

WILLIAMSBURG AREA DESTINATION MARKETING COMMITTEE  
NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Williamsburg Area Destination Marketing Committee (WADMC), an entity formed under Virginia Code Section 58.1-3823(C), effective July 1, 2004, was established to market the Williamsburg Area as a visitor destination in order to increase area visitation and lodging nights. In conjunction with WADMC, the Marketing Resource Task Force was established to act as the marketing arm of the initiative, with WADMC acting as the governing body.

The governing board consists of the following: The governing bodies of the City of Williamsburg, the County of James City, and the County of York shall each designate one of their members to serve as members of the Williamsburg Area Destination Marketing Committee. These three members of the Committee shall have two votes apiece.

One member of the Committee shall be selected by the Board of Directors of the Williamsburg Hotel and Motel Association; one member of the Committee shall be from The Colonial Williamsburg Foundation and shall be selected by the Foundation; one member of the Committee shall be an employee of Busch Gardens Europe/Water Country USA and shall be selected by Busch Gardens Europe/Water Country USA; one member of the Committee shall be from the Jamestown-Yorktown Foundation and shall be selected by the Foundation; one member of the Committee shall be selected by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance; and one member of the Committee shall be the President and Chief Executive Officer of the Virginia Tourism Authority who shall serve ex officio. Each of these six members of the Committee shall have one vote apiece. The President of the Greater Williamsburg Chamber and Tourism Alliance shall serve ex officio with nonvoting privileges unless chosen by the Executive Committee of the Greater Williamsburg Chamber and Tourism Alliance to serve as its voting representative. The Executive Director of the Williamsburg Hotel and Motel Association shall serve ex officio with nonvoting privileges unless chosen by the Board of Directors of the Williamsburg Hotel and Motel Association to serve as its voting representative.

The Greater Williamsburg Chamber and Tourism Alliance shall serve as the fiscal agent for WADMC with specific responsibilities to be defined in a contract between such two entities. The contract shall include provisions to reimburse the Greater Williamsburg Chamber and Tourism Alliance for annual audits and any other agreed-upon expenditure. The Williamsburg Area Destination Marketing Committee shall also contract with the Greater Williamsburg Chamber and Tourism Alliance to provide administrative support services as the entities shall mutually agree.

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Revenue recognition

The Code of the Commonwealth of Virginia (Subsections 58.1-3819 and 3822) provides for the imposition of a transient occupancy tax to be collected by local municipalities. An additional transient occupancy tax under code section 58.1-3823 may be imposed by the City of Williamsburg, James City County and York County, in the amount of \$ 2 per room per night for the occupancy of any overnight guest. All revenues from the Tax shall be designated and expended solely for advertising the Historic Triangle area, which includes all of the City of Williamsburg and the counties of James City and York, as an overnight tourism destination by the members of the Williamsburg Area Destination Marketing Committee of the Greater Williamsburg Chamber and Tourism Alliance. WADMC recognizes revenue earned in the month the funds are received by the municipality and are approved for disbursement to WADMC. All other revenue from private contributions is recorded when received. Contributions are considered unrestricted unless specifically restricted by the donor. However, if the restriction is generally fulfilled in the same calendar year in which the contribution is received the Organization reports the contribution as unrestricted. Restrictions that carry-over for more than one time period are reported as temporarily restricted.

Income taxes

WADMC was formed as an entity under the Code of Virginia Section 58.1-3823(C) giving the designated municipal government the power to collect an additional transient occupancy tax from local transient hotel and motels. As an agency of the Commonwealth of Virginia, WADMC is exempt from Federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Note 2. CASH AND CASH EQUIVALENTS

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
General funds		
Chesapeake Bank	\$ <u>1,444,847</u>	\$ <u>869,278</u>

Note 3. ACCOUNTS RECEIVABLE

The per room per night lodging tax collected by the area Hotels/Motels is recoded as earned when the Municipality receives and accounts for the funds. Accounts receivable at December 31, 2010 and 2009 represent the lodging tax collected by each municipality during the months noted:

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Note 3. ACCOUNTS RECEIVABLE (Cont'd)

	<u>2010</u>	<u>2009</u>
City of Williamsburg - December	\$ 84,258	\$ 82,716
James City County - November	47,148	47,924
James City County - December	24,706	40,741
York County - November	65,807	-
York County - December	<u>69,848</u>	<u>45,386</u>
	291,767	216,767
Other accounts receivable ARES Commissions	<u>2,745</u>	<u>-</u>
Total accounts receivable	<u>\$ 294,512</u>	<u>\$ 216,767</u>

Note 4. CONTRACTUAL OBLIGATIONS

WADMC has entered into a contractual agreement with David Potter, sole proprietor, to act as coordinator of the marketing campaign. The term of the agreement commenced on January 1, 2010 and continues for twelve (12) consecutive months ending on the last day of December 2010. The agreement may be renewed for a period not to exceed (12) months, subject to the written agreement of all of the parties. WADMC has renewed the contract effective January 1, 2011 for a twelve month period ending the last day of December 2011. Contractual expense is shown in the statement of activities in the amount of \$ 54,000 for 2010 and \$ 40,600 for 2009. Future contractual expense is anticipated for the subsequent year ending December 31, 2011 in the amount of \$ 54,000.

Note 5. CONCENTRATIONS

Revenue and support

The lodging tax collected by the three municipalities amounted to 78.5 % and 80% of WADMC's total support for 2010 and 2009 respectively. Contributions in support of WADMC's operations received from private organizations amounted to 20% and 19.5% for 2010 and 2009 respectively.

Cash

As of December 31, 2010, cash on deposit with The Chesapeake Bank totaled \$ 1,444,847 and \$ 869,278 at December 31, 2009. Cash on deposit exceeded the FDIC insured amounts by \$ 1,194,847 for 2010 and \$ 619,278 for 2009.

Note 6. RELATED PARTIES

Members of the Board of Directors of WADMC are either employees or officers of the private organizations who make annual contributions to the Organization. The amount of contributions from the private organizations is presented in the statements of activities in the amount of \$ 790,000 for the year ended December 31, 2010 and \$ 817,500 for the year ended December 31, 2009.

#### Note 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 8, 2011, the date on which the financial statements were available to be issued. There were no subsequent events which had an impact on the financial statements for the year ended December 31, 2010.

#### Note 8. PRIOR YEAR ADJUSTMENT

The comparative information for the year ended December 31, 2009 has been adjusted to increase receivables from municipalities from \$ 191,800 to \$ 216,767, an increase of \$ \$ 24,967. The adjustment is based on subsequent collections from York County and James City County as:

	<u>Original Amount</u>	<u>Adjusted Amount</u>
James City County	\$ 47,924	\$ 86,665
York County	\$ 61,160	\$ 45,386

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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WILLIAMSBURG AREA DESTINATION MARKETING COMMITTEE

FINANCIAL REPORT

For the year ended  
December 31, 2010

**Gordon F. Chappell**

*Certified Public Accountant*



America Counts on CPAs®

# Gordon F. Chappell



America Counts on CPAs®

*Certified Public Accountant*

## INDEPENDENT AUDITOR'S REPORT

To the Board  
Williamsburg Area Destination Marketing Committee  
Williamsburg, Virginia

I have audited the statement of financial position of the Williamsburg Area Destination Marketing Committee as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Williamsburg Area Destination Marketing Committee as of December 31, 2010, and the results of its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of the Williamsburg Area Destination Marketing Committee, taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The 2009 financial statements were compiled by other accountants and their report dated March 25, 2010, stated they did not audit or review those financial statements and accordingly, express no opinion or other form of assurance on them. The 2009 financial statement amounts have been adjusted as explained in the Notes to Financial Statements number 8 on page 8.

June 6, 2011

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SUPPLEMENTARY INFORMATION

