

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Business Development Board of Martin County, Inc.

September 30, 2021



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February 9, 2022

Board of Directors
Business Development Board of Martin County, Inc.
West Palm Beach, Florida

Independent Auditor's Report

We have audited the accompanying financial statements of Business Development Board of Martin County, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses 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 Business Development Board of Martin as of September 30, 2021, and the changes in its net assets, functional expenses, and its cash flows for the year 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 statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. The information included on pages 12 is presented for purposes of additional analysis 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 schedule of budget and actual statement of activities and changes in net assets. 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 schedule of budget and actual statement of activities and changes in net assets themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of budget and actual statement of activities and changes in net assets is fairly stated in all material respects in relation to the financial statements as a whole.

Hill, Barth & King LLC

Certified Public Accountants

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	244,513
Accounts receivable		236,500
TOTAL CURRENT ASSETS		<u>481,013</u>

PROPERTY AND EQUIPMENT

Furniture and fixtures		9,675
Computer equipment		16,055
		<u>25,731</u>
Less Accumulated Depreciation		25,731
PROPERTY AND EQUIPMENT, NET		<u>0</u>
TOTAL ASSETS		<u>481,013</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		27,000
Payroll liabilities		12,864
Deferred revenue		9,784
TOTAL CURRENT LIABILITIES		<u>49,648</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated funds for operating reserve		59,515
Undesignated		371,850
TOTAL NET ASSETS		<u>431,365</u>
	\$	<u>481,013</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended September 30, 2021

	WITHOUT DONOR RESTRICTIONS
<u>PUBLIC SECTOR SUPPORT</u>	
Local government income	\$ 450,000
Other public sector income	35,000
<u>PRIVATE SECTOR SUPPORT</u>	
Investor income	5,000
Service income	11,000
<u>OTHER REVENUE</u>	
In-kind contributions	11,138
Miscellaneous income	650
Event sponsorship income	25,128
TOTAL SUPPORT AND OTHER REVENUE	<u>537,916</u>
<u>EXPENSES</u>	
Program expenses:	
Business attraction	70,489
Business retention and expansion	120,540
Business assistance and entrepreneurship	64,649
Talent and workforce	71,581
Community outreach	91,409
TOTAL PROGRAM EXPENSES	<u>418,668</u>
Supporting services:	
Management and general	63,782
TOTAL EXPENSES	<u>482,450</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	55,466
<u>NET ASSETS</u>	
Beginning of year	375,899
End of year	<u>\$ 431,365</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2021

	Program Services					Supporting Services		Total expenses
	Business attraction	Business retention and expansion	Business assistance and entrepreneurship	Talent and workforce	Community outreach	Total program services	Management and general	
Salaries and benefits	\$ 26,046	\$ 65,116	\$ 26,046	\$ 65,116	\$ 39,069	\$ 221,393	\$ 39,069	\$ 260,462
Economic development programs and services	12,773	639	11,017	-	7,504	31,933	-	31,933
Business development and marketing	11,966	598	10,321	-	7,030	29,915	-	29,915
Professional development and training	515	26	445	-	303	1,289	-	1,289
Forums, conference and functions	-	11,159	5,579	-	5,579	22,317	-	22,317
Occupancy	4,979	5,858	3,222	2,929	6,150	23,138	6,150	29,288
Outside services	-	26,422	-	-	13,611	40,033	-	40,033
In-kind legal services	-	-	-	-	-	-	11,138	11,138
General office	1,951	2,296	1,263	1,148	2,410	9,068	2,409	11,477
Printing and binding	104	122	67	61	128	482	128	610
Computer software and support	694	816	449	408	857	3,224	857	4,081
Technology communications	4,787	239	4,129	-	2,813	11,968	-	11,968
Postage and postal services	89	104	57	52	110	412	110	522
Memberships	3,411	3,411	-	-	1,924	8,746	-	8,746
Subscriptions	1,448	1,704	937	852	1,789	6,730	1,789	8,519
Insurance	876	1,030	567	515	1,082	4,070	1,082	5,152
Contingency	850	1,000	550	500	1,050	3,950	1,050	5,000
	<u>\$ 70,489</u>	<u>\$ 120,540</u>	<u>\$ 64,649</u>	<u>\$ 71,581</u>	<u>\$ 91,409</u>	<u>\$ 418,668</u>	<u>\$ 63,782</u>	<u>\$ 482,450</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF CASH FLOWS

Year ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	55,466
Adjustments to reconcile net cash used by operating activities		
(Increase) decrease in operating assets:		
Accounts receivable		(124,000)
Increase (decrease) in liabilities:		
Accounts payable		24,877
Payroll liabilities		5,692
Deferred revenue		6,284
NET CASH USED BY OPERATING ACTIVITIES		<u>(31,681)</u>

NET INCREASE IN CASH AND
CASH EQUIVALENTS (31,681)

CASH AND CASH EQUIVALENTS

Beginning of year		<u>276,194</u>
End of year	\$	<u><u>244,513</u></u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

Business Development Board of Martin County, Inc. (“the BDBMC”), a not-for-profit organization, is Martin County’s official public-private partnership for economic development. BDBMC’s mission is to champion and strengthen Martin County’s economy by growing leading and emerging industries; accelerating entrepreneurship; building the next generation of workforce talent; being more business friendly; increasing the community’s attractiveness to owners, earners, learners and business visitors; and increasing the non-residential tax base. It is the official partner of Enterprise Florida, Inc., the State of Florida’s official economic development organization and works collaboratively to unite economic leadership both locally and regionally.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires BDBMC to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the BDBMC. These net assets may be used at the discretion of the BDBMC’s management and board of directors.

Net Assets With Donor Restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the BDBMC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Use of Estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents:

Cash and cash equivalents consists of cash in banks, including highly liquid investment accounts and other debt instruments purchased with original maturity dates of three months or less.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivables:

Accounts receivables are stated at the amount management expects to collect from outstanding balances at year-end. The potential risk is limited to the amount recorded in the financial statements. Management determines the allowance for doubtful accounts by identifying troubled accounts, assessing the creditor's ability to pay and by using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. At September 30, 2021, the allowance for doubtful accounts at September 30, 2021 was zero.

Property and Equipment:

Property and equipment are recorded at cost. The BDBMC capitalizes property and equipment with a cost of \$1,000 or greater and a useful life of at least 3 years. Depreciation is computed on the straight-line method over the following estimated useful lives of the depreciable assets:

	Years
Furniture, fixtures and equipment	7
Computer equipment	5

Deferred Revenue:

Event sponsorship funds collected in advance have been included in deferred revenue in the accompanying statement of financial position. Such deferred revenue is recognized as revenue within one year.

Revenue Recognition:

Local Government:

Local government income includes revenue earned under contract from local county government. Revenue is recorded contract performance obligations are met and earned. Due to the short-term duration of the revenue recognition cycle, the BDBMC has elected the practical expedient permitting them to exclude disclosures of certain performance obligations as the BDBMC's contracts typically have a term of one year or less. See Note B.

Other Public Sector and Private Sector Income:

Other public sector and private sector income includes grant funds received from local city governments and private companies and is recognized as either (a) donor-restricted or (b) without donor restricted in accordance with the grant agreement.

Event Sponsorship Income:

Event sponsorship income is recognized when the underlying event being sponsored has occurred.

Investor Income:

Investor income is private sector income received for accesses to the Business Development Board of Martin County, Inc.'s resources.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued):

Contributed Services:

Contributed services and the related expenses are recognized at their fair value in the period of use. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed services are recognized as contributions if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise have been purchased.

Functional Expenses:

The BDBMC reviews the overall allocation of functional expenses annually. Expenses are analyzed by management and allocated among the programs and supporting services benefited based on estimated time incurred time incurred.

Advertising and Promotions:

Advertising and promotion costs are expensed when incurred.

Income Taxes:

The BDBMC is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Therefore, the financial statements reflect no provision for income taxes.

Risks and Uncertainties:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the BDBMC’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the BDBMC is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

Subsequent Events:

Management evaluated all activity of the BDBMC through February 9, 2022, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

NOTE B – LOCAL GOVERNMENT INCOME

The operations of the BDBMC are primarily supported through funding provided through an agreement with Martin County, Florida. The current agreement commenced on October 1, 2019, and extends for ten years and provides the basis of funding which is limited to business development activities within Martin County, Florida. The contract provides annual revenue of \$450,00.

NOTE C – IN-KIND CONTRIBUTIONS

The BDBMC receives contribution of services for which the donor receives no value. The contribution of services has been recorded as revenue at their fair value. For the year ended September 30, 2021 the Organization received \$11,138 in contributed services.

NOTE D – LEASE COMMITMENTS

The BDBMC leases its office space under an amended operating agreement terminating on July 31, 2021, with a further right of renewal or extension for three periods of one year beginning August 1, 2021 and ending on July 31, 2024. If extended, the BDBMC shall pay a base rent plus a 4% per year increase during any renewal or extension period. The BDBMC exercised the first right of renewal extending the lease July 31, 2022. Rent expense for the year ended September 30, 2021, was \$25,326, which included a charge for common area management expenses and real estate taxes. Future minimum payments as of September 30, 2021 are summarized below:

	<u>Total</u>
2022	\$ 23,408
2023	24,344
2024	21,098
Total	<u>\$ 68,850</u>

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

NOTE E – CONCENTRATIONS OF CREDIT RISK

For the year ended September 30, 2021, the Organization’s cash and cash equivalent balance did not exceed FDIC limits, Furthermore BDBMC has not experienced any losses and believes it is not exposed to any significant risk with respect to cash and cash equivalents

During the year ended September 30, 2021 the BDBMC received approximately 84% of its revenue under its contract with the Martin County Board of County Commissioners. Additionally, the accounts receivable balance at September 30, 2021, is comprised of approximately 95% due from its contract with the Martin County Board of County Commissioners.

NOTE G – AVAILABILITY AND LIQUIDITY

As of September 30, 2021, the BDBMC has working capital of \$456,365 and average days (based on normal expenditure) financial assets on hand of 384 days.

The following represents the BDBMC’s financial assets at September 30, 2021:

FINANCIAL ASSETS AT YEAR END:

Cash	\$	244,513
Program funds receivable		236,500
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	\$	<u>481,013</u>

The BDBMC’s goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$116,000).

NOTE H – BOARD DESIGNATED FUNDS

On August 14, 2019, the board approved a 90-day operating reserve policy to help the BDBMC preserve its capacity for delivering its mission in the event of unforeseen financial shortages; enable the organization to sustain operations through delays in payments of committed funding; position it to accept and manage reimbursable grants; invest in one-time, nonrecurring expenses that will build capacity, such as business development, staff development, research; and to create an internal line of credit to manage cash flow and maintain financial flexibility. Board designated net assets at September 30, 2021 was \$59,515.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

September 30, 2021

	Actual	Budget
TOTAL EXPENSES		
Salaries and benefits	\$ 260,462	\$ 296,225
Economic development programs and services	31,932	30,000
Business development and marketing	29,915	28,600
Travel and entertainment	-	6,500
Forums, conference and functions	22,318	28,700
Outside services	40,033	49,000
Occupancy	29,288	29,100
General office	11,477	7,900
Technology communications	11,969	11,400
Computer equipment	-	2,500
Computer software and support	4,082	3,650
Printing and binding	611	5,000
Postage and postal services	522	1,400
Memberships	8,745	8,210
Subscriptions	8,519	8,435
Insurance	5,150	4,190
Professional development and training	1,289	4,500
In-kind legal services	11,138	24,000
Contingency	5,000	5,000
TOTAL EXPENSES	\$ 482,450	\$ 554,310