Central Detroit Christian Community Development Corporation

Consolidated Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

To the Board of Directors of
Central Detroit Christian Community Development Corporation

Opinion

We have audited the consolidated financial statements of Central Detroit Christian Community Development Corporation and subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Baker Tilly US, LLP

Southfield, Michigan
March 17, 2022

Central Detroit Christian Community Development Corporation

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 1,608,971	$ 1,067,646
Accounts receivable, net	79,289	45,091
Grants receivable	62,481	100,000
Current portion of land contracts receivable	14,950	11,866
Inventories	255	1,774
Prepaid expenses	3,559	-
Total current assets	1,769,505	1,226,377
Long-Term Assets		
Restricted cash and cash equivalents	138,504	138,400
Land contracts receivable, net of discount and current portion	9,083	5,283
Investment property	1,747,612	1,646,307
Property and equipment, net	16,523,582	17,337,399
Total long-term assets	18,418,781	19,127,389
Total assets	$ 20,188,286	$ 20,353,766
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 85,627	$ 60,983
Line of credit	39,828	59,828
Accrued expenses	224,046	133,434
Property taxes payable	12,412	312
Refundable advances	-	251,205
Current portion of long-term debt	163,339	131,482
Agency funds	481,551	6,438
Total current liabilities	1,006,803	643,682
Long-Term Liabilities		
Long-term debt, net of current portion	7,520,434	7,641,677
Total liabilities	8,527,237	8,285,359
Net Assets		
Without donor restrictions		
Without donor restrictions	7,642,735	7,484,191
Non-controlling interest	(380,145)	(21,567)
Total net assets without donor restrictions	7,262,590	7,462,624
With donor restrictions	4,398,459	4,605,783
Total net assets	11,661,049	12,068,407
Total liabilities and net assets	$ 20,188,286	$ 20,353,766

See notes to consolidated financial statements

Central Detroit Christian Community Development Corporation

Consolidated Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants and contributions	$ 1,396,702	$ 1,175,938	$ 2,572,640	$ 1,004,174	$ 780,552	$ 1,784,726
In-kind contributions	232,570	-	232,570	1,481,108	-	1,481,108
Rental income	930,539	-	930,539	837,555	-	837,555
Sales of services	196,585	-	196,585	163,189	-	163,189
Tuition revenue	158,415	-	158,415	256,439	-	256,439
Gain (loss) on sale of property and equipment	(72,467)	-	(72,467)	18,942	-	18,942
Other	22,151	-	22,151	21,573	-	21,573
Net assets released from restriction	1,383,262	(1,383,262)	-	1,109,834	(1,109,834)	-
Total public support and revenue	4,247,757	(207,324)	4,040,433	4,892,814	(329,282)	4,563,532
Expenses						
Program	4,190,639	-	4,190,639	3,620,613	-	3,620,613
Management and general	253,598	-	253,598	225,525	-	225,525
Fundraising	3,554	-	3,554	4,610	-	4,610
Total expenses	4,447,791	-	4,447,791	3,850,748	-	3,850,748
Change in net assets	(200,034)	(207,324)	(407,358)	1,042,066	(329,282)	712,784
Net Assets, Beginning	7,462,624	4,605,783	12,068,407	6,420,558	4,935,065	11,355,623
Net Assets, Ending	$ 7,262,590	$ 4,398,459	$ 11,661,049	$ 7,462,624	$ 4,605,783	$ 12,068,407

See notes to consolidated financial statements

Central Detroit Christian Community Development Corporation

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ (407,358)	$ 712,784
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,033,329	982,130
Bad debt expense	122,623	66,499
Loss on disposal of investment property	1,030	26,572
Loss (gain) on sale and property and equipment	72,467	(18,942)
Contribution of investment property	-	(1,344,000)
Changes in assets and liabilities:		
Accounts receivable, net	(156,821)	(65,059)
Grants receivable	37,519	(40,000)
Land contracts receivable	(6,884)	13,012
Inventories	1,519	(336)
Prepaid expenses	(3,559)	-
Accounts payable	24,644	(68,472)
Accrued expenses	90,612	45,761
Property taxes payable	12,100	(3,146)
Refundable advances	(251,205)	251,205
Agency funds	475,113	6,438
Net cash flows from operating activities	1,045,129	558,008
Cash Flows From Investing Activities		
Purchases and rehab costs of investment property	(248,382)	(208,026)
Purchases of property and equipment	(176,864)	(108,380)
Proceeds from sale of property and equipment	37,680	55,722
Net cash flows from investing activities	(387,566)	(260,684)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	52,255	51,324
Repayments of long-term debt	(148,389)	(143,507)
Net change in line of credit	(20,000)	3,236
Net cash flows from financing activities	(116,134)	(82,509)
Net change in cash and cash equivalents and restricted cash and cash equivalents	541,429	214,815
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	1,206,046	991,231
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 1,747,475	$ 1,206,046

See notes to consolidated financial statements

Central Detroit Christian Community Development Corporation

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents to the Consolidated Statements of Financial Position:		
Cash and cash equivalents	$ 1,608,971	$ 1,067,646
Restricted cash and cash equivalents	138,504	138,400
Total cash and cash equivalents and restricted cash and cash equivalents	$ 1,747,475	$ 1,206,046
Supplemental Cash Flow Disclosure		
Cash paid for interest	$ 227,114	$ 338,928
Settlement and refinancing of mortgage payable	-	1,234,689

See notes to consolidated financial statements

Central Detroit Christian Community Development Corporation

Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021			
	Program	**Management and General**	**Fundraising**	**Total**
Payroll and benefits	$ 1,299,171	$ 75,054	$ -	$ 1,374,225
Bad debt	122,623	-	-	122,623
Beautification, benevolence, and donations	91,661	-	-	91,661
Contract labor and professional fees	312,970	60,203	-	373,173
Depreciation and amortization	973,185	60,144	-	1,033,329
Fiduciary program	77,065	-	-	77,065
Insurance	110,527	6,061	-	116,588
Interest	237,877	12,276	-	250,153
Maintenance, repairs, and equipment	266,247	7,719	-	273,966
Property taxes	83,046	-	-	83,046
Supplies and cost goods sold	366,550	3,183	-	369,733
Utilities and telephone	164,824	12,388	1,414	178,626
Other	84,893	16,570	2,140	103,603
Total expenses	$ 4,190,639	$ 253,598	$ 3,554	$ 4,447,791

	2020			
	Program	**Management and General**	**Fundraising**	**Total**
Payroll and benefits	$ 1,051,146	$ 43,735	$ 2,099	$ 1,096,980
Bad debt	66,499	-	-	66,499
Beautification, benevolence, and donations	95,373	-	-	95,373
Contract labor and professional fees	285,025	48,854	-	333,879
Depreciation and amortization	921,874	60,256	-	982,130
Fiduciary program	32,550	-	-	32,550
Insurance	106,756	14,617	-	121,373
Interest	321,221	17,707	-	338,928
Maintenance, repairs, and equipment	206,590	6,817	-	213,407
Property taxes	74,359	-	-	74,359
Supplies and cost goods sold	244,377	4,479	-	248,856
Utilities and telephone	163,297	10,155	1,314	174,766
Other	51,546	18,905	1,197	71,648
Total expenses	$ 3,620,613	$ 225,525	$ 4,610	$ 3,850,748

1. Summary of Significant Accounting Policies

A summary of the accounting policies of Central Detroit Christian Community Development Corporation, including the subsidiaries included herein, (Collectively, 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 rental income, grants, and contributions.

Principles of Consolidation

The consolidated financial statements include the activities of wholly-owned limited liability companies and one corporation which are included as subsidiaries in the consolidated financial statements. These subsidiaries are:

Detroit ReMade, LLC	Pathways of Promise Early Childhood Learning Center, LLC
CDC's Farm and Fishery, LLC	Shadow of the Almighty Security Company, LLC
Fit & Fold Laundromat, LLC	Solid Rock Property Management, LLC
Peaches & Greens, LLC	Casamira Manager, Inc.

All inter-company transactions have been eliminated in the preparation of the consolidated financial statements.

Detroit ReMade, LLC, produced and sold 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. This entity was dissolved in 2021.

CDC's Farm and Fishery, LLC, was an indoor, self-sustaining ecosystem that provides fresh fish and vegetables to individuals and restaurants. This entity was dissolved in 2021.

Fit & 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.

Pathways of Promise Early Childhood Learning Center, LLC (the Center) is a childcare facility and preschool serving high need families in central Detroit. The Center is licensed for 56 students ages birth through five years old.

Shadow of the Almighty Security Company, LLC, employed individuals from the community to provide security services for ongoing construction projects and community events. This entity was dissolved in 2021.

Solid Rock Property Management, LLC, is the property management arm of the Organization and manages the operations of six subsidiaries which are full consolidated into the operating activities of Sold Rock Property Management, LLC. These subsidiaries are: Kingston Place on Second Avenue, LLC; Piety Hill, LLC; Piety Hill 2, LLC; Piety Square, LLC; Piety Hill Partners, LLC; and Westside Properties, LLC. These subsidiaries carry out the purposes of the Organization. In addition, Solid Rock Property Management, LLC manages the operations of the Casamira apartments.

The Organization is 100 percent owner of Casamira Manager, Inc., which is 1 percent 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, Michigan 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.

	Total	Controlling Interest	Noncontrolling Interest
Balances at January 1, 2019	$ 1,815,481	$ 1,468,092	$ 347,389
Revenues less expenses	(372,683)	(3,727)	(368,956)
Balance at December 31, 2020	1,442,798	1,464,365	(21,567)
Revenues less expenses	(362,200)	(3,622)	(358,578)
Balance at December 31, 2021	$ 1,080,598	$ 1,460,743	$ (380,145)

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.

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 three 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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include reserve accounts and tenant security deposits. The Organization does not have the ability to use these funds for operations due to contractual requirements or government imposed restrictions without prior approval.

Accounts, Grants and Land Contracts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $146,837 and $66,689 as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, land contracts receivable are shown net of a present value discount of $552 and $667, respectively. The Organization's accounts receivable are due primarily from tenants. Grants receivable are due from granting agencies and amounts are determined based upon unconditional award letters or costs incurred, services completed, and terms identified in the contract. 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.

Investment Property

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. Donated property is recorded at the estimated fair market value at the date of gift. Investment property is carried at the lower of cost or net realizable value.

Property and Equipment

Property and equipment purchased by the Organization are recorded 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:

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

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 and investment property, 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.

Agency Funds

Current authoritative accounting guidance establishes standards for transactions in which a recipient entity accepts assets from donors and agrees to transfer those assets to a specified beneficiary. This guidance specifically requires that if the recipient entity does not have variance power over the assets and is not financially inter-related with the specified beneficiary, that the recipient entity must account for the transfer of such assets as a liability. The Organization refers to these transactions as agency transactions and the funds held as agency funds. At December 31, 2021 and 2020, the Organization held $481,551 and $6,438 of agency funds, respectively, which are payable to specified beneficiaries. Agency funds are generally distributed within one year of receipt by the Organization.

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 without donor restrictions may be designated for specific purposes by action of the Board of Directors. These designations can be modified or removed by the Board of Directors at any time. There were no net assets designated by the Board of Directors as of December 31, 2021 and 2020.

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 in perpetuity by the Organization.

Grants and Contributions

Unconditional grants and contributions, including pledges and grants receivable, are recognized in the period received. Grants and contributions are considered unconditional when the Organization meets any barriers or conditions communicated in the agreement.

The Organization reports gifts of cash and other assets as donor 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 support without donor restrictions.

Conditional grants and contributions, that is, those with a measurable performance or other barriers, and a right of return, are recognized as revenue when they become unconditional, that is, when the conditions are met. As of December 31, there were no conditional grants received by the Organization. As of December 31, 2020 there were two conditional grants received totaling $251,205, and are included in refundable advances as a current liability on the consolidated statements of financial position.

Contributed Goods and Services

Contributed goods and services are recorded at fair value as revenues and expenses in the period pledged. For the years ended December 31, 2021 and 2020, the total amount of contributed goods and services recorded by the Organization was $232,570 and $1,481,108, respectively, 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 350 and 434 non-professional volunteers have donated their time during the years ended December 31, 2021 and 2020, respectively, for the Organization's programs. For the years ended December 31, 2021 and 2020, the volunteers worked approximately 12,250 and 6,245 hours, respectively. 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

A portion of 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.

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.

Reclassification

For comparability, certain 2020 amounts have been reclassified to conform with classifications adopted in 2021. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 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 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.

Subsequent Events

The Organization has evaluated events and transactions through March 17, 2022, which is the date the consolidated financial statements were approved and available to be issued.

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 years ended December 31, 2021 and 2020, a 6 percent discount rate was used for a total discount on land contracts receivable of $552 and $667, respectively. 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, 2021 and 2020. Certain related parties hold land contracts receivable with the Organization from time-to-time.

3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Building and improvements	$ 20,250,562	$ 20,083,587
Nondepreciable land	152,426	197,114
Furniture and equipment	1,668,762	1,703,230
Vehicles	141,402	98,140
Total property and equipment	22,213,152	22,082,071
Less accumulated depreciation	(5,689,570)	(4,744,672)
Property and equipment, net	$ 16,523,582	$ 17,337,399

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 (the City) Neighborhood Stabilization Program to rehabilitate 22 homes in the Piety Hill neighborhood. The loan was later amended to include only 19 of those 22 homes in the 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 years. 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 statements of financial position. The donor restricted portion was $3,524,031 and $3,876,434 at December 31, 2021 and 2020, respectively.

5. Paycheck Protection Program

In April 2020, Central Detroit Christian Development Corporation and three of its subsidiaries received total proceeds in the amount of $201,205 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities.

The Organization determined the PPP funding was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were not met prior to December 31, 2020. As a result, the Organization considered the PPP funding to be a refundable advance as of December 31, 2020. As of December 31, 2021, the Organization had expended all of the PPP funds received on qualified expenses and met all of the conditions attached to the PPP funding, therefore, the Organization recorded $201,205 as contributions within its consolidated statement of activities for the year ending December 31, 2021. The PPP was forgiven in full by the Small Business Administration (SBA) in 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

6. Long-Term Debt and Line of Credit

Long-term debt at December 31 consisted of the following:

	2021	2020
Mortgage payable to IFF and subsequently refinanced with Huntington National Bank in October 2020. Monthly payments of principal and interest of $7,432 are due over 60 months. A final payment of all unpaid principal and accrued interest is due September 2025. The interest rate is 5.875 percent. The mortgage is collateralized by the property at 1550 Taylor Street, Detroit, Michigan.	$ 1,184,171	$ 1,226,237
Interest free loan to be used for Pathways of Promise Early Childhood Learning Center. This loan was paid in full during 2021.	-	28,750
Mortgage payable to Capital Impact with monthly payments of principal and interest of $21,507 through March 2034. The interest rate is 5.15 percent. The mortgage is collateralized by the property at 680 Delaware Street, Detroit, Michigan.	3,749,304	3,809,871
Loan payable to the City of Detroit through the HOME Investor Rehabilitation/New Construction Loan Program. Commencing June 1, 2019, 34 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. The mortgage is collateralized by the property at 680 Delaware Street, Detroit, Michigan, including proceeds from the operation of the rental property.	2,803,768	2,803,768
Promissory note to Invest Detroit Foundation with all accrued interest and principal due in full on June 1, 2022. The interest rate is 6 percent.	52,255	-
Unsecured loan payable to IFF. All accrued interest and principal was paid in full in January 2021.	-	17,006
Total debt	7,789,498	7,885,632
Less current portion	(163,339)	(131,482)
Less net unamortized financing costs	(105,725)	(112,473)
Long-term portion	$ 7,520,434	$ 7,641,677

Debt issuance costs associated with long-term debt totaled $130,468, for which, accumulated amortization was $24,743 and $17,995 at December 31, 2021 and 2020, respectively. Amortization expense is included in depreciation and amortization on the consolidated statements of functional expenses.

At December 31, 2021, future minimum payments on the long-term debt are as follows:

	Amount Due
Year ending December 31:	
2022	$ 163,339
2023	116,374
2024	121,800
2025	1,126,388
2026	82,722
Thereafter	6,178,875
Total	$ 7,789,498

The Organization has a line of credit of with availability up to $60,000. The line of credit matures and is renewed on an annual basis. The line of credit bears interest at a variable rate based on the Lender's Prime Commercial Rate index. The effective rate at December 31, 2021 and 2020 was 3.25 percent and 5.50 percent, respectively. The line of credit proceeds are used to finance the rehabilitation costs of investment property and costs associated with each property are due 12 months from the date of closing. At December 31, 2021 and 2020, the balance of the line of credit was $39,828 and $59,828, respectively.

7. Net Assets with Donor Restrictions

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

	2021	2020
Operating support	$ 87,343	$ 63,983
Peaches and Greens	180,560	-
Youth programs	329,364	412,751
Housing development and counseling	177,578	172,981
City of Detroit advance	3,524,031	3,876,434
Other	99,583	79,634
Total	$ 4,398,459	$ 4,605,783

8. 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:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 1,608,971	$ 1,067,646
Accounts, grants and land contracts receivable, current	156,720	156,957
Financial assets, at year-end	1,765,691	1,224,603
Less those unavailable for general expenditures within one year, due to:		
Restricted for purpose by donor	(277,161)	(252,615)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,488,530	$ 971,988

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.

9. Future Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. The Organization will be required to apply the standard for annual periods beginning after December 15, 2021 (2023). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its consolidated financial statements.