

**Fayetteville Advertising and  
Promotion Commission**

**April 20, 2020**

**2:00 p.m.**

Location: **Virtual Public Meeting, Via Zoom,**

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

Staff: Molly Rawn, Chief Executive Officer

**Agenda**

- I. Call to order at 2:00 p.m.
- II. Old Business
  - A. Approval of February 2020 minutes. There was no meeting in March.
- III. New Business
  - A. Commissioner Interviews. Commissioner Sanderson's term expires at the end of the month. She is eligible for another term. Commissioner Mong has resigned due to no longer being eligible, leaving two vacancies, both from the hospitality industry. There were two applicants, both have been recommended by the CEO and approved by the city council's nominating committee.
    1. Commissioner Chrissy Sanderson; owner, Mockingbird Kitchen. She is eligible for another term.
    2. Reese Roberts; manager, Bordino's. This would be her first term.
  - B. March HMR Collections, representing February activity
- IV. Fayetteville A&P Commission Response to COVID-19
  - A. From the CEO
    1. Operational overview including personnel changes
    2. Status update from local restaurants, lodging properties, attractions
    3. Overview of efforts from industry partners including Arkansas Hospitality Association, Destinations International, Regional Arts Service Organization, NATA and Arkansas Department of Parks, Heritage and Tourism
    4. Status update on cancellations/closures/delays for events
    5. Walton Family Foundation grant updates
    6. Key budgetary changes and cash flow concerns including plan for reserves

7. Recommendations regarding the Walker Stone House

- B. Update from Hazel Hernandez, Vice President Sales and Marketing: Fayetteville together initiative, sales and marketing response and impact, *Give a Little* campaign
  - C. Update from the Tina Archer-Cope, General Manager: client relations, impacts and strategies for revenue
  - D. Update from the Clinton House Museum, Angie Albright, Director: impacts and strategies for programming shift
  - E. Industry Update: Founding board member of Fayetteville Independent Restaurant Association (IRA), the IRA's purpose and key restaurant closings and changes.
- V. Agenda Additions. Additions to the agenda may be added upon request from a majority of commissioners

**Fayetteville Advertising and  
Promotion Commission  
February 24, 2020 Minutes**

Commissioners Present: Matthew Petty, Chairperson; Todd Martin; Ching Mong; Robert Rhoads; Sarah Bunch

Commissioners Absent: Chrissy Sanderson, Katherine Kinney

- I. Matthew Petty called the meeting to order at 2:00 p.m.
- II. Approval of January 2020 minutes. Commissioner Bunch presented a motion to approve the minutes and Commissioner Mong seconded, the motion was approved unanimously.
- III. CFO By Design Presentation (video call):
  1. Julie Hart from CFO By Design presented her findings in a report made available to the commissioners. CFO By Design spent time with Fayetteville A&P Commission staff in November, assessing our policies, procedures, practices, and overall financial health.
  2. They view their findings through 4 windows:
    - Financial health, commission goals, destination strengths and areas of risk.
    - She presented Key Financial Ratios for the timeline of 2016-YTD and showed that we were well within the ratios they recommend.
    - Julie Hart noted that procedures were all in line and had good controls and that they needed to be documented so that monthly closings can be executed even more quickly.
    - CFO by Design can provide a full suite of financial policies specific to the organization, including approval authorities, reserve policy and travel and client development policy.
    - Julie Hart gave specific suggestions for FAP's financial statements and reporting specific to:
      - Grant Reporting
      - Reformatting financial statements
      - Technology
      - Staffing
      - Mitigating Economic Risk
      - Julie Hart acknowledged that we wanted to allocate resources to develop a strategic, long term plan for destination development.
  - She closed her presentation and asked for questions.
    - Commissioner Chair Petty asked Rawn how long it may take us to implement these recommendations. Rawn noted that we've

implemented some of the recommendations and that some of the items would take between 1-3 months or longer. Rawn is in strong support of hiring a new finance position with the expertise to help prioritize the recommendations presented today.

- Commissioner Martin asked if we would be voting on anything today. Rawn said no, it was her intent to have the commissioners receive the findings today and have the opportunity to ask CFO by Design questions.

## B. CEO's Report

1. January HMR Collections and financial report
  - January HMR collections for A&P total is \$293,628, more than a 6% increase from last January.
  - Lodging collections are virtually the same and restaurant collections increased 2%.
2. Unit updates: FTC, CHM, Experience Fayetteville
  - Visitors Center attendance continues to grow from last year, with January seeing a 33% increase over January 2019.
3. Rawn presented the proposal from BKD CPAs and Advisors to perform 2019 and 2020 audit.
  - BKD performed the 2018 audit.
  - Rawn recommended contracting with them for one-year, but not yet committing to two as there did not seem to be a cost advantage.
  - Rawn recommended contracting with them for audit services only, but not the 990 tax preparation due to cost.
  - Discussion was held over the high cost of the audit with Chair Petty stating he felt it was an expected cost of doing business
  - Commissioner Bunch made a motion to vote for accepting the bid from BKD CPAs and Advisors with Commissioner Rhodes seconded it. The motion passed unanimously.
4. Rawn presented an update on the Art Ventures lease for the Walker Stone House.
  - Commissioner Bunch noted that the proposed monthly rent, \$2,500, is much lower than the average monthly rate per square foot.
  - The limited accessibility of the second floor is an ongoing factor in completing this process.
  - Chair Petty presented some items for the commission to consider with a partnership with Art Ventures.
  - It was noted that the commission and Art Ventures have been working towards a lease for several months and there are many benefits with working with a mission-oriented organization, promoting art.

- Chair Petty asked for general comments and questions about the current lease language and the commission's thoughts.
  - Chair Petty asked that for a motion to table this item until the next meeting and to potentially be discussed in a special meeting. The motion was made by Commissioner Rhoads and seconded by Commissioner Martin and was approved unanimously.
5. Presentation: Brannon Pack, Cycling Coordinator, Experience Fayetteville. Pack gave a follow up to the November presentation to the A&P Commission concerning the impact of cycling tourism and our organization's plans to better equip our hospitality partners with information on cycling.
  6. Commission Chair Petty adjourned the meeting at 3:50pm

Minutes submitted by Amy Stockton, Director of Operations.

February Activity

**\$32,974** + **\$214,054**  
Lodging                      Restaurant

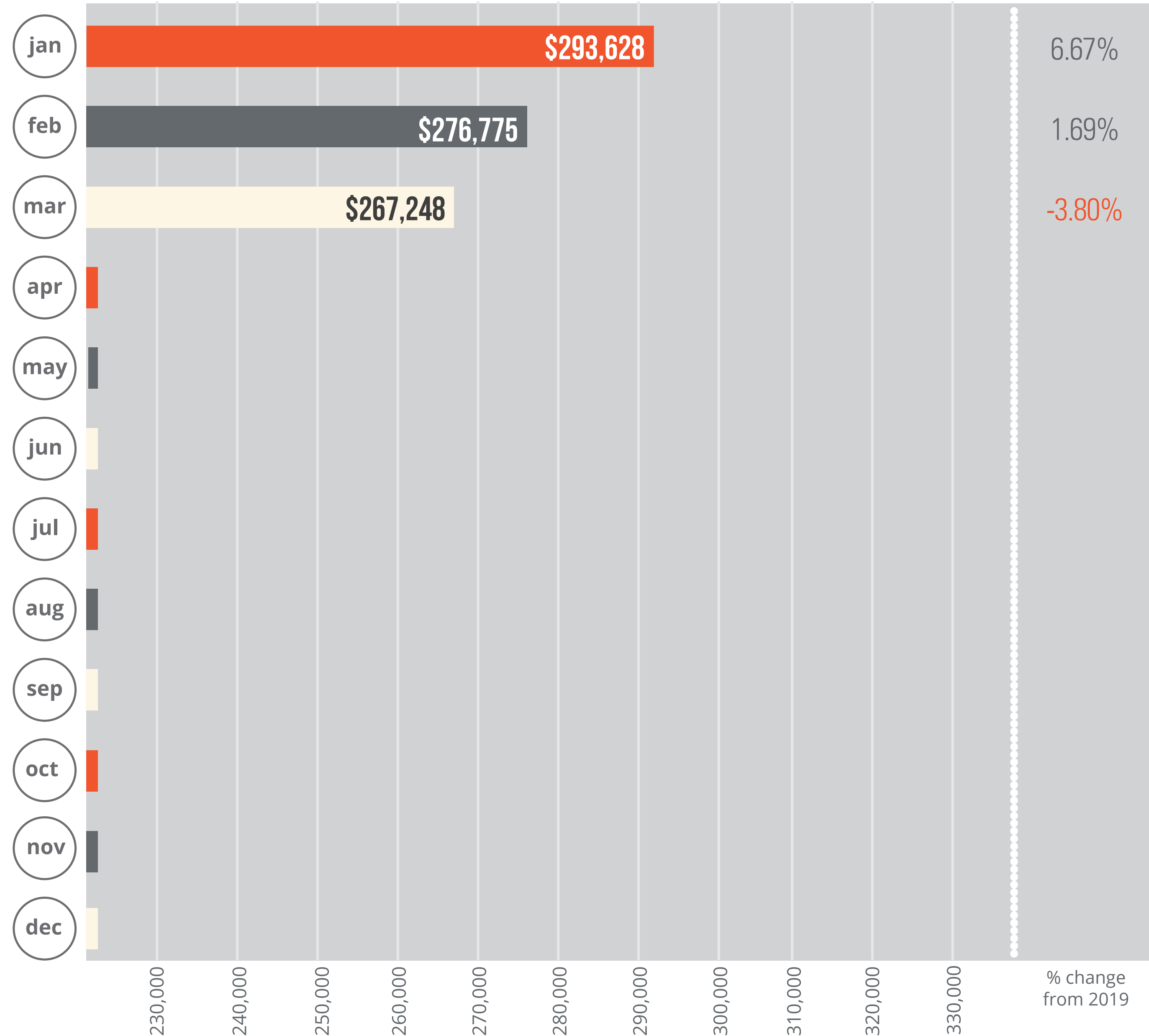
**\$20,220**  
Prior Dues Collected

**\$267,248**  
Total HMR Collected

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

2016	2017	2018	2019	2020
\$798,853	\$771,185	\$809,853	\$825,243	<b>\$837,651</b>
10.05%	1.63%	5.01%	1.90%	<b>1.50%</b>
% change over previous year				

Monthly A&P Tax Collections 2020\*\*



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

# Fayetteville A&P Commission

## Balance Sheet

As of March 31, 2020

### ASSETS

#### Current Assets

##### Cash

1st Security A&P/EF	846,893.92	
1st Security Fayetteville TC	566,145.14	
1st Security Clinton House	2,540.34	
Arvest Payroll Account	48,942.26	
EF/CVB Cash in Register	100.00	
TC Cash on Hand	1,000.00	
CHM Cash In Register	100.00	
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Subtotal: Cash		1,465,721.66

##### Investments

Investments	910,077.55	
Investments: Adjust to Market	(2,602.15)	
	<hr/>	
Subtotal: Investments		907,475.40

##### Accounts Receivable

Accounts Receivable - City Parking	1,424.05	
Accounts Receivable (TC)	107,121.93	
HMR Funds Due from City	204,482.77	
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Total Accounts Receivable		313,028.75

Prepaid Expenses		18,473.53
Deposits		30,617.00
Inventory Asset - EF/CVB		4,026.15
Inventory Asset - CHM		6,769.46
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#### Total Current Assets

**2,746,111.95**

#### Other Assets

##### Capital Assets

Furniture & Fixtures	96,640.63	
Equipment	371,600.53	
EF/CVB Building	940,410.32	
EF/CVB Land	198,621.00	
Building Additions	907,335.49	
Walker-Stone House	1,167,217.53	
Accumulated Depreciation	(1,107,720.50)	
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Subtotal: Capital Assets	2,574,105.00	

Construction in Progress	77,693.23	
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#### Total Other Assets

**2,651,798.23**

### TOTAL ASSETS

**5,397,910.18**

# Fayetteville A&P Commission

## Balance Sheet

As of March 31, 2020

### LIABILITIES AND EQUITY

#### Current Liabilities

Accounts Payable	61,430.61
Sales Tax Payable	1,496.15
Unearned Revenue 2020	165,907.50
Unearned Revenue 2021	4,000.00
Notes Payable	<u>2,514.98</u>
Subtotal: Current Liabilities	235,349.24

#### Total Liabilities

**235,349.24**

#### Equity

Fund Balance	4,942,422.81
Net Revenue	<u>220,138.13</u>

#### Total Equity

**5,162,560.94**

### TOTAL LIABILITIES AND EQUITY

**5,397,910.18**



**Fayetteville A and P Commission**  
**Statement of Budget, Revenue and Expense**  
**Year-to-Date @ March 31, 2020**

	<b>CONSOLIDATED</b>			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
<b>Revenue</b>				
<b>Hotel, Motel, Restaurant Taxes Revenue</b>				
CY HMR Taxes	811,952.26	3,782,224	(2,970,271.74)	78.53%
PY HMR Taxes	25,698.65	30,000	(4,301.35)	14.34%
<b>Subtotal Hotel, Motel, Restaurant Taxes Revenue</b>	<b>837,650.91</b>	<b>3,812,224</b>	<b>(2,974,573.09)</b>	<b>78.03%</b>
<b>Rental Revenue</b>				
Facility Rental	77,925.63	492,030	(414,104.37)	84.16%
Rental Items	12,891.77	54,347	(41,455.23)	76.28%
Alcohol Sales	24,948.19	150,000	(125,051.81)	83.37%
Rental Services	22,270.00	85,000	(62,730.00)	73.80%
<b>Subtotal Rental Revenue</b>	<b>138,035.59</b>	<b>781,377</b>	<b>(643,341.41)</b>	<b>82.33%</b>
<b>Event Revenue</b>				
First Thursday Income	5,000.00	18,000	(13,000.00)	72.22%
LOTO Income	0.00	7,500	(7,500.00)	100.00%
Other Event Income	2,824.39	4,000	(1,175.61)	29.39%
<b>Subtotal Event Revenue</b>	<b>7,824.39</b>	<b>29,500</b>	<b>(21,675.61)</b>	<b>73.48%</b>
<b>Clinton House Museum Revenue</b>				
Museum Store Sales	984.03	8,800	(7,815.97)	88.82%
Admission Revenue	0.00	1,000	(1,000.00)	
Donations	307.46	10,000	(9,692.54)	96.93%
Membership				
<b>Subtotal Clinton House Museum Revenue</b>	<b>1,291.49</b>	<b>19,800</b>	<b>(18,508.51)</b>	<b>93.48%</b>
<b>Visitor Center Store Revenue</b>				
Visitor Store Sales				
Regular Store Sales	1,917.09	12,500	(10,582.91)	84.66%
Consignment Sales	392.00	5,800	(5,408.00)	93.24%
<b>Subtotal Visitor Center Revenue</b>	<b>2,309.09</b>	<b>18,300</b>	<b>(15,990.91)</b>	<b>87.38%</b>
<b>Parking Revenue</b>				
Parking Machine Revenue	1,424.05	16,500	(15,075.95)	91.37%
Parking Lease Revenue	0.00	13,800	(13,800.00)	100.00%
<b>Subtotal Parking Revenue</b>	<b>1,424.05</b>	<b>30,300</b>	<b>(28,875.95)</b>	<b>95.30%</b>
<b>Advertising Revenue</b>				
Visitor Guide Ad Income	1,250.00	18,500	(17,250.00)	93.24%
Banner Income	300.00	4,500	(4,200.00)	93.33%
<b>Subtotal Advertising Revenue</b>	<b>1,550.00</b>	<b>23,000</b>	<b>(21,450.00)</b>	<b>93.26%</b>
<b>Other Revenue</b>				
Other Revenue	522.00	0	522.00	-100.00%
WFF Cycling Coordinator Grant	32,654.50	53,316	(20,661.50)	100.00%
WFF Cyclocross Grant				
Cyclocross Grant Funds	250,000.00	540,736	(290,736.00)	100.00%

**Fayetteville A and P Commission**  
**Statement of Budget, Revenue and Expense**  
**Year-to-Date @ March 31, 2020**

	<b>CONSOLIDATED</b>			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Cyclocross Events Revenue	0.00	15,000	(15,000.00)	100.00%
Cultural Arts Corridor	0.00	5,000	(5,000.00)	100.00%
<b>Subtotal Other Revenue</b>	<b>283,176.50</b>	<b>614,052</b>	<b>(330,875.50)</b>	
<b>Interest and Investment Revenue</b>				
Investment Account Interest	6,658.25	9,900	(3,241.75)	32.74%
Checking Account Interest	2,784.24	7,900	(5,115.76)	64.76%
<b>Subtotal Interest and Investment Revenue</b>	<b>9,442.49</b>	<b>17,800</b>	<b>(8,357.51)</b>	<b>46.95%</b>
<b>Total Revenue</b>	<b>1,282,704.51</b>	<b>5,346,353</b>	<b>(4,063,648.49)</b>	
<b>Expenses</b>				
<b>Operating Expenses</b>				
<b>Rental Expenses</b>				
<b>Subtotal Rental Expenses</b>	<b>15,226.21</b>	<b>107,936</b>	<b>(92,709.79)</b>	<b>85.89%</b>
<b>Event Expenses</b>				
<b>Subtotal Event Expenses</b>	<b>2,466.43</b>	<b>62,900</b>	<b>(60,433.57)</b>	<b>96.08%</b>
<b>Clinton House Museum</b>				
<b>Subtotal Clinton House Museum</b>	<b>11,766.22</b>	<b>56,500</b>	<b>(44,733.78)</b>	<b>79.17%</b>
<b>Visitor Center Store</b>				
<b>Subtotal Visitor Center Store</b>	<b>2,432.21</b>	<b>18,300</b>	<b>(15,867.79)</b>	<b>86.71%</b>
<b>Marketing Expenses</b>				
Advertising Expense				
Agency Advertising	26,543.88	515,107	(488,563.12)	94.85%
Non-Agency Advertising	6,737.95	19,000	(12,262.05)	64.54%
Agency Fees	44,887.50	179,550	(134,662.50)	75.00%
Promotion				
Promotion Expenses	56,262.32	134,100	(77,837.68)	58.04%
Signage-Tourism	0.00	1,500	(1,500.00)	100.00%
Banners	768.25	3,900	(3,131.75)	80.30%
Printing				
Visitors Guide Expense	18,882.76	50,000	(31,117.24)	62.23%
Other Brochures	140.60	43,100	(42,959.40)	99.67%
Website	1,700.00	11,000	(9,300.00)	84.55%
Mailings	2,000.00	10,400	(8,400.00)	80.77%
Sales and Development				
Promotional Items	176.33	11,800	(11,623.67)	98.51%
Groups	1,886.44	9,750	(7,863.56)	80.65%
Sports	5,461.14	32,000	(26,538.86)	82.93%
Meetings	24.35	12,100	(12,075.65)	99.80%
Memberships	6,136.00	33,350	(27,214.00)	81.60%
Tourism & Client Development	6,457.92	36,100	(29,642.08)	82.11%

**Fayetteville A and P Commission**  
**Statement of Budget, Revenue and Expense**  
**Year-to-Date @ March 31, 2020**

	<b>CONSOLIDATED</b>			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
<b>Subtotal Marketing Expenses</b>	<b>178,065.44</b>	<b>1,102,757</b>	<b>(924,691.56)</b>	<b>83.85%</b>
<b>Payroll</b>				
Wages Expense	238,394.20	1,151,677	(913,282.80)	79.30%
Payroll Tax Expense				
Federal (941) Payroll Taxes	17,675.38	88,037	(70,361.62)	79.92%
SUTA	2,072.64	7,806	(5,733.36)	73.45%
Benefits				
Health and Other Emp Insurance	31,768.51	172,375	(140,606.49)	81.57%
Company Ret Contributions	5,250.72	33,038	(27,787.28)	84.11%
Car Allowance	1,041.65	5,000	(3,958.35)	79.17%
Contract Labor	9,099.18	84,800	(75,700.82)	89.27%
Payroll Processing Fees	2,286.01	10,940	(8,653.99)	
<b>Subtotal Payroll Expenses</b>	<b>307,588.29</b>	<b>1,553,673</b>	<b>(1,246,084.71)</b>	<b>80.20%</b>
<b>Office and Administrative Expenses</b>				
Office Expenses				
Office Supplies	2,563.74	12,400	(9,836.26)	79.32%
Office Equipment Leases	1,906.46	8,200	(6,293.54)	76.75%
Office Equipment Purchases	1,054.35	1,800	(745.65)	41.43%
Subscriptions	133.95	1,100	(966.05)	87.82%
Employee Relations	1,365.95	5,300	(3,934.05)	74.23%
Training	2,221.24	19,000	(16,778.76)	88.31%
Postage and Shipping	408.13	1,400	(991.87)	70.85%
Fees				
Bank Service Charges	176.09	500	(323.91)	64.78%
Credit Card Fees	1,003.82	7,000	(5,996.18)	85.66%
Business Taxes and Licenses	1,163.39	15,000	(13,836.61)	92.24%
Accounting, Audit, & Legal Fees				
Accounting Fees	0.00	12,000	(12,000.00)	100.00%
Audit Fees	0.00	24,000	(24,000.00)	100.00%
Legal Fees	118.14	5,500	(5,381.86)	97.85%
Collection Expense	16,753.01	76,244	(59,490.99)	78.03%
Travel				
Lodging	5,780.35	21,850	(16,069.65)	73.55%
Mileage	593.76	2,900	(2,306.24)	79.53%
Transportation	2,590.67	18,700	(16,109.33)	86.15%
Meals Out of Town	1,528.13	4,200	(2,671.87)	63.62%
IT Expenses				
Computer Hardware	288.27	21,000	(20,711.73)	98.63%
Software Purchases and Subs	14,391.02	30,900	(16,508.98)	53.43%
IT Support and Consulting	13,274.15	38,600	(25,325.85)	65.61%

**Fayetteville A and P Commission**  
**Statement of Budget, Revenue and Expense**  
**Year-to-Date @ March 31, 2020**

	<b>CONSOLIDATED</b>			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Insurance				
Insurance - Building & Contents	0.00	15,000	(15,000.00)	100.00%
Insurance - W/C	0.00	1,400	(1,400.00)	100.00%
Facilities				
Rent	10,475.00	39,840	(29,365.00)	73.71%
Internet/Telephone	8,508.92	34,080	(25,571.08)	75.03%
Utilities				
Electric	16,731.29	68,477	(51,745.71)	75.57%
Gas	6,972.51	13,060	(6,087.49)	46.61%
Water	3,007.42	15,500	(12,492.58)	80.60%
Repairs and Maintenance	22,482.48	88,000	(65,517.52)	74.45%
Janitorial Supplies	5,198.41	31,800	(26,601.59)	83.65%
Maintenance Contracts	8,660.46	41,300	(32,639.54)	79.03%
FFE & Improvements	19,288.01	200,500	(181,211.99)	90.38%
<b>Subtotal Office and Administrative Expenses</b>	<b>168,639.12</b>	<b>876,551</b>	<b>(707,911.88)</b>	<b>80.76%</b>
<b>Other Expenses</b>				
<b>Bond Payments</b>	175,279.71	707,000	(531,720.29)	75.21%
<b>Grants Awarded</b>				
Current Year Spring	41,940.00	120,000	(78,060.00)	65.05%
TheatreSquared Contribution	0.00	200,000	(200,000.00)	100.00%
Cyclocross Events	124,406.10	540,736	(416,329.90)	100.00%
<b>Total Other Expenses</b>	<b>341,625.81</b>	<b>1,567,736</b>	<b>(1,226,110.19)</b>	<b>0.78</b>
<b>Total Operating Expenses</b>	<b>1,027,809.73</b>	<b>5,346,353</b>	<b>(4,318,543.27)</b>	
<b>Net Income/(Loss) Before Other Revenue and Expenses</b>	<b>254,894.78</b>	<b>0</b>	<b>254,894.78</b>	