

**GRAND AVENUE ECONOMIC
COMMUNITY DEVELOPMENT CORP.
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
Years Ended December 31, 2020, and 2019**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Grand Avenue Economic Community Development Corp.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Grand Avenue Economic Community Development Corp. ("Grand Avenue") and its wholly owned subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditor's 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 Grand Avenue Economic Community Development Corp. and its wholly owned subsidiaries as of December 31, 2020, and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the *Florida Single Audit Act*, Chapter 10.650, Rules of the State Auditor General, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020 on our consideration of Grand Avenue Economic Community Development Corp.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Avenue Economic Community Development Corp.'s internal control over financial reporting and compliance.

L.F. Harris & Associates

L. F. Harris & Associates, CPA, P.A.
Orlando, Florida
June 23, 2021

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 1,249,143	\$ 957,654
Tenant accounts receivable - Net	44,523	38,221
Grants receivable	206,919	158,147
Prepaid and other assets	124,134	114,438
Utility deposits	-	-
Current portion note receivable	1,155	1,155
Total Current Assets	<u>1,625,874</u>	<u>1,269,615</u>
Reserved Cash		
Tenant security deposits	56,652	49,056
Replacement reserves	33,657	32,626
Total Reserved Cash	<u>90,309</u>	<u>81,682</u>
Property and Equipment		
Property and equipment (net of accumulated depreciation of \$10,078,332 and \$9,173,401 respectively)	<u>12,347,534</u>	<u>12,328,639</u>
Other Assets		
Notes receivable (less current portion)	<u>11,850</u>	<u>13,818</u>
Total Other Assets	<u>11,850</u>	<u>13,818</u>
TOTAL ASSETS	<u>\$ 14,075,567</u>	<u>\$ 13,693,754</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Trade accounts payable	\$ 309,930	\$ 184,179
Tenants prepaid rent	87,262	38,878
Accrued expenses	254,879	284,881
Current portion of deferred revenue	3,343	6,413
Current portion of mortgage payable	132,138	130,655
Total Current Liabilities	<u>787,552</u>	<u>645,006</u>
Long Term Liabilities		
Tenant security deposits	56,850	49,556
Deferred revenue, less current portion	-	3,343
Mortgage payable, less current portion	3,663,518	4,054,002
Refundable advances	1,317,929	935,417
Total Long-Term Liabilities	<u>5,038,297</u>	<u>5,042,318</u>
Net Assets		
Net Assets without donor restrictions	<u>8,249,718</u>	<u>8,006,430</u>
Total Net Assets	<u>8,249,718</u>	<u>8,006,430</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,075,567</u>	<u>\$ 13,693,754</u>

See accompanying notes to financial statements

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2020 and 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS	2020	2019
REVENUES, GAINS, AND OTHER SUPPORT		
Rent	\$ 3,502,187	\$ 3,432,865
Concessionaire income	30,081	19,606
Social enterprise income	58,870	59,432
Other income	69,345	82,913
Grant revenues	2,267,489	1,547,413
Contributions	133,402	60,599
Investment income	3,183	8,274
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	6,064,557	5,211,102
 EXPENSES		
Project Services	5,158,886	4,866,623
General and Administrative	593,004	467,634
Fundraising	69,379	54,159
TOTAL EXPENSES	5,821,269	5,388,416
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	243,288	(177,314)
 NET ASSETS AT BEGINNING OF YEAR	8,006,430	8,183,744
NET ASSETS AT END OF YEAR	\$ 8,249,718	\$ 8,006,430

See accompanying notes to financial statements

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2020 and 2019

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
Rental receipts	\$ 3,495,583	\$ 3,416,246
Grant proceeds	2,537,735	1,465,640
Contributions	133,402	60,599
Miscellaneous property income receipts	59,460	84,774
Other operating receipts	88,951	79,038
Interest paid	(159,239)	(176,378)
Cash paid to suppliers and employees	<u>(4,539,246)</u>	<u>(4,265,246)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>1,616,646</u>	 <u>664,673</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(938,124)	(526,724)
Withdrawals from reserve for operating and escrows	-	(1,891)
NET CASH USED IN INVESTING ACTIVITIES	<u>(938,124)</u>	<u>(528,615)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from principal payments on notes receivable	1,968	2,699
Cash received from mortgage acquisition	-	1,224
Mortgage principal payments	(389,001)	(125,760)
NET CASH USED IN FINANCING ACTIVITIES	<u>(387,033)</u>	<u>(121,837)</u>
 NET (DECREASE) INCREASE IN CASH	 291,489	 14,221
 CASH AT BEGINNING OF YEAR	 <u>957,654</u>	 <u>943,433</u>
 CASH AT END OF YEAR	 <u>\$ 1,249,143</u>	 <u>\$ 957,654</u>

See accompanying notes to financial statements

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 243,288	\$ (177,314)
Adjustments to reconcile changes in net assets provided by operating activities:		
Depreciation	917,176	798,707
Bad Debt	107,806	83,693
Loss on disposal	2,053	6,950
Amortization of refundable advances	(42,500)	(42,500)
(Increase) decrease in accounts and grants receivable	(162,880)	(56,295)
(Increase) decrease in prepaid and other assets	(9,696)	(6,893)
(Increase) decrease in tenant security deposit asset	(7,596)	5,669
(Increase) decrease in deposits	-	(44,681)
Increase (decrease) in accounts payable	125,751	(18,460)
Increase (decrease) in accrued liabilities	(30,002)	112,813
(Increase)decrease in replacement reserve	(1,031)	-
Increase (decrease) in deferred revenues	(6,413)	(6,413)
Increase(decrease) tenant security deposit liability	7,294	402
Increase (decrease) in refundable advances	425,012	-
Increase (decrease) in tenants prepaid rent	48,384	8,995
Total adjustments	1,373,358	841,987
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,616,646	\$ 664,673

See accompanying notes to financial statements

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>2020</u>
	<u>Housing</u>	<u>Training</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total Program and Support Services</u>
Office & Administrative Expenses	\$ 26,729	\$ -	\$ 26,729	\$ 278	\$ -	\$ 27,007
Accounting	22,171	-	22,171	-	-	22,171
Marketing & Fundraising Expense	-	-	-	-	69,379	69,379
Bank Charges	12,419	1,553	13,972	1,645	-	15,617
Salaries	936,112	133,911	1,070,023	523,712	-	1,593,735
Professional Services	64,026	-	64,026	7,200	-	71,226
Property Management Services	50,796	362	51,158	2,243	-	53,401
Utilities	648,741	1,262	650,003	-	-	650,003
Interest Expense	170,951	-	170,951	-	-	170,951
Taxes and Insurance	271,591	786	272,377	-	-	272,377
Repairs and Maintenance	336,955	11,163	348,118	-	-	348,118
Bad Debt	107,806	-	107,806	-	-	107,806
Occupancy	631,498	173	631,671	49,483	-	681,154
Information Technology	25,300	-	25,300	-	-	25,300
Office Expense	36,739	1,038	37,777	6,124	-	43,901
Other Expense	37,253	1,101	38,354	1,161	-	39,515
Contract Services	694,732	376	695,108	-	-	695,108
Depreciation	915,506	837	916,343	833	-	917,176
Food Cost	49	16,950	16,999	325	-	17,324
Functional Expense Reported By Function on The Statement of Activities	<u>\$ 4,989,374</u>	<u>\$ 169,512</u>	<u>\$ 5,158,886</u>	<u>\$ 593,004</u>	<u>\$ 69,379</u>	<u>\$ 5,821,269</u>
Overhead Allocated	422,202	23,166	445,368	(445,368)	-	-
Total Functional Expenses	<u>\$ 5,411,576</u>	<u>\$ 192,678</u>	<u>\$ 5,604,254</u>	<u>\$ 147,636</u>	<u>\$ 69,379</u>	<u>\$ 5,821,269</u>

-See accompanying notes to financial statements
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GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>2019</u>
	<u>Housing</u>	<u>Training</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total Program and Support Services</u>
Office & Administrative Expenses	\$ 6,447	\$ -	\$ 6,447	\$ 2,972	\$ -	\$ 9,419
Accounting	20,761	-	20,761	-	-	20,761
Marketing & Fundraising Expense	-	-	-	-	54,159	54,159
Bank Charges	11,088	1,839	12,927	325	-	13,252
Salaries	930,780	129,034	1,059,814	422,980	-	1,482,794
Professional Services	56,237	-	56,237	7,200	-	63,437
Property Management Services	45,806	-	45,806	1,926	-	47,732
Utilities	704,486	1,601	706,087	1,600	-	707,687
Interest Expense	176,378	-	176,378	-	-	176,378
Taxes and Insurance	215,388	4,504	219,892	8,878	-	228,770
Repairs and Maintenance	381,099	2,252	383,351	-	-	383,351
Bad Debt	83,693	-	83,693	-	-	83,693
Occupancy	569,440	337	569,777	1,077	-	570,854
Information Technology	13,680	150	13,830	856	-	14,686
Office Expense	39,738	1,021	40,759	5,005	-	45,764
Other Expense	41,250	6,429	47,679	2,817	-	50,496
Contract Services	619,253	630	619,883	-	-	619,883
Depreciation	785,872	837	786,709	11,998	-	798,707
Food Cost	-	16,593	16,593	-	-	16,593
Functional Expense Reported By Function on The Statement of Activities	<u>\$ 4,701,396</u>	<u>\$ 165,227</u>	<u>\$ 4,866,623</u>	<u>\$ 467,634</u>	<u>\$ 54,159</u>	<u>\$ 5,388,416</u>
Overhead Allocated	<u>293,558</u>	<u>46,917</u>	<u>340,475</u>	<u>(340,475)</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>\$ 4,994,954</u>	<u>\$ 212,144</u>	<u>\$ 5,207,098</u>	<u>\$ 127,159</u>	<u>\$ 54,159</u>	<u>\$ 5,388,416</u>

-See accompanying notes to financial statements
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GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019

NOTE A – NATURE OF ORGANIZATION AND BASIS OF PRESENTATION

Nature of Organization

These financial statements represent the financial position of Grand Avenue Economic Community Development Corp. (“Grand Avenue”), a not-for-profit corporation, and its wholly owned subsidiaries Maxwell Place, LLC (“Maxwell Place”), Grand Avenue Housing, LLC, and Pathlight Enterprises, LLC, which are single member Florida Limited Liability Corporations (collectively the “Corporation”). Grand Avenue owns three of the four phases of Maxwell Terrace Apartments (“Maxwell Terrace”). These three phases consist of two hundred and seventy-four (274) apartment units for very low-income individuals which are financed by various governmental entities. One hundred (100) of the units are financed under the United States Housing Act and are administered by the City of Orlando Housing Authority and the U.S. Department of Housing and Urban Development (“HUD”). Under this program, Maxwell Terrace provides rental assistance for homeless individuals with disabilities in rehabilitated Single Room Occupancy (“SRO”) housing subject to regulation by HUD as to rental charges and operating methods. Lower rental charges to tenants are recovered by Maxwell Terrace through rent subsidies provided by HUD. Maxwell Terrace receives Section 8 Housing Assistance Subsidy from HUD which is passed through the Orlando Housing Authority.

Maxwell Place owns a fourth phase of Maxwell Terrace consisting of fifty-nine (59) units, all of which were rented at December 31, 2020.

Grand Avenue also owns Maxwell Garden Apartments, a two hundred and five (205) unit apartment complex, which offers affordable housing for low or very low-income persons. Maxwell Garden Apartments (“Maxwell Gardens”) is financed by various private and governmental agencies. The Orlando Area Trust for the Homeless financed one hundred (100) of the units for the homeless. Under the agreement, these units were required to remain occupied and affordable at levels established by the Orlando Area Trust for the Homeless (“OATH”) for a fifteen (15) year period. In December 2010, OATH released Grand Avenue from this obligation. Maxwell Gardens is also funded by a small grant from the United States Department of Housing and Urban Development (“HUD”) for acquisition and a Supportive Housing Program (“SHP”) grant for supportive services and operating expenses, which is subject to regulation by HUD. Under the acquisition grant, a total of fifty (50) units must be operated for the provision of housing and supportive services for homeless persons for a term of twenty (20) years through fiscal year 2023.

A Safe Haven program is also run at Maxwell Gardens with the proceeds from a SHP grant received from HUD. This program funds services, including free housing, for twenty-five (25) chronically homeless individuals. Its primary goal is to help these individuals obtain permanent housing, attain an income and provide them with life and employment skills.

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principle

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles in the United States of America as contained in the Accounting Standards Codification (“ASC”) issued by the Financial Standards Accounting Board (“FASB”) and have been consistently applied.

Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (“ASC”) 958, Not-for-Profit Entities. Under ASC 958, the organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in Net Assets Without Restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in Net Assets With Donor Restrictions. When a restriction expires restricted net assets are reclassified to net assets without donor restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time.

Net Assets With Donor Restrictions also include net assets subject to donor-imposed stipulations that the organization must maintain permanently. Generally, the donors of such assets will permit the organization to use all, or part of the income earned on the assets.

The organization had no restricted net assets as of December 31, 2020. The organization's program expenses are presented in the accompanying Statement of Activities.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Grand Avenue and its wholly owned subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or at fair value at the date of the gift, if donated, less accumulated depreciation. The Corporation’s threshold for capitalization is \$500. Land and building acquisitions are capitalized at cost. Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets as follows:

- Buildings – Thirty (30) years
- Equipment – Three (3) to seven (7) years

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Corporation is a not-for-profit organization exempt from federal income taxes under the Internal Revenue Code, Section 501(c)(3).

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash Equivalents

For the statement of cash flows, the Corporation considers all highly liquid, unrestricted investments with original maturities of three months or less to be cash equivalents.

Functional Allocation of Expenses

Most expenses are charged directly to program services, management and general or fundraising based on specific identification. Salaries and wages are allocated based on time spent on each function.

NOTE C – RELATED PARTY NOTES RECEIVABLE

Loan to Affiliate

Grand Avenue is the project sponsor of Grand Avenue ECDC Housing, Inc. (“Housing”), which operates a HUD residential apartment complex for low income, disabled individuals. Housing obtained its initial funding via a forgivable capital advance with final maturity at May 1, 2046. In its capacity as project sponsor, Grand Avenue manages Housing’s activities and shares its President. On October 2, 2012, Grand Avenue provided a non-interest bearing loan in the amount of \$5,450 to Housing. The loan matures after the HUD forgivable capital advance matures on May 1, 2046.

Contributed Property

In August 2009, a financial institution contributed real property to the Corporation with a fair market value at that date of approximately \$21,000. The Corporation immediately arranged to sell the property to a then employee for \$21,000. The sale was financed via a 20 year note at 5% interest amounting to \$21,800, reflecting the sales price and outstanding property taxes.

The maturity schedule on related party notes at December 31, 2020, is as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 1,254
2022	2,131
2023	2,240
2024	1,930
Thereafter	<u>5,450</u>
Total Due	<u>\$13,005</u>

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019

NOTE D – LAND, BUILDINGS, FURNISHINGS

Property and equipment consist of the following at December 31, 2020 and 2019, respectively:

	2020	2019
Land and land improvement	\$ 3,714,576	\$ 3,714,576
Buildings and improvements	18,139,446	17,277,299
Furniture, fixtures, and equipment	446,802	385,123
Motor vehicles	125,042	125,042
	22,425,866	21,502,040
Less accumulated depreciation	(10,078,332)	(9,173,401)
	\$ 12,347,534	\$ 12,328,639

Depreciation expense amounted to \$917,176 and \$798,707 during the years ended December 31, 2020 and 2019, respectively.

NOTE E – CONCENTRATION OF CREDIT RISK AND FAIR VALUE MEASUREMENTS

Concentration of Credit Risk - The Corporation maintains bank accounts at several financial institutions. Amounts at each financial institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000. Throughout the year, cash balances may occasionally exceed the insured limit. At December 31, 2020 and 2019 the Corporation exceeded the FDIC limit by \$1,057,86 and \$769,882, respectively.

Fair Value Measurements - Fair values of assets and liabilities measured on a recurring basis would normally apply to the Corporation’s Notes Receivable and its debt obligations. Such assets and liabilities do not readily trade in an active market. Moreover, there is no active market for substantially similar assets, nor are there significant other observable inputs that can readily be used to establish changes in fair value. As such, the Corporation believes that historical cost best represents current fair value in the absence of impairment and has presented them that way in the financial statements. There were no assets or liabilities that met the criteria for fair value measurement on a non-recurring basis.

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**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019**

NOTE F – MORTGAGES, NOTES PAYABLE AND LINE OF CREDIT

Long term debt at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Maxwell Terrace I & II		
Refinanced mortgage payable, Neighborhood Lending Partners, Inc., in monthly payments of \$391.23, including principal and interest at 1%, due July 2038. Secured by real estate.	\$ 75,672	\$ 79,264
Refinanced mortgage payable, Neighborhood Lending Partners, Inc., in monthly payments of \$646.56, including principal and interest at 1%, due July 2038. Secured by real estate.	125,078	131,014
Refinanced mortgage payable, Orange County Housing Finance Authority, in monthly payments of \$254, including principal and interest at 1%, due September 2038. Secured by real estate.	58,708	58,708
Maxwell Terrace III		
Refinanced mortgage payable, Florida Community Capital Corporation, in monthly payments of \$1,466.76, including principal and interest at 1%, due July 2038. Secured by real estate. This mortgage was forgiven in its entirety on November 5, 2020.	-	288,394
Refinanced mortgage payable, Neighborhood Lending Partners, Inc., in monthly payments of \$2,086.14, including principal and interest at 1%, due July 2038. Secured by real estate.	406,122	422,658
Maxwell Terrace IV (Maxwell Place)		
Loan payable, SBA, which bears interest at 2.5% on a fifteen-year schedule with monthly payments of \$260.00. This loan matures on March 6, 2033. The loan is secured by real estate.	32,576	34,842
Loan payable, TD Bank N.A., which bears interest at 5.25% on a 36-month schedule with monthly payments of \$417.07. This loan matures on May 4, 2021 and is secured by a security interest.	1,638	6,419
Maxwell Terrace IV (Maxwell Place) and Maxwell Terrace I & II		
Loan payable, TD Bank N.A., which bears interest at 5.15% on a twenty-five-year schedule with monthly payments of \$19,877.65. This loan matures on March 24, 2027. Secured by real estate.	3,095,862	3,163,358
Total Mortgages and Notes Payable	<u>\$ 3,795,656</u>	<u>\$ 4,184,657</u>
Less Current Portion	<u>(132,138)</u>	<u>(130,655)</u>
Total Long-Term Debt	<u>\$ 3,663,518</u>	<u>\$ 4,054,002</u>

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019

NOTE F – MORTGAGES, NOTES PAYABLE AND LINE OF CREDIT (Continued)

The following schedule outlines principal amounts outstanding on mortgages and notes payable at December 31, 2020:

December 31,	Amount
2021	\$ 132,138
2022	138,283
2023	143,934
2024	149,245
2025	154,811
Thereafter	3,077,245
Total Due	\$ 3,795,656

For the years ended December 31, 2020, and 2019, interest expense incurred on the notes payable and long-term debt amounted to \$159,240 and \$176,429, respectively, and is included in the Statements of Activities.

Line of Credit – The Corporation has a revolving line of credit agreement with a bank. The line of credit is for a maximum of \$100,000 and bears interest at a variable rate of prime plus 2.25%. At December 31, 2020 and 2019, respectively, there was no balance outstanding under this line of credit agreement.

NOTE G – REFUNDABLE ADVANCES

Refundable advances at December 31, 2020 and 2019, none of which bear interest, consist of the following:

Maxwell Terrace	2020	2019
Refundable Advance, City of Orlando, State of Florida Hurricane Housing Assistance program total amount of the award was \$475,000. The award was made to repair hurricane damage at Maxwell Terrace. The note is due December 31, 2023. However, if the Corporation complies with its terms, it is forgiven in full at that date.	\$ 475,000	\$ 475,000
Refundable Advance, Orange County State Housing Initiative Partnership Grant, dated October 29, 2010 – this note is forgiven in its entirety on October 29, 2030, if, throughout the period of the agreement, units are rented to tenants meeting income requirements, as specified. The note is reduced by \$42,500 each year the Organization remains in compliance.	417,917	460,417
Refundable advance, City of Orlando, CDBG Grant to provide rehabilitation activities that meet the CDBG national objectives of benefiting low- and moderate-income households. The total amount of the award is \$425,012. The note is due September 30, 2025. However, if the Corporation complies with its terms, it is forgiven in full at that date.	425,012	-
Total Refundable Advances	\$ 1,317,929	\$ 935,417

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019**

NOTE G – REFUNDABLE ADVANCES (Continued)

Recognition of Refundable Advances - During the years ended December 31, 2020, and 2019 respectively; \$42,500 and \$42,500 of refundable advances were recognized as revenues, as the Corporation had met the required time duration and performance criteria or was exempted from further obligation, as described immediately below.

NOTE H – COMMITMENTS AND CONTINGENCIES

Governmental Financial Assistance - Financial awards in the form of grants and loans from federal, state, and local governmental entities are subject to special audits, including, but not limited to, single audits. Such audits could result in claims against the Corporation for disallowed costs or non-compliance with grantor restrictions and other requirements. The amounts, if any, of expenditures which may be disallowed by the grantor are recorded at the time that such amounts can be reasonably determined, which is normally upon notification by the government agency. During the years ended December 31, 2020 and 2019, no such adjustments were made.

NOTE I – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Corporation's primary assets are apartment complexes: Maxwell Terrace Apartments I & II, Maxwell Terrace Apartments III, Maxwell Place, and Maxwell Garden Apartments (“Maxwell Gardens”). The Corporation's operations are concentrated in the low income, multifamily real estate market in Central Florida.

The Corporation’s revenues are primarily derived from the rental of its apartment units to low and very low-income individuals and from various grants (see Note L). The Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including the Department of Housing and Urban Development (“HUD”). Such administrative directives, rules, and regulations are subject to change by an Act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or funding to pay for the related cost, including the additional administrative burden to comply.

NOTE J – RESERVED CASH

The Corporation has mortgages on certain properties. These mortgage agreements require that cash reserves be kept in separate bank accounts. These cash accounts are designated for operating expenditures and property repair and replacement.

Reserved Cash at December 31, 2020 and 2019 was:

	2020	2019
Repairs and Replacement Reserves	\$33,657	\$ 32,626
	\$33,657	\$32,626

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019**

NOTE K – TENANT ACCOUNTS RECEIVABLE

Tenant accounts receivable consists of tenant rents for lease payments and is reported net of an allowance for doubtful accounts, as the amount management expects to collect on balances outstanding at year-end. Management closely monitors tenant accounts receivable and reviews the collectability of the outstanding balances. Gross tenant accounts receivable at December 31, 2020 and 2019 amounted to \$47,588 and \$41,286 respectively. At December 31, 2020 and 2019 the allowance for doubtful accounts was \$3,065 and \$3,065, respectively.

NOTE L – GRANT AGREEMENTS

During the years ended December 31, 2020, and 2019, the Organization had a number of active Federal and State grant agreements. A majority of these agreements were passed through Orange County or the Homeless Services Network (“HSN”). The agreements covered a variety of the Organization’s activities and needs, including: the rehabilitation of apartments, the provision of mental health and substance abuse counseling, and the provision of housing and related assistance to the chronically homeless. At December 31, 2020 and 2019, respectively, grants receivable consisted of the following:

	2020	2019
HSN, HUD Continuum of Care Programs	\$ 81,859	\$ 85,521
Community Development Block Grant Program	118,060	72,626
Other States and Local Grants	7,000	-
	\$ 206,919	\$ 158,147

A provision for uncollectible grants has not been recorded as, in the opinion of management, the entire amounts are collectible.

During the years ended December 31, 2020, and 2019, significant grants in effect included:

- On April 1, 2015, the Corporation entered into an agreement with Orange County, Florida not to exceed \$500,002. Under the terms of the agreement the Corporation is to provide several services to the chronically homeless including, but not limited to, housing, furniture and supplies, and case management. This agreement ended on March 31, 2019.
- On April 1, 2019, the Corporation entered into a new agreement with Orange County for one year not to exceed \$537,000, the agreement is renewable upon mutual consent of both parties for a maximum of three years. Under the terms of the agreement the corporation is to provide permanent supportive housing services for the chronically homeless. On April 1, 2020 the agreement was renewed for \$547,740. During the years ended December 31, 2020, and 2019, respectively, \$545,055, and \$529,363 were recognized under these agreements in the Statements of Activities.
- HUD’s Continuum of Care Safe Haven grant, passed through HSN, which provides for services, including free or substantially subsidized housing, for twenty-five (25) chronically homeless individuals. Its primary goal is to help these individuals obtain permanent housing, attain an

GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019

NOTE L – GRANT AGREEMENTS (Continued)

income, and provide them with life and employment skills. During the years ended December 31, 2020, and 2019, respectively, \$300,158, and \$288,381 were recognized under this grant program in the Statements of Activities. The Corporation is currently required to match the Continuum of Care funding based on an approved budget incorporated in the grant agreement.

- HUD’s Continuum of Care Pathlight Home Permanent Supportive Housing grant is passed through HSN and provides free or substantially subsidized rent at Maxwell Terrace I and Maxwell Terrace II. The grant, effective December 2015, in the amount of \$175,396 was renewed for the years 2019 and 2020, in the amount of \$228,153 and \$258,083, respectively. During the years ended December 31, 2020, and 2019, respectively, \$238,488, and \$217,684 were recognized under this grant program in the Statements of Activities.
- On October 1, 2017, the Corporation executed an agreement with Orange County for assistance with salaries for service delivery personnel and associated cost. The Corporation was awarded funds amounting to \$ 35,000 under the Community Development Block Grant program. During fiscal year 2020, the grant was renewed for \$40,000. During the years ended, December 31, 2020, and 2019 respectively \$33,131, and \$37,913 were recognized under this grant program in the Statements of Activities.
- As of October 1, 2018, the Corporation executed an agreement with Orange County in the amount of \$ 568,043 CDBG funds for capital improvements. Effective September 22, 2020, by amendment, the contract increased to \$927,319. During the fiscal years ended December 31, 2020, and 2019 respectively \$236,899 and \$314,467 were recognized under this grant program in the Statements of Activities.
- On October 1, 2019, the corporation executed an agreement with the City of Orlando for assistance with salaries for service delivery personnel for \$35,000. During fiscal year 2020, the grant was renewed for \$35,000. During the years ended December 31, 2020, and 2019 respectively \$43,320 and \$1,128 were recognized under this grant program in the Statement of Activities.
- Effective, February 25, 2020, the Corporation executed an agreement with the Orange County in the amount of \$171,500, under the Housing and Urban Development Community Development Block Grant Program. The funds are for the rehabilitation of the Safe Haven building at the Maxwell Garden affordable apartment complex. During the fiscal year ended December 31, 2020, \$42,973 was recognized under this grant program in the Statement of Activities.
- Effective, April 1, 2020, the Corporation executed an agreement with the Orange County in the amount of \$34,018, under the Community Development Block Grant Coronavirus Program. The funds are for the provision of public services relating to the Coronavirus pandemic. During the fiscal year ended December 31, 2020, \$26,944 was recognized under this grant program in the Statement of Activities.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020, AND 2019**

NOTE M – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Corporation’s financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$1,249,143	\$957,654
Tenant receivable	44,523	38,221
Grant receivable	206,919	158,147
Note receivable	1,155	1,155
	<u>\$ 1,501,740</u>	<u>\$ 1,155,177</u>

NOTE N – COVID-19

Mandated requirements and safety precautions to prevent the spread of the novel coronavirus disease (COVID-19) materially impacted our organization's ability to operate and fulfill our mission. Grand Avenue ECDC began to feel the impact early in March of 2020 as we had to limit contact with clients from March through September 30, 2020. Management obtained \$257,212 in assistance in the form of a forgivable loan from the Paycheck Protection Program "PPP." According to the PPP loan agreement, the loan is forgiven if the funds are used to fund certain costs, including payroll, utility, and occupancy costs. The agency has applied for forgiveness and received forgiveness approval on December 3, 2020, and is reported in the statement of activities as grant revenue. The PPP loan funds, along with the use of our resources, allowed Grand Avenue ECDC to retain their entire staff from March 17, 2020, through the end of the fiscal year. Grand Avenue ECDC continues to monitor the events scheduled for the fiscal year 2021 closely. However, due to the severity and duration of the pandemic, the impact on Grand Avenue ECDC's revenues and the results of operations are currently uncertain.

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 23, 2021, the date the financial statements were available to be issued.

Line of Credit

Effective January 1, 2021, the credit line with TD Bank was raised to \$250,000.

Proposed Acquisition

There is a planned acquisition of Pathways Drop-in Center by Grand Avenue on July 1, 2021.

(THIS SECTION INTENTIONALLY LEFT BLANK)

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Years Ended December 31, 2020**

Grantor / Program Title	Federal/State CFDA/CSFA Number	Federal Expenditures
Federal:		
<u>U.S. Department of Housing and Urban Development:</u>		
Passed Through:		
Orlando Housing Authority:		
Section 8		
Moderate Rehabilitation Single Room Occupancy	14.249	\$ 570,166
Homeless Services Network of Central Florida, Inc:		
FL0563L4H071803 Continuum of Care Program	14.267	\$ 256,571
FL0563L4H071904 Continuum of Care Program	14.267	43,587
FL0093L4H071811 Continuum of Care Program	14.267	12,796
FL0093L4H071912 Continuum of Care Program	14.267	37,368
FL0561L4H071803 Continuum of Care Program	14.267	201,307
FL0561B4H071904 Continuum of Care Program	14.267	37,182
Total Continuum of Care		\$ 588,811
City of Orlando, Florida:		
Community Development Block Grants	14.218	\$ 43,320
Orange County, Florida:		
Community Development Block Grants	14.218	279,871
Community Development Block Grants	14.218	33,131
Community Development Block Grants	14.218	26,944
Total Community Development Block Grants		\$ 383,266
City of Orlando, Florida:		
Community Development Block Grants Section 108 Loan Guarantees	14.248	\$ 425,012
<u>U.S. Department of the Treasury:</u>		
Passed Through:		
Orange County, Florida:		
Coronavirus Relief Fund	21.019	\$ 88,512
U.S. Department of Homeland Security:		
Passed Through:		
State of Florida, Department of Financial Services:		
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	\$ 1,307
Total Federal		\$ 2,057,074
Florida Housing Finance Corporation:		
Hurricane Housing Recovery Program		
Passed Through:		
City of Orlando, Florida	52.902	\$ 475,000
<u>State Housing Initiative Partnership</u>		
Passed Through:		
Orange County, Florida	52.901	417,917
Total State		\$ 892,917

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of Grand Avenue Economic Development Corp, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the *Florida Single Audit Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. The Federal and State Awards reflected in the Schedule include indirect cost charges allowed by the pass-through entity in their respective agreements with Grand Avenue Economic Development Corp. In all instances, indirect administrative costs are equal to or less than ten percent (10%) of the total allowable costs.

NOTE B – INSURANCE

There were no Federal or State awards expended in the form of non-cash assistance. The Corporation had commercial and general liability insurance in effect during the year with limits of \$2,000,000 for general aggregate and \$1,000,000 for each occurrence.

NOTE C – FORGIVABLE LOANS

Included in the Schedule are forgivable State Loans amounting to \$892,917. These amounts have been included in the Schedule as the programs are subject to ongoing compliance requirements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Grand Avenue Economic Community Development Corp.
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Grand Avenue Economic Community Development Corp. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Grand Avenue Economic Community Development Corp.'s internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Avenue Economic Community Development Corp.'s internal control. Accordingly, we do not express an opinion of the effectiveness of the Corporation's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

L.F. Harris & Associates

L F. Harris & Associates, CPA, P.A.
Orlando, Florida
June 23, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE, AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

The Board of Directors
Grand Avenue Economic Community Development Corp.
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Grand Avenue Economic Community Development Corp.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of Grand Avenue Economic Community Development Corp.'s major federal programs and state projects for the year ended December 31, 2020. Grand Avenue Economic Community Development Corp.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Grand Avenue Economic Community Development Corp.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Grand Avenue Economic Community Development Corp.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Grand Avenue Economic Community Development Corp.'s compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, Grand Avenue Economic Community Development Corp. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Grand Avenue Economic Community Development Corp. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grand Avenue Economic Community Development Corp.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grand Avenue Economic Community Development Corp.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Department of Financial Services' State Projects Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

L.F. Harris & Associates

L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
June 23, 2021

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
Year ended December 31, 2020**

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Grand Avenue Economic Community Development Corp.
2. No material weaknesses, or significant deficiencies not considered material weaknesses, were detected during the audit of Grand Avenue Economic Community Development Corp.'s financial statements.
3. No instances of non-compliance material to the financial statements of Grand Avenue Economic Community Development Corp. were identified during the audit.

Federal Programs and State Financial Assistance Projects

4. No material weaknesses, or significant deficiencies not considered material weaknesses, were identified during the audit of the major Federal and State Programs.
5. The Independent Auditors' Report on compliance for each major Federal Program and State Financial Assistance Project for Grand Avenue Economic Community Development Corp. expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516
7. There were no audit findings that are required to be reported in accordance with Section 215.97 Florida Statutes; or Chapter 10.656 (3)(e), Rules of the Florida Auditor General.
8. The programs tested as major programs include the following:
 - a) Federal – Continuum of Care Program, CDFA 14.267.
 - b) Federal - Section 8, Moderate Rehabilitation Single Room Occupancy, CDFA 14.249.
 - c) State – State Housing Initiative Partnership Program, CSFA 52.901.
9. The threshold for distinguishing Types A and B major programs was \$750,000, for both Federal and State programs.
10. Grand Avenue Economic Community Development Corp. was determined to be a low-risk auditee.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
Year ended December 31, 2020**

PART II - FINDINGS — FINANCIAL STATEMENTS

This section identifies material weaknesses, significant deficiencies, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards, 2 CFR Section 200.515(d)(2) and GSA/SA Audit Guide, Paragraphs, 23.36-37.*

None.

PART III - FINDINGS AND QUESTIONED COSTS — FEDERAL PROGRAMS

None.

PART IV - FINDINGS AND QUESTIONED COSTS — STATE FINANCIAL ASSISTANCE PROJECTS

None.

**Summary Schedule of Prior Audit Findings and Corrective Action Plan
Federal Programs and State Financial Assistance Projects**

PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

CORRECTIVE ACTION PLAN

There were no findings requiring a corrective action plan in 2020.