Annual Report 2018

Providing Access To Credit

Palm Beach County
Black Business Investment Corporation
MISSION STATEMENT

The Mission of Palm Beach County Black Business Investment Corporation is to expand the participation of Black Business enterprises in all segments of Florida's economy by creating a perpetual flow of capital for their growth, and aggressively promoting an atmosphere conducive to their development.
December 31, 2018

To Our Shareholders:

We continue to strive each year to ensure that Black owned businesses that deserve bank financing receive it. This financing includes Term Loans, Lines of Credit and Letters of Credit for bonding purposes. This year presented its own unique set of challenges, but with our "Can Do and Must Do Spirit," coupled with perseverance, we were able to accomplish our goals.

Our organization has served the Palm Beach, Martin, Saint Lucie and Indian River counties for the past 32 years with a wide array of financial services. We have provided over $31.8 million in loans and assisted numerous businesses with their challenges/concerns. Additionally, these interactions have helped to create or retain over 3,200 jobs.

Challenges will continue to present themselves, but with the assistance of our Equity Partners, Board of Directors and other community resources, we look forward to overcoming the said challenges, thus enabling our clients to grow and expand their businesses while creating personal and generational wealth.

Sincerely,

John M. Ahrenholz
Chairman

Marlon D. White
President
SUPPORT ORGANIZATIONS

In addition to providing capital funds for loans and fostering opportunities for black businesses, PBCBBIC assists in the training and educational programs for our clients, in cooperation with the following organizations:

1. Small Business Development Center (SBDC)  
   3000 St. Lucie Avenue, Suite AD 408  
   Boca Raton, Florida 33431  
   (561) 862-4726

   This organization provides educational services, management and technical assistance to new and emerging businesses.

2. Small Business Administration (SBA)  
   100 South Biscayne Blvd., 7th Floor  
   Miami, Florida 33131  
   (305) 536-5521

   This organization provides assistance through loan guarantees, bonding, management and technical assistance, etc., to small businesses.

3. SCORE  
   500 Australian Ave., S. #115  
   West Palm Beach, Florida 33401  
   (561) 833-1672

   This organization provides educational services, management and technical assistance to new and emerging businesses.

4. Minority Business Enterprise(s)  
   (a) Palm Beach County  
   (b) Palm Beach County School Board  
   (c) City of West Palm Beach  
   (d) South Florida Water Management District

   These programs assist minority businesses in the area of procurement.

5. Palm Beach County's Incubator Programs  
   (a) Center for Technology Enterprise & Development, Inc. (TED CENTER)  
   (b) The EDGE CENTER  
   (c) Enterprise Development Corp. (EDC)  
   (d) Center for Enterprise Opportunity  
   (e) Paragon Foundation

   These programs assist small businesses and industries with a broad range of services.
INDEPENDENT AUDITOR’S REPORT

To The Board of Directors
Palm Beach County Black Business Investment Corporation
Riviera Beach, Florida

I have audited the accompanying Statement of Financial Position of Palm Beach County Black Business Investment Corporation ("the Corporation") (a nonprofit organization) as of September 30, 2018, and the related Statement of Activities and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Management of the Corporation. My responsibility is to express an opinion on these Financial Statements based on my audit.

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 misstatements, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 misstatements 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2018, and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated January 10, 2019, on my consideration of the Corporation’s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Palm Beach Gardens, Florida
January 10, 2019

MARK ESCOFFERY, P.A.
Member: American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants
ASSETS

Cash $ 31,486
Certificates of Deposit 489,456
Grant Receivable 9,000
Investments 3,220,964

Fixed Assets:
Equipment and Furniture 3,517
Less Accumulated Depreciation 3,517

Other Assets 1,875
TOTAL ASSETS $ 3,752,781

LIABILITIES AND NET ASSETS

LIABILITIES
Accounts Payable $ 5,000

Net Assets:
Subscriber's Equity:
Contributions from Private Sector 1,332,500
Unrestricted Net Assets 2,415,281
Total Net Assets 3,747,781
TOTAL LIABILITIES AND NET ASSETS $ 3,752,781

The accompanying Notes are an integral part of these Financial Statements.
PALM BEACH COUNTY BLACK BUSINESS INVESTMENT CORPORATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<table>
<thead>
<tr>
<th>Revenue, Gains, and Other Support:</th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$ 89,732</td>
</tr>
<tr>
<td>Unrealized Gain on Investment</td>
<td>76,363</td>
</tr>
<tr>
<td>Bad debt recovery</td>
<td>19,682</td>
</tr>
<tr>
<td>Contract Services</td>
<td>54,000</td>
</tr>
<tr>
<td>Program Fees and Other Income</td>
<td>12,871</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>252,648</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>213,762</td>
</tr>
<tr>
<td>Occupancy</td>
<td>15,377</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>9,100</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>13,535</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>6,490</td>
</tr>
<tr>
<td>Travel</td>
<td>8,314</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,818</td>
</tr>
<tr>
<td>Insurance</td>
<td>6,566</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>5,428</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>282,390</strong></td>
</tr>
</tbody>
</table>

| Decrease in Net Assets                | (29,742)     |
| **Net Assets, Beginning of Year**     | 3,777,523    |
| **Net Assets, End of Year**           | $ 3,747,781  |

The accompanying Notes are an integral part of these Financial Statements.
PALM BEACH COUNTY BLACK BUSINESS INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Cash Flows From Operating Activities:

Decrease in Net Assets $ (29,742)

Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:

Increase in Operating Liabilities:

Decrease in Operating Liabilities:

Accounts Payable (1,677)

Net Cash Flows (Used in) Operating Activities: (31,419)

Cash Flows from Investing Activities:

Change in Certificate of Deposit 420,479
Change in Investments (388,073)

Net Cash Flows (Used In) Investing Activities: 32,404

Net Increase in Cash: 985

Cash September 30, 2017 30,501

Cash September 30, 2018 $ 31,486

The accompanying Notes are an integral part of these Financial Statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Palm Beach County Black Business Investment Corporation ("the Corporation") is a non-profit organization formed in accordance with the Florida Small and Minority Business Assistance Act of 1985. The purpose of the Corporation is to provide business loans, bonding, equity, and business services and assist in the development of joint opportunities and other services for businesses and enterprises owned by eligible black citizens.

Basis of Accounting

The accompanying Financial Statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Corporation reports information regarding its financial position and activities according to three classes of Net Assets: Unrestricted, Temporarily Restricted and Permanently Restricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results may differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the Corporation to concentrations of credit risk include cash. While the Corporation attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits of $250,000. The corporation has not experienced any losses on such balances.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
The following table sets forth, by level within the fair value hierarchy, the Corporation's assets at fair value as of September 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$</td>
<td>-</td>
<td>$74,047</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>1,809,190</td>
<td>-</td>
<td>1,809,190</td>
</tr>
<tr>
<td>Fixed Income Securities</td>
<td>1,337,727</td>
<td>-</td>
<td>1,337,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,146,917</strong></td>
<td><strong>$74,047</strong></td>
<td><strong>$3,220,964</strong></td>
</tr>
</tbody>
</table>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended September 30, 2018:

- Interest Income: $35,293
- Dividend Income: $54,439
- Net Realized and Unrealized Gains & Losses: $76,363

**Total**: $166,095

**NOTE 4 – LOAN GUARANTEE**

The Corporation has guaranteed $1,300,722 of total borrowings aggregating $1,889,266 to various banks on behalf of eligible black citizens as part of its program to develop existing black enterprises, support the formation of new black business, and foster increased employment and social stability within the black community. Participating banks originate these loans on substantially the same terms as any other loans. These loans generally require borrower's equity and/or collateral. The loan guarantee by the Corporation is offered for borrowers unable to obtain financing without assistance. If borrowers are unable to repay these loans and collateral is inadequate, the Corporation could incur losses aggregating $1,300,722.
NOTE 5 – LOAN WRITE DOWN

During the year ended September 30, 2016, the Corporation made a $200,000 payment to cover a bank loan it had guaranteed that was not repaid by the borrower. The Company has recovered some of these funds during fiscal 2018 in the amount of $19,682.

NOTE 6 – OPERATING LEASE

The Corporation leased its office space under a non-cancelable operating lease that expires January, 2019. Rent expense for the year ended September 30, 2017, was $17,581. Future minimum lease payments as of September 30, 2017, (assuming the lease will be renewed) are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2019</td>
<td>$17,700</td>
</tr>
<tr>
<td>2020</td>
<td>17,900</td>
</tr>
<tr>
<td>2021</td>
<td>18,400</td>
</tr>
<tr>
<td>2022</td>
<td>18,900</td>
</tr>
<tr>
<td>2023</td>
<td>19,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$84,100</td>
</tr>
</tbody>
</table>

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was January 10, 2019.
2018-19 BOARD OF DIRECTORS

JOHN M. AHRENHOLZ
First Bank of the Palm Beaches

C. ROBERT STOCK*
Community Representative

ROBERT J. BAMOND
PNC Bank

R. MICHAEL STRICKLAND*
Northern Trust Bank

DONNA CARROLL
SunTrust Bank

THAIS R. SULLIVAN
Valley National Bank

JOHN H. HOWARD*
PBCBBIC

TIMOTHY B. THOMPSON
Solid Waste Authority of Palm Beach County

DOUGLAS J. SHERMAN
Bank of America

MARLON D. WHITE
PBCBBIC

*Retired in 2018
EQUITY SUBSCRIBERS

Bank of America
Wells Fargo Bank
SunTrust Bank
Seacoast Bank
BB&T
Bankers Trust Foundation
J.P. Morgan / Chase Bank
Northern Trust Bank
Valley National Bank
T.D. Bank
PNC Bank
Regions Bank
First Bank of the Palm Beaches
First City Bank
Indian River National Bank
Port St. Lucie National Bank
Boca Raton First National Bank
First American Bank of Indian River County
American Bank of Martin County
Gee & Jensen, Inc.
Hardrives of Delray, Inc.
National Investment Company
Pepsi Cola Bottling Company
The Dreyfoos Group
Pappalardo Construction Company
Brown Distributing Company
Perini Land & Development Company
Sabatello Companies

Operating Grant Contributor
Palm Beach County Board of County Commissioners

Palm Beach County
**Black Business Investment Corporation**
2001 Broadway, Suite 210
Riviera Beach, Florida 33404

(561) 845-8055

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