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STRAWBERRY PARK RESORT
CAMPGROUND, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANTS' 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, 2020 and 2019, 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.

Accountants' 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.

Accountants' 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.

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Bailey Scarano, LLC

Branford, Connecticut
October 11, 2021

STRAWBERRY PARK RESORT CAMPGROUND, INC.

BALANCE SHEETS

December 31, 2020 and 2019

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ASSETS

	<u>2020</u>	<u>2019</u>
Cash	\$ 23,430	\$ 27,598
Accounts receivable	91,035	66,461
Property and equipment, net	907,992	1,030,086
Due from affiliate	2,113	-
	<u>2,113</u>	<u>-</u>
 Total	 <u>\$ 1,024,570</u>	 <u>\$ 1,124,145</u>

LIABILITIES AND UNIT OWNERS' EQUITY

LIABILITIES

Accounts payable	\$ 3,985	\$ 57,723
Accrued expenses	47,322	37,775
Deferred revenue	23,557	20,798
PPP loan payable	113,300	-
Due to affiliate	-	121,739
	<u>-</u>	<u>121,739</u>
 Total	 188,164	 238,035

UNIT OWNERS' EQUITY

Paid-in capital	7,176,965	7,176,965
Accumulated deficit	(6,340,559)	(6,290,855)
	<u>7,176,965</u>	<u>7,176,965</u>
 Total	 <u>836,406</u>	 <u>886,110</u>
 Total	 <u>\$ 1,024,570</u>	 <u>\$ 1,124,145</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, 2020 and 2019

DRAFT <small>Accumulated</small>
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<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	\$ 7,176,965	\$ (6,290,855)

<u>December 31, 2020</u>	<u>Paid-In Capital</u>	<u>Accumulated Deficit</u>
Balance, December 31, 2019	\$ 7,176,965	\$ (6,290,855)
Deficiency of revenues over expenses	-	(49,704)
Balance, December 31, 2020	\$ 7,176,965	\$ (6,340,559)

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
 STATEMENTS OF OPERATIONS AND UNIT OWNERS' DEFICIT
 Years ended December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
REVENUES		
Association membership fees	\$ 1,318,786	\$ 1,269,572
Concession fees	78,000	78,000
Total	<u>1,396,786</u>	<u>1,347,572</u>
OPERATING EXPENSES	<u>1,264,293</u>	<u>1,422,588</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	132,493	(75,016)
DEPRECIATION	<u>182,197</u>	<u>213,759</u>
DEFICIENCY OF REVENUES OVER EXPENSES	(49,704)	(288,775)
UNIT OWNERS' DEFICIT AT BEGINNING OF YEAR	<u>(6,290,855)</u>	<u>(6,002,080)</u>
UNIT OWNERS' DEFICIT AT END OF YEAR	<u>\$ (6,340,559)</u>	<u>\$ (6,290,855)</u>

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

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2020 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$	(49,704) \$ (288,775)
Adjustments to reconcile deficiency of revenues over expenses to net cash (used in) provided by operating activities:		
Depreciation		182,197 213,759
Bad debts		906 2,719
Changes in certain assets and liabilities		
(Increase) decrease in:		
Accounts receivable		(25,480) (6,907)
Due from affiliate		(2,113) 45,857
Due for future repairs and replacements		- 24,208
Increase (decrease)		
Accounts payable		(53,738) 3,492
Accrued expenses		9,547 (6,486)
Deferred revenue		2,759 11,080
Due to affiliate		(121,739) 121,739
Total adjustments		<u>(7,661) 409,461</u>
 NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		 (57,365) 120,686
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for improvements		<u>(60,103) (99,478)</u>
 NET CASH USED IN INVESTING ACTIVITIES		 <u>(60,103) (99,478)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan payable		<u>113,300 -</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES		 <u>113,300 -</u>
 NET (DECREASE) INCREASE IN CASH		 (4,168) 21,208
 CASH AT BEGINNING OF YEAR		 <u>27,598 6,390</u>
 CASH AT END OF YEAR		 <u>\$ 23,430 \$ 27,598</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest		<u>\$ 6,280 \$ 1,995</u>

See independent accountants' review report and accompanying notes.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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, 2020 and 2019

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

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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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Current	\$ -	\$ 4,401
1-30 Days	-	952
31-60 Days	-	600
61-90 Days	36,208	18,961
>90 Days	<u>54,827</u>	<u>41,547</u>
Total	<u>\$ 91,035</u>	<u>\$ 66,461</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, 2020 and 2019 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, 2017. 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, 2020 and 2019

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

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Risks and Uncertainties

On January 30, 2020 the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Cooperative operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Cooperative, the Cooperative expects the possibility of declining revenues and significant changes in the fair value of assets or liabilities, which may have a material adverse impact on the financial position and operations of the Cooperative.

Date of Management’s Evaluation

Management of the Cooperative has evaluated subsequent events through October 11, 2021, 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:

	2020	2019
Ground improvements	\$5,059,775	\$5,013,072
Building and improvements	1,787,774	1,774,374
Equipment	105,516	105,516
Furniture and fixtures	35,025	35,025
Land	32,000	32,000
Total	7,020,090	6,959,987
Less accumulated depreciation	6,112,098	5,929,901
Property and equipment, net	\$ 907,992	\$1,030,086

Depreciation expense for the years ended December 31, 2020 and 2019 was \$182,197 and \$213,759, respectively.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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NOTE #3 – DEFERRED REVENUE

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

NOTE #4 – DUE FROM (TO) AFFILIATE

	<u>2020</u>	<u>2019</u>
Due from (to) affiliate consists of the following:		
Strawberry Park Management, LLC, non-interest bearing advances and net allocations of common expenses, due on demand.	<u>\$ 2,113</u>	<u>\$ (121,739)</u>

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, 2020 and 2019 was \$78,000 each year.

The association membership fees paid by the Strawberry Park Management, LLC were \$816,000 and \$790,050 for December 31, 2020 and 2019, 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.

NOTE #7 – PAYROLL PROTECTION PROGRAM LOANS

Strawberry Park Resort Campground, Inc. received a Paycheck Protection Program (PPP) loan with a lender in April 2020 for \$113,300. The PPP loans were offered through the U.S. Small Business Administration (SBA) pursuant to the Title 1 of the Coronavirus Aid Relief and Economic Security Act (the "CARES Act"). All or part of this loan may be forgiven if certain guidelines are met which includes using the loan proceeds for payroll costs, including salaries, commissions, and similar compensation, group health care benefits; rent and utilities. The interest on the loan is at an annual rate of 1.00% and the loan matures in April 2022. To apply for forgiveness, the Cooperative will need to submit a loan forgiveness application to the lender within ten months after the last day of the Cooperative's covered period (as defined in the CARES Act and as interpreted by the PPP Rules, the "Loan Forgiveness Covered Period"). The Cooperative

STRAWBERRY PARK RESORT CAMPGROUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE #7 – PAYROLL PROTECTION PROGRAM LOANS (Continued)

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will not be obligated to make any payments of principal or interest before the date on which the SBA remits the loan forgiveness amounts to the lender or notified the lender that the loans are not eligible for forgiveness. The lender will then notify the Cooperative of remittance by SBA of the loan forgiveness amounts or notify the Cooperative that the SBA determined that no loan forgiveness is allowed, and the date the Cooperative's first monthly payments are due. If the Cooperative does not submit a timely loan forgiveness application to the lender within ten months after the last day of the Cooperative's Loan Forgiveness Covered Period, the Cooperative must begin monthly payments of principal and interest ten months after the last day of the Cooperative's Loan Forgiveness Covered Period. Interest will continue to accrue during the applicable deferment period. In any event, if the SBA determines at any time that the loan is not eligible for forgiveness, the loan is no longer deferred and the Cooperative must begin monthly payments of principal and interest in accordance with a notice to be provided by the lender. The unpaid principal balance of the loan together with all accrued interest and charges owing in connection therewith, shall be due and payable upon maturity in April 2022.

The loan was fully forgiven by the SBA in 2021. Therefore, the PPP loan for \$113,300 has been recorded as a current liability as of December 31, 2020. The loan will be recorded as income for the year ended December 31, 2021.

NOTE #8 – RECENT ACCOUNTING PRONOUNCEMENTS

We have analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard. Our sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer.

STRAWBERRY PARK RESORT CAMPGROUND, INC.
SUPPLEMENTARY INFORMATION
Years ended December 31, 2020 and 2019

OPERATING EXPENSES

	2020	2019
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Salaries - office and supervision	\$ 174,168	\$ 155,663
Salaries - outside maintenance	153,460	150,277
Salaries - recreation staff	118,127	150,070
Salaries - front office staff	44,531	42,087
Salaries - security	42,783	59,026
Salaries - cleaning crew	24,526	34,812
Salaries - gate/lawn maintenance	-	12,981
Common use electricity	113,960	103,600
Cable/internet/telephone	91,020	88,705
Real and personal property taxes	71,760	69,933
Septic and refuse removal	68,621	74,446
Maintenance - outside services	58,344	51,133
Maintenance - grounds	40,375	63,830
Payroll taxes	38,684	77,231
Insurance - GL and D&O	35,600	26,192
Recreation entertainment	24,196	57,266
Insurance - workers' compensation	22,598	23,974
Maintenance - equipment	19,271	11,511
Pool supplies	17,025	24,221
Accounting and legal	16,090	12,971
Maintenance - buildings	15,861	22,399
Outside services	14,234	11,941
LP gas	13,918	21,865
Maintenance - pool	10,286	19,909
Maintenance - supplies	7,001	13,485
Office supplies	6,975	6,931
Interest expense	6,280	1,995
Maintenance supplies	4,250	7,381
Maintenance - vehicles	3,395	6,958
Water testing	2,575	7,209
Permits and fees	2,480	1,205
Bank charges	906	1,477
Activities supplies	372	6,965
Maintenance - recreation	314	118
Office and miscellaneous expense	307	102
Bad debts	-	2,719
	<u> </u>	<u> </u>
Total	<u>\$ 1,264,293</u>	<u>\$ 1,422,588</u>

See independent accountants' review report.