

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

**FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**



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

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

I have audited the accompanying financial statements of Salisbury-Rowan County Convention & Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets 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**

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Salisbury-Rowan County Convention & Visitors Bureau, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Salisbury-Rowan County Convention & Visitors Bureau, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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

- 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 Salisbury-Rowan County Convention & Visitors Bureau, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Salisbury-Rowan County Convention & Visitors Bureau, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Eddie Carrick CPA, PC  
Lexington, North Carolina  
November 1, 2023



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

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30,**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,131	\$ 12,632
Cash and cash equivalents-restricted	-	-
Prepaid rent	-	10,415
Accounts receivable	731	731
Total current assets	<u>3,862</u>	<u>23,777</u>
<b>Noncurrent Assets</b>		
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	(15,733)	(13,487)
Accumulated depreciation	<u>(265,972)</u>	<u>(260,079)</u>
Total noncurrent assets	<u>73,198</u>	<u>81,337</u>
Total Assets	<u>\$ 77,060</u>	<u>\$ 105,115</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,985	\$ -
Current portion of note payable - SBA	3,629	3,629
Payroll taxes and withholdings	9,263	9,673
Total current liabilities	<u>18,877</u>	<u>13,302</u>
<b>Long-term Liabilities</b>		
Accrued vacation	46,050	39,377
Note payable - SBA	146,371	146,371
Total long-term liabilities	<u>192,421</u>	<u>185,748</u>
<b>Net Assets</b>		
Without donor restrictions	(134,238)	(93,935)
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>(134,238)</u>	<u>(93,935)</u>
Total Liabilities and Net Assets	<u>\$ 77,060</u>	<u>\$ 105,115</u>

See accompanying notes to financial statements.



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

**STATEMENT OF ACTIVITIES**

**For Year Ended June 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Partner Support	1,195,190	-	1,195,190
Miscellaneous Revenues	369	-	369
Total support and revenue	<u>1,195,559</u>	<u>-</u>	<u>1,195,559</u>
<b>Expenses</b>			
Program services			
Marketing and visitors services	1,210,165	-	1,210,165
Supporting services			
General administration	19,270	-	19,270
Total expenses	<u>1,229,435</u>	<u>-</u>	<u>1,229,435</u>
Change in net assets before other financing sources (uses)	(33,876)	-	(33,876)
Other financing sources (uses):			
Interest (expense)	(6,428)		(6,428)
Interest income	-	-	-
Change in net assets	<u>(40,304)</u>	<u>-</u>	<u>(40,304)</u>
Net assets at beginning of year	<u>(93,935)</u>	<u>-</u>	<u>(93,935)</u>
Net assets at end of year	<u>\$ (134,238)</u>	<u>\$ -</u>	<u>\$ (134,238)</u>

See accompanying notes to financial statements.



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

**STATEMENT OF ACTIVITIES**

**For Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
PPP loan proceeds forgiven	\$ 66,748	\$ -	\$ 66,748
Partner Support	1,137,244	-	1,137,244
Miscellaneous Revenues	396	-	396
Total support and revenue	<u>1,204,387</u>	<u>-</u>	<u>1,204,387</u>
<b>Expenses</b>			
Program services			
Marketing and visitors services	888,185	-	888,185
Supporting services			
General administration	<u>43,231</u>	<u>-</u>	<u>43,231</u>
Total expenses	<u>931,415</u>	<u>-</u>	<u>931,415</u>
Change in net assets before other financing sources (uses)	272,972	-	272,972
<b>Other financing sources (uses):</b>			
EIDL Grant	20,117	-	20,117
Interest (expense)	(7,981)	-	(7,981)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	285,109	-	285,109
Net assets at beginning of year	<u>(379,045)</u>	<u>-</u>	<u>(379,045)</u>
Net assets at end of year	<u>\$ (93,935)</u>	<u>\$ -</u>	<u>\$ (93,935)</u>

See accompanying notes to financial statements.



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**For Year Ended June 30, 2023**

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 611,722	\$ -	\$ 611,722
Tourism Professionals	439,829	-	439,829
Payroll Taxes and Unemployment	30,930	-	30,930
Retirement	22,644	-	22,644
Health Insurance	66,019	-	66,019
Worker's Comp Insurance	982	-	982
Trolley	3,225	-	3,225
Development, Training and Travel	16,864	-	16,864
Visitors Center	17,950	-	17,950
Office Postage and Supplies	-	669	669
Accounting Services	-	9,316	9,316
Amortization	-	2,248	2,248
Depreciation	-	5,893	5,893
Miscellaneous expenses	-	1,144	1,144
	<u>\$ 1,210,165</u>	<u>\$ 19,270</u>	<u>\$ 1,229,435</u>

See accompanying notes to financial statements.



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**For Year Ended June 30, 2022**

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 389,460	\$ -	\$ 389,460
Tourism Professionals	393,102	-	393,102
Payroll Taxes and Unemployment	28,490	-	28,490
Health Insurance	39,095	-	39,095
Worker's Comp Insurance	1,442	-	1,442
Trolley	274	-	274
Development, Training and Travel	9,801	-	9,801
Visitors Center	26,523	-	26,523
Office Postage and Supplies	-	1,499	1,499
Accounting Services	-	11,483	11,483
Amortization	-	2,248	2,248
Depreciation	-	22,870	22,870
Miscellaneous expenses	-	5,130	5,130
	<u>\$ 888,185</u>	<u>\$ 43,231</u>	<u>\$ 931,415</u>

See accompanying notes to financial statements.



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

**STATEMENT OF CASH FLOWS**

**For Year Ended June 30,**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Cash received from partner support	\$ 1,195,190	\$ 1,203,262
Cash received from trolley system	-	-
Cash received from sales	369	396
Cash paid for goods and services	(645,883)	(460,058)
Cash paid for salaries and benefits	(552,749)	(455,583)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>(3,073)</b>	<b>288,017</b>
<b>Cash flows from non-capital financing activities:</b>		
None	-	-
<b>Net Cash Provided (Used) By Non-Capital Financing Activities</b>	-	-
<b>Cash flows from capital and related financing activities:</b>		
Proceeds (forgiveness) from notes payable	-	(66,748)
Grant proceeds	-	20,117
Principal payments on notes payable	-	(244,201)
Interest paid	(6,428)	(7,981)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>(6,428)</b>	<b>(298,813)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of assets	-	-
Purchase of capital assets	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	-	-
Net Increase (Decrease) In Cash	(9,501)	(10,796)
<b>Cash - Beginning of Year, July 1</b>	<b>12,632</b>	<b>23,428</b>
<b>Cash - End of Year, June 30</b>	<b>\$ 3,131</b>	<b>\$ 12,632</b>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Operating Income (Loss)	<b>\$ (33,876)</b>	<b>\$ 272,972</b>
Adjustments to reconcile net operating income to net cash used by operating activities:		
Depreciation & amortization	8,139	25,118
Changes in Current Assets and Liabilities:		
(Increase) decrease in accounts receivable	-	(729)
(Increase) decrease in prepaids	10,415	(10,415)
Increase (Decrease) in accounts payable	5,575	(5,475)
Increase (Decrease) in accrued vacation	6,674	6,543
<b>Total adjustments</b>	<b>30,803</b>	<b>15,045</b>
<b>Net Cash Used By Operating Activities</b>	<b>\$ (3,073)</b>	<b>\$ 288,017</b>
<b>Interest paid</b>	<b>\$ 6,428</b>	<b>\$ 7,981</b>

See accompanying notes to financial statements.



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

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

### **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, 2023, 2022, and 2021 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 \$17,950 and \$26,523 for years ending June 30, 2023 and 2022, respectively. Lease is an annual lease, renegotiated on a yearly basis.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 5 – Note Payable

On May 6, 2022, 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 5/7/2023 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. Payments are currently being applied to deferred interest only.

Year ending June 30:

2024	\$	3,629
2025		3,730
2026		3,834
2027		3,941
Thereafter		<u>134,866</u>
Total principal payments	\$	<u>150,000</u>

### Note 6 – Concentration of Support and Credit Risk

The Bureau received approximately 100% and 100% of its 2023 and 2022 support from the following sources:

	<u>2023</u>	<u>2022</u>
Partner Support	<u>\$ 1,195,190</u>	<u>\$ 1,137,244</u>
	<u>\$ 1,195,190</u>	<u>\$ 1,137,244</u>

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, 2023, 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 \$26,500. The Bureau provides a 3% matching contribution for all eligible participants. Contributions by the Bureau to the plan were \$22,644 and \$9,333 for the years ended June 30, 2023 and 2022, respectively.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 8 – Property and Equipment

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

	2022	Increases	(Decreases)	2023
Land	\$ 39,795	\$ -	\$ -	\$ 39,795
Lease-hold improvements	20,459	-	-	20,459
Equipment	214,758	-	-	214,758
Website	46,175	-	-	46,175
Trademark	33,717	-	-	33,717
	354,904	-	-	354,904
Less accumulated depreciation & amortization	273,566	8,139	-	281,705
	\$ 81,337			\$ 73,198

### 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	\$ 3,131
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	(5,985)
Accrued payroll taxes and withholdings	(9,263)
Current portion of notes payable	(3,629)
Financial assets available to meet cash needs for general expenditures within one year.	\$ (15,746)

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



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **Note 10 – Subsequent Events**

Subsequent events occurring after the balance sheet date have been evaluated through November 1, 2023 which is the date the financial statements were available to be issued.

