

**SALISBURY-ROWAN COUNTY
CONVENTION & VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

June 30, 2021 and 2020

**SALISBURY-ROWAN COUNTY
CONVENTION & VISITORS BUREAU, INC.**

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

Independent Auditor's Report

The Board of Directors
Salisbury-Rowan County Convention & Visitors Bureau, Inc.
Salisbury, North Carolina

Report on the financial statements

I have audited the accompanying statements of financial position of Salisbury-Rowan County Convention & Visitors Bureau, Inc. as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation on these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes the evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salisbury-Rowan County Convention & Visitors Bureau, Inc. as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.

Eddie Carrick, CPA, PC



Lexington, North Carolina
November 16, 2021

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 23,428	\$ 12,879
Cash and cash equivalents-restricted	-	-
Prepaid rent	-	150
Accounts receivable	-	-
Total current assets	23,428	10,299
Noncurrent Assets		
Land and construction in process	39,795	39,795
Office furniture, equipment, & leasehold improvements	235,217	235,217
Website	46,175	46,175
Trademark	33,717	33,717
Accumulated amortization	(11,239)	(8,991)
Accumulated depreciation	(237,209)	(197,134)
Total noncurrent assets	106,455	148,778
Total Assets	\$ 129,883	\$ 161,807
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ -
Current portion of note payable - SBA	-	-
Current portion of note payable - branding	78,891	76,106
Payroll taxes and withholdings	15,148	3,157
Total current liabilities	94,039	79,858
Long-term Liabilities		
Accrued vacation	32,831	16,768
Note payable - SBA	150,000	150,000
Note payable - PPP	66,748	-
Note payable - branding	165,310	244,083
Total long-term liabilities	414,889	317,217
Net Assets		
Without donor restrictions	(379,045)	(328,307)
With donor restrictions	-	-
Total net assets	(379,045)	(328,307)
Total Liabilities and Net Assets	\$ 129,883	\$ 161,807

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

For Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
F&M Trolley System	\$ -	\$ -	\$ -
Partner Support	804,001	-	804,001
Transfer of Temporarily Restricted Net Assets	-	-	-
Miscellaneous Revenues	-	-	-
Total support and revenue	<u>804,001</u>	<u>-</u>	<u>804,001</u>
Expenses			
Program services			
Marketing and visitors services	783,479	-	783,479
Supporting services			
General administration	<u>60,860</u>	<u>-</u>	<u>60,860</u>
Total expenses	<u>844,339</u>	<u>-</u>	<u>844,339</u>
Change in net assets before other financing sources (uses)	(40,338)	-	(40,338)
Other financing sources (uses):			
EIDL Grant	-	-	-
Interest (expense)	(10,401)	-	(10,401)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(50,739)	-	(50,739)
Net assets at beginning of year	<u>(328,307)</u>	<u>-</u>	<u>(328,307)</u>
Net assets at end of year	<u>\$ (379,045)</u>	<u>\$ -</u>	<u>\$ (379,045)</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

For Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
F&M Trolley System	\$ 300	\$ -	\$ 300
Partner Support	677,235	-	677,235
Transfer of Temporarily Restricted Net Assets	-	-	-
Miscellaneous Revenues	-	-	-
	<u>677,535</u>	<u>-</u>	<u>677,535</u>
Expenses			
Program services			
Marketing and visitors services	703,548	-	703,548
Supporting services			
General administration	<u>81,781</u>	<u>-</u>	<u>81,781</u>
Total expenses	<u>785,330</u>	<u>-</u>	<u>785,330</u>
Change in net assets before other financing sources (uses)	(107,795)	-	(107,795)
Other financing sources (uses):			
EIDL Grant	9,000		(9,000)
Interest (expense)	(12,647)		(12,647)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(111,442)	-	(111,442)
Net assets at beginning of year	<u>(216,866)</u>	<u>-</u>	<u>(216,866)</u>
Net assets at end of year	<u>\$ (328,307)</u>	<u>\$ -</u>	<u>\$ (328,307)</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For Year Ended June 30, 2021

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 294,780	\$ -	\$ 294,780
Tourism Professionals	370,533	-	370,533
Payroll Taxes and Unemployment	25,999	-	25,999
Health Insurance	48,616	-	48,616
Worker's Comp Insurance	1,903	-	1,903
Trolley	366	-	366
Partnership Marketing	205	-	205
Digital Marketing and Communications	-	-	-
Development, Training and Travel	1,338	-	1,338
Visitors Center	39,739	-	39,739
EIDL CARES Act expenses	-	-	-
Liability and Property Insurance	-	-	-
Office Postage and Supplies	-	381	381
Accounting Services	-	16,440	16,440
Amortization	-	2,248	2,248
Depreciation	-	40,075	40,075
Miscellaneous expenses	-	1,716	1,716
	<u>\$ 783,479</u>	<u>\$ 60,860</u>	<u>\$ 844,339</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For Year Ended June 30, 2020

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 286,920	\$ -	\$ 286,920
Tourism Professionals	308,714	-	308,714
Payroll Taxes and Unemployment	26,337	-	26,337
Health Insurance	6,181	-	6,181
Worker's Comp Insurance	3,697	-	3,697
Trolley	17,564	-	17,564
Partnership Marketing	-	-	-
Digital Marketing and Communications	-	-	-
Development, Training and Travel	6,852	-	6,852
Visitors Center	31,118	-	31,118
EIDL CARES Act expenses	16,166	-	16,166
Liability and Property Insurance	-	-	-
Office Postage and Supplies	-	2,558	2,558
Accounting Services	-	31,764	31,764
Amortization	-	2,248	2,248
Depreciation	-	40,075	40,075
Miscellaneous expenses	-	5,137	5,137
	<u>\$ 703,548</u>	<u>\$ 81,781</u>	<u>\$ 785,330</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF CASH FLOWS

For Year Ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from partner support	\$ 804,001	\$ 677,235
Cash received from trolley system	-	300
Cash received from sales	-	-
Cash paid for goods and services	(372,782)	(411,183)
Cash paid for salaries and benefits	(401,029)	(340,361)
Net Cash Provided (Used) By Operating Activities	<u>30,190</u>	<u>(74,009)</u>
Cash flows from non-capital financing activities:		
None	-	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from notes payable	66,748	150,000
Grant proceeds	-	9,000
Principal payments on notes payable	(75,988)	(55,217)
Interest paid	(10,401)	(12,647)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(19,641)</u>	<u>91,136</u>
Cash flows from investing activities:		
Proceeds from disposal of assets	-	-
Purchase of capital assets	-	(14,549)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(14,549)</u>
Net Increase (Decrease) In Cash	10,549	2,578
Cash - Beginning of Year, July 1	12,879	10,299
Cash - End of Year, June 30	<u>\$ 23,430</u>	<u>\$ 12,879</u>
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Net Operating Income (Loss)	<u>\$ (40,338)</u>	<u>\$ (107,795)</u>
Adjustments to reconcile net operating income to net cash used by operating activities:		
Depreciation & amortization	42,323	42,323
Changes in Current Assets and Liabilities:		
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in prepaids	150	(150)
Increase (Decrease) in accounts payable	11,991	(9,258)
Increase (Decrease) in accrued vacation	16,064	871
Total adjustments	<u>70,528</u>	<u>33,786</u>
Net Cash Used By Operating Activities	<u>\$ 30,190</u>	<u>\$ (74,009)</u>
Interest paid	<u>\$ 10,401</u>	<u>\$ 12,647</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note 1 - Nature of Bureau

The Salisbury-Rowan County Convention and Visitors Bureau, Inc. (Bureau) was established on April 9, 2013. Beginning July 1, 2013, the Bureau contracted with the Rowan Tourism Development Authority (TDA) and the Salisbury Tourism Development Authority to promote tourism in Rowan County.

The Bureau's operations began on August 12, 2013. The Bureau from its inception until November 1, 2018 managed the day to day activities of tourism enhancement for Rowan County. It was responsible for disbursing the occupancy tax collections of the Rowan County Tourism Development Authority and the Salisbury Tourism Development Authority.

Effective June 30, 2018, the North Carolina General Assembly approved new occupancy tax legislation for Rowan County. The new legislation eliminated the 3% Salisbury Occupancy tax and the Salisbury TDA. The new legislation also increased the Rowan County occupancy tax to 6% and restructured the Rowan County Tourism Development Authority.

On June 30, 2018, the Bureau's Board of Directors in coordination with the Rowan County Tourism Authority's Board of Directors, voted to either utilize and/or remit all remaining Bureau funds to the Tourism Authority on behalf of the Rowan County Tourism Authority by November 15, 2018. The Bureau began receiving monthly distributions from the Tourism Authority after November 15, 2018 to cover the costs of tourism marketing staff and branding.

Effective November 1, 2018, the Bureau remained under contract with the Rowan County Tourism Authority. The Bureau currently supports the Rowan County Tourism Authority through the services of tourism marketing, professional services, and community branding. The Bureau receives transfers of occupancy tax collected by the Rowan County Tourism Authority for these purposes.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards ASC 958. Under ASC 958, the Bureau is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions net assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Bureau considers all unrestricted highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Bureau reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of operating the Bureau's program and related supporting costs have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program and supporting services.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Bureau is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Bureau files Form 990 and considers only the tax years ending June 30, 2021, 2020, and 2019 to be open for examination.

Property, Equipment and Depreciation

Property and equipment are stated at their original cost. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals, betterments, and acquisitions in excess of \$500 are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Note 3 – Compensated Absences

As part of the contractual agreement, the Bureau assumed all obligations for compensated absences from the Rowan County Tourism Development Authority, less the Tourism Authority's sole employee, its Director of Operations position.

The vacation policy of the Bureau provides for an unlimited accumulation of vacation leave. Fulltime staff receives 3 weeks paid vacation each year, unless otherwise define by a preexistent employment agreement. An employee's vacation leave is fully vested when earned.

The Bureau's sick leave policy provides for an unlimited accumulation of earned sick leave, at a rate of 12 days per year unless otherwise defined by a preexistent employment agreement. Sick leave does not vest. Since the Bureau does not have any obligation for the accumulation of sick leave until it is taken, no accrual for sick leave has been made.

Note 4 – Lease

The Bureau leases a commercial building located at 204 East Innes Street, Salisbury, North Carolina for \$2,249 per month. The location provides office space and facilities for the Bureau's programs. Rent expense totaled \$39,739 and \$31,118 for years ending June 30, 2021 and 2020, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 – Note Payable

On August 10, 2016, the Bureau executed a \$500,000 unsecured promissory note with First Bank. Repayment terms include 24 monthly interest only payments beginning 9/10/15 to be termed to seventy eight monthly principal and accrued interest payments of \$7,199 beginning 10/10/2020 at 3.60%. Advances as of June 30, 2020 totaled \$446,834. Proceeds are to be used for the Rowan County Branding project.

Future annual minimum note payments are:

Year ending June 30:	
2022	\$ 78,781
2023	82,006
2024	<u>83,414</u>
Total principal payments	<u>\$ 244,201</u>

On May 6, 2020, the Bureau executed a \$150,000 promissory note with the Small Business Administration, an Agency of the U.S Government. The note is collateralized by the assets of the Bureau. Repayment terms include 360 monthly principal and interest payments of \$641 beginning 5/7/2021 at 2.75% per annum. Proceeds are to be used for working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020. The payments have been deferred to begin in the 21-22 fiscal year.

Year ending June 30:	
2022	\$ 3,629
2023	3,730
2024	3,834
2025	3,941
Thereafter	<u>134,866</u>
Total principal payments	<u>\$ 150,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6 – Concentration of Support and Credit Risk

The Bureau received approximately 100% and 99% of its 2021 and 2020 support from the following sources:

	2021	2020
Partner Support	\$ 804,001	\$ 677,235
	\$ 804,001	\$ 677,235

The Bureau maintains its cash balance at one financial institution located in Salisbury, North Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the Bureau did not exceed FDIC insurance limits.

Note 7 – Retirement Plan

As of June 11, 2014, the Bureau participates in a Section 457(b) plan, The North Carolina Public Employee Deferred Compensation Plan, salary reduction plan that covers all participating full-time employees. Employees may contribute up to \$17,500. The Bureau provides a 3% matching contribution for all eligible participants. Contributions by the Bureau to the plan were \$4,288 and \$4,232 for the years ended June 30, 2021 and 2020, respectively.

Note 8 – Property and Equipment

Property and equipment consisted of the following as of June 30:

	2020	Increases	(Decreases)	2021
Land	\$ 39,795	\$ -	\$ -	\$ 39,795
Lease-hold improvements	20,459	-	-	20,459
Equipment	214,758	-	-	214,758
Website	46,176	-	-	46,176
Trademark	33,717	-	-	33,717
	340,356	-	-	354,905
Less accumulated depreciation & amortization	206,124	42,323	-	248,447
	\$176,552			\$ 106,455

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9 – Availability of Financial Assets

The following reflects the Bureau's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 23,428
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Cash restricted by donor with purpose restrictions	-
Accounts payable	-
Accrued payroll taxes and withholdings	(15,148)
Current portion of notes payable	<u>(78,891)</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ (70,611)</u>

As part of the Bureau's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Bureau relies on its agreement with Rowan County TDA to finance its liquidity needs.

Note 10 – Subsequent Events

Subsequent events occurring after the balance sheet date have been evaluated through November 16, 2021 which is the date the financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Bureau and its ability to carry out its activities which could impact its financial results.