

FLORIDA'S FIRST COAST OF GOLF, INC.

JACKSONVILLE BEACH, FLORIDA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

FLORIDA'S FIRST COAST OF GOLF, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Florida's First Coast of Golf, Inc.
Jacksonville Beach, Florida

We have audited the accompanying financial statements of Florida's First Coast of Golf, Inc. (a nonprofit organization) 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 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 Florida's First Coast of Golf, Inc. 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on Page 9 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Erwin, Fountain & Jackson, P.A.

Jacksonville, Florida

January 18, 2018

FLORIDA'S FIRST COAST OF GOLF, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 34,546	\$ 84,528
Accounts receivable	84,198	9,284
Prepaid expenses	<u>-</u>	<u>8,902</u>
<i>TOTAL CURRENT ASSETS</i>	<u>118,744</u>	<u>102,714</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	8,667	6,772
Computers and software	<u>39,180</u>	<u>37,896</u>
	47,847	44,668
Less: accumulated depreciation	<u>(42,555)</u>	<u>(41,275)</u>
	<u>5,292</u>	<u>3,393</u>
OTHER ASSETS		
Deposits	<u>2,145</u>	<u>2,145</u>
<i>TOTAL OTHER ASSETS</i>	<u>2,145</u>	<u>2,145</u>
	<u>\$ 126,181</u>	<u>\$ 108,252</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,330	\$ 24,725
Deferred rent liability	214	1,365
Payroll taxes and benefits payable	3,081	1,848
Unearned revenue	<u>1,713</u>	<u>9,320</u>
<i>TOTAL CURRENT LIABILITIES</i>	<u>29,338</u>	<u>37,258</u>
NET ASSETS		
Unrestricted net assets	<u>96,843</u>	<u>70,994</u>
<i>TOTAL NET ASSETS AND LIABILITIES</i>	<u>\$ 126,181</u>	<u>\$ 108,252</u>

See accompanying notes to financial statements

FLORIDA'S FIRST COAST OF GOLF, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND SUPPORT		
Support from governmental agencies	\$ 457,916	\$ 452,684
Member dues and advertising	185,782	266,737
Gifts-in-kind: advertising	982,573	2,386,205
Interest income	5	5
Other income		1,200
Loss on disposition of assets	<u>(2)</u>	<u>-</u>
<i>TOTAL REVENUE AND SUPPORT</i>	<u>1,626,274</u>	<u>3,106,831</u>
EXPENSES		
PROGRAMS		
Advertising, trade shows and promotion	<u>1,505,216</u>	<u>2,981,398</u>
SUPPORT		
Management and general	82,047	82,695
Fundraising	<u>13,161</u>	<u>12,989</u>
<i>TOTAL SUPPORT EXPENSES</i>	<u>95,208</u>	<u>95,684</u>
<i>TOTAL EXPENSES</i>	<u>1,600,424</u>	<u>3,077,082</u>
INCREASE IN UNRESTRICTED NET ASSETS BEFORE PROVISION FOR INCOME TAXES	25,850	29,749
PROVISION FOR INCOME TAXES	<u>1</u>	<u>1</u>
INCREASE IN UNRESTRICTED NET ASSETS	25,849	29,748
Unrestricted net assets, beginning of year	<u>70,994</u>	<u>41,246</u>
Unrestricted net assets, end of year	<u>\$ 96,843</u>	<u>\$ 70,994</u>

FLORIDA'S FIRST COAST OF GOLF, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members, agencies and fundraising	\$ 561,177	\$ 702,486
Cash paid to employees and suppliers	(607,684)	(684,460)
Cash received from miscellaneous receipts	-	1,200
Interest received	5	5
Taxes paid	<u>(1)</u>	<u>(1)</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(46,503)</u>	<u>19,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(3,479)</u>	<u>(1,691)</u>
<i>Net Cash (Used) by Investing Activities</i>	<u>(3,479)</u>	<u>(1,691)</u>
Net Increase (Decrease) in Cash	(49,982)	17,539
Cash, beginning of year	<u>84,528</u>	<u>66,989</u>
Cash, end of year	<u>\$ 34,546</u>	<u>\$ 84,528</u>
 Reconciliation of Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase in Net Assets	<u>\$ 25,849</u>	<u>\$ 29,748</u>
 Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	1,578	1,237
Loss on disposition of assets	2	-
Cash Provided (Used) by Current Assets and Liabilities:		
Accounts receivable	(74,914)	(3,375)
Prepaid expenses	8,902	(7,079)
Accounts payable	(395)	13,471
Deferred rent liability	(1,151)	(1,179)
Payroll taxes and benefits payable	1,233	(33)
Unearned revenue	<u>(7,607)</u>	<u>(13,560)</u>
TOTAL ADJUSTMENTS	<u>(72,352)</u>	<u>(10,518)</u>
Cash Provided (Used) by Operating Activities	<u>\$ (46,503)</u>	<u>\$ 19,230</u>

FLORIDA'S FIRST COAST OF GOLF, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Florida's First Coast of Golf, Inc. (FFCG, Inc.) was incorporated September 25, 1992 to promote golf-related tourism on "Florida's First Coast" (the Northeast Florida area consisting of Flagler, Clay, Duval, Nassau and St. Johns counties). This promotion includes advertising in national golfing magazines and an annual First Coast golf package information publication, distributed nationally. Additional activities include, but to a lesser extent, staffing information booths at golf and/or vacation trade shows. Members of FFCG, Inc. include area tourist development councils, golf courses, hotels and motels, and the Jacksonville Port Authority. Florida's First Coast of Golf, Inc. is headquartered in Jacksonville Beach, Florida.

BASIS OF ACCOUNTING - The financial statements of FFCG, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

SUPPORT AND REVENUE - Support is obtained from certain local governmental agencies or authorities generally based upon allocations of room and bed taxes collected. Revenue is also obtained from membership fees assessed annually on participating golf courses and hotel/motel facilities at Board designated rates. These memberships are recognized ratably over the fiscal year. Dues received in advance of the relevant fiscal year are deferred and classified as unearned revenue.

CASH - For purposes of the statement of cash flows, cash consists of money-market funds and a bank non-interest-bearing checking account.

PROPERTY, EQUIPMENT AND DEPRECIATION - Property and equipment is carried at cost. Significant additions are capitalized, while repairs are expensed as incurred. Depreciation is computed using the straight-line method over three to five years. Depreciation expense for the years ending September 30, 2017 and 2016 was \$1,578 and \$1,154, respectively.

ACCOUNTS RECEIVABLES - Management closely monitors outstanding accounts receivable and charges off to expense all amounts that are determined to be uncollectible. At September 30, 2017 and 2016, management of the organization considered all remaining accounts receivable to be fully collectible; accordingly, there was no allowance for doubtful accounts. Bad debt expense was \$-0- and \$-0- for the years ended September 30, 2017 and 2016, respectively.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GIFTS-IN-KIND - FFCG, Inc. receives non-cash gifts of advertising space. Gifts-in-kind that can be used are measured at fair value.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING COSTS - Advertising costs are expensed as incurred.

FLORIDA'S FIRST COAST OF GOLF, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES – The financial statements do not include an accrual of compensated absences liability as compensated absences are expensed as incurred. Management does not believe this accrual to be material to the financial statements.

INCOME TAXES - FFCG, Inc.'s application for tax exempt status under IRC Section 501(c)(3) was denied by the Internal Revenue Service. Therefore, FFCG, Inc. is reporting, for tax purposes, as a non-taxable advertising fund.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2014, 2015 and 2016 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended September 30, 2017 and 2016, respectively.

NOTE B -- OUTSOURCE RESERVATION AGENCY AGREEMENTS

FFCG, Inc. has contracts with Tee Times, USA through October 1, 2017. Tee Times, USA provides, at no cost to FFCG, Inc., certain marketing and distribution assistance and handles all incoming "800 #" telephone inquiries, requests for information and golf package reservations generated by the FFCG, Inc. golf package publication and the Tee Times, USA vacation guide.

NOTE C -- PROVISION FOR INCOME TAXES

As an exempt advertising fund, FFCG, Inc. is able to exempt its business related income from tax. However, the non-business income, primarily interest income, is subject to income tax at normal corporate rates.

NOTE D -- MAJOR SOURCES OF SUPPORT

In the years ended September 30, 2017 and 2016, FFCG, Inc. received the following support with each entity representing over 10% of total revenue and support:

<u>Name</u>	<u>2017</u>	<u>2016</u>
Duval County TDC	\$ 148,838	\$ 148,838
St. Johns County TDC	\$ 188,578	\$ 188,578

Failure to receive comparable support in the future from these entities could cause a reduction in the scope of FFCG, Inc.'s activities.

FLORIDA'S FIRST COAST OF GOLF, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE E -- OPERATING LEASES

FFCG, Inc. leases office space under a noncancellable operating lease which expired August 2016. The lease was renewed and expires in July 2022. Rent expense of \$19,300 and \$19,850 was charged to operations for the years ended September 30, 2017 and 2016, respectively.

In the year ending September 30, 2014, the Company entered into a noncancellable operating lease for a copier which expired October 2017. The expense incurred under this lease totaled \$1,320 and \$1,320 for the years ended September 30, 2017 and 2016, respectively.

In September 2017, the Company entered into a non-cancellable operating lease for a copier which begins in October 2017 and expires in January 2022.

In October 2016, the Company entered into a non-cancellable operating lease for phone and internet services. The lease expires in October 2019. The expense incurred under this lease totaled \$2,995 for the year ended September 30, 2017.

The minimum future lease payments under the noncancellable operating leases are as follows:

<u>September 30,</u>	<u>Amount</u>
2018	\$ 25,469
2019	26,099
2020	23,750
2021	24,816
2022	<u>19,453</u>
	<u>\$ 119,587</u>

NOTE F -- DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through January 18, 2018, the date that the financial statements were available for issue, and determined that no events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

FLORIDA'S FIRST COAST OF GOLF, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
Years Ended September 30, 2017 and 2016

	2017				2016			
	Advertising, Trade Shows and Promotion	Management and General	Fundraising	Total	Advertising, Trade Shows and Promotion	Management and General	Fundraising	Total
Advertising	\$ 288,464	\$ -	\$ -	\$ 288,464	\$ 362,500	\$ -	\$ -	\$ 362,500
Advertising: in-kind	982,573	-	-	982,573	2,386,205	-	-	2,386,205
Bad Debts	-	-	-	-	-	-	-	-
Depreciation and amortization	-	1,578	-	1,578	-	1,237	-	1,237
Insurance	-	3,691	-	3,691	-	3,803	-	3,803
Office and other	-	7,868	-	7,868	-	9,624	-	9,624
Postage	1,980	40	-	2,020	2,804	57	-	2,861
Printing and publications	6,357	265	-	6,622	6,789	283	-	7,072
Professional fees	11,649	2,386	-	14,035	8,613	1,764	-	10,377
Salaries and benefits	193,248	57,452	10,446	261,146	192,305	57,172	10,395	259,872
Taxes and licenses	-	385	-	385	-	154	-	154
Telephone	6,386	1,907	-	8,293	8,084	2,415	-	10,499
Travel and entertainment	2,862	-	-	2,862	2,924	-	-	2,924
Rent	11,697	6,475	2,715	20,887	11,174	6,186	2,594	19,954
	<u>\$ 1,505,216</u>	<u>\$ 82,047</u>	<u>\$ 13,161</u>	<u>\$ 1,600,424</u>	<u>\$ 2,981,398</u>	<u>\$ 82,695</u>	<u>\$ 12,989</u>	<u>\$ 3,077,082</u>

See accompanying notes to financial statements