

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

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COMBINED AUDITED FINANCIAL STATEMENTS

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YEAR ENDED JUNE 30, 2022

WITH

INDEPENDENT AUDITORS' REPORT



MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

COMBINED AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

WITH

INDEPENDENT AUDITORS' REPORT

CONTENTS

Independent Auditors' Report .....	1
Management's Discussion and Analysis (Unaudited) .....	4
<b>Basic Financial Statements</b>	
Combined Statement of Net Position .....	8
Combined Statement of Revenues, Expenses, and Changes in Net Position .....	9
Combined Statement of Cash Flows .....	10
Notes to Combined Financial Statements .....	11
<b>Other Information</b>	
Combining Schedule of Net Position .....	20
Combining Schedule of Revenues, Expenses, and Changes in Net Position .....	21
<b>Independent Auditors' Report on Internal Control</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance And other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Governmental Auditing Standards</i> .....	22



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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Midlands Authority for Conventions, Sports & Tourism  
and Columbia Metropolitan Conventions & Visitors Bureau  
1101 Lincoln Street  
Columbia, South Carolina 29201

#### *Report on the Audit of the Financial Statements*

##### ***Opinions***

We have audited the accompanying combined financial statements of the business-type activities of the Midlands Authority for Conventions Sports & Tourism (the "Authority") and the Columbia Metropolitan Convention & Visitors Bureau (the "Bureau"), component units of the City of Columbia, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the combined financial statements, which collectively comprise the Authority and the Bureau's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Authority and the Bureau, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Authority and the Bureau, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Note 4 to the financial statements, in 2022 the Authority and the Bureau adopted new accounting guidance, *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

### ***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 Authority's and the Bureau's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 opinions. 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 generally accepted auditing standards 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, substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 and opinion on the effectiveness of the Authority's and the Bureau's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's and the Bureau'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Net Position but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Authority's and the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's and the Bureau's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's and the Bureau's internal control over financial reporting and compliance.

*The Brittingham Group LLP*

West Columbia, South Carolina  
December 20, 2022

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## Management's Discussion and Analysis

### *Overview of the Financial Statement and Financial Analysis*

This management's discussion and analysis of Midlands Authority for Conventions, Sports, and Tourism (the "Authority") and Columbia Metropolitan Convention and Visitors Bureau (the "Bureau") combined financial statements provides an overview of the financial activities for the year. In accordance with Government Accounting Standards, the Authority and the Bureau produces three primary financial statements: (1) The Statement of Net Position, (2) The Statement of Revenues, Expenses and Changes in Net Position, and (3) The Statement of Cash Flows.

### *Combined Statements of Net Position*

The Statement of Net Position presents end-of-year data concerning assets as well as liabilities.

The combined statements of net position as of June 30, 2022 and 2021 were as follows:

	June 30,		
	2022	2021	Change
<b>Assets</b>			
Current assets	\$ 18,159,047	\$ 15,669,194	\$ 2,489,853
Non-current assets	7,140,475	7,733,768	(593,293)
Total assets	<u>\$ 25,299,522</u>	<u>\$ 23,402,962</u>	<u>\$ 1,896,560</u>
<b>Liabilities</b>			
Current liabilities	\$ 1,942,732	\$ 1,469,457	\$ 473,275
Non-current liabilities	104,833	812,835	(708,002)
Total liabilities	<u>2,047,565</u>	<u>2,282,292</u>	<u>(234,727)</u>
<b>Net Position:</b>			
Invested in capital assets	2,666,578	2,710,342	(43,764)
Restricted	9,409,687	9,611,315	(201,628)
Unrestricted	11,175,692	8,799,013	2,376,679
Total net position	<u>\$ 23,251,957</u>	<u>\$ 21,120,670</u>	<u>\$ 2,131,287</u>

### *Combined Statements of Revenues, Expenses and Changes in Net Position*

The purpose of the statement is to present the revenues earned by the Authority and the Bureau, operating and non-operating, and the expenses incurred by the Authority and the Bureau. Non-operating revenues are those for which goods or services are not provided.

The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis of accounting. Accrual accounting attempts to record the financial effects of transactions of an entity in the period in which those transactions occur, rather than in the period in which cash is received. Revenues are recognized when goods or services are provided. Expenses are recognized when resources are utilized in order to produce goods or services.

The combined statements of revenue, expenses and changes in net position for the years ended June 30, 2022 and 2021 were as follows:

	Year Ended June 30,		
	2022	2021	Change
Operating revenues	\$ 12,416,835	\$ 7,565,568	\$ 4,851,267
Operating expenses	(10,315,932)	(9,299,587)	(1,016,345)
Operating income (loss)	2,100,903	(1,734,019)	3,834,922
Non-operating income	30,384	18,187	12,197
Change in net position	2,131,287	(1,715,832)	\$ 3,847,119
Net position - beginning of year	21,120,670	22,836,502	
Net position - end of year	<u>\$ 23,251,957</u>	<u>\$ 21,120,670</u>	

### *Combined Statements of Cash Flows*

The final statement presented by the Authority and the Bureau is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity during the year. The statement is divided into four parts. The first part deals with operating cash flows and reports the net cash flows from the operating activities. The second section reports the cash activity related to financing for capitalized items. The third section reflects cash flows from investing activities and shows the interest received from investing activities. The fourth section reconciles the net cash provided or used by operating activities to the operating income displayed on the Statement of Revenues, Expenses and Changes in Net Position.

The combined statements of cash flows for the years ended June 30, 2022 and 2021 were as follows:

	Year Ended June 30,		
	2022	2021	Change
Net cash flows from:			
Operating activities	\$ 1,679,351	\$ (34,767)	\$ 1,714,118
Capital and related financing activities	(421,924)	(31,322)	(390,602)
Financing activities	-	812,835	(812,835)
Investing activities	30,384	18,187	12,197
Net change in cash	1,287,811	764,933	522,878
Cash and cash equivalents - beginning of year	10,522,983	9,758,050	764,933
Cash and cash equivalents - end of year	<u>\$ 11,810,794</u>	<u>\$ 10,522,983</u>	<u>\$ 1,287,811</u>

### ***Capital Assets***

The Authority's and the Bureau's combined investment in capital assets as of June 30, 2022, amounts to \$2,666,578 (net of accumulated depreciation). The investment in capital assets includes furniture and fixtures. The total decrease in capital assets (net of accumulated depreciation) for the current year was approximately \$43,764.

	Year Ended June 30,		
	2022	2021	Change
Furniture and fixtures	\$ 6,443,303	\$ 6,035,056	\$ 408,247
Less: accumulated depreciation	(3,776,725)	(3,324,714)	(452,011)
	<u>\$ 2,666,578</u>	<u>\$ 2,710,342</u>	<u>\$ (43,764)</u>

Additional information on the Authority's and the Bureau's capital assets can be found in Note 3 of this report.

### ***Business Overview***

The Board of Directors is composed of nine individuals who are residents of the Midlands area, all appointed by the City of Columbia, Lexington County and Richland County. The appointed members serve a term of three years.

The President/CEO is charged with the day-to-day operations of the Authority and the Bureau. Monthly reports are provided to the Board of Directors providing updates concerning financial information, news, departmental updates, and spotlights on potential economic growth.

At year-end the Authority and the Bureau had approximately 53 employees.

### ***Economic Outlook***

The "Organization" Midlands Authority for Conventions, Sports & Tourism in conjunction with Columbia Metropolitan Convention & Visitors Bureau, dba/ Experience Columbia SC.

The Organization's primary focus is to strengthen the area's economy and increase tourism by marketing and selling the region as a premier destination for meetings & conventions, tradeshows, special events and leisure travel within the Columbia, South Carolina region. To help accomplish this, the Organization strives to exceed client expectations and is always exploring new ways to make every event exciting and successful. The Organization also attracts new business through attending trade shows and funding various target marketing and advertising campaigns. These efforts have allowed the Organization's client base to grow while maintaining a high level of repeat clients.

Experience Columbia SC works with accommodations, restaurants, facilities, and attractions to provide informative materials and services that enhance and promote the desired image of the Columbia area. The Organization also ensures stability and tourism growth by partnering with local hotels through the destination marketing program. Participating hotels charge a special fee to their customers, which is then submitted to our Organization. For the year ended June 30, 2022, the Organization experienced an increase in destination marketing revenue of approximately \$690,604 over the previous year.

The operating revenue for the year which ended June 30, 2022 was up approximately \$4,851,358 from the previous year. The Organization attributes this increase to business returning to a more pre-pandemic status.

Experience Columbia SC is not a self-serving organization, but a non-profit economic engine used to drive visitors to our community. With 31 preferred hotel partners and 146 groups, leading to a total of 18,416 room nights. The result is approximately 15.1 million visitors annually with an economic impact of approximately 2.4 billion annually.

Experience Columbia SC Sports is a premier destination for sporting events, partnering with local sports organizations to grow and develop events, provide an economic benefit to the region by generating room nights, food and beverage sales and associated tax revenues. With 38 events hosted and 6,296 room nights booked the result was approximately 5.1 million in economic impact.

The Columbia Metropolitan Convention Center is a GBAC Star Facility with approximate attendance of 150,022, resulting in approximately \$1,368,834 in booking revenue (a new all-time record).

Due to a continued increase in travel readiness, events are rebooking, and travel & tourism continue to rise. The Organization is expecting to experience positive changes to its economic outlook in the coming fiscal year.

The Organization is not aware of any facts, decisions, or conditions that can reasonably be expected to have a material impact on the Organization's economic outlook during the fiscal year beginning July 1, 2022.

#### *Contacting the Organization's Management*

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability for the resources it receives. If you have questions about this report or need additional information, contact the finance director. The Organization's telephone number is 803-545-0000.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION VISITORS BUREAU

COMBINED STATEMENT OF NET POSITION

JUNE 30, 2022

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 11,810,794
Accounts receivable, net	431,212
Funds held in escrow	5,557,193
Prepaid expenses	359,848
Total current assets	<u>18,159,047</u>
Non-current assets	
Security deposit	2,000
Funds held in escrow	4,340,466
Capital assets, net of accumulated depreciation	2,666,578
Right to use assets, net of accumulated amortization	131,431
Total non-current assets	<u>7,140,475</u>
Total assets	<u>25,299,522</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable and accrued expenses	286,355
Accrued payroll liabilities	213,778
Accrued compensated absences	195,812
Unearned revenue	1,219,384
Lease liability	27,403
Total current liabilities	<u>1,942,732</u>
Non-current liabilities	
Lease liability	104,833
Total non-current liabilities	<u>104,833</u>
Total liabilities	<u>2,047,565</u>
<b>Net position</b>	
Net investment in capital assets	2,666,578
Restricted	9,409,687
Unrestricted	11,175,692
Total net position	<u>\$ 23,251,957</u>

*See accompanying notes.*

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION VISITORS BUREAU

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED  
JUNE 30, 2022

<b>Operating revenues</b>	
Intergovernmental	\$ 7,357,352
Event	2,484,080
Destination marketing	1,713,926
Miscellaneous	48,643
Debt Forgiveness	812,834
Total operating revenues	<u>12,416,835</u>
<b>Operating expenses</b>	
Event	204,502
Salaries and benefits	3,801,821
Office	449,514
Technology and rental equipment fees	812,438
Repairs and maintenance	165,887
Marketing and advertising	2,869,617
Professional services	102,543
Contract labor	169,303
Occupancy costs	820,985
Travel and entertainment	152,689
Depreciation	452,011
Lease Amortization	14,482
Other operating	300,140
Total operating expenses	<u>10,315,932</u>
Operating income	<u>2,100,903</u>
<b>Non-operating</b>	
Interest income	<u>30,384</u>
Total non-operating	<u>30,384</u>
Change in net position	2,131,287
Net position, beginning of year	21,120,670
Net position, end of year	<u><u>\$ 23,251,957</u></u>

*See accompanying notes.*

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION VISITORS BUREAU

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED  
JUNE 30, 2022

<b>Cash flows from operating activities</b>	
Receipts from other governments	\$ 6,993,925
Receipts from events and other	4,437,968
Payments to suppliers	(5,966,190)
Payments to employees	(3,786,352)
Net cash flows from operating activities	<u>1,679,351</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(408,247)
Right of use assets	(13,677)
Net cash flows from capital and related financing activities	<u>(421,924)</u>
<b>Cash flows from investing activities</b>	
Interest income	30,384
Net cash flows from investing activities	<u>30,384</u>
Net change in cash and cash equivalents	1,287,811
Cash and cash equivalents, beginning of year	10,522,983
Cash and cash equivalents, end of year	<u><u>\$ 11,810,794</u></u>
<b>Reconciliation of operating income to net cash flows</b>	
<b>from operating activities</b>	
Operating income	\$ 2,100,903
Adjustments to reconcile operating income to net cash	
flows from operating activities	
Depreciation	452,011
Lease amortization	14,482
Forgiveness of debt	(812,834)
Change in assets and liabilities	
Accounts receivable	(237,446)
Security deposits	500
Funds held in escrow	(363,427)
Prepaid expenses	79,292
Accounts payable and accrued expenses	2,137
Accrued payroll liabilities	7,053
Accrued compensated absences	8,416
Unearned revenue	428,264
Net cash flows from operating activities	<u><u>\$ 1,679,351</u></u>

*See accompanying notes.*

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MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

1. **Summary of Significant Accounting Policies**

Organization

The combined financial statements include the accounts of Midlands Authority for Conventions, Sports and Tourism (the "Authority") and Columbia Metropolitan Convention and Visitors Bureau (the "Bureau").

Midlands Authority for Conventions, Sports and Tourism (the "Authority") is a not-for-profit organization, which consists of the Convention Center Authority which was incorporated in July 2001 and was formed to oversee the development of a regional convention center and operate the convention center under a long-term management arrangement for the mutual benefit of the City of Columbia (the "City") and Richland and Lexington counties of South Carolina (the "Governmental Entities") and the Bureau.

Columbia Metropolitan Convention and Visitors Bureau is a not-for-profit organization established to enhance the economic growth of Lexington and Richland counties of South Carolina by promoting tourism and convention attractions, services, and facilities available in the counties and by attracting tourists and convention delegates to the area.

The Authority's and the Bureau's Board of Directors consists of nine Directors appointed by the City of Columbia, Lexington County, and Richland County. Lexington and Richland Counties appoint two Directors each and the remaining Directors are appointed by the City of Columbia.

Reporting Entity

As component units of the City of Columbia, South Carolina, the Authority's and the Bureau's financial position and results of operations will be reported in the City's Comprehensive Annual Financial Report. The accompanying combined financial statements present the financial position and results of operations of the Authority and the Bureau and do not include any financial information for the City or any other component unit of the City.

Fund Accounting

As component units of the City of Columbia, South Carolina, the Authority's and the Bureau's financial statements are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as recommended by the *Governmental Accounting Standards Board* (GASB). Such standards require the use of funds to report their financial positions and the results of their operations.

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MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Fund Accounting (continued)

The financial statements of the Authority and the Bureau are presented in accordance with the GASB Codification. The financial statement presentation required by this Codification provides a comprehensive, entity wide perspective of the Authority's and the Bureau's net position, revenues, expenses and changes in net position and cash flows.

The accounts of the Authority and the Bureau are organized on the basis of funds which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority's and the Bureau's policy for applying expenses that can use both restricted and unrestricted resources is to first apply the expense to restricted resources then to unrestricted resources.

Proprietary Fund

The Authority and the Bureau uses only one fund type, proprietary, within which it maintains one fund, an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Presentation

The accrual basis of accounting is used for proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Total net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

1. **Summary of Significant Accounting Policies (continued)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain 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 these estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority's and the Bureau's cash equivalents are defined as highly liquid investments with maturities of three months or less from the date of purchase.

Accounts Receivable

Accounts receivable are stated at their face amount less an allowance for doubtful accounts. The allowance for doubtful accounts is calculated based on management's review of the current accounts receivable outstanding. Receivables are written off when they are determined to be uncollectible. Recoveries of receivables previously written off are recorded as income when received. For the year ended June 30, 2022, management determined an allowance was not necessary based on its assessment of accounts receivable at June 30, 2022.

Funds Held in Escrow

The City, Richland County, and Lexington County impose and collect tourism development fees pursuant to their respective ordinances. These fees are remitted to the City who holds the funds for future Authority and Bureau expenditures related to the management and maintenance of the Columbia Metropolitan Convention Center. The Authority and the Bureau must submit an annual budget and reimbursement requests to the City in order to receive the funds. At June 30, 2022, the City held tourism development fees of approximately \$9,897,659.

Capital Assets

Assets purchased by the Authority and the Bureau are reported at cost or estimated historical cost if actual historical cost is not known. Donated capital assets are valued at their estimated fair values on the date donated. Depreciation is computed on the straight-line method over the estimated useful lives which range from 5 to 15 years. The Authority and the Bureau recorded depreciation expense for year ended June 30, 2022, of \$418,958 and \$33,053, respectively.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

1. **Summary of Significant Accounting Policies (continued)**

Compensated Absences

The Authority's and the Bureau's policy is to allow employees to accumulate unused vacation and sick leave benefits up to certain maximum hours based on continuous employment. Once an employee has completed the probationary period, the accumulated unused vacation is payable upon termination of employment. Full-time employees accruing vacation leave may carry forward 40 days of vacation leave per calendar year.

The changes in compensated absences for the year ended June 30, 2022 was as follows:

	Midland's Authority for Conventions, Sports & Tourism	Columbia Metropolitan Convention & Visitors Bureau	Total
Beginning Balance	\$ 160,573	\$ 26,822	\$ 187,395
Additions	130,951	40,463	171,414
Deductions	(132,271)	(30,726)	(162,997)
Ending Balance	<u>\$ 159,253</u>	<u>\$ 36,559</u>	<u>\$ 195,812</u>

Net Position

The Authority's and the Bureau's net position is classified as follows:

*Net investment in capital assets:* This represents the total investment in capital assets, net of debt related to those capital assets.

*Restricted:* This represents the net amount of assets subject to constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

*Unrestricted:* This represents the net amount of net position, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in any other category of net position.

Income Taxes

The Authority is exempt from federal income taxes as a component unit of the City of Columbia.

The Bureau has received a determination from the Internal Revenue Service that they are exempt from federal income taxes under Section 501(C)(6) of the Internal Revenue Code. Management believes they are no longer subject to income tax examinations for tax years prior to 2019.

1. **Summary of Significant Accounting Policies (continued)**

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

Unearned Revenue

Unearned revenue arises when potential revenue does not meet the criteria for recognition in the current period. In subsequent periods when revenue recognition criteria are met, or the revenue has been earned, the liability is removed, and revenue is recognized. Unearned revenue consists of deposits collected prior to the date an event is scheduled to be held or funds received prior to qualifying expenditures being incurred.

New Accounting Pronouncements

During the year ended June 30, 2022, the Authority and the Bureau adopted the requirements of GASB 87: Leases (the "Statement"). Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For more information on the implementation of the Statement, see *Note 4*.

**2. Deposits and Investments**

As of June 30, 2022, the Authority and the Bureau held demand deposits and money market investments which mature in less than three months.

Credit Risk – Investments

State law limits investments to the following securities:

1. Obligations of the United States and agencies thereof
2. General obligations of the State of South Carolina or any of its political subdivisions
3. Certificates of deposit where the certificates are collaterally insured by securities, described above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.
4. Repurchase agreements when collateralized by securities set forth above.

Concentration of Credit Risk – Investments

The Authority and the Bureau do not have a formal policy that places limits on the amount that they may invest in any one issuer.

Custodial Credit Risk – Deposits

The Authority's and the Bureau's cash deposit policy require that United States Treasury securities of a fair value equal to the bank deposits of public funds, not covered by FDIC insurance, be held by a third-party custodian in the Authority's and the Bureau's name.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**2. Deposits and Investments (continued)**

June 30, 2022	Midland's Authority for Conventions, Sports & Tourism	Columbia Metropolitan Convention & Visitors Bureau	Total
<b>Carrying Amount</b>	\$ 6,554,662	5,256,132	\$ 11,810,794
<b>Bank Balance</b>	\$ 6,705,353	5,445,589	\$ 12,150,942

**3. Capital Assets**

Activity in capital assets for the year ended June 30, 2022 for the Authority was as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Furniture and fixtures	\$ 5,521,740	\$ 408,247	\$ -	\$ 5,929,987
Less: accumulated depreciation	(3,213,298)	(418,958)	-	(3,632,256)
Capital assets, net	<u>\$ 2,308,442</u>	<u>\$ (10,711)</u>	<u>\$ -</u>	<u>\$ 2,297,731</u>

Activity in capital assets for the year ended June 30, 2022 for the Bureau was as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Furniture and fixtures	\$ 513,316	\$ -	\$ -	\$ 513,316
Less: accumulated depreciation	(111,416)	(33,053)	-	(144,469)
Capital assets, net	<u>\$ 401,900</u>	<u>\$ (33,053)</u>	<u>\$ -</u>	<u>\$ 368,847</u>

**4. Operating Lease Arrangements**

The Authority leases two office spaces and parking garage spaces from the City of Columbia under terms of three operating leases on a month-to-month basis. Total lease expense related to the parking garage spaces was approximately \$10,241 for the year ended June 30, 2022. Total lease expense related to the office spaces were approximately \$61,005 for the year ended June 30, 2022.

Lease Obligations

The Authority leases warehouse space from a third party under terms of an operating lease which expires in January 2027. As of June 30, 2022, the total amount of the Right to use lease asset, and the related amortization, disclosed separately from other capital assets is as follows:

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**4. Operating Lease Arrangements (continued)**

	July 1, 2021	Increases	Decreases	June 30, 2022
Warehouse	\$ -	\$ 126,008	\$ -	\$ 126,008
Less: accumulated amortization	-	(10,501)	-	(10,501)
Total, net	<u>\$ -</u>	<u>\$ 115,507</u>	<u>\$ -</u>	<u>\$ 115,507</u>

Amortization expense for the year ended June 30, 2022 was \$10,501.

The principal and interest requirements to maturity for the lease liability is as follows:

Year	Principal	Interest	Total
2023	\$ 23,543	\$ 812	\$ 24,355
2024	24,554	647	25,201
2025	25,564	475	26,039
2026	26,581	296	26,877
2027	15,842	111	15,953
	<u>\$ 116,084</u>	<u>\$ 2,341</u>	<u>\$ 118,425</u>

The Bureau leases a keyless entry system from a third party under the terms of an operating lease which expires in April 2026. As of June 30, 2022, the total amount of the Right to use lease asset, and the related amortization, disclosed separately from other capital assets is as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Keyless entry system	\$ -	\$ 19,905	\$ -	\$ 19,905
Less: accumulated amortization	-	(3,981)	-	(3,981)
Total, net	<u>\$ -</u>	<u>\$ 15,924</u>	<u>\$ -</u>	<u>\$ 15,924</u>

Amortization expense for the year ended June 30, 2022 was \$3,981.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**4. Operating Lease Arrangements (continued)**

The principal and interest requirements to maturity for the lease liability is as follows:

Year	Principal	Interest	Total
2023	\$ 3,859	\$ 9	\$ 3,868
2024	3,978	7	3,985
2025	4,099	5	4,104
2026	4,216	2	4,218
	<u>\$ 16,152</u>	<u>\$ 23</u>	<u>\$ 16,175</u>

**5. Paycheck Protection Program Loan**

On February 14, 2021, the Bureau entered into a note payable under the Paycheck Protection Program for \$812,834 payable in monthly installments of \$19,508, including interest at 1%, starting July 14, 2022. On December 8, 2021, the note payable was fully forgiven.

**6. Employee Retirement Plan**

The Authority and the Bureau maintain a SIMPLE IRA retirement plan. Under terms of this plan, substantially all employees are eligible to participate and may elect to defer a portion of their salaries until future years. The Authority and the Bureau matches the amount employees choose to defer, up to 3% of their salary. The Authority's and Bureau's matching contributions to this plan for the year ended June 30, 2022, totaled \$52,473 and \$23,175, respectively.

**7. Related-Party Transactions**

The Authority is a component unit of the City of Columbia and received a significant portion of its funding from the City for the year ended June 30, 2022. It also receives a variety of services at no charge from the City. No value for these services has been determined, nor is any included in the accompanying financial statements.

The Authority manages the Columbia Convention Center Property at the request of the City of Columbia. The Authority does this at no charge because they are a component unit of the City of Columbia. This agreement commenced on March 1, 2003 and ends on March 1, 2033. The City is responsible for the maintenance of the property and ensuring the Authority is able to use the property for the intended purposes. The title to the property remains with the City of Columbia for the entire length of the agreement.



MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION & VISITORS BUREAU

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**8. Economic Dependence**

The Authority and the Bureau is funded primarily by accommodations and hospitality tax revenue from counties and municipalities in the Columbia metropolitan area, grants from the South Carolina Department of Parks, Recreation and Tourism and the City of Columbia, and tourism development fees collected by the City of Columbia. These intergovernmental revenues totaled 59% of its operating revenues for the year ended June 30, 2022.

**9. Risk Management**

The Authority and the Bureau are exposed to various risks related to torts, theft of, damage to or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority and the Bureau participates in the City's self-insurance pool and is liable only for the payment of budgeted insurance costs to the City. The Authority and the Bureau have had no significant reductions in insurance coverage during the fiscal year, and settlements have never exceeded insurance coverage.

**10. Food and Beverage Commitment**

The Authority and Spectra Food Services & Hospitality (Spectra) entered into an agreement on April 17, 2017, whereby Spectra is to provide food and beverage services for the Columbia Metropolitan Convention Center. This agreement is effective July 1, 2017 through June 30, 2022. The Authority is required to pay Spectra a management fee of \$90,000 each year, in equal monthly installments, plus 2.5% of gross revenue. Per the agreement, in July 2017, Spectra provided the Authority with grant funds of \$100,000 to be used for food and beverage service enhancements or for funding an expansion study. The funds will be amortized on a straight-line basis over the term of the agreement.

On June 30, 2022, Authority and Ovations Food Services, L.P. ("Ovations") entered into an agreement, whereby Ovations is to provide food and beverage services for the Columbia Metropolitan Convention Center. This agreement is effective July 1, 2022 through June 30, 2027 with the option to extend the initial term for an additional five years. The Authority is required to pay Ovations a management fee of \$60,000 plus 1.5% of gross revenue for year one and \$100,000 each year plus 3.0% of gross revenue for the remainder of the contract term. Per the agreement, in July 2022, Ovations will provide the Authority with grant funds up to \$500,000 to be used for food and beverage service enhancements. The funds will be amortized on a straight-line basis over the term of the agreement.

**11. Subsequent events**

Subsequent events were evaluated through December 19, 2022, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION VISITORS BUREAU

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2022

	Midlands Authority for Conventions, Sports &	City of Columbia	Eliminate / Reclass	Subtotal	Columbia Metropolitan Convention & Visitors Bureau	Eliminate / Reclass	Total
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 6,554,662	\$ -	\$ -	\$ 6,554,662	\$ 5,256,132	\$ -	\$ 11,810,794
Accounts receivable, net	1,027,424	-	(1,134,670)	(107,246)	538,458	-	431,212
Due from other funds	2,015,377	-	-	2,015,377	-	(2,015,377)	-
Funds held in escrow	-	5,557,193	-	5,557,193	-	-	5,557,193
Prepaid expenses	162,947	-	-	162,947	196,901	-	359,848
Total current assets	9,760,410	5,557,193	(1,134,670)	14,182,933	5,991,491	(2,015,377)	18,159,047
Non-current assets							
Security deposit	2,000	-	-	2,000	-	-	2,000
Funds held in escrow	-	4,340,466	-	4,340,466	-	-	4,340,466
Capital assets, net of accumulated depreciation	2,297,731	-	-	2,297,731	368,847	-	2,666,578
Right to use assets, net of accumulated	115,507	-	-	115,507	15,924	-	131,431
Total non-current assets	2,415,238	4,340,466	-	6,755,704	384,771	-	7,140,475
Total assets	12,175,648	9,897,659	(1,134,670)	20,938,637	6,376,262	(2,015,377)	25,299,522
<b>Liabilities</b>							
Current Liabilities							
Accounts payable and accrued expenses	135,810	1,134,670	(1,134,670)	135,810	150,545	-	286,355
Accrued payroll liabilities	148,729	-	-	148,729	65,049	-	213,778
Accrued compensated absences	159,253	-	-	159,253	36,559	-	195,812
Due to other funds	-	-	-	-	2,015,377	(2,015,377)	-
Unearned revenue	397,192	-	-	397,192	822,192	-	1,219,384
Lease liabilities	23,543	-	-	23,543	3,860	-	27,403
Total current liabilities	864,527	1,134,670	(1,134,670)	864,527	3,093,582	(2,015,377)	1,942,732
Non-current liabilities							
Lease liabilities	92,541	-	-	92,541	12,292	-	104,833
Total non-current liabilities	92,541	-	-	92,541	12,292	-	104,833
Total liabilities	957,068	1,134,670	(1,134,670)	957,068	3,105,874	(2,015,377)	2,047,565
<b>Net position</b>							
Net investment in capital assets	2,297,731	-	-	2,297,731	368,847	-	2,666,578
Restricted	-	8,762,989	-	8,762,989	646,698	-	9,409,687
Unrestricted	8,920,849	-	-	8,920,849	2,254,843	-	11,175,692
Total net position	\$ 11,218,580	\$ 8,762,989	\$ -	\$ 19,981,569	\$ 3,270,388	\$ -	\$ 23,251,957

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS TOURISM  
AND COLUMBIA METROPOLITAN CONVENTION VISITORS BUREAU

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED  
JUNE 30, 2022

	Midlands Authority for Conventions, Sports &	City of Columbia	Eliminate / Reclass	Subtotal	Columbia Metropolitan Convention & Visitors Bureau	Eliminate / Reclass	Total
<b>Operating revenues</b>							
Intergovernmental revenue	\$ 111,833	\$ 4,138,710	\$ -	\$ 4,250,543	\$ 3,106,809	\$ -	\$ 7,357,352
Event revenue	2,484,080	-	-	2,484,080	-	-	2,484,080
Destination marketing revenue	-	-	-	-	1,713,926	-	1,713,926
Miscellaneous revenue	28,508	-	-	28,508	20,135	-	48,643
Debt Forgiveness	598,792	-	-	598,792	214,042	-	812,834
Total operating revenues	3,223,213	4,138,710	-	7,361,923	5,054,912	-	12,416,835
<b>Operating expenses</b>							
Event expenses	125,609	-	-	125,609	78,893	-	204,502
Salaries and benefits	2,667,110	-	-	2,667,110	1,134,711	-	3,801,821
Office expenses	358,695	-	-	358,695	90,819	-	449,514
Technology and rental equipment fees	668,637	-	-	668,637	143,801	-	812,438
Repairs and maintenance	164,663	-	-	164,663	1,224	-	165,887
Marketing and advertising	384,773	-	-	384,773	2,484,844	-	2,869,617
Professional services	102,543	-	-	102,543	-	-	102,543
Contract labor	161,950	-	-	161,950	7,353	-	169,303
Occupancy costs	686,107	-	-	686,107	134,878	-	820,985
Travel and entertainment	109,282	-	-	109,282	43,407	-	152,689
Depreciation	418,958	-	-	418,958	33,053	-	452,011
Lease Amortization	10,501	-	-	10,501	3,981	-	14,482
Other operating expenses	(4,101,078)	4,357,255	-	256,177	43,963	-	300,140
Total operating expenses	1,757,750	4,357,255	-	6,115,005	4,200,927	-	10,315,932
Operating income (loss)	1,465,463	(218,545)	-	1,246,918	853,985	-	2,100,903
<b>Non-operating revenue (expenses)</b>							
Interest income	1,853	25,420	-	27,273	3,111	-	30,384
Transfers	785,901	-	-	785,901	(785,901)	-	-
Total non-operating revenue	787,754	25,420	-	813,174	(782,790)	-	30,384
Change in net position	2,253,217	(193,125)	-	2,060,092	71,195	-	2,131,287
Net position, beginning of year	8,965,363	8,956,114	-	17,921,477	3,199,193	-	21,120,670
Net position, end of year	\$ 11,218,580	\$ 8,762,989	\$ -	\$ 19,981,569	\$ 3,270,388	\$ -	\$ 23,251,957

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