

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY**  
**A SPECIAL REVENUE FUND OF THE COUNTY OF**  
**VOLUSIA, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
TABLE OF CONTENTS  
SEPTEMBER 30, 2020 AND 2019**

	<b><u>Page Number(s)</u></b>
<b>Independent Auditors' Report</b>	1 - 2
<b>Basic Financial Statements</b>	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Notes to Financial Statements	5 - 9
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	11
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	12
<b>Independent Auditors' 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</b>	13 - 14

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Southeast Volusia Advertising Authority,  
A special revenue fund of the County of Volusia, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Southeast Volusia Advertising Authority (the Authority), a special revenue fund of the County of Volusia, Florida, as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Authority's 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 audits. We conducted our audits 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 the Southeast Volusia Advertising Authority, a special revenue fund of the County of Volusia, Florida, as of September 30, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

- 1 -

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## ***Other Matters***

### *Emphasis of Matter*

As discussed in Note (1), the financial statements present only the Southeast Volusia Advertising Authority special revenue fund and do not purport to, and do not, present fairly the financial position of the County of Volusia, Florida, as of September 30, 2020 and 2019, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

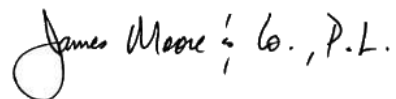
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the Authority'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 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 the Authority's internal control over financial reporting and compliance.



Daytona Beach, Florida  
December 11, 2020

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
BALANCE SHEETS  
SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,334,638	\$ 757,048
Taxes receivable	271,243	212,686
Prepaid items	729	2,136
<b>Total Assets</b>	<b>\$ 1,606,610</b>	<b>\$ 971,870</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 28,519	\$ 44,152
Unearned revenue	-	2,280
<b>Total Liabilities</b>	<b>28,519</b>	<b>46,432</b>
<b>Fund Balance</b>		
Nonspendable:		
Prepaid items	729	2,136
Restricted for tourism and advertising	1,577,362	923,302
Total fund balance	1,578,091	925,438
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,606,610</b>	<b>\$ 971,870</b>

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

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Convention development taxes, net	\$ 2,053,099	\$ 2,239,809
Interest	2,036	2,804
Miscellaneous	18,574	33,015
Total revenues	2,073,709	2,275,628
<b>Expenditures</b>		
Economic environment:		
Personal services	271,277	310,731
Operating	1,149,779	1,600,559
Capital outlay	-	13,687
Total expenditures	1,421,056	1,924,977
<b>Excess (deficiency) of revenues over expenditures</b>	652,653	350,651
<b>Fund balance, beginning of year</b>	925,438	574,787
<b>Fund balance, end of year</b>	\$ 1,578,091	\$ 925,438

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

**SOUTHEAST VOLUSIA CONVENTION ADVERTISING AUTHORITY**  
**A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Southeast Volusia Advertising Authority (the Authority), a special revenue fund of the County of Volusia, Florida, which affect significant elements in the accompanying financial statements:

(a) **Organization and purpose**—In 1987 the County of Volusia, Florida (the County) adopted Ordinance 87-23, as amended, pursuant to Chapter 212.0305, Florida Statutes, which created the Authority, a special revenue fund of the County, to administer and disburse the proceeds of the Convention Development Tax imposed within the boundaries of the Southeast Volusia Tax District as defined by Chapter 262.94, Laws of Florida. The proceeds are used solely within the district to promote and advertise tourism, and to fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus. The County appoints all members of the Authority's board of directors for one-to-three-year terms.

(b) **Reporting entity**—The Governmental Accounting Standards Board (GASB) established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations. There are no potential component units of the Authority.

The Authority's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements of the Authority are intended to present the fund balance and the changes in fund balance of only that portion of the County of Volusia, Florida that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the County of Volusia, Florida as of September 30, 2020 and 2019, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

(c) **Fund financial statements**—Fund financial statements are presented for the Southeast Volusia Advertising Authority, a special revenue fund of the County of Volusia, Florida. The Authority does not engage in any business-type activities. The operations of the Authority are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(d) **Measurement focus, basis of accounting and financial statement presentation**—Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

**SOUTHEAST VOLUSIA CONVENTION ADVERTISING AUTHORITY**  
**A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

Capital outlays expended in the governmental fund operations of the Authority are capitalized in the basic financial statements of the County of Volusia, Florida rather than in the governmental fund of the Authority.

(e) **Cash and cash equivalents**—The Authority considers all short-term investments with an initial maturity of less than three months when purchased by the Authority to be cash equivalents.

(f) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

(g) **Capital assets**—Capital assets, which include leasehold improvements and equipment are defined by the Authority as assets with initial, individual costs that equal or exceed \$1,000 and an estimated useful life of over one year. Capital assets are recorded as expenditures at the time goods are received and a liability is incurred. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No depreciation has been provided on capital assets in these financial statements. However, depreciation expense on these capital assets will be recorded in the basic financial statements of the County of Volusia, Florida.

(h) **Convention development taxes, net**—Convention development tax revenues are reported net of a 2% administrative fee paid to the County of Volusia to administer and collect the tax. The fee for the years ended September 30, 2020 and 2019, were \$41,900 and \$45,710, respectively.

(i) **Fund balance**—The Authority reports fund balance in accordance with the GASB Codification. Fund balances are classified as follows:

*Nonspendable*—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

*Restricted*—Amounts constrained to specific purposes by outside parties or enabling legislation.

*Committed*—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution.

*Assigned*—Amounts that are designated by the Board of Directors for a specific purpose.

*Unassigned*—All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which restricted, committed, assigned, and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first, committed funds second, assigned funds third, and unassigned funds last.

Restricted fund balance consists of unspent funds received from Volusia County for convention development taxes authorized by Chapter 212.0305, Florida Statutes. Nonspendable fund balance is made up of prepaid items.



**SOUTHEAST VOLUSIA CONVENTION ADVERTISING AUTHORITY**  
**A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Budgets**—The Executive Director shall present a recommended budget to the Board of Directors on or before September 1<sup>st</sup> of each year. The Authority shall adopt and transmit to the County of Volusia, Florida a recommended budget on or before September 1<sup>st</sup> of each year for approval by the County Council. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and amended throughout the year as needed by the Board of Directors. The fund is the legal level of control. All appropriations lapse at the close of the fiscal year to the extent that they have not been carried forward.

(k) **Investments**—Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments. The Authority has not adopted a written investment policy and limits its investments to those prescribed by Section 218.415(7), Florida Statutes. The Authority held no investments at September 30, 2020 and 2019.

(2) **Capital Assets:**

Capital asset activity for the year ended September 30, 2020, which is reported in the basic financial statements of the County of Volusia, Florida rather than the governmental activities of the Authority, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 24,189	\$ -	\$ -	\$ 24,189
Equipment	49,743	-	(13,712)	36,031
Less: Accumulated depreciation	(62,526)	(2,737)	13,712	(51,551)
Governmental activities capital assets, net	<u>\$ 11,406</u>	<u>\$ (2,737)</u>	<u>\$ -</u>	<u>\$ 8,669</u>

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 24,189	\$ -	\$ -	\$ 24,189
Equipment	45,856	13,687	(9,800)	49,743
Less: Accumulated depreciation	(69,793)	(2,533)	9,800	(62,526)
Governmental activities capital assets, net	<u>\$ 252</u>	<u>\$ 11,154</u>	<u>\$ -</u>	<u>\$ 11,406</u>

**SOUTHEAST VOLUSIA CONVENTION ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**(3) Deposits:**

The Authority's bank deposits were with one bank, which is part of a branch banking system covering the State of Florida. The maximum amount covered by the FDIC was \$250,000 per depositor at each separately chartered FDIC-insured depository institution, and any excess bank balances are covered with the State of Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act establishes guidelines for qualifications and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are totally insured. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

**(4) Operating Leases:**

The Authority leases office space, ad space, and equipment under operating leases. These leases expire on dates ranging from December 2020 to February 2024. The Authority's lease expense under operating leases for the years ended September 30, 2020 and 2019, was approximately \$40,000 in both years, and was recorded under rent and advertising and promotions expenditures.

The following is a schedule by year of future minimum lease payments required under operating leases as of September 30, 2020, that have initial or remaining lease terms in excess of one year:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 38,658
2022	37,908
2023	11,358
2024	836
	<u>\$ 88,760</u>

**(5) Related Party Transactions:**

During the years ended September 30, 2020 and 2019, the Authority received co-op advertising revenue from a condominium where the treasurer of the Board of Directors is the manager, and is considered a related party transaction. The advertising revenue from the condominium totaled \$3,500 and \$6,500 during the years ended September 30, 2020 and 2019, respectively. No other related party transactions occurred during the years ended September 30, 2020 and 2019.

**SOUTHEAST VOLUSIA CONVENTION ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

(6) **Contingencies:**

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Authority as of December 11, 2020, management believes that a material impact on the Authority's financial position and results of future operations is reasonably possible.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Convention development taxes, net	\$ 2,255,813	\$ 2,255,813	\$ 2,053,099	\$ (202,714)
Interest	-	-	2,036	2,036
Miscellaneous	-	-	18,574	18,574
Total revenues	<u>2,255,813</u>	<u>2,255,813</u>	<u>2,073,709</u>	<u>(182,104)</u>
<b>Expenditures</b>				
Economic environment:				
Personal services	<u>421,115</u>	<u>421,115</u>	<u>271,277</u>	<u>149,838</u>
Operating:				
Advertising and promotions	1,543,554	1,543,554	983,300	560,254
Fulfillment	38,300	38,300	22,122	16,178
Insurance	2,500	2,500	1,552	948
Office	87,944	87,944	59,436	28,508
Other professional fees	25,900	25,900	25,431	469
Rent	40,000	40,000	38,400	1,600
Travel	85,000	85,000	12,498	72,502
Utilities	11,500	11,500	7,040	4,460
Total operating	<u>1,834,698</u>	<u>1,834,698</u>	<u>1,149,779</u>	<u>684,919</u>
Total expenditures	<u>2,255,813</u>	<u>2,255,813</u>	<u>1,421,056</u>	<u>834,757</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>652,653</u>	<u>652,653</u>
<b>Fund balance, beginning of year</b>	925,438	925,438	925,438	-
<b>Fund balance, end of year</b>	<u>\$ 925,438</u>	<u>\$ 925,438</u>	<u>\$ 1,578,091</u>	<u>\$ 652,653</u>

The accompanying notes to schedule of revenues,  
expenditures and changes in fund balance - budget and actual  
are an integral part of this schedule.

**SOUTHEAST VOLUSIA ADVERTISING AUTHORITY  
A SPECIAL REVENUE FUND OF THE COUNTY OF VOLUSIA, FLORIDA  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:**

**Budgets**—The Executive Director shall present a recommended budget to the Board of Directors on or before September 1<sup>st</sup> of each year. The Authority shall adopt and transmit to the County of Volusia, Florida a recommended budget on or before September 1<sup>st</sup> of each year for approval by the County Council. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The fund is the legal level of control. All appropriations lapse at the close of the fiscal year to the extent that they have not been carried forward.

**INDEPENDENT AUDITORS' 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**

To the Board of Directors of Southeast Volusia Advertising Authority,  
A special revenue fund of the County of Volusia, Florida:

We have audited, 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, the financial statements of the Southeast Volusia Advertising Authority (the Authority), a special revenue fund of the County of Volusia, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2020.

***Internal Control over Financial Reporting***

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

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.

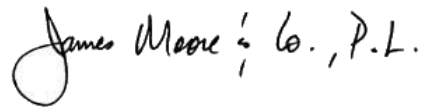
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. 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*.

### **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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida  
December 11, 2020