

**TEAM VOLUSIA ECONOMIC
DEVELOPMENT CORPORATION**

Daytona Beach, Florida

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities and cash flows for the years 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 Team Volusia Economic Development Corporation as of December 31, 2021 and 2020, 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.

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 Team Volusia Economic Development Corporation 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 Team Volusia Economic Development Corporation'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 the 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 Team Volusia Economic Development Corporation'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 Team Volusia Economic Development Corporation'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.

BMC CPAs

BMC CPAs
May 9, 2022

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2021 and 2020
 Daytona Beach, Florida

	2021	2020
Assets:		
Cash and cash equivalents	\$ 570,685	\$ 478,146
Accounts receivable	30,626	40,875
Prepaid expenses	57,354	42,877
Current assets	658,665	561,898
Property and equipment, net	37,574	15,009
Cash - board designated	550,000	550,000
Total assets	\$ 1,246,239	\$ 1,126,907
Liabilities and net assets:		
Liabilities:		
Current portion of capital leases	\$ 3,749	\$ -
Accounts payable	7,550	3,275
Accrued expenses	20,814	21,224
Unearned revenue	412,144	358,485
Total current liabilities	444,257	382,984
Capital leases - net of current portion	14,409	-
Total liabilities	458,666	382,984
Net assets:		
Unrestricted		
Designated by board	550,000	550,000
Without donor restrictions	237,573	193,923
Total net assets	787,573	743,923
Total liabilities and net assets	\$ 1,246,239	\$ 1,126,907

See accompanying notes and independent auditors' report.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020
Daytona Beach, Florida

	2021	2020
Revenue		
Private sector	\$ 506,153	\$ 515,017
Public sector	498,768	496,237
Higher education	56,688	54,981
Other revenue	13,263	66,458
Total revenue	1,074,872	1,132,693
Expenses:		
Personnel services	650,507	650,053
Operating expenses	186,485	167,630
Competitive intelligence	46,444	58,303
Recruiting and business development	80,325	47,965
Marketing and communications	62,586	67,563
External relations	49,682	56,488
Organizational excellence	7,145	3,001
One-time expenses	16,140	23,144
Strategy for success	3,739	46,222
Depreciation	10,443	9,481
Total expenses	1,113,496	1,129,850
Net operating profit (loss)	(38,624)	2,843
Other income (expense)		
Interest income	5,170	6,513
Interest expense	(396)	-
PPP loan forgiveness	77,500	-
Total other income	82,274	6,513
Change in net assets	43,650	9,356
Net assets - beginning of year	743,923	734,567
Net assets - end of year	\$ 787,573	\$ 743,923

See accompanying notes and independent auditors' report.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
Daytona Beach, Florida

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 43,650	\$ 9,356
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,443	9,481
Extinguishment of PPP loan	(77,500)	-
(Increase) decrease in:		
Change in accounts receivable	10,249	(17,377)
Change in prepaid expenses	(14,477)	(6,941)
Increase (decrease) in:		
Change in accounts payable	4,275	(6,477)
Change in accrued expenses	(410)	2,473
Change in deferred income	53,659	125,282
Net cash provided by operating activities	29,889	115,797
Cash flows from investing activities:		
Purchases of property and equipment	(33,007)	(2,805)
Net cash used for investing activities	(33,007)	(2,805)
Cash flows from financing activities:		
Proceeds from capital leases	19,975	-
Principal repayments on capital leases	(1,818)	-
Proceeds from PPP loan	77,500	-
Net cash provided by financing activities	95,657	-
Net change in cash and cash equivalents	92,539	112,992
Cash and cash equivalents, beginning of year	1,028,146	915,154
Cash and cash equivalents, end of year	\$ 1,120,685	\$ 1,028,146
Cash and cash equivalents, unrestricted	\$ 570,685	\$ 478,146
Cash and cash equivalents, board-restricted	550,000	550,000
	\$ 1,120,685	\$ 1,028,146
Supplemental disclosure of cash flow information:		
Cash payments for interest expense	\$ 396	\$ -
Supplemental disclosure of non-cash financing activities:		
Capital expenditures funded by capital lease borrowings	\$ 19,975	\$ -

See accompanying notes and independent auditors' report.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE A - 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 fifty-two 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.

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for December 31, 2021 and 2020, was \$62,586 and \$67,563, respectively.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

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, 2021 and 2020, TVEDC did not have any “net assets with donor restrictions”.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020, 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.

TVEDC 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 2021 and 2020.

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.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021. Informational returns (Form 990) have been filed with the Internal Revenue Service. These information returns (Form 990) for fiscal years ended December 31, 2018, 2019, 2020 and 2021, are subject to examination by the Internal Revenue Service, generally three years after they were filed.

Revenue Recognition Policy

TVEDC 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. TVEDC 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.

TVEDC’s revenue recognition policy is consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, codified as Accounting Standards Codification (ASC) Topic 606.

TVEDC’s revenues for the year ending December 31, 2021, amounted to \$1,074,872 and are primarily related to revenue from performance obligations satisfied over a period of time.

TVEDC has recorded deferred revenue at December 31, 2021, in the amount of \$412,144 related to those contracts wherein the performance obligation is satisfied over a period of time.

NOTE B - CASH AND CASH EQUIVALENTS

Cash includes amounts on hand and amounts on deposit at financial institutions. TVEDC occasionally will have amounts on deposit at financial institutions that exceed the FDIC insurance limit. TVEDC believes that there is no significant risk with respect to such deposits.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2021, the following represents the financial assets held by TVEDC. Board restricted cash of \$550,000, prepaid expenses of \$57,354, and net property and equipment of \$37,574 are excluded from these financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and equivalents, unrestricted	\$	570,685
Accounts receivable		30,626
		\$ 601,311

NOTE D - PROPERTY AND EQUIPMENT

The major components of property and equipment at December 31, 2021 and 2020 were as follows:

	2021	2020
Computer equipment	\$ 82,715	\$ 60,112
Computer software and website design	54,998	44,593
Furniture and equipment	90,259	90,259
Leasehold improvements	2,524	2,524
	230,496	197,488
Accumulated depreciation	(192,922)	(182,479)
	\$ 37,574	\$ 15,009

Depreciation expense charged to operations amounted to \$10,443 and \$9,481, respectively.

NOTE E – CAPITAL LEASE

The following is a summary of capital leases outstanding at December 31, 2021 and 2020:

	2021	2020
Capital lease, dated June 16, 2021, payable in monthly installments of \$369; imputed interest rate of 4.125%; final scheduled payment in June 2026	\$ 18,158	\$ -
Minus current portion	(3,749)	-
	\$ 14,409	\$ -

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE E – CAPITAL LEASE (CONTINUED)

In June of 2021, TVEDC entered into a capital lease arrangement for the lease of a copier. The acquisition value of the copier was \$19,975, the terms of which provide for sixty monthly payments of \$369 at an imputed interest rate of 4.125%. Accumulated depreciation on the copier was \$1,998 at December 31, 2021, leaving a net book value of \$17,977.

The aggregate minimum principal repayments on this capital lease obligation for the next five years are as follows:

2022	\$	3,749
2023		3,908
2024		4,071
2025		4,242
2026		<u>2,188</u>
	\$	<u>18,158</u>

NOTE F - 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, 2021, are as follows:

2022	\$	71,429
2023		<u>11,905</u>
	\$	<u>83,334</u>

Total rental expense charged to operations was \$71,429 and \$70,119, for the years ended December 31, 2021 and 2020, respectively.

NOTE G – 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. TVEDC participates in the plan by matching employee contributions up to 5% of each participant's salary. During the years ended December 31, 2021 and 2020, the TVEDC's contributions to the plan amounted to \$25,083 and \$24,477, respectively.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE H – PAYCHECK PROTECTION PROGRAM (PPP) NOTE PAYABLE

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, program service expenses of TVEDC have been somewhat limited by local and state mandates for a large part of the year.

In May of 2021, TVEDC received \$77,500 from the Paycheck Protection Program (PPP) loan program for the purpose of retaining all employees through the pandemic. This loan was forgiven in full in December of 2021.

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
Daytona Beach, Florida

NOTE I- FUNCTIONALIZATION OF EXPENSES

Expenses noted on the Statements of Activities for 2021 and 2020, have been functionalized as follows:

Year ended December 31, 2021:

	Program Services	Supporting Activities		Total
		Fundraising	Management and General	
EXPENSES				
Personnel services	\$ 519,039	\$ 18,148	\$ 113,320	\$ 650,507
Operating expenses	79,293	2,601	104,591	186,485
Competitive intelligence	46,444	-	-	46,444
Recruiting and business development	80,325	-	-	80,325
Marketing and communications	62,586	-	-	62,586
External relations	32,460	-	17,222	49,682
Organizational excellence	1,174	41	5,930	7,145
One-time Expenses	16,140	-	-	16,140
Strategy for Success	3,739	-	-	3,739
Depreciation	8,332	291	1,820	10,443
	<u>\$ 849,532</u>	<u>\$ 21,081</u>	<u>\$ 242,883</u>	<u>\$ 1,113,496</u>

Year ended December 31, 2020:

	Program Services	Supporting Activities		Total
		Fundraising	Management and General	
EXPENSES				
Personnel services	\$ 518,028	\$ 17,876	\$ 114,149	\$ 650,053
Operating expenses	77,860	2,599	87,171	167,630
Competitive intelligence	58,303	-	-	58,303
Recruiting and business development	47,965	-	-	47,965
Marketing and communications	67,563	-	-	67,563
External relations	48,845	-	7,643	56,488
Organizational excellence	299	10	2,692	3,001
One-time Expenses	23,144	-	-	23,144
Strategy for Success	46,222	-	-	46,222
Depreciation	7,555	261	1,665	9,481
	<u>\$ 895,784</u>	<u>\$ 20,746</u>	<u>\$ 213,320</u>	<u>\$ 1,129,850</u>

NOTE J – SUBSEQUENT EVENTS

Management and the Board have evaluated subsequent events from the financial position date through May 9, 2022, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.