

**SULLIVAN COUNTY VISITORS  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

SULLIVAN COUNTY VISITORS  
ASSOCIATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of  
Sullivan County Visitors Association, Inc.  
Ferndale, New York 12734

We have audited the accompanying financial statements of the Sullivan County Visitors Association, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities 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 of 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sullivan County Visitors Association, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Cooper Arias LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York  
October 27, 2021

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash And Cash Equivalents	\$ 407,316	\$ 220,000
Accounts Receivable	399,125	661,033
Prepaid Expenses	9,907	2,458
Security Deposit	6,667	5,917
Grants Receivable	<u>46,491</u>	<u>103,862</u>
Total Current Assets	<u>869,506</u>	<u>993,270</u>
Fixed Assets		
Equipment	435,386	234,165
Less: Accumulated Depreciation	<u>(44,767)</u>	<u>(24,740)</u>
Net Fixed Assets	<u>390,619</u>	<u>209,425</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,260,125</u></b>	<b><u>\$ 1,202,695</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 58,435	\$ 46,051
Accrued Expenses	1,846	11,490
Deferred Revenues (Note 8)	81,465	90,468
Note Payable Current	<u>32,215</u>	<u>29,460</u>
Total Current Liabilities	<u>173,961</u>	<u>177,469</u>
Long Term Liability		
Note Payable	<u>25,819</u>	<u>58,169</u>
Total Long Term Liability	<u>25,819</u>	<u>58,169</u>
Total Liability	<u>199,780</u>	<u>235,638</u>
Net Assets		
Without Donor Restrictions	<u>1,060,345</u>	<u>967,057</u>
Total Net Assets	<u>1,060,345</u>	<u>967,057</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,260,125</u></b>	<b><u>\$ 1,202,695</u></b>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contract Income	\$ 1,346,583	\$ 1,782,335
Grant Income (Note 9)	280,430	378,226
Cooperative Advertising	97,130	125,676
Interest Income	472	337
Membership Dues	49,875	51,200
Miscellaneous Income	228	1,775
Event and Special Projects	<u>41,330</u>	<u>43,080</u>
 TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	 <u>1,816,048</u>	 <u>2,382,629</u>
 EXPENSES		
Program Expenses	1,564,634	1,594,426
Management and General	<u>158,126</u>	<u>134,381</u>
 TOTAL EXPENSES (Note 6)	 <u>1,722,760</u>	 <u>1,728,807</u>
 INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 93,288	 653,822
 NET ASSETS – Beginning of Year	 <u>967,057</u>	 <u>313,235</u>
 NET ASSETS – End of Year	 <u>\$ 1,060,345</u>	 <u>\$ 967,057</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ 93,288	\$ 653,822
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:		
Depreciation	20,028	8,646
(Increase) Decrease In Operating Assets:		
Accounts Receivable	261,908	(413,068)
Prepaid Expenses	(7,449)	(2,458)
Deposits	(750)	103,390
Grants Receivable	57,371	(103,862)
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	12,383	31,301
Accrued Expenses	(9,644)	1,295
Deferred Revenues	<u>(9,003)</u>	<u>(16,144)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>418,132</u>	 <u>262,922</u>
 CASH FLOWS BY INVESTING ACTIVITIES		
Purchase Of Fixed Assets	<u>(201,221)</u>	<u>(213,313)</u>
 NET CASH USED FROM INVESTING ACTIVITIES	 <u>(201,221)</u>	 <u>(213,313)</u>
 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds Of Long Term Debt	-	146,664
Payment Of Principal On Long Term Debt	<u>(29,595)</u>	<u>(59,035)</u>
 NET CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>(29,595)</u>	 <u>87,629</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 187,316	 137,238
 CASH AND CASH EQUIVALENTS – Beginning Of Year	 <u>220,000</u>	 <u>82,762</u>
 CASH AND CASH EQUIVALENTS – End Of Year	 <u>\$ 407,316</u>	 <u>\$ 220,000</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Organization**

The Association was incorporated as a non-profit organization to promote Sullivan County as a destination for tourists and visitors.

**B. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. The Association's board may designate assets without donor restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**C. Cash And Cash Equivalents**

Cash and equivalents consists of unrestricted cash and short-term, highly liquid unrestricted investments that are readily convertible into cash within ninety (90) days of purchase.

**D. Contributions**

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.



SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**E. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated partials between program services and supporting services include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll	Time And Effort
Payroll Taxes	Time And Effort
Fringe Benefits	Actual
Office Expense	Actual
Insurance	Actual
Miscellaneous	Actual

**F. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Revenues**

The Association generates a major portion of its revenues through state and local grants and contracts, cooperative advertising and membership dues.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition and Receivables:**

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), the Association recognizes revenue when control of the promised goods or services is transferred to the Association in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Association has identified program revenues as revenue categories subject to the principles of ASC 606. The Association recognizes contracts with parties, as goods or services are transferred or provided in accordance with ASC 606.

The Association has multiple revenue sources that are accounted for as exchange transactions, including grants, special event ticket sales, and other revenue.

**Event and Special Projects**

The Association recognizes revenue from special event ticket sales, advertisements and other miscellaneous special projects upon date of sale or date of service as applicable.

**Miscellaneous Revenue**

Miscellaneous revenue includes interest income and other income. The Association recognizes revenue upon receipt.

**Contributions, Grants and Contracts**

The Association recognizes revenue from grants and contracts in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Association evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the transfer of assets is determined to be an exchange transaction, the Association applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Association evaluates where the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Association is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Grants and contracts for promotion have been deemed to be conditional contributions are included in contributions and grants without donor restrictions. Revenue from grants and contracts is recognized when earned, that is, generally as the related costs are incurred under the terms of the grant or contract agreements.

Contributions and grants, including donations of cash, property, in-kind contributions and unconditional promises to give (pledges), are reported in the period received at fair value.

**Disaggregation of Revenue**

The Association elects not to disclose the disaggregate revenue information required by ASC 606-10-50-5.

**H. Income Taxes**

Sullivan County Visitors Association, Inc. is exempt from federal income taxes under Section 501 (c) (6) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

**I. Fixed Assets**

Equipment, furniture and fixtures and improvements are carried at cost for purchases and at fair market value for contributions less accumulated depreciation. For financial reporting, the cost of fixed assets is depreciated over its estimated useful life, ranging from 5 to 39 years, using the straight-line method.

**J. Accounts Receivable**

Accounts Receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such an allowance would be immaterial.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**K. New Accounting Pronouncement**

The Financial Accounting Standards Board (“FASB”) has issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The Foundation has adopted Topic 606 for the year ended December 31, 2020.

NOTE 2 – CONTINGENCIES

Sullivan County Visitors Association, Inc. receives most of its revenue from various county and state agencies in the form of grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restrictions as of December 31, 2020 and 2019.

NOTE 4 – OPERATING LEASE

The Association is leasing office space at a cost of \$875 per month that will expire on January 1, 2023. The lease is categorized as an operating lease and the minimum required payments are as follows

<u>Year Ended</u>	
2021	\$ 10,500
2022	10,500
2023	<u>875</u>
Total	<u>\$ 21,875</u>

NOTE 4 – OPERATING LEASE Continued

The Association is leasing office space at a cost of \$2,458 per month that will expire on December 31, 2022. The lease is categorized as an operating lease and the minimum required payments are as follows.

<u>Year Ended</u>	
2021	\$ 29,504
2022	<u>29,504</u>
Total	<u>\$ 59,008</u>

NOTE 5 – LINE OF CREDIT

The Association has available a \$ 75,000 line of credit that originated on July 25, 2018 and will mature on July 25, 2050. Borrowings under the line bear interest, on a rate subject to change from time to time, based on changes in an independent index which is the Wall Street Journal prime rate, plus 1% percentage point above the Index. Borrowings under the line are unsecured. As of December 31, 2020 and 2019, there was no outstanding balance on the line of credit. The interest rate on the line of credit was 5.75% as of December 31, 2020.

SULLIVAN COUNTY VISITORS' ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 6 – EXPENSES

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>2020 TOTALS</u>	<u>2019 TOTALS</u>
Payroll	\$ 280,768	\$ 42,563	\$ 323,331	\$ 314,841
Payroll Taxes	25,600	3,627	29,227	28,398
Fringe Benefits	49,210	1,277	50,487	58,210
Trade Shows	23,942	-	23,942	49,741
Printing	343,417	-	343,417	370,027
Telephone	7,193	-	7,193	6,010
Travel Expense	8,135	-	8,135	11,823
Advertising	681,988	-	681,988	445,044
Dove Trail Expenses	-	-	-	128,337
Office Expense	44,384	14,795	59,179	61,535
Insurance	5,004	3,649	8,653	25,773
Promotional & Public Relations	79,484	-	79,484	86,639
Miscellaneous	1,029	175	1,204	3,278
Dues And Subscriptions	1,536	-	1,536	15,187
Professional Fees	-	21,105	21,105	23,235
Annual Dinner	-	-	-	27,018
Postage	6,432	-	6,432	30,550
Depreciation	-	20,028	20,028	8,646
Rent	-	36,783	36,783	17,700
Utilities	6,512	-	6,512	-
Interest	-	6,339	6,339	12,743
Bank Fees and Service Fees	-	7,785	7,785	4,072
<b>TOTAL</b>	<u>\$ 1,564,634</u>	<u>\$ 158,126</u>	<u>\$ 1,722,760</u>	<u>\$ 1,728,807</u>

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 6 – EXPENSES (Continued)

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>2019 TOTALS</u>	<u>2018 TOTALS</u>
Payroll	\$ 275,241	\$ 39,600	\$ 314,841	\$ 265,789
Payroll Taxes	24,827	3,571	28,398	24,693
Fringe Benefits	57,023	1,187	58,210	58,303
Trade Shows	49,741	-	49,741	78,679
Printing	370,027	-	370,027	289,266
Telephone	6,010	-	6,010	4,526
Travel Expense	11,823	-	11,823	7,482
Advertising	445,044	-	445,044	341,168
Dove Trail Expenses	128,337	-	128,337	5,395
Office Expense	44,460	17,075	61,535	29,264
Insurance	19,321	6,452	25,773	7,031
Promotional & Public Relations	86,639	-	86,639	17,548
Miscellaneous	3,178	100	3,278	588
Dues And Subscriptions	15,187	-	15,187	5,854
Professional Fees	-	23,235	23,235	18,003
Annual Dinner	27,018	-	27,018	20,345
Postage	30,550	-	30,550	21,003
Depreciation	-	8,646	8,646	1,464
Rent	-	17,700	17,700	17,700
Interest	-	12,743	12,743	-
Bank Fees and Service Fees	-	4,072	4,072	4,190
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$ 1,594,426</u>	<u>\$ 134,381</u>	<u>\$ 1,728,807</u>	<u>\$ 1,218,291</u>

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 7- CONCENTRATION OF REVENUE SOURCES

The Association receives approximately 78% of its revenues from the County of Sullivan, which are made up primarily of revenues related to the Sullivan County Bed Tax.

NOTE 8- DEFERRED REVENUES

Deferred revenues were made up of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Travel Guide Advertising	\$ 67,740	\$ 79,268
Membership Dues	<u>13,725</u>	<u>11,200</u>
	<u>\$ 81,465</u>	<u>\$ 90,468</u>

NOTE 9- GRANT INCOME

Grant Income is made up of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Matching Funds Income		
New York State	\$ 26,185	\$ 74,092
County Of Sullivan	71,945	74,082
Government Initiatives		
County Of Sullivan	-	126,190
New York State		
Empire Development	-	103,862
USDA Rural Business		
Development	99,800	-
SBA Grant	<u>82,500</u>	<u>-</u>
	<u>\$ 280,430</u>	<u>\$ 378,226</u>



SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 10 – LIQUIDITY

The Association’s financial assets available within one year of the balance sheet date for general expenditures have been reduced by amounts not available for general use because of donor imposed restrictions

	<u>2020</u>	<u>2019</u>
Cash	\$ 407,316	\$ 220,000
Accounts Receivable	399,125	661,033
Grants Receivable	<u>46,491</u>	<u>103,862</u>
 Total	 <u>\$ 852,932</u>	 <u>\$ 984,895</u>

As part of the Association’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 11 – NOTE PAYABLE

The Association financed an electronic billboard that was was manufactured and put in service during 2019. The total amount of the note was \$146,664 with an interest rate of 8.512% and a final maturity of November 2022. The note payable is collateralized by the electronic billboard. The Association makes monthly payments of \$2,995 per month.

The following is a summary of the maturing debt requirements.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2021	\$ 32,215	\$ 3,719
2022	<u>25,819</u>	<u>931</u>
 TOTAL	 <u>\$ 58,034</u>	 <u>\$ 4650</u>

NOTE 12 – EVENTS OCCURRING AFTER REPORTING DATE

The Association has evaluated events and transactions that occurred between December 31, 2020 and October 27, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 13 – COVID-19

During the 2020 fiscal year, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. Since the Foundation’s operations are heavily dependent on contract income grants and memberships dues a severe recession may affect the ability of the County and businesses to support the Association at the same levels as before. The contract with the County is a percentage of the total bed tax collected by the County. The pandemic has affected the travel and tourism business. The long term effects, if any, on future support is unknown.

The Association received a Paycheck Protection Program Loan (PPP) for \$82,500 to cover payroll costs during the pandemic. Since the Association met the payroll requirements of the loan, the Small Business Administration (SBA) authorized its forgiveness in March 2021. The loan was converted into a grant and reported as revenue in the 2020 year.