Beloit entered into a month-to-month lease agreement for a temporary office space. Under this agreement, Visit Beloit was not required to make rent or utility payments, but was responsible for all other costs incurred related to this temporary office space. This lease agreement ended on March 1, 2021.

Rent expense was \$4,092 for the year ended December 31, 2021, which is included in occupancy costs along with other office costs and utilities on the Statement of Activities.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE F RELATED PARTIES

Visit Beloit 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 2022 and 2021, payments made to related parties totaled \$16,862 and \$4,993, respectively, and receipts from related parties totaled \$4,274 and \$260, respectively. As of December 31, 2022, amounts receivable from related parties totaled \$83 and there were no amounts payable to related parties. As of December 31, 2021, there were no amounts receivable from or payable to related parties. Also, Visit Beloit has an agreement with the Downtown Beloit Association for shared marketing activities and shares website costs with the Greater Beloit Economic Development Corporation.

NOTE G IN-KIND CONTRIBUTIONS

As discussed in Note E, Visit Beloit was under a month-to-month lease for a temporary office space through March 1, 2021, which did not require rent or utility payments. For the year ended December 31, 2021, in-kind contributions for rent and utilities totaling \$4,931 have been reported in the Statement of Activities.

NOTE H DESIGNATED NET ASSETS

As of December 31, 2022 and 2021, the Board designated \$280,132 and \$330,034 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, 2022 and 2021 are reported as designated net assets in the Statements of Financial Position.

NOTE I LONG-TERM DEBT

As of December 31, 2022 and 2021, long-term debt of BCVBFC consisted of:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Construction loan in the original amount of \$496,000 dated November 23, 2020, due November 23, 2041, payable by monthly payments of \$3,109 at 4.39%. This loan was used to cover renovation costs for the 656 Pleasant Street project. The loan is secured by the 656 Pleasant Street property.	\$ 479,106	\$ 494,706
Less: Current maturity	<u>16,615</u>	<u>15,903</u>
Net Long-Term Debt	<u>\$ 462,491</u>	<u>\$ 478,803</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE I LONG-TERM DEBT (Continued)

There were no draws on the construction loan in 2022. During 2021, Visit Beloit drew \$385,098 on the construction loan. For the years ended December 31, 2022 and 2021, interest paid on the loan of \$21,703 and \$17,417, respectively, is 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>
2023	16,615	20,688
2024	17,359	19,944
2025	18,137	19,166
2026	18,949	18,354
2027	19,798	17,505
2028-2032	113,115	73,399
2033-2037	140,823	45,691
2038-2041	<u>134,310</u>	<u>12,095</u>
Total	<u>\$ 479,106</u>	<u>\$ 226,842</u>

NOTE J PAYCHECK PROTECTION PROGRAM LOAN

On March 12, 2021, Visit Beloit received a Paycheck Protection Program (PPP) 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. Interest on this loan is charged at 1% and will be paid in 18 monthly installments following a six month deferral period. Subject to certain conditions, this loan and any accrued interest are subject to be forgiven. On September 30, 2021, Visit Beloit's PPP loan and accrued interest of \$373 were fully forgiven, which was recorded as other contributions on the Statement of Activities.

NOTE K SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest totaled \$21,703 and \$17,417 for 2022 and 2021, respectively, as reported in the Statement of Activities. There was no cash paid for income taxes in 2022 and 2021.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE L DESTINATION MARKETING ORGANIZATION GRANT PROGRAM

In December 2021, Visit Beloit entered into a Destination Marketing Organization Grant Program agreement with the State of Wisconsin Department of Administration. Under this agreement, Visit Beloit was awarded \$257,112 as a reimbursable grant for eligible expenses with a period of performance of March 3, 2021 through December 31, 2022. This grant will be recorded as grant revenue once the related eligible expenses are incurred. As of December 31, 2021, Visit Beloit had not incurred any eligible expenses or received any grant funds under this agreement. During 2022, Visit Beloit incurred eligible expenses and received the \$257,112 grant funds, which are included in grants as reported on the Statement of Activities.

NOTE M REVENUE RECOGNITION

In accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Visit Beloit's revenue from contracts with customers is recorded based on the accrual basis of accounting and is derived primarily from event fees. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. All of Visit Beloit's revenue from contracts with customers is from performance obligations satisfied over time and is derived from contracts with an initial expected duration of one year or less. Prices are specific to distinct performance obligations and do not consist of multiple transactions.

ASU 2014-09 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers. Visit Beloit recognizes contracts with customers as goods or services are transferred or provided in accordance with ASU 2014-09.

Visit Beloit has multiple revenue sources that are accounted for as exchange transactions, including event fees and merchandise sales.

1. Visit Beloit receives fees for various events, including the Dairyland Baseball Series, Broadcast Symposium, and Lager Than Life. Event fees are paid upon registration for the specific event. The benefits received include the ability to participate in the specific event. Event fees are paid at the time of registration for the event and revenue is recognized at the start of the specific event in the period that the event is held. Refunds may be given as determined on a case-by-case basis.
2. Visit Beloit receives revenue from the sale of merchandise. Items are paid for as the sale commences and revenue is recognized when the sale is completed.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE M REVENUE RECOGNITION (Continued)

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract accounts receivable as reported on the Consolidated Statements of Financial Position. Amounts are billed in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Visit Beloit had no material contract receivables as of December 31, 2022, December 31, 2021, and January 1, 2021.

Contract liabilities represent payments received from customers prior to the satisfaction of the corresponding performance obligations. Contract liabilities are recognized as revenue once the corresponding performance obligations are satisfied based on the contract with the customer. Contract assets represent Visit Beloit's right to consideration based on satisfied performance obligations from contracts with customers. Visit Beloit had no material contract assets recorded during the years ended December 31, 2022 and 2021. The beginning and ending balances of Visit Beloit's contract liabilities were as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>1/1/2021</u>
Advance Dairyland Baseball Series revenue	\$ 4,443	\$ 9,982	\$ 4,525
Advance Broadcast Symposium revenue	-	13,678	-
Advance Lager Than Life revenue	<u>365</u>	<u>-</u>	<u>-</u>
Total Contract Liabilities	<u>\$ 4,808</u>	<u>\$ 23,660</u>	<u>\$ 4,525</u>

Performance Obligations

Visit Beloit had no material unsatisfied performance obligations as of December 31, 2022 and 2021.

NOTE N SUBSEQUENT EVENTS

Visit Beloit has evaluated subsequent events through September 20, 2023, which was the date these consolidated financial statements were available for issuance, and determined there were no significant non-recognized subsequent events through that date except as noted below.

VISIT BELOIT, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

NOTE N SUBSEQUENT EVENTS (Continued)

In May 2023, Visit Beloit entered into an updated license and sponsorship agreement with a Legacy Program Sponsorship recipient organization that modified an existing agreement covering 2021 through 2024 by modifying the grant payment details and extended the term of the agreement through 2025. The details of this updated license and sponsorship agreement were used in calculating Legacy Program sponsorships payable as of December 31, 2022.

In 2019, Visit Beloit 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. Visit Beloit is financing this project with a construction loan through a local bank. The first stage of phase one was completed during 2021 at a cost of \$762,085. As of December 31, 2022, the second stage of phase one is in process related to finishing the event venue, which is expected to be completed by the end of 2023 at an expected cost of \$539,584. Phase two has an expected cost of \$4,593,964.

The City of Beloit has notified Visit Beloit that one lodging establishment was delinquent in reporting and remitting room taxes for the first two quarters of 2023, and the reporting and remittance of future room taxes was uncertain. Based on historical trends, quarterly room tax revenue for Visit Beloit has averaged approximately \$31,350 for this lodging establishment. If these room taxes are not received, this will significantly impact Visit Beloit's room tax revenue.

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2022 Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 844,107	\$ 28,506	\$ -	\$ 872,613
Accounts receivable	251,569	5,000	-	256,569
Prepayments	38,079	-	-	38,079
Total current assets	<u>1,133,755</u>	<u>33,506</u>	<u>-</u>	<u>1,167,261</u>
Property and Equipment:				
Building and improvements	-	773,574	-	773,574
Office equipment	85,103	-	-	85,103
Furniture and fixtures	28,460	-	-	28,460
Vehicles	52,228	-	-	52,228
Website	92,536	-	-	92,536
Total property and equipment	258,327	773,574	-	1,031,901
Less: Accumulated depreciation and amortization	<u>175,504</u>	<u>22,567</u>	<u>-</u>	<u>198,071</u>
Total net property and equipment	<u>82,823</u>	<u>751,007</u>	<u>-</u>	<u>833,830</u>
Other Assets:				
Internal-use software, net	<u>31,829</u>	<u>-</u>	<u>-</u>	<u>31,829</u>
Total Assets	<u>\$ 1,248,407</u>	<u>\$ 784,513</u>	<u>\$ -</u>	<u>\$ 2,032,920</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2022 Totals
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current maturity - long-term debt	\$ -	\$ 16,615	\$ -	\$ 16,615
Accounts payable	12,968	-	-	12,968
Legacy Program sponsorships payable	-	85,250	-	85,250
Accrued payroll	6,588	-	-	6,588
Accrued vacation	9,804	-	-	9,804
Other payroll liabilities	5,484	-	-	5,484
Retainage payable	-	-	-	-
Accrued expenses - internal-use software	15,915	-	-	15,915
Deferred revenue	25,863	-	-	25,863
Contract liabilities	4,443	365	-	4,808
Total current liabilities	<u>81,065</u>	<u>102,230</u>	<u>-</u>	<u>183,295</u>
Long-Term Liabilities:				
Note payable	-	462,491	-	462,491
Accrued expenses - internal-use software	15,914	-	-	15,914
Legacy Program sponsorships payable, net of discounts to present value	-	128,999	-	128,999
Total long-term liabilities	<u>15,914</u>	<u>591,490</u>	<u>-</u>	<u>607,404</u>
Total liabilities	<u>96,979</u>	<u>693,720</u>	<u>-</u>	<u>790,699</u>
Net Assets:				
Without donor restrictions-				
Undesignated	871,296	90,793	-	962,089
Designated	280,132	-	-	280,132
Total net assets	<u>1,151,428</u>	<u>90,793</u>	<u>-</u>	<u>1,242,221</u>
Total Liabilities and Net Assets	<u>\$ 1,248,407</u>	<u>\$ 784,513</u>	<u>\$ -</u>	<u>\$ 2,032,920</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
December 31, 2022 and 2021

	<u>Visit Beloit, Inc.</u>	<u>BCVBCF</u>	<u>Eliminations</u>	<u>2021 Totals</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 690,775	\$ 4,302	\$ -	\$ 695,077
Accounts receivable	235,995	-	-	235,995
Prepayments	13,463	-	-	13,463
Total current assets	<u>940,233</u>	<u>4,302</u>	<u>-</u>	<u>944,535</u>
Property and Equipment:				
Building and improvements	-	762,085	-	762,085
Office equipment	85,105	-	-	85,105
Furniture and fixtures	28,460	-	-	28,460
Vehicles	45,977	-	-	45,977
Website	46,496	-	-	46,496
Total property and equipment	206,038	762,085	-	968,123
Less: Accumulated depreciation and amortization	<u>153,841</u>	<u>7,224</u>	<u>-</u>	<u>161,065</u>
Total net property and equipment	<u>52,197</u>	<u>754,861</u>	<u>-</u>	<u>807,058</u>
Total Assets	<u>\$ 992,430</u>	<u>\$ 759,163</u>	<u>\$ -</u>	<u>\$ 1,751,593</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2021 Totals
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current maturity - long-term debt	\$ -	\$ 15,903	\$ -	\$ 15,903
Accounts payable	59,721	-	-	59,721
Legacy Program				-
scholarships payable	-	64,333	-	64,333
Accrued payroll	5,660	-	-	5,660
Accrued vacation	9,804	-	-	9,804
Other payroll liabilities	4,754	-	-	4,754
Retainage payable	-	-	-	-
Deferred revenue	26,238	-	-	26,238
Contract liabilities	23,660	-	-	23,660
Total current liabilities	129,837	80,236	-	210,073
Long-Term Liabilities:				
Note payable	-	478,803	-	478,803
Legacy Program				
sponsorships payable, net of discounts to present value	-	142,512	-	142,512
Total long-term liabilities	-	621,315	-	621,315
Total liabilities	129,837	701,551	-	831,388
Net Assets:				
Without donor restrictions-				
Undesignated	532,559	57,612	-	590,171
Designated	330,034	-	-	330,034
Total net assets	862,593	57,612	-	920,205
Total Liabilities and Net Assets	\$ 992,430	\$ 759,163	\$ -	\$ 1,751,593

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Activities
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2022 Totals
Change in Net Assets Without Donor Restrictions:				
Revenues and support-				
Room taxes	\$ 1,056,707	\$ -	\$ -	\$ 1,056,707
Grants	341,351	50	-	341,401
Expense reimbursements	3,302	15,250	-	18,552
Sponsorship fees	25,948	-	-	25,948
Fundraising event income, net of expenses of \$28,420	-	2,598	-	2,598
Other sales income, net of cost of sales of \$0	9,663	-	-	9,663
Interest	1,040	22	-	1,062
Transfers	-	135,616	(135,616)	-
Miscellaneous	-	34	-	34
Total revenues	<u>1,438,011</u>	<u>153,570</u>	<u>(135,616)</u>	<u>1,455,965</u>
Expenses-				
Program services	1,029,259	113,453	(135,616)	1,007,096
Supporting services-				
Management and general	119,917	6,936	-	126,853
Total expenses	<u>1,149,176</u>	<u>120,389</u>	<u>(135,616)</u>	<u>1,133,949</u>
Change in net assets without donor restrictions	<u>288,835</u>	<u>33,181</u>	<u>-</u>	<u>322,016</u>
Change in Net Assets	288,835	33,181	-	322,016
Net Assets, Beginning of Year	<u>862,593</u>	<u>57,612</u>	<u>-</u>	<u>920,205</u>
Net Assets, End of Year	<u>\$ 1,151,428</u>	<u>\$ 90,793</u>	<u>\$ -</u>	<u>\$ 1,242,221</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Activities
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2021 Totals
Change in Net Assets				
Without Donor Restrictions:				
Revenues and support:				
Room taxes	\$ 903,756	\$ -	\$ -	\$ 903,756
Grants	78,956	-	-	78,956
Sponsorship fees	4,860	-	-	4,860
Other sales income, net of cost of sales of \$607	1,867	185	-	2,052
In-kind contributions	4,931	-	-	4,931
Other contributions	68,081	-	-	68,081
Interest	161	77	-	238
Transfers	-	276,997	(276,997)	-
Total revenues	<u>1,062,612</u>	<u>277,259</u>	<u>(276,997)</u>	<u>1,062,874</u>
Expenses-				
Program services	886,864	222,663	(276,997)	832,530
Supporting services-				
Management and general	118,036	1,115	-	119,151
Total expenses	<u>1,004,900</u>	<u>223,778</u>	<u>(276,997)</u>	<u>951,681</u>
Change in net assets without donor restrictions	<u>57,712</u>	<u>53,481</u>	<u>-</u>	<u>111,193</u>
Change in Net Assets	57,712	53,481	-	111,193
Net Assets, Beginning of Year	<u>804,881</u>	<u>4,131</u>	<u>-</u>	<u>809,012</u>
Net Assets, End of Year	<u>\$ 862,593</u>	<u>\$ 57,612</u>	<u>\$ -</u>	<u>\$ 920,205</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2022 Totals
Cash Flows From Operating Activities:				
Change in net assets	\$ 288,835	\$ 33,181	\$ -	\$ 322,016
Adjustments to reconcile change in net assets to net cash from operating activities-				
Depreciation and amortization	37,578	15,343	-	52,921
Change in assets and liabilities-				
Accounts receivable	(15,574)	(5,000)	-	(20,574)
Prepayments	(24,616)	-	-	(24,616)
Accounts payable	(46,753)	-	-	(46,753)
Legacy Program sponsorships payable	-	7,404	-	7,404
Accrued payroll	928	-	-	928
Other payroll liabilities	730	-	-	730
Accrued expenses - internal-use software	31,829	-	-	31,829
Deferred revenue	(375)	-	-	(375)
Contract liabilities	(19,217)	365	-	(18,852)
Net cash from operating activities	<u>253,365</u>	<u>51,293</u>	<u>-</u>	<u>304,658</u>
Cash Flows From Investing Activities:				
Purchase of property and equipment	(52,289)	(11,489)	-	(63,778)
Purchase of internal-use software	(47,744)	-	-	(47,744)
Net cash from investing activities	<u>(100,033)</u>	<u>(11,489)</u>	<u>-</u>	<u>(111,522)</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2022 Totals
Cash Flows From Financing Activities:				
Principal payments on note payable	-	(15,600)	-	(15,600)
Net cash from financing activities	-	(15,600)	-	(15,600)
 Net Change in Cash and Cash Equivalents	 153,332	 24,204	 -	 177,536
 Cash and Cash Equivalents - Beginning of Year	 690,775	 4,302	 -	 695,077
 Cash and Cash Equivalents - End of Year	 \$ 844,107	 \$ 28,506	 \$ -	 \$ 872,613

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2021 Totals
Cash Flows From Operating Activities:				
Change in net assets	\$ 57,712	\$ 53,481	\$ -	\$ 111,193
Adjustments to reconcile change in net assets to net cash from operating activities-				
Depreciation and amortization	8,387	7,224	-	15,611
Intercompany transfers	641,024	(641,024)	-	-
Change in assets and liabilities-				
Accounts receivable	(41,617)	-	-	(41,617)
Prepayments	(3,012)	-	-	(3,012)
Accounts payable	36,963	-	-	36,963
Legacy Program sponsorships payable	-	154,046	-	154,046
Accrued payroll	1,319	-	-	1,319
Other payroll liabilities	58	-	-	58
Retainage payable	-	(28,538)	-	(28,538)
Deferred revenue	(4,275)	-	-	(4,275)
Contract liabilities	23,660	-	-	23,660
Net cash from operating activities	<u>720,219</u>	<u>(454,811)</u>	<u>-</u>	<u>265,408</u>
Cash Flows From Investing Activities:				
Purchase of property and equipment	<u>(29,444)</u>	<u>(381,795)</u>	<u>-</u>	<u>(411,239)</u>
Net cash from investing activities	<u>(29,444)</u>	<u>(381,795)</u>	<u>-</u>	<u>(411,239)</u>

VISIT BELOIT, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	Visit Beloit, Inc.	BCVBCF	Eliminations	2021 Totals
Cash Flows From Financing Activities:				
Proceeds from note payable	-	385,098	-	385,098
Principal payments on note payable	-	(1,294)	-	(1,294)
Net cash from financing activities	-	383,804	-	383,804
Net Change in Cash and Cash Equivalents	690,775	(452,802)	-	237,973
Cash and Cash Equivalents - Beginning of Year	-	457,104	-	457,104
Cash and Cash Equivalents - End of Year	<u>\$ 690,775</u>	<u>\$ 4,302</u>	<u>\$ -</u>	<u>\$ 695,077</u>