



north lake tahoe

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## Finance Committee Staff Report

Date: 08/28/19

To: North Lake Tahoe Resort Association (NLTRA) Finance Committee

From: Bonnie Bavetta, CFO

RE: Report for June and July 2019

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A summary of preliminary NLTRA financial results for June 30, 2019 follows.

- Cash balance on June 30, 2019 of \$664,000 was 26% or \$231,000 less than prior year primarily a result of greater total expenditures in fiscal year 2018/19 and a pay for performance element of the County contract.
- Accounts receivable related to sales commissions totaled \$31,000 up \$7,000 from prior year due to timing.
- The Accounts Receivable – TOT balance of \$342,000 reflected the County TOT funding invoices, most of which will be re-classed to the Deferred Revenue County account.
- Membership dues and other membership related accounts receivable totaled \$3,000, reflecting an adjusted balance for unearned and uncollected membership fees. The balance is considered collectible, although an allowance for doubtful accounts is carried at \$1,587.
- Receivable from NLTMC of \$16,000 reflects the credit card charges and other amounts due from NLTMC to NLTRA. Payment was received in July.
- Prepaid Insurance balance of \$14,000 reflected payment at the end of the month for the subsequent month's coverage. Payment timing was changed this year.
- Prepaid expenses - Other of \$6,000 was \$11,000 less than prior year, a \$1,000 adjustment for an unpaid amount at 6/30/19 is pending,
- Accounts payable, including credit cards, of \$74,000 were \$31,000 greater than prior year due primarily to timing and higher expenditures in the month.
- Wages and related liabilities of \$155,000 were \$17,000 or 12% greater than prior year. Wages, commissions, taxes & 401k payable were \$3,000 less than the same date last year reflecting a similar pay period accrued. Incentives Payable were \$15,000 higher than prior year and PTO liability was \$4,000 or 8% higher than prior year. Both were impacted by wage and incentive adjustments put in place with the staff restructuring (higher potential incentives), and newer hires now reaching a full year of tenure.
- Accrued Expenses of \$57,000 were \$8,000 greater than prior year and included the balance of contracts entered into during fiscal year 2018/19 with commitments due to be paid in 2019/20. This was agreed to in the County contract.
- Deferred Revenue-Member Dues of \$58,000 was \$1,000 greater than prior year and reflected an adjusted balance for unpaid and unearned dues.

- Deferred Revenue—County of \$350,000 reflected the prepayment of TOT funds made at the beginning of the fiscal year to assist with cash flow due to the new performance based timing of monthly payments from the County. A large portion of the Account Receivable County balance will be re-classed to decrease this Deferred Revenue account.
- YTD consolidated net loss of \$3,000 at month end June represented Membership's negative net results YTD of \$2,000, and \$1,000 net loss that will be reduced to zero with a re-class of TOT funding.
- Operating Results YTD – Marketing
  - YTD adjusted Revenue from Placer TOT Funding of \$2,960,000 was below budget \$78,000, the result of expenditures being below budget.
  - Net expenses, after consideration of Autumn Food & Wine revenues and before overhead allocation, totaled \$2,621,000 and were \$56,000 or approximately 2% under budget,
  - Overhead allocation was \$22,000 less than budget
  - Total net expenses before TOT funding were less than budget \$78,000.
- Operating Results YTD – Conference
  - Commission & conference dues revenue of \$79,000 was \$19,000 or 44% above budget Adjusted TOT revenue of \$331,000 was \$27,000 less than budget
  - Expenses of \$352,000 before allocated overhead were \$4,000 or 1% less than budget; Sales commissions expense was up \$13,000 to budget, offset by wages and related down \$17,000.
  - Allocated overhead of \$58,000 was \$3,000 below budget
  - Net expenditures before TOT funding were less than budget by \$27,000
- Operating Results YTD – Visitor Center
  - Merchandise sales of \$111,000 were up \$6,000 or 6% relative to budget. Adjusted TOT revenue of \$374,000 was \$32,000 below budget.
  - Expenses before overhead allocation of \$405,000 were down \$31,000 or 8% relative to budget, primarily a result of wage and related expenses down \$10,000 (benefit expenses down) and building related expenses down \$17,000 (renovation project postponed and rent budget was high)
  - Allocated overhead expense was up \$4,000 or 6% to budget, but will be adjusted down due to move of budgeted expenses to Admin for Civitas contract.
  - Net total expense before TOT funding of \$373,000 was \$32,000 less than budget
- Operating Results YTD – TMPI
  - Expenditures were \$825 over budget before overhead allocation
- Operating Results YTD – Membership
  - Membership dues revenues of \$138,000 were \$10,000 or 8% greater than budget (before expensed write-offs of \$6,000). Other revenues of \$64,000 were \$6,000 or 9% less than budget
  - Expenses of \$178,000 were \$17,000 or 11% greater than budget. Website and membership activities expenses were up \$22,000 due to new website development and new, unbudgeted event expenses - expenditures made to improve the Chamber relations within the business community. Unbudgeted membership dues bad debt totaled \$6,000.
  - Net loss of \$2,000 after overhead allocations, was \$14,000 unfavorable to budget.
- Operating Results YTD – Administration
  - Total expenses of \$587,000 were \$20,000 or 3% below budget;
  - Wage and related expenses of \$372,000 were \$29,000 or 7% below budget, Board functions were over \$7,000 as anticipated due to a board retreat
- Preliminary results indicate approximately \$137,000 of TOT funding for the fiscal year 2018/19 was not expended as budgeted, results are still considered preliminary
- Membership cash position as of June 30, 2019
  - Membership activities resulted in a net loss of \$2,013
  - Deferred revenues of \$57,969 less receivables of \$2,696 contributed \$55,273 in cash

- Prior years' negative net results totaled \$11,700
- Net cash totaled \$41,560, no other funds were required to support Membership activities

North Lake Tahoe Marketing Coop June 30, 2019 Preliminary financial results:

- Cash at year-end of \$363,000 was \$117,000 less than prior year, primarily due to an increase of \$237,000 in total expenditures relative to prior year and ending the year negative to current year funding as planned and approved
- Reimbursements Receivable of \$4,362 were comprised of two amounts NLTRA owes for product billed to and paid by NLTMC, repaid in July
- Prepaid Expenses will be adjusted down by \$2,500 for invoices not yet paid, remaining are prepaid website and software services totaling \$10,000, a \$4,000 increase over prior year
- Accounts payable and credit cards payable of \$357,000 were \$85,000 less than prior year due to prompt pay
- Unrestricted Net Asset balance of \$189,000 reflected the unspent funding balance from prior years
- Net loss YTD of \$157,000 will be funded by the Unrestricted Net Asset balance of \$189,000, leaving an Equity balance of \$33,000
- NLTMC Net operating results for FY 2018/19 were negative \$157,000 as planned and approved;
  - Consumer marketing expenditures of \$1,285,000 were \$110,000 over original budget and included new San Diego market presence
  - Leisure sales expenditures of \$225,000 were \$11,000 under budget,
  - Public relations expenditures of \$286,000 were on budget,
  - Conference sales and Trade Show expenditures of \$286,000 were \$4,000 over budget
  - Committed and Admin with Website expenses totaling \$475,000 were \$63,000 over the original budget and included approved expenditures for the Hidden Gems (Peter Greenberg) production, Out of Bounds IMAX film sponsorship, and additional website maintenance.

NLTRA preliminary financial performance reports for the one month ending July 31, 2019:

- Cash balance at July 31, 2019 of \$1,164,000 was \$187,000 greater than prior year
- Accounts Receivable TOT of \$680,000 reflected two months of invoicing and will be reduced by year end reconciliation of the Deferred Revenue – Placer County.
- Accounts Payable of \$516,000 was \$503,000 greater than prior year and included \$250,000 due to Spartan and \$196,000 due to the NLT Marketing Coop.
- Salaries/ Wages/ Payroll Liabilities of \$170,000 were \$13,000 greater than prior year and reflected a difference in payroll accrual period and higher incentives payable.
- Deferred Revenue County balance of \$700,000 included the prepayment for both 2018/19 and 2019/20. A reduction will be made upon final reconciliation of 2018/19.
- Net Income of \$34,000 for the month reflected primarily the TOT revenue exceeding expenditures in the month.
- Membership was better than budget by \$4,000 for the month

NLT Marketing Coop financial performance reports for the one month ending July 31, 2019:

- Cash balance of \$324,000 was \$118,000 less than prior year due to delayed receipt of TOT funding from NLTRA
- Accounts Receivable of \$198,000 reflected the TOT funding balance due from NLTRA
- Accounts Payable of \$459,000 were \$118,000 higher than prior year due to timing
  
- Net Income of \$65,000 reflected the NLTRA and IVCBVB funding exceeding expenditures for the month
- Revenues equaled budget for the month
- Conference Sales and Trade Show expenditures were under budget \$56,000 due to timing
- Net Income was over budget \$65,000 for the month