

VENICE AREA BEAUTIFICATION, INC  
VENICE, FLORIDA

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
SEPTEMBER 30, 2015

VENICE AREA BEAUTIFICATION, INC

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INDEPENDENT AUDITORS' REPORT

*The driving force behind your business  
and personal success*

January 19, 2016

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

We have audited the accompanying financial statements of Venice Area Beautification, Inc. (a nonprofit organization) which comprise the Statement of Financial Position as of September 30, 2015, and the related Statement of Activities and Changes in Net Assets, and Statement of Cash Flows for the 12 month period 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. 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 risk 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 evaluation 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.

Board of Directors  
Venice Area Beautification, Inc.  
January 19, 2016

### 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, 2015, and the changes in its net assets and its cash flows for the 12 month period then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Administrative, Programs and Fundraising Expenses on page 10 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 audit 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.

*Hough & Company, P.A.*

Hough & Company, P.A.  
Certified Public Accountants

VENICE AREA BEAUTIFICATION, INC.

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 90 703	\$ 68 219	\$ 158 922
Endowment fund	98 053	-0-	98 053
Fixed assets (net of accumulated (depreciation of \$36,003)	<u>679</u>	<u>-0-</u>	<u>679</u>
TOTAL ASSETS	<u>\$ 189 435</u>	<u>\$ 68 219</u>	<u>\$ 257 654</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Accounts payable	<u>199</u>	<u>-0-</u>	<u>199</u>
TOTAL LIABILITIES	199	-0-	199
NET ASSETS	<u>189 236</u>	<u>68 219</u>	<u>257 455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 189 435</u>	<u>\$ 68 219</u>	<u>\$ 257 654</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Support:			
Foundations	\$ 10 000	\$ -0-	\$ 10 000
Government	9 757	-0-	9 757
Other - corporate and private	18 518	83 410	101 928
Special events	11 520	-0-	11 520
Merchandise sales	70	-0-	70
Interest	2 091	-0-	2 091
Unrealized gain / (loss) on endowment	( 8 294)	-0-	( 8 294)
Net assets released from restrictions:			
Donor restrictions satisfied	54 460	( 54 460)	-0-
	<u>98 122</u>	<u>28 950</u>	<u>127 072</u>
TOTAL REVENUES AND OTHER SUPPORT			
	<u>98 122</u>	<u>28 950</u>	<u>127 072</u>
EXPENSES:			
Administrative expenses	26 223	-0-	26 223
Program expenses	91 008	-0-	91 008
	<u>117 231</u>	<u>-0-</u>	<u>117 231</u>
TOTAL EXPENSES			
	<u>117 231</u>	<u>-0-</u>	<u>117 231</u>
CHANGE IN NET ASSETS	( 19 109)	28 950	9 841
NET ASSETS, BEGINNING OF YEAR	<u>208 345</u>	<u>39 269</u>	<u>247 614</u>
NET ASSETS, END OF YEAR	\$ <u><u>189 236</u></u>	\$ <u><u>68 219</u></u>	\$ <u><u>257 455</u></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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ ( 19 109 )	\$ 28 950	\$ 9 841
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	489	-0-	489
Unrealized (gain) / loss in endowment fund	8 294	-0-	8 294
(Decrease) / increase in accounts payable	( 319 )	-0-	( 319 )
(Decrease) / increase in insurance payable	<u>( 1 274 )</u>	<u>-0-</u>	<u>( 1 274 )</u>
<b>NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES</b>	<u>( 11 919 )</u>	<u>28 950</u>	<u>17 031</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Transfer from endowment fund	12 536	-0-	12 536
Earnings and expenses related to endowment fund	<u>( 1 351 )</u>	<u>-0-</u>	<u>( 1 351 )</u>
<b>NET CASH (USED) / PROVIDED BY INVESTING ACTIVITIES</b>	<u>11 185</u>	<u>-0-</u>	<u>11 185</u>
<b>NET (DECREASE) / INCREASE IN CASH</b>	( 734 )	28 950	28 216
<b>CASH BALANCE - BEGINNING OF YEAR</b>	<u>91 437</u>	<u>39 269</u>	<u>130 706</u>
<b>CASH BALANCE - END OF YEAR</b>	<u>\$ 90 703</u>	<u>\$ 68 219</u>	<u>\$ 158 922</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, 2015

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 2011, 2012, 2013 and 2014 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 Codification of ASC Topic 958 - Not-for-Profit Entities. 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, 2015

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 Financial Accounting Standards Board Codification of ASC Topic 958 - Not-for-Profit Entities 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, 2017. 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, 2015, is as follows:

Equipment	\$	21 682
Vehicles		<u>15 000</u>
		36 682
Accumulated depreciation through 9/30/15		<u>( 36 003)</u>
Net book value	\$	<u><u>679</u></u>

VENICE AREA BEAUTIFICATION, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 (GCCF) 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 from the fund during the current period. At September 30, 2015 the balance held by The Community Foundation is \$98 053.

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

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

Gulf Coast Community Foundation - Bike Walk	\$	1 894
Ehrhart Foundation - Bike Racks		1 138
Ruscelletto Fountain		15 649
Landscape under bridge		23 518
Other projects & related costs		12 261
	\$	<u>54 460</u>

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

Gulf Coast Community Foundation - Bike Walk	\$	4 213
Gulf Coast Community Foundation - Trailhead		1 200
Ehrhart Foundation - Bike Racks		6 294
Ruscelletto Fountain		4 826
Landscape under bridge		23 517
Other projects & related costs		28 169
	\$	<u>68 219</u>

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 September 30, 2015, 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 January 19, 2016, the date the financial statements were available to be issued.

VENICE AREA BEAUTIFICATION, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 Community Foundation 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, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 117 532	\$ -0-	\$ 117 532
Investment Return:			
Disbursement	( 12 536)	-0-	( 12 536)
Investment income	1 909	-0-	1 909
Investment fees	( 558)	-0-	( 558)
Unrealized gain (loss)	( 8 294)	-0-	( 8 294)
Total Investment Return	( 19 479)	-0-	( 19 479)
Contributions	-0-	-0-	-0-
Endowment funds, end of year	\$ <u>98 053</u>	\$ <u>-0-</u>	\$ <u>98 053</u>

SUPPLEMENTARY INFORMATION

VENICE AREA BEAUTIFICATION, INC.

SCHEDULES OF ADMINISTRATIVE, PROGRAM AND FUNDRAISING EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>UNRESTRICTED</u>
<b>ADMINISTRATIVE EXPENSES</b>	
Payroll costs	\$ 10 258
Professional fees	5 700
Insurance	2 618
Rent	10
Other administrative expenses	4 893
Telephone	561
Marketing	<u>2 183</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ <u><u>26 223</u></u></b>

**PROGRAM EXPENSES**

Depreciation	699
Special events	4 986
Arboretum	2 334
Other projects and related costs	33 049
Fundraising expenses	926
Flower Basket expenses	9 491
Ruscelletto Fountain	15 649
Landscape under bridge	23 518
Volunteer expenses	<u>356</u>
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ <u><u>91 008</u></u></b>

See Independent Auditors' Report.