

VISITGREENVILLESC
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

VISITGREENVILLESC

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JENNINGS COOK AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
visit**greenville**SC
Greenville, SC

Opinion

We have audited the accompanying financial statements of visit**greenvillesc** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of visit**greenvillesc** as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of visit**greenvillesc** 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 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 visitgreenvillesc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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, 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 visitgreenvillesc'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 visitgreenvillesc'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.

Jennings Cook & Co.

September 8, 2023

VISITGREENVILLESC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$5,275,585
Accounts receivable	1,471,926
Prepaid expenses	284,728
Total current assets	<u>7,032,239</u>

NONCURRENT ASSETS

Property, plant and equipment, net	267,757
Total assets	<u>\$7,299,996</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 386,273
Paycheck Protection Program (PPP) loan	583,150
Payroll-related obligations	409,851
Deferred revenue, PRT fund-sharing grant	1,408,006
Capital lease obligation	11,747
Total current liabilities	<u>2,799,027</u>

NONCURRENT LIABILITIES

Capital lease obligation	32,925
Total noncurrent liabilities	<u>32,925</u>

NET ASSETS

Without donor restrictions	
Net investment in fixed assets	267,757
Available for operations	2,895,304
Designated for Destination Marketing Fund	1,304,983
Total net assets	<u>4,468,044</u>

Total liabilities and net assets	<u>\$7,299,996</u>
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The accompanying notes are an integral part of these financial statements.

VISITGREENVILLESC

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

REVENUE AND GAINS

Accommodations tax	\$3,290,934
Hospitality tax	310,000
State PRT fund-sharing grant	2,040,466
Special grants	160,667
Membership investments	108,557
Destination Marketing Fund	2,204,374
Cooperative income	266,012
Investment income	3,090
Rent income	5,500
Merchandise sales	7,090
Employee retention tax credit	293,522
PPP loan forgiveness	<u>133,954</u>

Total revenue and gains	<u>8,824,166</u>
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EXPENSES AND LOSSES

Groups/meetings	2,463,875
Leisure marketing	3,821,537
Visitor services	278,384
Membership	74,941
Supporting services	<u>74,111</u>

Total expenses and losses	<u>6,712,848</u>
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CHANGE IN NET ASSETS	2,111,318
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NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>2,356,726</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u><u>\$4,468,044</u></u>
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The accompanying notes are an integral part of these financial statements.

VISITGREENVILLESC

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services	Total
	Groups/ Meetings	Leisure Marketing	Visitor Services	Member- ship		
Compensation and related expenses						
Compensation						
Full-time	\$ 605,653	\$ 347,500	\$ 114,837	\$ 40,193	\$ 40,193	\$ 1,148,376
Part-time	89,575	51,395	62,225	5,944	5,944	215,083
Employee benefits						
Employee insurance	63,128	36,220	11,970	4,189	4,189	119,696
Pension plan	16,386	9,403	3,107	1,087	1,087	31,070
Payroll taxes	47,608	27,316	9,027	3,159	3,159	90,269
Payroll services	3,103	1,780	588	206	206	5,883
Insurance						
Worker's compensation	3,277	1,881	621	217	217	6,213
Director's liability	1,935	1,110	367	128	128	3,668
Credit card fees	12,641	12,641	3,046	1,066	1,066	30,460
Equipment lease	987	987	238	83	83	2,378
Legal, accounting, board	23,308	23,307	5,616	1,966	1,966	56,163
Depreciation expense	26,745	26,744	6,445	2,256	2,256	64,446
Supplies	8,816	8,816	2,124	744	744	21,244
Community relations	2,898	2,898	698	244	244	6,982
Education and seminars	3,619	3,620	872	305	305	8,721
Office rent	65,731	65,730	15,839	5,544	5,544	158,388
Office utilities	1,217	1,217	293	103	103	2,933
Computer expenses						
Computer maintenance	24,343	24,344	5,866	2,053	2,053	58,659
Software licenses	34,744	34,745	8,372	2,930	2,930	83,721
Telephone	6,313	6,314	1,521	532	532	15,212
Postage	2,179	2,178	525	184	184	5,250
Storage	8,139	8,141	1,961	686	686	19,613
Dues and subscriptions	3,463	3,463	834	292	292	8,344
Business sponsorships	484,891	-	-	-	-	484,891
Sales solicitation/convention services	15,375	-	-	-	-	15,375
Tradeshows	230,015	-	-	-	-	230,015
Advertising and sponsorship	128,112	2,027,435	-	-	-	2,155,547
Marketing - tools/programing/production	246,120	505,162	-	-	-	751,282
Sales promotion	5,549	-	-	-	-	5,549
Collateral/visitors guides/ postage/fulfillment	102,803	297,362	-	-	-	400,165
Public relations	16,128	144,350	-	-	-	160,478
Digital - web/dbase/social/email	129,698	116,804	-	-	-	246,502
Research	49,376	28,674	-	-	-	78,050
Visitor services -programing/ weekend support	-	-	21,392	-	-	21,392
Membership	-	-	-	830	-	830
	<u>\$2,463,875</u>	<u>\$3,821,537</u>	<u>\$ 278,384</u>	<u>\$ 74,941</u>	<u>\$ 74,111</u>	<u>\$6,712,848</u>

The accompanying notes are an integral part of these financial statements.

VISITGREENVILLESC

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$2,111,318
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	64,446
Increase in accounts receivable	(31,147)
Increase in prepaid expenses	(161,470)
Increase in accounts payable	190,947
Decrease in accrued expenses	(126,368)
Increase in deferred revenue	459,534
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,507,260</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(15,062)</u>
	<hr/>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(15,062)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from PPP loans (net of forgiveness of \$133,954)	583,150
Payments on capital lease	<u>(7,858)</u>
	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>575,292</u>
 NET INCREASE IN CASH	3,067,490
 CASH, beginning of year	<u>2,208,095</u>
 CASH, end of year	<u><u>\$5,275,585</u></u>

The accompanying notes are an integral part of these financial statements.

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

Organization and Funding

Visitgreenvillesc ("VGSC") is a nonprofit organization formed for the purpose of promoting tourism in the Greenville, South Carolina area through the use of both public and private funds.

Basis of Accounting

VGSC uses the accrual method of accounting.

Revenue Recognition

VGSC derives the majority of its revenue from legislated tax allocations and various city, county and state grants. The Company recognizes tax allocation revenue on a quarterly basis. Grant revenue is recognized in the period that the related grant funds are spent and invoices requesting reimbursement are submitted to the grantor. All performance obligations are considered satisfied at the time the funds are spent for their designated purpose. Grants are generally one year terms with revenue recognized quarterly based on spending. Incidental expenditures that are immaterial to the grant or other revenue source are recognized as expense as incurred. Payment terms are generally set as due upon receipt, but the grantor determines when funds can be disbursed.

Other revenue sources include visitor guide sales, membership dues from various local businesses and additional fees collected and remitted by participating hotels under the Destination Marketing Fund (DMF) program (see Note 14). Revenue for sales and dues are recognized as received. DMF revenue is recognized monthly as collected fees are reported to VGSC.

Functional 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 allocated expenses include salaries, benefits, general office, and occupancy-related expenses. These expenses are allocated based on time and effort determined by annual budgets adjusted for changes in strategy during the year.

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, VGSC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Income Taxes

VGSC is a tax exempt organization under Section 501(c)(6) of the Internal Revenue Code but remains subject to income taxes on any business income unrelated to VGSC's tax exempt purpose. For the year ended December 31, 2021, there was no unrelated business income. VGSC is subject to audits by a taxing authority, but as of December 31, 2021, no such audits or examinations were in process. VGSC's policy is to record any income tax-related interest and penalties separate from any income tax expense. VGSC is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

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.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. 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, VGSC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. VGSC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful life as follows:

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES (Continued)

Property and Equipment (Continued)

Equipment	3 – 7 years
Leasehold Improvements	10 years

Deferred Revenue

Deferred revenue consists of grant revenues paid in advance. None of the amounts designated as deferred revenue are considered restricted.

Contributed Services

No amounts have been reflected in the financial statements for donated services. VGSC pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist VGSC with specific programs. VGSC receives more than 1,000 volunteer hours per year.

Contributed Items

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Concentrations of Risk

VGSC's cash accounts are subject to potential concentrations of credit risk. Cash accounts have bank balances of \$5,334,211 and a book balance of \$5,269,878 at December 31, 2021. Of the bank balances of \$5,334,211, Federal Deposit Insurance Corporation (FDIC) or collateral covers \$250,000, while \$5,084,211 is not covered by insurance or collateral. Management is of the opinion that the financial institution utilized is in sound financial position.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES (Continued)

Subsequent Events

Subsequent events have been evaluation through September 8, 2023, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

VGSC has financial assets of cash and accounts receivable totaling \$6,747,511 as of December 31, 2021. All of the financial assets are available for general use during the coming year. As part of VGSC's liquidity management, it invests cash in excess of daily requirements in an interest bearing savings account and transfers funds to the operating account as needed.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable represents revenues earned but not received and consists of the following at December 31, 2021:

City of Greenville	\$ 654,893
Greenville County	328,935
Destination Marketing Fund	324,277
US Federal Government	158,878
Other	4,943
	<u>\$1,471,926</u>

No allowance for losses was provided at December 31, 2021, since, in the opinion of management, all accounts are considered collectible.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 are summarized below:

Equipment	\$ 385,494
Leasehold improvements	157,510
	<hr/>
	543,004
Less: accumulated depreciation	275,247
	<hr/>
	<u>\$ 267,757</u>

Depreciation expense for the year ended December 31, 2021 totaled \$64,446.

NOTE 5 - NOTE PAYABLE - BANK LINE OF CREDIT

On August 15, 2021, VGSC renewed an open-ended line of credit for \$750,000 from Southern First Bank. The line of credit calls for interest payments at the Southern First Prime Rate plus 1.25% to be paid on the 15th of each month, and payment in full of principal on the maturity date of August 15, 2022.

The balance outstanding at December 31, 2021 was \$0.

NOTE 6 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

VGSC obtained \$717,104 in 2021 under the Paycheck Protection Program (“PPP”) loan provision of the CARES Act which provides eligible entities with funds to pay up to twenty-four weeks of payroll costs including benefits. The PPP loans included certain requirements in order for the loan to be forgiven and the Organization met that requirement for a portion of the loans totaling \$133,954 which is recognized as revenue in the year ended December 31, 2021. Of the remaining balance of \$583,150, \$325,987 was subsequently forgiven and recognized as revenue in the short-year ended June 30, 2022.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 7 - CAPITAL LEASE OBLIGATION

Equipment subject to capital lease obligations is included in property and equipment at a cost of \$60,325 with accumulated amortization of \$18,818. The equipment is recorded at the present value of minimum lease payments and amortized over the estimated useful life of the asset. Amortization expense is included in depreciation expense. The capital lease obligation provides for sixty monthly payments of \$1192 including interest at approximately 6.5% per year through June 2025.

Future minimum payments under the capital lease obligation are as follows:

Year Ending <u>December 31,</u>	
2022	\$ 14,304
2023	14,304
2024	14,304
2025	7,152
	<hr/> 50,064
Less amount representing interest	(5,392)
Present value of minimum lease payments	<hr/> 44,672
Current portion of minimum lease payments	11,747
Long-term portion of minimum lease payments	<hr/> <hr/> \$ 32,925

NOTE 8 - PAYROLL-RELATED OBLIGATIONS

Payroll-related obligations include accruals for vacation pay, incentive pay, severance obligations, and employee benefits.

NOTE 9 - ACCOMMODATIONS TAX FUNDS

VGSC receives 30 percent of the state accommodations tax funds collected in the City of Greenville and Greenville County. These funds are remitted to VGSC on a quarterly basis. VGSC also receives .7 percent local accommodations tax funds collected in the City and the County. The City remits these funds on a quarterly basis. The County remits the funds monthly. VGSC can also apply to the City and the County for grants for specific projects to be paid from the remainder of these tax funds.

VISITGREENVILLESC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - ACCOMMODATIONS TAX FUNDS (Continued)

The following is a schedule of funds received for the year ended December 31, 2021:

Tax Funds			
City	(30%)	\$ 752,507	
	(.7%)	<u>889,047</u>	\$1,641,554
County			
	(30%)	279,645	
	(.7%)	<u>388,383</u>	668,028
			<u>2,309,582</u>
Specific Projects Grants			
City			793,007
County			<u>188,345</u>
			<u>981,352</u>
Total			<u><u>\$3,290,934</u></u>

NOTE 10 - STATE PRT FUND-SHARING GRANT

VGSC receives funding from the South Carolina Department of Parks, Recreation and Tourism ("PRT") grant program. The PRT administers fund-sharing grants for qualified organizations through an application program. Approved funds are distributed to destination marketing organizations and are subject to matching and spending requirements. The grant period runs from July 1 to June 30 each year.

The following is a schedule of funds received during the year ended December 31, 2021, including the amount earned as revenue by matching and spending for allowable purposes. The remainder is considered deferred revenue and will be recognized during the remainder of the grant year when all eligibility requirements have been satisfied.

PRT deferred revenue as of December 31, 2020	\$ 948,472
PRT fund-sharing grants received for 20/21 grant year	2,500,000
PRT fund-sharing revenue recognized 2021	<u>(2,040,466)</u>
PRT deferred revenue as of December 31, 2021	<u><u>\$1,408,006</u></u>

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 - DEFINED CONTRIBUTION PLAN

VGSC has a defined contribution plan (the "Plan") covering all employees with at least three months of service who agree to make contributions to the Plan. VGSC matches participants' contributions to the Plan up to 4% of the individual participant's compensation. Total expense for the year ended December 31, 2021 was \$31,070.

NOTE 12 - DEFERRED COMPENSATION PLAN

VGSC has a nonqualified deferred compensation plan covering a select group of management or highly compensated employees. Under the plan, VGSC contributes an amount not to exceed the annual limit of \$20,000 for each eligible employee. Plan expenses incurred by VGSC for the year ended December 31, 2021 were \$0.

NOTE 13 - LEASE COMMITMENTS

Since 2011, VGSC has rented office space in a building in downtown Greenville, SC under a lease that expired in January 2021. During 2019, VGSC negotiated a new, expanded space in the same building that commenced January 15, 2021 and expires on January 31, 2027. The minimum rental payments are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 150,255
2023	154,751
2024	159,431
2025	164,172
2026 and beyond	169,099
	<u>\$ 797,708</u>

The amount paid under this agreement was \$145,883 for the year ended December 31, 2021.

VGSC began subleasing office space during 2021 for \$500 a month under a lease agreement which extended through February 1, 2022. 2021 sublease revenue of \$5,500 is recorded as rent income on the statement of activities.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 - OPERATING LEASES

On December 10, 2018, VGSC entered into a lease with Pitney Bowes Global Financial Services that calls for quarterly payments of \$587 and ends in December, 2023.

VGSC also rents storage and parking space through various month-to-month leases.

Future minimum lease payments under these operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 2,348
2023	2,348
	<u>\$ 4,696</u>

Lease expense for the year ended December 31, 2021 was \$2,378.

NOTE 15 - DESTINATION MARKETING FUND

VGSC maintains a Destination Marketing Fund for the purpose of identifying, developing, and implementing destination marketing, sales, and sponsorship opportunities. VGSC uses the funds to provide targeted destination marketing services beyond the level of programming funded by VGSC's other sources of funding. Net assets designated for the Destination Marketing Fund were \$1,304,983 at December 31, 2021.

NOTE 16 - COVID-19

In early 2020, VGSC was directly impacted by the coronavirus outbreak (COVID-19). On January 31, 2020, U.S. Health and Human Services Secretary declared a public health emergency for the United States. In March 2020, the Governor of South Carolina announced that all nonessential businesses were required to shut down operations indefinitely. At this time, VGSC closed its office and employees began working remotely.

The Organization obtained loans under the Paycheck Protection Program (PPP) loan provision of the CARES Act. See Note 6 for more information.