

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Financial Statements
For the Year Ended June 30, 2023

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-7
Supplemental Information	
Statement of Activities – Comparison of Budget to Actual – Gift Shop	8
Statement of Activities – Comparison of Budget to Actual – Tourism Commission	9-10
Statement of Activities – Comparison of Budget to Actual – Visitors Center	11

ROGER K. ELLIOTT, CPA, PC
Certified Public Accountant
1631 Paris Avenue
PO Box 393
Port Royal, SC 29935
843-470-8457

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Lowcountry and Resort Islands Tourism Commission
Yemassee, South Carolina

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Lowcountry and Resort Islands Tourism Commission, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and of cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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 financial position of the Lowcountry and Resort Islands Tourism Commission, as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Lowcountry and Resort Islands Tourism Commission's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 12, 2022. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statement of activities - comparison of budget to actual, is presented for purposes of additional analysis and is not 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.

A handwritten signature in blue ink that reads "Roger K. Elliott CPA, DC". The signature is fluid and cursive, with the first name "Roger" being the most prominent.

August 11, 2023

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION
Statement of Financial Position
June 30, 2023 and 2022

Assets	June 30, 2023	June 30, 2022
Current Assets		
Cash and cash equivalents (Note 2)	\$ 508,885	\$ 417,849
Inventory (Note1)	21,079	25,014
Total current assets	<u>529,963</u>	<u>442,863</u>
Fixed Assets		
Building	397,973	397,973
Furniture and equipment	72,512	72,512
Improvements	60,573	60,573
Automobiles	63,370	63,370
Less: accumulated depreciation	(475,069)	(463,689)
Subtotal	<u>119,360</u>	<u>130,740</u>
Land	262,600	262,600
Total Fixed Assets	<u>381,960</u>	<u>393,340</u>
Total assets	<u><u>\$ 911,923</u></u>	<u><u>\$ 836,203</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts Payable	\$ 17,346	\$ -
Compensated absences (Note 3)	24,333	19,520
Payroll and other liabilities	411	307
Sales tax payable	527	625
Total Current liabilities	<u>42,617</u>	<u>20,453</u>
Net assets		
Net assets without restrictions	552,159	499,086
Net assets with restrictions	317,147	316,664
Total net assets	<u>869,306</u>	<u>815,750</u>
Total liabilities and net assets	<u><u>\$ 911,923</u></u>	<u><u>\$ 836,203</u></u>

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION
Statement of Activities
For the Year Ended June 30, 2023 and 2022

	2023			June 30,
	Without Restrictions	With Restrictions	TOTAL	2022
Revenues				
Gift shop	\$ 56,563	\$ -	\$ 56,563	\$ 63,171
State funds	673,175	-	673,175	560,391
County and local governments	147,145	-	147,145	112,500
Interest	3,949	483	4,432	46
Other revenue and support	3,743	-	3,743	3,489
Total revenue	<u>884,575</u>	<u>483</u>	<u>885,058</u>	<u>739,597</u>
Expenses				
Gift shop expense	38,433	-	38,433	39,064
Tourism commission expense	697,761	-	697,761	528,629
Visitors center expense	83,928	-	83,928	91,768
Depreciation	11,380	-	11,380	20,448
Total Expenses	<u>831,502</u>	<u>-</u>	<u>831,502</u>	<u>679,909</u>
Change in net assets	53,073	483	53,556	59,689
Net assets - beginning of year	499,086	316,664	815,750	756,061
Net assets - end of year	<u>\$ 552,159</u>	<u>\$ 317,147</u>	<u>\$ 869,306</u>	<u>\$ 815,750</u>

See notes to financial statements

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Statement of Cash Flows For the Year Ended June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 53,557	\$ 59,690
Adjustments to reconcile change in net assets to cash		
Provided by (used in) operating activities		
Depreciation	11,380	20,448
(Increase) decrease in inventory	3,935	4,977
Increase (decrease) in accounts payable	17,346	-
Increase (decrease) in sales tax payable	(98)	(14)
Increase (decrease) in compensated absences	4,813	765
Increase in payroll & other liabilities	103	(2)
Net cash provided by operating activities	<u>91,036</u>	<u>85,864</u>
INVESTING ACTIVITIES		
Fixed asset additions	<u>-</u>	<u>-</u>
Net cash used by investing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	91,036	85,864
Cash and cash equivalents as of beginning of year	417,849	331,985
Cash and cash equivalents as of end of year	<u><u>\$ 508,885</u></u>	<u><u>\$ 417,849</u></u>
Supplementary Information		
Cash paid for interest expense	<u>None</u>	<u>None</u>
Cash paid for income taxes	<u>None</u>	<u>None</u>

Lowcountry and Resort Islands Tourism Commission

Notes to the Financial Statements
June 30, 2023 and 2022

Note 1 – Organization and summary of significant accounting policies

Lowcountry and Resort Islands Tourism Commission is a quasi-governmental organization receiving most of its revenues from the State of South Carolina and its political subdivisions. The Commission was formed November 13, 1991 for the purpose of promoting economic development and tourism in the four-county region.

Basis of presentation

The Commission's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Financial statement items are recorded at historical costs and often involve the utilization of estimates, and as a result, financial statement items do not necessarily represent current values.

Inventory

Inventory consists of goods purchased and items held on consignment to be sold in the gift shop. Inventories are valued at cost.

Property, equipment and depreciation

Property and equipment are stated at cost. Land donated to the Commission is valued based on an independent appraisal. Depreciation is computed using the straight-line method over the estimated useful life of five to seven years for furniture and equipment, five years for automotive equipment, and thirty years for buildings and improvements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Cash and cash equivalents

Cash and cash equivalents consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Business checking	\$ 23,253	\$ 18,539
Savings	<u>431,084</u>	<u>345,245</u>
Total	\$ <u>454,337</u>	\$ <u>363,784</u>

The Commission maintains its cash balances with a regional financial institution. Bank balances are secured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023 and 2022, the Commission's deposits were all insured by FDIC.

Lowcountry and Resort Islands Tourism Commission

Notes to the Financial Statements June 30, 2023 and 2022

Note 3 – Compensated absences

Compensated absences represent the Commissions liability for annual leave and compensatory time earned by employees and unpaid by the Commission as of the date of the financial statements. Employees must be full-time, permanent employees to accrue leave. The maximum allowed accrued leave per employee is forty-five (45) days. Compensatory time is subject to the discretion of management.

Note 4 – Net Assets with Restrictions

The Commission received a contribution of land in a prior year restricted to the promotion of tourism. During the year ended June 30, 1997, the Commission received all or substantially all the funding necessary to complete the renovation of the building on the land, thus meeting the intended purpose of serving as a tourism visitor's center. The land is valued at \$262,600 based on independent appraisal as of the date of the contribution of the original donor. Because the purpose for which the land may be used is restricted by the donor, the value for land is presented in the statement of financial position as permanently restricted Net Assets.

In addition, the Commission also has two permanently restricted cash accounts at BB&T Bank. The employer portion of certified retiree medical insurance premiums in the amount of \$24,076 and the restricted building fund in the amount of \$30,471.

Net Assets with restrictions are as follows at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Restricted Retiree Medical Account	\$ 24,076	\$ 24,074
Restricted Building Fund	30,471	29,990
Tourism Visitor's Center	<u>262,600</u>	<u>262,600</u>
Total	\$ <u>317,147</u>	\$ <u>316,664</u>

SUPPLEMENTAL INFORMATION

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Statement of Activities - Gift Shop Comparison of Budget to Actual For the Year Ended June 30, 2023 and 2022

	June 30, 2023	Budget	Variance Favorable (Unfavorable)	June 30, 2022
Income				
Gift shop	\$ 56,563	\$ 57,000	\$ (437)	\$ 63,171
Total income	<u>56,563</u>	<u>57,000</u>	<u>(437)</u>	<u>63,171</u>
Expense				
Gift shop expense				
Consignments	2,264	2,000	(264)	2,002
Credit card charges	1,424	1,800	376	1,762
Miscellaneous	1,221	1,500	279	1,588
Retail merchandise	33,524	27,000	(6,524)	33,712
Total expenses	<u>38,433</u>	<u>32,300</u>	<u>(6,133)</u>	<u>39,064</u>
			-	
Change in net assets	<u>\$ 18,130</u>	<u>\$ 24,700</u>	<u>\$ (6,570)</u>	<u>\$ 24,107</u>

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Statement of Activities - Tourism Commission

Comparison of Budget to Actual

For the Year Ended June 30, 2023 and 2022

	June 30, 2023	Budget	Variance Favorable (Unfavorable)	June 30, 2022
Income				
Tourism Commission				
Bank interest	\$ 4,399	\$ 50	\$ 4,349	\$ 26
Local ATAX & HTAX	147,145	99,000	48,145	112,500
State appropriation	420,455	325,000	95,455	325,000
State ATAX	207,720	180,000	27,720	190,391
TAG	45,000	45,000	-	45,000
Total income	824,719	649,050	175,669	672,917
Expense				
Tourism Commission expense				
Alarm system	256	275	19	237
Annual Audit & Payroll Service	7,535	9,500	1,965	6,846
Auto insurance	587	1,200	613	636
Billboards	34,080	37,000	2,920	36,777
Creative/Content Generation	23,273	10,000	(13,273)	15,341
Contingency	-	1,000	1,000	108
Conversion Study	-	250	250	-
December annual meeting	124	1,000	876	148
Digital Advertising	214,894	150,000	(64,894)	162,676
Dues & subscriptions	925	2,000	1,075	960
E Newsletters	10,740	10,000	(740)	9,087
Electric	3,154	3,500	346	3,016
Employee Appreciation	734	1,000	266	640
Equipment/maintenance	6,155	1,200	(4,955)	578
Computer Software	1,120	1,250	130	1,442
Exterminating	220	250	30	215
FAM trips	1,566	5,000	3,434	801
Inquiry postage	16,054	16,000	(54)	18,759
Misc	418	1,000	582	276
National tourism week	164	500	336	128
Office postage	401	500	99	507
Office supplies	2,174	2,000	(174)	2,167
Office/building insurance	11,335	15,000	3,665	11,501
Total gross payroll	118,264	120,000	1,736	104,749
Full time medical benefits	15,883	18,727	2,844	10,145
Full time pension	14,580	14,973	393	12,640
Taxes - Medicare, SS, SUTA	13,448	12,000	(1,448)	12,031
Print Advertising	85,559	30,000	(55,559)	43,014
Printed materials/literature	69,215	75,000	5,785	26,122
SCATR co-op	7,225	5,000	(2,225)	7,355
SCATR Direct Advertising	5,000	5,000	-	-
Sponsorships	5,792	3,000	(2,792)	5,536
Telephone	5,033	4,800	(233)	4,947

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Statement of Activities - Tourism Commission

Comparison of Budget to Actual

For the Year Ended June 30, 2023 and 2022

	June 30, 2023	Budget	Variance Favorable (Unfavorable)	June 30, 2022
Trash removal	802	700	(102)	707
Travel shows	2,031	3,000	969	5,087
Travel/reg/per diem	9,984	10,000	16	8,797
Water bill	224	300	76	192
Web site marketing & maintenance	8,812	8,500	(312)	14,463
Total expenses	<u>697,761</u>	<u>580,425</u>	<u>(117,336)</u>	<u>528,629</u>
Change in net assets	<u>\$ 126,958</u>	<u>\$ 68,625</u>	<u>\$ 58,333</u>	<u>\$ 144,288</u>

LOWCOUNTRY AND RESORT ISLANDS TOURISM COMMISSION

Statement of Activities - Visitors Center Comparison of Budget to Actual For the Year Ended June 30, 2023 and 2022

	June 30, 2023	Budget	Variance Favorable (Unfavorable)	June 30, 2022
Income				
Visitors Center				
Donations	\$ 3,786	\$ 2,500	\$ 1,286	\$ 3,489
Total income	<u>3,786</u>	<u>2,500</u>	<u>1,286</u>	<u>3,489</u>
Expense				
Visitors Center expense				
Alarm system	218	275	57	237
Building insurance	2,000	2,000	-	1,600
Building, fencing, upkeep	1,650	2,000	350	2,069
Cleaning supplies	220	500	280	400
Contingency	-	1,000	1,000	-
Contract Labor	-	500	500	356
Contract Grounds Maintenance	3,862	4,300	438	3,540
Electricity	3,154	3,500	346	3,016
Exterminating	220	250	30	215
Frampton Events	4,261	6,000	1,739	2,120
Grounds keeping supplies	-	100	100	-
Landscaping	-	200	200	-
Misc	700	1,000	300	261
Museum exhibits	-	100	100	-
Paper products/soap	-	-	-	-
Salary - Part Time Weekend Staff	19,774	25,000	5,226	16,897
Salary - Visitors Center Manager	46,618	45,000	(1,618)	39,967
Signage	-	1,000	1,000	20,000
Trash removal	802	700	(102)	707
Water bill	449	400	(49)	383
Total expenses	<u>83,928</u>	<u>93,825</u>	<u>9,897</u>	<u>91,768</u>
Change in net assets	<u>(80,142)</u>	<u>\$ (91,325)</u>	<u>\$ 11,183</u>	<u>(88,279)</u>