TEAM HARDIN COUNTY, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

TEAM HARDIN COUNTY, INC.

SAVANNAH, TENNESSEE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2013

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TEAM HARDIN COUNTY, INC.

SAVANNAH, TENNESSEE

ROSTER OF BOARD OF DIRECTORS

JUNE 30, 2013

Ex Officio Members

Steve Bunnell, CEO

Glen Spencer, Mayor
City of Crump

Dannie Kennedy, Mayor
City of Milledgeville

Freddy Blount

Vance Dennis, State Representative

Darnell Lowery, Mayor
City of Saltillo

Bob Shutt, Mayor
City of Savannah

Steve Simon

Board Members

Kevin Davis, Chairman

Steve Bunnell, Secretary/Treasurer

Kent Collier

Ricky Sample, Vice Chairman

David Leckner

Beth Pippin

GODWIN & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
408 Main Street, Savannah, Tennessee 38372
Phone 731.925.6547 Fax 731.925.9524

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Team Hardin County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year 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 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 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 assessing the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial 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.

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, 2013, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014, 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* in considering Team Hardin County, Inc.'s internal control over financial reporting and compliance.

Godwin & Associates, PLLC

February 24, 2014

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TEAM HARDIN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS	
Cash in bank	$ 341
Due from related organizations	68,180
TOTAL CURRENT ASSETS	68,521
FIXED ASSETS	
Equipment	1,570
Less: accumulated depreciation	(1,549)
NET FIXED ASSETS	21
TOTAL ASSETS	$ 68,542

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,110
Due to related organizations	71,541
TOTAL CURRENT LIABILITIES	72,651
NET ASSETS	
Unrestricted (deficit)	(4,109)
TOTAL LIABILITIES AND NET ASSETS	$ 68,542

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

TEAM HARDIN COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Rental income	$	500
Contributions		900
Donated services		3,600
Total support and revenue		5,000
EXPENSES		
Support services		
Depreciation		25
Taxes and licenses		20
Miscellaneous expenses		97
Rent expense		1,200
Professional fees		4,710
Total support services		6,052
DECREASE IN NET ASSETS		(1,052)
NET ASSETS (deficit) - BEGINNING OF PERIOD		(3,057)
NET ASSETS (deficit) - END OF PERIOD	$	(4,109)

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

TEAM HARDIN COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	$ (1,052)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	25
(Increase) decrease in due from related organizations	1,200
Increase (decrease) in due to related organizations	(1,000)
Increase (decrease) in accounts payable	1,110
NET CASH PROVIDED BY OPERATING ACTIVITIES	283
NET INCREASE (DECREASE) IN CASH	283
***CASH - BEGINNING OF YEAR**	58
***CASH - END OF YEAR**	$ 341

*Cash includes demand deposit accounts.

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

TEAM HARDIN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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.

Jointly Governed Organization

THC is an organization that is jointly governed by Savannah Industrial Development Corporation (a component unit of the City of Savannah, Tennessee), Hardin County Convention and Visitors Bureau (a component unit of Hardin County, Tennessee), and the Hardin County Tourism Committee. The board of directors is comprised of a representative 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.

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.

NOTE 6 - RELATED PARTIES

In prior years, transactions for the related entities SIDC, HCCVB, THC, and NAIA were recorded through THC. The difference in revenues and expenses were recorded in due to/from accounts on THC's books. Each entity records their own transactions now. However, due to/from balances still exist. All parties involved are working to eliminate these balances.

At year end, related organizations owe THC as follows:

SIDC	$ 66,654
TRM	1,526
	$ 68,180

At year end, THC owes related organizations as follows:

HCCVB	$ 70,649
NAIA	892
	$ 71,541

THC rents a portion of a building from Hardin County that house the operations of it and the related parties mentioned above. SIDC and HCCVB paid THC rental fees in the current year as reported on THC's Statement of Activities.

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 February 24, 2014, which was the date the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of Team Hardin County (THC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered THC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the of THC's internal control. Accordingly, we do not express an opinion on the effectiveness of THC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies below to be material weaknesses.

2013-01 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 eliminate the fund deficit.

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

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2013-02 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether THC's financial statements are free from 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.*

Team Hardin County's Response to Findings

Team Hardin County's response to the findings identified in our audit is described at the end of each finding. THC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Team Hardin County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DISPOSITION OF PRIOR AUDIT FINDINGS:

None.

Hardin & Associates, PLLC

February 24, 2014