

**Fayetteville Advertising and
Promotion Commission**

September 16, 2019

2:00 p.m.

Location: **Experience Fayetteville, 21 S Block Ave, Fayetteville, AR.**

Commissioners: Matthew Petty, Chairman; Katherine Kinney; Todd Martin; Ching Mong; Robert Rhoads; Chrissy Sanderson; Sarah Bunch

Staff: Molly Rawn, Executive Director;

Agenda

- I. Call to order at 2:00 p.m.
- II. Old Business
 - A. Approval of August 2019 minutes
- III. New Business
 - A. Executive Director's report updates
 1. HMR and financial report
 2. Visitors Center Attendance
 3. Grant deadline change
 4. Strategic Plan Update
 - B. Vote: Executive Director is recommending an agreement with CFO By Design for Financial Consulting Services. See attached memo for detail.
- IV. Executive Session
 - A. The Commission will enter executive session for the purpose of evaluating the employment of the executive director. This is an annual performance review.
- V. Agenda Additions. Additions to the agenda may be added upon request from a majority of commissioners

Fayetteville Advertising and Promotion Commission

Minutes from August 2019 Meeting

August 19, 2019

Commissioners Present: Matthew Petty, Chair; Robert Rhoads; Katherine Kinney; Chrissy Todd Martin; Sarah Bunch; Ching Mong

Commissioners Absent: Chrissy Sanderson

Staff Present: Molly Rawn, Executive Director; Hazel Hernandez, Vice President of Sales and Marketing

I. Call to Order

- A. Chairman Matthew Petty called the meeting of the Fayetteville Advertising and Promotion Commission to order on August 19, 2019 at 2:01 p.m. There was a quorum present.

II. Old Business

- A. Chairman Petty asked for approval of the June 2019 minutes. Commissioner Rhoads moved to approve the minutes. His motion was seconded by Commissioner Kinney. The motion was approved.

III. New Business

- A. **Audit.** ED Rawn introduced Cynthia Burns with BKD who conducted FA&P 2018 financial audit.
 1. This was the first year the A&P Commission used BKD
 2. Burns commended Rawn and her staff on providing all the necessary materials in a timely manner
 3. A&P unmodified opinion; which Burns stated was the best you can receive
 4. There were no significant deficits or material weaknesses
 5. Burns drew attention to the fact that FA&P presents their financials in a modified accrual format
 6. FA&P does not conduct a full GAAP audit, but rather one meeting the regulatory standards by the state
 7. Burns stated that the small staff made it difficult to have segregation of duties. They have made recommendations for someone outside of accounting, like the Executive Director, to have regular oversight
 8. Commissioner Rhoads inquired if there was anything management could do differently
 - a. Burns said they recommended strengthening the segregation process by ensuring the Executive Director reviews check register and receives documentation from accounting on a regular basis

IV. Marketing Report. Mike Sells, with the Sells Agency presented the marketing report.

- A. Online Visitors Guide requests are one of the Key Performance Indicators for the website marketing. From January – July in 2019 we converted 3.03% In 2018 it was 2.02%
- B. Organic search is up and reflective of strong content
- C. Overall online sessions were down 5%

- D. Print guide requests continue to go down; most people view online
 - 1. Mike Sells explained that while fewer people request printed guides, via the website, F&P prints a significant number of guides to go in the visitor's center, the state travel and information centers across the state, hotels, etc.
- E. Fayetteville Ale Trail received the most impressions of the Instagram advertising and George's Majestic received the most impressions of the Facebook advertisements.
- F. VP Sales and Marketing Hazel Hernandez just wrapped photo shoots of Lake Fayetteville, Crisis Brewing, dog friendly Fayetteville, and new cycling shots on Highway 71.

V. Executive Director's Report

- A. HMR and Financial Report
 - 1. July HMR collections total \$636,310 a more than 7% increase from last year . Of that, \$318,155 goes to the A&P Commission
 - 2. Growth was more in the lodging sector, with hotel revenue up 13% and restaurants up 5%
- B. Staffing Announcements
 - 1. New Hires
 - i. Sports Sales Manager, Experience Fayetteville, Luke Charpentier was introduced
 - ii. Brannon Pack, new Cycling Coordinator
 - iii. Sales Coordinator, Fayetteville Town Center, Kathleen Littel our part time event coordinator was promoted into this full-time sales role
 - 2. Open Positions
 - 1. General Manager, Fayetteville Town Center, the search is in progress.
 - 2. Tina Archer-Cope director of sales has been handling many of these responsibilities in the interim.
- C. Grants received and in progress
 - 1. Cyclocross Series Grant. FA&P received a grant for 2.3 million dollars from the Walton Family Foundation's Personal Philanthropy Group to produce, promote, and host a series of cyclocross events.
- D. Visitors Center Attendance
 - 1. Visitors Center re-opened on Monday, July 22 and welcomed 200 people
 - 2. Since opening, there have been over 1,700 visitors
 - 3. The heaviest traffic days have been Saturdays, with the exception of First Thursday when there were 285 guests
- E. Cultural Arts Corridor
 - 1. The city has proposed a contract with FA&P/Experience Fayetteville to lead and coordinate the planning aspects of the Cultural Arts Corridor as it relates to programming.
 - 2. The contract is for \$35,000 payable to Experience Fayetteville for services and is for a six-month duration
 - 3. Rawn intends to utilize those funds to continue the work with D.R. Horne and associates.
- F. The Walker Stone House
 - 1. University was presented with a proposed lease of the Walker Stone House property in July of this year
 - 2. The cost was 14/sq. ft. inclusive of utilities and lawn maintenance

3. A&P attorney Vince Chadick and I heard from UA attorney with a clarifying question regarding insurance, but have not received an acceptance or rejection

VI. Rawn recommended approval of a contract with Parkven productions, professional race organizers to produce and manage the Cyclocross series

VII.

- A.** Rawn pointed out that Parkven was instrumental to Fayetteville receiving the bid for the World Championship
- B.** Commissioner Petty pointed out that he liked the contract in part because it was a fixed fee contract and that the potential sponsorship revenue would flow to Experience Fayetteville
- C.** Rawn elaborated that any revenue at the end of the 3.5-year term including: registration, ticket sales, F&B, sponsorships, etc. would go to the A&P Commission
- D.** Rawn emphasized that the revenue generated should have a specific purpose either for future cycling events, local cycling organizations, or other endeavors so that the event left a positive economic impact on the city
- E.** Commissioner Rhoads noted that the fee schedule totaled \$350,000 yet the contract amount was for \$320,000
 1. Rawn committed to clarifying, thinks that the \$320,000 was an administrative typo
- F.** Commissioner Rhoads asked how the event compared to the Joe Martin Stage Race
- G.** Motion to approve the contract with Parkven with the corrected payment schedule; second from commissioner Martin. Motion passed unanimously.

VIII. Rawn and Facilities Manager Will Henderson recommended spending \$34,567 with Multi-Craft Contractors for a building controls upgrade.

- A.** Henderson stated that FTC has 7 HVAC units on the roof, 2 were replaced in 2018. The remaining 5 units are 19 years old.
- B.** He said that staff lacks the ability to access the controls to change the temperature, so the units run all the time
- C.** Petty noted that it was likely a \$25,000 to \$50,000 a year, each year to begin to be able to replace all of the units
- D.** Rawn's goal is to be able to replace a unit once a year
- E.** Petty said for years the commission has struggled with not having preventative maintenance plans at the FTC
- F.** Commissioner Martin motions to approve the contract; Commissioner Rhoads seconds. The motion passes unanimously.

IX. Rawn reminds every one of the weekends Roots Festival and SOAR, the city's inaugural Hot Air Balloon Festival.

X. Chairman Petty adjourned the meeting at 3:00 p.m.

Respectfully submitted,
Molly Rawn, Executive Director

Fayetteville A&P Commission

Balance Sheet

As of August 31, 2019

ASSETS

Current Assets

Cash	1,560,097.45
Investments	907,475.40
Accounts Receivable	357,822.70
Prepays and Deposits	52,716.07
Merchandise Inventory	<u>16,534.12</u>

Total Current Assets 2,894,645.74

Other Assets

Building, Land and Capital Improvements	2,515,824.03
Construction in Progress (ExpFay)	<u>5,538.06</u>

TOTAL ASSETS 5,416,007.83

LIABILITIES AND EQUITY

Liabilities 312,673.58

Equity

Fund Balance	4,660,297.72
Net Revenue	<u>443,036.53</u>

Total Equity 5,103,334.25

TOTAL LIABILITIES AND EQUITY 5,416,007.83

Fayetteville A&P Commission
Income Statement - Consolidated
Month Ending August 31, 2019

	Actual	Budget	Over/(Under) Budget	Percent of Budget
Revenue				
Hotel, Motel, Restaurant Taxes Revenue	2,413,294.39	3,571,688	(1,158,393.61)	68%
Rental Revenue	439,801.53	867,500	(427,698.47)	51%
Event Revenue	20,614.39	56,000	(35,385.61)	37%
Clinton House Museum Revenue	11,787.56	28,500	(16,712.44)	41%
Visitor Center Store Revenue	6,872.01	17,500	(10,627.99)	39%
Parking Revenue	18,028.75	28,000	(9,971.25)	64%
Advertising Revenue	16,925.00	25,100	(8,175.00)	67%
Other Revenue	565,749.45	0	565,749.45	-100%
Interest and Investment Revenue	12,332.66	16,700	(4,367.34)	74%
Total Revenue	3,505,405.74	4,610,988	(1,105,582.26)	76%
Expenses				
Rental Expenses	62,300.15	74,000	(11,699.85)	84%
Event Expenses	50,570.63	72,500	(21,929.37)	70%
Clinton House Museum	31,672.99	43,950	(12,277.01)	72%
Visitor Center Store	5,547.59	18,500	(12,952.41)	30%
Marketing Expenses	738,979.54	1,046,097	(307,117.46)	71%
Payroll	796,116.40	1,437,817	(641,700.60)	55%
Office and Administrative Expenses	590,086.99	823,339	(233,252.01)	72%
Facilities	695,526.16	1,088,620.00	(393,093.84)	64%
Total Expenses	2,970,800.45	4,604,823	(1,634,022.55)	65%
Net Income/(Loss) Before Other Revenue and Expenses	534,605.29	6,165	528,440.29	
Other Revenue				
Unrealized Gain/(Loss) on Investments	3,736.76			
Other Expenses				
Depreciation Expense	95,305.52	0	95,305.52	
Net Income/(Loss)	443,036.53	6,165	433,134.77	
Changes to Assets and Capital Improvements				
Major Capital Purchases	0.00	0	0.00	
Net Change	443,036.53		433,134.77	

July Activity

\$32,402 + \$240,782

Lodging

Restaurant

\$13,034

Prior Dues Collected

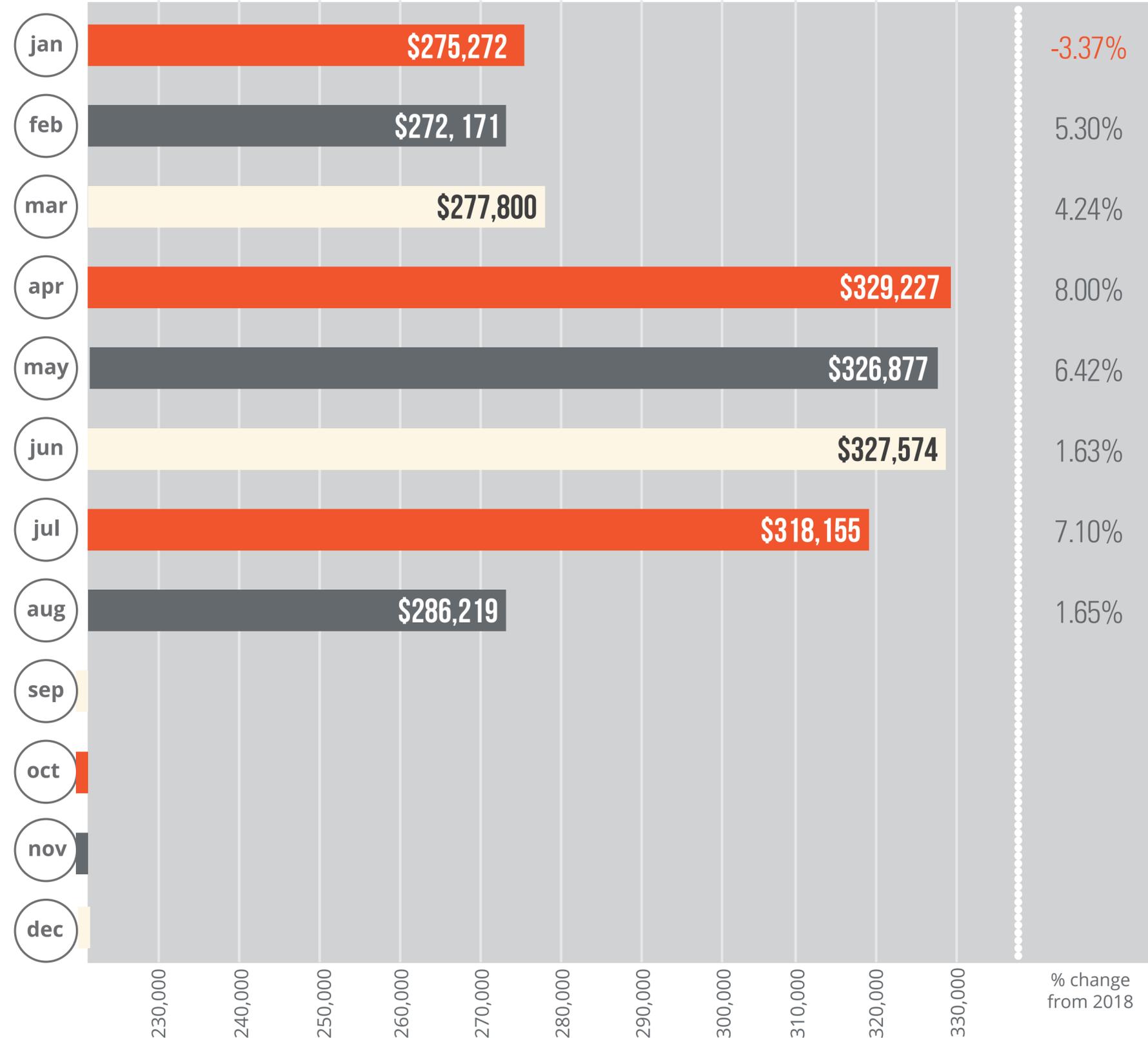
\$286,219

Total HMR Collected

Previous YTD (Jan-Aug) HMR A&P Tax Collection Totals

2015	2016	2017	2018	2019
\$1,971,341	\$2,136,279	\$2,220,355	\$2,322,765	\$2,413,295
11.00%	8.37%	3.94%	4.61%	3.90%
% change over previous year				

Monthly A&P Tax Collections 2019**



** This represents one half of the total HMR collections. The other half supports the Parks and Recreation department.

Fayetteville A&P Commission

Memo

To: Fayetteville Advertising and Promotion Commissioners

From: Molly Rawn, Executive Director, Fayetteville Advertising and Promotion Commission

Date: September 12, 2019

Re: Contract with CFO by Design

Background:

Fayetteville Advertising and Promotion has changed significantly since the last time formal, written financial policies and procedures were addressed. In some cases policies are out of date and no longer appropriate. In others, no known formal policies exist. The city's polices can serve as a guide, as can the state's. However, that alone is not sufficient.

Our recent 2018 financial audit noted the importance of further segregation of duties and a more detailed review of financial documents by the executive. Our existing director of finance and executive director need additional, specialized support in preparing these items and in developing the procedures.

CFO by design is a firm specializing in preparing financial assessments, not audits, for destination marketing organizations (DMO's) and CVBs, including ones that are public and/or municipal in nature.

Recommendation:

The Executive Director recommends the commission sign a contract with CFO BY Design totaling \$13,500 plus reimbursable expenses such as airfare and lodging. To pay for this, the executive director recommends reallocating \$17,000 from the advertising budget.

The contract and scope of work are attached.



Experience Fayetteville Proposal for Financial Assessment and Consulting

September 06, 2019

Client Description and Needs:

Experience Fayetteville is the official destination marketing organization for the city of Fayetteville, Arkansas and exists to market the destination, serve the visitors, and to achieve a positive economic impact on the region through tourism. Experience Fayetteville oversees not only the CVB and Visitors Center, but also the Fayetteville Town Center, the historic Walker Stone House, and the Clinton House Museum. With multiple properties, as well as recent increases in grant funding, the CEO would like to do a financial assessment to ensure that the finance department has the staff, resources, and skills required to be successful. It is also important that the organization provide stakeholders with clear financial reporting so that they understand the work being done by the organization and understand the robust strategy in place for growing and protecting funding in order to make the maximum impact on the destination.

Who We Are:

CFO by design (CFObd) is focused on developing organizational excellence in Destination Marketing Organizations (DMOs). We believe in the success of the CEO and your ability to lead the organization. At our heart, we are a CFO firm, but in our soul, we know that being a good CFO means providing exceptional, strategic, well-rounded executive support. In our world, that means that the numbers are just the beginning. They provide the foundation and accountability for the organization but there is more to running a successful organization which is why we've expanded our services to become a full-service executive support firm.

Our management team has a combined 40 years of executive experience working in DMOs and associations in the roles of CEO, CFO, EVP Sales, and EVP Membership. We understand your business. We want to work with you to move your organization toward your goals and objectives. Our goal is to be your strategic partner and a key member of your executive team.

What really sets us apart from other firms is that we practice a team approach for our clients. This allows us to access the collective brain power of our team and ensures that you are receiving the highest level of service and expertise for your needs. Of course, you will have an account lead who manages your account to streamline communication. For this engagement, Julie Hart and Alison Best, CDME will be leading the assessment.

Team Experience:

Julie Hart, President of CFObd, spent 10 years as the CFO of Visit Austin prior to founding CFObd in 2012. After graduating from the University of Texas at Austin with a degree in Finance, Julie found success in helping business

leaders succeed and found her passion for the DMO industry while at Visit Austin. That passion has fueled a desire to strengthen DMOs and empower CEOs to be successful in their destinations. While her background is in finance, as a former city council member, Julie views DMO operations through a unique lens that is about much more than just the numbers.

Alison Best, CDME, Partner, has served as Sr VP Sales and Services in Santa Monica and President and CEO of Visit Oakland and most recently was EVP for Destinations International. In her tenure at Oakland, Alison successfully changed the narrative around Oakland by working strategically on a well-executed plan of community engagement. After seeing the impact that a DMO can have on a destination, Alison followed her passion for the industry to Destinations International where her focus was on ensuring that members had the tools, resources and support to be successful. Alison's drive to continue that work, brought her to CFObd where she is leading the efforts around community alignment and board composition and engagement.

Financial Assessment:

Though Experience Fayetteville is accredited through Destinations International and has an established accounting process in place, the assessment is the foundation to our relationship as it is how we get to understand your current operations. Our proprietary assessment is designed to uncover opportunities, review existing policies and procedures, evaluate the staff resources in finance and create a customized plan to ensure operational excellence. The assessment will be the basis for continuing to strengthen your team and your position with elected officials, city staff, and stakeholders in the community. This assessment will identify areas that are working well, highlight areas for improvement, and most importantly will provide expert recommendations on the path to continued success. We understand that Experience Fayetteville serves a broad range of stakeholders and we tailor our assessments to focus on community alignment and accountability.

Financial Accountability and Transparency

- Review and assessment of current internal financial statements, most recent audit reports and any management letters.
- Review and assessment of current financial policies and procedures manuals, travel and entertainment policies, personnel policies, and current financial statements.
- Review of finance department staff and resources.
- Review of technology systems impacting the financial reporting – for example, the accounting software, payroll provider, expense report system, customer relationship management software, etc.
- Review of accounting system and chart of accounts to ensure that the system is set up in alignment with industry best standards and has the foundation to provide relevant and useful financial statements.
- Interviews and meetings with relevant stakeholders who are involved with and/or impacted by the financial procedures. These stakeholders would include staff members outside of the accounting staff.
- In person or virtual meetings with staff to determine current actual procedures and processes for all finance functions. During this phase, our review will include, but not be limited to:
 - Accounts Payable (Cash Disbursements)
 - Payroll
 - Accounts Receivable (Invoicing and Cash Receipts)
 - Expense Report Processing
 - Bank Reconciliations
 - Fixed Asset Tracking

- General Journal Entries
- Monthly Close
- Expense Approval Process
- Budget Process
- Cash Reserves and Cash Management
- Process for constructing financial statements and board reports

Deliverables:

CFObd will provide a report of all findings from the assessment. Most importantly, we will provide expert recommendations on all areas where we identify room for improvement to ensure that your organization is operating under industry leading financial best practices. The onsite assessment will provide CFObd the opportunity to spend time with staff and to evaluate the current resources in the finance department. We will provide recommendations for staff deployment as well as any training necessary. The assessment will determine which policies and procedures you do not currently have in place and will provide an opportunity for us to make recommendations for updates to existing ones. Once determined, CFObd will provide a proposal for writing additional policies as needed. Additionally, we will evaluate the current budgeting process and chart of accounts and make recommendations for ways to give the senior staff more involvement in managing departmental budgets. Lastly, we will review the current suite of financial reporting provided to the board and will make recommendations on changes to make the reporting more user friendly and to ensure that it meets the needs of the executive team and the board of directors.

Suggested Timeline:

- September 6, 2019 – Proposal sent
- September 20, 2019 – Execution of Letter of Agreement
- Early October 2019– Experience Fayetteville will provide CFObd copies of current financial policies and procedures and the most recent financial statements. Experience Fayetteville will also provide CFObd with the most recent audit and any management recommendation. A more detailed listing of needed information will be sent once the LOA is executed.
- November 2019 - CFObd will visit Fayetteville to conduct a two-day assessment with staff, board, and stakeholders as directed by CEO
- December 2019 - CFObd will provide our full assessment report and recommendations and will conduct a delivery of assessment by Skype to EC and/or Board.

References:

We pride ourselves on providing customized services for each of our clients, meaning that we work with each client a little differently based on their needs. We are pleased to present the following clients as references to our work and our model. While we work with each of them a little differently, they can attest to our product and how we work with our clients. We encourage you to reach out to them to learn more about CFO by design from a client’s perspective.

Don Welsh, President & CEO
 Destination Marketing Association International
 Phone: 202.835.4219
 Email: dwelsh@destinationmarketing.org

Julie Calvert, CTA President &CEO
Cincinnati USA CVB
Phone: 513.632.5373
Email: jcalvert@cincyusa.com

John Percy, President & CEO
Destination Niagara USA
Phone: 716.282.8992 x 307
Email: jpercy@niagarafallsusa.com

Pricing:

For the assessment, we recommend a project fee. Based on the needs and services outlined above, we propose a project fee of \$13,500 as we will need to be on site for two days with staff for assessment. 50% of the fee will be due upon execution of the letter of agreement and 50% will be due upon completion of all contracted services. Travel expenses will be billed at cost for all hard costs (airfare, ground transportation, hotel, etc.) and a per diem of \$65/day will be charged for meals and incidentals. Should Experience Fayetteville request CFObd be onsite for additional days, the cost per day is \$2500 and travel days will be billed at half the daily rate.

We appreciate the opportunity to provide you a proposal for our services. We are excited about the opportunity to work with you and your team at Experience Fayetteville. We look forward to continued conversations.

Thank you,



Julie Hart
President, CFO by design