

# **Morgan's Point Resort Economic Development Corporation**

(a not-for-profit Texas Corporation)

Report on Compilation of Financial Statements

For the Years Ended September 30, 2023 and 2022



A. Bricks Coggin CPA, PLLC

# **Morgan's Point Resort Economic Development Corporation**

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To Those Charged with Governance and Management of  
Morgan's Point Resort Economic Development Corporation  
Morgan's Point Resort, TX

Management is responsible for the accompanying financial statements of Morgan's Point Resort Economic Development Corporation (a not-for-profit Texas Corporation), which comprise the statement of financial position as of September 2023 and 2022, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

A Bricks Coggin, CPA PLLC  
Irving, Tx. 75039

October 20, 2023

Morgan's Point Resort Economic Development Corporation  
Statement of Financial Position  
September 30, 2023 and 2022

	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 110,602	\$ 58,921
Total Current Assets	<u>110,602</u>	<u>58,921</u>
Total Assets	<u>110,602</u>	<u>58,921</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	12,204	-
Total Current Liabilities	<u>12,204</u>	<u>-</u>
Total Liabilities	<u>12,204</u>	<u>-</u>
<b>NET ASSETS</b>		
With Donor Restriction	-	-
Without Donor Restriction	98,398	58,921
Total Net Assets	<u>98,398</u>	<u>58,921</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 110,602</u>	<u>\$ 58,921</u>

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

Morgan's Point Resort Economic Development Corporation  
Statement of Activities and Change in Net Assets  
For the Years Ended September 30, 2023 and 2022

	September 30, 2023			September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Local Support						
Program Service Fees	\$ 57,716	-	\$ 57,716	\$ 93,234	-	\$ 93,234
Total Local Support	57,716	-	57,716	93,234	-	93,234
Other Support						
Rental Income	550	-	550	-	-	-
Total Other Support	550	-	550	-	-	-
Total Revenues and Local Support	58,266	-	58,266	93,234	-	93,234
<b>EXPENSES</b>						
Program Services:						
Program Fees and Other	7,849	-	7,849	26,277	-	26,277
Administrative and General	12,442	-	12,442	5,041	-	5,041
Total Expenses	20,291	-	20,291	31,318	-	31,318
<b>OTHER INCOME AND EXPENSE</b>						
Interest	1,502	-	1,502	86	-	86
Total Other Income and Expense	1,502	-	1,502	86	-	86
<b>CHANGE IN NET ASSETS</b>	39,477	-	39,477	62,002	-	62,002
<b>NET ASSETS, beginning of year</b>	58,921	-	58,921	(3,081)	-	(3,081)
<b>NET ASSETS, end of year</b>	\$ 98,398	\$ -	\$ 98,398	\$ 58,921	\$ -	\$ 58,921

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

Morgan's Point Resort Economic Development Corporation  
Statement of Functional Expenses  
For the Years Ended September 30, 2023 and 2022

	September 30, 2023			September 30, 2022		
	Program Services	Administrative and General	Total	Program Services	Administrative and General	Total
Advertising	-	-	-	-	3,348	3,348
Business Network	-	20	20	-	-	-
Business Industry Analysis	2,500	-	-	-	-	-
Office Expenses	-	29	29	-	-	-
Other Expenses	-	1,330	1,330	-	429	429
Playground Equipments	-	-	-	26,083	-	26,083
Professional Fees	-	10,600	10,600	-	1,249	1,249
Wastewater Feasibility Study	5,349	-	-	-	-	-
Training and Travel	-	-	-	149	-	149
Website	-	463	463	-	-	-
Workshop	-	-	-	45	15	60
	<u>7,849</u>	<u>12,442</u>	<u>20,291</u>	<u>26,277</u>	<u>5,041</u>	<u>31,318</u>

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

Morgan's Point Resort Economic Development Corporation  
Statement of Cash Flows  
For the Years Ended September 30, 2023 and 2022

	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
<b>OPERATING ACTIVITIES</b>		
Cash Flow from Operating Activities:		
Cash received from sales tax	\$ 57,716	\$ 56,585
Cash received - other	2,052	36,735
Payments to vendors	<u>(8,087)</u>	<u>(31,318)</u>
Net cash provided by (used in) operating activities	<u>51,681</u>	<u>62,002</u>
<b>INVESTING ACTIVITIES</b>		
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Loan Payable	<u>-</u>	<u>(39,855)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(39,855)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	51,681	22,147
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>58,921</u>	<u>36,774</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 110,602</u>	<u>\$ 58,921</u>

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

Morgan's Point Resort Economic Development Corporation  
Notes to Financial Statements  
September 30, 2023 and 2022

**NOTE 1. NATURE OF ORGANIZATION**

Morgan's Point Resort Economic Development Corporation ("MPR EDC") is a public instrumentality, a non-profit corporation and organized as a tax-exempt corporation under Internal Revenue Code Section 501 (c) 4 and operates exclusively to promote the common good and general welfare of the people of Morgan's Point Resort, Texas as permitted under the Development Corporation Act of 1979 (Chapters 501 & 505 et seq. of the Texas Local Government Code). MPR EDC has a governing board that is appointed by the Mayor and the City Council, who is accountable for the financial matters responsible to the City Council.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of MPR EDC have been prepared on the accrual basis of accounting and accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Balance Sheet Classifications**

A one-year time period is used to classify all other current assets and liabilities.

**Support and Expenses**

Promises to give are recognized when a donor makes a promise to give to MPR EDC that is, in substance, unconditional. All other contributions are recognized as revenues when received. Expenses are recorded as incurred in accordance with the accrual basis of accounting.

Contributions received and unconditional promises to give are measured at their fair values and are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions, including contributions of long-lived assets, are considered by MPR EDC to be available for use unless specifically restricted by the donor. Net assets with donor restrictions are reclassified to net assets without restrictions upon satisfaction of the time or purpose restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are classified as net assets with donor restrictions and reclassified accordingly. Revenues from cost-reimbursement grants are recognized at the time the underlying expenditures are made.

Gifts of goods and equipment are recorded as net assets without restrictions unless explicit donor stipulations specify how the donated assets must be used, and absent donor stipulations about how long any long-lived assets must be maintained. MPR EDC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated professional services are recorded in the statement of activities at their fair values. No amounts have been reflected in the statements for other donated services in as much as the services did not require specialized skills and no objective basis is available to measure the value of such services.



## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### **Expense Recognition and Allocation**

The cost of providing MPR EDC's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Indirect expenses have been allocated based on management estimates and other similar allocation methods.

### **Risk and Uncertainties**

MPR EDC enters into contracts with vendors which have various terms and conditions. MPR EDC expects the risk from these contracts, if any, will be remote. MPR EDC has no current claims or losses in relation to these contracts.

### **Cash and Cash Equivalents**

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less. For financial reporting purposes, certificates of deposit with original maturities of three months or less are classified as cash equivalents. Deposit accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenue and expenses during the reporting period. Such estimates include but are not limited to estimated losses on accounts receivable. Actual results could differ from those estimates. MPR EDC periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term, within one year, that would affect MPR EDC's estimates with respect to the percentage of completion method, allowance for doubtful accounts, accrued expenses and percentage of completion of jobs in process.

### **Concentrations of Credit Risk**

Financial instruments that potentially subject MPR EDC to credit risk include cash on deposits with a financial institution if they exceed \$250,000, the FDIC insured limits.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### **Tax Status**

MPR EDC is a nonprofit corporation whose revenue is derived from sales tax and other activities.

In March 2023, MPR EDC has submitted an application for recognition of exemption from federal income tax under section 501(C)(4). As of the date of the compilation report, the application has been approved by the Internal Revenue Service. The 990EZ tax forms were filed for the years ended September 30, 2020, 2021 and 2022.

### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

#### *Net Assets without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of MPR EDC, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; MPR EDC must continue to use the resources in accordance with the donor's instructions.

### **Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

### **Advertising Costs**

Advertising costs are expensed as incurred. Total advertising cost was \$0 and \$3,348 for the years ended September 30, 2023, and 2022, respectively.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### **Uncollectible Accounts Receivable**

Receivables are reviewed annually for collectability. In the event a receivable is not collectible the amounts are charged off to the allowance for doubtful accounts established by expensing to bad debt expense.

### **Contract Asset and Contract Liability Disclosures**

Contract assets — Contract assets include unbilled amounts typically resulting from sales under contracts when revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. The amounts may not exceed their estimated net realizable value. Contract assets are classified as current based on the contract operating cycle.

Contract liabilities — Contract liabilities (formerly referred to as customer advances and amounts in excess of costs incurred) include advance payments and billings in excess of revenue recognized. Contract liabilities are classified as current based on the contract operating cycle and reported on a contract-by-contract basis, net of revenue recognized, at the end of each reporting period.

### **Revenue Recognition**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration MPR EDC expects to receive in exchange for those products or services. MPR EDC enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

### **Significant Judgments**

Judgment is required to determine the Stand-alone Selling Prices (SSP) for each distinct performance obligation. MPR EDC uses a single amount to estimate SSP for items that are not sold separately. In instances where SSP is not directly observable, such as when MPR EDC does not sell the product or service separately, MPR EDC determines the SSP using information that may include market conditions and other observable inputs.

### **Process**

The process for achieving the core revenue recognition principle can be broken down into five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies the performance obligation.

Morgan's Point Resort Economic Development Corporation  
Notes to Financial Statements  
September 30, 2023 and 2022

**NOTE 3. CONCENTRATION OF RISK**

MPR EDC's projects are significantly funded by sales tax, donations, bank loan, city loan and matching funds from a Texas Parks & Wildlife Grant (awarded to the City of MPR). MPR EDC's ability to generate resources via sales tax is dependent upon the economic health of the City of Morgan's Point Resort, TX.