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FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

**BUSINESS DEVELOPMENT BOARD
OF MARTIN COUNTY, INC.**

September 30, 2022

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March 8, 2023

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

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Business Development Board of Martin County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Business Development Board of Martin County, Inc. as of September 30, 2022, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Business Development Board of Martin County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Development Board of Martin County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Business Development Board of Martin County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Development Board of Martin County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Budget and Actual Expenses on page 12, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hill, Barth & King LLC
Certified Public Accountants

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	409,809
Accounts receivable		125,000
Prepaid expenses		2,400

TOTAL CURRENT ASSETS 537,209

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 0

TOTAL ASSETS \$ 537,209

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	6,195
Payroll liabilities		4,640
Deferred revenue		16,500

TOTAL CURRENT LIABILITIES 27,335

NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated funds for operating reserve		59,545
Undesignated		450,329

TOTAL NET ASSETS 509,874

\$ 537,209

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, 2022

	WITHOUT DONOR RESTRICTIONS
<u>PUBLIC SECTOR SUPPORT</u>	
Local government income	\$ 450,000
<u>PRIVATE SECTOR SUPPORT</u>	
Investor income	63,750
<u>OTHER REVENUE</u>	
Contributed nonfinancial assets	12,320
Miscellaneous income	37,651
Event sponsorship income	30,965
TOTAL SUPPORT AND OTHER REVENUE	<u>594,686</u>
<u>EXPENSES</u>	
Program services:	
Business attraction	69,062
Business retention and expansion	136,529
Business assistance and entrepreneurship	64,108
Talent and workforce	78,781
Community outreach	97,616
TOTAL PROGRAM SERVICES	<u>446,096</u>
Supporting services:	
Management and general	70,081
TOTAL EXPENSES	<u>516,177</u>
 CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 78,509
<u>NET ASSETS</u>	
Beginning of year	431,365
End of year	<u>\$ 509,874</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2022

	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	\$ 29,000	\$ 72,500	\$ 29,000	\$ 72,500	\$ 43,500	\$ 246,500	\$ 43,500	\$ 290,000
Economic development programs and services	4,604	230	3,970	-	2,704	11,508	-	11,508
Business development and marketing	15,631	782	13,482	-	9,184	39,079	-	39,079
Professional development and training	1,679	84	1,448	-	986	4,197	-	4,197
Forums, conference and functions	-	10,846	5,423	-	5,423	21,692	-	21,692
Occupancy	5,194	6,111	3,361	3,055	6,417	24,138	6,417	30,555
Outside services	-	36,322	-	-	18,712	55,034	-	55,034
In-kind legal services	-	-	-	-	-	-	12,320	12,320
General office	1,790	2,106	1,158	1,053	2,212	8,319	2,565	10,884
Printing and binding	731	860	473	430	903	3,397	903	4,300
Computer software and support	378	445	245	222	467	1,757	467	2,224
Technology communications	4,492	225	3,875	-	2,640	11,232	-	11,232
Travel and entertainment	717	717	-	-	-	1,434	716	2,150
Postage and postal services	83	98	54	49	102	386	102	488
Memberships	2,261	2,261	-	-	1,275	5,797	-	5,797
Subscriptions	1,551	1,824	1,003	912	1,916	7,206	1,916	9,122
Insurance	951	1,118	616	560	1,175	4,420	1,175	5,595
	<u>\$ 69,062</u>	<u>\$ 136,529</u>	<u>\$ 64,108</u>	<u>\$ 78,781</u>	<u>\$ 97,616</u>	<u>\$ 446,096</u>	<u>\$ 70,081</u>	<u>\$ 516,177</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

STATEMENT OF CASH FLOWS

Year ended September 30, 2022

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Changes in net assets	\$ 78,509
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	111,500
Prepaid expenses	(2,400)
Increase (decrease) in liabilities:	
Accounts payable	(20,805)
Payroll liabilities	(8,224)
Deferred revenue	6,716
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>165,296</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	165,296
 <u>CASH AND CASH EQUIVALENTS</u>	
Beginning of year	<u>244,513</u>
End of year	<u>\$ 409,809</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF 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.

Adoption of New Accounting Standard:

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU 2020-07 was effective for the BDBMC for the year ended September 30, 2022. BDBMC adopted and applied the standard with no material impact.

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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF 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, 2022, no allowance for doubtful accounts was considered necessary.

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 as 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 access to the Business Development Board of Martin County, Inc.'s resources.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

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

Contributed Nonfinancial Assets:

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.

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, 2022 the Organization received \$12,320 in contributed services.

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.

Subsequent Events:

Management evaluated all activity of the BDBMC through March 8, 2023, 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.

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 \$450,000.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE C – 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 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 right of renewal extending the lease July 31, 2024. Rent expense for the year ended September 30, 2022, was \$30,555, which included a charge for common area management expenses and real estate taxes.

Future minimum payments as of September 30, 2022 are summarized below:

	<u>Total</u>
2023	\$ 24,344
2024	21,098
Total	<u>\$ 45,442</u>

NOTE D – CONCENTRATIONS OF CREDIT RISK

As of September 30, 2022, 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, 2022, the BDBMC received approximately 96% of its revenue under its contract with the Martin County Board of County Commissioners.

Additionally, the accounts receivable balance at September 30, 2022, is comprised of one customer comprising 90% of the outstanding balance at year-end.

NOTE E – AVAILABILITY AND LIQUIDITY

As of September 30, 2022, the BDBMC has working capital of \$509,874 and average days (based on normal expenditure) financial assets on hand of 403 days.

The following represents the BDBMC's financial assets at September 30, 2022:

FINANCIAL ASSETS AT YEAR END:	
Cash	\$ 409,809
Program funds receivable	<u>125,000</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 534,809</u>

The BDBMC's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$127,000).

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE F – 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, 2022 was \$59,545.

BUSINESS DEVELOPMENT BOARD OF MARTIN COUNTY

SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

Year End September 30, 2022

	<u>Actual</u>	<u>Budget (Unaudited)</u>
EXPENSES		
Salaries and benefits	\$ 290,000	\$ 332,013
Economic development programs and services	11,508	30,500
Business development and marketing	39,079	67,700
Travel and entertainment	2,150	6,500
Forums, conference and functions	21,692	24,000
Outside services	55,034	73,800
Occupancy	30,555	28,500
General office	10,884	10,200
Technology communications	11,232	12,000
Computer equipment	-	2,500
Computer software and support	2,224	3,650
Printing and binding	4,300	5,000
Postage and postal services	488	1,400
Memberships	5,797	8,210
Subscriptions	9,122	8,435
Insurance	5,595	5,090
Professional development and training	4,197	6,500
In-kind legal services	12,320	24,000
Contingency	-	7,000
Reserve contribution	-	15,000
TOTAL EXPENSES	<u>\$ 516,177</u>	<u>\$ 671,998</u>