

**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, 2023**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

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

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YEAR ENDED JUNE 30, 2023

WITH

INDEPENDENT AUDITORS' REPORT

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# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, 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, 2023, 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.

### ***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 November 10, 2023, 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 Buttingham Group LLP

West Columbia, South Carolina  
November 10, 2023

## 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, 2023 and 2022 were as follows:

	<b>June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>Assets</b>			
Current assets	\$ 18,913,184	\$ 18,159,047	\$ 754,137
Non-current assets	11,069,248	7,140,475	3,928,773
Total assets	<u>\$ 29,982,432</u>	<u>\$ 25,299,522</u>	<u>\$ 4,682,910</u>
<b>Liabilities</b>			
Current liabilities	\$ 2,902,697	\$ 1,942,732	\$ 959,965
Non-current liabilities	136,548	104,833	31,715
Total liabilities	<u>3,039,245</u>	<u>2,047,565</u>	<u>991,680</u>
<b>Net Position:</b>			
Invested in capital assets	3,058,769	2,666,578	392,191
Restricted	9,559,149	9,409,687	149,462
Unrestricted	14,325,269	11,175,692	3,149,577
Total net position	<u>\$ 26,943,187</u>	<u>\$ 23,251,957</u>	<u>\$ 3,691,230</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, 2023 and 2022 were as follows:

	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Operating revenues	\$ 14,360,774	\$ 12,416,835	\$ 1,943,939
Operating expenses	(11,083,314)	(10,315,932)	(767,382)
Operating income	3,277,460	2,100,903	1,176,557
Non-operating income	413,770	30,384	383,386
Change in net position	3,691,230	2,131,287	\$ 1,559,943
Net position - beginning of year	23,251,957	21,120,670	
Net position - end of year	<u>\$ 26,943,187</u>	<u>\$ 23,251,957</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, 2023 and 2022 were as follows:

	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Net cash flows from:			
Operating activities	\$ 2,903,587	\$ 1,679,351	\$ 1,224,236
Capital and related financing activities	(932,444)	(421,924)	(510,520)
Investing activities	413,770	30,384	383,386
Net change in cash	2,384,913	1,287,811	1,097,102
Cash and cash equivalents - beginning of year	11,810,794	10,522,983	1,287,811
Cash and cash equivalents - end of year	<u>\$ 14,195,707</u>	<u>\$ 11,810,794</u>	<u>\$ 2,384,913</u>



### ***Capital Assets and Right of Use Assets***

The Authority's and the Bureau's combined investment in capital assets as of June 30, 2023, amounts to \$3,058,769 (net of accumulated depreciation and amortization). The investment in capital assets includes furniture and fixtures and right of use assets. The total increase in capital assets (net of accumulated depreciation) for the current year was approximately \$394,121.

	<b>Capital Assets - Net of Accumulated Depreciation</b>		
	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Furniture and fixtures	\$ 7,335,704	\$ 6,443,303	\$ 892,401
Less: accumulated depreciation	(4,275,006)	(3,776,725)	(498,281)
	<u>\$ 3,060,698</u>	<u>\$ 2,666,578</u>	<u>\$ 394,120</u>

The total increase in right of use assets (net of accumulated amortization) for the current year was approximately \$48,719.

	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Right of use assets	\$ 235,799	\$ 145,913	\$ 89,886
Less: accumulated amortization	(55,649)	(14,482)	(41,167)
	<u>\$ 180,150</u>	<u>\$ 131,431</u>	<u>\$ 48,719</u>

Additional information on the Authority's and the Bureau's capital assets and right of use assets can be found in Note 3 and 4, respectively, 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 had approximately 47 employees and the Bureau had approximately 13 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 Columbia, SC region (City of Columbia, Lexington County, Richland County) as a premier destination for meetings, conventions, sporting events, tradeshow, special events and leisure travel.

To help accomplish this, the Organization strives to exceed client and partner expectations and is always exploring new ways to make every experience exciting and successful. The Organization also attracts new business by attending conferences and tradeshow as well as 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.

### **Sales & Marketing**

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 region. The Organization ensures stability and tourism growth by partnering with local hotels through the destination marketing program. Participating hotels charge a special fee to customers, which is then submitted to our organization and used for promotional efforts to continue to bring in future groups and to assist each of the partner hotel efforts.

Experience Columbia SC is not a self-serving organization, but a non-profit economic engine used to drive visitors to our community. With support from all area hotels, our sales team was able to confirm 151 group bookings which equated to a total of 24,783 room nights. The result is approximately 15.8 million visitors annually with an economic impact of approximately 2.6 billion annually.

Due to a continued increase in tourism products available for visitors as well as innovative marketing initiatives, travel & tourism continue to rise.

### **Columbia Metropolitan Convention Center**

The Columbia Metropolitan Convention Center continues as a GBAC Star Facility with approximately 191,510 attendees, resulting in approximately \$3,418,449 revenue from all sources. Future booking revenues have fully recovered since Covid setting a record of \$1,534,872. Due to limited dates and spaces to sell, the Convention Center expects single digit growth in the near future. The current demand for space in the convention center has forced rejection of multiple events and clients due to no availability.

Midlands Authority for Conventions, Sports & Tourism and Columbia Metropolitan Convention Center are currently negotiating with a potential attached independent hotel which would provide additional square footage of sellable space dedicated to and managed by the convention center as an expansion. The committed growth in the immediate proximity to the convention center assures continued demand for space usage in the venue.

### **Regional Sports Council**

The Organizations Regional Sports Council partners with local sports organizations to recruit new events and grow existing events by generating room nights, food and beverage sales, and associated tax revenues.

The 2023-2024 Regional Sports Marketing Campaign supports the Organizations goal by directly marketing to sports events rights holders and sport's governing bodies and advertising in several national sports travel industry trade publications. This direct marketing effort creates awareness and communicates the advantages of our region's sports products and facilities; allowing us to recruit more events, resulting in increased room nights for our area hotel properties and economic benefit for our entire region. As has been the case in the past 20 years, sports tourism has been the first aspect of tourism to recover and will continue to grow in future years.

Experience Columbia SC Sports tracks the number of hotel room nights for each of its events. The goal is to book or assist with booking 6,000 contracted hotel room nights to the region from sporting events, which could also produce an estimated 9,000 overnight tourists during FY 2023-24. Based on event research (ticket sales, event owner surveys, event registrations), an additional estimated 23,000 out-of-town tourists drive in and do not book hotel rooms. The Sports Council is projecting 100,000 total attendances for FY 2023-2024, of which 40,000 (40%) are tourists.

With a goal of 6,000 contracted room nights along with a projection of 23,000 non-overnight tourists, the Sports Council has estimated to generate an economic impact of \$6,000,000 in 2023-24.

### **Human Resources Department**

The Organization is currently operating at a nearly full staff capacity. The pandemic's effect on Midlands Authority resulted in the laying off approximately 40 percent of its staff. Since then, the Organization has worked diligently to fill those vacant positions.

Additionally, Human Resources is currently taking a comprehensive look at all the Organizations plan benefits. The goal is to secure affordable rates for both the Organization and employees, secure top-notch service and provide stable investment options for employee retirement plans. Human Resources is exploring a new performance management system, the plan is to implement a system that is more efficient and integrates with the HRIS systems.

Overall, 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, 2023.

### ***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 Vice President of Finance. 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, 2023

**Assets**

Current assets	
Cash and cash equivalents	\$ 14,195,707
Accounts receivable, net	1,594,041
Funds held in escrow	2,570,404
Prepaid expenses	553,032
Total current assets	<u>18,913,184</u>
Non-current assets	
Security deposit	2,000
Funds held in escrow	7,826,400
Capital assets, net of accumulated depreciation	3,060,698
Right of use assets, net of accumulated amortization	180,150
Total non-current assets	<u>11,069,248</u>
Total assets	<u>29,982,432</u>

**Liabilities**

Current Liabilities	
Accounts payable and accrued expenses	661,492
Accrued payroll liabilities	132,451
Accrued compensated absences	195,101
Unearned revenue	1,868,122
Lease liability	45,531
Total current liabilities	<u>2,902,697</u>
Non-current liabilities	
Lease liability	136,548
Total non-current liabilities	<u>136,548</u>
Total liabilities	<u>3,039,245</u>

**Net position**

Net investment in capital assets	3,058,769
Restricted	9,559,149
Unrestricted	14,325,269
Total net position	<u><u>\$ 26,943,187</u></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, 2023

<b>Operating revenues</b>	
Intergovernmental	\$ 8,556,689
Event	3,421,841
Destination marketing	2,343,251
Miscellaneous	38,993
Total operating revenues	<u>14,360,774</u>
<b>Operating expenses</b>	
Event	296,190
Salaries and benefits	4,139,606
Office	368,961
Technology and rental equipment fees	981,697
Repairs and maintenance	245,117
Marketing and advertising	3,105,155
Professional services	103,721
Contract labor	242,456
Occupancy costs	895,893
Travel and entertainment	164,827
Depreciation	498,281
Lease Amortization	41,167
Other operating	243
Total operating expenses	<u>11,083,314</u>
Operating income	<u>3,277,460</u>
<b>Non-operating</b>	
Interest income	<u>413,770</u>
Total non-operating	<u>413,770</u>
Change in net position	3,691,230
Net position, beginning of year	<u>23,251,957</u>
Net position, end of year	<u><u>\$ 26,943,187</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, 2023

**Cash flows from operating activities**

Receipts from other governments	\$ 8,057,545
Receipts from events and other	5,289,994
Payments to suppliers	(6,222,308)
Payments to employees	(4,221,644)
Net cash flows from operating activities	<u>2,903,587</u>

**Cash flows from capital and related financing activities**

Purchase of capital assets	(892,401)
Right of use assets	(40,043)
Net cash flows from capital and related financing activities	<u>(932,444)</u>

**Cash flows from investing activities**

Interest income	413,770
Net cash flows from investing activities	<u>413,770</u>

Net change in cash and cash equivalents	2,384,913
Cash and cash equivalents, beginning of year	11,810,794
Cash and cash equivalents, end of year	<u><u>\$ 14,195,707</u></u>

**Reconciliation of operating income to net cash flows  
from operating activities**

Operating income	\$ 3,277,460
Adjustments to reconcile operating income to net cash flows from operating activities	
Depreciation	498,281
Lease amortization	41,167
Change in assets and liabilities	
Accounts receivable	(1,162,831)
Funds held in escrow	(499,145)
Prepaid expenses	(193,184)
Accounts payable and accrued expenses	375,140
Accrued payroll liabilities	(81,328)
Accrued compensated absences	(711)
Unearned revenue	648,738
Net cash flows from operating activities	<u><u>\$ 2,903,587</u></u>

*See accompanying notes.*

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

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023

**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, 2023, management determined an allowance was not necessary based on its assessment of accounts receivable at June 30, 2023.

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, 2023, the City held tourism development fees of approximately \$10,396,804.

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, 2023, of \$465,228 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)**

Right of Use Asset

The Authority and the Bureau are lessees for multiple noncancellable leases of equipment and warehouse space. The Authority and the Bureau recognize a lease liability and an intangible right to use lease asset in the financial statements for each of these transactions.

At the commencement of each lease, the Authority and the Bureau initially measure the lease liabilities at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portions of payments made. The lease assets are initially measured as the initial amount of the individual lease liabilities, adjusted for any payments made at or before the commencement dates, plus certain initial indirect costs.

The lease assets are amortized using the straight-line method over the lease term.

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, 2023 was as follows:

	Midland's Authority for Conventions, Sports & Tourism	Columbia Metropolitan Convention & Visitors Bureau	Total
Beginning Balance	\$ 159,253	\$ 36,559	\$ 195,812
Additions	145,609	34,470	180,079
Deductions	(148,753)	(32,037)	(180,790)
Ending Balance	<u>\$ 156,109</u>	<u>\$ 38,992</u>	<u>\$ 195,101</u>

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)**

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 and right of use assets, net of debt related to those capital and right of use 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 2020.

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.

**2. Deposits and Investments**

As of June 30, 2023, 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.

MIDLANDS AUTHORITY FOR CONVENTIONS, SPORTS & TOURISM  
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NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

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

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.

June 30, 2023	Midland's Authority for Conventions, Sports & Tourism	Columbia Metropolitan Convention & Visitors Bureau	Total
<b>Carrying Amount</b>	\$ 7,787,330	6,408,377	\$ 14,195,707
<b>Bank Balance</b>	\$ 7,634,361	6,544,933	\$ 14,179,294

**3. Capital Assets**

Activity in capital assets for the year ended June 30, 2023 for the Authority was as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Furniture and fixtures	\$ 5,929,987	\$ 892,401	\$ -	\$ 6,822,388
Less: accumulated depreciation	(3,632,256)	(465,228)	-	(4,097,484)
Capital assets, net	<u>\$ 2,297,731</u>	<u>\$ 427,173</u>	<u>\$ -</u>	<u>\$ 2,724,904</u>

Activity in capital assets for the year ended June 30, 2023 for the Bureau was as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Furniture and fixtures	\$ 513,316	\$ -	\$ -	\$ 513,316
Less: accumulated depreciation	(144,469)	(33,053)	-	(177,522)
Capital assets, net	<u>\$ 368,847</u>	<u>\$ (33,053)</u>	<u>\$ -</u>	<u>\$ 335,794</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**4. Right of Use Assets**

The Authority leases warehouse space and copiers from a third party under terms of an operating lease which expire in January 2027 and October 2027, respectively. As of June 30, 2023, the total amount of the right of use lease asset, and the related amortization, disclosed separately from other capital assets is as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Warehouse	\$ 126,008	\$ -	\$ -	\$ 126,008
Copiers	-	67,370	-	67,370
Less: accumulated amortization	(10,501)	(34,184)	-	(44,685)
Total, net	<u>\$ 115,507</u>	<u>\$ 33,186</u>	<u>\$ -</u>	<u>\$ 148,693</u>

Amortization expense for the year ended June 30, 2023 was \$34,184.

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

Year	Principal	Interest	Total
2024	37,303	2,684	39,987
2025	38,761	2,064	40,825
2026	40,242	1,421	41,663
2027	29,983	755	30,739
2028	4,147	147	4,294
	<u>\$ 150,436</u>	<u>\$ 7,072</u>	<u>\$ 157,508</u>

The Bureau leases a keyless entry system and copiers from a third party under the terms of an operating lease which expire in April 2026 and October 2027, respectively. As of June 30, 2023, the total amount of the right of use lease asset, and the related amortization, disclosed separately from other capital assets is as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Keyless entry system	\$ 19,905	\$ -	\$ -	\$ 19,905
Copiers	-	22,516	-	22,516
Less: accumulated amortization	(3,981)	(6,983)	-	(10,964)
Total, net	<u>\$ 15,924</u>	<u>\$ 15,533</u>	<u>\$ -</u>	<u>\$ 31,457</u>

Amortization expense for the year ended June 30, 2023 was \$6,983.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

-CONTINUED-

**4. Right of Use Assets (continued)**

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

Year	Principal	Interest	Total
2024	\$ 8,228	\$ 686	\$ 8,914
2025	8,498	535	9,033
2026	8,770	377	9,147
2027	4,714	215	4,929
2028	1,434	49	1,483
	<u>\$ 31,643</u>	<u>\$ 1,862</u>	<u>\$ 33,504</u>

**5. 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 \$10,340 for the year ended June 30, 2023. Total lease expense related to the office spaces were approximately \$63,630 for the year ended June 30, 2023.

**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, 2023, totaled \$50,148 and \$21,828, 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, 2023. 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 60% of its operating revenues for the year ended June 30, 2023.

**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**

On June 30, 2022, Authority and Ovations Food Services, L.P. dba OVG Hospitality ("OVG") entered into an agreement, whereby OVG 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 OVG 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, OVG 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 November 10, 2023, 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.

## OTHER INFORMATION



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

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2023

	Midlands Authority for Conventions, Sports & Tourism	City of Columbia	Eliminate / Reclass	Subtotal	Columbia Metropolitan Convention & Visitors Bureau	Eliminate / Reclass	Total
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 7,787,330	\$ -	\$ -	\$ 7,787,330	\$ 6,408,377	\$ -	\$ 14,195,707
Accounts receivable, net	2,143,243	-	(1,284,035)	859,208	734,833	-	1,594,041
Due from other funds	2,615,710	-	-	2,615,710	-	(2,615,710)	-
Funds held in escrow	-	2,570,404	-	2,570,404	-	-	2,570,404
Prepaid expenses	148,004	-	-	148,004	405,028	-	553,032
Total current assets	12,694,287	2,570,404	(1,284,035)	13,980,656	7,548,238	(2,615,710)	18,913,184
Non-current assets							
Security deposit	2,000	-	-	2,000	-	-	2,000
Funds held in escrow	-	7,826,400	-	7,826,400	-	-	7,826,400
Capital assets, net of accumulated depreciation	2,724,904	-	-	2,724,904	335,794	-	3,060,698
Right to use assets, net of accumulated	148,693	-	-	148,693	31,457	-	180,150
Total non-current assets	2,875,597	7,826,400	-	10,701,997	367,251	-	11,069,248
Total assets	15,569,884	10,396,804	(1,284,035)	24,682,653	7,915,489	(2,615,710)	29,982,432
<b>Liabilities</b>							
Current Liabilities							
Accounts payable and accrued expenses	413,517	1,284,035	(1,284,035)	413,517	247,975	-	661,492
Accrued payroll liabilities	89,852	-	-	89,852	42,599	-	132,451
Accrued compensated absences	156,109	-	-	156,109	38,992	-	195,101
Due to other funds	-	-	-	-	2,615,710	(2,615,710)	-
Unearned revenue	535,294	-	-	535,294	1,332,828	-	1,868,122
Lease liabilities	37,303	-	-	37,303	8,228	-	45,531
Total current liabilities	1,232,075	1,284,035	(1,284,035)	1,232,075	4,286,332	(2,615,710)	2,902,697
Non-current liabilities							
Lease liabilities	113,133	-	-	113,133	23,415	-	136,548
Total non-current liabilities	113,133	-	-	113,133	23,415	-	136,548
Total liabilities	1,345,208	1,284,035	(1,284,035)	1,345,208	4,309,747	(2,615,710)	3,039,245
<b>Net position</b>							
Net investment in capital assets	2,723,161	-	-	2,723,161	335,608	-	3,058,769
Restricted	-	9,112,769	-	9,112,769	446,380	-	9,559,149
Unrestricted	11,501,515	-	-	11,501,515	2,823,754	-	14,325,269
Total net position	\$ 14,224,676	\$ 9,112,769	\$ -	\$ 23,337,445	\$ 3,605,742	\$ -	\$ 26,943,187

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, 2023

	Midlands Authority for Conventions, Sports & Tourism	City of Columbia	Eliminate / Reclass	Subtotal	Columbia Metropolitan Convention & Visitors Bureau	Eliminate / Reclass	Total
<b>Operating revenues</b>							
Intergovernmental revenue	\$ 117,500	\$ 5,083,888	\$ -	\$ 5,201,388	\$ 3,355,301	\$ -	\$ 8,556,689
Event revenue	3,421,841	-	-	3,421,841	-	-	3,421,841
Destination marketing revenue	-	-	-	-	2,343,251	-	2,343,251
Miscellaneous revenue	14,776	-	-	14,776	24,217	-	38,993
Total operating revenues	3,554,117	5,083,888	-	8,638,005	5,722,769	-	14,360,774
<b>Operating expenses</b>							
Event expenses	156,041	-	-	156,041	140,149	-	296,190
Salaries and benefits	3,066,164	-	-	3,066,164	1,073,442	-	4,139,606
Office expenses	283,961	-	-	283,961	85,000	-	368,961
Technology and rental equipment fees	795,719	-	-	795,719	185,978	-	981,697
Repairs and maintenance	234,017	-	-	234,017	11,100	-	245,117
Marketing and advertising	274,148	-	-	274,148	2,831,007	-	3,105,155
Professional services	103,721	-	-	103,721	-	-	103,721
Contract labor	234,044	-	-	234,044	8,412	-	242,456
Occupancy costs	759,878	-	-	759,878	136,015	-	895,893
Travel and entertainment	115,223	-	-	115,223	49,604	-	164,827
Depreciation	465,228	-	-	465,228	33,053	-	498,281
Lease Amortization	34,184	-	-	34,184	6,983	-	41,167
Other operating expenses	(5,092,821)	5,046,818	-	(46,003)	46,246	-	243
Total operating expenses	1,429,507	5,046,818	-	6,476,325	4,606,989	-	11,083,314
Operating income	2,124,610	37,070	-	2,161,680	1,115,780	-	3,277,460
<b>Non-operating revenue (expenses)</b>							
Interest income	6,831	312,710	-	319,541	94,229	-	413,770
Transfers	874,655	-	-	874,655	(874,655)	-	-
Total non-operating revenue	881,486	312,710	-	1,194,196	(780,426)	-	413,770
Change in net position	3,006,096	349,780	-	3,355,876	335,354	-	3,691,230
Net position, beginning of year	11,218,580	8,762,989	-	19,981,569	3,270,388	-	23,251,957
Net position, end of year	\$ 14,224,676	\$ 9,112,769	\$ -	\$ 23,337,445	\$ 3,605,742	\$ -	\$ 26,943,187

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## **INTERNAL 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 *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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"), as of and for the year ended June 30, 2023, and the related notes to the combined financial statements, which collectively comprise the Authority's and Bureau's basic financial statements, and have issued our report thereon dated November 10, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's and Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's and Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's and Bureau's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's and the Bureau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Buttingham Group LLP

West Columbia, South Carolina  
November 10, 2023