

**TEAM VOLUSIA ECONOMIC
DEVELOPMENT CORPORATION**
Daytona Beach, Florida

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017.**

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Daytona Beach, Florida

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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, 2018 and 2017, 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.

To the Board of Directors
Team Volusia Economic Development Corporation
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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, 2018 and 2017, 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
April 23, 2019

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

	2018	2017
Assets:		
Cash and cash equivalents.....	\$ 358,935	\$ 423,187
Accounts receivable.....	67,819	68,298
Prepaid expenses.....	<u>55,958</u>	<u>41,601</u>
Current assets.....	482,712	533,086
Property and equipment, net.....	29,804	45,336
Cash - board designated.....	<u>550,000</u>	<u>550,000</u>
Total assets.....	<u>\$ 1,062,516</u>	<u>\$ 1,128,422</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 29,543	\$ 5,165
Accrued expenses.....	12,202	10,865
Unearned revenue.....	<u>224,794</u>	<u>209,322</u>
Total current liabilities.....	<u>266,539</u>	<u>225,352</u>
Net assets:		
Unrestricted		
Designated by board.....	550,000	550,000
No donor restrictions.....	<u>245,977</u>	<u>353,070</u>
Total net assets.....	<u>795,977</u>	<u>903,070</u>
Total liabilities and net assets.....	<u>\$ 1,062,516</u>	<u>\$ 1,128,422</u>

The accompanying notes are an integral part of these financial statements

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STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

	2018	2017
Revenue		
Private sector.....	\$ 475,268	\$ 497,029
Public sector.....	492,322	490,726
Higher education.....	58,333	57,271
Other revenue.....	<u>29,454</u>	<u>33,805</u>
Total revenue.....	<u>1,055,377</u>	<u>1,078,831</u>
Expenses:		
Personnel services.....	604,103	556,781
Operating expenses.....	183,137	192,736
Competitive intelligence.....	40,862	33,843
Recruiting and business development.....	98,662	102,356
Marketing and communications.....	45,381	199,137
External relations.....	63,640	67,310
Organizational excellence.....	12,991	12,183
One-time Expenses.....	100,611	13,514
Strategy for Success.....	304	-
Depreciation.....	<u>17,365</u>	<u>20,456</u>
Total expenses.....	<u>1,167,056</u>	<u>1,198,316</u>
Net operating loss.....	<u>(111,679)</u>	<u>(119,485)</u>
Other income		
Grant revenue.....	-	25,000
Interest income.....	<u>4,586</u>	<u>2,203</u>
Total other income.....	<u>4,586</u>	<u>27,203</u>
Decrease in net assets.....	(107,093)	(92,282)
Net assets - beginning of year.....	<u>903,070</u>	<u>995,352</u>
Net assets - end of year.....	<u>\$ 795,977</u>	<u>\$ 903,070</u>

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, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

	2018	2017
Cash flows from operating activities:		
Change in net assets.....	\$ (107,093)	\$ (92,282)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation.....	17,365	20,456
Change in accounts receivable.....	479	(53,215)
Change in prepaid expenses.....	(14,357)	(5,846)
Change in accounts payable.....	24,378	(12,522)
Change in accrued expenses.....	1,337	2,035
Change in deferred income.....	<u>15,472</u>	<u>(3,053)</u>
Net cash used in operating activities.....	<u>(62,419)</u>	<u>(144,427)</u>
Cash flows from investing activities:		
Purchases of property and equipment.....	<u>(1,833)</u>	<u>(5,850)</u>
Net cash used in investing activities.....	<u>(1,833)</u>	<u>(5,850)</u>
Net change in cash and cash equivalents.....	(64,252)	(150,277)
Cash and cash equivalents, beginning of year.....	<u>423,187</u>	<u>573,464</u>
Cash and cash equivalents, end of year.....	<u>\$ 358,935</u>	<u>\$ 423,187</u>

The accompanying notes are an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

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, 2018 and 2017, 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.

NOTES TO THE FINANCIAL STATEMENTS**(Continued)**

December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

The Board has approved unrestricted net assets as cash reserves and at December 31, 2018 and 2017, 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 2018 and 2017.

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.

Unearned Revenue

Deferred income represents revenue received in the current period and primarily consists of membership dues received in advance. These advances will be recognized on the straight-line method over the period of membership.

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

NOTES TO THE FINANCIAL STATEMENTS**(Continued)**

December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

December 31, 2018. Informational returns (Form 990) have been filed with the Internal Revenue Service. These information returns (Form 990) for fiscal years ended December 31, 2015, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally three years after they were filed.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2018 and 2017, the carrying amount of TVEDC's cash deposits was \$908,935 and \$973,187, respectively. The bank balances were \$911,853 and \$979,106, respectively. Accounts at each financial institution are insured by the FDIC up to \$250,000. At December 31, 2018 and 2017, the Company had uninsured balances of \$5,350 and \$54,276, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

The major components of property and equipment at December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 54,516	\$ 53,812
Computer software and website design	41,788	41,788
Furniture and equipment.....	90,259	89,130
Leasehold improvements	<u>2,524</u>	<u>2,524</u>
	189,087	187,254
Less: accumulated depreciation.....	<u>(159,283)</u>	<u>(141,918)</u>
Net property and equipment	<u>\$ 29,804</u>	<u>\$ 45,336</u>

Depreciation expense charged to operations amounted to \$17,365 and \$20,456, respectively.

NOTE 4 - OPERATING LEASE

TVEDC has entered into an operating lease for office facilities under an agreement which expires on February 28, 2020. 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, 2018, are as follows: 2019 - \$63,883 and 2020 - \$10,647.

Total rental expense charged to operations was \$64,889 and \$62,837 for the years ended December 31, 2018 and 2017, 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 year ended December 31, 2018 and 2017, the Company's contributions to the plan amounted to \$19,836 and \$9,236, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

December 31, 2018 and 2017

TEAM VOLUSIA ECONOMIC DEVELOPMENT CORPORATION

Daytona Beach, Florida

NOTE 6 – SUBSEQUENT EVENTS

Management and the Board have evaluated subsequent events from the financial position date through April 23, 2019, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.