

VISITGREENVILLESC
AUDITED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

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 June 30, 2022, and the related statements of activities, functional expenses and cash flows for the six months 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 June 30, 2022, and the changes in its net assets and its cash flows for the six months 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 visitgreenillesc'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 visitgreenillesc'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 visitgreenillesc's ability to continue as a going concern for a reasonable period of time.

Finance Committee
visitgreenvillesc
Page Three

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
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash	\$2,668,782
Accounts receivable	2,173,164
Prepaid expenses	468,069
Total current assets	<u>5,310,015</u>

NONCURRENT ASSETS

Property, plant and equipment, net	243,526
Total assets	<u>\$5,553,541</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 697,021
Paycheck Protection Program (PPP) loan	257,163
Payroll-related obligations	237,039
Capital lease obligation	12,134
Total current liabilities	<u>1,203,357</u>

NONCURRENT LIABILITIES

Capital lease obligation	26,760
Total noncurrent liabilities	<u>26,760</u>

NET ASSETS

Without donor restrictions	
Net investment in fixed assets	243,527
Available for operations	3,181,862
Designated for Destination Marketing Fund	898,035
Total net assets	<u>4,323,424</u>

Total liabilities and net assets	<u><u>\$5,553,541</u></u>
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The accompanying notes are an integral part of these financial statements.

VISITGREENVILLESC
STATEMENT OF ACTIVITIES
SIX MONTHS ENDED JUNE 30, 2022

REVENUE AND GAINS

Accommodations tax	\$1,610,196
State PRT fund-sharing grant	1,408,006
Special grants	252,463
Membership investments	9,026
Destination Marketing Fund	1,480,242
Cooperative income	20,277
Investment income	1,710
Rent income	3,000
Merchandise sales	3,051
PPP loan forgiveness	325,987
	<hr/>
Total revenue and gains	5,113,958

EXPENSES AND LOSSES

Groups/meetings	2,331,828
Leisure marketing	2,637,132
Visitor services	173,527
Membership	66,816
Supporting services	49,275
	<hr/>
Total expenses and losses	5,258,578

CHANGE IN NET ASSETS	(144,620)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	4,468,044
	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	\$4,323,424

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

VISITGREENVILLESC

**STATEMENT OF FUNCTIONAL EXPENSES
SIX MONTHS ENDED JUNE 30, 2022**

	Program Services				Supporting Services	Total
	Groups/ Meetings	Leisure Marketing	Visitor Services	Member- ship		
Compensation and related expenses						
Compensation						
Full-time	\$ 288,477	\$ 165,518	\$ 54,697	\$ 19,144	\$ 19,144	\$ 546,980
Part-time	54,881	31,488	41,424	3,642	3,642	135,077
Employee benefits						
Employee insurance	37,829	21,706	7,173	2,510	2,510	71,728
Pension plan	2,308	1,324	438	153	153	4,376
Other	2,892	1,660	548	192	192	5,484
Payroll taxes	36,791	21,109	6,976	2,442	2,442	69,760
Payroll services	2,106	1,209	399	140	140	3,994
Insurance						
Worker's compensation	1,213	695	230	81	81	2,300
Director's liability	-	-	-	-	-	-
Credit card fees	4,687	4,688	1,130	395	395	11,295
Equipment lease	1,118	1,119	270	94	94	2,695
Legal, accounting, board	113,745	113,745	27,408	9,593	9,593	274,084
Depreciation expense	12,148	12,147	2,927	1,025	1,025	29,272
Supplies	10,683	10,684	2,574	901	901	25,743
Community relations	2,764	2,764	666	233	233	6,660
Education and seminars	7,511	7,511	1,810	633	633	18,098
Office rent	35,231	35,231	8,489	2,971	2,971	84,893
Office utilities	471	471	114	40	40	1,136
Computer expenses						
Computer maintenance	15,674	15,673	3,777	1,322	1,322	37,768
Software licenses	30,992	30,991	7,468	2,614	2,614	74,679
Telephone	3,462	3,461	834	292	292	8,341
Postage	406	406	98	34	34	978
Storage	4,959	4,960	1,195	418	418	11,950
Dues and subscriptions	4,816	4,816	1,161	406	406	11,605
Business sponsorships	1,098,896	-	-	-	-	1,098,896
Sales solicitation/convention services	846	-	-	-	-	846
Tradeshows	281,324	-	-	-	-	281,324
Advertising and sponsorship	-	1,455,166	-	-	-	1,455,166
Marketing - tools/programing/production	138,650	284,579	-	-	-	423,229
Sales promotion	22,374	-	-	-	-	22,374
Collateral/visitors guides/ postage/fulfillment	31,668	91,599	-	-	-	123,267
Public relations	15,512	138,835	-	-	-	154,347
Digital - web/dbase/social/email	48,924	48,926	-	-	-	97,850
Research	18,470	84,086	-	-	-	102,556
Festivals sponsorship	-	40,565	-	-	-	40,565
Visitor services -programing/ weekend support	-	-	1,721	-	-	1,721
Membership	-	-	-	17,541	-	17,541
	<u>\$2,331,828</u>	<u>\$2,637,132</u>	<u>\$ 173,527</u>	<u>\$ 66,816</u>	<u>\$ 49,275</u>	<u>\$5,258,578</u>

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

VISITGREENVILLESC
STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (144,620)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	29,272
Increase in accounts receivable	(701,238)
Increase in prepaid expenses	(183,341)
Increase in accounts payable	310,748
Decrease in accrued expenses	(172,810)
Decrease in deferred revenue	<u>(1,408,006)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>(2,269,995)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(5,043)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(5,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital lease	(5,778)
PPP loan forgiveness	<u>(325,987)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(331,765)</u>
NET DECREASE IN CASH	(2,606,803)
CASH, beginning of year	<u>5,275,585</u>
CASH, end of year	<u><u>\$2,668,782</u></u>

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

VISITGREENVILLESC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES

Organization and Funding

Visit**greenvillesc** ("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.

Reporting Period

The Organization changed its reporting period from a calendar year in 2021 to a fiscal year ending June 30 in 2022. This resulted in a short period six-month financial statements for June 30, 2022.

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.

VISITGREENVILLESC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES (Continued)

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.

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 period ended June 30, 2022, there was no unrelated business income. VGSC is subject to audits by a taxing authority, but as of June 30, 2022, 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.

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES (Continued)

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:

Equipment	3 – 7 years
Leasehold Improvements	10 years

Deferred Revenue

Deferred revenue consists of grant revenues paid in advance. There was no deferred revenue as of June 30, 2022.

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.

VISITGREENVILLESC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES (Continued)

Concentrations of Risk

VGSC's cash accounts are subject to potential concentrations of credit risk. Cash accounts have bank balances of \$2,872,488 and a book balance of \$2,663,930 at June 30, 2022. Of the bank balances of \$2,872,488, Federal Deposit Insurance Corporation (FDIC) or collateral covers \$250,000, while \$2,622,488 is not covered by insurance or collateral. Management is of the opinion that the financial institution utilized is in sound financial position.

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 \$4,841,946 as of June 30, 2022. 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 June 30, 2022:

City of Greenville	\$ 739,934
Greenville County	487,045
Destination Marketing Fund	646,158
Star Grants	103,990
US Federal Government	158,878
Other	37,159
	<u>\$2,173,164</u>

No allowance for losses was provided at June 30, 2022, since, in the opinion of management, all accounts are considered collectible.

VISITGREENVILLESC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 are summarized below:

Equipment	\$ 390,536
Leasehold improvements	157,510
	<hr/> 548,046
Less: accumulated depreciation	304,520
	<hr/> <hr/> \$ 243,526

Depreciation expense for the six months ended June 30, 2022 totaled \$29,272.

NOTE 5 - NOTE PAYABLE - BANK LINE OF CREDIT

VGSC has 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 June 30, 2022 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 in 2021 and \$325,987 in the six months ended June 30, 2022.

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 \$25,367. 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 \$1,192 including interest at approximately 6.5% per year through June 2025.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 - CAPITAL LEASE OBLIGATION (Continued)

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

Year Ending <u>June 30,</u>	
2023	\$ 14,304
2024	14,305
2025	14,305
	<hr/> 42,914
Less amount representing interest	<hr/> (4,020)
Present value of minimum lease payments	38,894
Current portion of minimum lease payments	<hr/> 12,134
Long-term portion of minimum lease payments	<hr/> <hr/> \$ 26,760

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
JUNE 30, 2022

NOTE 9 - ACCOMMODATIONS TAX FUNDS (Continued)

The following is a schedule of funds received for the six months ended June 30, 2022:

Tax Funds			
City	(30%)	\$ 565,098	
	(.7%)	<u>622,316</u>	\$1,187,414
County	(30%)	182,853	
	(.7%)	<u>239,929</u>	<u>422,782</u>
			<u><u>\$1,610,196</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 six months ended June 30, 2022, 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, 2021	\$1,408,006
Revenue recognized through June 30, 2022	<u>(1,408,006)</u>
PRT deferred revenue as of June 30, 2022	<u><u>\$ -</u></u>

VISITGREENVILLESC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 six months ended June 30, 2022 was \$4,376.

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 six months ended June 30, 2022 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 June 30,</u>	<u>Amount</u>
2023	\$ 152,128
2024	156,701
2025	161,406
2026	194,408
2027	58,301
	<u>\$ 722,944</u>

The amount paid under this agreement was \$73,670 for the six months ended June 30, 2022.

VGSC subleases office space for \$500 on a month-to-month basis. 2022 sublease revenue of \$3,000 is recorded as rent income on the statement of activities.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 June 30,</u>	<u>Amount</u>
2023	\$ 2,348
2024	1,174
	<u>\$ 3,522</u>

Lease expense for the six months ended June 30, 2022 was \$2,695.

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 \$898,035 at June 30, 2022.

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.

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