

**THE CENTER FOR TECHNOLOGY
ENTERPRISE AND DEVELOPMENT, INC.
(a Non-Profit Corporation)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**FRIEDMAN, FELDMESSER & KARPELES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

To the Board of Directors
The Center for Technology,
Enterprise and Development, Inc.
(a non-profit corporation)
Delray Beach, Florida

We have audited the accompanying statement of financial position of The Center for Technology, Enterprise and Development Inc. (A Not-for-Profit Corporation) (the "Organization") as of September 30, 2021, and the related statements of activities and cash flows for the year then ended, and the notes to the financial statements. These financial statements are the responsibility of the Organization's management.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Center for Technology, Enterprise and Development, Inc. as of September 30, 2021, and the 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.

Friedman, Feldmesser & Karpeles, CPA, LLC

Friedman, Feldmesser & Karpeles, CPA, LLC
Jupiter, FL
March 15, 2022

**THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.
(a Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021**

ASSETS

Cash in bank	\$ 150,996
Accounts receivable	161,357
Investment in Atlantic Grove Partners, LLC	93,382
Property and equipment-net	329,133
Deferred loan costs	4,298
Prepaid expenses	2,166
Deposits	<u>1,630</u>
TOTAL ASSETS	<u><u>\$ 742,962</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 10,777
Accrued and other liabilities	85,833
Line of credit payable	20,000
Unexpended FWBC Program income	821
Refundable deposits	5,250
Loans payable-other	105,345
Notes and mortgages payable	<u>305,753</u>
TOTAL LIABILITIES	<u>533,778</u>

NET ASSETS

Net assets, unrestricted:	
Current funds	<u>209,184</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 742,962</u></u>

See accountants' audit report and accompanying footnotes

**THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.
(a Non-Profit Corporation)
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

CHANGES IN UNRESTRICTED NET ASSETS

Revenue and support	
Grants	\$ 597,921
Cash contributions	137,500
In-Kind contributions	60,321
Program fees	40,529
Fundraising	-
Unrealized loss on investments	<u>(2,974)</u>
Total Public Support and Revenues	<u>833,297</u>
EXPENSES	
Program services	
Business incubator	236,294
Womens Business Center	<u>587,462</u>
Subtotal	823,757
Supporting services	
Management and general	<u>107,076</u>
Total Expenses	<u>930,833</u>
Decrease in Net Assets	(97,535)
Net Assets - October 1, 2020	<u>306,719</u>
Net Assets - September 30, 2021	<u><u>\$ 209,184</u></u>

See accountants' audit report and accompanying footnotes

**THE CENTER FOR TECHNOLOGY
ENTERPRISE AND DEVELOPMENT, INC.
(a Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program Services	Management and General	Total
Salaries payroll fees & benefits	\$ 596,163	\$ 61,981	\$ 658,144
Fringe benefits	19,163	19,078	38,241
Consultant fee	37,179	-	37,179
Postage and delivery	339	35	374
Fees paid	5,448	1,124	6,572
Dues and subscriptions	2,810	-	2,810
Telephone	11,060	423	11,483
Occupancy	59,431	3,511	62,942
Equipment lease	5,212	274	5,486
Office expenses	26,073	1,685	27,758
Repairs and maintenance	2,971	311	3,282
Utilities	4,123	221	4,344
Marketing	3,300	-	3,300
Accounting and legal fees	5,985	315	6,300
Taxes - other	612	337	949
Travel, conferences and seminars	810	6,161	6,971
Insurance	7,284	383	7,667
Interest expense	12,754	3,557	16,311
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	800,717	99,396	900,113
	<hr/>	<hr/>	<hr/>
Depreciation and amortization	23,040	7,680	30,720
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 823,757</u>	<u>\$ 107,076</u>	<u>\$ 930,833</u>

See accountants' audit report and accompanying footnotes.

**THE CENTER FOR TECHNOLOGY
ENTERPRISE AND DEVELOPMENT, INC.
(a Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (97,535)
Adjustments to reconcile change in net assets to net cash flow provided by operations:	
Depreciation and amortization	25,031
(Increase)/decrease in assets	
Accounts receivable	(102,273)
Prepaid expenses	(1,756)
Increase/(decrease) in liabilities	
Accounts payable and accrued liabilities	55,473
Security deposits payable	1,875
	(21,650)
TOTAL ADJUSTMENTS	(21,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(119,185)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	1,391
Unrealized loss & change in investment in partnership	(10,418)
	(9,027)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(9,027)

CASH FLOWS FROM FINANCING ACTIVITIES

Short-term working loan	2,084
Change in notes and mortgages payable-net	120,881
	122,965
NET CASH (USED) BY FINANCING ACTIVITIES	122,965
NET (DECREASE) IN CASH	(5,247)
CASH, BEGINNING	156,244
CASH, ENDING	\$ 150,997

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 1 – ORGANIZATION

The Center for Technology, Enterprise and Development, Inc. (the “TED Center”) is a not-for-profit charitable and educational organization established to address the concerns of crime, employment and economic development, by facilitating revitalization in the community, while creating a safe and affordable residential environment and building a professional, technical development and support center (a “business incubator”) to train and nurture tenants, students and other business people in the target areas of Palm Beach County, Florida.

The TED Center has two main programs: a Business Incubator, designed to assist new and emerging businesses to manage risks and maximize resources; and a Women’s Business Center designed to provide training, resources and technical assistance to emerging businesses primarily owned by women. In addition to these programs, the TED Center sponsors ongoing education programs for the community. All inter-program transactions and allocations have been eliminated in consolidation.

Funding is primarily through private contributions, government grants, program revenue, memberships, and volunteer time. All private contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the TED Center have been prepared on the accrual basis.

Financial Statement Presentation

The TED Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organization”. Under SFAS No. 117, the TED Center 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, the TED Center is required to present a statement of cash flows.

Contributions

The TED Center also has adopted SFAS No. 116, “Accounting for Contributions Received and Contributions Made”. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of cash or other assets, including unconditional promises to give, are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions received will be measured at their fair values and will be reported as permanently restricted support or unrestricted support. Restricted support increases permanently restricted net assets or temporarily restricted net assets. Unrestricted support increases unrestricted net assets.

Where funds were received for both donations and fundraising support, the TED Center generally applied such funds to fundraising support wherever allocation was impractical.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in checking and money market accounts. At September 30, 2021 the bank balance of cash and cash equivalents was fully insured by federal deposit insurance.

Accounts Receivable

Accounts receivable includes program billings for the TED Center's affordable housing and business incubator programs. All accounts receivable are uncollateralized. Any receivables deemed uncollectible are written off at year-end.

Investment in Atlantic Grove Partners, LLC

On December 13, 2000 the TED Center joined with two other organizations, Delray Beach Community Development Corporation (a not-for-profit organization) (the "DBCDC") and New Urban Atlantic Grove, LLC to form Atlantic Grove Partners, LLC, a Florida limited liability corporation. Atlantic Grove Partners, LLC was formed for the purpose of developing a residential and commercial property within the city of Delray Beach pursuant to a redevelopment proposal by the Delray Beach Community Redevelopment Agency (the "CRA"). The TED Center has a 25% investment in Atlantic Grove Partners, LLC (the "LLC"), which is carried at cost as adjusted for the TED Center's share of their undistributed earnings.

Property and Equipment

Property and equipment over \$500 is recorded at cost, if purchased by the TED Center or at estimated fair value at the date of the gift, if received as a donation. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, generally three to seven years. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of activities.

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Services

The estimated fair value of the free use of assets owned by others and the estimated fair value of contributed services over which the TED Center exercises control and which constitute a part of the normal program or services that would otherwise be performed by paid personnel, the amount of which is clearly measurable, are recorded and reflected in the TED Center's financial statements.

Concerned members of the community also volunteer and contribute time for the benefit of the TED Center. However, since no objective basis is available to measure the value of such contributions, the value of these contributions is not reflected in the accompanying financial statements.

Loan Costs

Loan costs attributable to the acquisition of additional loan funds are capitalized and amortized over the term of the loan.

Income Tax Status

The TED Center is exempt from income taxes as a publicly supported organization other than a private foundation under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the various programs and general and administrative functions have been summarized in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited in the statement of functional expenses.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

The subsequent events have been evaluated through March 15, 2022 the date the financial statements were available to be issued.

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 3 – PROPERTY AND EQUIPMENT

The following summarizes property and equipment at September 30, 2021:

Office condominium	\$ 792,755
Furniture and fixtures	116,212
Equipment	<u>218,716</u>
	\$1,127,683
Less: Accumulated depreciation	<u>(798,550)</u>
	<u>\$ 329,133</u>

NOTE 4- MORTGAGE PAYABLE

On September 28, 2021, the Organization obtained a \$305,752 mortgage loan from a local bank. The loan is payable in monthly installments of \$1,893, inclusive of interest at 2.990% through September 2031 at which time the remaining principal balance becomes due and payable. The note is secured by a first mortgage lien on the Organization office condominium.

NOTE 5 – LOAN PAYABLE-OTHER

In October 2013, an unrelated party, who had previously loaned the Organization \$7,000 agreed to loan the Organization an additional amount of \$86,500 which was used to repay an existing bank line of credit. The loan is accruing interest at 2% per annum. The original repayment terms called for monthly principal and interest payments in the amount of \$1,194 over a seven year period commencing December 2013. In January 2014, the lender agreed to defer any future repayment of the loan until the Atlantic Grove Partnership sells the remaining property it owns and the sale proceeds are remitted to the Organization. Interest is being accrued annually and is reflected in as an addition to the loan principal.

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 6 - GRANT REVENUE

Grants are subject to annual approval and periodic amendment and may require the fulfillment of certain conditions as set forth in the grant, including but not limited to matching of Federal funds. Failure to fulfill the grant conditions could result in the return of the funds to grantors. Although that is a possibility, management of the TED Center believes that they have complied with all significant grant terms and the likelihood of repaying any grant funds is remote. The grant revenue received by the TED Center for the year ended September 30, 2021 was as follows:

	Grant Revenue <u>Recognized</u>
Palm Beach County Business Incubator Program	226,000
Miscellaneous	1,105
SBA Covid	220,817
U.S. Small Business Administration	<u>150,000</u>
	<u>\$ 597,922</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grant compliance

During 2003, the Community Development Block Grant was issued pursuant to a grant agreement between Palm Beach County, the TED Center and the DBCDC. The grant agreement provided for a combined total of \$600,000 to the TED Center and the DBCDC. The proceeds represented the balance of their combined equity in the Atlantic Grove Partners, LLC and were subsequently used by the Atlantic Grove Partners, LLC to acquire the land to be used as part of the Atlantic Grove redevelopment project. The grant contains certain conditions and restrictions, the non-compliance with which could result in the return of the funds to the grantor. As security against these grant compliance provisions, Palm Beach County had a 10 year deed restriction on the office condominium units owned by the TED Center. This restriction was released in July 2014.

In September 2021, the Small Business Administration awarded a grant in the amount of \$150,000 for the Women's Business Ownership Assistance under the Cares Act.

THE CENTER FOR TECHNOLOGY,
ENTERPRISE AND DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 9 – SUBSEQUENT EVENTS

In October 2021, the Organization entered into an agreement with Palm Beach County for the use and benefit of its Community Development Block Grant Program. The total compensation or reimbursement to be paid shall not exceed \$250,000. The agreement commenced on October 1, 2021 and will expire on September 30, 2022.