

HAMILTON COUNTY FAIR, INC

FINANCIAL REPORT

December 31, 2023



County Auditor's Office
455 N. HIGHLAND PARK AVENUE
CHATTANOOGA, TENNESSEE 37404

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To the Board of Directors of
Hamilton County Fair, Inc.
April 17, 2024

In reviewing the financial statements of Hamilton County Fair, Inc. for the year ended December 31, 2023, we considered the department's internal controls over financial reporting to determine our procedures. Accordingly, we do not express an opinion on the effectiveness or provide assurance of the department's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted certain areas described below wherein we believe internal controls and their operation could be improved. The following comments and suggestions are significant deficiencies from which the Hamilton County Fair must improve.

SEGREGATION OF DUTIES

Finding – Internal controls over cash receipts and disbursements are weak due to inadequate segregation of duties. One individual (the treasurer) has custody of the checks & cash, endorses the checks, deposits the checks, and records the deposits. This situation is common among small organizations that rely on volunteers to perform these functions.

Management Response – Due to volunteer constraints and not knowing the size of the county fair this year, there were weaknesses in the segregation of duties. Going forward, most of the business office duties during the event will be outsourced. The fair's president will be signing checks issued to vendors. The accounting associate will be reconciling the bank statements, which will be reviewed by the treasurer.

CASH/CHECKS

Finding – Related individuals should not be involved with the handling and recording of cash. Pre-numbered tickets or wristbands should be used for cash control purposes. Additionally, cash drawers were not counted at the end of each volunteer's shift. As the chain of custody over cash drawers changed, it was noted that multiple volunteers were using the same cash drawer and not issued a new drawer when their shift began. The cash drawer needs to be counted prior to handing it over to the next volunteer. Check stubs need to be date stamped when a check is received.

Management Response – We concur with the auditor's finding and changes for the next fair will be in place to ensure the safeguarding of the cash. We will be better prepared in changing the flow of box office functions as shifts transition.

CREDIT CARDS

Finding – One Square device should be assigned to each cashier and each drawer.

Management Response – This was the first year we used the square devices to track sales, and we will not use these devices in the future. We are establishing a new method of box office sales that will eliminate the need for assigned devices.

ACCOUNTING SYSTEM

Finding – Credit card sales need to be recorded at the gross amount, and credit card company's fees need to be recorded as an expense. The fair fee charged for using a credit card should be recorded in a revenue account. The credit card sales were recorded at net, which resulted in both understated revenue and expense in QuickBooks. The box issued to the volunteer and the device should be reconciled to record over/under.

Management Response – We concur with the auditor's finding. We will record the admission income and credit card service fees charged to the fair attendees in the revenue accounts, and the credit card fees paid to the vendor will be recorded in an expense account. This will provide us with feedback on credit card fee expenses and determine if there is sufficient revenue to cover the credit card fees.

COKE INVENTORY

Finding – There was a lack of control over Coke inventory. There was no beginning inventory of Coke products or an ending inventory. The Coke inventory that goes to each trailer needs to be signed out and signed back in each day. These lack of controls resulted in a \$4,316.20 discrepancy of expected to actual Coke sales.

Management Response – We concur with the auditor's finding and have developed a new process to account for Coke products delivered to the trailer and the return of products at the end of the event. The number of cases delivered less the number of cases returned to Coke for each trailer will provide us with the number of products sold. We will then reconcile the cash sales back to the actual Coke products sold.

BOARD MINUTES

Finding – We discovered that the board minutes were not documented at the time of the meeting. The board minutes must be recorded during the meeting so that detail minutes can be provided.

Management Response – All future board meetings will be recorded and detailed written minutes of the meeting will be provided.

We would like to express our appreciation for the courtesies and cooperation extended to our representatives during our work.

Chris McCollough

Chris McCollough, CPA
County Auditor's Office

HAMILTON COUNTY FAIR, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 96,234	\$ 27,404
Accounts receivable	8,750	-
TOTAL CURRENT ASSETS	<u>104,984</u>	<u>27,404</u>
PROPERTY AND EQUIPMENT		
Buildings and Structures		5,718
Equipment		7,903
TOTAL PROPERTY AND EQUIPMENT	<u>-</u>	<u>13,621</u>
Accumulated depreciation		(6,234)
TOTAL PROPERTY AND EQUIPMENT - NET	<u>-</u>	<u>7,387</u>
TOTAL ASSETS	<u>\$ 104,984</u>	<u>\$ 34,791</u>
LIABILITIES AND NET ASSETS		
LIABILITES		
Accounts payable	\$ 19	\$ -
TOTAL LIABILITES	<u>19</u>	<u>-</u>
NET ASSETS		
Unrestricted	104,965	34,791
TOTAL NET ASSETS	<u>104,965</u>	<u>34,791</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 104,984</u>	<u>\$ 34,791</u>

HAMILTON COUNTY FAIR, INC.

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2023
 (With comparative totals for 2022)

Changes in Unrestricted Net Assets:		
SUPPORT AND REVENUE:	2023	2022
Contributions	\$ 345,000	\$ -
Admissions	116,639	-
Concessions	37,994	-
Other Revenue/(Loss)	(6,267)	-
TOTAL SUPPORT AND REVENUE	493,366	-
EXPENSES		
Sponsorship Expenses	\$ 4,102	\$ -
Admissions/Gate Control Expenses	17,794	-
Concession Expenses	16,313	-
Entertainment/Production Expenses	255,466	-
Volunteer Administration Expenses	6,661	-
Maintenance	53,102	-
Finance	12,291	246
Marketing	55,278	-
Steering	-	160
Administration/Management Expenses	1,260	-
Depreciation	926	926
TOTAL EXPENSES	423,192	1,332
OTHER INCOME/EXPENSES		
In-Kind Donations	4,849	-
In-Kind Expenses	4,849	-
NET OTHER INCOME/EXPENSE	-	-
INCREASE (DECREASE) IN NET ASSETS	70,174	(1,332)
NET ASSETS, BEGINNING OF YEAR	34,791	36,123
NET ASSETS, END OF YEAR	\$ 104,965	\$ 34,791

HAMILTON COUNTY FAIR, INC

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ 70,174	\$ (1,332)
Adjustment to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	-	926
Decrease (increase) in accounts receivable	(8,750)	-
Increase (decrease) in accounts payable	19	-
Net cash (used in) provided by operating activities	<u>61,443</u>	<u>(406)</u>
Cash flows from investing activities:		
Transfer in of property and equipment - Net	<u>7,387</u>	-
Net cash (used in) provided by investing activities	<u>7,387</u>	-
Cash flows from financing activities:		
Proceeds from previous year	-	-
Net cash (used in) provided by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	68,830	(406)
Cash and cash equivalents at beginning of year	27,404	27,810
Cash and cash equivalents at end of year	<u>\$ 96,234</u>	<u>\$ 27,404</u>

HAMILTON COUNTY FAIR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1 – Organization and Purpose

The Hamilton County Fair is an annual event for community celebrations that used to be held at Chester Frost Park. In 2023, the fair moved to McDonald Farm, which is located in Sale Creek, Tennessee. It is held around Veteran’s Day weekend in November and is designed to promote the traditions and heritage of Hamilton County, Tennessee. The fair was established in 1990 with the cooperation of the Hamilton County Government and Allied Arts of Greater Chattanooga. In July 2019, the fair became a nonprofit corporation named Hamilton County Fair, Inc. and obtained its status under Internal Revenue Code Section 501© (3).

The Board of Directors are responsible for the governance of the corporation, the setting of policies, and the orderly conduct of its affairs and management of its assets. The Board of Directors is composed of the Director of Hamilton County Parks and Recreation, the Deputy Director of Hamilton County Parks and Recreation, the accountant of Hamilton County Parks and Recreation, one designee each from the Hamilton County Attorney’s Office, Hamilton County Mayor’s Office, and the Hamilton County Risk Management Office. The Hamilton County Mayor’s Office has the authority to appoint an additional three (3) members at large from the current pool of employees of the Hamilton County Government.

Primary funding for the Hamilton County Fair comes from corporate sponsorships, vendor booth rentals, activity fees, and sales of non-alcoholic beverages.

NOTE 2 – Summary of Significant Accounting Policies

Basis of presentation: The financial statements of the Hamilton County Fair have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The classification of a not-for-profit organization’s net assets and its support, revenue, and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the classes of net assets is displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets are displayed in the Statements of Activities.

Use of Estimates: The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment: Property and equipment are stated at cost if purchased or at fair value on the contribution date. Depreciation is computed on a straight-line basis over the

HAMILTON COUNTY FAIR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

estimated useful lives of the respective assets. Property and equipment assets were disposed due to the change in venue; therefore, assets were written off in the 2023 financial statements.

NOTE 3 – Financial comparison to the prior year

The county fair was canceled in advance due to the threat of inclement weather in 2022; therefore, no comparison could be made between 2023 and 2022 financial statements.

NOTE 4 - In-Kind Donations

A substantial number of individuals have volunteered significant amounts of their time to the planning and supporting functions of the fair; however, these services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and, therefore, are not recorded in the accompanying financial statements.

In-kind donations are reported as contributions at their estimated fair value on the date of receipt and reported as an expense when utilized. In-kind donations are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market, considering their condition and utility for use at the time the goods are contributed by the donor. The following are organizations that provided donations to the Fair:

Tritex - table linens	\$3,348.50
T & T Golf Carts - golf carts	1,500.00

NOTE 5 – Subsequent Events

In connection with the preparation of the financial statements, the organization evaluated subsequent events from December 31, 2023, through February 29, 2024, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.