

**STRAWBERRY PARK RESORT
CAMPGROUND, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2019 and 2018

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Changes in Unit Owners' Equity	4
Statements of Operations and Unit Owners' Deficit	5
Statements of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Operating Expenses	11

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Unit Owners
Strawberry Park Resort Campground, Inc.
Preston, CT 06365

We have reviewed the accompanying financial statements of Strawberry Park Resort Campground, Inc. (a Co-Op), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in unit owners' equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our reviews, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Management has omitted the required supplementary information about future repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Bailey Scarano, LLC

Branford, Connecticut
June 30, 2020

STRAWBERRY PARK RESORT CAMPGROUND, INC.
BALANCE SHEETS
December 31, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 27,598	\$ 6,390
Accounts receivable	66,461	62,273
Property and equipment, net	1,030,086	1,144,367
Due from affiliate	-	45,857
Due for future repairs and replacements reserve	-	1,474
	<hr/>	<hr/>
Total	<u>\$ 1,124,145</u>	<u>\$ 1,260,361</u>
 <u>LIABILITIES AND UNIT OWNERS' EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 57,723	\$ 54,231
Accrued expenses	37,775	44,261
Deferred revenue	20,798	9,718
Due to affiliate	121,739	-
	<hr/>	<hr/>
Total	238,035	108,210
 <u>UNIT OWNERS' EQUITY</u>		
Paid-in capital	7,176,965	7,176,965
Accumulated deficit	(6,290,855)	(6,002,080)
Reserve for future replacement	-	(22,734)
	<hr/>	<hr/>
Total	886,110	1,152,151
	<hr/>	<hr/>
Total	<u>\$ 1,124,145</u>	<u>\$ 1,260,361</u>

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
 STATEMENTS OF CHANGES IN UNIT OWNERS' EQUITY
 Years ended December 31, 2019 and 2018

<u>December 31, 2018</u>	<u>Paid-In Capital</u>	<u>Accumulated Deficit</u>
Balance, December 31, 2017	\$ 7,176,965	\$ (5,794,914)
Deficiency of revenues over expenses	-	(207,166)
Balance, December 31, 2018	<u>\$ 7,176,965</u>	<u>\$ (6,002,080)</u>
<u>December 31, 2019</u>	<u>Paid-In Capital</u>	<u>Accumulated Deficit</u>
Balance, December 31, 2018	\$ 7,176,965	\$ (6,002,080)
Deficiency of revenues over expenses	-	(288,775)
Balance, December 31, 2019	<u>\$ 7,176,965</u>	<u>\$ (6,290,855)</u>

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
STATEMENTS OF OPERATIONS AND UNIT OWNERS' DEFICIT
Years ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Association membership fees	\$ 1,269,572	\$ 1,260,125
Concession fees	78,000	78,000
Total	1,347,572	1,338,125
OPERATING EXPENSES	1,422,588	1,260,068
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	(75,016)	78,057
DEPRECIATION	213,759	285,223
DEFICIENCY OF REVENUES OVER EXPENSES	(288,775)	(207,166)
UNIT OWNERS' DEFICIT AT BEGINNING OF YEAR	(6,002,080)	(5,794,914)
UNIT OWNERS' DEFICIT AT END OF YEAR	\$ (6,290,855)	\$ (6,002,080)

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (288,775)	\$ (207,166)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided by operating activities:		
Depreciation	213,759	285,223
Bad debts	2,719	3,036
Changes in certain assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(6,907)	(32,287)
Due from affiliate	45,857	30,650
Due for future repairs and replacements	24,208	11,720
Increase (decrease)		
Accounts payable	3,492	(15,185)
Accrued expenses	(6,486)	36,261
Deferred revenue	11,080	(3,385)
Due to affiliate	121,739	-
Total adjustments	<u>409,461</u>	<u>316,033</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	120,686	108,867
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for improvements	(99,478)	(113,889)
Cash payments for future repairs and replacements	-	(11,720)
NET CASH USED IN INVESTING ACTIVITIES	<u>(99,478)</u>	<u>(125,609)</u>
NET INCREASE (DECREASE) IN CASH	21,208	(16,742)
CASH AT BEGINNING OF YEAR	<u>6,390</u>	<u>23,132</u>
CASH AT END OF YEAR	<u>\$ 27,598</u>	<u>\$ 6,390</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 1,995</u>	<u>\$ -</u>

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Strawberry Park Resort Campground, Inc., (“the Cooperative”) is a cooperative resort campground in Preston, Connecticut. The Cooperative was incorporated as a nonstock corporation under the law of the State of Connecticut on January 2, 1990. On June 14, 1990, the real assets of Strawberry Farms, LLC were contributed at net book value to the Cooperative as common interest property in exchange for proprietary leases and membership certificates of all the units in the campground. Effective July 1, 1990, the Cooperative commenced its operations. Strawberry RV Park, LLC, the managing entity and related party, operated all the concessions and paid a concession fee to the Cooperative until June 9, 2013 when it was sold and renamed Strawberry Park Management, LLC. The only other income the Cooperative will generate is a common fee charge for which each of the 550 unit owners are responsible.

Basis of Accounting

The Cooperative uses the accrual basis of accounting. All Cooperative maintenance fees are recognized as earned when assessed, and expenditures are recognized when incurred.

Cash Flows Information

For purposes of reporting the statements of cash flows, the cooperative includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash on the accompanying statement of financial position.

Unit Owners Assessments and Replacement Reserve

The annual budget and unit owners’ assessments are determined by the Board of Directors and ratified by the owners. Unit owners are subject to quarterly assessments to provide funds for the Cooperative’s operating expenses, and are also assessed for electricity usage, which is payable when billed. Accounts receivable at the balance sheet date represent fees due from the unit owners. The Cooperative retains any excess at the end of the operating year for use in future operating periods.

In accordance with the Cooperative’s declaration, a replacement reserve will be established and a separate cash - money market account opened for this fund. A portion of the member’s yearly assessments will be appropriated to this reserve. Although a due for future repairs and replacements account has been established, no cash fund has yet been established (See Note #6).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short term basis; thus, trade receivables do not bear interest. The Cooperative writes off accounts receivable when they are determined to be uncollectible after all methods of collections have been exhausted. Any amounts collected in advance from unit owners for membership fees are reclassified and shown on the balance sheet as a liability. The detail of accounts receivable as of December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Current	\$ 4,401	\$ -
1-30 Days	952	-
31-60 Days	600	2,365
61-90 Days	18,961	26,800
>90 Days	<u>41,547</u>	<u>33,108</u>
Total	<u>\$ 66,461</u>	<u>\$ 62,273</u>

Income Taxes

The Cooperative is annually required to file an 1120-C corporate tax return. The IRS holds the position that qualifying housing organizations may file under Subchapter T (I.R.C. Section 1381-1388). This allows the Cooperative to offset operating losses against patronage income, i.e., income from business done with or for patrons (tenant cooperators). As a result of this, the Cooperative will rarely have taxable income. The Cooperative believes that all of its income for the years ended December 31, 2019 and 2018 is patronage income within the meaning of Subchapter T.

The Cooperative follows FASB ASC 740, "Accounting for Uncertainty in Income Taxes", which prescribes a comprehensive model for the measurement, recognition, presentation, and disclosure in its financial statements of uncertain tax positions that the Cooperative has taken or expects to be taken on a tax return. The Cooperative recognizes the tax benefits from uncertain tax positions only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlements. The Cooperative's income tax filings are subject to audit by various taxing authorities. The Cooperative is no longer subject to examinations by the taxing authorities for the years before December 31, 2016. In evaluating the Cooperative's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Cooperative believes their estimates are appropriate based on current facts and circumstances.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019 and 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management's Evaluation

Management of the Cooperative has evaluated subsequent events through June 30, 2020, the date the financial statements were available to be issued.

NOTE #2 – PROPERTY AND EQUIPMENT

Depreciation is computed using the straight line and double declining balance methods applied over the useful lives of the assets.

The estimated useful lives of depreciable assets are:

Ground improvements	7-39 years
Building and improvements	10-39 years
Equipment	3-7 years
Furniture and fixtures	5-15 years

Property and equipment are recorded at cost and consist of the following:

	<u>2019</u>	<u>2018</u>
Ground improvements	\$5,013,072	\$4,947,321
Building and improvements	1,774,374	1,774,374
Equipment	105,516	79,877
Land	32,000	32,000
Furniture and fixtures	<u>35,025</u>	<u>26,937</u>
Total	6,959,987	6,860,509
Less accumulated depreciation	<u>5,929,901</u>	<u>5,716,142</u>
Property and equipment, net	<u>\$1,030,086</u>	<u>\$1,144,367</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$213,759 and \$285,223, respectively.

NOTE #3 – DEFERRED REVENUE

Deferred revenue represents unit owner management fees for 2020 and 2019 received in advance.

NOTE #4 – DUE (TO) FROM AFFILIATE

	<u>2019</u>	<u>2018</u>
Due (to) from affiliate consists of the following:		
Strawberry Park Management, LLC, non-interest bearing advances and net allocations of common expenses, due on demand.	<u>\$ (121,739)</u>	<u>\$ 45,857</u>

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE #5 - RELATED PARTY TRANSACTIONS

The Cooperative entered into concession agreements with Strawberry RV Park, LLC until June 9, 2013 where upon the entity was sold and agreements were terminated and then with Strawberry Park Management, LLC, a related entity, of which has substantially the same ownership. The agreements provide for use and operation of recreation amenities and other facilities and services by Strawberry Park Management, LLC. Each concession agreement has an initial term of two years beginning with the first conveyance of a unit. The agreements provide for automatic two-year renewals and are terminable on 90 days notice by either party. The income under these agreements for the years ended December 31, 2019 and 2018 was \$78,000 each year.

The association membership fees paid by the Strawberry Park Management, LLC were \$790,050 and \$793,500 for December 31, 2019 and 2018, respectively.

NOTE #6 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Cooperative has not conducted a study to estimate the remaining useful lives of common property components and current estimates of costs of major repairs and replacements that may be required in the future. The board has not developed a plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Cooperative has the right to use available funds, to increase regular assessments, to make special assessments, or to delay major repairs and replacements until funds are available. The effect of future assessments has not been determined at this time.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
SUPPLEMENTARY INFORMATION
Years ended December 31, 2019 and 2018

	2019	2018
OPERATING EXPENSES		
Salaries - office and supervision	\$ 155,663	\$ 139,606
Salaries - outside maintenance	150,277	159,533
Salaries - recreation staff	150,070	134,555
Salaries - security	59,026	57,966
Salaries - front office staff	42,087	33,425
Salaries - cleaning crew	34,812	19,587
Salaries - gate/lawn maintenance	12,981	23,308
Common use electricity	103,600	90,832
Cable television programming	82,951	71,288
Payroll taxes	77,231	79,273
Septic and refuse removal	74,446	63,635
Real and personal property taxes	69,933	71,681
Maintenance - grounds	63,830	9,057
Recreation entertainment	57,266	56,644
Maintenance - outside services	51,133	52,807
Insurance - GL and D&O	26,192	31,033
Pool supplies	24,221	19,462
Insurance - workers' compensation	23,974	16,039
Maintenance - buildings	22,399	14,922
LP gas	21,865	21,738
Maintenance - pool	19,909	14,358
Maintenance - supplies	13,485	9,559
Accounting and legal	12,971	13,671
Outside services	11,941	11,356
Maintenance - equipment	11,511	8,880
Maintenance supplies	7,381	4,665
Water testing	7,209	3,804
Activities supplies	6,965	1,993
Maintenance - vehicles	6,958	6,676
Office supplies	6,931	5,227
Internet and telephone	5,754	5,043
Bad debts	2,719	3,036
Interest expense	1,995	-
Bank charges	1,477	1,117
Permits and fees	1,205	1,490
Maintenance - recreation	118	803
Office and miscellaneous expense	102	1,999
	<u>\$ 1,422,588</u>	<u>\$ 1,260,068</u>
Total		

See independent accountants' review report.