Financial Statements
June 30, 2023

Mammoth Lakes Tourism

Mammoth Lakes Tourism
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Independent Auditor's Report

To the Board of Directors
Mammoth Lakes Tourism
Mammoth Lakes, California

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Mammoth Lakes Tourism (the "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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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; and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenue and expenses – budget to actual on pages 17 and 18 are presented for the purposes of additional analysis and are not a required part of the 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of the Organization, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reno, Nevada
December 20, 2023

Mammoth Lakes Tourism
Statement of Financial Position
June 30, 2023
(with Comparative Totals for 2022)

	2023			2022
	Tourism Taxes	Business Improvement District	Total	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 1,434,184	$ 5,837,653	$ 7,271,837	$ 9,752,458
Accounts receivable	107,684	900,890	1,008,574	735,491
Prepaid expenses	289,421	191,328	480,749	92,419
Inventory	15,644	-	15,644	6,950
Total current assets	1,846,933	6,929,871	8,776,804	10,587,318
Property and Equipment, Net	514,297	148,375	662,672	497,084
Total assets	$ 2,361,230	$ 7,078,246	$ 9,439,476	$ 11,084,402
Liabilities and Net Assets				
Accounts payable	$ 142,595	$ 303,394	$ 445,989	$ 1,091,196
Due to tourism taxes/(from) Business Improvement District	(752)	752	-	-
Accrued payroll, related benefits and compensated absences	73,244	43,631	116,875	94,332
Sales tax payable	2,230	-	2,230	311
Total liabilities	217,317	347,777	565,094	1,185,839
Net Assets				
Without donor restrictions				
Invested in property and equipment, net	514,297	148,375	662,672	497,084
Undesignated	1,629,616	6,582,094	8,211,710	9,401,479
Total net assets	2,143,913	6,730,469	8,874,382	9,898,563
Total Liabilities and Net Assets	$ 2,361,230	$ 7,078,246	$ 9,439,476	$ 11,084,402

Mammoth Lakes Tourism
Statement of Activities
Year Ended June 30, 2023
(with Comparative Totals for 2022)

	2023			2022
	Tourism Taxes	Business Improvement District	Total	Total
Change in Net Assets Without Donor Restrictions				
Revenue				
Town of Mammoth Lakes				
Transient occupancy tax	$ 2,000,000	$ -	$ 2,000,000	$ 2,334,500
Improvement District assessment	-	7,038,404	7,038,404	6,457,763
Designated joint reserve fund	100,000	-	100,000	50,000
Certified folder display income	2,063	-	2,063	2,377
Other revenue	3,684	-	3,684	1,767
Assessment interest and penalties	-	56,714	56,714	53,555
Interest income	440	16,798	17,238	2,800
Total revenue	2,106,187	7,111,916	9,218,103	8,902,762
Net Assets Released from Restrictions	-	-	-	125,000
Expenses				
Marketing program				
General marketing	1,909,393	6,445,948	8,355,341	6,170,124
Sales	410,296	222,274	632,570	442,791
Public relations	402,359	171,526	573,885	343,774
Total marketing program	2,722,048	6,839,748	9,561,796	6,956,689
Supporting services				
General and administrative	352,678	327,810	680,488	574,930
Total expenses	3,074,726	7,167,558	10,242,284	7,531,619
Change in Net Assets Without Donor Restrictions	(968,539)	(55,642)	(1,024,181)	1,496,143
Change in Net Assets With Donor Restrictions				
Net assets released from restriction	-	-	-	(125,000)
Decrease in Net Assets With Donor Restrictions	-	-	-	(125,000)
Change in Total Net Assets	(968,539)	(55,642)	(1,024,181)	1,371,143
Net Assets, Beginning of Year	3,112,452	6,786,111	9,898,563	8,527,420
Net Assets, End of Year	$ 2,143,913	$ 6,730,469	$ 8,874,382	$ 9,898,563

Mammoth Lakes Tourism
Statement of Functional Expenses
Year Ended June 30, 2023
(with Comparative Totals for 2022)

	2023											2022
	Tourism Taxes Marketing Program			Business Improvement District Marketing Program				Supporting Services General and Administrative				
	General Marketing	Sales	Public Relations	General Marketing	Sales	Public Relations	Total Marketing Program	Tourism Taxes	Business Improvement District	Total Supporting Services	Total Expenses	Total
Salaries	$ 225,024	$ 65,294	$ 51,561	$ 225,024	$ 65,294	$ 51,561	$ 683,758	$ 92,265	$ 92,265	$ 184,530	$ 868,288	$ 779,900
Payroll taxes and employee benefits	87,199	25,302	19,980	16,497	4,787	3,780	157,545	35,754	6,764	42,518	200,063	181,193
Agency fees	-	130,429	86,607	-	120,652	-	337,688	-	-	-	337,688	221,232
Air subsidy	491,373	-	-	1,949,785	-	-	2,441,158	-	-	-	2,441,158	2,073,468
Branding and promotional	-	2,420	20,791	-	-	52,724	75,935	-	-	-	75,935	31,094
Collateral and printing	18,301	-	-	-	-	-	18,301	19,912	-	19,912	38,213	12,531
Contract services	-	-	-	-	-	-	-	-	142,216	142,216	142,216	130,248
Crib condo expenses	-	-	34,109	-	-	-	34,109	-	-	-	34,109	28,811
Depreciation and amortization	29,089	-	-	1,128	-	-	30,217	-	-	-	30,217	29,185
Dues and subscriptions	29,247	6,892	5,034	-	-	59	41,232	-	-	-	41,232	24,991
Event marketing	69,669	-	-	111	-	-	69,780	-	-	-	69,780	28,593
Insurance	-	-	-	-	-	-	-	21,476	21	21,497	21,497	6,408
Interactive advertising	879	56,079	-	2,845,904	-	-	2,902,862	-	-	-	2,902,862	1,871,384
Joint reserve fund expenses	530,000	-	-	-	-	-	530,000	-	-	-	530,000	343,336
Marketing design	65,551	-	-	766,103	-	-	831,654	-	-	-	831,654	676,751
Marketing shows	-	38,313	-	27,080	-	-	65,393	-	-	-	65,393	36,699
Miscellaneous expense	-	-	-	-	-	-	-	375	74,118	74,493	74,493	83,506
Office operating and supplies	-	-	-	-	-	-	-	27,689	386	28,075	28,075	23,573
Professional development	10,740	-	-	85	-	-	10,825	-	-	-	10,825	11,347
Professional services	241,723	-	-	204,083	921	-	446,727	95,945	12,010	107,955	554,682	492,623
Rent and other operating	-	-	-	-	-	-	-	3,800	-	3,800	3,800	2,882
Research and surveys	-	-	-	328,989	-	-	328,989	598	30	628	329,617	107,841
Social media and technology	448	-	-	34,309	-	-	34,757	15,758	-	15,758	50,515	45,300
Sponsorship	19,720	-	112,226	2,602	-	5,500	140,048	-	-	-	140,048	66,315
Supplies	-	15,209	148	-	-	-	15,357	-	-	-	15,357	12,551
Telephone and utilities	-	-	-	-	-	-	-	27,638	-	27,638	27,638	22,937
Travel, meals, and entertainment	38,964	70,358	71,903	23,559	30,620	57,902	293,306	-	-	-	293,306	116,651
Vehicle	-	-	-	-	-	-	-	11,468	-	11,468	11,468	11,797
Website redesign	51,466	-	-	20,689	-	-	72,155	-	-	-	72,155	58,472
	$ 1,909,393	$ 410,296	$ 402,359	$ 6,445,948	$ 222,274	$ 171,526	$ 9,561,796	$ 352,678	$ 327,810	$ 680,488	$ 10,242,284	$ 7,531,619

Mammoth Lakes Tourism
Statement of Cash Flows
Year Ended June 30, 2023
(with Comparative Totals for 2022)

	2023			2022
	Tourism Taxes	Business Improvement District	Total	Total
Operating Activities				
Change in net assets	$ (968,539)	$ (55,642)	$ (1,024,181)	$1,371,143
Adjustments to reconcile change in net assets to net cash from (used for) operating activities				
Depreciation and amortization	29,089	1,128	30,217	29,185
Changes in				
Accounts receivable	77,929	(351,012)	(273,083)	287,448
Prepaid expenses	(202,502)	(185,828)	(388,330)	(27,317)
Note receivable	-	-	-	225,138
Inventory	(8,694)	-	(8,694)	(2,989)
Accounts payable	(12,421)	(632,786)	(645,207)	699,739
Due to tourism taxes/(from) Business Improvement District	15	(15)	-	-
Accrued payroll, related benefits and compensated absences	10,858	11,685	22,543	21,533
Sales tax payable	1,919	-	1,919	305
Net Cash from (used for) Operating Operating Activities	(1,072,346)	(1,212,470)	(2,284,816)	2,604,185
Investing Activities				
Purchase of property and equipment	(46,302)	(149,503)	(195,805)	(3,508)
Net Change in Cash and Cash Equivalents	(1,118,648)	(1,361,973)	(2,480,621)	2,600,677
Cash and Cash Equivalents, Beginning of Year	2,552,832	7,199,626	9,752,458	7,151,781
Cash and Cash Equivalents, End of Year	$ 1,434,184	$ 5,837,653	$ 7,271,837	$ 9,752,458

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Mammoth Lakes Tourism (Organization) was incorporated on June 15, 2010 under the Nonprofit Mutual Benefit Corporation Law in the State of California. The Organization is organized under Section 501(c)(6) of the Internal Revenue Code. The primary function of the Organization is to engage in such activities as are meant to improve the tourism industry in the Town of Mammoth Lakes, CA (Town). The Organization's revenue is derived primarily from Mammoth Lakes Tourism Business Improvement District (TBID) assessments and transient occupancy taxes (TOT or tourism taxes) collected in the Town.

The Organization has entered into a contract with the Town to receive 2.35 points of the 13% tourism taxes. As of July 1, 2023, the Town set a flat rate of $1,725,000 that the Organization will receive for the 2023-2024 fiscal year. Pursuant to the Organization's contract with the Town, should revenue collected exceed the budgeted amounts, such surplus is held in a designated joint reserve account for marketing purposes and controlled by joint approval from both the Organization's Board of Directors and the Town Council. Additional sources of funding are received from retail and advertising sales.

On July 24, 2013, TBID was formed to enhance funding for marketing efforts with a destination marketing and collective tourism strategy. The Organization will receive 100% of funds collected in conjunction with TBID, less the 2% paid to the Town for processing the monthly returns. Funds will be collected by the Town with businesses paying a percentage of revenue as noted below. The TBID was renewed in July 2018 for a five-year term through September 30, 2023, and it was renewed again in July 2023 for a five-year term through June 30, 2028.

TBID assessments commenced on September 1, 2013 and vary by business type and annual revenue. The TBID was renewed and collections began under the new Management District Plan on September 1, 2018. Retail businesses and restaurants are categorized as Tier 1, Tier 2, or Tier 3 based on annual gross revenue with assessments ranging from a $50 flat rate per year to 1.5% of gross sales. Lodging businesses are assessed 1% of gross room revenue. Ski resorts are assessed 2% of lift ticket and ski school revenue, in addition to paying 1% on resort lodging revenues and 1.5% on resort retail and restaurant revenues. TBID funds can be used primarily for sales, marketing, public relations, and air service subsidy expenses. Businesses may also be reclassified to a different category if greater than 50% of revenue is generated from locals; an appeals procedure and panel is in place. Effective May 1, 2023 due to a modification of the TBID Management District Plan, businesses are collecting the 1.5% TBID assessment, but remitting 1.38% to the Organization in order to offset the impact of sales tax.

All significant interfund transactions have been eliminated.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of revenue payments due from the Town and amounts due from advertising customers. Management has not reflected an allowance for doubtful accounts as management believes all accounts were collectible at June 30, 2023.

Inventory

Inventory consists primarily of general merchandise with the Mammoth Lakes logo provided at conferences. Inventory is valued at lower of cost or net realizable value and determined on the first-in, first out (FIFO) basis.

Property and Equipment

Property and equipment consist primarily of a high-altitude training condo known as “the Crib,” a virtual reality film, vehicles, and a website. Property and equipment additions over $2,500 are recorded at cost, and depreciation on these assets is provided on a straight-line basis at annual rates over the estimated useful life of the assets. Contributed equipment is recorded at fair value at the date of contribution. The estimated useful life of property and equipment ranges between 2-39 years.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on the disposition of property and equipment are included in the statement of activities.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Revenue and Revenue Recognition

Revenue is recognized in the period in which it is applicable for TOT and TBID revenue passed through from Town. Certain other revenue such as joint reserve fund revenue is recognized when the activity that gives rise to the revenue is authorized. Revenue such as assessment interest and penalties is recognized upon the performance of the noted activity.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services

Donated professional services are recorded at the respective fair value of the services recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professional craftsmen.

Members of the Board of Directors donate their time to various activities of the Organization. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services.

Advertising Costs

Advertising costs relate to the promotion of tourism in the Mammoth Lakes region. The Organization expenses advertising costs as incurred. Advertising expense, including all marketing efforts, is reflected by type in the accompanying financial statements in the statement of functional expenses.

Functional Allocation of Expenses

The costs of marketing program and administrative supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a consistently applied, reasonable basis. Allocated expenses include salaries, payroll taxes and benefits. Expenses are allocated based on estimated time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and Section 2370(f) of the California Tax Code as a business league. The entity is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and certificates of deposit with financial institutions believed by the Organization to be creditworthy. The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, the Organization had $2,737,171 respectively, in excess of FDIC-insured limits.

Credit risk associated with accounts receivable is considered as limited due to the high historical collection rates and because substantial portions of the outstanding amounts are due from Town of Mammoth Lakes.

Change in Accounting Principle

Effective July 1, 2022, the Organization adopted the new lease accounting guidance ASU No. 2016-02, *Leases*. This guidance requires that lessees recognize a lease liability and a right-of-use asset (initially measured at the present value of the lease payments) on their balance sheets for operating leases. The accounting for lessors remains largely unchanged from prior guidance. Upon adoption, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period using a modified retrospective approach. The implementation of this guidance did not have a material impact on the Organization's financial Statements.

Subsequent Events

Subsequent events have been evaluated through December 20, 2023, which represents the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash in banks	$ 2,637,073
Certificates of deposit	4,634,764
Accounts and current settlement receivable	1,008,574
	$ 8,280,411

As part of a liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit with original maturities less than three months and savings accounts.

Note 3 - Concentration of Revenue

The Organization generates substantially all its revenue from TOT and TBID assessments collected in the Mammoth Lakes, California area. TOT and TBID assessments represented approximately 98% of total revenue for the year ended June 30, 2023.

Note 4 - Property and Equipment

Property and equipment are stated at cost or fair market value, if donated, and consists of the following at June 30, 2023:

Capital assets, not being depreciated		
Land	$	102,565
Construction in Progress - Website		178,350
Capital assets, being depreciated		
Furniture and fixtures		41,708
Machinery and equipment		44,567
Vehicles		71,342
Building and improvements		426,671
Interactive		468,630
Total capital assets, being depreciated		1,052,918
Less accumulated depreciation		(671,161)
Total depreciable assets, net		381,757
Net capital assets	$	662,672

Note 5 - Leases

The Organization currently leases office space from the Town. The term of the lease with the Town began July 1, 2020 and ends June 30, 2023. The lease called for a one-time payment of $100. The lease was extended for another three-year term ending July 30, 2026.

Note 6 - Retirement Plan

Eligible employees are authorized to contribute a portion of their wages to a qualified retirement plan established under Section 401(k) of the Internal Revenue Code. The plan reports on a calendar year basis. The Organization's contribution consists of a required Safe Harbor Non-Elective contribution, as defined by the plan documents, equal to 100% of salary deferrals that do not exceed 3% of the eligible employee's annual compensation, plus 50% of salary deferrals that are between 3% and 5% of the eligible employee's annual compensation. During the year ended June 30, 2023, the Organization's Safe Harbor Non-Elective contribution totaled $32,549.

Note 7 - Commitments, Contingencies, and Subsequent Events

Commercial Air Service Cost Sharing Agreements

On December 7, 2022, the Organization renewed its cost sharing agreement with Mammoth Mountain Ski Area LLC (MMSA) relating to Winter Season commercial air service. Under the terms of the cost sharing agreement, the Organization is responsible for a minimum revenue guarantee not to exceed $1,410,000 for the airlines providing commercial air services to Bishop, California. Funding for that portion of the cost sharing agreement is paid by TBID funds. Amounts in excess of the subsidy are the responsibility of the County of Inyo and MMSA.

On May 15, 2023, the Organization entered into an agreement to subsidize certain air service provided by Advanced Air LLC for the 2023-2024 Season. Advanced Air LLC and Mammoth Lakes Tourism each have the right to reduce or cancel the air service once either determine the 2023-2024 season is no longer a viable financial investment. The Organization pays upfront an initial deposit toward flight operations of $250,000 into a service reserve account. Thereafter, the Organization pays as needed to maintain the account at $250,000. At the end of the season, any excess funds, net of deductions, shall be the property of the Organization. The Town has agreed to commit $300,000 towards winter 2023-2024 and summer 2024 air subsidy per a soon to be executed cost sharing agreement.

Services Agreement

The Organization is contracted under a three-year service agreement through June 30, 2026 with the Town encompassing the responsibility for all tourism attraction, marketing and branding services. The Organization is compensated by the Town at the rate of 2.35 points of the 13% TOT, net of the Town's administrative costs. The rate of 2.35 points is subject to change annually as part of Town's budgeting process. As of July 1, 2023, the Town set a flat rate of $1,725,000 that the Organization will receive for the 2023-2024 fiscal year. Additionally, TBID funds will be passed through to the Organization at 100%, less funding support for the Town's employee assigned to TBID collection, enforcement, and related work.

California Welcome Center Agreement

The Organization signed an ongoing contractor agreement with the State of California Business, Transportation, and Housing Authority to operate an official California Welcome Center. This agreement calls for an annual fee totaling $5,000 per year through June 30, 2028.

Los Angeles Kings Promotional Partnership

The Organization entered into a new agreement on October 8, 2022, with the Los Angeles Kings (Kings) for various marketing and promotional activations during Kings games for the 2023-2024 through the 2024-2025 season at a cost of $100,000 per year. Additionally, the agreement includes an option to extend for two additional seasons through the 2026-2027 season.

Advertising, Marketing, and Public Relations

The Organization entered into an agreement dated July 1, 2020 with The Shipyard, LLC ("Shipyard") to provide various marketing services to be paid primarily through TBID revenue, including development of a strategic marketing plan, presentations, general brand management, integrated media planning and purchases, creative development services, and research. On July 1, 2023, the Organization and Shipyard entered into an agreement for the renegotiated Statement of Work. The Statement of Work is for the period of July 1, 2023 through June 30, 2024 and is broken down into six different services with a total amount of $2,500,000.

The Organization also entered into agreements with various firms to provide international marketing, air service consulting, and public relations services. The agreements include, but are not limited to, services account management, quarterly reporting, travel trade, public relations and in-market events. The Organization has one or more agreements with the following agencies:

- Marketing Services International, Germany, Austria, and Switzerland, $15,000 per year, effective until terminated
- Marketing Services International, Germany, Austria, and Switzerland, $20,000 per year, effective until terminated
- Gate 7, Australia and New Zealand, $81,900 per year, effective through June 30, 2024
- AVIAREPS srl, Italy, $10,000 per year, effective through August 31, 2024
- Black Diamond, United Kingdom and Ireland, $50,000 per year, effective through June 30, 2024
- Bluebird Communications, $7,000 per month, effective until terminated and cancelable at any time with a 30-day written notice.
- Airplanners, $4,500 per month, effective through July 31, 2024
- Glen Plake, $35,000 per year, effective through October 31, 2025, and cancellable anytime with a 5-day advanced written notice.
- Atlantic Link, Scandinavia and Finland, $20,000 per year, effective through June 30, 2024
- Tempest Interactive Media LLC, Growth Marketing Services, $4,000 per month, effective until June 30, 2024
- Tempest Interactive Media LLC, subscription and hosting fees, $18,300 per year, effective 3 years after Go Live date
- iDSS Global LLC, $12,000 per year, effective 3 years after Go Live date

Joint Reserve Funds

The Town holds funds on reserve based on excess TOT collections, which are made available to the Organization at the Town's discretion. During the year ended June 30, 2023, no amount was released from restriction.

As of June 30, 2023, the reserve funds, which are held by Town and not reflected in the accompanying financial statements of the Organization, totaled $1,137,147.

Note 8 - Related Party Transactions

During the year ended June 30, 2023, the Organization entered into various related party transactions with companies where Board members are employed. These transactions included: marketing expense of $11,901, marketing trip expense of $28,470, event grant funding of $15,000, and sponsorship expense of $15,201.

Supplementary Information
June 30, 2023

Mammoth Lakes Tourism

Mammoth Lakes Tourism

Schedule of Revenue and Expenses – Budget to Actual – Tourism Taxes

Year Ended June 30, 2023

	Tourism Taxes		
	Budget	Actual	Variance
Revenue			
Town of Mammoth Lakes - transient occupancy taxes	$ 2,000,000	$ 2,000,000	$ -
Designated joint reserve fund	100,000	100,000	-
Visitor guide sales	20,000	-	(20,000)
Retail sales/royalty income	2,000	-	(2,000)
Certified folder display income	3,400	2,063	(1,337)
Other revenue	-	3,684	3,684
Interest income	-	440	440
Total revenue	2,125,400	2,106,187	(19,213)
Expenses			
Marketing program			
General marketing	1,798,025	1,909,393	(111,368)
Sales	503,753	410,296	93,457
Public relations	389,511	402,359	(12,848)
Total marketing program	2,691,289	2,722,048	(30,759)
Supporting services			
General and administrative	156,502	352,678	(196,176)
Total expenses	2,847,791	3,074,726	(226,935)
Change in Net Assets	$ (722,391)	$ (968,539)	$ (246,148)

	Business Improvement District		
	Budget	Actual	Variance
Revenue			
Tourism assessment revenue	$ 6,300,000	$ 7,038,404	$ 738,404
Assessment interest and penalties	-	56,714	56,714
Interest income	-	16,798	16,798
Total revenue	6,300,000	7,111,916	811,916
Expenses			
Marketing program			
General marketing	7,189,497	6,445,948	743,549
Sales	237,978	222,274	15,704
Public relations	196,775	171,526	25,249
Total marketing program	7,624,250	6,839,748	784,502
Supporting services			
General and administrative	117,254	327,810	(210,556)
Total expenses	7,741,504	7,167,558	573,946
Change in Net Assets	$ (1,441,504)	$ (55,642)	$ 1,385,862