

AUDITED FINANCIAL STATEMENTS
MORGAN'S POINT RESORT ECONOMIC
DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2014

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To the Board of Directors
Morgan's Point Resort Economic Development Corporation
Morgan's Point Resort, Texas

We have audited the accompanying financial statements of Morgan's Point Resort Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities 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.

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 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 Morgan's Point Resort Economic Development Corporation as of September 30, 2014, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lott, Vernon & Co., P.C.
April 10, 2015
Temple, Texas

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014

ASSETS

CURRENT ASSETS

Cash in bank - First Texas State Bank

\$ 84,458

Sales tax receivable

2,159

TOTAL CURRENT ASSETS

86,617

TOTAL ASSETS

86,617

NET POSITION

NET POSITION

Temporarily Restricted

86,617

TOTAL NET POSITION

\$ 86,617

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

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITY AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

CHANGES IN NET POSITION

SUPPORT AND REVENUE

Sales Tax	\$	30,434
TOTAL SUPPORT AND REVENUE		30,434

EXPENSES

Program Services:		
Miscellaneous		223
TOTAL EXPENSES		223

Increase in net position		30,211
Net Position - temporarily restricted, beginning of year		56,406
 Net Position- temporarily restricted, end of year	 \$	 86,617

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

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Cash Flows From Operating Activities:

Excess Of Revenues Over Expenses	\$ 30,211
Adjustments to reconcile excess of revenues over expenses to cash used by operations:	
Sales tax receivable	<u>(135)</u>
Net Cash Provided (Used) by Operating Activities	30,076
Cash, Beginning of Year	<u>54,382</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 84,458</u></u>

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

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management has evaluated subsequent events through April 10, 2015, the financial statement issuance date.

Nature of Activities

Morgan's Point Resort Economic Development Corporation (hereafter referred to as "MPREDC") is a public instrumentality and a non-profit corporation, organized exclusively for the purpose of benefiting the City of Morgan's Point Resort, Texas, by promoting, assisting and enhancing economic development activities. The MPREDC has a governing board that is appointed by the Mayor and the City Council, whom is accountable for the financial matters, reportable to the City Council.

Basis of Accounting

The financial statements of MPREDC are prepared on the accrual basis of accounting.

MPREDC has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, MPREDC is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, MPREDC is required to present a statement of cash flows. As permitted by the statement, MPREDC does not use fund accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, MPREDC considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

MPREDC maintains a bank account at one banking institution. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Income Taxes

MPREDC is a not-for-profit organization exempt from federal income tax under Internal Revenue Code Section 501(c)(6).

Economic Dependence

MPREDC received all of its funding from sales tax receipts for the year ended September 30, 2014.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - NET ASSETS

Unrestricted net assets represent assets that do not have any imposed time or purpose restrictions. As of September 30, 2014 there were no unrestricted net assets.

Restricted net assets represent assets that have imposed time, purpose restrictions, or are restricted for specific programs. As of September 30, 2014 there was \$86,617 in temporarily restricted net assets.