

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.  
DBA NORTH TAHOE COMMUNITY ALLIANCE

Tahoe City, California

FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 30, 2023 (reviewed) and 2022 (audited)

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.  
DBA NORTH TAHOE COMMUNITY ALLIANCE

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
North Lake Tahoe Resort Association, Inc. dba North Tahoe Community Alliance

We have reviewed the accompanying financial statements of North Lake Tahoe Resort Association dba North Tahoe Community Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Accountants' Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of North Lake Tahoe Resort Association dba North Tahoe Community Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### *Accountants' Conclusion*

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Notes 2 and 8 to the financial statements, the North Lake Tahoe Resort Association dba North Tahoe Community Alliance changed its method of accounting for leases as of July 1, 2022 due to the adoption of Accounting Standard Codification Topic 842, Leases.

### ***Report on Comparative Information***

We have previously audited North Lake Tahoe Resort Association dba North Tahoe Community Alliance's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2023. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McCLINTOCK ACCOUNTANCY CORPORATION  
Tahoe City, California  
September 19, 2024

DRAFT

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.

Exhibit A

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 6,516,986	\$ 5,546,134
Accounts receivable, net of allowance for doubtful accounts of \$920 in 2023 and \$794 in 2022	3,100	55,579
Accounts receivable - Placer County (Note 5)	1,300,645	1,298,800
Accounts receivable - Marketing Cooperative (Note 2)	-0-	159,534
Prepaid expenses	124,160	18,821
Inventories	23,764	17,853
	<u>7,968,655</u>	<u>7,096,721</u>
Noncurrent Assets:		
Right-of-use asset (Note 8)	623,639	-0-
Property and equipment, net of accumulated depreciation (Note 6)	14,865	5,958
	<u>638,504</u>	<u>5,958</u>
Total Assets	<u>\$ 8,607,159</u>	<u>\$ 7,102,679</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 241,033	\$ 42,313
Accounts payable - Placer County (Note 5)	157,725	1,486,760
Accrued liabilities	190,966	326,125
Right-of-use lease liability (Note 8)	637,544	-0-
Deferred revenue - membership dues	8,822	35,141
Deferred revenue - other	-0-	1,272
Total Liabilities (all current)	<u>1,236,090</u>	<u>1,891,611</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Invested in property and equipment	14,865	5,958
Designated TBID (Note 7)	7,382,210	5,212,619
Undesignated deficit	(26,007)	(7,509)
Total Without Donor Restrictions	<u>7,371,068</u>	<u>5,211,068</u>
Total Net Assets	<u>7,371,068</u>	<u>5,211,068</u>
Total Liabilities and Net Assets	<u>\$ 8,607,158</u>	<u>\$ 7,102,679</u>

The accompanying notes are an integral part of these statements.

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.

Exhibit B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

	<u>2023</u>	<u>2022</u>
<b>CHANGES IN NET ASSETS:</b>		
Revenue and other support:		
Tourism and Business Improvement District assessments	\$ 7,063,189	\$ 6,119,023
Placer County contract revenue	-	2,475,798
Member dues	-	76,176
Member services and special events	31,628	3,845
Retail sales and other, net of cost of sales of \$53,254 in 2023 and \$52,631 in 2022	46,617	50,141
Interest income	236	132
Total revenue and other support	<u>7,141,670</u>	<u>8,725,115</u>
Expenses and losses:		
Program services:		
Transient Occupancy Tax		
Marketing	-	1,442,468
Group sales and conferences	-	120,809
Visitor information	-	181,353
Business association grants	-	150,000
Tourism master plan implementation	-	36,118
	<u>-</u>	<u>1,930,748</u>
Tourism and Business Improvement District		
Marketing, promotions, and special events	2,503,496	419,021
Visitor services and visitors center	322,445	68,129
Business advocacy and support	456,476	87,076
Zone 1 specific services	190,874	20,141
Economic development, transportation, and other opportunities	69,112	212
Sustainability and mitigation	101,383	28,628
County Admin Fee	62,096	-
	<u>3,705,882</u>	<u>623,207</u>
North Lake Tahoe Chamber of Commerce	26,950	64,834
Total program services	<u>3,732,832</u>	<u>2,618,789</u>
Supporting services:		
General and administrative	1,248,838	912,466
Total expenses	<u>4,981,670</u>	<u>3,531,255</u>
Increase in Net Assets	2,160,000	5,193,860
<b>NET ASSETS</b>		
Net assets distributed (to) from Placer County (Note 3)	-	(483,286)
Beginning of Year	<u>5,211,068</u>	<u>500,494</u>
End of Year	<u>\$ 7,371,068</u>	<u>\$ 5,211,068</u>

The accompanying notes are an integral part of these statements.

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.

Exhibit C

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

2023

	Program Services							Supporting Services		Total
	Tourism and Business Improvement District							North Lake Tahoe Chamber of Commerce	General and Administrative	
	Marketing, Promotions, and Special Events	Visitor Services and Visitors Center	Business Advocacy and Support	Zone 1 Specific Services	Economic Development, Transportation, and Other Opportunities	Sustainability and Mitigation	County Admin Fee			
Expenses										
Salaries, wages, and benefits	\$ 293,631	\$ 219,342	\$ 92,164	\$ 47,329	\$ 61,039	\$ 61,039	\$ -0-	\$ -0-	\$ 650,273	\$ 1,424,817
Building and utilities	31,728	89,292	6,452	5,519	7,939	6,517	-0-	158	51,211	198,816
Telephone and internet	325	200	175	-0-	-0-	-0-	-0-	780	13,961	15,441
Supplies and mail	2,301	9,120	268	134	134	134	-0-	315	106,931	119,337
Taxes, licenses, and fees	1,379	1,997	-0-	-0-	-0-	-0-	62,096	-0-	16,370	81,842
Dues and subscriptions	8,924	55	3,908	-0-	-0-	-0-	-0-	390	29,108	42,385
Associate relations	63	118	500	-0-	-0-	-0-	-0-	-0-	7,371	8,052
Professional fees	35,280	-0-	10,491	-0-	-0-	-0-	-0-	-0-	222,417	268,188
Events	395,681	21	500	50,000	-0-	33,693	-0-	-0-	-0-	479,895
Marketing Cooperative (Note 2)	1,440,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,440,000
Non-NLTMC marketing	293,425	-0-	9,150	-0-	-0-	-0-	-0-	113	16,934	319,622
Business association grants	-0-	-0-	274,658	87,892	-0-	-0-	-0-	-0-	-0-	362,550
Repairs and maintenance	200	237	138	-0-	-0-	-0-	-0-	15	62,423	63,013
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,680	3,680
Equipment rental and leasing	-0-	139	-0-	-0-	-0-	-0-	-0-	-0-	2,527	2,666
Training seminars	-0-	262	-0-	-0-	-0-	-0-	-0-	-0-	5,600	5,862
Chamber activities	-0-	-0-	58,072	-0-	-0-	-0-	-0-	-0-	-0-	58,072
Insurance and bonding	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,328	11,328
Board functions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	35,948	35,948
Credit card fees	-0-	554	-0-	-0-	-0-	-0-	-0-	-0-	260	814
Travel and meals	558	1,108	-0-	-0-	-0-	-0-	-0-	-0-	12,496	14,218
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,123	-0-	25,123
	<u>\$ 2,503,496</u>	<u>\$ 322,445</u>	<u>\$ 456,476</u>	<u>\$ 190,874</u>	<u>\$ 69,112</u>	<u>\$ 101,383</u>	<u>\$ 62,096</u>	<u>\$ 26,950</u>	<u>\$ 1,248,838</u>	<u>\$ 4,981,669</u>

The accompanying notes are an integral part of these statements.

NORTH LAKE TAHOE RESORT ASSOCIATION, INC.

Exhibit C

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

	2022													
	Program Services										Supporting Services			
	Transit Occupancy Tax			Tourism and Business Improvement District										
	Marketing	Group Sales and Conferences	Visitor Information	Business Association Grants	Tourism Master Plan Implementation	Marketing, Promotions, and Special Events	Visitor Services and Visitors Center	Business Advocacy and Support	Zone 1 Specific Services	Economic Development, Transportation, and Other Opportunities	Sustainability and Mitigation	North Lake Tahoe Chamber of Commerce	General and Administrative	Total
Expenses														
Salaries, wages, and benefits	\$ 154,240	\$ 52,435	\$ 99,334	\$ -0-	\$ 12,256	\$ 61,162	\$ 41,794	\$ 3,468	\$ -0-	\$ -0-	\$ -0-	\$ 26,899	\$ 405,038	\$ 856,626
Building and utilities	28,493	2,947	66,644	-0-	583	10,867	22,179	592	-0-	-0-	-0-	9,293	57,965	199,563
Telephone and internet	7,399	945	3,531	-0-	222	1,304	562	43	-0-	-0-	-0-	2,048	16,042	32,096
Postage and printing	384	312	204	-0-	13	-0-	-0-	-0-	-0-	-0-	-0-	77	1,892	2,882
Insurance	131	51	51	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31	10,291	10,555
Office and program supplies	1,111	80	4,498	-0-	512	340	1,928	108	-0-	-0-	-0-	486	11,723	20,786
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,833	1,833
Equipment support and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	29,176	29,176
Taxes, licenses, and fees	69	44	366	-0-	2	611	191	141	141	212	212	16	22,639	24,644
Equipment rental and leasing	1,029	133	503	-0-	339	613	306	15	-0-	-0-	-0-	231	7,235	10,404
Training seminars	1,049	-0-	-0-	-0-	214	-0-	-0-	105	-0-	-0-	-0-	2	1,815	3,185
Commissions	-0-	-0-	1,744	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,744
Professional fees	-0-	-0-	-0-	-0-	21,957	-0-	-0-	-0-	-0-	-0-	-0-	-0-	162,289	184,246
Event partnerships	52,720	-0-	-0-	-0-	-0-	10,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	62,720
Events	532,288	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	28,416	-0-	6,500	567,204
Membership activities	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,737	-0-	22,737
Marketing Cooperative (Note 2)	602,378	63,782	-0-	-0-	-0-	275,006	-0-	-0-	-0-	-0-	-0-	-0-	-0-	941,166
Other marketing programs	59,829	-0-	800	-0-	-0-	57,552	10	15	-0-	-0-	-0-	-0-	250	118,456
Business association grant	-0-	-0-	-0-	150,000	-0-	-0-	-0-	80,000	20,000	-0-	-0-	-0-	-0-	250,000
Board functions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,261	20,261
Credit card fees	-0-	-0-	1,997	-0-	-0-	-0-	742	9	-0-	-0-	-0-	362	41	3,151
Travel and meals	797	-0-	77	-0-	15	266	59	-0-	-0-	-0-	-0-	284	9,084	10,582
Dues and subscriptions	510	-0-	55	-0-	5	1,300	-0-	-0-	-0-	-0-	-0-	84	14,811	16,765
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,790	299	2,089
County administrative fee	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	132,453	132,453
Miscellaneous	41	80	1,549	-0-	-0-	-0-	358	2,580	-0-	-0-	-0-	494	829	5,931
	<u>\$ 1,442,468</u>	<u>\$ 120,809</u>	<u>\$ 181,353</u>	<u>\$ 150,000</u>	<u>\$ 36,118</u>	<u>\$ 419,021</u>	<u>\$ 68,129</u>	<u>\$ 87,076</u>	<u>\$ 20,141</u>	<u>\$ 212</u>	<u>\$ 28,628</u>	<u>\$ 64,834</u>	<u>\$ 912,466</u>	<u>\$ 3,531,255</u>

The accompanying notes are an integral part of these statements.



## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets without donor restrictions	\$ 2,160,000	\$ 5,193,860
Reconciliation of change in net assets to cash provided by operating activities		
Depreciation	3,680	1,833
Bad debt expense	25,123	2,089
Non-cash lease expense	15,176	-0-
Changes in operating assets and liabilities:		
Accounts receivable	186,890	(199,449)
Placer County receivable/payable	(1,330,880)	(860,344)
Prepaid expenses	(105,339)	(9,534)
Inventories	(5,911)	9,014
Accounts payable	198,720	(49,719)
Accrued liabilities	(135,159)	(30,675)
Deferred revenue - membership dues	(27,591)	15,464
Net Cash Provided by Operating Activities	<u>983,437</u>	<u>4,072,538</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(12,587)</u>	<u>-0-</u>
Net Cash Used by Investing Activities	<u>(12,587)</u>	<u>-0-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net assets distributed to Placer County	<u>-0-</u>	<u>(483,286)</u>
Net Cash Provided (Used) by Financing Activities	<u>-0-</u>	<u>(483,286)</u>
Net Increase in Cash and Cash Equivalents	970,850	3,589,252
Cash and Cash Equivalents, Beginning of Year	<u>5,546,134</u>	<u>1,956,882</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,516,985</u></u>	<u><u>\$ 5,546,134</u></u>

NORTH LAKE TAHOE RESORT ASSOCIATION, INC. DBA NORTH TAHOE  
COMMUNITY ALLIANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

1. Form of Organization

North Lake Tahoe Resort Association, Inc. dba North Tahoe Community Alliance (the "NTCA") was incorporated in the State of California in 1996, upon consolidation of the Tahoe North Visitors and Convention Bureau and the North Lake Tahoe Chamber of Commerce. NTCA is organized under Section 501(c)(4) of the Internal Revenue Code as a non-profit public benefit corporation.

The primary function of NTCA is to promote tourism and benefit business through efforts that enhance the economic, environmental, recreation and cultural climate of the North Lake Tahoe, California area. NTCA provides the following services to its members and the North Lake Tahoe community: Chamber of Commerce, Visitors and Convention Bureau, marketing, conference sales and membership services. NTCA also serves as a partner with Placer County in the development and funding plan for infrastructure and transportation projects designed to enhance tourism and community quality of life for the benefit of all in the North Lake Tahoe region.

NTCA is funded by a self-assessed North Lake Tahoe Tourism Business Improvement District (NLTTBID) agreed to by the local business community and in contract with Placer County. The organization uses TBID revenues to support local businesses through economic development activities and the promotion of responsible travel and stewardship education, including efforts to offset tourism impacts. In addition, the NTCA, its Board of Directors and volunteer committees advocate for regional workforce housing and transportation solutions and make recommendations to the Placer County Board of Supervisors about projects and quality of life services that can be supported with Transient Occupancy Tax (TOT) dollars generated in eastern Placer County.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements of NTCA have been prepared on the accrual basis of accounting. Additionally, information regarding its financial position and activities are classified according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

*Net Assets Without Donor Restrictions* are resources currently available for various programs and administration of NTCA, board designated funds, or invested in property and equipment.

*Net Assets With Donor Restrictions* consist of donor restricted contributions. Amounts restricted by the donor for a particular purpose or time period are reported as revenue with

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

donor restrictions when received and such unexpended amounts are reported as net assets with donor restrictions at year end.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

Liquidity Information

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is created when an account's collectability is uncertain. NTCA estimates doubtful accounts based on factors related to the specific payer's ability to pay and current economic trends.

Accounts Receivable

Accounts receivable consists of amounts due from Placer County for TBID assessments, members for membership dues, and cooperative advertising costs. NTCA does not charge interest on delinquent receivables. Accounts are written off directly to bad debt expense when all attempts at collection are exhausted.

Inventories

Inventories are primarily for the sale of retail goods at the visitor centers and are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Property, Buildings and Equipment

In general, property and equipment are capitalized on NTCA's books and stated at cost when the asset has over a year of life and costs of over \$5,000. Depreciation is computed on the straight-line basis over the useful lives of the assets, which range from 3 to 7 years.

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Marketing Cooperative Agreement

During the year ended June 30, 2007, NTCA established the North Lake Tahoe Marketing Cooperative (NLTMC) with Lake Tahoe Incline Village Crystal Bay Visitors and Convention Bureau (IVCBVCB) to cooperatively promote tourism based on shared objectives which are more effectively and efficiently accomplished collectively rather than independently. Under the terms of the agreement, NTCA and the IVCBVCB are required to make annual contributions to fund marketing efforts based upon an approved pre-set formula. NTCA contributed \$1,440,00 and \$941,166 for the years ended June 30, 2023 and 2022, respectively in connection with this marketing effort, which is included in marketing, promotions, and special events expense under TBID in the statement of activities and changes in net assets. The Marketing Cooperative activities and balances are reported separately from those of NTCA. At June 30, 2023 and 2022, NLTMC owed NTCA \$-0- and \$159,534, respectively

Net Assets Without Donor Restrictions

All net asset balances are classified as net assets without donor restriction. Net assets are not subject to imposed restriction or restrictions that have expired. As reflected in the accompanying notes, NTCA has designated a portion of net assets without donor restrictions for specific purposes.

Advertising Costs

Advertising costs are expensed as incurred.

Income Tax Status

NTCA is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c) (4), and section 23701(f) for California purposes. Unrelated business income, if any, is taxed at regular corporate tax rates.

NTCA's three previous federal tax returns and four previous state tax returns are available for examination by the taxing authorities.

Functional Allocation of Expenses

NTCA's expenses are recorded into the functional expense categories of program and general and administrative based on a combination of direct identification and, when significant, allocation.

To the extent possible, expenses are recorded in the functional category that receives the most benefit. Expenses requiring allocation are allocated based on a reasonable basis that is consistently applied. Wages and benefits are allocated on the basis of estimates for time and effort. Occupancy expenses are allocated based on the number of full -time employees allocated to each department. Insignificant indirect expenses, such as, office supplies and telephone are recorded as general and administrative.

NORTH LAKE TAHOE RESORT ASSOCIATION, INC. DBA NORTH TAHOE  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 (reviewed) and 2022 (audited)

(See Independent Accountants' Review Report)

Cash and Cash Equivalents

For purposes of the statements of cash flows, NTCA considers all cash without donor restriction, money market funds, and debt securities with an original maturity less than three months to be cash equivalents.

Fair Value

The carrying value of financial instruments, including cash, accounts receivable and accounts payable approximates their fair value due to the short-term maturities of these instruments.

Revenue from Contracts with Customers

NTCA has adopted the provisions of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, ("Topic 606" in the Accounting Standards Codification (ASC)). Topic 606 superseded the revenue recognition requirements in FASB ASC 980-605, Revenue Recognition. Under Topic 606, NTCA must identify a contract with a customer, among other things, and recognize revenue as NTCA satisfies a performance obligation.

The following provides information about NTCA's composition of revenue recognized from contracts with customers, the performance obligations under those contracts, and the significant judgements made in accounting for those contracts:

Member dues revenue is recognized as performance obligations are satisfied by transferring underlying services, such as access to member services, to the customer. NTCA records deferred revenue upon receipt of annual membership dues and recognizes the revenue evenly over the year of membership.

Retail sales revenue is derived from merchandise sales. Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer.

Special event revenue is derived from tickets sales or sponsorships purchased by customers. Revenue is recognized as performance obligations are satisfied, on the day of the event.

*Contract Balances*

Contract liabilities are recorded primarily as deferred revenues when payments are received or due in advance of NTCA's performance, including amounts which may be refundable. The deferred revenue balance is primarily related to cash payments recorded in advance of satisfying NTCA's performance obligations related to advance purchase products consisting primarily of membership dues. Deferred revenue balances related to contracts was approximately \$9,000 and \$37,000 as of June 30, 2023 and 2022,

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respectively. For the year ended June 30, 2023 and 2022, NTCA recognized approximately \$37,000 and \$21,000 of contract revenue that was included in the deferred revenue balance as of June 30, 2022 and 2021, respectively.

*ROU Assets and Lease Liabilities*

NTCA determines if an arrangement is or contains a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. Operating lease expense is recognized on a straight-line basis over the lease term. ROU assets reflect the present value of the future minimum lease payments over the lease term. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. NTCA does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less), if any. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Change in Accounting Principle*

In 2023, NTCA adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. NTCA elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, NTCA recognized a right-of-use asset of \$775,013 and lease liability of \$777,156 in its statement of financial position as of July 1, 2022. Adoption had no effect on net assets. See note 8 for details of the lease liability. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year June 30, 2022.

3. Board Designated Marketing Reserve

NTCA created a marketing reserve, pursuant to the 2003-04 contract with Placer County, to be used for expenditures in key areas due to any unforeseen adverse fluctuations in collections of transient occupancy taxes. The details in the use of the reserves can be decided solely at the discretion of NTCA's board of directors subject to compliance with an existing policy of maintaining the reserve level at 10% of a three-year average of budgeted annual marketing, conference and visitor information center expenditures. During the year ending June 30, 2022, NTCA returned the funds to Placer County.

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	2023	2022
Beginning of year	\$ -0-	\$ 483,286
Contributions	-0-	-0-
Refunded to Placer County	-0-	(483,286)
	\$ -0-	\$ -0-
End of year	\$ -0-	\$ -0-

4. Concentration of Credit Risk

NTCA maintains its cash accounts at a local bank. At June 30, 2023 and 2022, the aggregate balance of these accounts exceeded the federally insured (FDIC) limits by \$6,270,748 and \$5,274,525, respectively.

5. Concentration of Revenue

Support from the Tourism and Business Improvement District (TBID), administrated by Placer County contributed to 99% and 70% of NTCA's total revenues and support for the years ended June 30, 2023 and 2022, respectively. The TBID began July 1, 2021, and will go through June 30, 2026.

Support from Placer County in the form of contract contributed to 0% and 28% of NTCA's total revenues and support for the years ended June 30, 2023 and 2022, respectively. NTCA's contract with Placer County is renewed annually.

At June 30, 2023 Placer County owed NTCA \$1,300,645 related to TBID and NTCA owed Placer County \$157,725 for administrative fees related to TBID. At June 30, 2022 Placer County owed NTCA \$1,298,800 related to TBID and NTCA owed Placer County \$132,453 for administrative fees related to TBID and \$1,354,307 for unspent contract funds.

6. Property and Equipment

Property and equipment at June 30, 2023 and 2022, consists of the following:

	2023	2022
Furniture and fixtures	\$ 39,858	\$ 43,330
Computer equipment	23,600	11,013
Computer software	6,206	6,206
Leasehold improvements	24,284	24,284
	93,948	84,833
Less accumulated depreciation	(79,083)	(78,875)

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Net property and equipment	\$	14,865	\$	5,958
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Depreciation expense was \$3,680 and \$1,833 for the years ended June 30, 2023 and 2022, respectively.

7. Tourism Business Improvement District

In March of 2021, the North Tahoe business community and the Placer County Board of Supervisors approved the formation of the North Lake Tahoe Tourism Business Improvement District (“NLTTBID” or “TBID”). NLTTBID is an assessment district to provide specific benefits to payers by funding marketing, promotions, and special events, visitor services and visitor centers, business support and advocacy, economic development and transportation, and sustainability and mitigation of tourism impacts programs for assessed businesses. The NLTTBID assessments commenced July 1, 2021 through June 30, 2026 and includes all lodging, restaurant, retail, activities and attractions businesses located within the boundaries of the eastern portion of unincorporated Placer Country that benefit from tourism. Placer County is responsible for collecting the assessment and remitting payments to NTLRA, whom manages the funds as the NLTTBID’s owners’ association. The owners’ association is responsible for managing funds and implementing programs in accordance with a management district plans (“MDP”).

Unspent funds are designated to be spent in future years as allocated during the approved budget cycle. During the years ending June 30, 2023 and 2022, TBID funds were designated and expended as follows:

TBID Funding Area	June 30, 2022 Net Assets	Revenue	Expenses	Revenue Over Expenses	June 30, 2023 Net Assets
Marketing, Promotions, and Special Events	\$ 2,699,209	\$ 3,708,194	\$ 3,219,327	\$ 488,867	\$ 3,188,076
Visitor Services and Visitors Center	373,393	562,231	419,934	142,297	515,690
Business Advocacy and Support	257,921	388,475	546,271	(157,796)	100,125
Zone 1 Specific Services	883,193	1,045,352	233,203	812,149	1,695,342
Economic Development, Transportation, and Other Opportunities	464,786	536,805	88,170	448,635	913,421
Sustainability and Mitigation	166,857	233,085	125,223	107,862	274,719
Administration	238,701	353,158	246,011	107,147	345,848
County Administration Fee	6,178	141,263	62,096	79,167	85,345
Contingency	122,381	141,263	-0-	141,263	263,644
<b>Total</b>	<b>\$ 5,212,619</b>	<b>\$ 7,109,826</b>	<b>\$ 4,940,235</b>	<b>\$ 2,169,591</b>	<b>\$ 7,382,210</b>



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TBID Funding Area	June 30, 2021 Net Assets	Revenue	Expenses	Revenue Over Expenses	June 30, 2022 Net Assets
Marketing, Promotions, and Special Events	\$ -0-	\$ 3,212,519	\$ 513,310	\$ 2,699,209	\$ 2,699,209
Visitor Services and Visitors Center	-0-	459,699	86,306	373,393	373,393
Business Advocacy and Support	-0-	355,590	97,669	257,921	257,921
Zone 1 Specific Services	-0-	905,616	22,423	883,193	883,193
Economic Development, Transportation, and Other Opportunities	-0-	465,046	260	464,786	464,786
Sustainability and Mitigation	-0-	201,927	35,070	166,857	166,857
Administration	-0-	305,951	67,250	238,701	238,701
County Administration Fee	-0-	122,381	116,203	6,178	6,178
Contingency	-0-	122,381	-0-	122,381	122,381
<b>Total</b>	<b>\$ -0-</b>	<b>\$ 6,151,110</b>	<b>\$ 938,491</b>	<b>\$ 5,212,619</b>	<b>\$ 5,212,619</b>

The County and Association board have the authority to adjust budget allocations between categories by no more than 15% of the total budget each year. No such adjustments were made during the years ended June 30, 2023 and 2022.

8. Leases

The right-of-use asset and corresponding liability associated with future lease payments at June 30, 2023 is shown below:

	Operating
Right-of-use assets	\$ 623,639
Lease liability	\$ 637,544
Weighted average:	
Discount rate	3.01%
Remaining lease term (years)	4

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Lease cost reported in the statements of activities amounted to \$166,452 follows:

Operating:	
Marketing, Promotions, and Special Events	\$ 27,101
Visitor Services and Visitors Center	80,928
Business Advocacy and Support	5,646
Zone 1 Specific Services	5,214
Economic Development, Transportation, and Other Opportunities	6,926
Sustainability and Mitigation	5,571
Administration	35,066
Total	\$ 166,452

The following operating lease payments are expected to be paid for each of the following years through June 30:

Year Ending December 31,	Operating
2024	\$ 167,222
2025	173,400
2026	179,856
2027	154,530
	675,008
Less: net present value discount	(37,464)
Lease liability	\$ 637,544

Rent expense under FASB ASC 840 (pre-adoption of the new standards) for operating leases totaled approximately \$165,059 for the year ended June 30, 2022. The aggregate minimum lease payments under those operating leases as of June 30, 2022 were as follows:

For the year ending June 30	
2023	\$ 133,488
2024	137,493
2025	141,617
2026	145,866
2027	150,242
Total future minimum lease payments	\$ 708,706

9. Retirement Plan

NTCA offers a 401(k) retirement plan to all full-time employees who have completed at least three months of service. NTCA matches 100% of the participants first 2% of contributions and 50% of the next 4% of contributions for all participating employees.

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Contributions to the plan by NTCA were \$33,955 and \$19,231 for the years ended June 30, 2023 and 2022, respectively.

10. Liquidity and Availability of Resources

NTCA's goal is to use as much of the funding from Placer County as possible on the projects included in the budget approved by both parties. NTCA manages its financial assets to be available as its general expenditures, liabilities and other obligations come due.

At June 30, 2023 and 2022, the following financial assets were available to meet general expenditures over the next twelve months:

Financial Assets at Year End	2023	2022
Cash	\$ 6,516,986	\$ 5,546,134
Accounts receivable, net	1,303,745	1,513,913
Total financial assets	7,820,731	7,060,047
Adjustments:		
Less: accounts payable - Placer County	(157,725)	(1,486,760)
Less: Net assets with donor restrictions (Note 6)	-0-	-0-
Less: Board designated marketing reserve (Note 3)	-0-	-0-
Less: Designated for TBID (Note 8)	(7,382,210)	(5,212,619)
Financial Assets Available	\$ 280,796	\$ 360,668

11. Subsequent Events

Subsequent events have been evaluated by management through September 19, 2024, the date that the statements were available for issuance.