CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

Detroit, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

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As of and for the Year Ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Detroit Christian Community Development Corporation
Detroit, Michigan

We have audited the accompanying consolidated financial statements of Central Detroit Christian Community Development Corporation (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2019, 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.

Correction of Error

As discussed in Note 8 of the consolidated financial statements, the 2019 consolidated financial statements have been restated to correct the accounting related to the consolidation of Casamira Detroit, LLC. Our opinion is not modified with respect to that matter.

Baker Tilly Virchow Krause, LLP

Southfield, Michigan
April 29, 2020

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 991,231
Accounts receivable, net	76,531
Grants receivable	30,000
Current portion of land contracts receivable	15,210
Inventories	1,438
Total Current Assets	1,114,410
LONG-TERM ASSETS	
Land contracts receivable, net of current portion	14,951
Assets held for sale	922,402
Property and equipment, net	17,446,380
Total Long-Term Assets	18,383,733
TOTAL ASSETS	$ 19,498,143

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 129,455
Line of credit	56,592
Accrued expenses	87,673
Property taxes payable	3,458
Current portion of long-term debt	138,071
Total Current Liabilities	415,249
LONG-TERM LIABILITIES	
Long-term debt, net of current portion	7,727,271
Total Liabilities	8,142,520
NET ASSETS	
Without donor restrictions	
With donor restrictions	6,073,169
Non-controlling interest	347,389
Total net assets without donor restrictions	6,420,558
With donor restrictions	4,935,065
Total Net Assets	11,355,623
TOTAL LIABILITIES AND NET ASSETS	$ 19,498,143

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	$ 926,459	$ 966,417	$ 1,892,876
In-kind contributions	167,444	-	167,444
Rental income	725,024	-	725,024
Sales of services	189,454	-	189,454
Tuition revenue	357,666	-	357,666
Gain on sale of property	92,206	-	92,206
Other	20,964	-	20,964
Net assets released from restriction	1,051,586	(1,051,586)	-
Total Public Support and Revenue	3,530,803	(85,169)	3,445,634
EXPENSES			
Program	3,415,779	-	3,415,779
Management and general	291,727	-	291,727
Fundraising	27,447	-	27,447
Total Expenses	3,734,953	-	3,734,953
CHANGE IN NET ASSETS	(204,150)	(85,169)	(289,319)
NET ASSETS - Beginning of Year (restated)	6,624,708	5,020,234	11,644,942
NET ASSETS - END OF YEAR	$ 6,420,558	$ 4,935,065	$ 11,355,623

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (289,319)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	965,357
Loss on property held for sale	6,117
Gain on sale and property and equipment	(92,206)
Changes in assets and liabilities	
Accounts receivable, net	2,359
Grants receivable	84,175
Land contracts receivable	10,025
Lease reserves	161,567
Inventories	184
Accounts payable	21,249
Accrued expenses	(26,180)
Property taxes payable	(9,328)
Tenant security deposits	(12,426)
Net cash flows from operating activities	821,574
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases and rehab costs of assets held for sale	(321,135)
Proceeds from sale of assets held for sale	500
Purchases of property and equipment	(44,006)
Proceeds from sale of property and equipment	92,206
Net cash flows from investing activities	(272,435)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	216,847
Repayments of long-term debt	(931,964)
Net change in line of credit	9,134
Equity contribution for Casamira Detroit, LLC	678,989
Net cash flows from financing activities	(26,994)
Net Change in Cash and Cash Equivalents	522,145
CASH AND CASH EQUIVALENTS - Beginning of Year	469,086
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 991,231
Supplemental Cash Flow Disclosure	
Cash paid for interest	$ 209,084

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program	Management and General	Fundraising	Total
Accounting	$ 24,711	$ 74,134	$ -	$ 98,845
Administration	-	1,031	-	1,031
Auto insurance	10,338	-	-	10,338
Bank service charges	-	4,200	-	4,200
Beautification	14,600	-	-	14,600
Benevolence	12,138	-	-	12,138
Consulting	26,094	29,337	-	55,431
Contract labor	171,245	-	-	171,245
Cost of goods sold	22,101	-	-	22,101
Depreciation	897,255	68,102	-	965,357
Dues and memberships	1,681	5,043	-	6,724
Equipment	14,408	-	-	14,408
Events	-	-	23,435	23,435
Fiduciary program	138,690	-	-	138,690
Fines and penalties	4,083	-	-	4,083
Garden	1,907	-	-	1,907
General and liability insurance	82,858	18,918	-	101,776
Groundskeeping	31,399	-	-	31,399
Health insurance	16,032	-	-	16,032
Interest	189,599	19,485	-	209,084
Legal fees	28,432	1,070	-	29,502
Licenses and permits	10,942	456	-	11,398
Maintenance and repairs	157,645	13,992	-	171,637
Marketing	1,593	-	2,414	4,007
Office supplies	9,580	3,733	-	13,313
Payroll and payroll taxes	974,119	37,856	900	1,012,875
Postage and delivery	1,396	698	698	2,792
Printing and reproduction	5,914	5,680	-	11,594
Program supplies	229,379	-	-	229,379
Property management fees	9,230	-	-	9,230
Property taxes	107,339	-	-	107,339
Sales taxes	62	-	-	62
Staff travel	8,335	-	-	8,335
Summer programs	24,786	-	-	24,786
Telephone	10,778	-	-	10,778
Training	7,574	-	-	7,574
Training stipends	10,461	-	-	10,461
Transportation	12,092	-	-	12,092
Utilities	130,168	7,992	-	138,160
Vehicle repairs and maintenance	16,815	-	-	16,815
Total Expenses	$ 3,415,779	$ 291,727	$ 27,447	$ 3,734,953

See accompanying notes to consolidated financial statements.

NOTE 1 - Summary of Significant Accounting Policies

A summary of the accounting policies of Central Detroit Christian Community Development Corporation ("the Organization") is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Nature of Activities

The Organization is a nonprofit, faith based organization committed to empowering people and creating positive opportunities for the central Detroit community. The Organization's mission is to transform individuals to reach their highest potential while transforming the community to be a place of peace and wholeness, "Shalom". This is achieved through education, employment and economic development in central Detroit. The Organization's vision is to be an agent of change creating a community of choice. The Organization desires to meet the real needs of its community in such a way that the community is restored and made whole and as a result people will take pride in their community and desire to stay there.

The Organizations' primary sources of revenue and support are grants and contributions.

Principles of Consolidation

The consolidated financial statements include the activities of seven wholly-owned limited liability companies Detroit Remade, LLC, Farm and Fishery LLC, Fit N Fold Laundromat, LLC, Peaches & Greens LLC, Pathways of Promise Early Childhood Learning Center, Shadow of the Almighty, LLC, and Solid Rock Property Management, LLC. Second Avenue Apartments, Inc., a corporation, and Casamira Manager, Inc., a corporation, have also been consolidated. All inter-company transactions have been eliminated in the preparation of the consolidated financial statements.

Detroit ReMade, LLC, produces and sells one-of-a-kind, hand-crafted products made by artists who repurpose forgotten and abandoned items into useful and decorative household items. Its vision is to clean up the community, employ and train individuals in the neighborhood, and develop creativity and innovation in the heart of Detroit.

Farm and Fishery, LLC, is an indoor, self-sustaining ecosystem that provides fresh fish and vegetables to individuals and restaurants.

Fit N Fold Laundromat, LLC, is a coin operated laundry facility that includes fitness equipment and televisions and is located near high need customers.

Peaches & Greens, LLC, is a produce/grocery market and mobile truck that includes a commercial kitchen available for rent to local caterers and chefs. Peaches & Greens, LLC's, mission is to provide access to quality produce at affordable prices.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Principles of Consolidation (cont.)

Pathways of Promise Early Childhood Learning Center ("the Center") is a childcare facility and preschool serving high need families in central Detroit. The Center opened on October 30, 2017, and is licensed for 56 students ages 0-5.

Shadow of the Almighty Security Company, LLC, was formed in 2014 to employ individuals from the community to provide security services for ongoing construction projects and community events.

Solid Rock Property Management, LLC, is the property management arm of the Organization and manages the operations of five subsidiaries, Gladstone Apartments, LLC, Kingston Property, LLC, Piety Hill, LLC, Piety Square LLC, Piety Hill Partners LLC, and Westside Properties LLC, which carry out the purposes of the Organization and are fully consolidated into the operating activities of Solid Rock Property Management, LLC.

The Organization was a 100% owner of Second Avenue Apartments, Inc., which was .01% owner of Second Avenue Apartments Limited Dividend Housing Association Limited Partnership, an 11 unit apartment building that provides affordable housing for low-income residents of central Detroit. During 2019, the partnership was dissolved and Second Avenue Apartments, Inc. became the sole owner of the 11 unit apartment building.

The Organization is 100% owner of Casamira Manager, Inc., which is 1% owner of Casamira Detroit, LLC. Casamira Detroit, LLC was formed as a limited liability company under the laws of the State of Michigan on May 26, 2013 for the purpose of constructing, owning and operating a mixed-income residential apartment project. The building consists of 44 rental units located in Detroit, MI operating under the name Casamira Apartments. The activities of the partnership have been consolidated into Casamira Manager, Inc. and, consequently, the Organization, as the Organization controls this entity, thus requiring consolidation by professional standards. All inter-company transactions have been eliminated. During 2019, Impact Capital, the 99% owner of Casamira Detroit, LLC, contributed $678,989 as an equity contribution to pay the outstanding construction bridge loan.

	Total	Controlling Interest	Noncontrolling Interest
Balances at January 1, 2019	$ 1,510,355	$ 1,471,831	$ 38,524
Revenues less expenses	(373,863)	(3,739)	(370,124)
Capital contributions	678,989	-	678,989
Balance at December 31, 2019	$ 1,815,481	$ 1,468,092	$ 347,389

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Use of Estimates

The preparation of consolidated 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 as the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. The Organization maintains cash balances with two banks. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts, Grants, and Land Contracts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $2,750 as of December 31, 2019. For the year ended December 31 2019, land contracts receivable are shown net of a present value discount of $2,115. The Organization's accounts receivable are due primarily from tenants and donors. Grants receivable are due from granting agencies and amounts are determined based upon award letters less cash received before year-end. Land contracts receivable are due from qualifying families with which the Organization has entered into an agreement (Note 2). All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Assets Held for Sale

The Organization acquires vacant land and homes through purchases or donation. The Organization's intention is to refurbish the homes as necessary and then sell them. Vacant land is held for the purpose of sale and future construction. Property is recorded at cost. The donated property is recorded at the estimated fair market value at the date of gift.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment purchased by the Organization are carried on its books at cost. Assets donated to the Organization have been recorded at their estimated fair value at the date of receipt. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. The Organization's policy is to capitalize expenditures in excess of $1,000 and an estimated useful life greater than one year. Lesser amounts are expensed as incurred and included in the consolidated statement of activities.

Depreciation of property and equipment is provided under the straight-line method over the following estimated useful lives:

Building and Improvements	5 - 20 years
Furniture and Equipment	5 - 10 years
Vehicles	5 years

Gains or losses from the sale of property and equipment are recorded in the consolidated statement of activities.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Contributions

Contributions, including pledges and grants receivable, are recognized in the period received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Contributions (cont.)

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributed Goods and Services

Contributed goods and services are recorded at fair value as revenues and expenses in the period pledged. For the year ended December 31, 2019, the total amount of contributed goods and services recorded by the Organization was $167,444, which is reflected as in-kind contributions on the consolidated statement of activities. This amount includes donated staff salary and various donated items received by the Organization to further its mission that would otherwise need to be purchased. In addition, approximately 1,591 non-professional volunteers have donated their time during the year ended December 31, 2019 for the Organization's programs. For the year ended December 31, 2019 the volunteers worked approximately 24,723 hours. No value for these donated services is reflected in the accompanying consolidated financial statements because these services have not created or enhanced a non-financial asset, nor are they specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Revenue Recognition

The Organization adopted the Financial Accounting Standards Board's (FASB) ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all related amendments during the year ending December 31, 2019, using the modified retrospective transition method. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements.

The Organization's revenues arise from the sale of goods and services under contract with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a district good, service, or bundle of goods or services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods and services to the customer. Contracts with customers do not include a significant financing component.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition (cont.)

Sale of Services - The Organization generates revenue from fees for services to the community. Fees are recorded using the portfolio approach as agreements are uniform. Fees are non-refundable and paid in full prior to receiving the service. To determine the transaction price, management assesses the costs to providing the service and the Organization approves a fixed fee through the budget annually. The performance obligation is satisfied upon completion of the respective service.

Tuition Revenue - The Organization provides preschool and daycare services to the community. Tuition revenue is recognized in the year in which the programs are delivered. Tuition received in advance is recognized in the period services are provided. The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. The Organization determines the transaction price based on standard charges for services provided and allowed by local government agencies.

Functional Allocation of Expenses

Certain expenses have been allocated between programs, management and general and fundraising on various bases and estimates. All employee costs including salaries and wages, payroll taxes, and benefits are allocated based on each employee's time spent performing program, management and fundraising activities. Other expenses are classified based on the nature and purpose of the transaction. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Sections 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, are not subject to federal or state income taxes on related income. Unrelated business income may be subject to taxation. The seven wholly-owned limited liability companies are treated as disregarded entities for tax reporting purposes. Casamira Manager, Inc. is a corporation and is required to file separately for tax reporting purposes.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Adoption of Financial Accounting Standard Board's Accounting Standards Update

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and all related amendments (ASU No. 2014-09). ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Adopting ASU No. 2014-09 did not have a significant impact on the consolidated financial statements of the Organization

In 2019, the Organization adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU No. 2018-08). The new guidance intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a condition is conditional. Adopting ASU No. 2018-08 did not have a significant impact on the consolidated financial statements of the Organization.

Subsequent Events

The Organization has evaluated events and transactions through April 29, 2020, which is the date the consolidated financial statements were approved and available to be issued.

NOTE 2 - Land Contracts Receivable

As part of its mission, the Organization sells homes to low income families. The land contracts vary but usually are for periods of twenty-four to sixty months and require monthly principal payments with a zero percent interest rate. The land contracts are discounted based upon prevailing market rates for low income housing at the inception of the land contract. For the year ended December 31, 2019, a 6% discount rate was used for a total discount on land contracts receivable of $2,115. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No accounts were deemed uncollectible at December 31, 2019.

NOTE 3 - Property and Equipment

Property and equipment consisted of the following at December 31:

Building and improvements	$ 19,237,938
Nondepreciable land	197,114
Furniture and equipment	1,689,756
Vehicles	98,140
Total property and equipment	21,222,948
Less: accumulated depreciation	(3,776,568)
Property and Equipment, Net	$ 17,446,380

NOTE 4 - Piety Hill Loan Conversion

The Organization received a non-interest-bearing loan in the amount of $5,638,450 from the City of Detroit Neighborhood Stabilization Program ("the City") to rehabilitate 22 homes in the neighborhood served by the Organization, known as the Piety Hill property renovation project. The loan was later amended to include only 19 of those 22 homes in the renovation project, which doubled as collateral on the loan until the project reached completion.

The Piety Hill property renovation project was completed as of January 1, 2016. The renovated properties provide affordable housing in the low-income neighborhood served by the Organization. Upon completion of the project, the loan from the City of Detroit was deemed satisfied and was re-characterized as a capital advance. The Organization has ongoing commitments through 2030 to maintain the property and comply with rental and reporting rate requirements.

The Organization is required to maintain compliance with certain requirements as listed above and report at least annually to the City that each house is occupied by low-income qualified persons or families. Should the Organization violate terms of compliance, the City reserves the right to call the advance. The compliance period ends in 2030, a total of 16 year. Each year one-sixteenth of the advance, $352,403, is released from donor restricted net assets and presented as net assets without restrictions on the Consolidated Statement of Financial Position. The restricted portion was $4,228,838 at December 31, 2019.

NOTE 5 - Long-Term Debt

A mortgage payable to IFF was issued on February 26, 2016 with an additional draw of $980,255 in 2017, and bears interest at a rate of 5.375% per annum. The mortgage proceeds were used to finance renovation of the property at 1550 Taylor, Detroit, Michigan. The mortgage is collateralized by the property, and at December 31, 2019, the balance of the loan was $1,285,915.

In October 2017, the Organization obtained an interest free loan in the amount of $40,000, to be used for Pathways of Promise Early Childhood Learning Center. At December 31, 2019, the balance of the loan was $28,750.

Casamira Detroit, LLC obtained a mortgage payable to Capital Impact on June 26, 2016 for $3,770,000. In February 2019, additional funds were borrowed and the principal balance for the note payable became $3,907,366 with an interest rate of 5.15% and monthly payments of $21,507. The rental building is pledged as collateral for the mortgage and the Organization is a guarantor of the loan. At December 31, 2019,the balance on the loan was $3,867,382. Debt issuance costs associated with the mortgage payable totaled $100,333, for which, accumulated depreciation was $7,963 at December 31, 2019.

Casamira Detroit, LLC entered into a HOME Loan with the City of Detroit on June 26, 2016 for the principal sum of $2,803,768. Commencing June 1, 2019, thirty four annual payments of interest only is due in the amount of $5,000 through June 1, 2052. On May 1, 2053, the entire balance of outstanding principal and accrued interest is due, if not forgiven. At December 31, 2019,the balance on the loan was $2,803,768. Debt issuance costs associated with the HOME Loan totaled $30,135, for which, accumulated depreciation was $2,032 at December 31, 2019.

Notes payable consist of the following at December 31, 2019:

	2019
Outstanding mortgage and notes payable	$ 7,985,815
Less: Deferred Financing costs	120,473
Long Term Debt, net of deferred financing costs	$ 7,865,342

At December 31, 2019, future minimum payments on the long-term debt are as follows:

Year	Amount Due
2020	$ 138,071
2021	146,974
2022	153,009
2023	1,133,182
2024	74,642
Thereafter	6,339,937
Total	$ 7,985,815

NOTE 5 - Long-Term Debt (cont.)

An available line of credit of $90,000 with Huntington Bank matured on July 14, 2019. The line of credit is renewed on an annual basis. The line was renewed for $60,000 with Huntington Bank and matures on July 14, 2020. The new line of credit bears an interest at a variable rate based on changes in an index which is the Lender's Prime Commercial Rate. The effective rate at December 31, 2019 was 5.50%. The line of credit proceeds are used to finance the rehabilitation costs of property held for sale, and costs associated with each property are due 12 months from the date of closing. At December 31, 2019, the balance of the line of credit was $56,592. During 2019, the Organization paid off a bridge loan for construction related to Casamira Detroit, LLC.

NOTE 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

Restricted for time and purpose	$ 706,227
City of Detroit advance	4,228,838
Total	$ 4,935,065

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors, as follows:

Restricted for time and purpose	$ 699,183
City of Detroit advance	352,403
Total	$ 1,051,586

NOTE 7 - Availability of Financial Assets

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure such as operating expenses, scheduled principal payments on debt, and fixed asset additions not financed with debt are as follows:

Financial Assets:	
Cash and cash equivalents	$ 991,231
Accounts, grants, and land contracts receivable, current	121,741
Financial assets, at year-end	1,112,972
Less those unavailable for general expenditures within one year, due to:	
Restricted for purpose by donor	(706,227)
Financial assets available for meet cash needs for general expenditures within one year	$ 406,745

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other liabilities come due. Additionally, the Organization can also utilize the unused portion of the line of credit for additional liquidity needs.

NOTE 8 - Restatement

In prior years, the Organization had not consolidated the activity of Casamira Detroit, LLC into its consolidated financial statements. During 2019, the Organization concluded that it had control over this entity and therefore, Casamira Detroit, LLC, should be consolidated. Accordingly, the Organization has corrected its accounting for this entity by restating balances as of and for the year ended December 31, 2018 to present balances to include Casamira Detroit, LLC.

The following financial statement line items as of and for the year ended December 31, 2018 were affected by the restatement.

	As Previously Stated	As Restated	Effect of Corrections
Net assets without donor restrictions	$ 6,094,447	$ 6,624,708	$ 530,261
Net assets with donor restrictions	5,020,234	5,020,234	-
Change in net assets	1,820,538	2,350,799	530,261

NOTE 9 - Future Accounting Pronouncement

During February 2016, the FASB issued ASU No.2016-02, *Leases*. ASU No. 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.