

## **Attachment C**

Visit Newport Beach Expenditure Compliance Report for the Year Ended  
June 30, 2021

**VISIT NEWPORT BEACH INC.  
(a Non-Profit Organization)**

**EXPENDITURES REPORT**

**For The Year Ended June 30, 2021**

*with*

**INDEPENDENT AUDITORS' REPORT THEREON**

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## Independent Auditors' Report

Board of Directors of  
Visit Newport Beach Inc.

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance With Certain Provisions of the Agreement Between the City of Newport Beach and Visit Newport Beach Inc. for Tourism Promotion, Branding, and Marketing Services, that Visit Newport Beach Inc. (the "Organization") complied with the provisions in Section 4 of the Agreement Between the City of Newport Beach and Visit Newport Beach Inc. for Tourism Promotion, Branding, and Marketing Services (the "Agreement") regarding the attached 2021 Expenditures Report, summarizing the expenditures of funds received pursuant to the Agreement during the period July 1, 2020 to June 30, 2021. The Organization's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the Organization's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Organization's compliance with the specified requirements.

In our opinion, management's assertion that Visit Newport Beach Inc. complied with the provisions of Section 4 of the Agreement regarding the attached 2021 Expenditures Report for the year ended June 30, 2021 is fairly stated, in all material respects.

This report is intended solely for the information and use of Visit Newport Beach, Inc. and the City of Newport Beach and is not intended to be and should not be used by anyone other than these specified parties.

*KMJ Corbin & Company LLP*  
KMJ Corbin & Company LLP

Irvine, California  
September 30, 2021



**Management Statement Regarding Compliance With Certain Provisions of the Agreement Between  
the City of Newport Beach and Visit Newport Beach Inc. for Tourism Promotion, Branding, and  
Marketing Services**

We, as members of management of Visit Newport Beach Inc. (the "Organization"), are responsible for complying with the provisions of Section 4 of the Agreement Between the City of Newport Beach and Visit Newport Beach Inc. (collectively, the "Parties") for Tourism Promotion, Branding, and Marketing Services (the "Agreement") in that funds received by the Organization pursuant to this Agreement were expended in accordance with this Agreement. We are responsible for establishing and maintaining effective internal controls over compliance with the provisions of Section 4 of the Agreement. We have performed an evaluation of the Organization's compliance with the provisions of Section 4 of the Agreement regarding funds expended during the year ended June 30, 2021, as summarized in the attached 2021 Expenditures Report. Based on this evaluation, we assert that the Organization was in compliance with the provisions of Section 4 of the Agreement as described below:

Section 4 of the Agreement requires the Organization to "develop, plan, carry out, and supervise a program to market and promote the Newport Beach brand and to promote tourism in, and serve the needs of, visitors to Newport Beach as well as increase the amount of TOT collected through their promotional activities ('Services'). Subject to the foregoing sentence, the Services shall, at a minimum, include the following: (a) the maintenance of suitable office space and the employment of competent personnel to carry out the promotional, branding and marketing duties; (b) the preparation of brochures, publications, guides, on-line promotions, social network efforts, and other marketing materials and information that inform prospective tourists and visitors of the recreational activities, cultural assets, shopping and dining opportunities, night-time stay opportunities, and natural beauty of Newport Beach; (c) the dissemination of information described in this section by way of the media, direct mail, handouts, social networking, websites, smart phone applications, or other means of distribution; and (d) the development and implementation of specific marketing programs designed to increase awareness of the Newport Beach brand and to increase business and visitor trade in Newport Beach; and (e) any additional Services when proposed by the City which are consistent with the promotion of tourism and the Newport Beach brand which are mutually agreeable and acceptable to the Parties."

Visit Newport Beach Inc.

By   
Gary Sherwin  
President/CEO

By   
Lily Pearson  
Chief Financial Officer

# VISIT NEWPORT BEACH, INC.

## 2021 Expenditures Report

**July 1, 2020 -  
June 30, 2021**

### 2021 Expenses

General and Administrative Expenses	
Operating Expenses	
64100 - Office Supplies	173
64125 - Computer Software (non-deprec)	5,844
64130 - Voice and Data - Office	79
64145 - Shipping Charges	238
64150 - Bank Fees	290
64160 - Membership Dues	29,888
64170 - Team Meetings	3,750
64175 - Governance Meeting Expenses	750
Total Operating Expenses	<u>41,012</u>
Insurance	
63100 - General Liability Insurance	1,337
63300 - Board of Directors Insurance	2,488
Total Insurance	<u>3,825</u>
Professional Fees	
64207 - Bloggers	5,121
64201 - Audit Fees	4,000
64202 - Tax Preparation Fees	1,000
Total Professional Fees	<u>10,121</u>
Miscellaneous Expense	
64350 - Interest Expense	4,046
Total Miscellaneous Expense	<u>4,046</u>
Total General and Administrative	<u>59,004</u>
Advertising Expenses	
66101 - Advertising - Purchased	252,081
66102 - Advertising - Local Events	480
66121 - Promotional Gift Cards	1,250
66202 - Ad Production	19,436
66203 - Creative Design/Development	61,010
66205 - Photography/Video Production	63,618
66212 - Community Sponsorships	150,000
Total Advertising Expenses	<u>547,875</u>
Marketing Expenses	
Community Relations	
67101 - Research	29,540
67102 - Christmas Boat Parade	19,936
67105 - Awards	450
67107 - Promotional Items	236
Total Community Relations	<u>50,162</u>
Marketing Collateral	
67312 - Collateral Distribution	7,650
Total Marketing Collateral	<u>7,650</u>
Digital Marketing	
67501 - Social Media	38,633
67502 - Website Maintenance	45,956
67503 - Online Search Advertising	46,273
67504 - Digital Advertising	11,212
67511 - Digital Lifestyle Channel Production	250
66211 - CRM Maintenance	19,204
Total Digital Marketing	<u>161,528</u>
Communications/Public Relations	
67601 - Media Services	12,816
67602 - Media FAM Tours	1,234
67607 - Media Relations	4,518
67608 - Digital Assets/Media Library	4,794
Total Communications/Public Relations	<u>23,362</u>
Total Marketing Expenses	<u>242,702</u>
International Marketing Initiatives	
67401 - International Brand Awareness Fees	-
67412 - International Brand Events	300
Total International Marketing Initiatives	<u>300</u>
NB&Company Fees	
68001 - NB&Co Fees	1,140,512
Total NB&Company Fees	<u>1,140,512</u>
Total Expenses	<u>1,990,393</u>

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**Other Expenditures:**

Fixed asset additions capitalized	-
Website development costs capitalized	-
Change in other prepaid expenses and current liabilities, net	(58,086)
	<u>(58,086)</u>
	<u><u>\$ 1,932,307</u></u>

**NOTES:**

- A** Included in this account are expenditures for or contributions to special events and not-for-profit organizations in Newport Beach as follows:

<b>Vendor</b>	<b>Event</b>	<b>Amount</b>
City of Newport Beach	Arts Sponsorship	150,000
		<u>\$ 150,000</u>

- B** Consist of reimbursements for costs incurred by Newport Beach & Company as follows:

<b>Class of Expense</b>	<b>Amount</b>
Salaries/Benefits	\$ 690,712
Marketing Expenses	\$ 345,677
G&A Overhead	\$ 104,123
	<u>\$ 1,140,512</u>