

HAMILTON COUNTY FAIR, INC

FINANCIAL REPORT

December 31, 2024



INTERNAL AUDIT OFFICE
455 N. HIGHLAND PARK AVENUE
CHATTANOOGA, TENNESSEE 37404

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To the Board of Directors of
Hamilton County Fair, Inc.
April 22, 2025

In reviewing the financial statements of Hamilton County Fair, Inc. for the year ended December 31, 2024, 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 limited to the purpose stated in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might constitute significant deficiencies or material weaknesses. We identified certain areas described below, wherein we believe internal controls and their operation could be enhanced. The following comments and suggestions highlight areas for improvement that the Hamilton County Fair could address.

IN-KIND DONATION – COUNTY VOLUNTEER TIME

Observation – Each year, Hamilton County employees are assigned to work the fair to help ensure its success. The county provides the fair with employees who offer a specific skill set, which the fair would otherwise have to purchase. For example, maintenance employees responsible for assembling and disassembling the fair offer a service that would have to be purchased if not provided by the county.

Recommendation – Skilled county labor hours provided by Hamilton County should be tracked throughout the fair and recorded as an in-kind donation in the fair's financial statements with a corresponding expense for the same amount. Although there is no financial impact associated with this entry, it clearly reveals the services donated by Hamilton County.

Management Response - Hamilton County will implement a tracking system to document employee participation and hours contributed to the fair. An average hourly rate will be established based on the skill set of participating employees to calculate the total value of the in-kind contribution. This value will be recorded in the fair's financial statements as both an in-kind donation and a corresponding expense, ensuring accurate representation of the support provided by the County without affecting the net financial position.

ACCOUNTING SYSTEM

Observation – The fair’s process for recording both credit card revenue and credit card fees is not clearly stated in their procedures.

Recommendation – The fair must update its written accounting procedures to reflect how it records both credit card revenue and fees.

Management Response - The fair will update its written accounting procedures to clearly outline the process for recording credit card revenue and associated fees. These updates will ensure consistency in financial reporting and provide clarity for staff responsible for managing and reconciling these transactions.

We want to express our appreciation for the courtesies and cooperation extended to our representatives during our review.

Chris McCollough

Chris McCollough
Internal Audit Department

HAMILTON COUNTY FAIR, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(With comparative totals for 2023)

| CURRENT ASSETS | 2024 | 2023 |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 127,116 | \$ 96,234 |
| Accounts receivable | 3,432 | 8,750 |
| TOTAL CURRENT ASSETS | 130,548 | 104,984 |
| TOTAL ASSETS | <u>\$ 130,548</u> | <u>\$ 104,984</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 24,271 | \$ 19 |
| TOTAL LIABILITIES | 24,271 | 19 |
| NET ASSETS | | |
| Unrestricted | 106,277 | 104,965 |
| TOTAL NET ASSETS | 106,277 | 104,965 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 130,548</u> | <u>\$ 104,984</u> |

HAMILTON COUNTY FAIR, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(With comparative totals for 2023)

| | | |
|--|------------------------------|------------------------------|
| Changes in Unrestricted Net Assets: | | |
| SUPPORT AND REVENUE: | 2024 | 2023 |
| Contributions | \$ 407,500 | \$ 345,000 |
| Admissions | 111,991 | 116,639 |
| Concessions | 61,449 | 37,994 |
| State of TN Grant | 600 | - |
| Other Revenue/(Loss) | 90 | (6,267) |
| TOTAL SUPPORT AND REVENUE | <u>581,630</u> | <u>493,366</u> |
| EXPENSES | | |
| Sponsorship Expenses | \$ 629 | \$ 4,102 |
| Admissions/Gate Control Expenses | 47,458 | 17,794 |
| Concession Expenses | 17,761 | 16,313 |
| Entertainment/Production Expenses | 351,397 | 255,466 |
| Volunteer Administration Expenses | 3,643 | 6,661 |
| Maintenance | 78,466 | 53,102 |
| Finance | 14,462 | 12,291 |
| Marketing | 64,241 | 55,278 |
| Administration/Management Expenses | 2,261 | 1,260 |
| Depreciation | - | 926 |
| TOTAL EXPENSES | <u>580,318</u> | <u>423,192</u> |
| OTHER INCOME/EXPENSES | | |
| In-Kind Donations | - | 4,849 |
| In-Kind Expenses | - | 4,849 |
| NET OTHER INCOME/EXPENSE | <u>-</u> | <u>-</u> |
| INCREASE (DECREASE) IN NET ASSETS | 1,312 | 70,174 |
| NET ASSETS, BEGINNING OF YEAR | <u>104,965</u> | <u>34,791</u> |
| NET ASSETS, END OF YEAR | <u><u>\$ 106,277</u></u> | <u><u>\$ 104,965</u></u> |

HAMILTON COUNTY FAIR, INC

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2024 (With comparative totals for 2023)

| | 2024 | 2023 |
|--|--------------------------|-------------------------|
| Cash flows from operating activities: | | |
| (Decrease) increase in net assets | \$ 1,312 | \$ 70,174 |
| Adjustment to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation | | - |
| Decrease (increase) in accounts receivable | 5,317 | (8,750) |
| Increase (decrease) in accounts payable | 24,253 | 19 |
| Net cash (used in) provided by operating activities | <u>30,882</u> | <u>61,443</u> |
| Cash flows from investing activities: | | |
| Transfer in of property and equipment - Net | - | 7,387 |
| Net cash (used in) provided by investing activities | <u>-</u> | <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 | 30,882 | 68,830 |
| Cash and cash equivalents at beginning of year | 96,234 | 27,404 |
| Cash and cash equivalents at end of year | <u><u>\$ 127,116</u></u> | <u><u>\$ 96,234</u></u> |

HAMILTON COUNTY FAIR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, admission fees, 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, 2024

estimated useful lives of the respective assets. Currently, the fair has not property or equipment.

NOTE 3 – Financial comparison to the prior year

The fair's 2024 financial statements were compared to the prior year statements to analyze any unusual fluctuations. There were no unusual variances noted.

NOTE 4 – Subsequent Events

In connection with the preparation of the financial statements, the organization evaluated subsequent events from December 31, 2024, through February 28, 2025, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.