

GRAND AVENUE ECONOMIC  
COMMUNITY DEVELOPMENT CORP.  
CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
Years Ended December 31, 2021, and 2020

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.  
CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2021, AND 2020**

TABLE OF CONTENTS

	Page #
Independent Auditors' Report	1-3
Consolidated Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6-7
Statements of Functional Expenses	8-9
Notes to Financial Statements	10-19
Supplementary Information:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	20
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	21
Compliance Reports:	
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 <i>Government Auditing Standards</i>	22-23
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	24-26
Schedule of Findings and Questioned Costs - Federal Programs and State Financial Assistance Projects	27-28

## INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements 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, 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.

#### Basis for Opinion

We conducted our audit 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. 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 Grand Avenue Economic Community Development Corp. 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 opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Grand Avenue Economic Community Development Corp.'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 consolidated 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 and *Government 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 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 and *Government 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 Grand Avenue Economic Community Development Corp.'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 Grand Avenue Economic Community Development Corp.'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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements 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 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 schedule of expenditures of federal awards 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 June 30, 2022, on our consideration of Grand Avenue Economic Community Development Corp.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Grand Avenue Economic Community Development Corp.'s 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 30, 2022



L.F. Harris & Associates, CPA, P.A.  
Certified Public Accountants

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Current Assets		
Cash and cash equivalents	\$ 1,601,403	\$ 1,249,143
Tenant accounts receivable - Net	55,875	44,523
Grants receivable	218,361	206,919
Prepaid and other assets	149,406	124,134
Utility deposits	32,855	-
Current portion note receivable	-	1,155
Total Current Assets	<u>2,057,900</u>	<u>1,625,874</u>
Reserved Cash		
Tenant security deposits	64,318	56,652
Replacement reserves	100,067	33,657
Total Reserved Cash	<u>164,385</u>	<u>90,309</u>
Property and Equipment		
Property and equipment (net of accumulated depreciation of \$11,261,145 and \$10,078,332 respectively)	<u>13,096,584</u>	<u>12,347,534</u>
Other Assets		
Notes receivable (less current portion)	<u>5,450</u>	<u>11,850</u>
Total Other Assets	<u>5,450</u>	<u>11,850</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,324,319</u></u>	<u><u>\$ 14,075,567</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Trade accounts payable	\$ 200,170	\$ 309,930
Tenants prepaid rent	51,815	87,262
Accrued expenses	248,699	254,879
Current portion of deferred revenue	-	3,343
Current portion of mortgage payable	168,294	132,138
Total Current Liabilities	<u>668,978</u>	<u>787,552</u>
Long Term Liabilities		
Tenant security deposits	60,638	56,850
Mortgage payable, less current portion	4,143,590	3,663,518
Refundable advances	1,676,429	1,317,929
Other Long-Term Liability	85,380	-
Total Long-Term Liabilities	<u>5,966,037</u>	<u>5,038,297</u>
Net Assets		
Net Assets without donor restrictions	<u>8,689,304</u>	<u>8,249,718</u>
Temporarily restricted net assets	-	-
Total Net Assets	<u>8,689,304</u>	<u>8,249,718</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 15,324,319</u></u>	<u><u>\$ 14,075,567</u></u>

*See accompanying notes to financial statements*

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**STATEMENTS OF ACTIVITIES**  
**For The Years Ended December 31, 2021 and 2020**

<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Rent	\$ 3,650,996	\$ 3,502,187
Concessionaire income	20,776	30,081
Social enterprise income	53,054	58,870
Other income	82,503	69,345
Grant revenues	2,231,553	2,267,489
Contributions	362,206	133,402
Inherent contribution received from acquisition	462,801	-
Investment income	1,932	3,183
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<u><b>6,865,821</b></u>	<u><b>6,064,557</b></u>
 <b>EXPENSES</b>		
Program Services	5,744,622	5,158,886
General and Administrative	609,871	593,004
Fundraising	71,742	69,379
<b>TOTAL EXPENSES</b>	<u><b>6,426,235</b></u>	<u><b>5,821,269</b></u>
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>439,586</b>	<b>243,288</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	<u><b>8,249,718</b></u>	<u><b>8,006,430</b></u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u><b>\$ 8,689,304</b></u></u>	<u><u><b>\$ 8,249,718</b></u></u>

*See accompanying notes to financial statements*

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**STATEMENTS OF CASH FLOWS**  
For The Years Ended December 31, 2021 and 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2021</u>	<u>2020</u>
Rental receipts	3,521,132	\$ 3,387,777
Grant proceeds	2,177,611	2,112,723
Contributions	477,710	133,402
Miscellaneous property income receipts	73,336	60,491
Other operating receipts	73,830	88,951
Interest paid	(170,429)	(159,239)
Cash paid to suppliers and employees	<u>(5,087,715)</u>	<u>(4,539,246)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>1,065,475</u>	 <u>1,084,859</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(1,656,968)	(938,124)
Additions to reserved cash transferred from operating	<u>(66,410)</u>	<u>(1,031)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,723,378)</u>	<u>(939,155)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from principal payments on notes receivable	7,555	1,968
Cash received from refundable advances	401,000	425,012
Cash received from new mortgages	755,550	-
Mortgage principal payments	<u>(153,942)</u>	<u>(281,195)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,010,163</u>	<u>145,785</u>
 <b>NET INCREASE IN CASH</b>	 <b>352,260</b>	 <b>291,489</b>
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>1,249,143</u>	 <u>957,654</u>
 <b>CASH AT END OF YEAR</b>	 <u><u>\$ 1,601,403</u></u>	 <u><u>\$ 1,249,143</u></u>

*See accompanying notes to financial statements*



**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 439,586	\$ 243,288
Adjustments to reconcile changes in net assets provided by operating activities:		
Depreciation	1,251,910	917,176
Inherent contribution of real property received from acquisition	(337,404)	-
Other donated property and equipment	(9,893)	-
Loss on disposal	3,305	2,053
Amortization of refundable advances	(42,500)	(42,500)
(Increase) decrease in accounts and grants receivable	(22,794)	(162,880)
(Increase) decrease in prepaid and other assets	(25,272)	(9,696)
(Increase) decrease in tenant security deposit asset	(7,666)	(7,596)
(Increase) decrease in utility deposits	(32,855)	-
Increase (decrease) in accounts payable	(109,760)	125,751
Increase (decrease) in accrued liabilities	(6,180)	(30,002)
Increase (decrease) in deferred revenues	(3,343)	(6,413)
Increase( decrease) tenant security deposit liability	3,788	7,294
Increase (decrease) in tenants prepaid rent	(35,447)	48,384
Total adjustments	<u>625,889</u>	<u>841,571</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 1,065,475</u></u>	<u><u>\$ 1,084,859</u></u>

*See accompanying notes to financial statements*

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	PROGRAM SERVICES			Total Program Expenses	SUPPORT SERVICES		2021
	Housing	PDC Day Services	Training		Management & General	Fund Raising	Total Program and Support Services
Office & Administrative Expenses	\$ 54,153	6,358	\$ 47	\$ 60,558	\$ 20,137	\$ -	\$ 80,695
Accounting	25,714	-	-	25,714	-	-	25,714
Marketing & Fundraising Expense	-	-	-	-	-	71,742	71,742
Bank Charges	13,951	43	478	14,472	445	-	14,917
Salaries	1,042,889	15,838	126,005	1,184,732	551,477	-	1,736,209
Professional Services	104,458	7,772	-	112,230	9,912	-	122,142
Property Management Services	72,112	-	190	72,302	1,325	-	73,627
Utilities	563,376	9,563	368	573,307	2,448	-	575,755
Interest Expense	170,429	-	-	170,429	-	-	170,429
Taxes and Insurance	258,473	6,401	304	265,178	-	-	265,178
Repairs and Maintenance	343,387	14,319	16,563	374,269	548	-	374,817
Bad Debt	86,943	-	-	86,943	-	-	86,943
Occupancy	739,100	10,813	350	750,263	3,925	-	754,188
Information Technology	17,122	349	-	17,471	-	-	17,471
Office Expense	44,368	-	1,178	45,546	6,939	-	52,485
Other Expense	39,358	1,950	2,574	43,882	11,880	-	55,762
Contract Services	652,739	262	1,574	654,575	192	-	654,767
Depreciation	1,246,137	5,015	415	1,251,567	343	-	1,251,910
Cost of Sales	80	46	31,825	31,951	300	-	32,251
Gain or Loss on Sale	3,305	-	-	3,305	-	-	3,305
Food Cost	15	5,913	-	5,928	-	-	5,928
Functional Expense Reported By Function on The Statement of Activities	<u>\$ 5,478,109</u>	<u>\$ 84,642</u>	<u>\$ 181,871</u>	<u>\$ 5,744,622</u>	<u>\$ 609,871</u>	<u>\$ 71,742</u>	<u>\$ 6,426,235</u>
Overhead Allocated	418,031	28,215	23,046	441,077	(441,077)	-	-
Total Functional Expenses	<u>\$ 5,896,140</u>	<u>\$ 112,857</u>	<u>\$ 204,917</u>	<u>\$ 6,185,699</u>	<u>\$ 168,794</u>	<u>\$ 71,742</u>	<u>\$ 6,426,235</u>

8 -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 &amp; 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	36,740	1,038	37,778	6,124	-	43,902
Other Expense	37,252	1,101	38,353	1,161	-	39,514
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

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

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, Pathlight Enterprises, LLC, and Pathways Drop in Center, 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, 2021.

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 2022.

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, 2021, AND 2020**

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, 2021. The organization's program expenses are presented in the accompanying Statements 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, 2021, AND 2020**

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.

Reclassification

Certain reclassifications have been made to the prior year statement of cash flows to conform with the current year's presentation.

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.

(THIS SECTION INTENTIONALLY LEFT BLANK)

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

NOTE D – LAND, BUILDINGS, FURNISHINGS

Property and equipment consist of the following at December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Land and land improvement	\$ 3,784,791	\$ 3,714,576
Buildings and improvements	19,974,797	18,139,446
Furniture, fixtures, and equipment	492,682	446,802
Motor vehicles	105,459	125,042
	<u>24,357,729</u>	<u>22,425,866</u>
Less accumulated depreciation	<u>(11,261,145)</u>	<u>(10,078,332)</u>
	<u>\$ 13,096,584</u>	<u>\$ 12,347,534</u>

Depreciation expense amounted to \$1,251,910 and \$917,176 during the years ended December 31, 2021 and 2020, 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, 2021 and 2020 the Corporation exceeded the FDIC limit by \$1,519,817 and \$1,057,286, 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.

(THIS SECTION INTENTIONALLY LEFT BLANK)

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

NOTE F – MORTGAGES, NOTES PAYABLE AND LINE OF CREDIT

Long term debt at December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
<b>Maxwell Terrace I &amp; II</b>		
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.	\$ 71,716	\$ 75,672
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.	118,540	125,078
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
<b>Maxwell Terrace III</b>		
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.	381,972	406,122
<b>Maxwell Terrace IV (Maxwell Place)</b>		
Loan payable, SBA, which bears interest at 2.5% on a fifteen-year schedule with monthly payments of \$260. This loan matures on March 6, 2033. The loan is secured by real estate.	32,382	32,576
<b>Maxwell Terrace IV and Maxwell Terrace I &amp; II</b>		
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
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
Loan payable, TD Bank N.A., which bears interest at 3.456% on a twenty five-year schedule with a fixed monthly payment of \$17,717. This loan is secured by real estate and matures on September 22, 2031, at which time a balloon payment of \$2,487,571.14 is due. See further discussion below.	3,429,093	-
Loan payable, econserve, LLC., which bears interest at 0% with estimated monthly payments of \$3,200. The estimated maturity of this debt is described in the third paragraph below.	219,474	-
Total Mortgages and Notes Payable	<u>\$ 4,311,885</u>	<u>\$ 3,795,656</u>
Less Current Portion	<u>(168,294)</u>	<u>(132,138)</u>
Total Long-Term Debt	<u>\$ 4,143,591</u>	<u>\$ 3,663,518</u>



**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

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, 2021:

December 31,	Amount
2022	\$ 168,294
2023	172,516
2024	176,270
2025	180,145
2026	184,148
Thereafter	3,430,512
Total Due	\$ 4,311,885

For the years ended December 31, 2021, and 2020, interest expense incurred on the notes payable and long-term debt amounted to \$170,429 and \$170,951, 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 \$250,000 and bears interest at a variable rate of LIBOR plus 3.0% at December 31, 2021 and 2020, respectively, there was no balance outstanding under this line of credit agreement.

During 2021, the Corporation incurred debt amounting to \$255,550 bearing interest at 0%, of which \$219,471 was outstanding at December 31, 2021. This debt was incurred with a water conservation company, eConserve. It is based on a contract between the Corporation and eConserve which provides savings on the Corporation's water and sewer bills. eConserve bills the Corporation 80% of the monthly savings realized by the Corporation from this agreement. The debt is at 0% and is reduced by 80% of the monthly savings currently estimated at \$3,200, with an estimated payoff date in 2027.

On September 22, 2021, the Corporation refinanced its mortgage note with TD Bank N.A. At the time of the refinancing, the outstanding mortgage balance was \$3,036,792, and the new loan was for \$3,536,792 with interest accruing at rates based on the LIBOR rate (London Interbank Offered Rate) plus 2%. To mitigate interest rate risks, the Corporation entered into an interest rate swap agreement with TD Bank for the same period as the loan with a notional amount of \$3,536,792 and a fixed interest rate of 3.456%. The swap agreement is formally designated as a cash flow hedge and is recorded at fair value in Other Liabilities in the consolidated balance sheet. Gains and losses due to changes in the interest rate swap agreement's fair value offset changes in the underlining debt's fair value. The fair value of the swap agreement at December 31, 2021 was a liability of \$85,380. The loan is payable in monthly installments of principal and interest through September 22, 2031. The new loan is collateralized by all fixtures, contract rights, and other personal property included within the mortgaged properties at Maxwell Terrace IV and Maxwell Terrace I & II, and all renewals and replacements of any of the items mentioned above. As of December 31, 2021, the Corporation complied with all loan covenants.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

**NOTE G – REFUNDABLE ADVANCES**

Refundable advances at December 31, 2021 and 2020, none of which bear interest, consist of the following:

Maxwell Terrace	<u>2021</u>	<u>2020</u>
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.	<b>\$ 475,000</b>	\$ 475,000
Refundable Advance, Orange County State Housing Initiative Partnership Grant, dated October 29, 2010 – the note will be 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.	<b>375,417</b>	417,917
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, the note will be forgiven in full at that date.	<b>425,012</b>	425,012
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 \$401,000. The note is due September 30, 2026. However, if the Corporation complies with its terms, the note will be forgiven in full at that date.	<b>401,000</b>	-
Total Refundable Advances	<b><u>\$ 1,676,429</u></b>	<b><u>\$ 1,317,929</u></b>

**Recognition of Refundable Advances** - During the years ended December 31, 2021, and 2020 respectively; \$42,500 of refundable advances were recognized as revenues each year, 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, 2021 and 2020, no such adjustments were made.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2021, AND 2020**

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, 2021 and 2020 was:

	<b>2021</b>	2020
Repairs and Replacement Reserves	<b>\$100,067</b>	\$33,657

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, 2021 and 2020 amounted to \$58,940 and \$47,588, respectively. At December 31, 2021 and 2020 the allowance for doubtful accounts was \$3,065 and \$3,065, respectively.

NOTE L – GRANT AGREEMENTS

During the years ended December 31, 2021, and 2020, 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.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2021, AND 2020**

NOTE L – GRANT AGREEMENTS (continued)

At December 31, 2021 and 2020, respectively, grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
HSN, HUD Continuum of Care Programs	\$ 107,396	\$ 81,859
Community Development Block Grant Program	77,220	118,060
Other State and Local Grants	33,745	7,000
	<u>\$218,361</u>	<u>\$ 206,919</u>

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, 2021, and 2020, significant grants in effect included:

- 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 income, and provide them with life and employment skills. During the years ended December 31, 2021, and 2020, respectively, \$322,943, and \$300,158 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 was renewed in years 2019 through 2021. During the years ended December 31, 2021, and 2020, respectively, \$239,103 and \$238,488 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, 2021, and 2020 respectively \$501,270 and \$236,899 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 years 2021 and 2020, the grant was renewed for \$35,000. During the years ended December 31, 2021, and 2020 respectively \$35,017 and \$43,320 were recognized under this grant program in the Statement of Activities.
- On April 1, 2019, the Corporation entered into an agreement with Orange County for one year, renewable on consent for three years. This Agreement was renewed in 2020 and 2021. For the years ended December 31, 2021 and 2020, respectively, \$561,740 and \$545,055 were recognized under this grant program in the Statements of Activities.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2021, AND 2020**

NOTE M – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Corporation's financial assets as of December 31, 2021, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	<b>\$1,601,403</b>	\$1,249,143
Tenant receivable	<b>55,875</b>	44,523
Grant receivable	<b>218,361</b>	206,919
Note receivable	-	1,155
	<u><b>\$ 1,875,639</b></u>	<u>\$ 1,501,740</u>

NOTE N – BUSINESS COMBINATION

Effective June 30, 2021, Grand Avenue, through its wholly owned subsidiary, Pathways Drop in Center, LLC, ("Pathways, LLC") merged with Pathways Drop in Center, Inc., ("Pathways") a 501(c)(3) non-profit corporation that provided a community center for individuals with mental health and or housing issues. Specific services provide by Pathways at the community center, included meals, laundry facilities and recreational activities. The merger occurred due to the founder of Pathways retiring and the inability of its Board of Directors to continue operating independently. The surviving entity, Pathways, LLC, continued running the community center after completion of the merger.

Although the transaction was consummated via merger, for accounting purposes it has been treated as an acquisition due to the fact Grand Avenue and its management assumed total control of Pathway's activities on the date of the merger. Accordingly, the net assets of Pathways transferred to Pathways, LLC without consideration, consisting of land and buildings with a fair market value of \$337,404 (land \$70,215 and buildings \$267,189), and cash amounting to \$125,397, are reflected in Grand Avenue's Statements of Financial Position as property and equipment, and cash; and in its Statements of Activities as an inherent contribution of \$462,801. Acquisition related costs consisted of legal fees totaling \$15,284, of which \$7,772 and \$7,512 are included, respectively, in Project Services and General and Administrative in the Statements of Activities. There were no unrecognized acquisition related costs.

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2022, the date the financial statements were available to be issued.

During May 2022, Grand Avenue received a grant of \$519,081 from Orange County, Florida. The grant is funded under the Federal CARES Act and is to be used to provide peer support services. These support services will be provided through Grand Avenue's wholly owned subsidiary Pathways, LLC.

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Years Ended December 31, 2021**

Grantor / Program Title	Federal/State ALN/CSFA Number	Federal Expenditures
<u>Federal:</u>		
<u>U.S. Department of Housing and Urban Development:</u>		
Passed Through:		
Orlando Housing Authority:		
Section 8		
Moderate Rehabilitation Single Room Occupancy	14.249	\$ 572,451
Homeless Services Network of Central Florida, Inc:		
FL0563L4H071904 Continuum of Care Program	14.267	\$ 278,528
FL0563L4H072005 Continuum of Care Program	14.267	44,415
FL0093L4H071912 Continuum of Care Program	14.267	19,562
FL0093L4H072013 Continuum of Care Program	14.267	37,178
FL0561L4H071904 Continuum of Care Program	14.267	215,733
FL0561L4H072005 Continuum of Care Program	14.267	23,370
Total Continuum of Care		<u>\$ 618,786</u>
City of Orlando, Florida:		
Community Development Block Grants	14.218	\$ 25,552
Community Development Block Grants	14.218	9,465
Orange County, Florida:		
Community Development Block Grants	14.218	375,952
Community Development Block Grants	14.218	125,317
Community Development Block Grants	14.218	48,625
Community Development Block Grants	14.218	7,107
Community Development Block Grants	14.218	33,237
Community Development Block Grants	14.218	9,207
Total Community Development Block Grants		<u>\$ 634,462</u>
City of Orlando, Florida:		
Community Development Block Grants Section 108 Loan		
Guarantees	14.248	\$ 425,012
Community Development Block Grants Section 108 Loan	14.248	
Guarantees		401,000
Total Community Development Block Grant Section 108 Loan Guarantees		<u>\$ 826,012</u>
<u>U.S. Department of the Treasury:</u>		
Passed Through:		
Orange County, Florida:		
Coronavirus Relief Fund	21.019	\$ 9,433
<u>Small Business Administration:</u>		
Disaster Assistance Loan	59.008	\$ 32,383
Total Federal		<u>\$ 2,693,527</u>
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	375,417
Total State		<u>\$ 850,417</u>

**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
Year Ended December 31, 2021**

---

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 \$850,417. 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, 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, and have issued our report thereon dated June 30, 2022.

Report on 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") as a basis for designing 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 or significant deficiencies may exist that have not been identified.

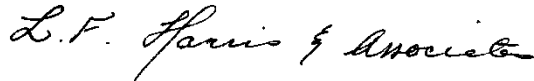


## Compliance and Other Matters

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 financial statements. 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, CPA, P.A.  
Orlando, Florida  
June 30, 2022



L.F. Harris & Associates, CPA, P.A.  
Certified Public Accountants



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

*Opinion on 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 identified as subject audit 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, 2021. 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.

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 the major federal programs and state projects for the year ended December 31, 2021.

*Basis for Opinion on Each Major Federal Program and State Financial Assistant Project*

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; and 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Grand Avenue Economic Community Development Corp. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Grand Avenue Economic Community Development Corp's. compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements

of laws, statutes, regulations, contracts, and provision of contracts or grant agreements applicable to its federal programs and state projects.

#### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Grand Avenue Economic Community Development Corp.'s compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Grand Avenue Economic Community Development Corp.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Grand Avenue Economic Community Development Corp.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Grand Avenue Economic Community Development Corp.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Grand Avenue Economic Community Development Corp.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### Report on 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 *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 30, 2022



**GRAND AVENUE ECONOMIC COMMUNITY DEVELOPMENT CORP.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
Year ended December 31, 2021**

---

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 – Community Development Block Grant, ALN 14.218.
  - b) Federal – Community Development Block Grant, Loan Guarantees, ALN 14.248
  - c) State – Florida Housing Finance Corporation, Hurricane Housing Recovery Program, CSFA 52.902.
9. The dollar threshold to determine Type A 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, 2021**

---

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 2021.