

**Fayetteville Advertising and
Promotion Commission**

July 28, 2025

Location: Fayetteville Town Center, 15 W. Mountain Street

Commissioners: Elvis Moya, Chair, Tourism & Hospitality Representative
Katherine Kinney, Tourism & Hospitality Representative
Elliot Hunt, Tourism & Hospitality Representative
Chrissy Sanderson, Tourism & Hospitality Representative
Sterling Hamilton, Commissioner at-large
Sarah Bunch, City Council Representative
Mike Wiederkehr, City Council Representative

Staff: Ryan Hauck, CEO

Agenda

- I. Call to order at 2:00p.m.
- II. Reports
 - A. CEO Report, Ryan Hauck. An executive overview of the previous month
 - B. Financial Report, Jennifer Walker, VP of Finance
 - C. 2024 Audit Presentation, Cynthia Burns, CPA Forvis Mazars
 - D. Marketing Report. Sarah King, VP of Marketing and Communications, Anne Davis, Outright
- III. Old Business
 - A. Review and approval of June meeting minutes.
 - B. Discussion. Favoriteville Festival Fund.
Program draft included. Ryan Hauck, CEO
- IV. New Business
 - A. Vote. Updating Bank Account Authorized Signers. Jennifer Walker, VP of Finance
Staff recommends, in accordance with the commission's financial policies, a vote to authorize CEO Ryan Hauck as a signer with full authority on all four bank accounts. Memo attached.
 - B. Discussion. Changes to Bylaws to include CEO transition policy and Freedom of Information Act updates. Jennifer Walker, VP of Finance
Memo and Proposed Bylaw updates included.

C. Discussion. Community Incentive Fund Approval Process – CEO, Ryan Hauck
Staff recommendation to modify the approval process for Community Incentive Fund payments. Proposed change would require Commission approval for all future payouts.
Memo and report of 2025 year-to-date disbursements attached.

D. Discussion. Walker Stone House lease. Jennifer Walker, VP of Finance

E. Additions to the agenda may be added upon request from a majority of the commissioners.

V. Good of the Order / Adjourn

VI. Meet & Greet with City of Fayetteville staff immediately following the meeting, FTC Lobby

Executive Updates

June Updates for July A&P Commission Meeting

Executive Updates

Ryan Hauck, CEO has joined the Experience Fayetteville team on July 21, 2025

Marketing and Communications

Media Engagement

- Mobile Visitors Center deployed at NWA Pride festival – downtown maps and “All are Welcome” hand fans

Publications & Visitor Materials

- Events Calendar – 507 events in June.
- New streetlight banners designed by Brittany Phillips Design featuring 6 Downtown Fayetteville messages were installed the first week of July. Woo Pig Soovie banners designed by Chris Lankford will be installed on Dickson Street in the fall.
- A newly designed Fayetteville Ale Trail guide will also be published this fall. The guide will feature 9 Fayetteville Craft Breweries. A new Ale Trail section on our website will debut at the same time, and the separate Ale Trail website will be retired.

Media Campaigns

- Fayetteville Restaurant Week will take place July 20-26. Enrolled 75 restaurants. Lots of engagement planned with local media outlets.

Sales and Tourism Activity

- Sales team assisted 8 events in Fayetteville in June, including:
 - NWA Naturals Championship – 300 attendees; Economic Impact est. \$75k
 - Hazel Valley Rally – 500 attendees; Economic Impact est. \$98k.
 - Ozark Valley Tri – 300 attendees; Economic Impact est. \$144k
 - Southern Amateur Golf Championships – 300 attendees; Economic Impact est. \$277k
 - Advantage 5v5 Soccer Tournament – 500 attendees; Economic Impact est. \$104k
- Ozark Music Initiative – Chamber Music Festival – 400 attendees
- Tina Archer-Cope, VP Sales began CDME program

Performance Metrics

- **LinkedIn Growth** – +137 new followers in last 45 days, reaching 5,142 total followers.
- **Hotel Occupancy (June 2025)** – 73.4% (-13% YoY).
- **Average Daily Rate (ADR) (June 2025)** – \$138.81 (+1% YoY).

- **Visitor Center Traffic (June 2025)** – 1,099 visitors (-38% YoY)
 - Visitors from Spain, France, Ireland and Brazil

Special Events:

- Razorback Baseball Super Regionals
- NWA Pride Festival weekend
- Walmart Shareholders week
- Check out the Experience Fayetteville [Calendar](#) of Events for more!

Destination Services

- Julie Pennington, VP Dest. Services attended Marketing College in Macon, GA
- Grand Re-Opening of Candlewood Suites
- Welcome Steve Harrelson, Tourism Services Coordinator!

New restaurant welcomes –

- Goat Lab Brewing coming – taproom and restaurant coming in August
- Bloom Cheese Collective is now open at 914 N College Ave
- Sicaru Coffee now open at 716 W Sycamore St
- Queen Donuts – now serving up donuts and cronuts at 2227 MLK Jr Blvd
- Saying goodbye to Nomads Southtown

Downtown Fayetteville Coalition

Sundays on the Square will return on August 24th noon – 4pm with a music lineup curated by On the Map and music themed activities and vendors.

Fayetteville Town Center

June Events - hosted 21 events

- Notably, Dream Big Charity Gala supporting the NWA Children’s Safety Center

Operations updates

- Working with Legacy Church on Airwall project logistics

June Collections
(May Activity)

\$69,814 + **\$389,612**
Lodging + Restaurant

\$27,920
Prior Dues Collected

\$487,346
Total HMR Collected

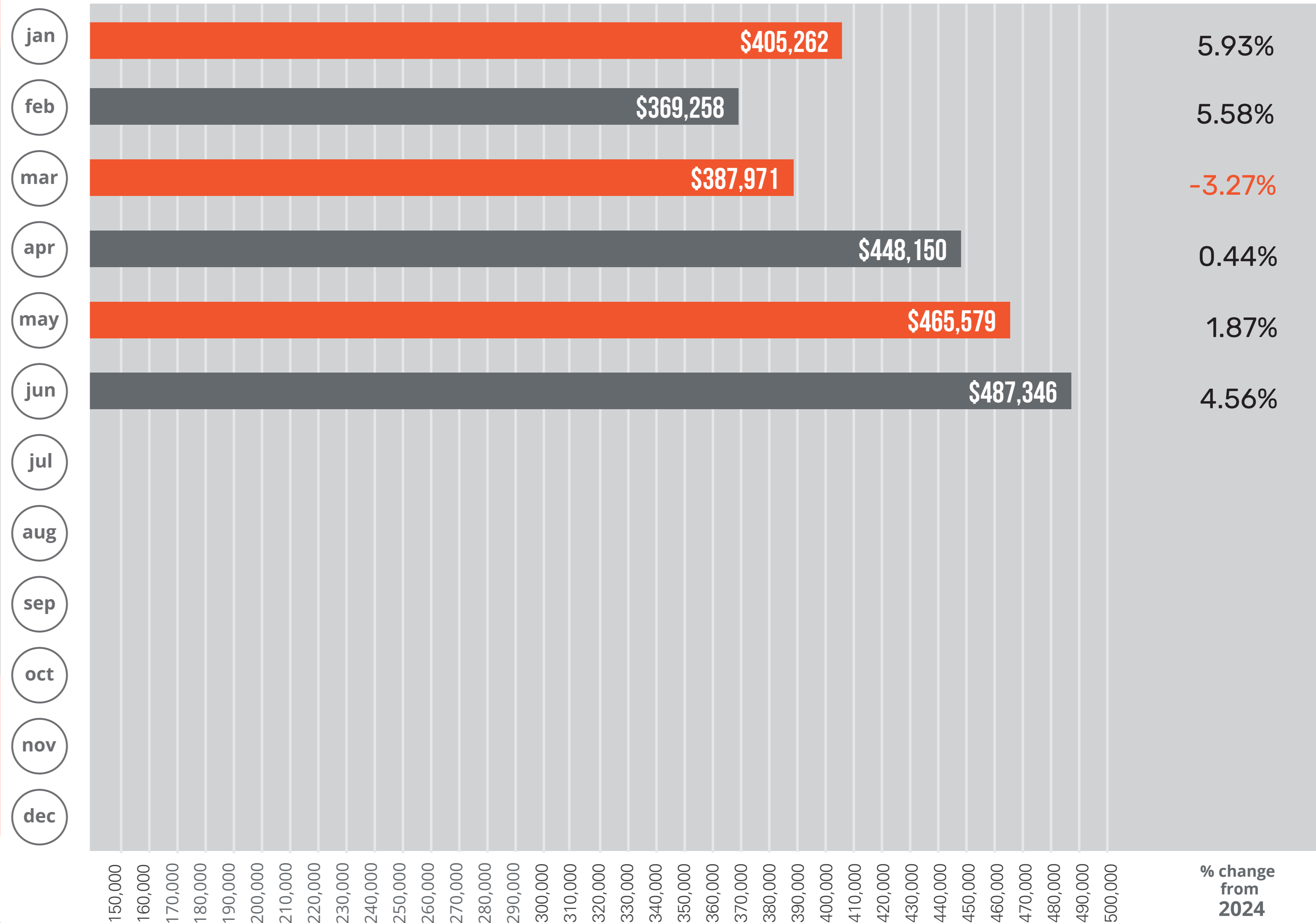
Previous YTD (Jan-Jun) HMR A&P Tax Collection Totals

2021	2022	2023	2024	2025
\$1,834,940	\$2,191,465	\$2,465,118	\$2,502,713	\$2,563,566

26.09% 19.43% 12.49% 1.53% 2.43%

Change over previous year

2025 Monthly A&P Tax Collections**



**This represents half of total HMR tax collections. The other half goes to Fayetteville Department of Parks, Natural Resources, and Cultural Affairs

Memo



To: Jennifer Walker, Interim CEO, Experience Fayetteville
Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, VP Finance, Experience Fayetteville

Date: July 21, 2025

Re: Financial Statements – June 2025

This packet contains Experience Fayetteville Financial Statements for the month ended June 30, 2025. The following reports are included in the packet:

- Summary P&L Financials for month ended June 30, 2025
- Balance Sheet for month ended June 30, 2025

Target Budget June – 50%

Revenue target 50% of budget or higher by the end of June 2025.

Expenditures target 50% or lower at June 2025.

Total Revenue YTD: \$3,146,920 or 50.2%; We are on target.

Tax Receipts - \$2,563,566 (1% below budget ytd)

Town Center - \$364,152 (2% above budget ytd)

Other - \$219,202

Total Operating Expenditure YTD: \$2,808,430 or 45%; this is 5% under budget.

EF Main - \$2,280,264

Town Center - \$528,166

HMR tax – YTD June Collections (May activity) are 1.7% above the seasonally adjusted budget.

Operating Net Income is \$338,489 year to date.

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ June 30, 2025

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget
Revenue				
Hotel, Motel, Restaurant Taxes Revenue	2,563,566	5,231,140	(2,667,574)	49.0%
Rental Revenue	348,210	650,500	(302,290)	53.5%
Event Revenue	5,172	53,700	(48,528)	9.6%
Visitor Center Store Revenue	12,200	30,000	(17,800)	40.7%
Parking Revenue	12,890	48,000	(35,110)	26.9%
Advertising Revenue	2,025	3,500	(1,475)	57.9%
Grant/Other Revenue	166,100	206,000	(39,900)	80.6%
Interest and Investment Revenue	36,757	50,100	(13,343)	73.4%
Total Revenue	3,146,920	6,272,940	(3,126,020)	50.2%
Expenses				
Operating Expenses				
Rental Expenses	41,814	126,000	(84,186)	33.2%
Event Expenses	46,197	146,175	(99,978)	31.6%
Visitor Center & Museum Store	5,208	27,750	(22,542)	18.8%
Personnel	964,662	2,228,707	(1,264,046)	43.3%
Sales & Marketing	679,439	1,481,925	(802,486)	45.8%
Office and Administrative	396,487	913,133	(516,646)	43.4%
Bond Payments	348,900	702,000	(353,100)	49.7%
Contribution to Capital Reserves	-	100,000	(100,000)	0.0%
Other Tourism Support - Community, Art Court, DFC	125,723	347,250	(221,527)	36.2%
TheatreSquared Contribution	200,000	200,000	-	100.0%
Total Operating Expenses	2,808,430	6,272,940	(3,464,510)	44.8%
Net Operating Income/(Loss)	338,489	-	338,489	0.0%
Other Income				
Unrealized Gain/(Loss) on Investments	29,330			0.0%
Other Expenses				
FFE & Improvements	263,641	1,081,500	(817,859)	24.4%
Depreciation Expense	144,602			0.0%
Cost of Goods Sold	-			0.0%
Net Income/(Loss) (without CX Grants)	(40,424)	(1,081,500)	1,011,746	3.7%

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ June 30, 2025

	Experience Fayetteville			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget
Revenue				
Hotel, Motel, Restaurant Taxes Revenue	2,563,566	5,231,140	(2,667,574)	49.0%
Rental and Event Revenue	2,180	45,000	(42,820)	4.8%
Visitor Center Store Revenue	12,200	30,000	(17,800)	40.7%
Advertising Revenue	2,025	3,500	(1,475)	57.9%
Grant & Other Revenue	166,100	206,000	(39,900)	80.6%
Interest and Investment Revenue	36,697	50,000	(13,303)	73.4%
Total Revenue	2,782,768	5,565,640	(2,782,872)	50.0%
Expenses				
Operating Expenses				
Event Expenses	40,835	121,175	(80,340)	33.7%
Visitor Center & Museum Store	5,208	27,750	(22,542)	18.8%
Personnel	618,452	1,419,605	(801,154)	43.6%
Sales & Marketing	675,209	1,460,305	(785,096)	46.2%
Office and Administrative	265,937	541,593	(275,656)	49.1%
Bond Payments	348,900	702,000	(353,100)	49.7%
Contribution to Capital Reserve	-	100,000	(100,000)	0.0%
Other Tourism Support - Community, Art Court, DFC	125,723	347,250	(221,527)	36.2%
TheatreSquared Contribution	200,000	200,000	-	0.0%
Total Operating Expenses	2,280,264	4,919,678	(2,639,414)	46.3%
Net Income/(Loss) Before Other Revenue and Expenses	502,503	645,962	(143,459)	77.8%
Other Income				
Unrealized Gain/(Loss) on Investments	29,330	-	29,330	0.0%
Other Expenses				
FFE & Improvements	263,641	460,000	(196,359)	57.3%
Depreciation Expense	48,788			
Cost of Goods Sold	-			
Net Income/(Loss)	219,404	185,962	4,112	118.0%

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ June 30, 2025

	Town Center			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	% of Budget
Revenue				
Rental Revenue	348,210	650,500	(302,290)	53.5%
Event Revenue	2,992	8,700	(5,708)	34.4%
Parking Revenue	12,890	48,000	(35,110)	26.9%
Interest and Investment Revenue	60	100	(40)	60.0%
Total Revenue	364,152	707,300	(343,148)	51.5%
Expenses				
Operating Expenses				
Rental Expenses	41,814	126,000	(84,186)	33.2%
Event Expenses	5,362	25,000	(19,638)	21.4%
Personnel	346,210	809,102	(462,892)	42.8%
Sales & Marketing	4,230	21,620	(17,390)	19.6%
Office and Administrative	130,550	371,540	(240,990)	35.1%
Total Operating Expenses	528,166	1,353,262	(825,096)	39.0%
Net Income/(Loss) Before Other Revenue and Expenses	(164,014)	(645,962)	481,948	25.4%
Other Expenses				
FFE & Improvements	-	621,500	(621,500)	100.0%
Depreciation Expense	95,814			0.0%
Net Income/(Loss)	(259,828)	(1,267,462)	1,007,634	20.5%

Fayetteville A&P Commission

Balance Sheet

As of June 30, 2025

ASSETS

Current Assets

Cash		3,841,440
Investments		1,333,171
Accounts Receivable		610,716
Prepaid Expenses		56,661
Deposits		40,838
Inventory Asset		21,449
Total Current Assets		5,904,275

Other Assets

Capital Assets		
Furniture & Fixtures	300,660	
Equipment	761,581	
EF/CVB Building	940,410	
EF/CVB Land	198,621	
Building Additions	1,844,537	
Walker-Stone House	1,179,152	
Vehicles	122,860	
Construction in Progress	456,456	
Accumulated Depreciation	(1,890,002)	
Total Other Assets		3,914,275

TOTAL ASSETS

9,818,551

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	96,672	
Unearned Revenue	241,842	
Total Liabilities		338,514

Long Term Liabilities

Notes Payable - City of Fayetteville Solar	386,825.75	
Total Liabilities		386,825.75

Equity

Unreserved Fund Balance	8,087,525	
Operating Reserve	1,000,000	
Capital Reserve	-	
Temporarily Restricted Funds	45,558	
Net Revenue		
Gain/(Loss) on Investments	8,203	
Net Revenue	(48,075)	
Total Equity		9,093,211

TOTAL LIABILITIES AND EQUITY

9,818,551

Memo



To: Ryan Hauck, CEO, Experience Fayetteville
Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, VP Finance, Experience Fayetteville

Date: July 21, 2025

Re: Presentation of the 2024 Audit Report

The Fayetteville A&P Commission has engaged the audit firm Forvis Mazars to perform an annual financial audit for the fiscal year ending December 31, 2024. This audit work was completed Spring 2025 and the final audit report and financial report is now available for review and publication.

Forvis Director Cynthia Burns will present the 2024 auditor's report. The completed 2024 Independent Auditor's Report, Financial Statements, and Management Letter are attached for reference.



Fayetteville Advertising & Promotion Commission A Component Unit of the City of Fayetteville, Arkansas

**Independent Auditor's Reports and Financial
Statements – Regulatory Modified Accrual Basis**

December 31, 2024 and 2023

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Contents
December 31, 2024 and 2023

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Independent Auditor's Report

Board of Commissioners
Fayetteville Advertising & Promotion Commission
Fayetteville, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Fayetteville Advertising and Promotion Commission (Commission), a component unit of the City of Fayetteville, Arkansas, as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Commission as of December 31, 2024 and 2023, and its respective revenues, expenditures, and the changes in fund balance and budgetary results for the years then ended, in accordance with the basis of accounting practices prescribed or permitted by the State of Arkansas described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America the financial position of the Commission as of December 31, 2024 and 2023 or changes in fund balance thereof for the years then ended.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Commission on the basis of accounting practices prescribed or permitted by the State of Arkansas (State) to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Arkansas.

The effects on the financial statements of the variances between the regulatory modified accrual basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of A.C.A. § 10-4-412, as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Commission'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Rogers, Arkansas
June 30, 2025**

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Statements of Assets, Liabilities, and Fund Balance – Regulatory Modified Accrual Basis
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 3,831,021	\$ 3,867,134
Investments	1,714,446	1,614,533
Accounts receivable	160,656	54,116
Deposits	40,838	28,369
Inventory	21,449	23,587
Prepaid expense	44,837	55,498
Capital assets		
Buildings	3,964,099	3,565,796
Furniture and fixtures	300,660	169,248
Land	198,621	198,621
Office equipment	761,581	756,009
Vehicles	122,860	122,860
Construction in progress	456,456	19,205
Less accumulated depreciation	<u>(1,745,399)</u>	<u>(1,690,934)</u>
Total Assets	<u>\$ 9,872,125</u>	<u>\$ 8,784,042</u>
LIABILITIES		
Accounts payable	\$ 195,285	\$ 264,410
Accrued expenses	481	2,383
Unearned revenue	106,340	68,021
Accrued payroll	34,178	32,849
Due to primary government (City of Fayetteville)	<u>386,826</u>	<u>-</u>
Total Liabilities	<u>723,110</u>	<u>367,663</u>
FUND BALANCE		
Unassigned	9,079,724	8,370,822
Restricted	<u>69,291</u>	<u>45,557</u>
Total Fund Balance	<u>9,149,015</u>	<u>8,416,379</u>
Total Liabilities and Fund Balance	<u>\$ 9,872,125</u>	<u>\$ 8,784,042</u>

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Statements of Revenues, Expenditures, and Changes in Fund Balance –
Regulatory Modified Accrual Basis
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Hotel, motel, and restaurant taxes	\$ 5,267,699	\$ 4,994,998
Rental income	750,814	623,416
Visitors center store	34,746	46,119
Parking income	57,666	45,098
Investment income, net	139,760	81,500
Grant income	80,966	16,800
Event income	193,399	126,341
	<u>6,525,050</u>	<u>5,934,272</u>
Total Revenues		
Expenditures		
Advertising	725,512	757,900
Automobile expense	5,000	5,000
Bank charges	9,242	9,302
Bond payments	697,800	697,800
Collection expense	105,354	99,900
Contract labor	145,655	127,420
Convention development	577,295	451,052
Depreciation	243,610	203,847
Dues and subscriptions	33,269	28,531
Employee benefits	66,778	45,626
Insurance	196,266	190,310
Miscellaneous	135,480	153,355
Office supplies and printing	28,190	21,264
Payroll taxes	114,999	110,416
Postage	7,320	7,967
Professional services	33,226	35,350
Rent	20,706	20,706
Repairs and maintenance	212,027	207,474
Salaries and wages	1,504,728	1,456,749
Special projects and events	699,050	517,440
Taxes and licenses	10,110	10,313
Training and meetings	65,366	78,628
Utilities	129,982	134,658
Visitor center store expense	25,449	29,978
Loss on capital asset disposal	-	30,755
	<u>5,792,414</u>	<u>5,431,741</u>
Total Expenditures		

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Statements of Revenues, Expenditures, and Changes in Fund Balance –
Regulatory Modified Accrual Basis
Years Ended December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Change in Fund Balance	\$ 732,636	\$ 502,531
Fund Balance		
Beginning of year	<u>8,416,379</u>	<u>7,913,848</u>
End of year	<u>\$ 9,149,015</u>	<u>\$ 8,416,379</u>

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Statements of Revenues and Expenditures – Regulatory Modified Accrual Basis –
Budget to Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Hotel, motel, and restaurant taxes	\$ 5,208,000	\$ 5,031,000	\$ 5,267,699	\$ 236,699
Rental income	587,340	605,255	750,814	145,559
Visitors center store	46,500	46,500	34,746	(11,754)
Parking income	27,000	35,000	57,666	22,666
Investment income, net	25,100	55,100	139,760	84,660
Grant Income	85,000	85,000	80,966	(4,034)
Event income	188,500	189,000	193,399	4,399
Total Revenues	6,167,440	6,046,855	6,525,050	478,195
Expenditures				
Advertising	787,212	719,892	725,512	(5,620)
Automobile expense	5,000	5,000	5,000	-
Bank charges	6,200	6,200	9,242	(3,042)
Bond payments	700,000	700,000	697,800	2,200
Collection expense	104,160	99,730	105,354	(5,624)
Contract labor	126,545	127,050	145,655	(18,605)
Convention development	699,105	679,150	577,295	101,855
Depreciation	-	-	243,610	(243,610)
Dues and subscriptions	41,129	41,129	33,269	7,860
Employee benefits	89,994	84,383	66,778	17,605
Insurance	211,362	210,842	196,266	14,576
Miscellaneous	216,927	230,727	135,480	95,247
Office supplies and printing	42,794	42,794	28,190	14,604
Payroll taxes	123,861	122,624	114,999	7,625
Postage	14,525	12,025	7,320	4,705
Professional services	37,500	37,500	33,226	4,274
Rent	22,706	20,706	20,706	-
Repairs and maintenance	210,700	200,700	212,027	(11,327)
Salaries and wages	1,578,557	1,556,037	1,504,728	51,309
Special projects and events	867,550	856,100	699,050	157,050
Taxes and licenses	10,300	10,300	10,110	190
Training and meetings	70,425	61,425	65,366	(3,941)
Utilities	178,800	178,800	129,982	48,818
Visitor center store expense	53,619	53,619	25,449	28,170
Total Expenditures	6,198,971	6,056,733	5,792,414	264,319
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,531)	\$ (9,878)	\$ 732,636	\$ 742,514

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Statements of Revenues and Expenditures – Regulatory Modified Accrual Basis –
Budget to Actual
Year Ended December 31, 2023

(Continued)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Hotel, motel, and restaurant taxes	\$ 4,960,000	\$ 4,960,000	\$ 4,994,998	\$ 34,998
Rental income	492,000	497,500	623,416	125,916
Visitors center store	53,700	40,700	46,119	5,419
Parking income	26,000	26,000	45,098	19,098
Investment income, net	7,550	25,050	81,500	56,450
Grant income	83,000	83,000	16,800	(66,200)
Event income	44,972	44,500	126,341	81,841
Total Revenues	5,667,222	5,676,750	5,934,272	257,522
Expenditures				
Advertising	768,021	730,921	757,900	(26,979)
Automobile expense	5,000	5,000	5,000	-
Bank charges	6,800	6,800	9,302	(2,502)
Bond payments	700,000	700,000	697,800	2,200
Collection expense	98,500	98,500	99,900	(1,400)
Contract labor	89,180	89,172	127,420	(38,248)
Convention development	558,940	445,402	451,052	(5,650)
Depreciation	-	-	203,847	(203,847)
Dues and subscriptions	32,731	38,227	28,531	9,696
Employee benefits	138,533	56,294	45,626	10,668
Insurance	193,527	205,002	190,310	14,692
Miscellaneous	-	-	153,355	(153,355)
Office supplies and printing	22,658	29,229	21,264	7,965
Payroll taxes	125,074	135,129	110,416	24,713
Postage	7,025	7,250	7,967	(717)
Professional services	28,000	32,000	35,350	(3,350)
Rent	22,600	22,600	20,706	1,894
Repairs and maintenance	166,895	171,394	207,474	(36,080)
Salaries and wages	1,424,122	1,519,817	1,456,749	63,068
Special projects and events	463,250	488,600	517,440	(28,840)
Taxes and licenses	10,900	10,900	10,313	587
Training and meetings	88,385	83,260	78,628	4,632
Utilities	162,500	163,500	134,658	28,842
Visitor center store expense	41,200	34,700	29,978	4,722
Loss on capital asset disposal	-	-	30,755	(30,755)
Total Expenditures	5,153,841	5,073,697	5,431,741	(358,044)
Excess (Deficiency) of Revenues Over Expenditures	\$ 513,381	\$ 603,053	\$ 502,531	\$ (100,522)

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Note 1. Nature of Operations and Summary of Significant Accounting Policies

The financial statements are presented in accordance with the regulatory modified accrual basis of presentation as prescribed by Arkansas state law. The Fayetteville Advertising and Promotion Commission (Commission) maintains its records on a regulatory modified accrual basis of accounting, as described in Regulatory Accounting and Basis of Accounting and Presentation. The regulatory modified accrual basis of presentation and the modified accrual basis of accounting differ from accounting principles generally accepted in the United States of America. The significant accounting policies of the Commission are as follows:

Regulatory Accounting

The Arkansas Legislature enacted a law in 2005 that requires municipalities to present their financial statements in a prescribed format and also restricts the basis of accounting for this format to one of three methods. The entity's governing body, however, can adopt a resolution annually to adopt Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34), as their reporting model in lieu of reporting on this regulatory modified accrual basis established by Arkansas Code 10-4412. The board of commissioners did not adopt such a resolution for 2024 or 2023.

The regulatory presentation is on a fund basis, with no distinction being made as to the type of funds (Proprietary, Governmental, etc.) being presented. The required financial statements consist of a balance sheet (or statement of assets, liabilities, and fund balance); statement of revenues, expenditures, and changes in fund balance; and statement of revenues and expenditures – budget to actual. The basis of accounting is limited to regulatory cash basis, regulatory modified cash basis, or regulatory modified accrual basis. The Commission has elected to utilize the regulatory modified accrual basis of accounting.

Nature of Operations

The Commission is a component unit of the City of Fayetteville, Arkansas (City), established by Ordinance Number 2310 of the City for the purpose of promoting and advertising Fayetteville and its environs. The Commission is presented in the City of Fayetteville's Annual Comprehensive Financial Report as a discretely presented component unit. A Commission consisting of seven members governs the Commission. Four members are owners or managers of hotels, motels, or restaurants and serve for staggered terms of four years. Two members must be members of the governing body of the City, are selected by the City Council, and serve at the will of the City Council. One member is from the public at large and is nominated by the Commission and approved by the City Council. All members must reside in Fayetteville. Members are voted on by the existing Commissioners and approved by the City Council. The financial statements present only the financial position and results of operations of the Commission and are not intended to present the financial position and results of operations of the City of Fayetteville, Arkansas, in conformity with accounting principles generally accepted in the United States of America. Operations of the Commission include the Fayetteville Convention and Visitors Bureau and the Fayetteville Town Center.

Use of Estimates

Management used estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Commission considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted of money market funds with brokers.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Basis of Accounting and Presentation

The financial statements are prepared on the modified accrual basis of accounting. As such, revenues are recognized when the underlying exchange takes place and in the accounting period in which the revenue is both measurable and available to finance expenditures of the fiscal period. The Commission considers all tax revenues measurable and available when collected and exchange revenue when the transaction occurs. Expenditures are recorded when the related liability is incurred.

Budgets

The Commission adheres to the following procedures in establishing the budgets reflected in the accompanying financial statements:

Prior to December 1, the budget committee proposes an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Prior to January 1, the Commission legally enacts the budget through approval of the Commissioners.

Budgets are adopted on a basis consistent with accounting practices prescribed or permitted by the State of Arkansas, which practices differ from accounting principles generally accepted in the United States of America.

Budgeted revenues and expenditures represent the formal operating budget adopted by the Commission. Budgetary control is maintained at the operations level. Budgeted amounts not spent by year-end lapse.

Investments

Investments of the Commission represent the portion of a combined investment pool managed by the City allocable to the Commission. Investments include money market mutual funds, U.S. Treasury obligations, corporate bonds, and U.S. Government agency obligations. Money market mutual funds, governmental securities, and corporate bonds are recorded at fair market value based on quoted market prices. Income related to investments is recorded when earned. Income earned in the pool is allocated to the various funds and component units weekly. At December 31, 2024 and 2023, the Commission's proportionate share of the investment pool was approximately 0.64% and 0.93%, respectively.

The Commission's portion of investments held by the City amounted to \$1,714,446 and \$1,614,533 at December 31, 2024 and 2023, respectively, and is held at one financial institution in the name of the City. Approximately 83% and 86% of the pool is invested in direct obligations of the United States of America at December 31, 2024 and 2023, respectively. The remainder is either insured or collateralized.

Accounts Receivable

Accounts receivable consist of amounts due from the Fayetteville Town Center customers and the City's Parking Department. For the years ended December 31, 2024 and 2023, accounts receivable were deemed fully collectible; therefore, no allowance for doubtful accounts was considered necessary. If accounts become uncollectible, they will be charged to operations when that determination is made. Determination of collectibility is made by management based on knowledge of individual accounts and consideration of such factors as current economic conditions. Accounts are generally uncollateralized. Past-due status is based on contractual terms. Past-due accounts are not charged interest.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory consists of items for sale in the Commission's gift shop.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Capital Assets

Capital assets are carried at historical cost or acquisition value at date of donation if acquired by gift. The Commission's capitalization policy states that assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year will be capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 39 years.

Funding

The Commission is funded by a 1% hotel, motel, and restaurant tax on all revenue from the renting, leasing, or otherwise furnishing of hotel or motel accommodations for profit in Fayetteville. The tax also applies to the gross receipts or gross proceeds received by restaurants and similar businesses as may be defined from time to time by ordinance from the sale of prepared foods and beverages for on- or off-premises consumption. The tax does not apply to such gross receipts or proceeds of organizations qualified under Section 501(c)(3) of the Federal Internal Revenue Code.

The taxes are due the 20th day of the month following the month in which the taxes were collected. If taxes become delinquent, the City Prosecutor seeks to collect the taxes. Delinquent taxes totaled \$73,532 and \$97,065 at December 31, 2024 and 2023, respectively.

Revenues collected from the taxes are to be used for advertising and promotion in Fayetteville and its environs. Revenues are also to be used for the construction, reconstruction, equipment, improvement, maintenance, repair, and operation of a convention center, for the operation of tourist promotion facilities in Fayetteville, and for personnel and agencies necessary to conduct the business of the Commission.

Advertising

The Commission expenses advertising, marketing, and promotion costs as incurred.

Income Taxes

The Commission is a tax-exempt organization under Section 115 of Internal Revenue Code.

Fund Balance – Governmental Funds

The fund balances for the Commission's funds are displayed in two components:

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers. Restrictions may be changed or lifted only with the consent of resource providers. Funds are externally restricted by contributors.

Unassigned – Unassigned fund balance includes all amounts not restricted.

The Commission considers restricted amounts to have been spent when an expenditure incurred for purposes for which both restricted and unassigned fund balance is available. The Commission applies restricted amounts first and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Note 2. Commitments

During the year ended December 31, 2013, a resolution was proposed that recommended to the City the issuance and sale of (1) approximately \$1,500,000 of hotel and restaurant gross receipts tax refunding bonds for the purpose of refunding the City's outstanding hotel and restaurant gross receipts tax refunding bonds, series 2003, (2) approximately \$6,900,000 of hotel and restaurant gross receipts tax and tourism revenue capital improvement bonds for the purpose of financing certain capital improvements in connection with the proposed Walton Arts Center expansion and renovation, and (3) approximately \$3,500,000 of hotel and restaurant gross receipts tax and tourism revenue capital improvement bonds for the purpose of financing certain capital improvements in connection with a proposed regional park. The resolution was approved by the Commission in May 2013 and approved by the voters in November 2013 in a special election. The bonds were issued in October 2014, will mature in 2039, and bear interest at coupon rates ranging from 2.0% to 5.0%. As a result of the issuance, the City retains \$707,313 per year, plus fees, for payments on these bonds. The amount retained for the bond payment would otherwise be remitted to the Commission.

At December 31, 2024, the Commission had a commitment with respect to unfinished capital projects on the Experience Fayetteville building. Project authorization is \$490,000, with \$456,456 expended through December 31, 2024, leaving required future funding of \$33,544. The Commission also had a commitment with respect to unfinished network upgrades. Project authorization is \$21,000, with \$0 expended through December 31, 2024, leaving required future funding of \$21,000.

Note 3. Deposits, Investments, and Investment Income

Deposits

Custodial State law requires that municipal funds be deposited in federally insured banks located in the state of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may also be invested in direct obligations of the United States of America; and obligations, the principal and interest of which, are fully guaranteed by the United States of America.

The Commission maintains separate bank accounts in two banks. Deposits with banks at December 31, 2024 and 2023 amounted to \$3,830,977 and \$3,886,176, respectively, of which \$370,933 and \$301,708 was insured and the remaining amount was collateralized by securities held in the Commission's name.

Investments

The Commission may legally invest in direct obligations of the U.S. Government and agencies, collateralized certificates of deposit, pre-refunded municipal bonds, corporate bonds, collateralized repurchase agreements, treasury money markets, local government trusts, and savings accounts.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

The Commission had the following investments and maturities at December 31:

Type	December 31, 2024				
	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 838,107	\$ 838,107	\$ -	\$ -	\$ -
U.S. agencies obligations	876,339	195,854	680,485	-	-
	<u>\$ 1,714,446</u>	<u>\$ 1,033,961</u>	<u>\$ 680,485</u>	<u>\$ -</u>	<u>\$ -</u>

Type	December 31, 2023				
	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 606,332	\$ 606,332	\$ -	\$ -	\$ -
U.S. agencies obligations	1,008,201	312,542	695,659	-	-
	<u>\$ 1,614,533</u>	<u>\$ 918,874</u>	<u>\$ 695,659</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission’s investment policy is to attempt to match investment maturities with cash flow requirements. The Commission’s investments are money market mutual funds and U.S. Government agency obligations.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Commission’s policy to invest no more than 20% in corporate debt or in securities of a management type investment company or investment trust. It is the Commission’s policy to limit its investments in corporate bonds to issues that are rated investment grade by Standard & Poor’s and Moody’s Investors Service and shall maintain an A- average rating or better for Standard & Poor’s and an A3 average rating or better for Moody’s Investors Service. Investment in commercial paper will be rated A-1/P-1. At December 31, 2024 and 2023, the Commission’s investments in U.S. agencies obligations were rated an average rate of AA by Standard & Poor rating and an average rate of Aa1 by Moody’s Investors Service.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The Commission’s policy states that investments shall be diversified by limiting investments to avoid concentration in securities from a specific issuer less than or equal to 5% of the cost basis of the Commission’s portfolio at the time of purchase and limits concentration in any one business sector to 15% of the cost basis of the portfolio excluding U.S. Treasury securities and collateralized certificates of deposit. The Commission had no concentration risk as of December 31, 2024 and 2023.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Foreign Currency Risk – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Commission’s investment policy doesn’t directly address foreign currency risk. The Commission’s investment manager only buys U.S. dollar pay securities. The Commission had no investments that were denominated in foreign currency at December 31, 2024 and 2023.

Consistent with GASB 72, the Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Commission had the following recurring fair value measurements:

- U.S. agencies obligations of \$876,339 and \$1,008,201 as of December 31, 2024 and 2023, respectively, are valued using the option-adjusted discounted cash flow model (Level 2 inputs).
- Money market mutual funds of \$838,107 and \$606,332 as of December 31, 2024 and 2023, respectively, are valued using quoted market prices (Level 1 inputs).

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of assets, liabilities, and fund balance – regulatory modified accrual basis as follows:

	<u>2024</u>	<u>2023</u>
Carrying value		
Deposits	\$ 3,829,871	\$ 3,865,984
Cash on hand	1,150	1,150
Investments	<u>1,714,446</u>	<u>1,614,533</u>
	<u>\$ 5,545,467</u>	<u>\$ 5,481,667</u>
Included in the following statement of assets, liabilities, and fund balance captions		
Cash and cash equivalents	\$ 3,831,021	\$ 3,867,134
Investments	<u>1,714,446</u>	<u>1,614,533</u>
	<u>\$ 5,545,467</u>	<u>\$ 5,481,667</u>

Investment Income

Investment income (loss) consisted of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 197,284	\$ 101,399
Net decrease in fair value of investments	<u>(57,524)</u>	<u>(19,899)</u>
	<u>\$ 139,760</u>	<u>\$ 81,500</u>

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Note 4. Employee Benefit Plan

In 2023, the Commission offered a SIMPLE IRA plan to all employees who meet the eligibility requirements. The Commission matches employee contributions up to 3% of compensation, while the employee may contribute up to 10% of his or her salary. The Board of Commissioners of the Commission has the authority to amend the plan and contribution rate. The Commission made contributions in the amount of \$36,530 for the year ended December 31, 2023.

Effective February 2024, the Commission began to offer a 401(a) and 457(b) plan to all employees who meet the eligibility criteria. The Commission matches employee contributions up to 5%. The Commission contributions are paid into the 401(a) plan. The Commission made contributions in the amount of \$58,870 for the year ended December 31, 2024.

Note 5. Related-Party Transactions

As stated in Ordinance Number 95-1, the board of the Commission consists of seven members, four of which are owners or managers of businesses in the tourism industry, which collect the hotel or restaurant taxes levied. Thus, four members of the board are employed by restaurants or hotels that pay the tax which is the primary funding for the Commission.

During the years ended December 31, 2024 and 2023, the Commission paid approximately \$5,000 for expenses related to operational services performed by the City for the lease of parking spaces.

The Commission had accounts receivable from the City's Parking Department of \$16,383 and \$15,278 at December 31, 2024 and 2023, respectively.

The Commission has an agreement to pay the City a collection fee of 2% of the taxes collected. During the years ended December 31, 2024 and 2023, the Commission paid collection expenses of \$105,354 and \$99,900, respectively, to the City in exchange for the City collecting tax revenue on behalf of the Commission.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

Note 6. Capital Assets

A summary of changes in capital assets is as follows:

	Beginning Balance	2024			Ending Balance
		Additions	Deletions	Transfers	
Building	\$ 3,565,796	\$ 426,763	\$ (28,460)	\$ -	\$ 3,964,099
Furniture and fixtures	169,248	149,686	(18,274)	-	300,660
Land	198,621	-	-	-	198,621
Equipment	756,009	147,983	(142,411)	-	761,581
Vehicles	122,860	-	-	-	122,860
Construction in progress	19,205	437,251	-	-	456,456
	4,831,739	1,161,683	(189,145)	-	5,804,277
Less accumulated depreciation	1,690,934	243,610	(189,145)	-	1,745,399
	<u>\$ 3,140,805</u>	<u>\$ 918,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,058,878</u>

	Beginning Balance	2023			Ending Balance
		Additions	Deletions	Transfers	
Building	\$ 3,250,269	\$ 251,520	\$ (40,541)	\$ 104,548	\$ 3,565,796
Furniture and fixtures	121,169	48,079	-	-	169,248
Land	198,621	-	-	-	198,621
Equipment	723,463	62,042	(29,496)	-	756,009
Vehicles	122,860	-	-	-	122,860
Construction in progress	104,548	19,205	-	(104,548)	19,205
	4,520,930	380,846	(70,037)	-	4,831,739
Less accumulated depreciation	1,526,369	203,847	(39,282)	-	1,690,934
	<u>\$ 2,994,561</u>	<u>\$ 176,999</u>	<u>\$ (30,755)</u>	<u>\$ -</u>	<u>\$ 3,140,805</u>

Note 7. Leases

Two noncancelable leases for copy machines were in effect during 2024 and 2023, expiring in February 2024. In February 2024, both leases were renewed for a 60-month term, which is reflected in the future minimum lease payments schedule. These leases contain month-to-month renewal options at the end of the term and require the Commission to pay general liability insurance, taxes and fees, and maintenance costs.

Fayetteville Advertising & Promotion Commission
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2024 and 2023

The Commission also has a lease for commercial property, which expires in October 2025. This lease contains a month-to-month renewal option upon termination and requires the Commission to pay all utility costs and maintain damage hazard and general liability insurance coverage. Rental expense for the building operating leases, included in rent on the statements of revenues, expenditures, and changes in fund balances – regulatory modified accrual basis, was \$20,706 for the years ended December 31, 2024 and 2023. The rental expense for the copier leases, included in the office supplies and printing line on the statements of revenues, expenditures, and changes in fund balances – regulatory modified accrual basis, was \$4,564 and \$7,660 for the years ended December 31, 2024 and 2023, respectively.

Future minimum lease payments are as follows at December 31, 2024:

2025	\$ 21,937
2026	4,682
2027	4,682
2028	4,682
2029	<u>1,561</u>
Total future minimum lease payments	<u><u>\$ 37,544</u></u>

Note 8. Note Payable to City of Fayetteville

The note payable to City of Fayetteville is due December 1, 2043, with principal payments of \$20,359 due annually at 0% interest.

Annual maturities of long-term debt are as follows at December 31, 2024:

Five-year maturity schedule	
2025	\$ 20,359
2026	20,359
2027	20,359
2028	20,359
2029	20,359
Thereafter	<u>285,031</u>
	<u><u>\$ 386,826</u></u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners
Fayetteville Advertising & Promotion Commission
Fayetteville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Fayetteville Advertising & Promotion Commission (Commission), a component unit of the City of Fayetteville, Arkansas, which comprise the statement of assets, liabilities, and fund balance – regulatory modified accrual basis as of December 31, 2024 and the related statements of revenues, expenditures, and changes in fund balance – regulatory modified accrual basis, and revenues and expenditures – regulatory modified accrual basis – budget to actual for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2025, which expressed an adverse opinion on U.S. Generally Accepted Accounting Principles and an unmodified opinion on the Regulatory Basis of Accounting.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
June 30, 2025**

Forvis Mazars Report to the Board of Commissioners

Fayetteville Advertising & Promotion Commission

Results of the 2024 Financial Statement Audit, Including Required Communications

December 31, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none">• As of and for the year ended December 31, 2024.• Conducted in accordance with our contract dated February 10, 2025.
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles permitted by Arkansas Code 10-4-412, which is a regulatory basis of accounting.</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.</p>
Your Responsibilities	<p>Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.</p>

Matter	Discussion
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • The Board of Commissioners and Management

Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of December 31, 2024 on the following as required by GAGAS:</p> <ul style="list-style-type: none"> • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	<p>Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.</p>

Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- Utilization of the modified accrual basis of regulatory accounting

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. A significant area of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates includes:

- Estimated useful lives of capital assets
- Valuation of investment securities

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Commitments
- Basis of accounting and presentation
- Regulatory accounting
- Related parties

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Investments and unrealized gain/loss adjustments proposed by Forvis Mazars to agree the Commission's books to the City of Fayetteville

Uncorrected Misstatements

- No unrecorded misstatements to report

Other Required Communications

Other Material Communications

Listed below is another material communication between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Fayetteville Advertising and Promotion commission as of and for the year ended December 13, 2024, in accordance with GAAS and GAGAS, we considered the Entity's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

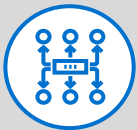
Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Categorizing Deficiencies by Severity

Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



Significant Deficiency

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.



Identified Deficiencies

We identified certain deficiencies in internal control that we consider to be a deficiency.

Deficiencies

- During the last few months of the fiscal year, after the Finance Director resigned, there were some instances when the VP of Finance reviewed her own journal entries.



Attachment A
Management Representation Letter

Representation of:
Fayetteville Advertising and Promotion Commission
21 South Block Avenue, Suite 100
Fayetteville, AR 72701

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
5115 W. JB Hunt Dr.
Rogers, AR 72758

The undersigned (We) are providing this letter in connection with Forvis Mazars' audits of our financial statements as of and for the years ended December 31, 2024 and 2023.

Our representations are current and effective as of the date of Forvis Mazars' report: June 30, 2025

Our engagement with Forvis Mazars is based on our contract for services dated: February 10, 2025

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars' report in conformity with accounting principles permitted by Arkansas Code 10-4-412, which is a regulatory basis of accounting that differs from accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

We understand that you will not render an unmodified opinion on the financial statements due to lack of conformity with accounting principles generally accepted in the United States of America regarding our accounting for regulatory basis.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles permitted by Arkansas Code 10-4-412, which is a regulatory basis of accounting that differs from accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of board of commissioner meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board of commissioners, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

Misappropriation, Misstatements, & Fraud

11. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or fund balance.
12. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
13. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, regulators, citizens, suppliers, or others.
15. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

16. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values that could negatively impact the entity’s ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment or changes in federal administrative policies and the resulting impact on the entity’s financial statements. Further, management and governance are solely responsible for all aspects of managing the entity.

Related Parties

17. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

18. We understand that the term related party refers to:

- Affiliates.
- Entities for which investments are accounted for by the equity method.
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.
- Principal owners and members of their immediate families.
- Management and members of their immediate families.
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

19. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
20. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
21. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
22. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
23. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

24. You have provided nonattest services, including the following, during the period of this engagement:
- Preparing a draft of the financial statements and related notes.
25. With respect to these services:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

26. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

Transactions, Records, & Adjustments

27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We have everything we need to keep our books and records.
29. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
30. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

Governmental Accounting & Disclosure Matters

31. With regard to deposit and investment activities:
- a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments are properly valued.

- c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
32. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended, required by Arkansas Code 10-4-412 regulatory basis of accounting.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
34. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
35. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
36. We have identified and evaluated all potential tax abatements, and we believe there are no material tax abatements.
37. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

Accounting & Disclosure

38. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place.
39. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or fund balance.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of assets, liabilities, and fund balance date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

- g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
40. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

41. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables.
 - b. Excess or obsolete inventories.
 - c. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

42. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
43. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to a lack of diversity related to employers, industries, inflows of resources, workforce covered by collective bargaining agreements, providers of financial resources, or suppliers of material, labor or services, or constraints, which refer to a limitation imposed by an external party or by formal action of a government’s highest level of decision-making authority related to limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, or mandated spending, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements, including exposure to imposed tariffs.


Fair Value

44. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

- c. The significant assumptions appropriately reflect market participant assumptions.
- d. The disclosures related to fair values are complete, adequate, and in conformity with the regulatory basis of accounting.
- e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements, including impact of imposed tariffs and economic volatility.



Jennifer Walker, Interim CEO/VP of Finance
jwalker@experiencefayetteville.com



Elvis Moya (Jul 30, 2025 17:07 CDT)

Elvis Moya, Commission Chair
ejmoya@uark.edu

Fayetteville A&P Commission Meeting Minutes

June 23, 2025 – Fayetteville Town Center – 2:00 p.m.

Present: Chair Elvis Moya, Sterling Hamilton, Mike Wiederkehr, Sarah Bunch, Chrissy Sanderson, Katherine Kinney

Absent: Elliot Hunt

Staff: Jennifer Walker

I. Call to Order

Chair Moya called the meeting to order at 2:00 p.m.

II. Approval of Minutes

Commissioner Sanderson noted a correction to the May 19 minutes—she was present, not absent.

Motion to approve the minutes with correction: Commissioner Bunch

Second: Commissioner Sanderson

Vote: Passed via roll call

III. New Business

A. CEO Report – Jennifer Walker

- Incoming CEO Ryan Hauck visited June 16; his first official day is July 21.
- A new MOU with the City provides Placer AI software to estimate event attendance. The City is funding the first year, and data will be shared with local event producers.
- Discussions are underway for a new two-part mural on the back of the Town Center and Library parking decks, as the original site is no longer available.
- Chris Lankford has joined the marketing team as Director of Brand Strategy.
- “Favoriteville” trademark applications have been filed for apparel and tourism services.
- Staff attended the **Outside Festival** in Denver as part of a state tourism activation.
- “Vanny,” the Mobile Visitor Center, will be activated at Pride Festival on June 28.
- **Restaurant Week** is scheduled for July 20–26.
- Hotel occupancy is down 10% from last year; similar trends across Arkansas. Lodging accounts for 15% of HMR tax revenue but affects restaurants and related businesses.
- Walker closed by thanking the Commission for the opportunity to serve as Interim CEO.

B. Financial Report – Jennifer Walker

- **YTD through May:** Revenue at 40% (2% under target); expenses at 39% (3% under target).
- **HMR collections:** \$2,076,220 YTD
- **Net income:** \$93,560
- **Cash/investments:** \$4.9 million
- **Unearned revenue:** \$243,000 (mainly Town Center bookings)

C. Marketing Report – Sarah King

- Ongoing media coverage around SEC sports and cycling.
- Partnership with @explorestlparks and Visit Bentonville highlighted a 55-mile NWA family cycling trip.
- The Outside Festival activation in Denver helped showcase Arkansas tourism; follow-up email campaign in progress.
- Restaurant Week will include discount admission at the Arkansas Air Museum and Botanical Garden with proof of purchase.
- Anne Davis (Outright) reported 6.5 million campaign impressions and a 95% video completion rate—an 18% increase from April.
- Arrivalist data shows highest visitor conversion from drive markets.
- Ryan MacGregor (Outright) presented campaign performance data and optimizations underway.
- Chair Moya inquired about adding Pensacola (a new direct flight market) to ad campaigns. Davis responded that while Pensacola is not included this year, campaigns for new Salt Lake City and Philadelphia flights are being used to test direct-flight strategies.

D. Visitor’s Guide Printing – Vote

Sarah King presented a proposal to print Visitor’s Guides.

Motion to authorize the Interim CEO to accept a \$28,302.90 quote from The Roark Group: Commissioner Wiederkehr

Second: Commissioner Bunch

Vote: Passed unanimously via roll call

E. CEO Transition Policy – Vote

Walker presented a formal CEO Transition Policy requested earlier in the year. She reviewed its structure and confirmed legal review.

Motion to approve: Commissioner Kinney

Second: Commissioner Sanderson

Vote: Passed unanimously via roll call

F. CEO Transition Plan – Discussion

Walker shared highlights from a working transition plan, including active/future RFPs and financial obligations.

- The July 28 meeting will be led by Hauck with Walker and Hauck preparing the agenda.
- A small city/staff meet-and-greet will follow the July meeting, with a larger public welcome reception (in partnership with the Chamber) planned for August.

G. Favoriteville Festival Fund – Discussion

Walker introduced a draft of a new event support fund tied to the Master Destination Plan.

- The fund would exclude blackout dates (e.g., Razorback games, graduations).
- Applications would be scored using a rubric based on factors like financial viability, cultural value, and community impact.
- A sample event, **Togue Con 2025**, was shared by Commissioner Hamilton, along with a P&L example.
- Commissioners discussed guarantee percentages (e.g., 30%), overall budget size, and event eligibility.
- Moya suggested renaming “margin protection” to “financial risk justification.”
- Sustainability may become a core scoring category (not bonus points).
- Consensus: \$160,000 total will fund both this program and the Community Incentive Fund.
- All applications will be reviewed by the Commission during the pilot year.
- Commission requested a list of past sponsorship/CIF recipients.
- Walker proposed to send revised version of the plan ahead of the July meeting, with discussion and possible vote scheduled.

IV. Adjournment

Chair Moya thanked Jennifer Walker for her time as Interim CEO and staff for their leadership during the transition.

Motion to adjourn: Commissioner Sanderson

Second: Commissioner Kinney

Vote: Passed unanimously

Meeting adjourned at 4:00 p.m.

Minutes prepared by Amy Stockton, Experience Fayetteville

The Favoriteville Festival Fund is a new initiative designed to support festivals and events that enrich Fayetteville’s cultural life and strengthen our local tourism economy—especially during seasons when visitor activity tends to slow. By offering post-event financial support to a small number of high-impact events each year, the program helps mitigate risk for organizers with bold ideas and a strong plan, encouraging innovation and inclusivity in our city’s event landscape.

This program supports our **Mission** to *elevate the quality of life for the community of Fayetteville through tourism promotion, partnerships, and programs.*

Aligned with the “**Bring Out the Best**” Imperative of the Experience Fayetteville Master Plan, the Favoriteville Festival Fund affirms our role as champions of Fayetteville’s most vibrant assets. *By encouraging and incentivizing signature events* that make Fayetteville shine, this initiative helps fulfill our commitment to enhance what makes our city a compelling, world-class destination.

Priority consideration will be given to events that:

- Occur during slower seasons (e.g., late June – early August, late January–early February) to maximize economic and cultural activation. No blackout dates (to be provided)
- Demonstrate economic impact and financial responsibility
- Celebrate the unique identity and creativity of Fayetteville

How It Works

The Favoriteville Festival Fund is administered through an annual application process. Organizers submit proposals detailing event plans, budget, and community impact. Applications are reviewed using a transparent evaluation framework with the following key criteria:

- Event Viability
- Economic & Cultural Impact
- Financial Responsibility
- Organizer Track Record
- Access & Inclusion
- Seasonal Activation & Blackout Considerations

This is not a traditional grant or upfront funding program. Instead, the Fund provides margin protection – a form of post-event financial support designed to reduce the risk of hosting bold, high-impact festivals.

During the application process, organizers will submit a projected event budget and establish a reasonable profit margin target. After the event, staff will review the actual income and expenses. If the event does not meet the agreed-upon profit margin, the Festival Fund may reimburse part of the shortfall – up to 30% of eligible expenses or a maximum of \$30,000 – to help close the gap.

A selection committee consisting of two Commissioners and two staff members uses a standardized scoring rubric to evaluate submissions. Final recommendations are presented to the Fayetteville Advertising and Promotion Commission for approval. Selected events will be required to execute an MOU and complete post-event reporting procedures.

By lowering financial barriers and encouraging bold, community-focused ideas, the Favoriteville Festival Fund invites new traditions to take root and ensures that Fayetteville continues to grow as a place of connection, creativity, and celebration.

How Safety Net Support Works



ORGANIZER APPLIES

Submit event plan + budget
Define projected revenue & desired profit margin



EVENT HAPPENS!



POST-EVENT REVIEW

Did the event meet the projected margin?



IF NOT:

SAFETY NET SUPPORT kicks in
Reimbursement covers up to 30 % of eligible expenses, up to \$30,000 max

- Helps close the gap
- Keeps the event financially whole



POST-EVENT REPORT SUBMITTED

Builds long-term trust & accountability

Memo



To: Ryan Hauck, CEO, Experience Fayetteville
Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, VP Finance, Experience Fayetteville

Date: July 21, 2025

Re: Add CEO Ryan Hauck as an authorized bank signer

In accordance with the Fayetteville A&P Commission Financial Policies, the following directive is outlined under Section III. Internal Controls, C. Cash Handling: "Bank accounts will include the following signatories: CEO, Commission Chair, and Director of Operations."

Due to the recent addition of Ryan Hauck, CEO, updates to the authorized bank signers are necessary.

The Fayetteville A&P Commission currently maintains three operating checking accounts with First Security Bank and one checking account with Arvest Bank, as detailed below:

First Security Bank:

Bank account ending in 8714
Bank account ending in 4209
Bank account ending in 1528

Arvest Bank:

Bank account ending in 4636

Staff Recommendations:

1. A vote to authorize the following individuals as signers with full authority on all accounts listed above:
 - a. Commission Chairperson Elvis Moya
 - b. Ryan Hauck, CEO
 - c. Amy Stockton, Director of Operations

2. A vote to authorize the removal of any individuals currently listed as signers who are not included in the updated list above.

Memo

To: Fayetteville Advertising & Promotion Commissioners
From: Ryan Hauck, CEO
Date: July 28, 2025
Re: Amendments to A&P Commission Bylaws



Background:

Staff is proposing amendments to the A&P Commission Bylaws to address the following items. The bylaws are included with highlighting to reflect proposed changes.

- 1) Clarification of commission's authority to appoint an interim CEO, the full policy was approved at June 2025 commission meeting and is inserted into the employee handbook
- 2) The 95th General Assembly updated the Freedom of Information Act. We have updated our bylaws to be compliant. These changes will allow remote attendance at meetings for commissioners to continue and ensure we are in compliance with Arkansas Code Annotated 25-19-106(e)(6).

We will be able to continue remote attendance for commissioners as we will publish the public Zoom meeting link when we publish the meeting agenda.

- 3) We have also added clarification to acknowledge that discussing voting or positions on agenda items between staff and commissioners is prohibited, in accordance with Ark. Code Ann. 25-19-106(f)-(h).

In accordance with our bylaws, these amendments are being proposed at this meeting and will be voted on at the next meeting.

Fayetteville, Arkansas Advertising and Promotion Commission By-Laws

I. Creation and Membership of Commission

Section 1. Creation of the Commission. The Fayetteville Advertising and Promotion Commission, hereafter referred to as “the Commission,” has been created by and in accordance with provisions of Acts of Arkansas 185 of 1995, 123 of 1969, and 58 of 1970, codified as Arkansas Code Annotated §26-75-605 *et seq.*, (“the Statute”); and City Ordinance No. 2310 (passed and approved March 1, 1977), which formally established the Commission.

Section 2. Purpose of the Commission. To operate in accordance with all applicable laws, including without limitation the Statute and City Ordinance No. 2310, in using proceeds of the City of Fayetteville’s hotel, motel, and restaurant tax (“HMR tax”) to advertise and promote the City of Fayetteville and its environs and for any other lawful, appropriate purposes.

Section 3. Membership of the Commission. The membership of the Commission will be composed in accordance with the Statute, and unless preempted by conflicting provisions of the Statute, the seven (7) members will include:

- i. Four (4) members that shall be owners or managers of businesses in the tourism industry, at least three of whom shall be owners or managers of hotels, motels, or restaurants and shall serve for staggered terms of four (4) years;
- ii. Two (2) members that shall be members of the governing body of the City of Fayetteville, selected by the governing body, and shall serve at the will of the governing body; and,
- iii. One (1) member that shall be from the public at large and shall serve for a term of four (4) years.

Section 4. Officers of the Commission. At the first meeting of each year, the Commission will elect one of its members as its Chair whose term will be for one (1) year. The Chair can be elected for succeeding terms.

Section 5. Vacancies on the Commission. A vacancy in any of the tourism industry positions or in the at-large position shall be filled by appointment of the Commission with the approval of the governing body of the City of Fayetteville. A vacancy may result from the expiration of a regular term or be declared by the Chair if at any time a Commissioner resigns, dies, or is absent from three (3) consecutive meetings without just cause.

II. Duties of the Commission

Section 1. Essential Function. The Commission is the body that determines the use of the City of Fayetteville’s advertising and promotion fund resulting from the HMR tax.

Section 2. Hiring of Staff. The Commission will be responsible for the hiring, supervision,

and continued employment of ~~an Executive Director~~ a CEO. The Commission delegates to the Executive Director all authority and responsibility necessary to properly administer the business of the Commission and its agencies, within policies set by the Commission and subject to its review, including financial policies specifically addressing spending and budgeting activities. The Commission has the authority to appoint an interim CEO when necessary; full details of this policy are available in the employee handbook.

Section 3. Regular Meetings. The Commission will hold meetings regularly on a consistent day and time, either in-person or virtually, notice of which shall be published. The time, place and method of meetings are subject to change at the discretion of the Chair, upon published notice.

Section 4. Hybrid meetings. Whenever possible, in-person commission meetings will be made available for virtual attendance. Commissioners should make every effort to be present for in-person meetings. When circumstances prohibit in-person attendance, commissioners may participate virtually so long as their virtual attendance at in-person meetings does not exceed three meetings in a calendar year. Remote attendance will be via means that comply with all applicable provisions of Arkansas Code Annotated 25-19-106(e)(6); we will publish the public virtual attendance meeting links when we publish public meeting agendas.

Section 5. Special meetings. Special meetings of the Commission may be called, for any purpose, by the Chair or any three members of the Commission at such times deemed necessary, provided:

- i. Advance notice, and corresponding agenda, of every special meeting of the Commission shall be distributed for each Commissioner not less than three (3) days before such meeting; and,
- ii. No business shall be transacted in special meetings, other than business referred to in the agenda.

Section 6. Quorum. No formal business shall be conducted without a quorum of the Commission, defined as a majority of the Commissioners.

Section 7. Proxy. No Commissioner may vote by proxy.

Section 8. Budget. The Commission will annually approve a budget for the operation of the Commission and its agencies.

Section 9. Freedom of Information Act Arkansas state law outlines that business must be conducted in a public meeting and this code further defines communication parameters outside of public meetings. Discussions between commissioners and staff concerning voting or positions on agenda items, outside of public meetings, are prohibited. This is in compliance with Ark. Code Ann. 25-19-106(f)-(h). Commissioners and staff will adhere to state code regarding Freedom of Information Act.

III. Reporting

Section 1. Meeting Schedule. The Commission's meeting schedule will be published and accessible to the public.

Section 2. Meeting Agendas. The agenda and supporting documents for meetings of the Commission will be distributed no later than three (3) business days before the scheduled meeting.

Section 3. Tax Summaries. The consolidated HMR tax report summaries will be published and accessible to the public.

IV. Financial Policies and Conflicts of Interest

Section 1. Financial Policies. Through its Executive Director, the Commission will develop financial policies, implement financial procedures in accordance with those policies, and ensure the practices of the Commission and its agencies are carried out in accordance with those policies.

Section 2. Conflict of Interest. No Commissioner may participate in, vote on, influence, or attempt to influence an official decision of the Commission, unless the pecuniary interest that may accrue to the Commissioner is incidental to their vocation or accrues to the Commissioner to no greater extent than the pecuniary interest could be foreseen to accrue to all other members of the vocation.

V. Amendment of the By-Laws

Amendments. Amendments to these By-Laws shall be proposed in writing at a regular meeting of the Commission and voted on at a subsequent meeting. Amendments to these By-Laws shall be effective with an affirmative vote of 2/3 of the members of the Commission. If the proposed, written amendment has been distributed to all Commissioners, a special meeting for the purpose of voting on the proposed amendment can be called after ten (10) days following distribution to the Commissioners of the proposed amendment.

Memo



To: Ryan Hauck, CEO, Experience Fayetteville
Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, Interim CEO

Date: July 21, 2025

Re: Community Incentive Fund – Proposed Change to Approval Process

The Community Incentive Fund was established to provide flexible, strategic support to initiatives that enhance tourism and promote the City of Fayetteville. Historically, disbursements from this account have been approved at the discretion of the CEO.

Staff recommends a change to the approval process for these funds. Specifically, we propose that all future payments from the Community Incentive Fund require approval by a majority vote of the Commission during a regularly scheduled or special meeting.

This change is intended to:

- Increase transparency and oversight of discretionary spending
- Ensure that expenditures reflect shared priorities and receive input from the full Commission

Implementation:

- Requests for Community Incentive Fund support will continue to be received and reviewed by staff.
- Staff would present eligible requests to the Commission for discussion and vote prior to payment.
- No retroactive approvals would be required for payments made prior to this policy change.

Included in the agenda packet is a summary report for 2025 year-to-date payments from the Community Incentive Fund for Commission review. We look forward to the Commission's discussion and feedback on this proposed change.

Recommendation:

Staff recommends that future payments from the Community Incentive Funds account require approval by a majority vote of the Commission during a regularly scheduled meeting or special meeting.

Fayetteville A&P Commission
Community Incentive Detail
January 1 through July 21, 2025

Date	Name	Memo	Amount
80100 · Community Event Incentives			
06/25/2025	Fairfield Inn UAPB Marching Band	Lodging for UAPB Marching Band - Juneteenth	243.44
02/01/2025	Brittany Johnson	Books + Blankets contribution	300.00
06/13/2025	Angel Marin Arceo	Comedy show	500.00
01/27/2025	Committee for Mardi Gras Inc	2025 Mardi Gras Royal Sponsor	500.00
05/20/2025	Kyndal Saverse	Fayetteville Movement Festival sponsorship	500.00
06/12/2025	NWA Center for Sexual Assault	Let's Talk NWA 2025 Juneteenth Celebration sponsorship	500.00
01/08/2025	Beyond A Step Inc	Mom Prom 2025 Sponsorship	600.00
01/06/2025	JazzyJae NWA	Feb 2025 Blackowned Business Expo - Black Magic Sponsor	750.00
05/16/2025	Your Yoga, LLC	Yoga in the Upper Ramble - Sunsets on the Ramble	750.00
04/01/2025	Arkansas Classical Theatre	AR Classical Theatre - The Comedy of Errors	1,000.00
01/06/2025	Barley Hops & Water	Frost Fest Sponsor 2025	1,000.00
03/13/2025	Fayetteville Chamber of Commerce	Women of ALL Generations Network Sponsor	1,000.00
05/12/2025	Jonathan DerGazarian	Jam Etiquette Workshop	1,000.00
06/28/2025	Julia Paganelli Marin	Bee Balm Arkansas Literary Festival 2025	1,000.00
05/13/2025	Ra-Ve Cultural Foundation Inc	Visiting Artists' Appearance Fees	1,000.00
03/12/2025	Travis Smith Productions LLC	Music Industry Meetup (April 22)	1,000.00
05/22/2025	Trey Marley	Prairie Street Junk Market support	1,000.00
01/02/2025	Community Creative Center	Wheel Club - Year One	1,250.00
04/27/2025	Old Friend Productions LLC	Old Friends Showcase at Miller Lodge	1,500.00
04/29/2025	Stephen Wallace	Arkansas Pride Metal Fest sponsorship	1,500.00
04/30/2025	Symphony Orchestra of Northwest Arkar	FY25 SoNA Beyond events	1,500.00
04/01/2025	Visual and Performing Arts at Fenix	Fenix Arts - Creekbed Carter Concert and Elder Exhibit	1,500.00
06/23/2025	Washington County 4-H Clubs Foundatic	2025 NWA Fiber Festival support	1,500.00
03/24/2025	Brain&Brain LLC	OZ Play Event Funding	1,600.00
04/02/2025	Raif Box	HARCO 2025 Series Funding	2,000.00
02/09/2025	Vaughn Mims	HopOut 2025 shows	2,000.00
02/28/2025	Mount Sequoyah Center	Sequoyah Hall exhibitions Sponsorship 2025	2,500.00
02/03/2025	Ozark Gravel Cyclists	2025 Bikepacking Clinic Series & Summit	2,500.00
01/31/2025	Roger Barrett	On The Map - Spring 2025 shows	2,500.00
02/11/2025	Community Creative Center	Fayetteville Gallery Coalition - Gallery Hop on March 8, 2025	2,800.00
05/12/2025	Botanical Garden of the Ozarks	Sponsor for Terrific Tuesday Nights	3,000.00
01/31/2025	Community Creative Center	2025 Arkansas Pottery Festival sponsorship	3,000.00
04/23/2025	KUAF 91.3	KUAF Lunch Hour sponsorship	5,000.00
01/15/2025	NWA Martin Luther King Jr Council	MLK Recommitment Celebration Sponsorship Feb 25	5,000.00
04/29/2025	Robyn Jordan	2025 Her Set Her Sound Sponsor	5,000.00
04/04/2025	Northwest Arkansas Equality Center Inc	2025 NWA Pride Sponsorship: Diamond Level	10,000.00
01/24/2025	Ozark Music Initiative	Ozark Music Festival grant award, June 2025	10,000.00
04/04/2025	Northwest Arkansas Equality Center Inc	2025 NWA Pride - Friday Talent Support	18,500.00
03/01/2025	Clinton House Museum	Clinton House Museum support - 2025	25,000.00
Total 80100 · Community Event Incentives			121,793.44
80300 · TheatreSquared Contribution			
03/25/2025	TheatreSquared Inc	2025 Contribution	200,000.00
Total 80300 · TheatreSquared Contribution			200,000.00

Memo



To: Ryan Hauck, CEO, Experience Fayetteville
Fayetteville Advertising & Promotion Commissioners

From: Jennifer Walker, Interim CEO

Date: July 21, 2025

Re: Walker Stone House Lease Agreements

The Walker Stone House is currently occupied by the Folk School of Fayetteville. The existing lease is set to expire in February 2026.

The current tenant, represented by Bernice and Bryan Hembree with Folk School Fayetteville, has notified staff of a leadership transition and a proposed arrangement to transfer operations of the Folk School to a new organization. Ozark Folkways has submitted a Letter of Intent expressing interest in signing a five-year lease at a symbolic rate of \$1 per year. The proposal includes a continuation of the building's existing use as a community music space and assumes responsibility for preserving key program elements such as the teachers cooperative and instrument lending library.

The proposed transition would include the donation of the "Folk School of Fayetteville" brand name and associated assets to Ozark Folkways.

The Letter of Intent outlines the broad terms of the proposed agreement, with a target transition date of **September 1, 2025**. It is **non-binding** and intended to serve as the basis for further negotiation. A formal lease agreement would be brought before the Commission for approval at a future meeting, pending review by legal counsel.

Staff are seeking Commission feedback and guidance prior to beginning the formal lease negotiation process. A copy of the Letter of Intent is included for your reference. Please feel free to contact me with any questions in advance of the meeting.

Letter of Intent

THIS LETTER OF INTENT from Ozark Folkways (the Party) of 22733 N Hwy 71, Winslow, AR 72959, USA to Fayetteville A&P Commission (Experience Fayetteville)

BACKGROUND:

This document will establish the intention of the Party to adhere to the terms contained in this Document are not comprehensive and it is expected that additional terms may be added, and existing terms may be changed or deleted. The basic terms are as follows:

Terms

1. The Party intends to sign a 5-year lease agreement on the Walker Stone House with Experience Fayetteville at a rate of \$1 per year contingent upon the approval of the lease agreement by Experience Fayetteville's Board of Directors and the Board of Directors of the Party.
2. The Party agrees in principle to the conditions and requirements for transferring the use of "Folk School of Fayetteville" to the Party as follows:
 - a. The mission of community music space must be continued,
 - b. The teachers cooperative must be continued, and
 - c. Accessibility to instruments and educational programs must be continued.
3. The Folk School of Fayetteville 501 ©3 non-profit organization is not being sold, transferred or dissolved. It will be retained by Bernice and Bryan Hembree. However, the name "Folk School of Fayetteville" can be donated to and used by Ozark Folkways. The current 501(c)3 name will be changed to "Fayetteville Roots", a previous DBA of the Folk School of Fayetteville. This will allow the established brand of "Folk School of Fayetteville" to be used by Ozark Folkways.

4. Items/Assets in this transfer will occur by the date of the transfer anticipated to be September 1, 2025:
- a. Brand and Logo package
 - b. Internet domain www.folkschooloffayetteville.org
 - c. Instruments and gear that are part of the instrument lending library and teaching and performance spaces (A full inventory will be provided in writing at the time of the transfer date)
 - d. Artwork/Décor (a full inventory will be provided in writing at the time of the transfer date)
 - e. Supplies, furnishings, various operational assets including lighting and security/safety systems
 - f. Chairs, tables and various event-related items
5. Bernice Hembree does not have any intention of returning to her role as Director/Head of the Folk School of Fayetteville as a program of the Party. However, recognition as the Founder of the Folk School of Fayetteville will be retained and referenced by Ozark Folkways.

Non-Binding

6. This document does not create a binding agreement between the Party and Experience Fayetteville and will not be enforceable. Only the future agreement, duly executed by the Party and Experience Fayetteville will be enforceable. The terms and conditions of the future agreement will supersede any terms and conditions contained in this Document. Experience Fayetteville is not prevented from entering into negotiations with third parties with regard to the subject matter of this Document.

OZARK FOLKWAYS

Date: July 8, 2025

By: Kathleen Glasgow Sparks

Title: President