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TEAMVOLUSIA
GREATER DAYTONA REGION
ECONOMIC DEVELOPMENT CORPORATION

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Team Volusia Economic Development Corporation
Daytona Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Team Volusia Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Volusia Economic Development Corporation as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BMC CPAs

BMC CPAs
June 3, 2020

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018
TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
Daytona Beach, Florida

	2019	2018
Assets:		
Cash and cash equivalents	$ 365,154	$ 358,935
Accounts receivable	23,500	67,819
Prepaid expenses	35,936	55,958
Current assets	424,590	482,712
Property and equipment, net	21,685	29,804
Cash - board designated	550,000	550,000
Total assets	$ 996,275	$ 1,062,516
Liabilities and net assets:		
Liabilities:		
Accounts payable	$ 9,755	$ 29,543
Accrued expenses	18,751	12,202
Unearned revenue	233,203	224,794
Total current liabilities	261,709	266,539
Net assets:		
Unrestricted		
Designated by board	550,000	550,000
Without donor restrictions	184,566	245,977
Total net assets	734,566	795,977
Total liabilities and net assets	$ 996,275	$ 1,062,516

The accompanying notes are an integral part of these financial statements

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STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018
TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
Daytona Beach, Florida

	2019	2018
Revenue		
Private sector	$ 523,178	$ 475,268
Public sector	493,371	492,322
Higher education	52,497	58,333
Other revenue	39,927	29,454
Total revenue	1,108,973	1,055,377
Expenses:		
Personnel services	621,405	604,103
Operating expenses	210,173	183,137
Competitive intelligence	37,955	40,862
Recruiting and business development	105,215	98,662
Marketing and communications	65,126	45,381
External relations	68,887	63,640
Organizational excellence	10,763	12,991
One-time Expenses	43,505	100,611
Strategy for Success	225	304
Depreciation	14,391	17,365
Total expenses	1,177,645	1,167,056
Net operating loss	(68,672)	(111,679)
Other income (expense)		
Interest income	9,484	4,586
Loss on dsposal of property and equipment	(2,223)	-
Total other income	7,261	4,586
Decrease in net assets	(61,411)	(107,093)
Net assets - beginning of year	795,977	903,070
Net assets - end of year	$ 734,566	$ 795,977

The accompanying notes are an integral part of these financial statements

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STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
Daytona Beach, Florida

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (61,411)	$ (107,093)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	14,391	17,365
Loss on disposal of property and equipment	2,223	-
Change in accounts receivable	44,319	479
Change in prepaid expenses	20,022	(14,357)
Change in accounts payable	(19,788)	24,378
Change in accrued expenses	6,549	1,337
Change in deferred income	8,409	15,472
Net cash used in operating activities	14,714	(62,419)
Cash flows from investing activities:		
Purchases of property and equipment	(8,495)	(1,833)
Net cash used in investing activities	(8,495)	(1,833)
Net change in cash and cash equivalents	6,219	(64,252)
Cash and cash equivalents, beginning of year	358,935	423,187
Cash and cash equivalents, end of year	$ 365,154	$ 358,935

The accompanying notes are an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below to enhance the usefulness of the financial statements to the readers.

Nature of Operations
Team Volusia Economic Development Corporation ("TVEDC") was organized on July 27, 2010 to promote and foster economic development in Volusia County under the provisions of the Florida Not For Profit Corporation Act set forth in Chapter 617, Florida Statutes.

The Board of Directors is comprised of thirty-five members, the majority of whom are business leaders from private sector employers, along with representatives from education, labor organizations, local government and community based public assistance organizations.

The financial statements are prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Contributions
FASB ASC 958-605 requires that the Organization first determine whether the contribution is conditional. Conditional contributions received are accounted for as liabilities and not recognized until that condition is either met or it is determined that the possibility of the condition not being met is remote at which point the contribution becomes unconditional. All unconditional contributions are classified as either "net assets with donor restrictions" or "net assets without donor restrictions".

Accounting 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Under FASB ASC 958, TVEDC is required to report information regarding its financial position and activities according to two classes of net assets: "net assets with donor restrictions" or "net assets without donor restrictions".
For the years ended December 31, 2019 and 2018, TVEDC did not have any "net assets with donor restrictions".

Liquidity
Assets are presented in the accompanying Statement of Financial Position according to their nearness of conversion to cash, and liabilities according to their nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents
Cash and cash equivalents consist of checking, savings accounts and money market funds with original maturity dates of three months or less. All savings and money market accounts earn interest on their average monthly balances. For purposes of the statements of cash flows, TVEDC considers all highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

The Board has approved unrestricted net assets as cash reserves and at December 31, 2019 and 2018, this amounted to $550,000 per year. These designations do not attach any legal net asset restrictions to the use of funds.

Accounts Receivable
Accounts receivable primarily consist of membership dues from both the public and private sectors within Volusia County and are stated at net realizable value. When applicable, accounts receivable determined to be worthless are written off and are charged to bad debt expense in the year determined uncollectible. Accordingly, no reserve for uncollectible accounts was considered necessary.

Property and Equipment
Acquisitions of non-expendable tangible property with a useful life in excess of one year are capitalized at historical cost. Qualifying equipment is depreciated over estimated useful lives ranging from three to fifteen years using the straight-line depreciation method. Computer software is amortized over three years using the straight-line method.

The Company reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition of the property and equipment. If the property and equipment is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property. There were no impairment losses recognized in 2019 and 2018.

Fair Value of Financial Instruments
The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses and deferred income approximates fair value because of the immediate or short-term maturity of these financial instruments.

Income Taxes
TVEDC is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Board believes that it has no liability for taxes with respect to unrelated business income. However, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

TVEDC follows Accounting Standards Codification Topic 740, *Income Taxes* ("ASC 740"). A component of this standard prescribes a recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Board's policy is to recognize interest and penalties associated with tax positions under this standard as a component of tax expense, and none were recognized since there was no material impact of the application of this standard for the year ended December 31, 2019. Informational returns (Form 990) have been filed with the Internal Revenue Service. These information returns (Form 990) for fiscal years ended December 31, 2016, 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally three years after they were filed.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year using the modified retrospective approach.

As part of the adoption of this ASU, the Company has elected the following transition practical expedients –

1) To reflect the aggregate of all contract modifications occurring prior to the date of initial application when identifying satisfied and unsatisfied performance obligations as well as determining and allocating the transaction price;
2) To apply this standard only to contacts that are not completed at the initial date of application.

Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. Additionally, the adoption of this standard has not resulted in any changes to net assets as of January 1, 2019.

Revenue Recognition Policy

The Company primarily derives its revenues in the form of membership dues from various municipalities and private-sector organizations with the intent of strengthening strategic economic development and business recruitment activities in Volusia County, Florida. The Company does not have any significant financing components as payment is received at or shortly upon point of sale. Costs to obtain a contract are expensed as incurred when the contract is one year or less.

The Company's revenues at December 31, 2019 amounted to $1,108,973 and are primarily related to revenue from performance obligations satisfied over a period of time.

The Company has recorded deferred revenue at December 31, 2019 in the amount of $233,203 related to those contracts wherein the performance obligation is satisfied over a period of time.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2019 and 2018, the carrying amount of TVEDC's cash deposits was $915,154 and $908,935, respectively. The bank balances were $922,919 and $911,853, respectively. Accounts at each financial institution are insured by the FDIC up to $250,000. At December 31, 2019 and 2018, the Company had uninsured balances of $76,410 and $5,350, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

The major components of property and equipment at December 31, 2019 and 2018 were as follows:

	2019	2018
Computer equipment	$ 60,111	$ 54,516
Computer software and website design	41,788	41,788
Furniture and equipment	90,259	90,259
Leasehold improvements	2,524	2,524
	194,682	189,087
Less: accumulated depreciation	(172,997)	(159,283)
Net property and equipment	$ 21,685	$ 29,804

Depreciation expense charged to operations amounted to $14,391 and $17,365, respectively.

NOTE 4 - OPERATING LEASE

TVEDC has entered into an operating lease for office facilities under an agreement which expires on February 28, 2023. This lease contains renewal provisions and generally requires TVEDC to pay insurance, taxes and other operating expenses related thereto. Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2019, are as follows: 2020 - $70,171, 2021 - $71,429, 2022 - $71,429 and 2023 - $11,905.

Total rental expense charged to operations was $63,869 and $64,889 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 – PROFIT SHARING PLAN

TVEDC has established and maintains a qualified employee profit sharing plan under IRC 401(k) for its employees. All employees who have reached the age of 21 and have one year of employment are eligible to participate in the plan. The Company participates in the plan by matching employee contributions up to 5% of each participant's salary. During the years ended December 31, 2019 and 2018, the Company's contributions to the plan amounted to $21,055 and $19,836, respectively.

NOTE 6 – SUBSEQUENT EVENTS

Management and the Board have evaluated subsequent events from the financial position date through June 3, 2020, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.