

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION
OF PENSACOLA AND ESCAMBIA COUNTY, INC.
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION
OF PENSACOLA AND ESCAMBIA COUNTY, INC.
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Economic Development Association
of Pensacola and Escambia County, Inc.
(d/b/a FloridaWest Economic Development Alliance)
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Economic Development Association of Pensacola and Escambia County, Inc. (d/b/a FloridaWest Economic Development Alliance) ("FloridaWest"), which comprise the statements of financial position as of September 30, 2017 and 2016, 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 audits 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.

Board of Directors
Community Economic Development Association
of Pensacola and Escambia County, Inc.
(d/b/a FloridaWest Economic Development Alliance)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FloridaWest as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Pensacola, Florida
February 8, 2018

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF
PENSACOLA AND ESCAMBIA COUNTY, INC.
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
Support and Revenue:		
Memberships	\$ 200,000	\$ 210,000
Local governments	750,000	720,000
Foundations	-	172,524
Incubator rental	107,503	89,124
Other revenue	2,991	38,615
Total support and revenue	1,060,494	1,230,263
Expenses:		
Program services:		
Salaries and benefits	404,750	448,827
Marketing and advertising	122,396	50,365
Incubator	88,060	90,649
Travel	33,993	45,914
Other	34,761	30,161
Total program services	683,960	665,916
Supporting services:		
General and administrative	285,876	248,170
Total expenses	969,836	914,086
Change in Net Assets	90,658	316,177
Net Assets, Beginning of Year	528,552	212,375
Net Assets, End of Year	\$ 619,210	\$ 528,552

The accompanying notes are an integral
part of these financial statements.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF
PENSACOLA AND ESCAMBIA COUNTY, INC.
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ 90,658	316,177
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	17,334	2,923
Bad debt	4,444	-
Donated property and equipment	-	(31,913)
Changes in -		
Accounts receivable	14,954	(22,791)
Due from Chamber	-	18,896
Prepaid expenses and other assets	(1,000)	9,875
Accounts payable	(1,480)	(660)
Accrued payroll	9,277	4,425
Net cash provided by operating activities	134,187	296,932
Cash Flows From Investing Activities:		
Purchases of property and equipment	(64,120)	(26,888)
Net Increase in Cash	70,067	270,044
Cash, Beginning of Year	470,043	199,999
Cash, End of Year	\$ 540,110	\$ 470,043
Donated property and equipment	\$ -	\$ 31,913

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION
OF PENSACOLA AND ESCAMBIA COUNTY, INC.
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Community Economic Development Association of Pensacola and Escambia County, Inc. (d/b/a FloridaWest Economic Development Alliance) (“FloridaWest”) is a not-for-profit corporation incorporated on September 23, 2014 to promote business development in Pensacola and Escambia County. Its primary means of support is from local governments, its members and rents from the incubator project.

Financial Statement Presentation:

FloridaWest is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, all highly liquid investments with an original maturity of less than three months are considered to be cash equivalents.

Contributions and Local Government Funding:

Contributions and local government funding received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When the restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as *net assets released from restrictions*. Donor-restricted contributions are classified as unrestricted revenue if the restrictions are met in the same reporting period in which the contributions are received. All net assets were unrestricted at September 30, 2017 and 2016.

FloridaWest also receives funding in the form of memberships from local businesses. These businesses receive voting privileges in FloridaWest in exchange for their annual pledge. Income from memberships is recognized in the period to which the dues relate.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

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(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment acquired through purchase is recorded at cost. Donated property and equipment is recorded at estimated fair value at the date received. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The capitalization policy for FloridaWest requires applicable costs be recorded as property and equipment when amounts equal or exceed \$1,000. Property and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Furniture, fixtures and equipment	5 years
Computer equipment	5 years
Leasehold improvements	3.75 years

Allocation of Expenses:

Directly identifiable expenses are charged to programs and supporting services. Payroll and related expenses are charged to programs and supporting services based on estimated time of each employee dedicated to each function. General and administrative expenses include primarily those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FloridaWest.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs:

Advertising costs are expensed when incurred. Advertising costs for the years ended September 30, 2017 and 2016 amounted to \$65,041 and \$59,067, respectively.

Income Taxes:

FloridaWest is operating as a not-for-profit corporation, under Section 501(c)(6) of the Internal Revenue Code and is not subject to income taxes with the exception of unrelated business income. Accordingly, no provision for income taxes has been recorded in the financial statements.

Subsequent Events:

Management has evaluated subsequent events through February 8, 2018, which is the date the financial statements were available to be issued.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consist of the following:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	\$ 42,087	\$ 40,745
Computer equipment	24,068	22,341
Leasehold improvements	61,050	-
	<u>127,205</u>	<u>63,086</u>
Less accumulated depreciation	<u>(20,315)</u>	<u>(2,982)</u>
Property and equipment, net	<u>\$ 106,890</u>	<u>\$ 60,104</u>

Depreciation expense totaled \$17,334 and \$2,923 for the years ended September 30, 2017 and 2016, respectively.

NOTE 3 - GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 135,533	\$ 123,642
Professional services	43,952	38,547
Office	28,977	34,678
Rent	42,180	30,482
Travel	11,518	14,479
Depreciation	17,334	2,923
Other	6,382	3,419
	<u>\$ 285,876</u>	<u>\$ 248,170</u>

NOTE 4 - BENEFIT PLAN

FloridaWest has a 401(k) plan covering substantially all employees who have met certain service requirements. Contributions to the plan amounted to \$15,617 and \$14,244 for the years ended September 30, 2017 and 2016, respectively.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Concentration - Major Support:

FloridaWest receives a substantial amount of its support from local governments. A significant reduction in the level of this support may have an effect on FloridaWest's programs and activities.

Operating Leases:

FloridaWest leases office facilities under an operating lease expiring in January 2019. Rent expense for this lease amounted to \$42,180 and \$30,482, respectively, for the years ended September 30, 2017 and 2016 and is included in general and administrative expenses. FloridaWest also leases office facilities under an operating lease expiring in March 2021. Rent expense amounted to \$18,750 and \$28,125, respectively, for the years ended September 30, 2017 and 2016 and is included in program services expenses. Future minimum lease payments under the leases at September 30, 2017 are as follows:

2018	\$ 73,425
2019	52,600
2020	37,500
2021	<u>18,750</u>
	<u>\$ 182,275</u>

Subleases:

FloridaWest subleases office space to tenants under noncancelable operating leases with terms of up to three years. Minimum rentals to be received under the subleases will be as follows:

2018	\$ 48,638
2019	39,960
2020	<u>14,446</u>
	<u>\$ 103,044</u>

Sublease rental income amounted to \$105,787 and \$88,914 for the years ended September 30, 2017 and 2016, respectively.

Concentration of Credit Risk - Uninsured Cash Balances:

Demand deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At September 30, 2017, the FloridaWest had uninsured balances of \$301,977.