

# Newport and Bristol County Convention and Visitors' Bureau and Subsidiary

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

*Fiscal year ended June 30, 2024*

**EVAN SMITH**  
*President & CEO*

**ALYSON C. ADKINS, CPA**  
*Vice President of Finance  
& Human Resources*

DISCOVER  
**NEWPORT**  
RHODE ISLAND

[DiscoverNewport.org](http://DiscoverNewport.org)



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2024**

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**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2024

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**INTRODUCTORY  
SECTION**





Board of Directors  
Discover Newport  
44 Long Wharf Mall  
Newport, RI 02840

We are pleased to present this Annual Comprehensive Financial Report (ACFR) for the Newport and Bristol County Convention and Visitors' Bureau and Subsidiary (the Bureau) for the year ended June 30, 2024.

The Finance Department oversees the audit and assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Finance Department established a comprehensive internal control framework that is designed to provide reasonable assurance that the Bureau's assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of maintaining internal controls should not exceed the benefits derived based on management's estimates and judgments. All internal control evaluations occur within this framework. We believe the Bureau's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Sansiveri, Kimball & Co, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of Rhode Island, has audited the Bureau's consolidated financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Bureau as of and for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditors concluded, based upon the audit, that the Bureau's consolidated financial statements as of and for the fiscal year ended June 30, 2024, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP). The independent auditors' report is presented as the first two pages of the financial section of this ACFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report. It provides an analytical overview of the Bureau's operations for fiscal year (FY) 2024. This letter of transmittal is intended to complement the MD&A and other information contained in this report and should be read in conjunction with it.

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## REPORTING ENTITY

This ACFR includes all funds of the Bureau. The Bureau is comprised of two entities, Newport and Bristol County Convention and Visitors' Bureau (DBA Discover Newport) and the Newport Tourism Marketing Management Authority (Newport Hotel Collection).

**Discover Newport** is unique, as it does not operate as a typical membership-based convention and visitors' bureau. It is a quasi-governmental organization established by state law, funded primarily by hotel tax revenues, and the governing body is composed of an autonomous Board of Directors (the Discover Newport Board). It is also a 501(c)(6) organization. Discover Newport was created to directly drive tourism to Newport and Bristol Counties, through marketing, sales, and advertising programs in cooperation with our industry partners.

Discover Newport's mission statement is:

"To positively influence the economy of Newport and Bristol Counties, Rhode Island, which includes Barrington, Bristol, Jamestown, Little Compton, Middletown, Newport, Portsmouth, Tiverton, and Warren, by marketing the region as a travel and tourism destination."

Discover Newport is charged with marketing and branding Newport and Bristol Counties as a premier travel destination. Its primary responsibility is attracting visitors to its destination, both for the lodging and non-lodging industries. While resorts advertise and market their individual properties, Discover Newport markets and brands the destination as a whole. Discover Newport integrates its branding campaigns with sales, marketing, and public relations activities, as well as special events, to attract visitors, both in the leisure and business markets.

The **Newport Hotel Collection** is a District Management Authority and was established by the Newport City Council in September 2017. It is 100% funded by a special assessment tourism fee of \$1/per room/per night for properties over 20 rooms within the district. In June 2021, the Newport City Council approved the rooms within the district to be properties over 18 rooms within the district. The special assessment tourism fee increased to \$1.50/per room/per night in FY 2024. It is governed by an autonomous Board of Directors (the Newport Hotel Collection Board).

The Newport Hotel Collection is charged with marketing and branding the district by sponsoring and promoting recreational, cultural, and retail activities and providing general marketing and promotion efforts. The Newport Hotel Collection has no employees; it is managed by Discover Newport. Discover Newport's Board of Directors appoints seven (7) of the nine (9) seats on the Newport Hotel Collection Board and is therefore a subsidiary of Discover Newport.

The Newport Hotel Collection is in the process of renewing the district under the new state law, Tourism Improvement Districts. The Board of Directors will turn into a committee under the Discover Newport Board.

Funding received by both Discover Newport and the Newport Hotel Collection is received two months in arrears.



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## ECONOMIC CONDITION

The travel & tourism industry is one of the largest contributors to and principle economic drivers in Newport and Bristol Counties. As a result, U.S. and international travel trends are closely monitored. Newport and Bristol Counties have a hotel room inventory exceeding over 4,200, with approximately 4,000 of those rooms located in Newport and Middletown. (These include properties that were closed due to renovations.)


As we anticipated at the end of fiscal year 2023, we saw a slowdown in the leisure market, with occupancy decreasing by 3%, from 60.41% to 57.09% for the fiscal year. While average daily room rates increased by 2% for the year, we saw a -4% decrease during the summer months in Newport, where the majority of our funding comes from. We saw an increase in our conference markets during the offseason.

As we look to fiscal year 2025, Discover Newport is keeping a close eye on the economy. We expect to see a rebound in the leisure market, as nearly three-fourths of leisure travelers expect to take a minimum of three trips in the next year, a 46% increase from 2023, according to a survey from the Cheval Collection. We are hoping to capture the leisure traveler during the offseason, as 53% of Cheval respondents said they would book trips at less convenient times to get lower prices. We expect to see a slowdown in the international market, as many international travelers will hold off on travel until 2026 for the FIFA World Cup. We expect another strong year in the conference markets.

Discover Newport has operating reserves that can be used to offset any shortfalls in projected revenues to keep sales and marketing plans intact. These reserves also protect Discover Newport if our area suffers any natural disasters, i.e. damage from hurricanes.

The Discover Newport staff have been and will continue to work cooperatively with many alliance partners to promote Newport & Bristol Counties as a safe and interesting travel option to consider for those that are ready to travel at this time. We recognize and embrace that safe travel is a shared responsibility between our visitors, our industry employees, and our residents.

Respectfully submitted,



Evan Smith  
President & CEO

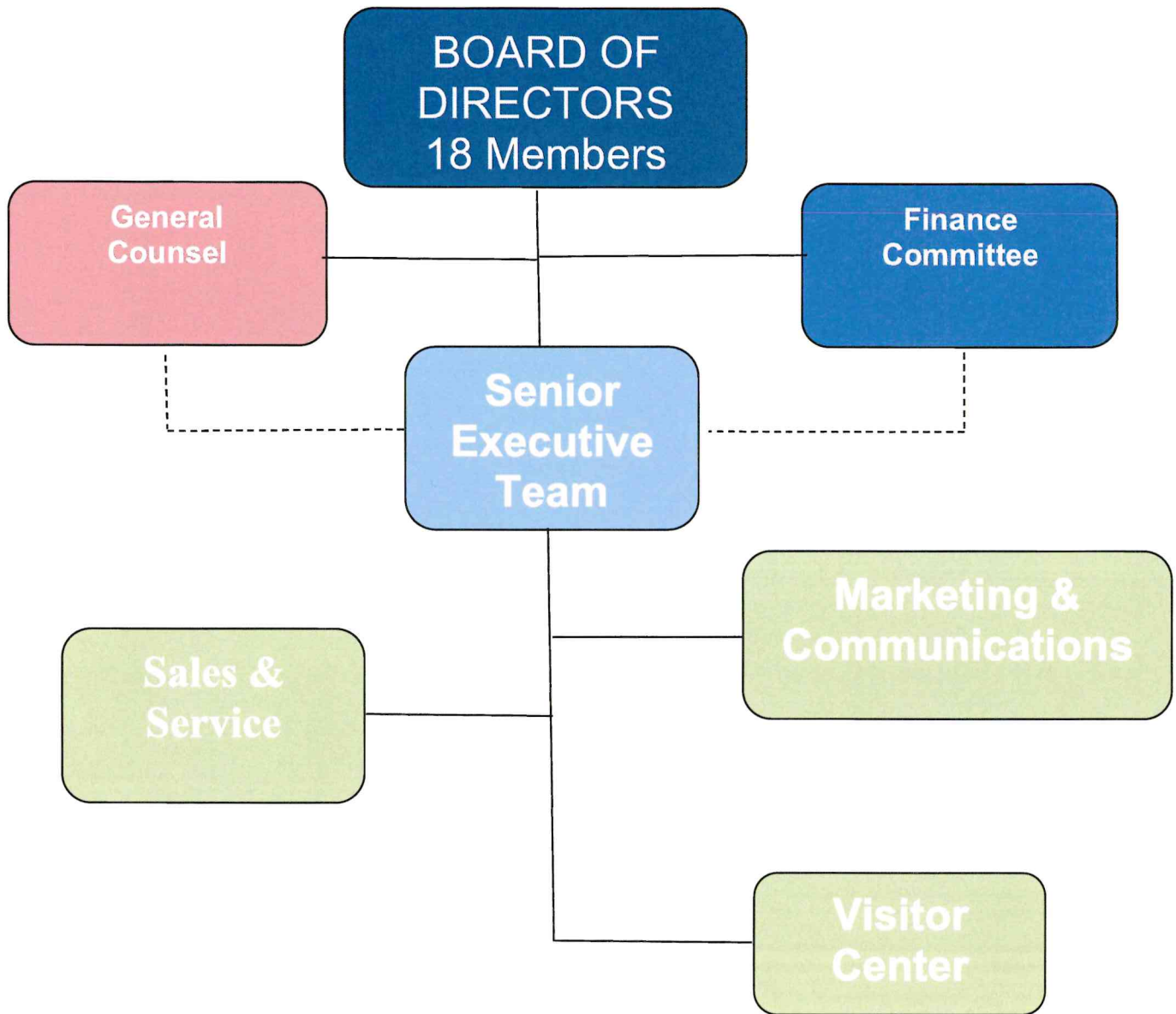


Alyson Adkins, CPA  
VP of Finance & Human  
Resources



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Organization Chart  
For the Year Ended June 30, 2024

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**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Board of Directors**  
For the Year Ended June 30, 2024

**The Discover Newport Board**

This eighteen-member board is comprised of thirteen members appointed by the nine-town councils within Newport and Bristol Counties and five representatives who are nominated by the Discover Newport Board to represent the hotel industry (over 100 rooms), the hotel industry (under 100 rooms), restaurant industry, attractions industry, and general business interests. The members serve a three-year term and can be reappointed for one additional three-year term. As of June 30, 2024, members of the board included:

**Term Expires**

**Appointed by the City of Newport**

Gillian Fox	June 2025
Sean O' Connor	June 2025
Charlie Holder *	June 2025

**Appointed by the Town of Middletown**

Rocky Kempenaar	June 2025
Peter Connerton	
TR McGrath-Board Chair *	June 2025

**Appointed by the Town of:**

Portsmouth - Matt Gray *	June 2026
Jamestown – Marla Romash	June 2026
Tiverton – Meredith Brower	June 2026
Little Compton - Andrew Moore	June 2026
Bristol – Stephen Brigidi-Secretary	June 2026
Warren – Keri Cronin	June 2026
Barrington - Ann Hof	June 2024

**Nominated by Discover Newport Board:**

Lodging over 100 rooms - Pamela Baldwin-Treasurer*	June 2024
Lodging under 100 rooms - Keith Chouinard-Vice Chair	June 2024
Restaurant representative – Patrick Fitzgerald	June 2024
Attraction's representative – John Nunes	June 2024
Member of the public - Missy Varao	June 2024

\* Member of the Finance Committee

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Board of Directors**  
For the Year Ended June 30, 2024

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**The Newport Hotel Collection Board**

This nine-member board is comprised of seven members appointed by Discover Newport and two members appointed by the City of Newport. All board members come from properties within the district. The members serve a three-year term until their successors are appointed and will have qualified. As of June 30, 2024, members of the board included:

	<b>Term Expires</b>
<b>Appointed by the Discover Newport Board</b>	
Andy Ross – Brenton Hotel-Treasurer	June 2027
Anne Krugman – Newport Harbor Island Resort	June 2027
Brian Young - Castle Hill Inn-Chair	June 2027
Michelle Taraverdian – Newport Marriott	June 2025
Derek Shelly-Hotel Viking	June 2025
Randi Milewski - Hammetts Wharf Hotel	June 2026
Cheryl Twist-The Chanler	June 2026
<b>Appointed by the City of Newport</b>	
Kirby Arsenault -Newport Harbor Hotel & Marina	June 2025
Lynn Ceglie - City Council Representative	June 2026



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Senior Executive Team  
For the Year Ended June 30, 2024

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**The Discover Newport Senior Executive Team**

The Discover Newport Board of Directors serves as a policy-making body and employs a President to serve as Chief Executive Officer. As of June 30, 2024, the Discover Newport senior executive team consists of:

Evan Smith-President/Chief Executive Officer

Alyson Adkins-Vice President of Finance and Human Resources

Kathryn Farrington-Vice President of Marketing

John (Tim) Walsh-Vice President of Sales

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**FINANCIAL  
SECTION**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the  
Newport and Bristol County Convention and Visitors' Bureau:

### **Opinion**

We have audited the accompanying consolidated financial statements of Newport and Bristol County Convention and Visitors' Bureau and Subsidiary (the Bureau) as of and for the years ended June 30, 2024 and 2023, and the related notes to the consolidated financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bureau as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bureau, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bureau's ability to continue as a going concern for twelve months beyond the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 an opinion on the effectiveness of the Bureau's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Bureau's basic financial statements. The accompanying supplemental schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic consolidated financial statements and our auditors' report thereon. Our opinions on the basic consolidated 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 audits of the basic consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic consolidated 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.

Providence, Rhode Island  
November XX, 2024

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

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**Management's Discussion and Analysis**



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

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As management of the Newport and Bristol County Convention and Visitors' Bureau (Discover Newport) and the Newport Tourism Marketing Management Authority (Newport Hotel Collection), collectively referred to as the Bureau we offer readers of the Bureau's financial statements this narrative overview and analysis of the Bureau's financial performance for the fiscal year (FY) ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages i to iii of this report.

## **FINANCIAL HIGHLIGHTS**

- Total revenues decreased approximately \$72 thousand for FY 2024. Hotel taxes declined by -1% and the tourism fee increased by +38% over the prior year. Total grant income (public) decreased by -64% over the prior year. Private source revenue (advertising, promotional participation, etc.) excluding investment return, net, improved by 21% over the prior year. In FY 2024, we continued the complimentary participation for all restaurants participating in Newport Restaurant Week and Burger Bender. The decline in revenue is mainly attributable to the decline in public grant income. Public grant income varies from year to year based on grants available that the Bureau is eligible for.
- Discover Newport invested approximately \$4.9 million in sales and marketing efforts. Some of the leisure investments supported the creation, management and marketing of Newport Restaurant Week, Burger Bender, Fall, Holiday, Winter, Spring, and Gilded Age campaigns. Our key feeder markets for these campaigns are Massachusetts, Connecticut, New York, New Jersey, Philadelphia, Baltimore, DC, and Virginia. Other investments included a series of leisure e-blasts to our feeder markets, creation of off-season commercials, creation and production of a destination travel guide, and the continued sponsorship of line 67 RI Public Transit Authority bus route. We also added a transportation sponsorship, the Boston to Newport bus route, which began in June 2024. We also provided sponsorships for Newport Winter Festival, Christmas in Newport, Cliff Walk, St. Patrick's Day parade, Daffodil Days, street festivals, and the Newport Mansions. For media visits, we hosted over 500 international and domestic journalists. On the corporate sales side investments included a mix of print and digital advertising campaigns, hosting 8 client events, attendance at 25 trade shows, and hosted 55 meeting planners site inspections.
- Discover Newport continues to operate a 700 square foot Visitor Center at 21 Long Wharf Mall. The center is open 7 days a week from June-October, 5 days a week in November, December, April, and May, and 3 days a week for March. For January and February, the center was opened for holidays and school vacation weeks. During cruise ship season, which is normally from August-October, Discover Newport has a large kiosk in Perrotti Park to assist cruise ship visitors. For FY 2024, we hosted over 40 cruise ships at Perrotti Park.
- The Newport Hotel Collection invested approximately \$153 thousand in sales and marketing efforts. Some of the investments included website advertising and RI Hospitality membership dues for all members. The Board voted for these to be annual membership benefits for all properties. The Newport Hotel Collection also hosted a sales training for all the sales staff in the participating properties. The process for renewing the district began in January 2024. As of June 30, 2024, the Newport Hotel Collection is still working with the City of Newport on this renewal. All remaining funds have been reserved for future years.
- Net position decreased approximately \$240 thousand to approximately \$4.2 million during FY 2024. This decrease is primarily due to advertising for the HBO Gilded age which was postponed

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

from the winter of 2023 to the winter of 2024. The Bureau used funds from the operating reserves to fund this campaign.

**CONDENSED COMPARATIVE DATA**

**ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION**

The Bureau's change in net position decreased approximately \$240 thousand during the year as follows:

<b>CHANGES IN NET POSITION</b>				
	FY 2023	FY 2024	Increase (Decrease)	
			Amount	Percent
Net position – beginning				
Revenues	\$4,056,666	\$ 4,454,619	\$ 397,953	10%
Expenses	5,823,728	5,751,647	(72,081)	-1%
Change in net position	5,425,775	5,991,732	565,957	10%
Net position – ending	397,953	(240,085)	(638,038)	-160%
	\$4,454,619	\$ 4,214,534	\$(240,085)	-5%

Decrease in overall net position is a function of the postponement of advertising for the HBO Gilded Age from fiscal year 2023 to fiscal year 2024. This was a budgeted deficit.

During FY 2024, net position consists of the following:

<b>CONSOLIDATED STATEMENT OF NET POSITION</b>				
	June 30, 2023	June 30, 2024	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 4,958,676	\$ 4,760,230	\$ (198,446)	-4%
Capital assets	709,629	580,980	(128,649)	-18%
Total assets	\$ 5,668,305	\$ 5,341,210	\$ (327,095)	-6%
Current liabilities	\$ 632,658	\$ 650,636	\$ 17,978	3%
Long-term liability	581,028	476,040	(104,988)	-18%
Total liabilities	\$ 1,213,686	\$ 1,226,676	\$ (87,010)	-7%
Net position				
Net investment in capital assets	55,592	14,229	(41,363)	-74%
Board-designated	984,327	1,051,594	67,267	7%
Unrestricted	3,414,700	3,148,711	(265,989)	-8%
Total net position	\$ 4,454,619	\$ 4,214,534	\$ (240,085)	-5%

A small portion of net position reflects an investment in capital assets net of debt used to acquire those assets. Board-designated net position is reported separately to show resources the Boards have deemed for long-term use. Net position declined approximately \$240 thousand, as a result of the changes above.



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

**REVENUES**

Revenues are classified as either public or private. Private revenues are those directly generated by an activity of the Bureau. For example, the sale of advertising on the website, co-op fees for trade shows, participation fees for client events, etc.

The public revenue classification includes all hotel taxes and tourism fees because the income is not derived by an activity of the Bureau. The State of Rhode Island levies a hotel tax on all transient lodging establishments in Newport and Bristol Counties, and the Bureau receives a portion of that tax, which is the Bureau's primary source of revenue. The Newport Management Authority assesses a tourism fee on all transient lodging establishments with greater than eighteen rooms in Newport. The Bureau receives 97% of this fee. Grant income received from a government institution is also classified as public revenue.

Total revenues for FY 2024 amounted to \$5.7 million, a 1% decrease over FY 2023.

	FY 2023	FY 2024	Increase (Decrease)	
			Amount	Percent
<b>Public revenues</b>				
Hotel taxes	\$ 5,005,710	\$ 4,973,579	\$ (32,131)	-1%
Tourism fee	261,963	361,535	99,572	38%
Government grants and funding	376,820	135,542	(241,278)	-64%
<b>Total public revenue</b>	<b>5,644,493</b>	<b>5,470,656</b>	<b>(173,837)</b>	<b>-3%</b>
<b>Private revenues</b>				
Advertising	56,850	70,000	13,150	23%
Promotional participation	16,315	31,194	14,879	91%
Event hosting	27,087	13,056	(14,031)	-52%
Other	20,720	32,187	11,467	55%
Investment return, net	58,263	134,554	76,291	131%
<b>Total private revenues</b>	<b>179,235</b>	<b>280,991</b>	<b>101,756</b>	<b>57%</b>
<b>Total revenues</b>	<b>\$ 5,823,728</b>	<b>\$ 5,751,647</b>	<b>\$ (72,081)</b>	<b>-1%</b>

Hotel taxes provided approximately \$4.97 million during FY 2024, a decrease of approximately \$32 thousand over fiscal year 2023. The hotel tax is affected by the number of lodging rooms available, occupancy rate, and average daily room rate (ADR). For FY 2024, the room inventory remained flat, however we had one of our largest hotels offline for six months due to renovations. Occupancy percentage decreased from 60.41% to 57.09% in FY 2024. The most volatile factor in calculating hotel taxes is ADR. With hotel rooms being booked over the internet, price fluctuations are common, with hotels having the ability to respond quickly to occupancy trends. ADR averaged \$240.07 in FY 2024, a 2% increase over the \$236.44 result in FY 2023. The tourism fee is a \$1.50 fee per room night on all transient lodging establishments within Newport County greater than eighteen rooms, an increase of \$.50 over fiscal year 2023. The tourism fee provided approximately \$361 thousand during FY 2024, an increase of \$99 thousand. The decrease in hotel taxes is attributable mainly due to the decrease in occupancy and the increase in the tourism fee is attributable mainly due to the increase in the assessment.

The majority of hotel tax revenue was generated in the City of Newport (\$3.3 million or 67%). The second largest generator of hotel taxes is the Town of Middletown, at \$1.4 million (29%). The other incorporated towns of Bristol, Barrington, Jamestown, Little Compton, Portsmouth, Warren, and Tiverton combined to provide the remaining 4%.

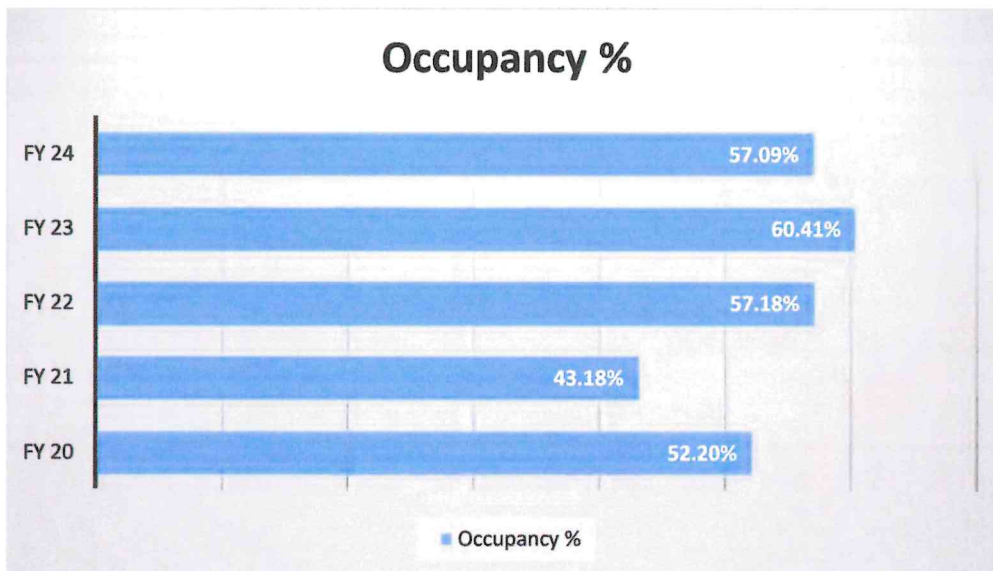
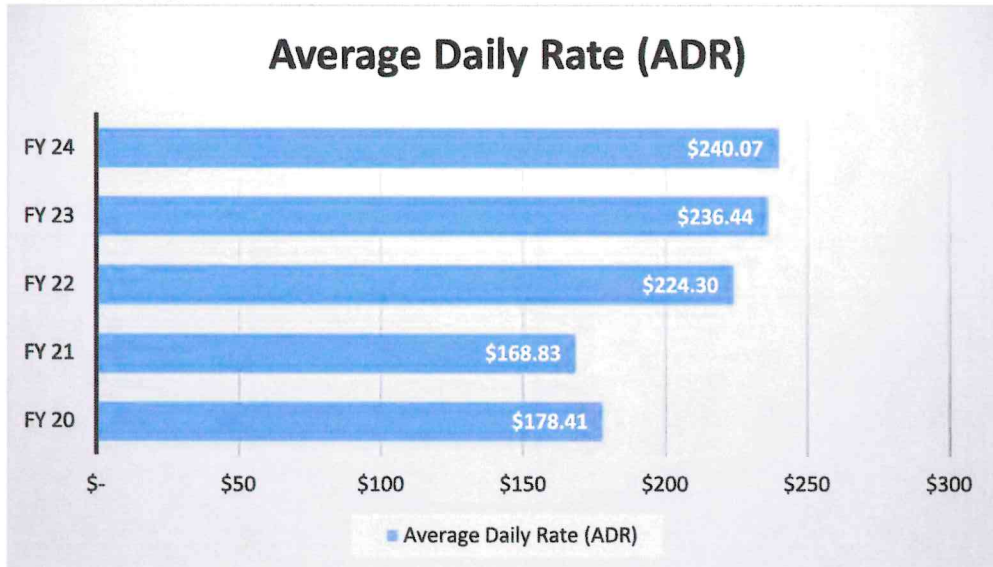
**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
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**For the Year Ended June 30, 2024**

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Government grants and funding are grants the Bureau received from the State of RI as a pass through from the federal government. In FY 2024, the Bureau received a technology grant for approximately \$166 thousand, of which \$31 thousand is included in deferred revenue as the expenses relate to FY 2025.

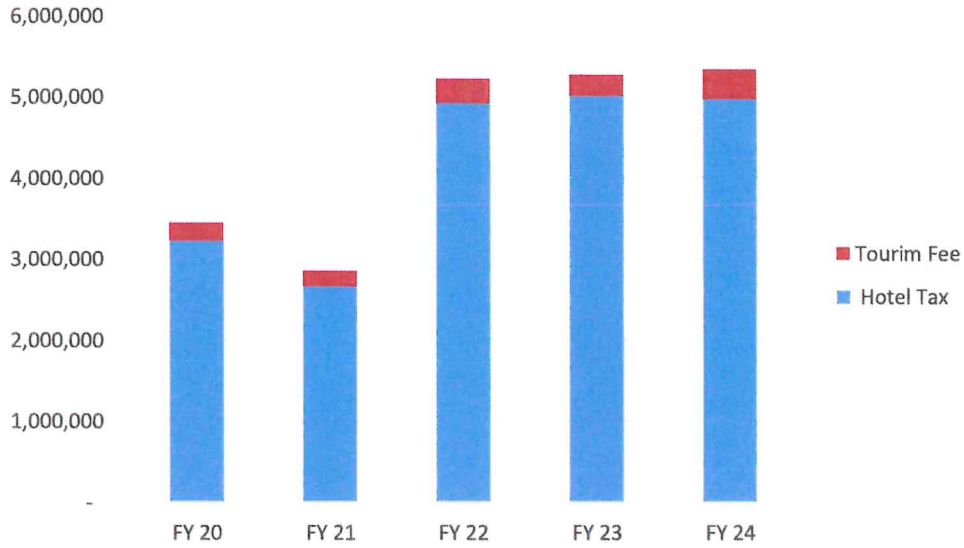
Private revenues increased \$101 thousand as compared to FY 2023. This is also attributable to several factors; we had more industry partners take part in promotional participation in trade shows; our investments performed well in FY 2024; and we obtained new advertisers on our website.

Below is a five-year analysis of the average daily room rate (ADR), occupancy, and actual hotel tax and tourism fee received.



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

**Actual Hotel Tax and Tourism Fee**



The hotel tax rate is 6% on lodging facilities in the Newport and Bristol Counties, and such rate can only be modified by the action of the Rhode Island State Legislature. 1% of the hotel tax goes to the town that the lodging facility is physically located in. The remaining 5% hotel tax for hotel room rentals is distributed as follows:

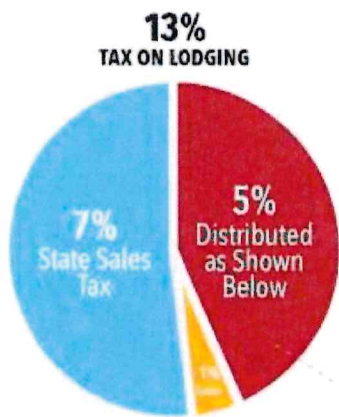
- 45% Discover Newport
- 25% City/Town where the lodging property is physically located
- 25% Rhode Island Commerce Corporation
- 5% Greater Providence-Warwick Convention and Visitor's Bureau



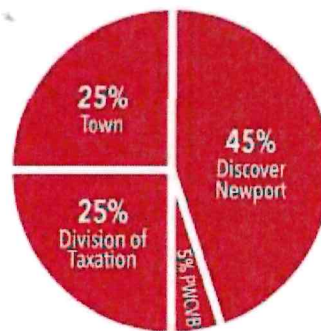
# HOW LODGING TAXES ARE DISTRIBUTED

(For hotels and inns, but not for short-term rentals)

## GROSS LODGING REVENUE



**Lodging Tax:** When a traveler stays in a Newport and Bristol County hotel or inn they pay 13% tax. That is a combination of a 7% state sales tax and a 6% lodging tax. Of the 6% lodging tax, 5% is distributed by a formula; the additional 1% is distributed directly to the city/township.



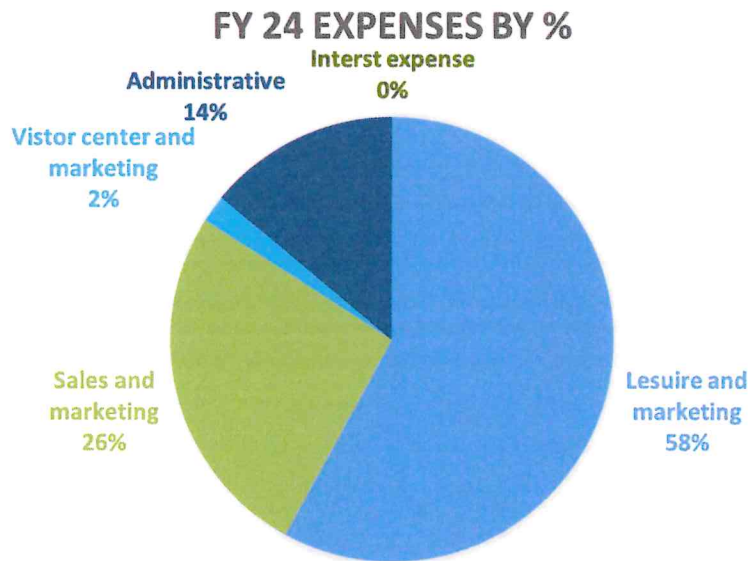
**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

**EXPENSES**

Total expenses by function were as follows:

	FY 2023	FY 2024	Increase (Decrease)	
			Amount	Percent
Visitor center and marketing	\$ 132,641	\$ 123,798	\$ (8,843)	-7%
Leisure and marketing	3,078,035	3,470,288	392,253	13%
Sales and marketing	1,435,621	1,533,907	98,286	7%
Administrative	747,802	837,054	89,252	12%
Interest expense	31,676	26,685	(4,991)	-16%
	<b>\$ 5,425,775</b>	<b>\$5,991,732</b>	<b>\$ 565,957</b>	<b>10%</b>

In the leisure market, we invested approximately \$2.2 million in advertising and sponsorships. Working with the Rhode Island Public Transit Authority, we continued our sponsorship of line 67, which runs from the Transportation Center to Bellevue Ave, for six months. We added a sponsorship for a Boston to Newport bus, which began in June 2024, running on the weekends, 2 round trips per day. The sales and services market, which consists of the corporate sales side, we invested approximately \$234 thousand in advertising. The increase in administrative expenses mainly relates to the renewal of the Tourism Improvement District. Across all three departments, excluding the visitor center, is the cost of the USGA Senior Open sponsorship, which took place in June 2024.



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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**Fiscal Year 2025**

For FY 2025, high priorities will include, but not be limited to:

1. Working with a headhunter, search for a new President & CEO.
2. Continue to target promotional investments that will help grow our shoulder and off- peak visitation. The summer months are now close to reaching maximum visitation capacity, so our organization must continue to shift our focus and marketing plans to adapt to this situation.
3. Continue to utilize the resources of our PR agency to maximize media coverage for our 9-town destination. Growing media coverage provides a high conversion rate to visitation making it a high priority investment.
4. Work with community partners to invest in key local programs that can help support their goals & objectives. We want to be sure our travel program is doing its part to support the efforts of community organizations.
5. Continue to work with the Chamber of Commerce to help support their efforts to support both our existing business base and where possible grow our business base.
6. Work with the City of Newport, the Department of Transportation, and the Rhode Island Public Transit Authority to develop a shuttle service from the public parking lots to the downtown area.

**OVERALL FINANCIAL POSITION**

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The Bureau demonstrated strong financial results for FY 2024 in the continued face of tough economic times. Management remains vigilant to maintain fiscal sustainability through conservative budgeting and continuous monitoring of actual financial results and economic trends at the local, state, and national levels. Such an approach allows the Bureau the ability to react swiftly to changing conditions and sustain operations during challenging periods. The Bureau is dedicated to the preservation of adequate balances to meet operating cash flow requirements.

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

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**ADDITIONAL FINANCIAL INFORMATION**

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The Bureau's financial statements are designed to present users (citizens, taxpayers, customers, and industry partners) with a general overview of the Bureaus' finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact:

Discover Newport  
Vice President of Finance  
44 Long Wharf Mall  
Newport, RI 02840  
(401) 845-9126  
aadkins@discovernewport.org  
Or, please visit our website at:  
[www.discovernewport.org/about-us](http://www.discovernewport.org/about-us)



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2024

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## Basic Financial Statements

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash - operating fund	\$ 1,859,098	\$ 1,917,377
Accounts receivable	456,298	760,021
Prepaid expenses and other current assets	329,869	292,269
Total current assets	<u>2,645,265</u>	<u>2,969,667</u>
PROPERTY AND EQUIPMENT, NET	47,728	66,392
RIGHT-OF-USE ASSETS, NET	533,252	643,237
<b>OTHER ASSETS:</b>		
Board-designated cash	2,500	2,500
Investments:		
Board-designated	1,049,094	981,827
General purpose	1,049,093	981,808
Intangible assets, net	14,278	22,874
Total other assets	<u>2,114,965</u>	<u>1,989,009</u>
<b>TOTAL</b>	<u>\$ 5,341,210</u>	<u>\$ 5,668,305</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of lease liability	\$ 104,989	\$ 95,883
Accounts payable	267,509	210,414
Deferred revenue	36,425	7,200
Accrued expenses:		
Payroll and related liabilities	204,270	289,768
Other	37,443	29,393
Total current liabilities	<u>650,636</u>	<u>632,658</u>
<b>LONG-TERM LIABILITY -</b>		
Lease liability, less current portion	476,040	581,028
Total liabilities	<u>1,126,676</u>	<u>1,213,686</u>
<b>NET POSITION:</b>		
Net investment in capital assets	14,229	55,592
Unrestricted:		
Board-designated reserves	1,051,594	984,327
General purpose	3,148,711	3,414,700
Total unrestricted net position	<u>4,200,305</u>	<u>4,399,027</u>
Total net position	<u>4,214,534</u>	<u>4,454,619</u>
<b>TOTAL</b>	<u>\$ 5,341,210</u>	<u>\$ 5,668,305</u>

See notes to consolidated financial statements.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>REVENUES:</b>		
Public sources:		
Hotel taxes	\$ 4,973,579	\$ 5,005,710
Newport tourism fee	361,535	261,963
Government grants and funding	135,542	376,820
Total public sources	<u>5,470,656</u>	<u>5,644,493</u>
Private sources:		
Advertising income	70,000	56,850
Promotional participation income	31,194	16,315
Event hosting income	13,056	27,087
Other income	32,187	20,720
Investment return, net	134,554	58,263
Total private sources	<u>280,991</u>	<u>179,235</u>
<b>TOTAL REVENUES</b>	<u><b>5,751,647</b></u>	<u><b>5,823,728</b></u>
<b>EXPENDITURES:</b>		
Leisure and marketing	3,470,288	3,078,035
Sales and marketing	1,533,907	1,435,621
Visitor's center and marketing	123,798	132,641
Administrative	837,054	747,802
Interest expense	26,685	31,676
<b>TOTAL EXPENDITURES</b>	<u><b>5,991,732</b></u>	<u><b>5,425,775</b></u>
<b>CHANGE IN NET POSITION</b>	<b>(240,085)</b>	<b>397,953</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u><b>4,454,619</b></u>	<u><b>4,056,666</b></u>
<b>NET POSITION, END OF YEAR</b>	<u><u><b>\$ 4,214,534</b></u></u>	<u><u><b>\$ 4,454,619</b></u></u>

See notes to consolidated financial statements.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net position	\$ (240,085)	\$ 397,953
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation and amortization	137,245	131,887
Unrealized gain on investments	(98,259)	(55,452)
Realized loss on sale of investments	53,552	79,960
Income from public source - government grants and funding	(135,542)	(376,820)
Changes in assets and liabilities:		
Receivables	303,723	(46,246)
Prepaid expenses and other current assets	(37,600)	(76,655)
Accounts payable	57,095	16,035
Deferred revenue	29,225	2,488
Accrued expenses	(77,448)	117,938
Lease liability	(95,882)	(92,319)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(103,976)</u>	<u>98,769</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(6,796,591)	(1,832,562)
Proceeds from sale of investments	6,706,746	1,749,791
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(89,845)</u>	<u>(82,771)</u>
<b>CASH USED BY CAPITAL ACTIVITIES -</b>		
Purchases of property and equipment	-	(39,185)
<b>CASH PROVIDED FROM NONCAPITAL FINANCING ACTIVITIES -</b>		
Proceeds from public source - government grants and funding	135,542	376,820
<b>NET INCREASE (DECREASE) IN CASH</b>	(58,279)	353,633
<b>CASH, BEGINNING OF YEAR</b>	<u>1,919,877</u>	<u>1,566,244</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,861,598</u>	<u>\$ 1,919,877</u>
<b>COMPONENTS OF CASH:</b>		
Operating fund	\$ 1,859,098	\$ 1,917,377
Reserve fund	2,500	2,500
<b>Total</b>	<u>\$ 1,861,598</u>	<u>\$ 1,919,877</u>

See notes to consolidated financial statements.



# NEWPORT AND BRISTOL COUNTY CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General

#### *Discover Newport*

Newport and Bristol County Convention and Visitors' Bureau (DBA Discover Newport) was created by the General Assembly of the State of Rhode Island (the State), having a distinct legal existence from the State and not constituting a department of state government. Discover Newport is a governmental agency and public instrumentality of the State.

Discover Newport was created to achieve the following purposes:

- Establish an operating program to promote and encourage tourism,
- Coordinate tourism activities within Newport and Bristol Counties and the State,
- Establish a fund to promote and encourage tourism, and
- Aid the municipalities in Newport and Bristol Counties in resolving problems that may arise due to growth in the tourism industry and to improve the quality of life in Newport and Bristol Counties.

#### *Newport Hotel Collection*

Established by the Newport City Council on September 13, 2017 as a District Management Authority, Newport Tourism Marketing Management Authority (DBA Newport Hotel Collection) was created to achieve an increase in room night sales and revenue therefrom at assessed lodging properties within the district by performing the following:

- Sponsor and promote recreational, cultural and retail activities,
- Promote the development of the district including collecting and disseminating information, and
- Provide general marketing and promotion efforts.

Discover Newport holds the power to appoint the majority of the governing board of the Newport Hotel Collection. As a result, Newport Hotel Collection is considered a subsidiary of Discover Newport and is consolidated with Discover Newport in the accompanying consolidated financial statements. Discover Newport and Newport Hotel Collection are collectively referred to as the Bureau.

#### *Funding Source*

*Public source revenue* - Discover Newport's principal funding source is a percentage of hotel tax collected regionally by the State and locally by the City of Newport (the City). Newport

See independent auditors' report.

# NEWPORT AND BRISTOL COUNTY CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Hotel Collection's principal funding source is a special assessment tourism fee collected by the City. The Bureau's revenues received directly from the State represented approximately 29% and 27% of total revenues for the years ended June 30, 2024 and 2023, respectively. The Bureau's revenues which were collected by the City represented approximately 64% and 63% of total revenues for the years ended June 30, 2024 and 2023, respectively. Accounts receivable from the State and the City represent approximately 32% and 67%, respectively, of total accounts receivable at June 30, 2024.

### Accounting and Reporting Principles

As a public corporation created by state law and a not-for-profit organization, the Bureau is considered a single-entity special purpose government engaged in business-type activities for financial reporting purposes. Therefore, the Bureau follows accounting principles and policies generally accepted in the United States of America applicable to state and local governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

### Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized in the period in which they are earned and become measurable. Expenses are recognized in the period incurred.

### Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Discover Newport and Newport Hotel Collection.

All significant intercompany accounts have been eliminated in consolidation.

### Accounts Receivable

The Bureau reports its accounts receivable net of an allowance for doubtful accounts. Appropriate provisions for doubtful accounts are based upon factors surrounding the credit risk and activity of specific customers, historical trends, and other information. The Bureau determined an allowance for doubtful accounts was not necessary for the years ended June 30, 2024 and 2023.

Interest is not accrued on accounts receivable. Accounts are written off when management has determined that there is no likelihood of collection.

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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**Investments**

Investments consist of two investment portfolio accounts both invested in cash and marketable securities. Cash and cash equivalents are reported at cost and were approximately \$8,000 and \$2,000 as of June 30, 2024 and 2023, respectively. Investments in marketable securities are reported at fair value. Investment return includes interest, dividends, unrealized and realized gains and losses, and management fees. During the year ended June 30, 2024, the Bureau recognized approximately \$98,000 of unrealized gains that relate to marketable securities held at June 30, 2024. During the year ended June 30, 2023, the Bureau recognized approximately \$55,000 of unrealized gains that relate to marketable securities held at June 30, 2023.

**Property and Equipment**

Property and equipment are recorded at cost, or if donated, at fair market value. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

**Intangible Assets**

Intangible assets consist of computer software, website costs, and costs to develop a brand name and are being amortized on a straight-line basis over periods ranging from five to twelve years.

**Leases**

The Bureau records leases in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* which requires that a lessee recognize an operating lease for a term of greater than twelve months as a liability and capitalize a right-of-use asset in the lessee's balance sheet. Such amounts are recorded at the present value of the lease payments.

Leases are recorded on the statements of net position as either contracts that transfer ownership or all other leases. A contract that transfers ownership is a lease with the following characteristics:

- transfers ownership of the underlying asset to the lessee by the end of the contract and
- does not contain termination options but that may contain a fiscal funding or cancellation clause that is not reasonably certain of being exercised

As of and during the years ended June 30, 2024 and 2023, the Bureau did not have any leases that transferred ownership.

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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All other leases are classified as other leases or short-term leases.

Short-term leases are defined as leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months, including any options to extend, regardless of their probability of being exercised. Short-term leases will recognize lease payments as lease expense on the straight-line basis over the lease term and any variable lease payments in the period in which the obligation for those payments is incurred.

Lease liabilities are discounted to the present value of the future payments expected to be made during the lease term. The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the lessee, the lessee's estimated incremental borrowing rate should be used. The Bureau applied the incremental borrowing rate applicable to the lease term.

The right-of-use (ROU) asset is measured using the lease liability plus any lease payments made before the commencement date, plus any initial direct costs less any lessor incentives.

ROU assets are amortized over the assets' lease periods. Interest calculated on the lease liability is recorded to interest expense and amortization of the ROU assets are recorded to depreciation and amortization which equal the aggregate total of lease payments straight-lined over the lease term.

**Revenue Recognition**

Revenue is substantially derived from the hotel tax imposed by the State on the hospitality industry in Newport and Bristol Counties. Discover Newport receives a percentage of the hotel tax collected by the State and the City in accordance with Rhode Island General Law Title 42 Chapter 42-63.1. Discover Newport recognizes its percentage of the hotel tax as revenue in the month in which the tax was collected by the State and the City.

Newport Hotel Collection receives a special assessment tourism fee which is collected by the City from the district members in accordance with Rhode Island General Law Title 45 Chapter 45-59-15. Newport Hotel Collection recognizes the fee as revenue in the month in which the assessment was collected by the City.

Discover Newport receives advertising income for advertisements placed primarily on its website. Advertising income is earned over the term of the advertising agreement. Revenue billed in advance is deferred and recognized when earned.

See independent auditors' report.



**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

Allocation of Expenses

Expenses which are allocated to the leisure and marketing, sales and marketing, visitor's center and marketing, and administration departments include: occupancy expenses, depreciation, office supplies, telecommunication, insurance, and other, and are allocated on the full-time equivalent basis.

Advertising

Advertising costs are expensed in the period in which the advertisement appears for the first time. Advertising costs amounted to approximately \$2,701,000 and \$2,326,000 for the years ended June 30, 2024 and 2023, respectively.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through **November X, 2024**, which is the date the consolidated financial statements were available to be issued.

**2. ACCOUNTS RECEIVABLE**

As of June 30, 2024 and 2023, accounts receivable consisted of the following:

	2024	2023
Hotel tax due from:		
City of Newport	\$ 269,423	\$ 264,821
State of Rhode Island	144,483	141,498
Tourism fee due from City of Newport	36,586	22,270
Rhode Island Commerce Corporation Grant	-	326,820
Other	5,806	4,612
Accounts receivable	<u>\$ 456,298</u>	<u>\$ 760,021</u>

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

**3. PROPERTY AND EQUIPMENT, NET**

As of June 30, 2024 and 2023, property and equipment, net consisted of the following:

	2024	2023
Computers, office equipment and furnishings	\$ 55,210	\$ 65,376
Vehicles	74,487	74,487
Total property and equipment	129,697	139,863
Less accumulated depreciation	81,969	73,471
Property and equipment, net	\$ 47,728	\$ 66,392

**4. INTANGIBLE ASSETS**

As of June 30, 2024 and 2023, intangible assets consisted of the following:

	2024	2023
Website	\$ 92,550	\$ 92,550
Brand names	12,020	12,020
Total	104,570	104,570
Less accumulated amortization	90,292	81,696
Intangible assets, net	\$ 14,278	\$ 22,874

As of June 30, 2024, the aggregate future amortization expense is as follows:

Year	Amount
2025	\$ 6,745
2026	6,745
2027	305
2028	305
2029	178
Total	\$ 14,278

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

**5. CAPITAL ASSETS**

For the years ended June 30, 2024 and 2023, changes in capital assets were as follows:

	Property and Equipment		Intangible Assets	
	Cost Basis	Accumulated Depreciation	Cost Basis	Accumulated Amortization
Balance as of June 30, 2022	\$ 131,390	\$ (88,313)	\$ 104,570	\$ (72,484)
Capital acquisitions	39,185			
Dispositions	(30,712)	30,712		
Depreciation and amortization		(15,870)		(9,212)
Balance as of June 30, 2023	\$ 139,863	\$ (73,471)	\$ 104,570	\$ (81,696)
Depreciation and amortization		(18,664)		(8,596)
Dispositions	(10,166)	10,166		
Balance as of June 30, 2024	<u>\$ 129,697</u>	<u>\$ (81,969)</u>	<u>\$ 104,570</u>	<u>\$ (90,292)</u>

**6. FAIR VALUE MEASUREMENTS**

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, U.S. GAAP established a fair value hierarchy that prioritizes observable inputs used to measure fair value into following three broad levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2: Observable prices, other than quoted prices within Level 1, including:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

Level 3: Unobservable inputs which are used when little or no market activity is available at the measurement date. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Equity Securities* – Valued using the quoted prices in active markets.

*Debt Securities* – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering credit worthiness of the issuer.

The methods used to determine fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets carried at fair value at June 30, 2024 and 2023 are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2024</u>				
Investments in marketable securities:				
Equity securities:				
Mutual funds	\$ 1,297,580	\$ -	\$ -	\$ 1,297,580
Exchange traded funds	369,204	-	-	369,204
Debt securities -				
Bonds	-	423,640	-	423,640
Total marketable securities	<u>\$ 1,666,784</u>	<u>\$ 423,640</u>	<u>\$ -</u>	<u>\$ 2,090,424</u>

See independent auditors' report.



**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2023</u>				
Investments in marketable securities:				
Equity securities:				
Mutual funds	\$ 1,601,410	\$ -	\$ -	\$ 1,601,410
Exchange traded funds	321,390	-	-	321,390
Debt securities -				
Bonds	-	39,372	-	39,372
Total marketable securities	\$ 1,922,800	\$ 39,372	\$ -	\$ 1,962,172

**7. SHORT-TERM FINANCING ARRANGEMENT**

Discover Newport maintains a line of credit with a financial institution that provides for maximum available borrowings of \$100,000. Borrowings on the line of credit are due on demand and collateralized by substantially all assets of Discover Newport. Interest is payable monthly and is computed at the financial institution's base rate plus .50%. As of June 30, 2024, the financial institution's base rate was 8.50%. There were no outstanding borrowings on the line of credit as of June 30, 2024 and 2023.

**8. HOTEL TAX REVENUE**

Discover Newport receives funding from the State in the form of a percentage of the hotel tax collected by the State and by the City. For the years ended June 30, 2024 and 2023, Discover Newport recorded hotel tax revenue as follows:

	2024	2023
Collected by:		
City of Newport	\$ 3,334,319	\$ 3,415,138
State of Rhode Island	1,639,260	1,590,572
Total	\$ 4,973,579	\$ 5,005,710

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

**9. GOVERNMENT GRANTS AND FUNDING**

During the years ended June 30, 2024 and 2023, Discover Newport received the following state grants:

	2024	2023
EDA Tourism Program Grant	\$ 135,542	\$ 326,820
ARPA Tourism Program Grant	-	50,000
Total cash received and expended for qualified costs	\$ 135,542	\$ 376,820

As of June 30, 2024 and 2023, approximately \$4,000 and \$327,000, respectively, had not yet been paid by the State and is included in receivables on the accompanying consolidated statements of net position.

**10. EMPLOYEE BENEFIT PLANS**

Discover Newport maintains a defined contribution retirement plan, which qualifies under Section 401(a) of the Internal Revenue Code (IRC), for employees who have completed one year of service and have attained the age of twenty-one. The plan is a noncontributory plan whereby the only contributions to the plan are those of the employer. Discover Newport's contribution is discretionary and determined by its Board of Directors on an annual basis. For each of the years ended June 30, 2024 and 2023, Discover Newport contributed \$120,000 to the plan.

Discover Newport also maintains a deferred compensation plan created in accordance with the IRC Section 457. All employees are eligible upon commencement of employment. A participant may elect in writing to defer a percentage of their compensation, or a flat dollar amount, up to the maximum amount permitted under Section 457 of the IRC. The plan does not allow for employer contributions. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian of the plan holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators act as agents of the employer for purposes of providing direction to the custodian related to investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 97, plan balances and activities are not reflected in the Bureau's consolidated financial statements.

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

**11. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

The Bureau leases office space and certain equipment under lease obligations that mature at various dates through December 2030.

The related cost of the right-of-use assets and accumulated amortization at June 30, 2024 and 2023, is as follows:

	2024	2023
Right-of-use assets:		
Office space	\$ 733,100	\$ 733,100
Equipment	147,465	147,465
Visitor Center	19,081	19,081
Less accumulated amortization	(366,394)	(256,409)
Total right-of-use assets, net	\$ 533,252	\$ 643,237

Future minimum lease payments under such leases as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 127,148
2026	98,318
2027	93,679
2028	95,085
2029	98,798
2030 and thereafter	146,088
Total minimum lease payments	659,116
Less amount representing interest	78,087
Present value of net minimum lease payments	581,029
Less current portion of obligations under lease liability	104,989
Long-term portion of obligations under lease liability	\$ 476,040

**12. RISKS AND UNCERTAINTIES**

Financial instruments which potentially subject the Bureau to concentrations of credit risk consist principally of cash, investments and accounts receivable. Investments are also exposed to other risks such as market and interest rate risks.

See independent auditors' report.

**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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The Bureau maintains its cash deposits in accounts at a high credit quality financial institution. From time to time, cash deposits exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of June 30, 2024, the Bureau had approximately \$1,458,000 of cash deposits at one financial institution in excess of the FDIC insurance limit. Management considers such circumstances to be normal business risks.

As of June 30, 2024, investments consisted of a diversified portfolio of cash and cash equivalents, mutual funds, bonds and exchange traded funds. Management believes the diversity of the portfolio minimizes the risk of loss.

The Bureau's exposure to credit risk associated with receivables is concentrated to amounts due from the State and City as disclosed in Note 1.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

The accompanying consolidated statement of cash flows for the year ended June 30, 2023 excludes the effect of non-cash investing and financing activities related to the recording of lease liabilities totaling approximately \$73,000 arising from obtaining right-of-use assets for the use of certain office space and equipment.

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See independent auditors' report.



**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023

	2024			2023		
	Discover Newport	Newport Hotel Collection	Total	Discover Newport	Newport Hotel Collection	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash - operating fund	\$ 1,266,302	\$ 592,796	\$ 1,859,098	\$ 1,389,401	\$ 527,976	\$ 1,917,377
Accounts receivable	419,712	36,586	456,298	737,751	22,270	760,021
Prepaid expenses and other current assets	235,515	94,354	329,869	270,681	21,588	292,269
Total current assets	<u>1,921,529</u>	<u>723,736</u>	<u>2,645,265</u>	<u>2,397,833</u>	<u>571,834</u>	<u>2,969,667</u>
PROPERTY AND EQUIPMENT, NET	47,728		47,728	66,392		66,392
RIGHT-OF-USE ASSETS, NET	533,252		533,252	643,237		643,237
<b>OTHER ASSETS:</b>						
Board-designated cash	2,500		2,500	2,500		2,500
Investments:						
Board-designated	1,049,094		1,049,094	981,827		981,827
General purpose	1,049,093		1,049,093	981,808		981,808
Intangible assets, net	12,880	1,398	14,278	19,881	2,993	22,874
Total other assets	<u>2,113,567</u>	<u>1,398</u>	<u>2,114,965</u>	<u>1,986,016</u>	<u>2,993</u>	<u>1,989,009</u>
<b>TOTAL</b>	<u>\$ 4,616,076</u>	<u>\$ 725,134</u>	<u>\$ 5,341,210</u>	<u>\$ 5,093,478</u>	<u>\$ 574,827</u>	<u>\$ 5,668,305</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>CURRENT LIABILITIES:</b>						
Current portion of lease liability	\$ 104,989	\$ -	\$ 104,989	\$ 95,883	\$ -	\$ 95,883
Accounts payable	267,509		267,509	210,414		210,414
Deferred revenue	36,425		36,425	7,200		7,200
Accrued expenses:						
Payroll and related liabilities	204,270		204,270	289,768		289,768
Other	34,813	2,630	37,443	29,393		29,393
Total current liabilities	<u>648,006</u>	<u>2,630</u>	<u>650,636</u>	<u>632,658</u>	<u>-</u>	<u>632,658</u>
LONG-TERM LIABILITY -						
Lease liability, less current portion	476,040		476,040	581,028		581,028
Total liabilities	<u>1,124,046</u>	<u>2,630</u>	<u>1,126,676</u>	<u>1,213,686</u>	<u>-</u>	<u>1,213,686</u>
<b>NET POSITION:</b>						
Net investment in capital assets	12,831	1,398	14,229	52,599	2,993	55,592
Unrestricted:						
Board-designated reserves	1,051,594		1,051,594	984,327		984,327
General purpose	2,427,605	721,106	3,148,711	2,842,866	571,834	3,414,700
Total unrestricted net position	<u>3,479,199</u>	<u>721,106</u>	<u>4,200,305</u>	<u>3,827,193</u>	<u>571,834</u>	<u>4,399,027</u>
Total net position	<u>3,492,030</u>	<u>722,504</u>	<u>4,214,534</u>	<u>3,879,792</u>	<u>574,827</u>	<u>4,454,619</u>
<b>TOTAL</b>	<u>\$ 4,616,076</u>	<u>\$ 725,134</u>	<u>\$ 5,341,210</u>	<u>\$ 5,093,478</u>	<u>\$ 574,827</u>	<u>\$ 5,668,305</u>

See independent auditors' report.

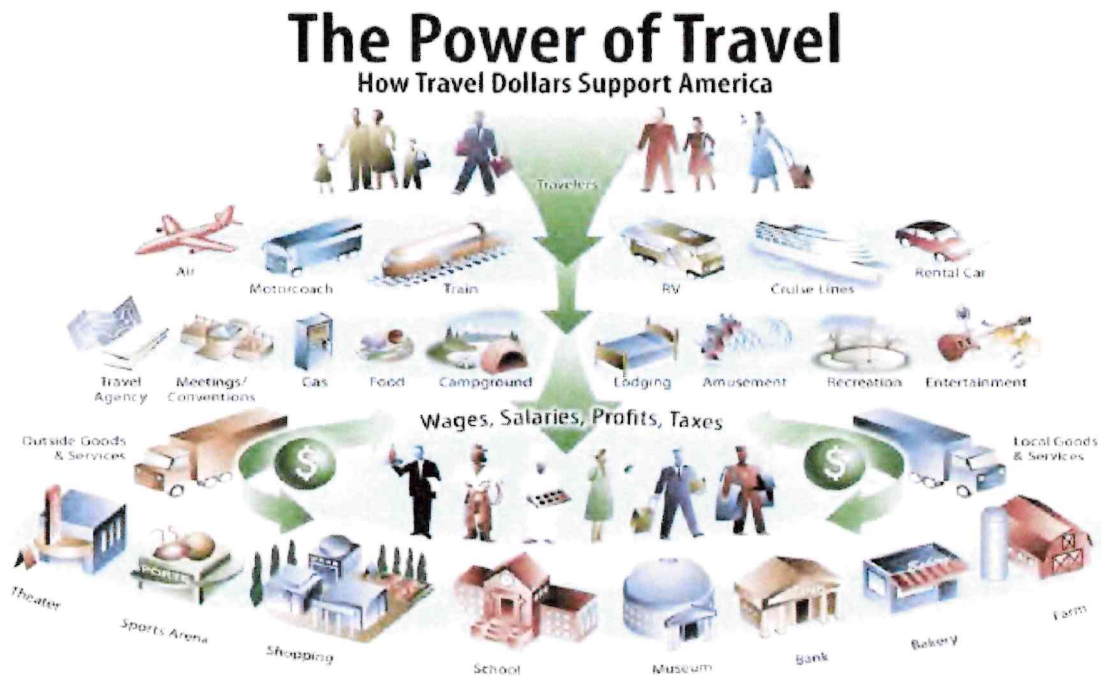
**NEWPORT AND BRISTOL COUNTY  
CONVENTION AND VISITORS' BUREAU AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023				
	Discover Newport	Newport Hotel Collection	Eliminations	Total	Discover Newport	Newport Hotel Collection	Eliminations	Total
<b>REVENUES:</b>								
Public sources:								
Hotel taxes	\$ 4,973,579	\$ -	\$ -	\$ 4,973,579	\$ 5,005,710	\$ -	\$ -	\$ 5,005,710
Newport tourism fee	135,542	361,535	-	361,535	376,820	261,963	-	261,963
Government grants and funding	5,109,121	361,535	-	5,470,656	5,382,530	261,963	-	376,820
Total public sources								5,644,493
Private sources:								
Advertising income	187,000		(117,000) (A)	70,000	160,850		(104,000) (A)	56,850
Promotional participation income	31,194			31,194	16,315			16,315
Event hosting income	13,056			13,056	27,087			27,087
Other income	32,187			32,187	20,720			20,720
Investment return, net	134,554			134,554	58,263			58,263
Total private sources	397,991		(117,000)	280,991	283,235		(104,000)	179,235
<b>TOTAL REVENUES</b>	<b>5,907,112</b>	<b>361,535</b>	<b>(117,000)</b>	<b>5,751,647</b>	<b>5,665,765</b>	<b>261,963</b>	<b>(104,000)</b>	<b>5,823,728</b>
<b>EXPENDITURES:</b>								
Leisure and marketing	3,447,697	139,591	(117,000) (A)	3,470,288	2,970,746	211,289	(104,000) (A)	3,078,035
Sales and marketing	1,520,729	13,178		1,533,907	1,435,621			1,435,621
Visitor's center and marketing	123,798			123,798	132,641			132,641
Administrative	775,965	61,089		837,054	734,193	13,609		747,802
Interest expense	26,685			26,685	31,676			31,676
<b>TOTAL EXPENDITURES</b>	<b>5,894,874</b>	<b>213,858</b>	<b>(117,000)</b>	<b>5,991,732</b>	<b>5,304,877</b>	<b>224,898</b>	<b>(104,000)</b>	<b>5,425,775</b>
<b>CHANGE IN NET POSITION</b>	<b>(387,762)</b>	<b>147,677</b>	<b>(240,085)</b>	<b>(480,170)</b>	<b>360,888</b>	<b>37,065</b>	<b>-</b>	<b>397,953</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>3,879,792</b>	<b>574,827</b>	<b>4,454,619</b>	<b>3,879,792</b>	<b>3,518,904</b>	<b>537,762</b>	<b>4,056,666</b>	<b>4,056,666</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,492,030</b>	<b>\$ 722,504</b>	<b>\$ -</b>	<b>\$ 4,214,534</b>	<b>\$ 3,879,792</b>	<b>\$ 574,827</b>	<b>\$ -</b>	<b>\$ 4,454,619</b>

(A) Elimination of intercompany income/expense.

See independent auditors' report.

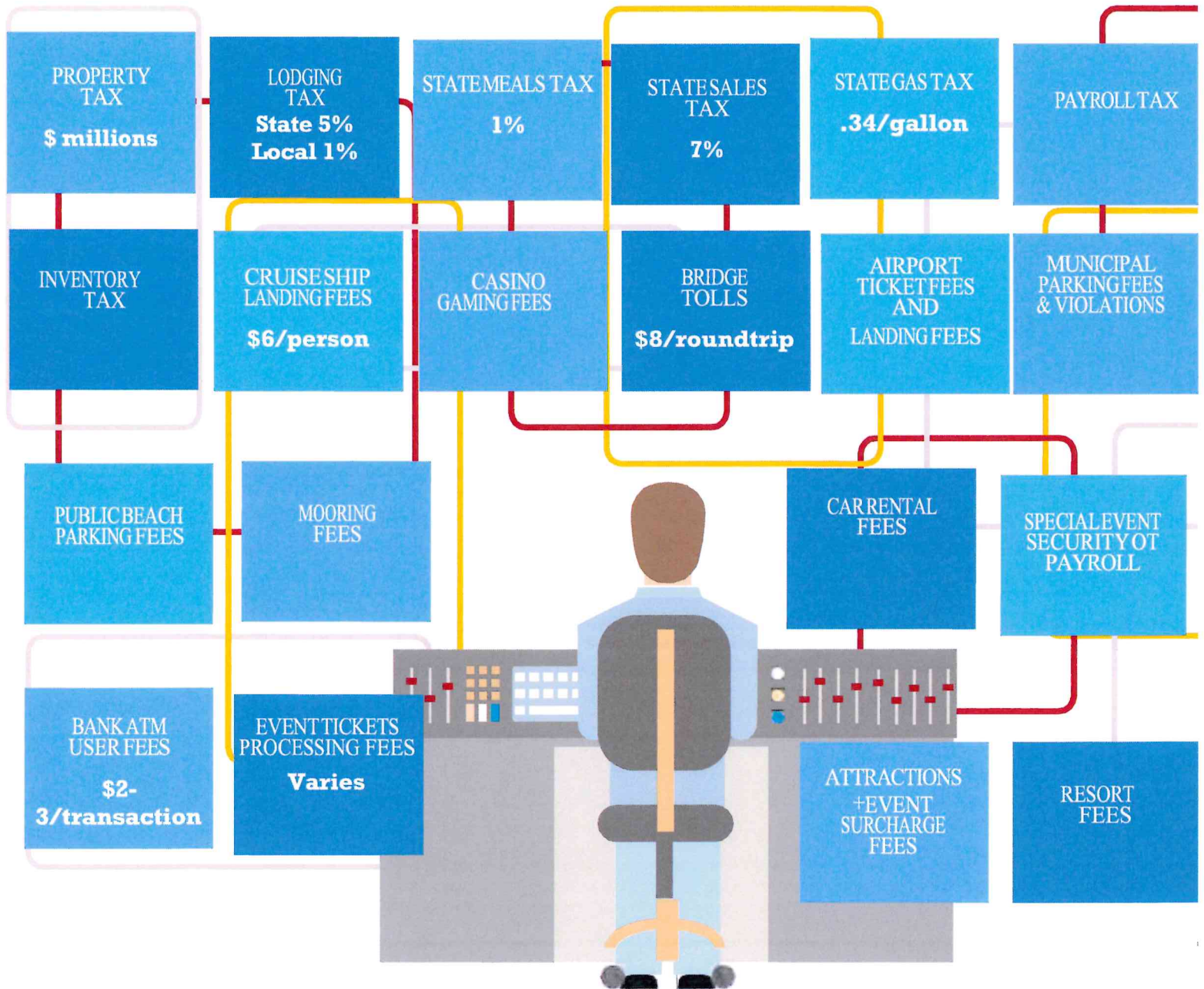


Investments in travel feed a virtuous cycle of economic benefits. Travel Marketing spurs an interest in visiting destinations and stronger travel interest generates more visitors. Additional visitors spend more on transportation, attractions, hotels, restaurants, entertainment, shopping and other businesses. Greater travel spending supports more local jobs and generates additional tax revenue for state and local governments.

Graph: USTravel Association

# Balancing and Monitoring the Dashboard of Travel-Related Taxes and Fees

An overall view of the taxes and fees (public and private) that contribute to the state and local economy.





## THE WORK OF A DESTINATION ORGANIZATION

### 1. VISIT

If you built a place where people want to visit, then you have built a place where people want to live.

### 2. LIVE

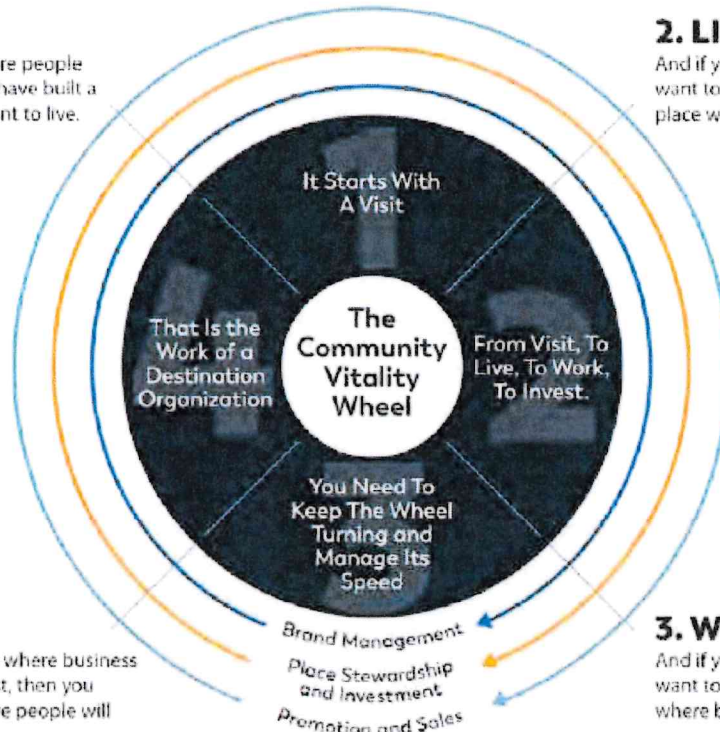
And if you built a place where people want to live, then you have built a place where people want to work.

### 4. INVEST

And if you built a place where business and residents will invest, then you have built a place where people will want to visit.

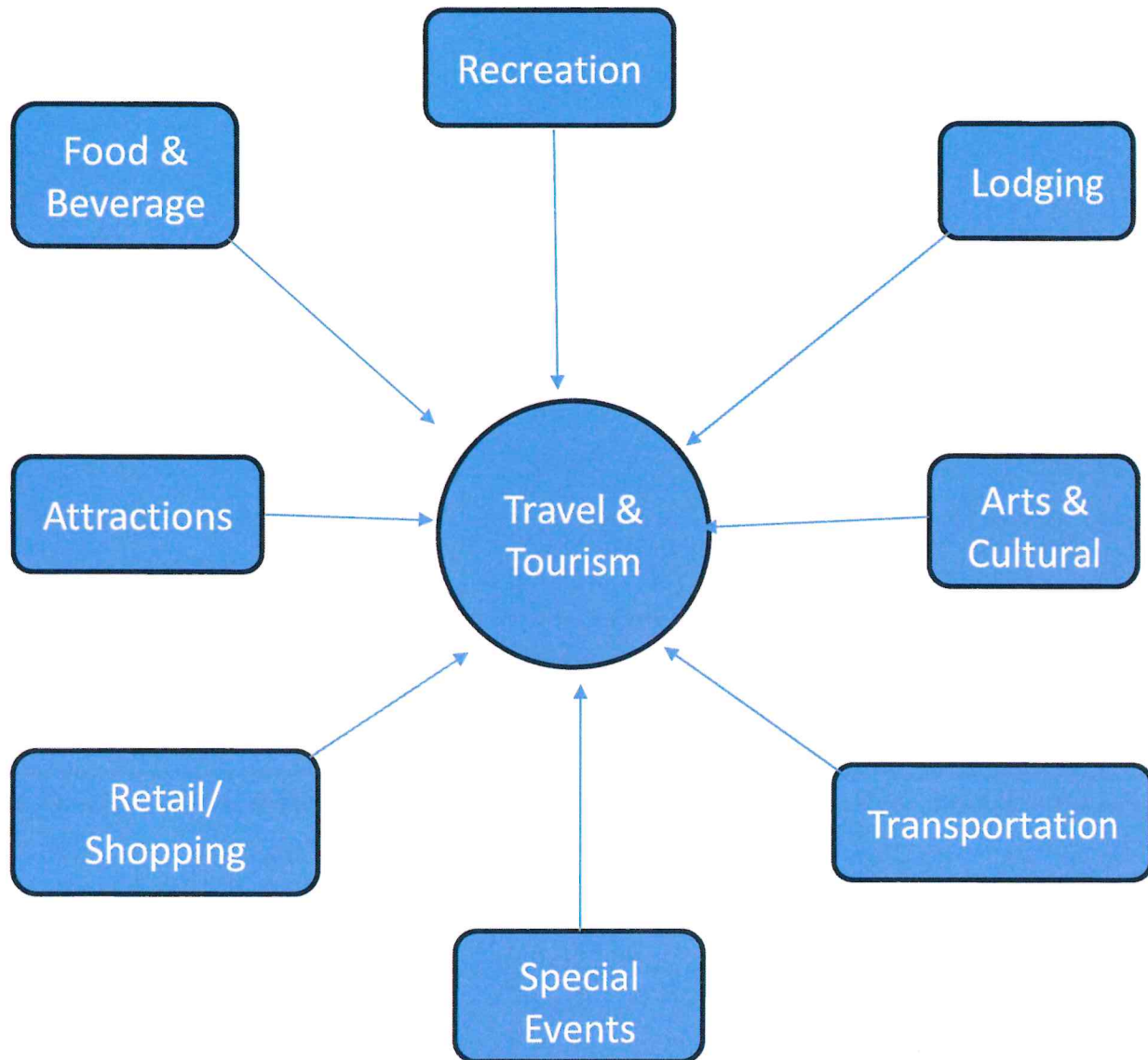
### 3. WORK

And if you built a place where people want to work, then you have built a place where business and residents will invest.



While Discover Newport is funded by the hotel tax, it serves all eight sectors of the tourism industry.

## Components of the Tourism Industry



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
Sponsorships  
June 30, 2024  
(unaudited)

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For FY 2024, Discover Newport provides a myriad of community sponsorships.

**Transportation:**

- RIPTA Line 67 May-October
- Boston to Newport bus-began June 2024

**Community:**

- International Tennis Hall of Fame 2023 Infosys Open
- Broadway Street Fair
- Rose Island Lighthouse & Fort Hamilton Trust "Art Bites"
- Newport International Boat Show
- Bristol Porchfest
- Preservation Society 2023 Wine & Food festival
- Norman Bird Sanctuary 2024 winter sponsorship
- Aquidneck Community Table summer bounty sponsorship
- Bermuda to Newport race
- Newport String Project
- Newport Film
- Newport Sailing Hall of Fame-free Wednesdays in April & May
- Greater Newport Chamber of Commerce
- Newport Out
- Newport Public Education Foundation
- Newport County YMCA
- Explore Bristol
- Discover Warren
- Cliff Walk
- Gold Star sailing program
- Potter League for Animals
- Edward King House
- Jamestown Community Theater
- Newport Gulls
- Newport In Bloom
- Conanicut Island Sailing Foundation
- Fireworks contribution to: City of Newport; Town of Middletown, Town of Portsmouth, Town of Tiverton, Town of Bristol, Town of Jamestown

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Lodging Properties**  
**June 30, 2024**  
**(unaudited)**

The primary source of revenue for Discover Newport is from hotel taxes imposed on hotels, motels, bed and breakfasts, and certain short-term rentals. For timeshares, hotel tax is only imposed on rooms rented to the general public and not to timeshare owners. For campgrounds & RV Parks, the hotel tax is not imposed.

**NUMBER OF LODGING PROPERTIES IN NEWPORT & BRISTOL COUNTIES**

	Bristol	Jamestown	Little Compton	Middletown	Newport	Portsmouth	Tiverton	Warren	Total
Hotels/Motels	1	0	0	15	22	1	1	0	39
Inn/B&B	4	2	2	9	58	2	2	0	79
Timeshare	0	2	0	0	5	0	0	0	8
Campgrounds/ RV Parks	0	1	0	2	0	1	0	0	5
<b>Total</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>26</b>	<b>85</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>131</b>

**NUMBER OF ROOMS IN NEWPORT & BRISTOL COUNTIES**

	Bristol	Jamestown	Little Compton	Middletown	Newport	Portsmouth	Tiverton	Warren	Total
Hotels/Motels	40	0	0	1,354	1,800	31	83	0	3,258
Inn/B&B	24	9	18	119	511	12	20	0	702
Timeshare	0	49	0	0	344	0	0	0	446
Campgrounds/ RV Parks	0	109	0	128	0	91	0	0	350
<b>Total</b>	<b>64</b>	<b>167</b>	<b>18</b>	<b>1,601</b>	<b>2,655</b>	<b>129</b>	<b>103</b>	<b>0</b>	<b>4,756</b>



**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Newport Hotel Collection Properties**  
**June 30, 2024**

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The Newport Hotel Collection includes all hotels and bed and breakfasts within the district with over 18 rooms within the district. As of June 30, 2024, the properties below fall within the district.



Newport Marriott



Newport Harbor Hotel & Marina



The Vanderbilt



Newport Harbor Island Resort-  
Partial closure in FY 2024 for renovations



Hotel Viking



OceanCliff



Brenton Hotel



Hammetts Hotel



Castle Hill Inn



The Chanler



Forty 1 North



Mill Street Inn

**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Newport Hotel Collection Properties**  
**June 30, 2024**

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Francis Malbone House



Admiral Fitzroy Inn



Jailhouse Inn



Yankee Peddler Inn

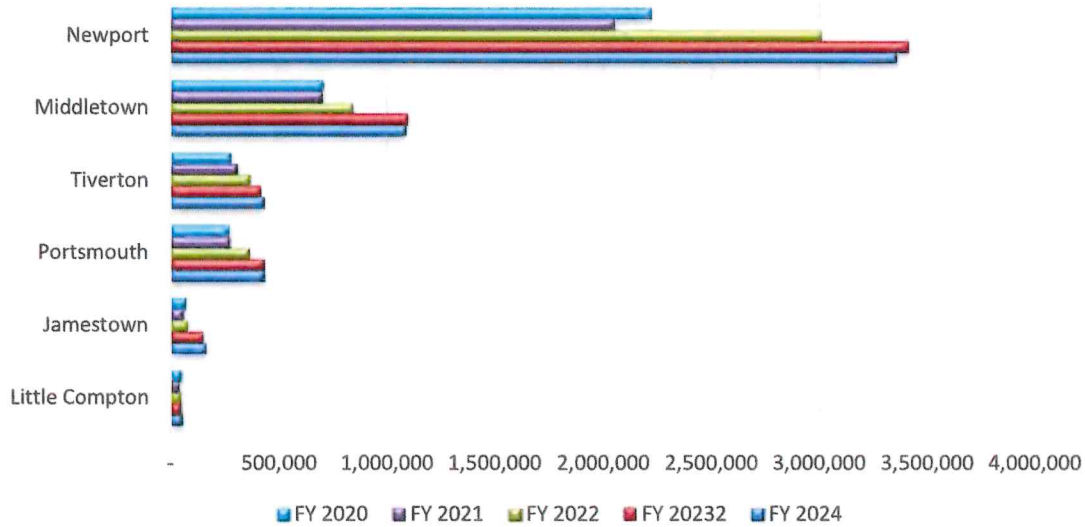


Wayfinder-partial open for FY 2024

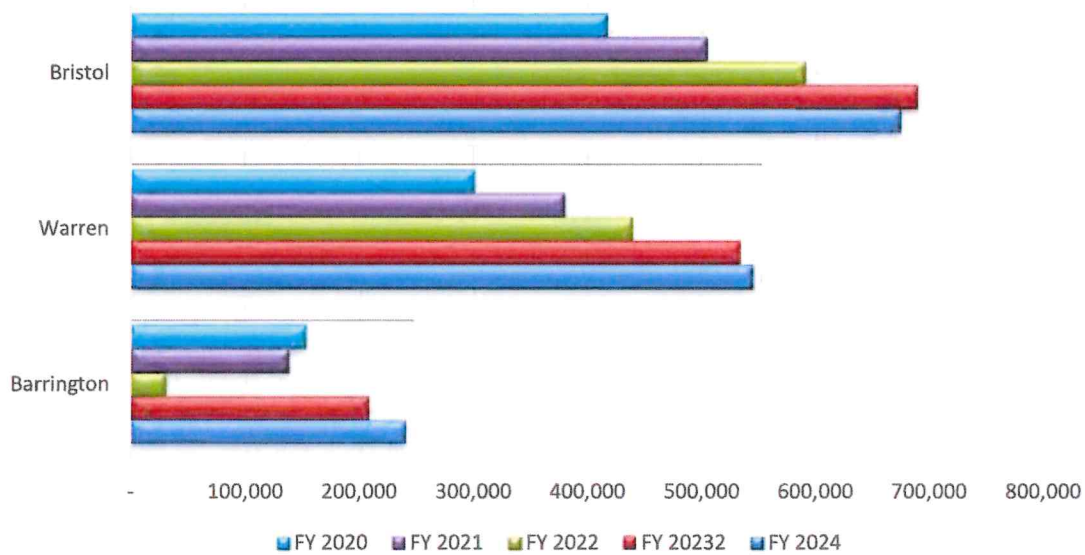
**Newport and Bristol County Convention and Visitors' Bureau and Subsidiary**  
**Meals and Beverage 1% Tax for Newport and Bristol Counties**  
 June 30, 2024  
 (unaudited)

The State of Rhode Island has imposed a local 1% meals and beverage tax on all prepared foods sold in the state. While Discover Newport does not receive any portion of this tax, its marketing efforts directly affect this tax. Below is a five-year analysis for each county of the tax collected.

**Newport County**



**Bristol County**



Source-RI Department of Revenue