

**TEAM HARDIN COUNTY, INC.**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2014**

**TEAM HARDIN COUNTY, INC.**

**SAVANNAH, TENNESSEE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

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**TEAM HARDIN COUNTY, INC.**

**SAVANNAH, TENNESSEE**

**ROSTER OF BOARD OF DIRECTORS**

**JUNE 30, 2014**

**Ex Officio Members**

Steve Bunnell, CEO	Vance Dennis, State Representative
Glen Spencer, Mayor City of Crump	Darnell Lowery, Mayor City of Saltillo
Dannie Kennedy, Mayor City of Milledgeville	Bob Shutt, Mayor City of Savannah
Freddy Blount	Steve Simon

**Board Members**

Garry Welch, Chairman	Kevin Davis, Vice Chairman
Mike Fowler, Secretary/Treasurer	David Leckner
Kent Collier	Beth Pippin



**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, 2014, and the related statements of activities, functional expenses, 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.

**Auditors' 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 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 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.

**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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance 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 March 4, 2015, on our consideration of Team Hardin County, Inc.'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*

March 4, 2015

**TEAM HARDIN COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash in bank	\$	233
Due from related organizations		<u>65,980</u>

<b>TOTAL CURRENT ASSETS</b>		<u>66,213</u>
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**FIXED ASSETS**

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

<b>NET FIXED ASSETS</b>		<u>-</u>
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<b>TOTAL ASSETS</b>		<u><u>\$ 66,213</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	-
Due to related organizations		<u>70,641</u>

<b>TOTAL CURRENT LIABILITIES</b>		<u>70,641</u>
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**NET ASSETS**

Unrestricted (deficit)		<u>(4,428)</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 66,213</u></u>
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The accompanying notes are an integral part of these financial statements.

**TEAM HARDIN COUNTY, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

**UNRESTRICTED NET ASSETS**

**SUPPORT AND REVENUE**

Rental income	\$	1,200
Miscellaneous income		22
Donated services		<u>2,400</u>
<b>Total support and revenue</b>		<u><u>3,622</u></u>

**EXPENSES**

**Support services**

Depreciation		21
Crime bond		240
Taxes and licenses		20
Miscellaneous expenses		60
Rent expense		1,200
Professional fees		<u>2,400</u>

<b>Total support services</b>		<u><u>3,941</u></u>
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<b>DECREASE IN NET ASSETS</b>		<u>(319)</u>
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<b>NET ASSETS (deficit) - BEGINNING OF PERIOD</b>		<u>(4,109)</u>
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<b>NET ASSETS (deficit) - END OF PERIOD</b>		<u><u>\$ (4,428)</u></u>
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**TEAM HARDIN COUNTY, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ (319)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	21
(Increase) decrease in due from related organizations	2,200
Increase (decrease) in due to related organizations	(900)
Increase (decrease) in accounts payable	<u>(1,110)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(108)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(108)
<b>*CASH - BEGINNING OF YEAR</b>	<u>341</u>
<b>*CASH - END OF YEAR</b>	<u><u>\$ 233</u></u>

\*Cash includes demand deposit accounts.

**TEAM HARDIN COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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.

**TEAM HARDIN COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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	\$ 64,454
TRM	<u>1,526</u>
	<u><u>\$ 65,980</u></u>

At year end, THC owes related organizations as follows:

HCCVB	\$ 69,249
NAIA	<u>1,392</u>
	<u><u>\$ 70,641</u></u>

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 \$2,400 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 March 4, 2015, which was the date the financial statements were available to be issued.



**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, 2014, 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 March 4, 2015.

**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.

**2013-001 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.

**2013-002 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.



March 4, 2015