

Nebraska State Fair Board

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

Nebraska State Fair Board
December 31, 2021 and 2020

Contents

Independent Auditor’s Report	1
 Financial Statements	
Balance Sheets.....	4
Statements of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7
 Supplementary Information	
Schedules of Fair Operations.....	15

Independent Auditor's Report

Board of Directors
Nebraska State Fair Board
Grand Island, Nebraska

Opinion

We have audited the financial statements of the Nebraska State Fair Board, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Nebraska State Fair Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska State Fair Board, as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Nebraska State Fair Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Nebraska State Fair Board'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Nebraska State Fair Board'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 Nebraska State Fair Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nebraska State Fair Board's basic financial statements. The schedules of fair operations as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of fair operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Lincoln, Nebraska
March 16, 2022

Nebraska State Fair Board
Balance Sheets
December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 5,162,672	\$ 1,759,466
Accounts receivable	117,538	40,450
Receivable - intergovernmental	1,326,418	1,151,087
Prepaid expenses	<u>75,547</u>	<u>50,497</u>
Total current assets	<u>6,682,175</u>	<u>3,001,500</u>
Noncurrent Assets		
Capital assets, net	11,840,827	12,427,185
Other noncurrent assets	<u>157,000</u>	<u>20,006</u>
Total noncurrent assets	<u>11,997,827</u>	<u>12,447,191</u>
Total assets	<u><u>\$ 18,680,002</u></u>	<u><u>\$ 15,448,691</u></u>

Liabilities and Net Position

Current Liabilities		
Accounts payable	\$ 161,925	\$ 31,192
Accrued liabilities	44,904	54,932
Compensated absences	28,724	50,884
Unearned revenue	71,421	355,453
Long-term debt, current portion	<u>384,494</u>	<u>393,856</u>
Total current liabilities	<u>691,468</u>	<u>886,317</u>
Noncurrent Liabilities		
Long-term debt, net of current portion	<u>4,536,247</u>	<u>4,568,623</u>
Total noncurrent liabilities	<u>4,536,247</u>	<u>4,568,623</u>
Total liabilities	<u>5,227,715</u>	<u>5,454,940</u>
Net Position		
Net investment in capital assets	7,419,986	7,634,573
Unrestricted	<u>6,032,301</u>	<u>2,359,178</u>
Total net position	<u>13,452,287</u>	<u>9,993,751</u>
Total liabilities and net position	<u><u>\$ 18,680,002</u></u>	<u><u>\$ 15,448,691</u></u>

Nebraska State Fair Board
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Admissions/fair	\$ 1,035,130	\$ 1,165
Carnival	394,391	-
Entertainment	353,682	-
Food/beverage service	342,046	100,771
Campgrounds	42,268	11,483
Departmental receipts	619,464	471,632
Space rental and storage	768,238	145,140
Other commissions	1,302	2,955
Sponsorships (nondepartmental)	962,051	654,987
Non-cash sponsorships	397,510	252,593
Miscellaneous	212,816	20,361
Total operating revenues	<u>5,128,898</u>	<u>1,661,087</u>
Operating Expenses		
Department premiums/awards	444,950	209,666
Taxes	126,469	112,730
Insurance	306,326	260,397
Wages	1,599,588	1,081,498
Professional services	1,497,845	814,030
Equipment rental	459,985	65,981
Materials/supplies	282,333	123,147
Administrative	634,499	431,732
Entertainment	498,495	22,697
Food/beverage service	129,516	32,505
Advertising/promotion	282,794	19,534
Fair department expenses	638,500	188,073
Utilities	101,303	95,065
Depreciation expense	748,295	834,257
In-kind sponsorship expenses (non-cash)	397,510	252,593
Miscellaneous	1,975	2,870
Total operating expenses	<u>8,150,383</u>	<u>4,546,775</u>
Operating Loss	<u>(3,021,485)</u>	<u>(2,885,688)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	5,598,498	4,801,517
Interest income	10,829	552
Interest expense	(220,627)	(254,324)
PPP loan forgiveness	908,321	-
Grants	25,000	-
Other income (expense)	158,000	(19,967)
Net nonoperating revenues	<u>6,480,021</u>	<u>4,527,778</u>
Income Before Capital Contributions	<u>3,458,536</u>	<u>1,642,090</u>
Capital contributions	-	72,000
Increase in Net Position	<u>3,458,536</u>	<u>1,714,090</u>
Net Position, Beginning of Year	<u>9,993,751</u>	<u>8,279,661</u>
Net Position, End of Year	<u>\$ 13,452,287</u>	<u>\$ 9,993,751</u>

Nebraska State Fair Board
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Receipts from customers	\$ 4,370,268	\$ 1,627,091
Payments to employees	(1,645,329)	(1,111,474)
Payments to suppliers	(5,265,748)	(2,527,580)
Net cash used in operating activities	<u>(2,540,809)</u>	<u>(2,011,963)</u>
Noncapital Financing Activities		
Payments on line of credit	-	(637,000)
Intergovernmental revenue	5,423,167	4,714,674
PPP loan proceeds	908,321	-
Grant proceeds	25,000	-
Other receipts	1,000	-
Net cash provided by financing activities	<u>6,357,488</u>	<u>4,077,674</u>
Capital and Related Financing Activities		
Purchase of capital assets	(161,937)	(124,790)
Capital contributions	-	72,000
Proceeds from issuance of note payable	350,000	150,000
Principal payments on capital leases and long-term debt	(391,738)	(372,021)
Interest payments	(220,627)	(253,439)
Net cash used in capital and related financing activities	<u>(424,302)</u>	<u>(528,250)</u>
Investing Activities		
Interest receipts	10,829	552
Net cash provided by investing activities	<u>10,829</u>	<u>552</u>
Increase in Cash	<u>3,403,206</u>	<u>1,538,013</u>
Cash, Beginning of Year	<u>1,759,466</u>	<u>221,453</u>
Cash, End of Year	<u>\$ 5,162,672</u>	<u>\$ 1,759,466</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (3,021,485)	\$ (2,885,688)
Depreciation	748,295	834,257
Changes in operating assets and liabilities		
Accounts receivable	(77,088)	14,081
Prepaid expenses	(5,044)	33,942
Accounts payable	130,733	(217,064)
Accrued liabilities and compensated absences	(32,188)	3,993
Unearned revenue	(284,032)	204,516
Net Cash Used in Operating Activities	<u>\$ (2,540,809)</u>	<u>\$ (2,011,963)</u>

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

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

Nature of Operations

Nebraska State Fair Board (the Board) is a not-for-profit corporation created by the State of Nebraska for the purpose of deliberating and consulting as to the needs and conditions of agricultural interests throughout the State of Nebraska. The Board supervises the State Fair located in Grand Island, Nebraska.

Basis of Accounting and Presentation

The Board prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statements of the Board have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally intergovernmental revenues) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated nonexchange transactions that are not program specific (such as intergovernmental revenues), investment income and contributions are included in nonoperating revenues and expenses. The Board first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

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

Receivables

Accounts receivable consist primarily of amounts due from operations. Intergovernmental receivables represent quarterly lottery proceeds due to the Board from the Nebraska State Lottery. No allowance is recorded as management believes all amounts are collectible.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets are reported at original cost. Donated capital assets are valued at their acquisition value at the date donated. Leasehold improvements consist of amounts paid by the Board for construction of the fair facilities in Grand Island. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and leasehold improvements	3 – 50 years
Equipment	3 – 10 years

Unearned Revenue

Unearned revenue consists of prepaid ticket sales, commercial space sales, and in-kind and sponsorship revenue being recognized over the term of the related agreements. There was \$38,438 and \$200,338 of sponsorship revenue remaining at December 31, 2021 and 2020, respectively, which is to be recognized through 2022.

Net Position

Net position of the Board is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Board. The Board has no components of net position that meet the restricted definition at December 31, 2021 and 2020. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

In-kind Revenues and Expenses

The Board receives in-kind contributions of services and assets from various donors. It is the policy of the Board to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue by a like amount for exchange and exchange-like transactions. For the years ended December 31, 2021 and 2020, \$397,510 and \$252,593, respectively, was recognized as in-kind sponsorship expense for these items, with an equal amount recognized as non-cash sponsorship revenue.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Compensated Absences

Board policies permit most employees to accumulate paid time off (PTO) that may be realized as paid time off or as a payment to the employee upon termination. Hours earned vary based on years of eligible service, and employees can accrue up to a maximum of 240 hours of PTO. Expense and the related liability are recognized as PTO benefits are earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date.

Revenue Recognition

Revenues are derived primarily from admissions to the State Fair, rental of facilities and related activities and intergovernmental sources. Revenues from the State Fair are recognized when earned. Revenues from intergovernmental sources are recognized when all eligibility requirements have been met.

Classification of Revenues

The Board has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) fair admissions and (2) facilities rental.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as contributions, intergovernmental revenues and investment income.

Income Taxes

The Board is a not-for-profit corporation and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(5). However, the Board is subject to federal income tax on any unrelated business taxable income. The Board files an Internal Revenue Service (IRS) Form 990 to meet its annual filing requirements

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying statement of revenues, expenses and changes in net position on a gross basis. The amount of taxes presented on a gross basis in the accompanying financial statements was approximately \$152,000 and \$36,000 for the years ended December 31, 2021 and 2020, respectively.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 2: Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. Nebraska state law does not require collateralization of deposits in excess of FDIC limits for entities other than political subdivisions. The Board's cash deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Board has also entered into an arrangement with its primary financial institution, which sweeps funds from its primary operating account into a secured repurchase account on a nightly basis. At December 31, 2021, the Board's bank balances in excess of FDIC limits totaled approximately \$5,046,000. Of this amount, approximately \$3,974,000 was secured under the repurchase account referenced above and approximately \$1,072,000 was uninsured and uncollateralized at December 31, 2021.

Note 3: Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

	2021				Ending Balance
	Beginning Balance	Additions	Less Retirements	Transfers	
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	14,990,337	95,306	-	-	15,085,643
Equipment and vehicles	6,332,785	66,631	40,465	-	6,358,951
	<u>21,363,355</u>	<u>161,937</u>	<u>40,465</u>	<u>-</u>	<u>21,484,827</u>
Accumulated depreciation					
Buildings and leasehold improvements	3,498,313	432,560	-	-	3,930,873
Equipment and vehicles	5,437,857	315,735	40,465	-	5,713,127
	<u>8,936,170</u>	<u>748,295</u>	<u>40,465</u>	<u>-</u>	<u>9,644,000</u>
Net capital assets	<u>\$ 12,427,185</u>	<u>\$ (586,358)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,840,827</u>

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 3: Capital Assets - Continued

	2020				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	14,918,337	72,000	-	-	14,990,337
Equipment and vehicles	6,279,995	52,790	-	-	6,332,785
Construction in progress	19,967	-	19,967	-	-
	<u>21,258,532</u>	<u>124,790</u>	<u>19,967</u>	<u>-</u>	<u>21,363,355</u>
Accumulated depreciation					
Buildings and leasehold improvements	3,054,612	443,701	-	-	3,498,313
Equipment and vehicles	5,047,301	390,556	-	-	5,437,857
	<u>8,101,913</u>	<u>834,257</u>	<u>-</u>	<u>-</u>	<u>8,936,170</u>
Net capital assets	<u>\$ 13,156,619</u>	<u>\$ (709,467)</u>	<u>\$ 19,967</u>	<u>\$ -</u>	<u>\$ 12,427,185</u>

Note 4: Long-term Liabilities

Long-term Debt

Long-term debt included the following at December 31, 2021 and 2020:

	2021	2020
Direct Borrowings		
Note payable, bank (A)	\$ 4,420,741	\$ 4,787,204
Note payable (B)	500,000	150,000
Capital lease obligation (C)	-	25,275
	<u>4,920,741</u>	<u>4,962,479</u>
Less: current maturities	384,494	393,856
	<u>\$ 4,536,247</u>	<u>\$ 4,568,623</u>

- (A) Note with an original available principal balance of \$8,000,000 and is secured by property, equipment and rights to the lottery proceeds. Interest is payable monthly beginning June 10, 2013. Principal and interest are payable in monthly installments of \$49,024 beginning June 10, 2013. Interest was initially payable at a fixed rate of 4% through June 10, 2018. Beginning June 10, 2018, interest is payable monthly at the New York prime rate plus a margin of .75% with a floor of 4% and a ceiling of 6%. During 2021, the Board negotiated a fixed rate of 3.75% for the note with its primary financial institution. The rate will reset every five years until maturity on May 10, 2033. Based on the amount borrowed, final payment will be due May 10, 2031.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 4: Long-term Liabilities - Continued

- (B) Small Business Administration (SBA) secured disaster loan entered into in May 2020, for a total amount of \$150,000 bearing interest at 2.75%. In August 2021, the note was modified to increase the balance to a total amount of \$500,000, and to provide monthly payments of \$2,202 per month beginning May 2022. Loan is collateralized by all tangible and intangible property of the Board and can be prepaid at anytime prior to maturity.
- (C) The capital lease obligation includes a lease covering equipment for three years expiring May 2021. The lease is secured by an interest in the financed equipment. At the end of the agreement term, the Board retains ownership of the related financed equipment. The cost and accumulated depreciation of the financed equipment totaled \$89,887 and \$47,084, respectively, at December 31, 2021, and \$89,887 and \$34,243, at December 31, 2020.

The following is a summary of long-term liability transactions of the Board for the years ended December 31, 2021 and 2020:

2021	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Capital lease obligation	\$ 25,275	\$ -	\$ 25,275	\$ -	\$ -
Notes payable	4,937,204	350,000	366,463	4,920,741	384,494
Total	\$ 4,962,479	\$ 350,000	\$ 391,738	\$ 4,920,741	\$ 384,494
2020					
Capital lease obligation	\$ 48,516	\$ -	\$ 23,241	\$ 25,275	\$ 25,275
Note payable	5,135,984	150,000	348,780	4,937,204	368,581
Total	\$ 5,184,500	\$ 150,000	\$ 372,021	\$ 4,962,479	\$ 393,856

Aggregate annual maturities of long-term debt at December 31, 2021, are:

	Principal	Interest	Total to be Paid
2022	\$ 384,494	\$ 222,496	\$ 606,990
2023	416,023	198,690	614,713
2024	435,682	179,031	614,713
2025	457,271	157,442	614,713
2026	479,425	135,288	614,713
2027-2031	2,369,135	430,736	2,799,871
2032-2036	85,706	48,440	134,146
2037-2041	98,324	33,796	132,120
2042-2046	112,800	19,320	132,120
2047-2051	81,881	3,794	85,675
	\$ 4,920,741	\$ 1,429,033	\$ 6,349,774

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 5: Intergovernmental Revenues

Effective January 1, 2005, the Nebraska State Constitution was amended to authorize an appropriation of 10% of the net State Lottery proceeds to the Nebraska State Fair Board, as long as the City of Grand Island matches 10% of those funds. The Board recognized revenues of \$5,598,498 and \$4,801,517 classified as intergovernmental revenue during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, \$1,326,418 and \$1,151,087, respectively, was recorded as a receivable for fourth quarter lottery activity.

Note 6: Paycheck Protection Program (PPP) Loan

The Board was granted a loan of \$908,321 under the PPP in April 2021. The PPP was established as part of the Coronavirus Relief and Economic Security Act (“Cares Act”). The Cares Act provides for loans to qualifying businesses and organizations based upon a formula using average monthly payroll expenses. The loans are forgivable as long as the proceeds are used for qualifying purposes. In November 2021, the Small Business Administration forgave the loan. The Board has elected to account for the funding as voluntary nonexchange revenue under the applicable accounting guidance. The assistance was recognized as nonoperating revenue in the Statements of Revenues, Expenses and Changes in Net Position when conditions were met, which included meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of the assistance.

Note 7: Pension and Deferred Compensation Plans

The Board has a defined contribution pension plan for substantially all full-time employees that meets the requirements of Section 401(a) of the Internal Revenue Code and is administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. Forfeitures are distributed to participants in proportion of their compensation to total compensation. For each of the years ended December 31, 2021 and 2020, the Board made matching contributions of 3% of qualifying wages. In addition, the Board has a deferred compensation plan that meets the requirements of Section 457(b) of the Internal Revenue Code administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. For each of the years ended December 31, 2021 and 2020, the Board made matching contributions of 3% of qualifying wages. Total employer contributions to both plans were \$3,878 and \$16,919 for the years ended December 31, 2021 and 2020, respectively. The Board evaluated both plans as potential fiduciary activities in accordance with the provisions of GASB Statement No. 84, *Fiduciary Activities*, and deemed the applicable criterion were not met for the plans to be reported as fiduciary funds within the Board’s financial statements.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2021 and 2020

Note 8: Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 9: Commitments and Contingencies

Scholarships

To reward participants for their hard work, dedication and competitive drive, and to encourage them to continue to pursue secondary learning in the field of their competitive theme, the Board awards scholarships to certain rodeo, livestock, and education focused event champions at the State Fair. Scholarships in the Education Department range in amount from \$25 to \$100. The High School Rodeo awards scholarships in the \$500 to \$1,000 range, and these are more restrictive for use at specific schools within Nebraska. 4-H and FFA scholarships range in amounts from \$750 to \$1,000 for Reserve Champion and Grand Champion Market Livestock. The Board recognizes expenses and liabilities for these scholarships once all eligibility requirements have been met. Scholarship recipients become eligible for receipt of the scholarship funds once they begin classes at a qualifying college or university and provide notice of enrolled attendance to the Board. At December 31, 2021 and 2020, the Board has commitments of approximately \$156,000 and \$127,000 for future scholarship disbursements and has internally designated a portion of its net position for payment of these amounts.

Litigation

The Board is subject to various claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net position and cash flows of the Board. Events could occur that would change this estimate materially in the near term.

Supplementary Information

Nebraska State Fair Board
Schedules of Fair Operations
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Admissions/fair	\$ 1,035,130	\$ 1,165
Carnival	394,391	-
Entertainment	353,682	-
Food/beverage service	342,046	100,771
Campgrounds	42,268	11,483
Departmental receipts	619,464	471,632
Space rental and storage	768,238	145,140
Other commissions	1,302	2,955
Sponsorships (nondepartmental)	962,051	654,987
Non-cash sponsorships	397,510	252,593
Miscellaneous	212,816	20,361
Intergovernmental revenues	5,598,498	4,801,517
	<u>10,727,396</u>	<u>6,462,604</u>
Total revenues		
Expenses		
Department premiums/awards	444,950	209,666
Taxes	126,469	112,730
Insurance	306,326	260,397
Wages	1,599,588	1,081,498
Professional services	1,497,845	814,030
Equipment rental	459,985	65,981
Materials/supplies	282,333	123,147
Administrative	634,499	431,732
Entertainment	498,495	22,697
Food/beverage service	129,516	32,505
Advertising/promotion	282,794	19,534
Fair department expenses	638,500	188,073
Utilities	101,303	95,065
In-kind sponsorship expenses (non-cash)	397,510	252,593
Miscellaneous	1,975	2,870
	<u>7,402,088</u>	<u>3,712,518</u>
Total expenses		
Net Income Before Depreciation, Interest Expense and Other Income (Expenses)	<u>3,325,308</u>	<u>2,750,086</u>
Depreciation, Interest Expense and Other Income (Expenses)		
Depreciation expense	(748,295)	(834,257)
Interest expense	(220,627)	(254,324)
SBA loan forgiveness	908,321	-
Grants	25,000	-
Other income (expense)	168,829	(19,415)
Capital contributions	-	72,000
	<u>133,228</u>	<u>(1,035,996)</u>
Net depreciation, interest expense and other income (expense)		
Change in Net Position	<u>\$ 3,458,536</u>	<u>\$ 1,714,090</u>