Meeting The Challenge

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, 2017

To Our Shareholders:

For the past 30 years the Palm Beach County Black Business Investment Corporation (BBIC) has provided financial assistance to Black Businesses in Palm Beach, St. Lucie, Martin and Indian River Counties. We offered our services to these businesses because we wanted to assure that they receive a fair evaluation when applying for financing from banks. Our overall statistics indicate that we have made a significant difference with these businesses.

Recently, the BBIC entered another phase of assistance to the community by investing in the development of affordable housing. Our goal is to create opportunities for low income families to own their own homes and improve their standard of living. We are very optimistic about the success of this project.

When the BBIC was formed in 1987, we wanted to have a positive effect on this community and we have. Our thanks goes out to our Board of Directors, our Members, Community Partners and others who have supported us over the years and we look forward to a continuation of this support.

Sincerely,

John M. Ahrenholz
Chairman

John H. Howard
President
PBCBBIC

OPERATION SUMMARY

Palm Beach County Black Business Investment Corporation (BBIC) is a non-profit organization formed in accordance with the Small and Minority Business Act, of 1985. The BBIC was organized by the financial and business community of Palm Beach County, for the purpose of providing business loans, bonding, equity capital, developing job opportunities and other business services to businesses owned by black citizens.

The BBIC works closely with banks in securing loans for our clients. Clients applying for loan guarantees, bonding and/or equity investments, will be closely scrutinized to assure that financing cannot be obtained through other sources.

The BBIC is located at 2001 Broadway, Suite #210, in Riviera Beach, Florida. The organization is made up with a Board of Directors, supported by an Executive Committee, a Loan Committee and other committees as needed. Applications can be obtained by contacting the office at (561) 845-8055.

IDSTORY & OVERVIEW

1. PBCBBIC first meeting - April 22, 1987 (Organizational).
4. Reached goal of $500,000 investment - October 1987.
5. Obtained $500,000 investment from FBBIB - October 1987.
7. Received first loan application - January 1988.
9. Total loans in our first year (1988) - $197,000.
11. Total jobs created or retained - 3,209.
12. Average equity of clients - $70,000.
LOANS MADE „LOCATION

West Palm Beach 50%
South County 36%
Riviera Beach 13%
Lake Park .5%
Treasure Coast .5%

LOANS MADE „INDUSTRY

Service 75%
Construction 14%
Medical 8%
Retail 2%
Food 1%
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, 2017, 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, 2017, 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 5, 2018, 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 5, 2018

f.A.

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
PALM BEACH COUNTY BLACK BUSINESS INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

Cash $ 30,501
Certificates of Deposit 859,935
Certificates of Deposit - Restricted 50,000
Grant Receivable 9,000
Investments 2,832,890

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

Other Assets 1,875
TOTAL ASSETS $ 3,784,201

LIABILITIES AND NET ASSETS

LIABILITIES
Accounts Payable $ 6,678

Net Assets:
Subscriber's Equity:
Contributions from Private Sector 1,332,500
Unrestricted Net Assets 2,395,023
Temporarily Restricted 50,000

Total Net Assets 3,777,523
TOTAL LIABILITIES AND NET ASSETS $ 3,784,201

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, 2017

<table>
<thead>
<tr>
<th>Revenue, Gains, and Other Support:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$ 70,991</td>
</tr>
<tr>
<td>Unrealized Gain on Investment</td>
<td>378,784</td>
</tr>
<tr>
<td>Realized Gain on Sale of Investments</td>
<td>36,046</td>
</tr>
<tr>
<td>Contract Services</td>
<td>54,000</td>
</tr>
<tr>
<td>Program Fees and Other Income</td>
<td>8,366</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>548,188</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>192,834</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>12,954</td>
</tr>
<tr>
<td>Contract Services</td>
<td>5,200</td>
</tr>
<tr>
<td>Occupancy</td>
<td>17,581</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>4,500</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>12,261</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>5,176</td>
</tr>
<tr>
<td>Travel</td>
<td>9,963</td>
</tr>
<tr>
<td>Telephone</td>
<td>5,348</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,725</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>3,093</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>276,635</strong></td>
</tr>
</tbody>
</table>

| Increase in Net Assets            | 271,553  |
| Transfer from Temporarily Restricted | (176,667) |
| **Net Assets, Beginning of Year** | **3,682,637** |
| **Net Assets, End of Year**       | **$ 3,777,523** |

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, 2017

Cash Flows From Operating Activities:
Increase in Net Assets $271,553

Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:
Increase in Operating Liabilities:
Grant Receivable (4,500)
Decrease in Operating Liabilities:
Accounts Payable (3,300)

Net Cash Flows Provided By Operating Activities: 263,753

Cash Flows from Investing Activities:
Change in Certificate of Deposit 146,673
Change in Investments (384,186)

Net Cash Flows (Used In) Investing Activities: (237,513)

Net Increase in Cash: 26,240
Cash September 30, 2016 4,261
Cash September 30, 2017 $30,501

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

Restricted and Unrestricted Revenue and Support (Cont’d.)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Investment Securities

Investment in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Change in Net Assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the assets estimated useful lives with range from 3 to 5 years.

Income Tax Status

The Corporation is exempt from Federal Income Tax as an organization described in Section 501 (c) (4) of the Internal Revenue Code. The Corporation's Income Tax Return, Form 990, is subject to examination by the Internal Revenue Service for years after 2014.

NOTE 2 - FURNITURE AND FIXTURES

Furniture and fixtures are recorded at cost, and depreciation is provided on a straight-line basis over the estimated useful lives ranging from 3 to 5 years. Maintenance and repairs are expensed in the year incurred. Furniture and fixtures have been fully depreciated.
NOTE 3-INVESTMENT

Investments are measured according to a fair value hierarchy as described below:

Level 1- Valued using unadjusted prices for identical assets or liabilities in active markets.

Level 2- Valued using quoted prices for similar assets or liabilities in active markets.

The following table sets forth, by level within the fair value hierarchy, the Corporation's assets at fair value as of September 30, 2017:

<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>$130,253</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>1,116,197</td>
<td>-</td>
<td>1,116,197</td>
</tr>
<tr>
<td>Fixed Income Securities</td>
<td>1,586,440</td>
<td>-</td>
<td>1,586,440</td>
</tr>
<tr>
<td></td>
<td>$2,702,637</td>
<td>$130,253</td>
<td>$2,832,890</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, 2017:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>$28,846</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>40,180</td>
</tr>
<tr>
<td>Net Realized and Unrealized Gains &amp; Losses</td>
<td>387,930</td>
</tr>
<tr>
<td></td>
<td>$456,956</td>
</tr>
</tbody>
</table>

NOTE 4-LOAN GUARANTEE

The Corporation has guaranteed $2,000,000 of total borrowings aggregating $2,438,000 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 $2,000,000.
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 2017 in the amount of $36,046.

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, 2018</td>
<td>$17,700</td>
</tr>
<tr>
<td>2019</td>
<td>17,900</td>
</tr>
<tr>
<td>2020</td>
<td>18,400</td>
</tr>
<tr>
<td>2021</td>
<td>18,900</td>
</tr>
<tr>
<td>2022</td>
<td>19,300</td>
</tr>
<tr>
<td>2023</td>
<td>19,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$112,000</strong></td>
</tr>
</tbody>
</table>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

The Corporation assigned $50,000 to a commercial bank for two loans that it guaranteed during the year ended September 30, 2017.

NOTE 8 - 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 5, 2018.
BBIC

Palm Beach County
Black Business Investment Corporation
2001 Broadway, Suite 210, Riviera Beach, Florida 33404  (561) 845-8055

2017 BOARD OF DIRECTORS

JOHN M. AHRENHOLZ  R. MICHAEL STRICKLAND
First Bank of the Palm Beaches  Northern Trust Bank

DOUGLAS J. SHERMAN  MARLOND. WHITE
Bank of America  PNC Bank

JOHN H. HOWARD  DONNA CARROLL
PBCBBIC  SunTrust Bank

C. ROBERT STOCK
Community Representative
EQUITY SUBSCRIBERS

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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
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