

**CAROLINA CUP RACING  
ASSOCIATION, INC.  
Camden, South Carolina**

**ANNUAL FINANCIAL REPORT  
For The Year Ended June 30, 2024**

**CAROLINA CUP RACING ASSOCIATION, INC.**

**ANNUAL FINANCIAL REPORT  
For The Year Ended June 30, 2024**

**TABLE OF CONTENTS**

	<u>Page</u>
Committee Members	
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-16
Supplemental Schedule:	
Carolina Cup Racing Association, Inc. Net Assets Without Donor Restrictions – Summary Schedule of Activities	17-18

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**Camden, South Carolina**

COMMITTEE MEMBERS

Mr. Thomas S. Mullikin PhD, JD, Major General, SCSG (Ret) - Chair  
Mr. William B. Cox, Jr. - Vice Chair  
Mr. Rick Reames III - Secretary/Treasurer  
Representative J. Benjamin Connell  
Dr. David Cardenas  
Mrs. Hope H. Cooper  
Mrs. Kate Dalton  
Mr. Michael DeBenedetti  
Mayor Alfred Mae Drakeford  
Mr. Ducan McIntosh  
Ambassador Edward McMullen  
Mr. R. Donald Terrell  
Mr. Gibson Tucker  
Mr. Richard Valentine

# SHEHEEN, HANCOCK & GODWIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA (1963-2020)  
TERRY M. HANCOCK, CPA, (1970-2023)  
LARRY F. GODWIN, CPA, EMERITUS (1973-2023)  
THOMAS B. MYERS, CPA  
DARYL W. TAYLOR, CPA  
ANTHONY E. BOYKIN, CPA  
JANE M. PEACOCK, CPA RETIRED  
MATTHEW C. IRICK, CPA  
J. RICHARD PARKER, CPA  
R. MARC WOOD  
SHANE E. KIRKLEY, CPA  
B. KEACH JORDAN, CPA  
JOHN C. BOYKIN, III, CPA  
MEREDITH A. BLAKE, CPA  
JOHN F. MARTIN, CPA  
TRACY L. FAILE, CPA

M. EMILY SKUFCA, CPA, CIA, CFE  
STEPHANIE G. CARO  
JASON B. HARRIS  
JORDAN E. SLAGLE

MEMBERS OF  
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE  
(803) 432-1424  
FAX  
(803) 432-1831

WEBSITE: WWW.SHGCPA.COM

August 26, 2024

## INDEPENDENT AUDITOR'S REPORT

Committee Members  
Carolina Cup Racing Association, Inc.  
Knights Hill Road  
Camden, South Carolina

### Opinion

We have audited the accompanying financial statements of Carolina Cup Racing Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Carolina Cup Racing Association, Inc. as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carolina Cup Racing Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Carolina Cup Racing Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 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 Carolina Cup Racing Association, Inc.'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 Carolina Cup Racing Association, Inc.'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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 17-18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock and Godwin, LLP  
Camden, South Carolina

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2024**

**ASSETS**

Current Assets	
Cash	\$ 1,348,703
Accounts Receivable	37,337
Accounts Receivable - Related Parties	30,222
Inventory	3,089
Prepaid Expenses	<u>9,459</u>
Total Current Assets	1,428,810
Property, Plant and Equipment, Net	<u>1,584,030</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,012,840</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable and Accrued Expenses	<u>\$ 92,507</u>
Total Current Liabilities	<u>92,507</u>
Net Assets	
Without Donor Restrictions	2,907,617
With Donor Restrictions	<u>12,716</u>
Total Net Assets	<u>2,920,333</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,012,840</u></b>

The notes to the financial statements are an integral part of these statements.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2024**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support, Revenue, and Allocations</b>			
General Admissions	\$ 1,178,517	\$ -	\$ 1,178,517
Stall and Barn Rents and Track Fees	166,774	-	166,774
Program and Merchandise Sales	63,495	-	63,495
Program Advertising Sales	3,950	-	3,950
Corporate Race Sponsorships	357,200	-	357,200
Trade Market Rent	7,265	-	7,265
Grant Revenue	533,260	-	533,260
Donations	300	-	300
In-Kind Donations	48,500	-	48,500
Other Income	23,351	-	23,351
Interest Earned - Springdale Fund	27,594	-	27,594
Interest Income	19,474	-	19,474
Gain on Sale of Fixed Assets	30,414	-	30,414
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	2,509	(2,509)	-
 Total Support, Revenue, and Allocations	 2,462,603	 (2,509)	 2,460,094
 <b>Expenses</b>			
Program Services			
Carolina Cup Race	963,836	-	963,836
Facilities Fund	2,509	-	2,509
Springdale Race Course Operations	707,646	-	707,646
Management and General	99,496	-	99,496
 Total Expenses	 1,773,487	 -	 1,773,487
 <b>Increase/(Decrease) in Net Assets Before Capital Reductions</b>	 689,116	 (2,509)	 686,607
 <b>Capital Reductions</b>			
Contributions to Health Services District	(50,000)	-	(50,000)
 <b>Change in Net Assets</b>	 639,116	 (2,509)	 636,607
 <b>Net Assets, Beginning of Year</b>	 2,268,501	 15,225	 2,283,726
 <b>Net Assets, End of Year</b>	 \$ 2,907,617	 \$ 12,716	 \$ 2,920,333

The notes to the financial statements are an integral part of these statements.



**CAROLINA CUP RACING ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2024**

	Program Services			Management	
	Carolina Cup Race	Facilities Fund	Springdale Race Course Operations	And General	Total
Advertising and Promotion	\$ 71,802	\$ -	\$ 1,808	\$ -	\$ 73,610
Bank and Credit Card Charges	31,956	-	-	30	31,986
Depreciation	-	2,509	153,586	11,642	167,737
Dues and Subscriptions	-	-	937	-	937
Equipment Rental	155,334	-	-	-	155,334
Gas and Oil	-	-	23,178	-	23,178
Insurance	19,858	-	42,194	-	62,052
Legal and Accounting	-	-	-	24,900	24,900
Miscellaneous Expense	4,007	-	87	15,000	19,094
Office Supplies	-	-	17,060	1,896	18,956
Outside Services	182,858	-	5,016	-	187,874
Payroll Taxes	13,188	-	8,181	2,374	23,743
Pest Control	-	-	21,933	-	21,933
Postage	2,316	-	358	-	2,674
Printing	33,968	-	819	-	34,787
Purchases	27,405	-	-	-	27,405
Purses	180,000	-	-	-	180,000
Repairs and Maintenance	-	-	111,664	5,877	117,541
Salaries	168,339	-	104,358	30,300	302,997
Security Service	14,936	-	488	-	15,424

The notes to the financial statements are an integral part of these statements.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2024**  
**(Continued)**

	Program Services			Management And General	Total
	Carolina Cup Race	Facilities Fund	Springdale Race Course Operations		
Seed, Fertilizer and Chemicals	\$ -	\$ -	\$ 111,152	\$ -	\$ 111,152
Shavings	-	-	38,101	-	38,101
Simple IRA Contributions	-	-	854	95	949
Supplies	48,940	-	4,401	5,927	59,268
Taxes, Licenses and Fees	8,043	-	13,091	1,455	22,589
Telephone	-	-	5,290	-	5,290
Trash Services	-	-	2,967	-	2,967
Travel	-	-	1,372	-	1,372
Trophies and Awards	886	-	-	-	886
Utilities	-	-	38,751	-	38,751
Total Expenses	<u>\$ 963,836</u>	<u>\$ 2,509</u>	<u>\$ 707,646</u>	<u>\$ 99,496</u>	<u>\$ 1,773,487</u>

The notes to the financial statements are an integral part of these statements.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2024**

**Cash Flows From Operating Activities**

Change in Net Assets	\$ 636,607
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	167,737
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	5,962
(Increase)/Decrease in Accounts Receivable - Related Parties	(17,684)
(Increase)/Decrease in Inventory	4,217
(Increase)/Decrease in Prepaid Expenses	4,986
Increase/(Decrease) in Accounts Payable and Accrued Expenses	<u>(96,940)</u>
Net Cash Provided by Operating Activities	<u>704,885</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of Equipment	<u>(913,404)</u>
Net Cash (Used) by Investing Activities	<u>(913,404)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(208,519)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,557,222</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,348,703</u></u>

**RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS**

**Supplemental Cash Flows Information:**

Non-Cash Operating Activities:	
In-Kind Contribution	<u><u>\$ 48,500</u></u>

The notes to the financial statements are an integral part of these statements.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**

**Note 1. Nature of Activities and Significant Accounting Policies**

**A. Nature of Activities**

The Carolina Cup Racing Association is a nonprofit organization established for the purpose of managing the Springdale Racecourse property located in Camden, South Carolina. This property serves as an equestrian center for stabling and training of racehorses and holding race events including the annual Carolina Cup and other equestrian activities as provided by the terms of the will of Marion duPont Scott. Mrs. Scott bequeathed the Springdale Racecourse property to the State of South Carolina along with an endowment fund for the maintenance and operation of the property. The Association's major sources of revenue are stall and barn rentals and admission tickets for race events.

**B. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities. The accrual basis of accounting recognizes revenues when they are earned and expenses when the liability is incurred.

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board of Accounting Standards Codification (ASC). Under the ASC, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**C. Description of Funds**

The Association has five unrestricted funds and one temporarily restricted fund. As stated in the South Carolina Code of Laws, Section 52-5-100, The Marion duPont Scott Memorial Act, the net proceeds of the combined operations have been designated to benefit nonprofit health services organizations located in Kershaw County through an annual contribution. A brief description of each of the six funds follows:

Funds

- i. Carolina Cup Racing Association Operating Fund - This fund is used for recording the general operations and maintenance of the Springdale Racecourse and related stabling facilities. This fund receives from the State of South Carolina income generated by the endowment fund bequeathed under Marion duPont Scott's will. The Association may not carry forward an amount exceeding \$35,000 in this fund.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

- ii. Carolina Cup Fund - This fund is maintained for the receipt and disbursement of monies directly related to the Carolina Cup Race held each spring.
- iii. Colonial Cup Fund - This fund is maintained for the receipt and disbursement of monies directly related to the Colonial Cup International Steeplechase and related races held each Fall. During the fiscal year ended June 30, 2018, this race was suspended until further notice. During the fiscal year ended June 30, 2024, the board voted to hold the Colonial Cup International Steeplechase race during the Fall of 2024.
- iv. Building and Equipment Fund - This fund is maintained to account for the purchase of new and replacement equipment and facilities, as well as funds received from the sale of used equipment. Monies accumulated in anticipation of future purchases or construction are held in this fund, as well as monies designated to service-related long-term debt.
- v. Carolina Cup Capital Fund - Monies may be used only for the purchase or construction of major capital items related to the operations of the Association.
- vi. Facilities Fund - This is a donor restricted fund maintained to account for grant fund to provide for track maintenance and upgrades to Springdale Racecourse. The money was given to the Carolina Cup Racing Association from the State of South Carolina per South Carolina Parks, Recreation and Tourism.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers demand deposits and amounts in petty cash to be cash and cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use for long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items in the year of payment. Prepaid expenses at June 30, 2024, are as follows:

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

Prepaid Insurance Costs	\$ 3,851
Prepaid Colonial Cup Expenses	5,608
	<hr/> <hr/>
Total	\$ 9,459
	<hr/> <hr/>

**F. Fixed Assets**

The land, facilities, equipment, and machinery owned by the late Marion duPont Scott and used by the Association in the operation of the Springdale Racecourse were bequeathed to the State of South Carolina under Mrs. Scott's will. The Association, under South Carolina law, shall annually review these assets and make any necessary changes to provide the essential equipment needed for the maintenance of the racecourse. The assets bequeathed under Mrs. Scott's will are recorded in the accounting records of the State of South Carolina.

Purchases of equipment or facilities constructed with funds from the contribution from the will of Ms. Scott, which will be owned by the State of South Carolina, are to be recorded in the Building and Equipment Fund at cost. Purchases of equipment or facilities constructed after the contribution from the will of Ms. Scott, with funds generated by the Carolina Cup Racing Association activities are assets of the Carolina Cup Racing Association. All purchases are to be recorded in the Building and Equipment fund at cost. Depreciation allowances are to be made on a straight-line basis over the estimated useful life of newly purchased equipment.

The Association's capitalization policy is to capitalize all assets that have an estimated useful life exceeding one year and with a cost exceeding \$2,000.

**G. Retirement Plan**

The Association has established a Simple IRA retirement plan for its employees. This plan allows each qualified employee to make tax deferred contributions into their individual accounts with the Association matching up to 3% of the employee's salary. The employer matching contribution during the fiscal year was \$949.

**H. In-Kind Donations**

In-kind donations are recorded at their fair market value at the date of the gift. Donations for labor, supplies and essential services have been recorded. Non-essential voluntary services have not been included in in-kind donations. The fair value of donated assets and services included as revenues in the financial statements and the corresponding program expense for the year ended June 30, 2024, consists of the following:

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

	<u>Carolina Cup</u>
Advertising	\$ 32,500
Labor - Building	6,000
Food	5,000
Other	<u>5,000</u>
Total	<u>\$ 48,500</u>

As a non-profit organization, considerable volunteer hours of service have been donated; however, it is impractical to capture and value these in-kind donations. No amounts have been recognized in the financial statements because they did not meet the criteria for recognition. A substantial number of volunteers donate significant amounts of time in various capacities in relation to the annual running of the Carolina Cup Race.

**I. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**J. Funding Source**

The Treasurer of the State of South Carolina maintains a separate account entitled the "Springdale Fund" which was established as a result of a bequest from Marion duPont Scott in the amount of one million dollars (\$1,000,000) to the State of South Carolina. The State Treasurer semi-annually delivers the income from the investments of the Springdale Fund to the Association for the maintenance and operation of the racing and stabling facility. The funds are to be used only for equestrian related purposes and activities. As of June 30, 2024, the balance of the Springdale Fund was \$1,050,653.

For the year ended June 30, 2024, the Treasurer transferred \$12,463 to the Association. An additional \$15,131 was accrued as a receivable for the amount of income earned between January 1 and June 30, 2024.

**K. Income Tax Status**

The Association is a nonprofit organization that is exempt from income taxes under section 501(c)(4) of the Internal Revenue Code. By reference to the federal exemption, the Association is also exempt under the Code of Laws of South Carolina. Since the Association is a quasi-agency of the State of South Carolina, it is not liable for filing any federal or state exempt organization returns normally required for tax exempt organizations.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

**L. Advertising**

The Association expenses the costs of advertising as incurred. Total advertising expense for the year ended June 30, 2024, was \$73,611.

**M. Compensated Absences**

Employee vacation is determined by years of service with the Association. Vacation may not be accumulated; therefore, no liability has been recorded in the financial statements as of June 30, 2024.

**N. Restricted Resources**

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without support donor restrictions.

**O. Accounts Receivable**

Receivables from stall rent and track usage are stated at the amount management expects to collect from balances outstanding at year-end. Accounts are considered past due when they are over thirty days old. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Management closely monitors outstanding accounts receivable and charges to expense any balances that are determined to be non-collectable or establishes an allowance for doubtful accounts. The Company considers all its current receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Bad debts for the year ended June 30, 2024 were \$0.

**P. Leases**

The Association recognizes and measures its leases in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 842, Leases. The Association determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Association recognizes lease liability and a right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Association uses its incremental borrowing rate. The implicit rate of the



**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

Association's leases is not readily determinable and accordingly, the Association uses their incremental borrowing rate based on the information available at the commencement date for all leases. The Association's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (ie. present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less any impairment recognized. Lease cost amortization for lease payments is recognized on a straight-line basis over the lease term.

The Association has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and do not include an option to purchase the underlying asset that the Association is reasonably certain to exercise. The Association recognizes lease cost associated with their short-term leases on a straight-line basis over the lease term. For the fiscal year ended June 30, 2024, the Association held no leases.

**Q. Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 2. Accounts Receivable**

Accounts receivable in the various funds are comprised of the following amounts:

Due from Springdale Fund	\$ 15,131
Stall Rents and Track Usage	43,168
Advertising Reimbursement	<u>9,260</u>
Total	<u><u>\$ 67,559</u></u>

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

**Note 3. Property, Plant and Equipment**

Property, plant and equipment are comprised of the following at June 30, 2024:

Buildings and Improvements	\$ 2,319,794
Machinery and Equipment	929,900
Vehicles	177,206
Furniture and Fixtures	82,651
Sewer System	104,750
Landscape and Irrigation System	35,462
Steeplechase Racing Museum	726,759
Construction in Progress	15,656
	<hr/> 4,392,178
Less: Accumulated Depreciation	(2,808,148)
	<hr/>
Total Property, Plant and Equipment, Net	<u>\$ 1,584,030</u>

Depreciation expense for the year ended June 30, 2024, amounted to \$167,737.

**Note 4. Restrictions on Net Assets**

Net Assets with Donor Restrictions

Net assets with donor restrictions consists of funds donated for a specific purpose. Funds are released from restrictions as expenses are approved and ready for payment. The composition of net assets with donor restrictions as of June 30, 2024, consists of the following:

Facilities Grant Fixed Assets, Net	<u>\$ 12,716</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 12,716</u></u>

**Note 5. Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Association's deposits may not be returned to them. The Association does not have a deposit policy for custodial credit risk. At June 30, 2024, the Association had \$1,150,230 of deposits in excess of the \$250,000 federally insured limit.

**Note 6. Concentration of Business Risk**

The Association had two customers who accounted for 74% of the Association's stall rent, track usage and shavings revenues during the year ended June 30, 2024, and 70% of outstanding stall rent accounts receivable as of June 30, 2024.

The Association had five sponsors who accounted for approximately 60% of the corporate race sponsorships during the fiscal year ended June 30, 2024.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

**Note 7. Debt - Revolving Line of Credit**

The Organization had a \$100,000 unsecured revolving line of credit with a maturity date of November 22, 2024. The Organization had a \$0 balance on this line of credit as of the current fiscal year end.

**Note 8. Related Party Transactions**

During the year ending June 30, 2024, the Association earned approximately \$123,000 of stall rent revenues from two members of the Association's governing committee. As of June 30, 2024, these members had an accumulated outstanding balance due to the Association of \$30,222 for stall rent. During the year ended June 30, 2024.

**Note 9. Liquidity and Availability of Financial Assets**

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities of managing the Springdale Race-Course property to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Association anticipates collecting sufficient revenue to cover general expenditures.

The following table reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date.

Financial assets at year-end	<u>\$ 1,416,262</u>
Financial assets available to meet cash need for general expenditures within one year	<u><u>\$ 1,416,262</u></u>

**Note 10. Subsequent Events**

The Association has evaluated subsequent events through August 26, 2024, which is the date the financial statements were available to be issued. During this period, the Association did not have any material subsequent events that required recognition in the Association's disclosures to the June 30, 2024, financial statements.

## SUPPLEMENTAL INFORMATION

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NET ASSETS WITHOUT DONOR RESTRICTIONS**  
**SUMMARY SCHEDULE OF ACTIVITIES**  
**For The Year Ended June 30, 2024**

	Carolina Cup	Colonial Cup	Building and Equipment	Capital Fund	Carolina Cup Racing Association Operating Fund	Total
<b>Support, Revenue and Allocations:</b>						
General Admissions	\$ 1,178,517	\$ -	\$ -	\$ -	\$ -	\$ 1,178,517
Stall and Barn Rents and Track Fees	-	-	-	-	166,774	166,774
Program and Merchandise Sales	63,495	-	-	-	-	63,495
Program Advertising Sales	3,950	-	-	-	-	3,950
Corporate Race Sponsorships	357,200	-	-	-	-	357,200
Trade Market Rent	7,265	-	-	-	-	7,265
Grant Revenue	533,260	-	-	-	-	533,260
Donations	-	-	-	-	300	300
In-Kind Donations	42,500	-	-	-	6,000	48,500
Other Income	14,314	-	-	-	9,037	23,351
Gain on Sale of Equipment	-	-	30,414	-	-	30,414
Interest Income	15	-	-	19,459	27,594	47,068
	<u>2,200,516</u>	<u>-</u>	<u>30,414</u>	<u>19,459</u>	<u>209,705</u>	<u>2,460,094</u>
Total Support and Revenue						
	<u>2,200,516</u>	<u>-</u>	<u>30,414</u>	<u>19,459</u>	<u>209,705</u>	<u>2,460,094</u>
<b>Expenses:</b>						
Personnel						
Salaries	187,043	-	-	-	115,953	302,996
Payroll Taxes	14,653	-	-	-	9,090	23,743
Employee Benefits	-	-	-	-	949	949
	<u>201,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,992</u>	<u>327,688</u>
Total Personnel						
	<u>201,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,992</u>	<u>327,688</u>
Administration						
Tax, Licenses and Fees	17,670	-	-	-	4,918	22,588
Advertising and Promotion	71,802	-	-	-	1,808	73,610
Legal and Accounting	11,875	-	-	-	13,025	24,900
Printing and Supplies	33,968	-	-	-	819	34,787
Bank and Credit Card Charges	31,956	-	-	-	30	31,986
Office Supplies	-	-	-	-	18,956	18,956
	<u>167,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,556</u>	<u>206,827</u>
Total Administration						
	<u>167,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,556</u>	<u>206,827</u>
Operating Expenses						
Depreciation	-	-	165,228	-	-	165,228
Dues and Subscriptions	-	-	-	-	937	937
Equipment Rent	155,334	-	-	-	-	155,334
Gas and Oil	-	-	-	-	23,178	23,178

See independent auditor's report.

**CAROLINA CUP RACING ASSOCIATION, INC.**  
**NET ASSETS WITHOUT DONOR RESTRICTIONS**  
**SUMMARY SCHEDULE OF ACTIVITIES**  
**For The Year Ended June 30, 2024**  
**(Continued)**

	Carolina Cup	Colonial Cup	Building and Equipment	Capital Fund	Carolina Cup Racing Association Operating Fund	Total
Insurance	\$ 19,858	\$ -	\$ -	\$ -	\$ 42,194	\$ 62,052
Miscellaneous	4,007	-	-	-	15,087	19,094
Outside Services	182,858	-	-	-	5,016	187,874
Pest Control	-	-	-	-	21,933	21,933
Postage	2,316	-	-	-	358	2,674
Purchases	27,405	-	-	-	-	27,405
Purses	180,000	-	-	-	-	180,000
Repairs and Maintenance	-	-	-	-	117,541	117,541
Security	14,936	-	-	-	488	15,424
Seed, Fertilizer and Chemicals	-	-	-	-	111,152	111,152
Shavings	-	-	-	-	38,101	38,101
Supplies	54,378	-	-	-	4,890	59,268
Telephone	-	-	-	-	5,290	5,290
Trash Services	-	-	-	-	2,967	2,967
Travel	-	-	-	-	1,372	1,372
Trophies and Awards	886	-	-	-	-	886
Utilities	-	-	-	-	38,751	38,751
<b>Total Operating Expenses</b>	<b>641,978</b>	<b>-</b>	<b>165,228</b>	<b>-</b>	<b>429,255</b>	<b>1,236,461</b>
<b>Total Expenses</b>	<b>1,010,945</b>	<b>-</b>	<b>165,228</b>	<b>-</b>	<b>594,803</b>	<b>1,770,976</b>
<b>Increase (Decrease) in Net Assets Before Capital Reductions</b>	<b>1,189,571</b>	<b>-</b>	<b>(134,814)</b>	<b>19,459</b>	<b>(385,098)</b>	<b>689,118</b>
<b>Capital Reductions</b>						
Transfer to/from Other Funds	(1,139,571)	-	1,139,571	-	-	-
Contributions to Health Services District	(50,000)	-	-	-	-	(50,000)
<b>Total Capital Reductions</b>	<b>(1,189,571)</b>	<b>-</b>	<b>1,139,571</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>-</b>	<b>-</b>	<b>1,004,757</b>	<b>19,459</b>	<b>(385,098)</b>	<b>639,118</b>
<b>Net Assets, Beginning of Year</b>	<b>-</b>	<b>(4,701,370)</b>	<b>11,686,367</b>	<b>193,105</b>	<b>(4,909,601)</b>	<b>2,268,501</b>
<b>Net Assets, End of Year</b>	<b>\$ -</b>	<b>\$ (4,701,370)</b>	<b>\$ 12,691,124</b>	<b>\$ 212,564</b>	<b>\$ (5,294,699)</b>	<b>\$ 2,907,619</b>

See independent auditor's report.