

VENICE AREA BEAUTIFICATION, INC  
VENICE, FLORIDA

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
SEPTEMBER 30, 2011

VENICE AREA BEAUTIFICATION, INC

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INDEPENDENT AUDITORS' REPORT

August 10, 2012

Board of Directors  
Venice Area Beautification, Inc.  
Venice, Florida

We have audited the accompanying statement of financial position of Venice Area Beautification, Inc. (the Organization) a non-profit organization, and the related statements of activities and changes in net assets and cash flows for the year ended September 30, 2011. 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. 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 Venice Area Beautification, Inc. as of September 30, 2011, and the change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Hough & Company, P.A.*

Hough & Company, P.A.  
Certified Public Accountants

VENICE AREA BEAUTIFICATION, INC.

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 108 171	\$ 10 918	\$ 119 089
Endowment fund	88 662	-0-	88 662
Fixed assets (net of accumulated (depreciation of \$31,713))	<u>3 903</u>	<u>-0-</u>	<u>3 903</u>
TOTAL ASSETS	\$ <u>200 736</u>	\$ <u>10 918</u>	\$ <u>211 654</u>
 <u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Accounts payable	20 197		20 197
Payroll taxes payable	\$ <u>432</u>	\$ <u>-0-</u>	\$ <u>432</u>
TOTAL LIABILITIES	20 629	-0-	20 629
NET ASSETS	<u>180 107</u>	<u>10 918</u>	<u>191 025</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>200 736</u></u>	\$ <u><u>10 918</u></u>	\$ <u><u>211 654</u></u>

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

VENICE AREA BEAUTIFICATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Support:			
Foundations	\$ 10 000	\$ 20 000	\$ 30 000
Other - corporate and private	37 865	2 960	40 825
Merchandise sales	1 803	-0-	1 803
Interest	3 032	-0-	3 032
Unrealized gain / (loss) on endowment	( 776)	-0-	( 776)
Net assets released from restrictions:			
Donor restrictions satisfied	<u>41 128</u>	<u>( 41 128)</u>	<u>-0-</u>
 TOTAL REVENUES AND OTHER SUPPORT	 <u>93 052</u>	 <u>( 18 168)</u>	 <u>74 884</u>
 EXPENSES:			
Administrative expenses	42 447	-0-	42 447
Program expenses	<u>61 563</u>	<u>-0-</u>	<u>61 563</u>
TOTAL EXPENSES	<u>104 010</u>	<u>-0-</u>	<u>104 010</u>
 CHANGE IN NET ASSETS	 ( 10 958)	 ( 18 168)	 ( 29 126)
 NET ASSETS, BEGINNING OF YEAR	 <u>191 065</u>	 <u>29 086</u>	 <u>220 151</u>
 NET ASSETS, END OF YEAR	 <u>\$ 180 107</u>	 <u>\$ 10 918</u>	 <u>\$ 191 025</u>

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

VENICE AREA BEAUTIFICATION, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ ( 10 958)	\$ ( 18 168)	\$ ( 29 126)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	3 778	-0-	3 778
Unrealized (gain) / loss in endowment fund	776	-0-	776
Increase in accounts payable	20 197	-0-	20 197
(Decrease) increase in payroll taxes payable	( 459)	-0-	( 459)
<b>NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES</b>	<u>13 334</u>	<u>( 18 168)</u>	<u>( 4 834)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of computers	<u>(2,297)</u>	<u>-0-</u>	<u>( 2 297)</u>
<b>NET CASH (USED) / PROVIDED BY FINANCING ACTIVITIES</b>	<u>( 2 297)</u>	<u>-0-</u>	<u>( 2 297)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Donation to endowment fund	( 20 000)	-0-	( 20 000)
Earnings and expenses related to endowment fund	<u>( 1 308)</u>	<u>-0-</u>	<u>( 1 308)</u>
<b>NET CASH (USED) / PROVIDED BY FINANCING ACTIVITIES</b>	<u>( 21 308)</u>	<u>-0-</u>	<u>( 21 308)</u>
<b>NET (DECREASE) / INCREASE IN CASH</b>	( 10 271)	( 18 168)	( 28 439)
<b>CASH BALANCE - BEGINNING OF YEAR</b>	<u>118 442</u>	<u>29 086</u>	<u>147 528</u>
<b>CASH BALANCE - END OF YEAR</b>	<u>\$ 108 171</u>	<u>\$ 10 918</u>	<u>\$ 119 089</u>

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

VENICE AREA BEAUTIFICATION, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 - NATURE OF ORGANIZATION

Venice Area Beautification, Inc. (the Organization) is a not-for-profit corporation incorporated in the State of Florida on September 7, 1990. Its mission is to develop enhancement projects throughout the greater Venice area, encouraging the donation of gifts, endowments and bequests for the improvement of public works.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

Income Tax Exemption

Venice Area Beautification, Inc. is exempt from federal income taxes under the provisions of Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

The Organization tax filings are subject to audit by various taxing authorities. The Organization's federal returns for 2007, 2008, and 2009 remain open to examination by the Internal Revenue Service.

Basis of Accounting

The financial statements of Venice Area Beautification, Inc. have been prepared using the accrual basis of accounting.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, dated June 1993. Accordingly, the net assets of Venice Area Beautification, Inc. are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets, as applicable.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. As of the balance sheet date, there were no permanently restricted assets.

Advertising and Promotional

The Organization expenses advertising and promotional costs as incurred.

VENICE AREA BEAUTIFICATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Venice Area Beautification, Inc. recognizes all contributed support received, (including grants) as income in the period for which the donor has stipulated. Any revenues received prior to the fiscal year to which they apply are not recognized as revenues until the year earned. Contributed support is reported as unrestricted or as temporarily restricted, depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires or the restrictive purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services, Materials, and Facilities

Venice Area Beautification, Inc. receives donated services from a variety of unpaid volunteers assisting it in policing the Waterway and various parks. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Venice Area Beautification, Inc. occupies an office located at 257 North Tamiami Trail, Venice, Florida under a three year lease ending August 31, 2014. Rent of \$10 is paid by the Organization per year. The Organization also shares garage space with the County at no cost.

Cash and Cash Equivalents

Cash and time deposits maturing in less than one year are treated as cash equivalents.

Property and Equipment

Venice Area Beautification, Inc. owns vehicles and equipment. Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred; major renewals and betterments that materially increase asset lives are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

All property and equipment are capitalized and depreciated over their estimated useful lives ranging from 3 to 7 years, using the straight line method.

Property and equipment as of September 30, 2011, is as follows:

Equipment	\$	20 616
Vehicles		15 000
		<u>35 616</u>
Accumulated depreciation through 9/30/11		<u>( 31 713)</u>
Net book value	\$	<u><u>3 903</u></u>



VENICE AREA BEAUTIFICATION, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds

Venice Area Beautification, Inc. has entered into an agreement with The Gulf Coast Community Foundation of Venice (The Community Foundation) for the creation of the Venice Area Beautification Endowment Fund. The primary purpose of this fund is to provide an endowment to support the programs and services of the Organization to carry out its role and mission as described by its bylaws. The fund is invested and used at the discretion of The Community Foundation. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions of limited income and principal amounts are available to be paid at least annually at the request of the Organization. As of the balance sheet date, the Organization has not withdrawn any funds. At September 30, 2011 the balance held by The Community Foundation is \$88,662.

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses as follows:

Gulf Coast Foundation	\$	22 089
John Nolan Park		14 000
Other projects & related costs		5 039
	\$	<u>41 128</u>

As of the Balance Sheet date, the remaining balance of temporarily restricted assets, were restricted as follows:

Other projects & related costs	\$	<u>10 918</u>
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NOTE 4 - CONCENTRATIONS OF CREDIT RISK

Venice Area Beautification, Inc. maintains its cash in bank deposit accounts which, at times, may have balances that exceed the amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). During the year ended 9/30/11, the organization had not accumulated any funds in excess of the FDIC limits. The Organization has not experienced any losses in such accounts.

NOTE 5 - SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through August 10, 2012, the date the financial statements were available to be issued.

VENICE AREA BEAUTIFICATION, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 6 - ENDOWMENTS

Endowment -Temporarily Restricted

Venice Area Beautification, Inc. maintains an endowment fund with Gulf Coast Community Foundation of Venice. The purpose of this endowment is to support the programs and services of the organization in carrying out its mission as described in its bylaws.

The Board of Directors (the B.O.D.) has interpreted the State Uniform Management of Institutional Funds Act (the Act) as requiring the preservation of the purchasing power of the Endowment. As well, under the Act, the B.O.D. may expend so much of the Endowment as they determine to be prudent for the uses and purposes for which the Endowment was established, consistent with the goal of conserving the purchasing power of the Endowment.

As a result of this interpretation and the endowment agreement, the asset value (net of investment fees) of the endowment may be utilized for program expenses and are classified as unrestricted. As per the Board of Directors Agreement with Gulf Coast Community Foundation of Venice, the Organization can receive 4% of the rolling average asset value of the fund. Gulf Coast has the discretion to approve a request from the Organization for a grant or distribution in excess of the regular annual distribution as long as such request is in furtherance of the Organization's Charitable Mission.

The B.O.D. has adopted investment and spending policies for the Endowment assets that attempt to provide for a predictable stream of funding, while seeking to maintain the purchasing power of the Endowment assets over the long-term. Under this policy, as approved by the B.O.D. the Endowment assets are invested with the objective of growth with income, while assuming a moderate level of investment risk.

To satisfy its long-term objectives, Venice Area Beautification, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets consists of the following for the year ended September 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 68 130	\$ -0-	\$ 68 130
Investment Return:			
Investment income	1 726	-0-	1 726
Investment fees	( 418)	-0-	( 418)
Unrealized gain (loss)	( 776)	-0-	( 776)
Total Investment Return	<u>532</u>	<u>-0-</u>	<u>532</u>
Contributions	<u>20 000</u>	<u>-0-</u>	<u>20 000</u>
Endowment funds, end of year	<u>\$ 88 662</u>	<u>\$ -0-</u>	<u>\$ 88 662</u>

SUPPLEMENTARY INFORMATION

VENICE AREA BEAUTIFICATION, INC.

SCHEDULES OF ADMINISTRATIVE, PROGRAM AND FUNDRAISING EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>UNRESTRICTED</u>
<b>ADMINISTRATIVE EXPENSES</b>	
Payroll costs	\$ 30 747
Professional fees	4 500
Insurance	3 068
Rent	10
Other administrative expenses	2 444
Telephone	<u>1 678</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ <u>42 447</u></b>
 <b>PROGRAM EXPENSES</b>	
John Nolan Park	\$ 24 232
Prentiss French Park	17 797
Merchandise purchases	1 411
Depreciation	3 778
Other projects and related costs	14 160
Volunteer expenses	<u>185</u>
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ <u>61 563</u></b>

See Independent Auditors' Report.