

**Partnership Grand Strand
Financial Statements
and
Independent Auditors' Report**

June 30, 2023

**Partnership Grand Strand
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Independent Auditors' Report

To the Board of Directors
Partnership Grand Strand
Myrtle Beach, South Carolina

Opinion

We have audited the accompanying financial statements of Partnership Grand Strand (a nonprofit corporation, the "Organization"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, 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 Partnership Grand Strand as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 the Organization'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 the Organization'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.



Smith Sapp Professional Association
Certified Public Accountants

Myrtle Beach, South Carolina
October 12, 2023

Partnership Grand Strand
Statement of Financial Position
June 30, 2023

Assets		Totals
Cash and Cash Equivalents		\$ 515,532
Contributions Receivable, net		1,895,081
Prepaid Expenses		<u>1,795</u>
Total Assets		<u><u>\$ 2,412,408</u></u>
Liabilities and Net Assets		
Liabilities		
Accrued Expenses		\$ 7,462
Total Liabilities		<u><u>7,462</u></u>
Net Assets		
Without Donor Restrictions		<u><u>2,404,946</u></u>
Total Liabilities and Net Assets		<u><u>\$ 2,412,408</u></u>

The accompanying notes are an integral part of the financial statements.

Partnership Grand Strand
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions
Support and Revenues	
Contributions and Grants, net	\$ 879,713
Contributed Services and Materials	355,492
Other Revenues	3,716
Total Support and Revenues	<u>1,238,921</u>
Expenses	
Program Services	
Economic Development	145,492
Supporting Activities	
Management and General	488,422
Fundraising	8,341
Total Expenses	<u>642,255</u>
Increase in Net Assets	596,666
Net Assets - Beginning	1,808,280
Net Assets - Ending	<u>\$ 2,404,946</u>

The accompanying notes are an integral part of the financial statements.

Partnership Grand Strand
Statement of Functional Expenses
Year ended June 30, 2023

	Program	Support		Totals
	Economic Development	Management and General	Fundraising	
Direct Program Expenses	\$ 145,492	\$	\$	\$ 145,492
Employee Compensation		122,477		122,477
Professional Services		345,144		345,144
Events			2,942	2,942
Gifts and Promotion			5,399	5,399
Insurance		1,349		1,349
Travel and Entertainment		9,204		9,204
Office Supplies and Other Operating		10,248		10,248
	<u><u>145,492</u></u>	<u><u>488,422</u></u>	<u><u>8,341</u></u>	<u><u>642,255</u></u>

The accompanying notes are an integral part of the financial statements.

Partnership Grand Strand
Statement of Cash Flows
Year ended June 30, 2023

	<u>Totals</u>
Cash Flows From Operating Activities	
Increase in Net Assets Without Donor Restrictions	\$ 596,666
Adjustments to Reconcile Change in Net Assets to Net Cash and Changes in Assets and Liabilities:	
(Increase) in Contributions Receivable	(153,410)
Decrease in Prepaid Expenses	705
Decrease in Accrued Expenses	<u>(12,094)</u>
Net Cash and Cash Equivalents from Operating Activities	<u>431,867</u>
 Net Increase in Cash and Cash Equivalents	 431,867
 Cash and Cash Equivalents - Beginning	 <u>83,665</u>
 Cash and Cash Equivalents - Ending	 <u>\$ 515,532</u>

The accompanying notes are an integral part of the financial statements.

Partnership Grand Strand
Notes to Financial Statements
June 30, 2023

Note 1 - Organization

Partnership Grand Strand (the “Organization”) is a nonprofit organization launched on October 12, 2021 by the Myrtle Beach Area Chamber of Commerce (“MBACC”) as well as local business and community leaders. Partnership Grand Strand is operated, supervised, and controlled by MBACC but is operated as a separate entity with its own board of directors, bylaws, incorporation, etc. The Organization was formed as a Section 501(c)(3) foundation and five-year strategic initiative designed to accelerate economic prosperity and quality of life for all residents and businesses across Horry and Georgetown Counties. Partnership Grand Strand aims to focus upon scaling up transportation infrastructure, supporting the revitalization of Myrtle Beach’s downtown and oceanfront areas, attracting, developing, and retaining local employees, growing small business opportunities, and diversifying the region’s economy. The Organization’s main sources of revenue are derived from contributions.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with Accounting Standards Update 2016-14, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the “Board”).

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no known perpetually restricted net assets as of June 30, 2023.

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 disclosure 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.

Contributions, Contributed Services and Materials, and Support

Contributions, including cash, in-kind contributions, and unconditional promises to give (pledges), are recorded as revenue in the period in which they are received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded at fair value, and in the case of pledges, net of estimated uncollectible amounts, and discounted if due in over one year.

The Organization received \$355,492 of in-kind contributions related to the use of conference center and culinary institute space and management consulting services. The Organization has volunteers who provide assistance as necessary. Such contributed services do not meet the criteria for recognition of contributed services contained in US GAAP and, accordingly, are not reflected in the accompanying financial statements.

**Partnership Grand Strand
Notes to Financial Statements
June 30, 2023**

The Organization uses the allowance method to determine uncollectible contributions. The allowance is based on management's analysis of specific balances. As of June 30, 2023, no allowance for uncollectable amounts has been determined necessary.

Expense Allocation

The costs of providing supporting and fundraising activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. All expenses have been specifically allocated to the natural expense classification.

Cash and Cash Equivalents

The Organization considers all demand deposits, money market accounts and other highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains bank accounts at multiple financial institutions. The balances held within those financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2023, the Organization did not have any uninsured bank balances.

Prepaid Expenses

Prepaid Expenses are recognized when payments have been made for products or services that will not be used in operations until the following year.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the United States Internal Revenue Code and is exempt from federal and state income taxes. Accounting standards prescribe when to recognize and how to measure the effects of tax positions taken or expected to be taken. In order to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. To the extent that all or a portion of a tax position is not recognized, a liability would be recognized for the unrecognized benefits. As of June 30, 2023, management has determined that the Organization does not have any material unrecognized tax benefits.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), and has since issued amendments thereto, related to the accounting for leases (collectively referred to as "ASC 842"). During the year ending June 30, 2023, the Organization adopted ASC 842, which did not have a material effect on the Organization's financial statements.

Note 3 - Liquidity and Availability of Financial Assets

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for general expenditures and liabilities as they come due. The financial assets available for general expenditures within one year are as follows as of June 30, 2023:

Financial Assets

Cash and Cash Equivalents	\$ 515,532
Contributions Receivable Available for the Next Fiscal Year	606,632
Prepaid Expenses	1,795
Financial Assets Available for General Expenditures Within One Year	\$ 1,123,959

**Partnership Grand Strand
Notes to Financial Statements
June 30, 2023**

Note 4 - Contributions Receivable, net

Unconditional promises to contribute to the Organization are recorded as contributions receivable at the present value of future cash flows. The present value discount rate was 6.28% for contributions receivable as of June 30, 2023.

Less than one year	\$ 606,632
Between one and five years	<u>1,440,588</u>
Total	2,047,220
Less:	
Discount for present value	<u>(152,139)</u>
Contributions Receivable, net	\$ <u>1,895,081</u>

Note 5 - Related Party Transaction

Myrtle Beach Area Chamber of Commerce (MBACC), an affiliate, provided management consulting services to the Organization without charge. During the year ended June 30, 2023, the Organization recognized revenue and related expense of \$330,492 for contributed services received from MBACC.

Note 6 - Subsequent Events

The Organization has evaluated subsequent events through October 12, 2023, the date which the financial statements were available to be issued.