

**DISCOVER UPCOUNTRY CAROLINA
ASSOCIATION, INC.**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

**DISCOVERY UPCOUNTRY CAROLINA
ASSOCIATION, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Discover Upcountry Carolina Association, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of Discover Upcountry Carolina Association, Inc. (a not-for-profit organization) which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2023, and the related statements of support, revenue, expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the year 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 the modified cash basis of accounting as described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 of 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 auditor's 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.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



To the Board of Directors
Discover Upcountry Carolina Association, Inc.
November 27, 2023

We believe that 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 assets, liabilities, and net assets of Discover Upcountry Carolina Association, Inc. as of June 30, 2023, and its support, revenue, and expenses and its functional expenses for the year then ended in accordance with modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 27, 2023

DISCOVER UPCOUNTRY CAROLINA ASSOCIATION, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

JUNE 30, 2023

Assets

Current Assets

Cash and Cash Equivalents	\$	37,845
Investments		51,980
Total Current Assets		<u>89,825</u>

Property and Equipment

Furniture, Equipment and Leasehold Improvements		23,500
Vehicles		32,523
Less: Accumulated Depreciation		(39,324)
		<u>16,699</u>

Total Assets	\$	<u>106,524</u>
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Liabilities

Current Liabilities

Payroll Taxes Withheld	\$	349
Notes Payable		6,617
Total Current Liabilities		<u>6,966</u>

Noncurrent Liabilities

Note Payable		8,431
Small Business Administration Loan		14,491
Total Noncurrent Liabilities		<u>22,922</u>

Total Liabilities		<u>29,888</u>
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Net Assets

Without Donor Restrictions		76,636
Total Net Assets		<u>76,636</u>

Total Liabilities and Net Assets	\$	<u>106,524</u>
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The accompanying notes are an integral part of these financial statements.

DISCOVER UPCOUNTRY CAROLINA ASSOCIATION, INC.

**STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023**

UNRESTRICTED NET ASSETS

Support and Revenue	
Memberships	\$ 5,350
Advertising Revenue	58,695
Accommodations Tax Revenue	264,295
Interest	5,889
Department of Parks, Recreation and Tourism	420,455
Grants	54,580
Total Support and Revenue	<u>809,264</u>

EXPENSES

Program Services	796,151
Management and General	33,603
Total Expenses	<u>829,754</u>

(DECREASE) IN NET ASSETS (20,490)

NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year 88,572

PRIOR PERIOD ADJUSTMENT 8,554

NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year \$ 76,636

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

DISCOVER UPCOUNTRY CAROLINA ASSOCIATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Total
Salaries	\$ 84,114	\$ 9,346	\$ 93,460
Payroll Taxes	6,066	674	6,740
Employee Insurance	12,183	1,354	13,537
Retirement	2,250	250	2,500
Contract Services	64,293	-	64,293
Professional Fees	5,913	377	6,290
Dues and Subscriptions	8,343	927	9,270
Registration Fees	2,520	280	2,800
Special Projects	15,000	-	15,000
Research	4,741	527	5,268
FAM Tours	2,287	254	2,541
Travel	11,036	1,226	12,262
Vehicle Expense	9,335	1,037	10,372
Insurance - General	904	100	1,004
Rent - Building	20,138	2,238	22,376
Office Expense	8,131	903	9,034
Furniture/Equipment	2,731	303	3,034
Depreciation	6,686	743	7,429
Utilities	1,506	167	1,673
Telephone	4,243	472	4,715
Computer Services	5,548	617	6,165
Web Design and Maintenance	42,049	4,672	46,721
Media Advertising	318,254	-	318,254
Promotion	31,406	-	31,406
Literature and Production	76,407	-	76,407
Photography	17,079	1,898	18,977
Mailing and Shipping	30,839	3,427	34,266
Bank Charges	-	1,655	1,655
Interest Expense	1,403	156	1,559
Miscellaneous	746	-	746
Total	\$ 796,151	\$ 33,603	\$ 829,754

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

DISCOVER UPCOUNTRY CAROLINA ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Discover Upcountry Carolina Association, Inc. (the “Organization”) is a not-for-profit organization promoting tourism in Upcountry South Carolina.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than United States generally accepted accounting principles. Under this basis of accounting, certain revenues and assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized grants or taxes receivable, accounts payable to vendors, and their related effects on the changes in net assets in the accompanying financial statements. The financial statements are not intended to present financial position or results of operation in conformity with generally accepted accounting principles.

Basis of Presentation

The Organization has adopted Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities, as it relates to net asset classification and liquidity disclosure. Under the provisions of this standard, the Organization presents net assets and revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization 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 objective of the Organization. The Organization’s Board may designate assets without restriction for specific operation purposes.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and can only be used for a designated purpose. Some donor restrictions are temporary in nature. These restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Support, Revenue, Expenses and Changes in Net Assets – Modified Cash Basis. Accordingly, certain costs have been allocated among Program Services and Management and General Expense. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, Payroll Taxes and Benefits	Time and Effort
Promotion and Advertising	Direct Expense
Rent – Building	Square Footage
General Insurance	Square Footage

Property and Equipment

Property and equipment are stated at cost for the purchased items and depreciated using income tax methods over the estimated useful lives of the assets. Donated items are recorded at their fair market value when donated.

Estimated useful life is as follows:

Furniture and Equipment	7 Years
Electronic Equipment and Computer	5 Years
Vehicles	5 Years

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements. The Organization’s tax filings are subject to audit by various taxing authorities. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, and review of its regular tax filings. No uncertain tax positions were identified by the Organization as of June 30, 2023.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of assets, liabilities and net assets – modified cash basis, are as follows:

Cash and cash equivalents	<u><u>\$ 37,845</u></u>
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As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains its principal cash funds with a local bank. The cash balances are insured by FDIC up to \$250,000 as of June 30, 2023. Accordingly, cash balances at June 30, 2023 are fully insured.

NOTE 4 – ECONOMIC DEPENDENCE

The Organization receives approximately 45% of its revenues from the South Carolina Department of Parks, Recreation and Tourism. Loss of this revenue could significantly impact the ability of the Organization to continue to operate.

NOTE 5 – FURNITURE AND FIXTURES

Furniture and fixtures consist of the following categories:

Office Furniture and Equipment	\$ 23,500
Vehicles	32,523
	<hr/> 56,023
Less: accumulated depreciation	(39,324)
	<hr/> \$ 16,699

During 2023, the Organization recognized depreciation expense of \$7,429.

NOTE 6 – LEASE AGREEMENTS

The facilities presently used for office space are leased under a lease agreement expiring April 30, 2024. Rent for the year ended June 30, 2023 was \$22,376. Minimum future lease payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2024	\$ 7,373
Total	<hr/> \$ 7,373

NOTE 7 – NOTES PAYABLE

Notes payable consists of the following:

Installment note payable to a bank. Secured by a 2017 Ford Explorer. Payable in monthly installments of \$487, including interest at 4.25%. Matures November 2025.	<hr/> \$ 13,788
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Principal maturity of the note is as follows:

Year Ended June 30,	Amount
2024	\$ 5,358
2025	5,590
2026	2,840
Total	<u>\$ 13,788</u>

NOTE 8 – SBA LOAN PAYABLE – ECONOMIC INJURY DISASTER LOAN

In June 2020, the Organization was approved for a loan from the U.S. Small Business Administration in the amount of \$50,000. The loan proceeds are to be used as working capital to alleviate economic injury caused as a result of the world-wide coronavirus pandemic. Installment payments will begin twelve months from the date of the promissory note. The balance of principal and interest will be payable thirty years from the date of the promissory note. Interest will accrue at the rate of 2.75% per annum. Payments began in June 2021, with payments first applying to accrued interest, and as such, the remainder of scheduled monthly payments in 2024 will comprise accrued interest.

Principal maturity of the note is as follows:

Year Ended June 30,	
2024	\$ 1,259
2025	1,294
2026	1,330
2027	1,367
2028	1,405
Thereafter	9,095
	<u>\$ 15,750</u>

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment amount of \$8,554 has been made to remove a loan on a vehicle disposed of in fiscal year 2021 that had been left in the books and to correct the prior year balance of the Economic Injury Disaster Loan.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the accountant's report, which is the date the financial statements were available to be issued.