

**TEAM HARDIN COUNTY, INC.**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2011**

**TEAM HARDIN COUNTY, INC.**  
**SAVANNAH, TENNESSEE**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2011**

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**TEAM HARDIN COUNTY, INC.**

**SAVANNAH, TENNESSEE**

**ROSTER OF BOARD OF DIRECTORS**

**JUNE 30, 2011**

**Ex Officio Members**

Steve Bunnell, CEO

Vance Dennis, State Representative

Glen Spencer, Mayor  
City of Crump

Darnell Lowery, Mayor  
City of Saltillo

Leland Alexander, Mayor  
City of Milledgeville

Bob Shutt, Mayor  
City of Savannah

Freddy Blount

Steve Simon

**Board Members**

Kent Collier, Chairman

Garry Welch, Vice Chairman

Mike Fowler, Secretary/Treasurer

Chris Jerrolds

Kevin Davis

Beth Pippin

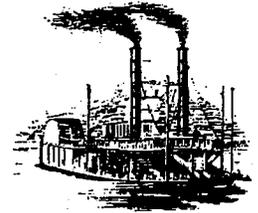
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**WILLIAMS, JERROLD, GODWIN & ASSOCIATES, PLLC**  
Certified Public Accountants

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408 Main Street, Savannah, Tennessee 38372

Phone (731) 925-6547 Fax (731) 925-9524



**Independent Auditors' Report**

Board of Directors  
Team Hardin County, Inc.  
Savannah, Tennessee

We have audited the accompanying statement of financial position of Team Hardin County, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Hardin County, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Williams, Jerrold, Godwin & Associates, PLLC*

December 20, 2011

**TEAM HARDIN COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

**ASSETS**

**CURRENT ASSETS**

Cash in bank	\$ 1,395
Due from related organizations	<u>69,530</u>

**TOTAL CURRENT ASSETS** 70,925

**FIXED ASSETS**

Equipment	1,570
Less: accumulated depreciation	<u>(1,500)</u>

**NET FIXED ASSETS** 70

**TOTAL ASSETS** \$ 70,995

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 975
Due to related organizations	<u>72,541</u>

**TOTAL CURRENT LIABILITIES** 73,516

**NET ASSETS**

Unrestricted (deficit)	<u>(2,521)</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 70,995

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

**TEAM HARDIN COUNTY, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

**UNRESTRICTED NET ASSETS**

**SUPPORT AND REVENUE**

Contributions	\$	450
Miscellaneous revenues		218
Donated services		3,600
		3,600
<b>Total support and revenue</b>		<b>4,268</b>

**EXPENSES**

**Support services**

Depreciation		103
Surety bond		288
Rent		300
Taxes and licenses		20
Professional fees		4,661
		4,661

**Total support services 5,372**

**DECREASE IN NET ASSETS** **(1,104)**

**NET ASSETS (deficit) - BEGINNING OF PERIOD** **(1,417)**

**NET ASSETS (deficit) - END OF PERIOD** **\$ (2,521)**

**TEAM HARDIN COUNTY, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ (1,104)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	103
Increase (decrease) in accounts payable	<u>975</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(26)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(26)
<b>*CASH - BEGINNING OF YEAR</b>	<u>1,421</u>
<b>*CASH - END OF YEAR</b>	<u><u>\$ 1,395</u></u>

\*Cash includes demand deposit accounts.

**TEAM HARDIN COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - GENERAL**

Team Hardin County, Inc. (THC) is a nonprofit organization located in Savannah, Tennessee. Its purpose is to develop, coordinate, and implement a comprehensive marketing plan relating to economic development in Hardin County, Tennessee, and to further the general welfare and economic prosperity of Hardin County and the surrounding area.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records of THC are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Capital assets**

Capital assets are reported at cost (except for donated property which is reported at fair value as of the date of donation) and includes improvements that significantly add to utility or extend useful lives. Costs for maintenance and repairs are charged to expense. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings for the period. Depreciation is computed using the straight-line method to allocate the cost of equipment over an estimated useful life of five years.

**NOTE 3 - CASH**

Cash balances maintained at banks by THC throughout the year and at June 30 were entirely covered by FDIC insurance.

**NOTE 4 - ESTIMATES AND ASSUMPTIONS**

Although the preparation of financial statements often requires estimating some information, estimates were not necessary to prepare the accompanying financial statements.

**NOTE 5 - TAX EXEMPTION**

THC has a tax determination letter from the Internal Revenue Service that it is recognized as a tax exempt organization under Section 501 (c) (4) of the Internal Revenue Code.

**TEAM HARDIN COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6 - RELATED PARTIES**

The board of directors is comprised of a representative of each of Savannah Industrial Development Corporation (SIDC), Tennessee River Museum (TRM), and Hardin County Convention and Visitor's Bureau (HCCVB), as well as the City Manager of Savannah and the County Mayor of Hardin County.

At year end, THC had advances from the organizations for future expenses as follows: NAIA - \$892 and HCCVB - \$71,649. At year end the THC was owed from the organizations for expenses already paid as follows: SIDC - \$67,854 and TRM - \$1,676.

Since the organizations have several transactions with each other, the operating results or financial position could differ significantly from what would have been obtained if the enterprises were autonomous.

**NOTE 7 – DONATED SERVICES**

Accounting services were provided at no charge to THC by a local accounting firm. An estimated fair value of \$3,600 for services rendered is reflected in the statement of activities as both revenue and a support service expense.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 20, 2011, which was the date the financial statements were available to be issued.

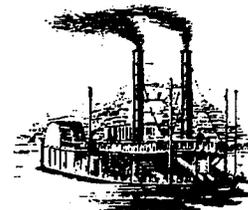
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Team Hardin County  
Savannah, Tennessee

We have audited the financial statements of Team Hardin County (THC), a nonprofit organization, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered THC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of THC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of THC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

**2011-01 UNRESTRICTED NET ASSET DEFICIT**

Unrestricted net assets had a deficit balance at year. The State of Tennessee discourages the creation of a deficit fund balance and addresses any such occurrence.

**RECOMMENDATION:** Management should take appropriate action to liquidate the fund deficit.

**MANAGEMENT'S RESPONSE:** Board will make necessary recommendations to correct.

**2011-02 UNAUTHORIZED LOANS**

Team Hardin County maintained a cash account that received and disbursed revenues and expenses of related companies in prior years. Due to/from accounts were used to record these transactions to the proper companies' ledgers. These "loans" were not approved by the board of directors. In addition, these loans were not repaid by the end of the fiscal year.

**RECOMMENDATION:** Management should take appropriate steps to repay this loan.

**MANAGEMENT'S RESPONSE:** Board will make necessary recommendations to correct.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described above to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether THC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### DISPOSITION OF PRIOR AUDIT FINDINGS:

2010-03 UNADJUSTED FINANCIAL STATEMENTS MATERIALLY MISSTATED—Corrected.

THC's response to the finding identified in our audit is described above. We did not audit THC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and the State of Tennessee Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

*Williams, Jewells, Ashwin, Associates, PLLC*

December 20, 2011