

KEYPORT BID, INC.

Keyport, New Jersey

Financial Statements
And Supplementary Information
For the Two Years Ended
December 31, 2021 and 2020

KEYPORT BID, INC.

Financial Statements for the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Keyport BID, Inc.
Keyport, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified accrual basis financial statements of Keyport BID, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the modified accrual basis financial position of Keyport BID, Inc. as of December 31, 2021 and 2020 and the changes in its modified accrual basis financial position and its cash flows for the years then ended in accordance with the modified accrual basis of accounting described in Note 2..

Basis for Opinion

We conducted our audits 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. 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 Keyport BID, 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 opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting described in Note 2, and for determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Keyport BID, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 opinions. 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 and *Government 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 and *Government 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 Keyport BID, 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 Keyport BID, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of budget versus actual revenue and expenses, 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 was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023 on our consideration of Keyport BID, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Keyport BID, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Keyport BID, Inc.'s internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
May 9, 2023

KEYPORT BID, INC.

**Statements of Financial Position - Modified Accrual Basis
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and Cash Equivalents	\$ 157,052	\$ 141,640
Accounts Receivable	42,785	-
Total Current Assets	<u>199,837</u>	<u>141,640</u>
Total Assets	<u>\$ 199,837</u>	<u>\$ 141,640</u>
Liabilities		
Accounts Payable and Accrued Expenses	\$ 19,357	\$ -
Total Current Liabilities	<u>19,357</u>	<u>-</u>
Total Liabilities	<u>19,357</u>	<u>-</u>
Net Assets without Donor Restrictions	<u>180,480</u>	<u>141,640</u>
Total Liabilities and Net Assets	<u>\$ 199,837</u>	<u>\$ 141,640</u>

See accompanying notes to financial statements

KEYPORT BID, INC.

Statements of Activities - Modified Accrual Basis
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Revenue and Support		
Assessment revenue	\$ 171,410	\$ 171,500
Event Revenue	1,155	-
Grant Revenue and Sponsorships	3,723	3,000
In-kind Contributions	6,000	6,000
	<u>182,288</u>	<u>180,500</u>
Total Revenue and Support		
	182,288	180,500
Expenses		
Program services	80,171	71,646
General and administrative	63,277	34,671
	<u>143,448</u>	<u>106,317</u>
Total Expenses		
	143,448	106,317
Changes in Net Assets	38,840	74,183
Net Assets - Beginning of Year	<u>141,640</u>	<u>67,457</u>
Net Assets - End of Year	<u>\$ 180,480</u>	<u>\$ 141,640</u>

See accompanying notes to financial statements

KEYPORT BID, INC.

Statements of Functional Expenses - Modified Accrual Basis
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Event expenses	\$ 32,780	\$ -	\$ 32,780	\$ 5,443	\$ -	\$ 5,443
Visual improvements	19,594	-	19,594	13,264	-	13,264
Marketing	27,797	-	27,797	18,076	-	18,076
Personnel costs	-	976	976	34,863	11,621	46,484
Professional and consulting	-	50,774	50,774	-	8,837	8,837
Insurance	-	1,179	1,179	-	1,122	1,122
Office expenses	-	3,155	3,155	-	6,914	6,914
Other administrative costs	-	1,193	1,193	-	177	177
In-kind expense	-	6,000	6,000	-	6,000	6,000
Total Functional Expenses	\$ 80,171	\$ 63,277	\$ 143,448	\$ 71,646	\$ 34,671	\$ 106,317

See accompanying notes to financial statements

KEYPORT BID, INC.

**Statements of Cash Flows - Modified Accrual Basis
For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Increase in Net Assets from Operations	\$ 38,840	\$ 74,183
Adjustments to Reconcile Change in Net Assets from Operations to Cash Provided by Operating Activities		
Increase in Accounts Receivable	(42,785)	-
Increase in accounts Payable and Accrued Expenses	<u>19,357</u>	<u>-</u>
Net Cash Provided by Operating Activities	\$ 15,412	\$ 74,183
Cash and Cash Equivalents - Beginning of Year	<u>141,640</u>	<u>\$ 67,457</u>
Cash and Cash Equivalents - End of Year	<u>\$ 157,052</u>	<u>\$ 141,640</u>

See accompanying notes to financial statements

KEYPORT BID, INC.

Notes to Financial Statements December 31, 2021 and 2020

Note 1 – Nature of Activities

Keyport Business Improvement District, Inc. ("Keyport BID") was incorporated in the State of New Jersey on November 11, 2011. The Keyport BID serves as the district management corporation for the business improvement district for the Borough of Keyport. The purpose of Keyport BID is to foster the economic development and revitalization of the business community and strengthen its contributions to the residents and property owners within the Borough of Keyport.

Note 2 – Summary of Significant Accounting Policies

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued a new leasing standard (ASU) No. 2016-02 ("Topic 842" or "the new standard") for both lessees and lessors. Under its core principle, a lessee will recognize right of use right-of-use ("ROU") assets and related lease liabilities in its balance sheet for all arrangements in excess of twelve months. The pattern of expense recognition in the income statement will depend on a lease's classification. As of January 1, 2020, the Corporation changed its accounting method for leases to comply with Topic 842 using the modified retrospective transition method. There was no cumulative effect adjustment to the Corporation's financial position as December 31, 2019. Adoption of the new guidance did not have a significant impact on the Statement of Financial Position, Activities or Cash Flows for the fiscal year ended December 31, 2020.

Basis of Accounting

The financial statements of the Organization are prepared using the modified accrual basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles in order to recognize the flow of economic resources. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become available and are measurable, and expenses are recognized in the period incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Report Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

KEYPORT BID, INC.

Notes to Financial Statements (Continued)
December 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

The Corporation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations in the United States of America. Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not imposed 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.

Net assets with donor restrictions – 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 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. The Organization considers all unspent net assets to be restricted until spent under an approved budget.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction when the assets are acquired and placed in service.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market. For purposes of the Statement of Cash Flows, cash and cash equivalents include bank demand deposits, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

KEYPORT BID, INC.

Notes to Financial Statements (Continued) December 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Concentration of Credit Risk

Financial instruments that potentially subject Keyport BID to concentrations of credit risk are cash arising from its normal business activities. Keyport BID places its cash with high credit quality financial institutions. The amount on deposit in any one institution that exceeds federally insured limits is subject to credit risk. At December 31, 2021 and 2020, Keyport BID had no deposits in excess of FDIC insured limits.

Assessment Revenue

Commercial properties within the geographic boundaries of the District subject to assessment by the Borough are designated as either Downtown Zone or Highway Zone properties and are assessed by the Borough at the rates based on property locations.

Concentration of Revenue

Commercial assessments provided approximately 94% of total revenue for the years ended December 31, 2021 and 2020.

Use of Estimates

The preparation of financial statements using the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

Keyport BID, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been reported in the financial statements.

Advertising

Keyport BID expenses the cost of advertising as paid. For the years ended December 31, 2021 and 2020, the cost of advertising was \$16,784 and \$21,800, respectively.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

KEYPORT BID, INC.

Notes to Financial Statements
December 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Event expense	Budgeted allocation
Visual improvements	Budgeted allocation
Personnel	Budgeted allocation
Consultant	Budgeted allocation
Marketing	Budgeted allocation
Board elections	Budgeted allocation
Professional and consulting	Budgeted allocation
Insurance	Budgeted allocation
Office expense	Budgeted allocation
Other administrative costs	Budgeted allocation
In-kind expense	Budgeted allocation

Note 3 – Donated Services and Use of Facilities

Keypoint BID receives the use of office space from the Borough of Keypoint and reports this as a donation in kind. The value of the use of office space for the years ended December 31, 2021 and 2020 was \$6,000 per year.

Note 4 – Liquidity

The Organization strives to maintain liquid financial assets sufficient to cover six months of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$157,052	\$141,640
Accounts Receivable	<u>42,785</u>	<u>-0-</u>
TOTAL FINANCIAL ASSETS	<u>\$199,837</u>	<u>\$141,640</u>

Note 5 – Subsequent Events

The Organization evaluated subsequent events through May 9, 2023, the date on which 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, except as described below.

KEYPORT BID, INC.

Schedule of Budget Versus Actual Revenue and Expenses - Modified Accrual Basis
December 31, 2021 and 2020

	2021			2020		
	(Unaudited) Budget	Actual	Variance	(Unaudited) Budget	Actual	Variance
Revenue						
Commercial property assessments	\$ 171,500	\$ 171,410	\$ (90)	\$ 171,500	\$ 171,500	\$ (90)
Program revenue	-	-	-	-	-	-
Sponsorships	15,000	3,723	(11,277)	15,000	3,723	(11,277)
Grants	19,000	-	(19,000)	19,000	-	(19,000)
In kind contribution	-	6,000	6,000	-	-	-
Carryforward from prior years	34,500	-	(34,500)	34,500	-	(34,500)
Total Revenue	240,000	181,133	(58,867)	240,000	175,133	(64,867)
Expenses						
Program Expenses						
Visual improvements	43,000	19,594	(23,406)	43,000	19,594	(23,406)
Marketing	70,500	27,797	(42,703)	70,500	27,797	(42,703)
Events	62,000	32,780	(29,220)	62,000	31,055	(30,945)
Personnel costs	-	-	-	-	-	-
Administrative Expenses						
Professional services	8,300	50,774	42,474	8,300	8,837	537
Insurance	1,200	1,179	(21)	1,200	1,179	(21)
Stakeholder meetings	1,000	-	(1,000)	1,000	-	(1,000)
Office operations	4,500	3,155	(1,345)	4,500	4,134	(366)
Other administrative costs	1,500	1,193	(307)	1,500	535	(965)
Personnel costs	48,000	976	(47,024)	48,000	-	(48,000)
In kind contribution	-	6,000	6,000	-	600	600
Total Expenses	240,000	143,448	(96,552)	240,000	93,731	(146,269)
Net Revenue and Expenses	\$ -	\$ 37,685	\$ 37,685	\$ -	\$ 81,402	\$ 81,402



Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on
An Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Board of Directors
Keyport BID, Inc.
Keyport, New Jersey

We have audited, 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, the financial statements of Keyport BID, Inc. (a nonprofit organization) (the Organization), which comprise the statement of net assets – modified accrual basis as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated May 9, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Keyport BID, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Keyport BID, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on
An Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*
(Continued)

Compliance and Other Matters

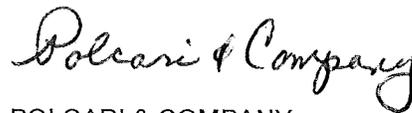
As part of obtaining reasonable assurance about whether Keyport BID, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Auditee's Response to Findings

The Auditee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures app

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
May 9, 2023

KEYPORT BID, INC.

**Schedule of Findings
December 31, 2021 and 2020**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit for the year ended December 31, 2020 contained five findings. The current status of those findings is discussed below.

Finding 2020-001

Although Board of Director minutes sometimes made reference to specific bills discussed at Board meetings, a complete listing of the Corporation's bills were not presented to the Board of Directors for review and approval.

Without the ability to review the organization's bills on a monthly basis, the Board of Directors was unable to effectively meet its responsibility to manage the activities of the Corporation as prescribed by N.J.S.A. 15A:6-1.

We recommended that the organization establish procedures requiring the presentation of bills to the Board of Directors monthly for review and approval.

Management has established formal financial procedures dated December 4, 2022. Those procedures requiring the presentation of bills to the Board of Directors monthly for its review and formal approval and the finding is closed.

Finding 2020-002

New Jersey Local Public Contracts applies to all contracting units as defined in statute N.J.S.A. 40A:11-2(1). The law requires all contracts exceeding the bid threshold of \$17,500 (N.J.S.A. 40A:11-3) be awarded only by resolution of the governing body after publicly advertising the procurement. Contracts awarded below the bid threshold must also be approved by the Board, unless the Board has appointed a contracting agent or otherwise delegated the authority to award the contract. As per N.J.S.A. 40A:11-6.1, for all contracts that in the aggregate are less than the bid threshold but greater than \$2,625, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. Based on our review of Board of Director minutes for all meetings taking place in 2020, we found no evidence that the Corporation's contract awards were approved by the Board of Directors.

Based on our recommendation, the Board has adopted a Financial Policy which states "All purchases of goods and/or services shall be made in compliance with the New Jersey Local Public Contracts Law and any regulations and/or Local Finance Notices implemented pursuant thereto". This finding is closed.

Finding 2020-003

Based on our review of cash disbursement transactions the organization regularly used a debit card to purchase goods and services and made numerous payments to vendors via ACH.

We recommended that the organization discontinue the use of its debit card and adopt a policy consistent with 40A:5-16.5 if it deems that the payment of invoices by the ACH electronic payment system is appropriate. The Organization adopted a Financial Policy on September 13, 2022 that clearly identifies which electronic means of payment will be used and designates the chief financial officer as being responsible for the oversight of the policy. Therefore, this finding is closed.

KEYPORT BID, INC.

**Schedule of Findings
December 31, 2021 and 2020**

STATUS OF PRIOR AUDIT FINDINGS (Continued)

Finding 2020-004

Criteria: The corporation's bylaws (Article V, Section 1(A)) requires that "all checks, drafts and orders for the payment of money, notes and other evidence of indebtedness, issued in the name of the corporation, shall be signed by two officers". Article III, Section 2 defines the officers of the organization to be: it's President, Vice President, Secretary and Treasurer.

A review of the cancelled check copies returned with the Corporation's Valley Bank account statements for the twelve months of 2020 revealed that these procedures were not being followed.

We recommended that the organization establish procedures requiring checks to be signed in accordance with the organization's bylaws.

The Organization adopted a financial policy dated September 13, 2022 stating that "all checks issued by the Corporation must be signed by two officers of the Corporation, unless the amount of the check is below \$100 and for reimbursement of Keyport Cash.

Finding 2020-005

Sufficient evidence to support a material amount of the Corporation's operating expenses was not available. Thus, we were unable to ascertain whether operating expenses as presented in the Organization's financial statements for the year ended December 31, 2020 were fairly presented. We recommended that the organization establish procedures requiring that all vendor invoices and other documentation supporting disbursement transactions be maintained in a locked file at its office. As previously noted, the Corporation adopted formal Financial Procedures dated December 4, 2022 and a Financial Policy dated September 13, 2022 which set forth the procedures for paying and safeguarding vendor invoices and other documentation supporting cash disbursements. This finding is closed.

CURRENT AUDIT FINDINGS

The current audit disclosed no findings.