

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

We have audited the financial statements of the Community Economic Development Association of Pensacola and Escambia County, Inc. (d/b/a/ FloridaWest Economic Development Alliance) (“FloridaWest”) for the year ended September 30, 2018, and have issued our report thereon dated December 4, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 20, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by FloridaWest are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by FloridaWest during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of commitments and contingencies as described in Note 5.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements in the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

- To record prior year audit adjustments to properly state the balances of certain assets, liabilities, and net assets.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 4, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to FloridaWest's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as FloridaWest's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

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This information is intended solely for the use of the Board of Directors and management of the Community Economic Development Association of Pensacola and Escambia County, Inc. (d/b/a/ FloridaWest Economic Development Alliance) and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Gend".

Pensacola, Florida  
December 4, 2018

**Schedule of Passed Adjusting Journal Entries**

To true-up payroll accrual.			
5700	Salary	1,535.00	
2400	Payroll Liability		1,535.00
<b>Total</b>		<b>1,535.00</b>	<b>1,535.00</b>

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

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018 AND 2017**

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

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018 AND 2017**

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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, 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 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, 2018 and 2017, 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  
December 4, 2018



**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF  
PENSACOLA AND ESCAMBIA COUNTY, INC.  
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2018 AND 2017**

**ASSETS**

	2018	2017
Cash	\$ 567,262	\$ 540,110
Accounts receivable	571	3,393
Promise to give	22,000	-
Prepaid expenses and other assets	19,750	10,375
Property and equipment, net	125,528	106,890
<b>Total Assets</b>	<b>\$ 735,111</b>	<b>\$ 660,768</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable	\$ 1,391	\$ 4,427
Accrued payroll	37,031	37,131
Total liabilities	38,422	41,558
<b>Commitments and Contingencies</b>	--	--
<b>Net Assets:</b>		
Unrestricted	674,689	619,210
Temporarily restricted	22,000	-
Total net assets	696,689	619,210
<b>Total Liabilities and Net Assets</b>	<b>\$ 735,111</b>	<b>\$ 660,768</b>

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 ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018	2017
<b>Changes in Unrestricted Net Assets:</b>		
<b>Support and Revenue:</b>		
Memberships	\$ 210,000	\$ 200,000
Local governments	750,000	750,000
Incubator rental	96,988	107,503
Other revenue	2,047	2,991
Total support and revenue	1,059,035	1,060,494
<b>Expenses:</b>		
Program services:		
Salaries and benefits	452,529	404,750
Marketing and advertising	82,307	122,396
Incubator	95,482	88,060
Travel	46,654	33,993
Other	36,576	34,761
Total program services	713,548	683,960
Supporting services:		
General and administrative	290,008	285,876
Total expenses	1,003,556	969,836
<b>Increase in Unrestricted Net Assets</b>	55,479	90,658
<b>Change in Temporarily Restricted Net Assets:</b>		
Contribution	22,000	-
<b>Change in Net Assets</b>	77,479	90,658
<b>Net Assets, Beginning of Year</b>	619,210	528,552
<b>Net Assets, End of Year</b>	\$ 696,689	\$ 619,210

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, 2018 AND 2017**

	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 77,479	90,658
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	27,848	17,334
Bad debt	4,812	4,444
Changes in -		
Accounts receivable	(1,990)	14,954
Promise to give	(22,000)	-
Prepaid expenses and other assets	(9,375)	(1,000)
Accounts payable	(3,036)	(1,480)
Accrued payroll	(100)	9,277
Net cash provided by operating activities	73,638	134,187
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(46,486)	(64,120)
<b>Net Increase in Cash</b>	27,152	70,067
<b>Cash, Beginning of Year</b>	540,110	470,043
<b>Cash, End of Year</b>	\$ 567,262	\$ 540,110

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, 2018 AND 2017**

**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. Temporarily restricted net assets at September 30, 2018, represent contributions restricted by the donor for a subscription to a sites and buildings database that has not yet been purchased.

FloridaWest also receives funding in the form of memberships from local businesses. These businesses receive voting privileges in FloridaWest in exchange for their annual dues. 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.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION  
OF PENSACOLA AND ESCAMBIA COUNTY, INC.  
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017**

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

*Promise to Give:*

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

*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, 2018 and 2017 amounted to \$70,092 and \$65,041, respectively.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION  
OF PENSACOLA AND ESCAMBIA COUNTY, INC.  
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017**

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

*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.

*Upcoming Accounting Pronouncement:*

The Financial Accounting Standards Board (“FASB”) has issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which is to improve the current net asset classification requirements presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, with retrospective application required.

*Subsequent Events:*

Management has evaluated subsequent events through December 4, 2018, which is the date the financial statements were available to be issued.

**NOTE 2 - PROPERTY AND EQUIPMENT**

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

	2018	2017
Furniture, fixtures and equipment	\$ 42,087	\$ 42,087
Computer equipment	25,754	24,068
Leasehold improvements	61,050	61,050
Construction in progress	44,800	-
	173,691	127,205
Less accumulated depreciation	(48,163)	(20,315)
Property and equipment, net	\$ 125,528	\$ 106,890

Depreciation expense totaled \$27,848 and \$17,334 for the years ended September 30, 2018 and 2017, respectively.

**COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION  
OF PENSACOLA AND ESCAMBIA COUNTY, INC.  
(d/b/a FLORIDAWEST ECONOMIC DEVELOPMENT ALLIANCE)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017**

**NOTE 3 - GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses consist of the following:

	2018	2017
Salaries and benefits	\$ 130,978	\$ 135,533
Professional services	39,776	43,952
Office	34,224	28,977
Rent	45,237	42,180
Travel	6,402	11,518
Depreciation	27,848	17,334
Other	5,543	6,382
	\$ 290,008	\$ 285,876

**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 \$15,421 and \$15,617 for the years ended September 30, 2018 and 2017, respectively.

**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.

*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, 2018, the FloridaWest had uninsured balances of \$373,665.

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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017**

**NOTE 5 - COMMITMENTS AND CONTINGENCIES (Continued)**

*Operating Leases:*

FloridaWest leases office facilities under an operating lease expiring in January 2019. Rent expense for this lease amounted to \$45,237 and \$42,180 for the years ended September 30, 2018 and 2017, respectively, 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 \$28,125 and \$18,750 for the years ended September 30, 2018 and 2017, respectively, and is included in program services expenses. Future minimum lease payments under the leases at September 30, 2018 are as follows:

2019	\$ 59,631
2020	46,875
2021	<u>25,781</u>
	<u>\$ 132,287</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:

2019	\$ 66,519
2020	35,374
2021	<u>8,080</u>
	<u>\$ 109,973</u>

Sublease rental income amounted to \$92,666 and \$105,787 for the years ended September 30, 2018 and 2017, respectively.