

**NEW LEVEL COMMUNITY  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2021**

# NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
New Level Community Development Corporation  
Nashville, Tennessee

**Opinion**

We have audited the accompanying financial statements of New Level Community Development Corporation (a nonprofit organization), which comprise the statement of financial position 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Level Community Development Corporation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Level Community Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Level Community Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Level Community Development Corporation'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 New Level Community Development Corporation'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.

*Bellenfant, PLLC*

Nashville, Tennessee  
June 9, 2022

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 10,833,051
Accounts Receivable	8,723
Inventory	<u>2,009,250</u>
Total Current Assets	<u>12,851,024</u>

**FIXED ASSETS**

Land	390,725
Buildings and Improvements	1,604,873
Furniture, Fixtures, and Equipment	9,858
Loan Costs	<u>8,464</u>
Less: Accumulated Depreciation and Amortization	<u>(338,829)</u>
Fixed Assets, net	<u>1,675,091</u>

**NONCURRENT ASSETS**

Loans Receivable	<u>169,700</u>
Total Noncurrent Assets	<u>169,700</u>
Total Assets	<u><u>\$ 14,695,815</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**DECEMBER 31, 2021**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 25,875
Rental Deposits	12,307
Capital Reserve	28,525
Notes Payable, current portion	<u>24,023</u>
Total Current Liabilities	<u>90,730</u>

**LONG-TERM LIABILITIES**

Notes Payable, non-current portion	<u>10,162,613</u>
Total Long-Term Liabilities	<u>10,162,613</u>
Total Liabilities	<u>10,253,343</u>

**NET ASSETS**

Net Assets Without Donor Restrictions	<u>4,442,472</u>
Total Net Assets	<u>4,442,472</u>
Total Liabilities and Net Assets	<u><u>\$ 14,695,815</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUE</b>			
<b>Public Support</b>			
Grants	\$ 325,742	\$ -	\$ 325,742
Contributions	145,070	-	145,070
Rental Income	219,466	-	219,466
In-Kind Rent	29,627	-	29,627
	<u>719,905</u>	<u>-</u>	<u>719,905</u>
<b>Other Revenue</b>			
Miscellaneous	1,278	-	1,278
Interest Income	62	-	62
PPP Loan Forgiveness	44,000	-	44,000
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>765,245</u>	<u>-</u>	<u>765,245</u>
<b>EXPENSES</b>			
Program Services	447,113	-	447,113
Management and General	63,577	-	63,577
Fundraising	-	-	-
	<u>510,690</u>	<u>-</u>	<u>510,690</u>
Change in Net Assets	254,555	-	254,555
Net Assets, beginning of the year	<u>4,187,917</u>	<u>-</u>	<u>4,187,917</u>
Net Assets, end of the year	<u>\$ 4,442,472</u>	<u>\$ -</u>	<u>\$ 4,442,472</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Financial Education</b>	<b>Affordable Housing</b>	<b>Rental Housing</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Wages	\$ 45,448	\$ 57,882	45,254	\$ 148,584	48,208	\$ -	\$ 196,792
Payroll Taxes	3,474	4,428	3,462	11,364	3,707	-	15,071
Contract Labor	2,150	3,440	2,608	8,198	430	-	8,628
Advertising and Marketing	-	-	-	-	291	-	291
Insurance	897	897	13,826	15,620	897	-	16,517
Property Maintenance	-	-	135,119	135,119	-	-	135,119
Property Taxes	-	6,214	28,717	34,931	-	-	34,931
Depreciation	-	-	42,203	42,203	2,231	-	44,434
In-Kind Rent	23,702	1,481	1,481	26,664	2,963	-	29,627
Office Expenses	3,388	3,033	3,080	9,501	2,539	-	12,040
Utilities	-	-	6,306	6,306	-	-	6,306
Bank and Interest Fees	158	100	-	258	96	-	354
Board Training	-	-	-	-	169	-	169
Equipment	3,250	1,629	1,673	6,552	1,510	-	8,062
Travel	670	-	-	670	84	-	754
Dues and Subscriptions	543	-	240	783	452	-	1,235
Contributions	-	-	360	360	-	-	360
Total Expenses	<u>\$ 83,680</u>	<u>\$ 79,104</u>	<u>\$ 284,329</u>	<u>\$ 447,113</u>	<u>\$ 63,577</u>	<u>\$ -</u>	<u>\$ 510,690</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.



**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 254,555
Adjustments to reconcile change in net assets to net cash provided (used) by operations:	
Depreciation	44,434
(Increase) Decrease in:	
Accounts Receivable	52,134
Inventory	(863,542)
Increase (Decrease) in:	
Accounts Payable	(13,797)
Rental Deposits	1,100
Capital Reserve	(15,475)
Net Cash Provided (Used) by Operating Activities	<u>(540,591)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Loans Receivable	22,800
Draws (Payments) on Notes Payable	<u>9,773,322</u>
Net Cash Provided (Used) by Financing Activities	<u>9,796,122</u>
Net Increase (Decrease) in Cash	9,255,531
Cash and Cash Equivalents, beginning of the year	<u>1,577,520</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 10,833,051</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

# **NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **General**

New Level Community Development Corporation (the Corporation), a nonprofit organization, was formed on November 6, 2001. The Corporation is an outreach of Mt. Zion Baptist Church (Mt. Zion) that works to deliver solutions to the economic challenges plaguing the lives of people in the community it serves. Its services are delivered through financial empowerment programs and affordable housing programs that help families gain economic stability and self-sufficiency.

#### **Financial Statement Presentation**

The financial statements of the Corporation are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Corporation had \$4,442,472 of net assets without donor restrictions as of December 31, 2021.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Corporation. Generally, donors of these assets permit the Corporation to use all or part of the income earned for general or specific purposes. The Corporation had no net assets with donor restrictions as of December 31, 2021.

The Corporation accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions.

# **NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2021**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of twelve months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

#### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional.

#### **Doubtful Promises to Give**

The Corporation uses the allowance method to determine uncollectible unconditional promises to give. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of promises to give. There is no allowance for doubtful promises to give as of December 31, 2021. It is reasonably possible that management's estimate of the allowance for doubtful promises to give could change. Promises to give are charged against the allowance when management believes the collectability of the promise to give is unlikely. For the year ended December 31, 2021, no bad debt expense was recognized.

#### **Fixed Assets**

Fixed assets are recorded at cost, or at fair market value if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets that range from 5 to 40 years. The Corporation capitalizes all expenditures for property and equipment in excess of \$500.

The Corporation reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2021.

# NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2021**

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Donated Rent and Services**

The following donations are reflected as contributions in the accompanying statements at their estimated values at the date of receipt for the year ended December 31, 2021:

Rent	<u>\$ 29,627</u>
Total In-Kind	<u><u>\$ 29,627</u></u>

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Corporation's programs. No amounts have been recognized in the accompanying financial statements because the criteria for recognition under FASB ASC 958-205 have not been satisfied.

#### **Income Taxes**

The Corporation has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Corporation has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Corporation believes that it has taken no uncertain tax positions.

The Corporation files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Corporation's returns for the years prior to calendar year 2018 are no longer open for examination.

#### **Grant Revenues**

Grant funds that do not have donor imposed restrictions are reflected as net assets without donor restrictions since these funds are generally received and spent during the same year. Grant funds that have been designated by the donor for use by specific programs are reflected as net assets with donor restrictions.

#### **Advertising**

The Corporation uses advertising to promote its programs among audiences it serves. Advertising costs are expensed as incurred. Advertising expense totaled \$291 for the year ended December 31, 2021.

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2021**

**2. INVENTORY**

Inventory consists of the following amounts as of December 31, 2021:

Property Held for Development	<u>\$ 2,009,250</u>
Total Inventory	<u><u>\$ 2,009,250</u></u>

**3. LOANS RECEIVABLE**

The Corporation has entered into multiple secondary loan contracts wherein the borrowers must avoid payment default on their primary housing loan contracts and continuously own and occupy the related residence for ten years. Should the borrower default on the primary loan or sell the property within the first ten years, the entire indebtedness will be immediately due. Notwithstanding the foregoing of these requirements, the secondary loans are forgiven starting in the eleventh year at 5% per year for the remaining twenty years of the loan.

	<u><b>December 31, 2021</b></u>
1001 11th Ave Loan dated December 20, 2019; initial balance of \$148,200 with forgiveness of \$7,410 per year starting on December 20, 2030.	\$ 148,200
1822 Cephas Street, dated May 5, 2020; initial balance of \$21,500 with forgiveness of \$1,075 per year starting on May 5, 2030.	21,500
Total Loan Receivable	<u><u>\$ 169,700</u></u>

**4. NOTES PAYABLE**

On May 30, 2012, the Corporation entered into a loan with Pinnacle Bank with a variable interest rate. The loan requires monthly payments with a maturity date of July 7, 2027.

On December 3, 2019, the Corporation entered into two loans with Truxton Trust Company for \$200,000 each. These loans require monthly payments for five years and a final balloon payment on December 3, 2024. The interest rate is the Wall Street Journal Prime rate minus 4% with an initial rate of 0.75%.

**NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2021**

**5. NOTES PAYABLE (Continued)**

On September 2, 2021, the Corporation entered into a loan with Bank of Tennessee for \$9,800,000. The loan requires monthly interest payments and a final balloon payment on March 2, 2024. However, the interest rate is the Wall Street Journal Prime rate minus 4%, so management does not expect to pay any interest over the course of the loan.

Maturities of notes payable as of December 31, 2021 are summarized as follows:

	<b><u>Pinnacle</u></b>	<b><u>Truxton</u></b>	<b><u>Bank of TN</u></b>	<b><u>Total</u></b>
2022	\$ 5,111	\$ 18,912	\$ -	\$ 24,023
2023	5,111	19,055	-	24,166
2024	5,111	319,699	9,800,000	10,124,810
2025	5,111	-	-	5,111
2026 and thereafter	8,526	-	-	8,526
Total	<u>\$ 28,970</u>	<u>\$ 357,666</u>	<u>\$ 9,800,000</u>	<u>\$ 10,186,636</u>

Interest expense for the year ended December 31, 2021 was \$0.

**6. COMPENSATED ABSENCES**

Employees of the Corporation are entitled to paid time off (PTO), depending on job classification, length of service, and other factors. Unused PTO is forfeited at the end of the year. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Corporation's policy is to recognize the costs of compensated absences when actually paid to employees.

**7. RELATED PARTY TRANSACTIONS**

The Corporation uses office space donated by Mt. Zion, and has recorded the fair market value of the office space as an in-kind donation of \$29,627 in 2021.

# NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2021**

### 8. GRANTS

Grant revenue consists of the following amounts as of December 31, 2021:

Barnes Fund	\$ 267,000
TN Cares Act	45,742
The Community Foundation	<u>13,000</u>
Total Grant Revenue	<u><u>\$ 325,742</u></u>

### 9. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end	\$ 10,833,051
Less: cash held as rental deposits	<u>(12,307)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 10,820,744</u></u>

There is an adequate amount of financial assets available as of December 31, 2021. The Corporation effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

### 10. UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, the Corporation has temporarily not been able to continue normal activities. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

### 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 9, 2022, which is the date the financial statements were available to be issued.