

**SULLIVAN COUNTY VISITORS  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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, 2019 and 2018, 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, 2019 and 2018, 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, appearing to read "Cooper Quinn LLP". The signature is written in a cursive, flowing style.

Mongaup Valley, New York  
December 23, 2020

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

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash And Cash Equivalents	\$ 220,000	\$ 82,762
Accounts Receivable	661,033	247,965
Prepaid Rent	2,458	-
Security Deposit	5,917	1,000
Other Deposits (Note 7)	-	108,307
Grants Receivable	<u>103,862</u>	<u>-</u>
Total Current Assets	<u>993,270</u>	<u>440,034</u>
Fixed Assets		
Equipment	234,165	20,852
Less: Accumulated Depreciation	<u>(24,740)</u>	<u>(16,094)</u>
Net Fixed Assets	<u>209,425</u>	<u>4,758</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,202,695</u></b>	<b><u>\$ 444,794</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 46,051	\$ 14,750
Accrued Expenses	11,490	10,197
Deferred Revenues (Note 9)	90,468	106,612
Note Payable Current	<u>29,460</u>	<u>-</u>
Total Current Liabilities	<u>177,469</u>	<u>131,559</u>
Long Term Liability		
Note Payable	<u>58,169</u>	<u>-</u>
Total Long Term Liability	<u>58,169</u>	<u>-</u>
Total Liability	<u>235,638</u>	<u>131,559</u>
Net Assets		
Without Donor Restrictions	<u>967,057</u>	<u>313,235</u>
Total Net Assets	<u>967,057</u>	<u>313,235</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,202,695</u></b>	<b><u>\$ 444,794</u></b>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contract Income	\$ 1,782,335	\$ 1,061,826
Grant Income (Note 10)	378,226	135,162
Cooperative Advertising	125,676	123,567
Interest Income	337	64
Membership Dues	51,200	33,115
Miscellaneous Income	1,775	3,099
Event and Special Projects	<u>43,080</u>	<u>3,330</u>
 TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	 <u>2,382,629</u>	 <u>1,360,163</u>
 EXPENSES		
Program Expenses	1,594,426	1,121,480
Management and General	<u>134,381</u>	<u>96,811</u>
 TOTAL EXPENSES (Note 6)	 <u>1,728,807</u>	 <u>1,218,291</u>
 INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 653,822	 141,872
 NET ASSETS – Beginning of Year	 <u>313,235</u>	 <u>171,363</u>
 NET ASSETS – End of Year	 <u>\$ 967,057</u>	 <u>\$ 313,235</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ 653,822	\$ 141,872
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:		
Depreciation	8,646	1,464
(Increase) Decrease In Operating Assets:		
Accounts Receivable	(413,068)	32,382
Prepaid Rent	(2,458)	-
Deposits	103,390	(108,307)
Grants Receivable	(103,862)	-
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	31,301	(45,330)
Accrued Expenses	1,295	871
Deferred Revenues	<u>(16,144)</u>	<u>43,179</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>262,922</u>	 <u>66,131</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	<u>(213,313)</u>	<u>(851)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(213,313)</u>	 <u>(851)</u>
 CASH FLOW USED BY FINANCING ACTIVITIES		
Proceeds Of Long Term Debt	146,664	-
Payment Of Principal On Long Term Debt	<u>(59,035)</u>	<u>-</u>
 NET CASH FLOWS FROM FINANCING ACTIVITIES	 <u>87,629</u>	 <u>-</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 137,238	 65,280
 CASH AND CASH EQUIVALENTS – Beginning Of Year	 <u>82,762</u>	 <u>17,482</u>
 CASH AND CASH EQUIVALENTS – End Of Year	 <u>\$ 220,000</u>	 <u>\$ 82,762</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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, 2019

**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.

**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.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**I. Equipment**

Equipment is carried at cost for purchases and at fair market value for contributions less accumulated depreciation. For financial reporting, the cost of equipment is depreciated over its estimated useful life, ranging from 5 to 7 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.

**K. Fair Value Measurements**

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the statement of financial position date or in the near term, which is generally considered to be 90 days.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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, 2019 and 2018.

NOTE 4 – OPERATING LEASE

The Association is leasing a vehicle at a cost of \$412 per month that will expire on March 17, 2020. The lease is categorized as an operating lease and the minimum required payments are as follows:

<u>Year Ended</u>	
2020	<u>\$ 1,234</u>

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>	
2020	\$ 10,500
2021	10,500
2022	10,500
2023	<u>875</u>
Total	<u>\$ 32,375</u>

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>	
2020	\$ 29,504
2021	29,504
2022	<u>29,504</u>
Total	<u>\$ 88,512</u>

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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, 2019 and 2018, 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, 2019.

NOTE 6 – EXPENSES

	<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
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, 2019

NOTE 6 – EXPENSES (Continued)

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>2018 TOTALS</u>	<u>2017 TOTALS</u>
Payroll	\$ 228,785	\$ 37,004	\$ 265,789	\$ 214,761
Payroll Taxes	21,255	3,438	24,693	18,200
Fringe Benefits	55,833	2,470	58,303	45,813
Trade Shows	78,679	-	78,679	51,833
Printing	289,266	-	289,266	275,319
Telephone	4,526	-	4,526	5,666
Travel Expense	7,482	-	7,482	6,140
Advertising	341,168	-	341,168	199,543
Dove Trail Expenses	5,395	-	5,395	-
Office Expense	19,097	10,167	29,264	22,902
Insurance	4,731	2,300	7,031	6,679
Promotional & Public Relations	17,548	-	17,548	35,982
Miscellaneous	513	75	588	75
Dues And Subscriptions	5,854	-	5,854	4,950
Professional Fees	-	18,003	18,003	7,398
Annual Dinner	20,345	-	20,345	11,700
Postage	21,003	-	21,003	9,441
Depreciation	-	1,464	1,464	930
Rent	-	17,700	17,700	17,700
Bank Fees and Service Fees	-	4,190	4,190	2,951
<b>TOTAL</b>	<u>\$ 1,121,480</u>	<u>\$ 96,811</u>	<u>\$ 1,218,291</u>	<u>\$ 937,983</u>

NOTE 7- DEPOSITS

Deposits were made up of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Deposit on Electronic Sign	\$ -	\$ 37,117
Deposit on Dove Purchase	-	26,190
Deposit on Property	-	45,000
	<u>\$ -</u>	<u>\$ 108,307</u>

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

NOTE 8- CONCENTRATION OF REVENUE SOURCES

The Association receives approximately 86% of its revenues from the County of Sullivan, which are made up primarily of revenues related to the Sullivan County Bed Tax.

NOTE 9- DEFERRED REVENUES

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

	<u>2019</u>	<u>2018</u>
Travel Guide Advertising	\$ 79,268	\$ 95,662
Dove Receipts	-	1,400
Membership Dues	<u>11,200</u>	<u>9,550</u>
	<u>\$ 90,468</u>	<u>\$ 106,612</u>

NOTE 10- GRANT INCOME

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

	<u>2019</u>	<u>2018</u>
Matching Funds Income		
New York State	\$ 74,092	\$ 67,581
County Of Sullivan	74,082	67,581
Government Initiatives		
County Of Sullivan	126,190	-
New York State		
Empire Development	<u>103,862</u>	<u>-</u>
	<u>\$ 378,226</u>	<u>\$ 135,162</u>

SULLIVAN COUNTY VISITORS ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

NOTE 11 – 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>2019</u>	<u>2018</u>
Cash	\$ 220,000	\$ 82,762
Accounts Receivable	661,033	247,965
Grants Receivable	<u>103,862</u>	<u>-</u>
 Total	 <u>\$ 984,895</u>	 <u>\$ 330,727</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 12 – NOTE PAYABLE

The Association began making monthly payments for a electronic billboard during 2018 but the asset had not been manufactured as of December 31, 2018. The payments were treated as deposits for the fiscal year 2018. The asset was manufactured and put in service during 2019 and the note payable has been recorded. The total amount of the loan 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>
2020	\$ 29,460	\$ 6,339
2021	32,351	3,719
2022	<u>25,818</u>	<u>931</u>
 TOTAL	 <u>\$ 87,629</u>	 <u>\$ 10,989</u>

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The Association has evaluated events and transactions that occurred between December 31, 2019 and December 23, 2020, 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, 2019

NOTE 14 – SUBSEQUENT EVENT

The Association was forced to close in March 2020 due to the COVID 19 pandemic. Tourism was affected by the pandemic and some establishments who collect bed tax, which is a major funding source of the Association, were not open during this time. The effects of the global economic decline cannot be determined at this time.