



**Community Service Foundation, Inc.**

**FINANCIAL STATEMENTS**

**September 30, 2022**



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# REPORT





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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Community Service Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of Community Service Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Service Foundation, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

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 Community Service Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Community Service Foundation Inc.'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 Community Service Foundation, Inc.'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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

March 12, 2024



# FINANCIAL STATEMENTS



**Community Service Foundation, Inc.**  
**Statement of Financial Position**

<i>September 30,</i>	<i>2022</i>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,229,478
Accounts receivable, net	16,098
Investments	183,332
Other	2,933
Prepaid expenses and other assets	45,245
Due from related party, current portion	15,327
Total current assets	1,492,413
Non-current assets	
Deposits	47,027
Restricted cash	75,304
Endowment investments	1,083,394
Property and equipment, net	7,388,703
Due from related party, net of current portion	618,410
Total non-current assets	9,212,838
Total assets	\$ 10,705,251
<b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 61,580
Accrued liabilities	30,797
Deferred revenue	46,279
Line of credit	1,580
Accrued interest	211,955
Notes payable, current portion	215,095
Total current liabilities	567,286
Long-term liabilities	
Security and other deposits	84,483
Notes payable, net of current portion, less unamortized discount and debt issuance costs	7,323,380
Total long-term liabilities	7,407,863
Total liabilities	7,975,149
Net assets	
Without donor restrictions	
Board designated for specific purposes	75,304
Undesignated	1,571,404
With donor restrictions	1,083,394
Total net assets	2,730,102
Total liabilities and net assets	\$ 10,705,251

*The accompanying notes are an integral part of these financial statements.*

**Community Service Foundation, Inc.**  
**Statement of Activities**

<i>For the year ended September 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>Revenue and other support</b>			
Contributions and other grants	\$ 89,126	\$ -	\$ 89,126
Special events, net of direct costs totaling \$21,720	1,403	-	1,403
Rent and utility charges	1,943,671	-	1,943,671
Gain on disposal of fixed assets	1,110,915	-	1,110,915
Other Income	69,933	-	69,933
Net assets released from restrictions	8,878	(8,878)	-
<b>Total revenue and other support</b>	<b>3,223,926</b>	<b>(8,878)</b>	<b>3,215,048</b>
<b>Expenses</b>			
Program services	2,002,703	-	2,002,703
<i>Supporting services</i>			
General and administrative	372,711	-	372,711
Fundraising	22,656	-	22,656
<b>Total supporting services</b>	<b>395,367</b>	<b>-</b>	<b>395,367</b>
<b>Total expenses</b>	<b>2,398,070</b>	<b>-</b>	<b>2,398,070</b>
<b>Other income and expense</b>			
Investment loss	(24,026)	(213,569)	(237,595)
<b>Total other income (expense)</b>	<b>(24,026)</b>	<b>(213,569)</b>	<b>(237,595)</b>
Change in net assets	801,830	(222,447)	579,383
Net assets at beginning of year	844,878	1,305,841	2,150,719
<b>Net assets at end of year</b>	<b>\$ 1,646,708</b>	<b>\$ 1,083,394</b>	<b>\$ 2,730,102</b>

*The accompanying notes are an integral part of these financial statements.*



## Community Service Foundation, Inc. Statement of Functional Expenses

*For the year ended September 30, 2022*

	Program Services	General and Administrative	Fundraising	2022 Total
Bad debt	\$ -	\$ 243,578	\$ -	\$ 243,578
Building and grounds maintenance	238,643	3,267	-	241,910
Depreciation	383,867	5,255	-	389,122
Employee benefits	42,164	4,822	3,105	50,091
Equipment rental and repairs	3,208	44	-	3,252
Insurance and taxes	124,590	1,705	-	126,295
Interest	453,247	-	-	453,247
Other rental expenses	295,388	4,043	-	299,431
Payroll taxes	15,843	1,812	1,167	18,822
Postage	2,355	32	-	2,387
Professional fees	-	76,809	-	76,809
Salaries	230,582	26,372	16,982	273,936
Staff training	8,005	915	589	9,509
Supplies	5,821	666	429	6,916
Telephone	5,207	596	383	6,186
Temporary staffing	-	141	-	141
Travel and auto mileage	17	2	1	20
Utilities	193,766	2,652	-	196,418
<b>Total expenses by function</b>	<b>\$ 2,002,703</b>	<b>\$ 372,711</b>	<b>\$ 22,656</b>	<b>\$ 2,398,070</b>

*The accompanying notes are an integral part of these financial statements.*

**Community Service Foundation, Inc.**  
**Statement of Cash Flows**

<i>For the year ended September 30,</i>	2022
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 579,383
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	389,122
Amortization of debt issuance costs included in interest expense	61,914
Gain on disposal of property and equipment	(1,110,915)
Loan discount	24,753
Realized and unrealized loss on investments	264,696
Changes in operating assets and liabilities	
Accounts receivable	69,994
Deposits	(6,253)
Prepaid expenses and other assets	(33,163)
Related party receivable	86,843
Accounts payable	(33,316)
Accrued expenses	(22,178)
Deferred revenue	18,515
Securities and other deposits	(13,833)
Net cash provided by operating activities	275,562
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	(199,195)
Proceeds from sale of property and equipment	2,341,267
Net cash provided by investing activities	2,142,072
<b>Cash flows from financing activities:</b>	
Net borrowings on line of credit	1,580
Payments on note payable	(1,591,096)
Proceeds from note payable	159,798
Net cash used in financing activities	(1,429,718)
Net change in cash, cash equivalents and restricted cash	987,916
Cash, cash equivalents and restricted cash at beginning of year	316,866
Cash, cash equivalents and restricted cash at end of year	\$ 1,304,782
<b>Supplemental disclosure of noncash investing and financing activities:</b>	
Cash paid for interest	\$ 396,685

*The accompanying notes are an integral part of these financial statements.*

## Community Service Foundation, Inc. Notes to Financial Statements

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

Community Service Foundation, Inc. (the Organization) was chartered as a Florida corporation, not-for-profit on October 29, 1957. The Organization administers housing related programs for lower and moderate-income families in Pinellas County, Florida. Homeownership programs include comprehensive First Time Homebuyers and Household Budgeting classes, pre-purchase and post-purchase counseling. Community Service Foundation, Inc. also owns and operates apartments, and houses that are rented to low-income families.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

#### ***Restricted Cash***

Amounts included in restricted cash represent those required to be set aside by rental agreements with tenants for security deposits. Restricted cash is included in current assets on the statement of financial position. The restriction will lapse when the rental agreement ends and security deposit returned to the tenant.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

Accounts receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statement of net position, net of the allowance for doubtful accounts.

***Allowance for Doubtful Accounts***

Management evaluates its receivables on an ongoing basis by analyzing tenant previous payment histories. The allowance for doubtful accounts is management's best estimate of the amount of probable losses in the existing accounts based on previous collection experience. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for doubtful accounts is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential losses. When receivables are considered uncollectible, they are charged against the allowance for doubtful accounts. Collections on accounts previously written off are included in income as received. The Organization recorded an allowance for doubtful accounts of \$139,331 as of September 30, 2022.

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Net Assets (Continued)***

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction are satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions

***Revenue Recognition***

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received are recorded depending on the existence and/or nature of any donor restrictions that limit the use of the donated asset. Contributions that are received and released in the same period are reflected as net assets without donor restrictions. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Revenue related to rental units and utilities is recognized monthly based on terms established in the related rental agreements.

The Organization holds special events to raise additional revenue. Special event revenue comprise an exchange element based on the value of benefits provided and a contribution element for the difference between the total support and the exchange element. The exchange element includes the services provided to participants. All services are recognized as of the date of the event. There are no returns or refunds so no need for variable consideration of discounts or non-collection of revenue.

***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage based on square footage.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2022, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date the financial statements were available to be issued, March 14, 2024. See Note 12 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<u>September 30,</u>	<u>2022</u>
Total assets at year end	\$ 10,705,251
Less non-financial assets	
Prepaid expenses and other assets	(45,245)
Other	(2,933)
Deposits	(47,027)
Due from related party, net of current portion	(603,083)
Property and equipment, net	(7,388,703)
<hr/>	
Financial assets at year-end	2,618,260
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(1,083,394)
Board designations	(75,304)
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,459,562</u>

The Organization is principally supported by contractual rents charged to tenants through rental agreements. The Organization prepares an annual budget that is approved by the Board of Directors for the upcoming year. The annual budget includes projected revenue based on current grants, contracts and contributions. Internally prepared financial statements, comparing budget to actual results, are reviewed by management on a monthly basis and cash flow is monitored daily. As part of the Organization's liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due.

**Note 4: ENDOWMENT INVESTMENTS**

The Organization was endowed by the Community Service Foundation Trust, which was established in 1967 for purposes of creating a perpetual, public charitable trust for the use and benefit of the Organization. The endowment is all donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 4: ENDOWMENT INVESTMENTS (CONTINUED)**

The Board of Directors of the Organization has interpreted the State of Florida’s Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) all realized and unrealized gains and losses as with donor restrictions.

The donors have stipulated that earnings on the funds be without donor restriction and are, therefore, classified as without donor restrictions. The Organization has adopted a discretionary spending policy to be applied to endowed funds, which is within prudent limits as outlined by SPMIFA. Management can determine each year how much to distribute from its designated endowment for the use and benefit of the Organization. This policy enables the Organization to preserve and strengthen its endowment for the future.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Organization’s investment policy is based on maximizing the total return with a balance between income and capital appreciation, as income is required for annual spending needs while principal provides long-term growth of assets.

Endowment net assets consist of the following as of September 30, 2022:

<u>September 30,</u>	<u>2022</u>
Endowment funds with donor restrictions	\$ 1,083,394
<u>Total endowment funds</u>	<u>\$ 1,083,394</u>

The changes in endowment net assets for the year ended September 30, 2022 is the following:

<u>September 30,</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>2022</u>
	<u>Restriction</u>	<u>Restriction</u>	
October 1, 2021	\$ -	\$ 1,305,841	\$ 1,305,841
Investment return, net	16,701	(213,569)	(196,868)
Amounts appropriated for expenditure	8,878	(8,878)	-
Distributions	(25,579)	-	(25,579)
<u>September 30, 2022</u>	<u>\$ -</u>	<u>\$ 1,083,394</u>	<u>\$ 1,083,394</u>



**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 5: PROPERTY AND EQUIPMENT**

The components of property and equipment at September 30, 2022, are as follows:

	Estimated Useful Lives (in years)	2022
Land	N/A	\$ 1,583,910
Building and related improvements	7-30	9,227,563
Furniture, fixtures and equipment	5-7	183,094
Vehicles	5	42,665
		11,037,232
Less accumulated depreciation		(3,648,529)
Property and equipment, net		\$ 7,388,703

Depreciation expense for the year ended September 30, 2022 amounted to \$389,122.

**Note 6: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 6: FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Equities:* Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

*Corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended September 30, 2022:

<i>September 30, 2022</i>	Quoted Market in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 183,332	\$ -	\$ -	\$ 183,332
Total investments	183,332	-	-	183,332
Cash equivalents	9,978	-	-	9,978
Equity securities	695,564	-	-	695,564
Corporate Bonds	-	377,852	-	377,852
Total Endowment	695,564	377,852	-	1,073,416
Total	\$ 878,896	\$ 377,852	\$ -	\$ 1,256,748

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 7: NOTES PAYABLE**

Notes payable consists of the following:

<i>September 30,</i>	<i>2022</i>
Noninterest bearing note payable to Pinellas County, secured by a mortgage on rental property with a carrying value of \$315,513 as of September 30, 2022. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 2%, which was the prevailing rate for similar transactions at the inception of the note. The note is repayable in annual installments of \$12,210 through April 30, 2050, the maturity date.	204,003
Noninterest bearing note payable to the City of Clearwater, secured by a mortgage on rental property with a carrying value of \$240,209 as of September 30, 2022. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 2%, which was the prevailing rate for similar transactions at the inception of the note. The note is repayable in monthly installments of \$1,317 through June 30, 2032, the maturity date.	133,416
Mortgage payable to City of Clearwater, secured by a mortgage on Leo Lane Apartment complex with a carrying value of \$880,824 as of September 30, 2022, repayable in monthly installments of \$1,109, including interest fixed at 2% through November 30, 2037, the maturity date. The property is subject to a land use restriction agreement that requires percentages of apartment units be leased to very low and low income persons.	133,747
Noninterest bearing note payable to the City of Clearwater, secured by a second mortgage on Fulton Apartment complex with a carrying value of \$477,780 as of September 30, 2022. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 2%, which was the prevailing rate for similar transactions at the inception of the note. The note is repayable in annual installments of \$8,000 through October 1, 2041, the maturity date. The property is subject to a land use restriction agreement that requires percentages of apartment units be rented to very low and low income persons.	126,664
<b>Subtotal</b>	<b>\$ 597,830</b>

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 7: NOTES PAYABLE (CONTINUED)**

<u>September 30,</u>	<u>2022</u>
Subtotal from previous page	\$ 597,830
Mortgage payable to Pinellas County, secured by a mortgage on Leo Lane Apartment complex with a carrying value of \$880,824 as of September 30, 2022, repayable in monthly installments of \$1,403, including fixed interest at 2% through December 31, 2037, the maturity date. The property is subject to a land use restriction agreement that requires percentages of apartment units be leased to very low and low income persons.	234,178
Mortgage payable to Pinellas County, secured by a mortgage on Leo Lane Apartment complex with a carrying value of \$880,824 as of September 30, 2022, repayable in monthly installments of \$3,011 including interest fixed at 2% through August 31, 2042, the maturity date. The property is subject to a land use restriction agreement that requires percentages of apartment units be leased to very low and low income persons.	713,154
Mortgage payable to a local bank, secured by Fulton Apartment complex with a carrying value of \$477,780 as of September 30, 2022, repayable in monthly installments of \$4,113 including interest fixed at 6.5%. A final payment of remaining principal and accrued interest balance is due on June 18, 2022, the maturity date.	428,721
Mortgage payable to a local bank, secured by a mortgage on 11 properties located in Largo, Florida, with a carrying value of \$1,080,243 as of September 30, 2022, repayable in monthly installments of \$4,235 including interest fixed at 4.75% through March 29, 2033, the maturity date.	583,233
Mortgage payable to Pinellas County, secured by a mortgage on 11 properties located in Largo, Florida, with a carrying value of \$1,080,243 as of September 30, 2022, repayable in monthly installments of \$2,108 including interest at 3%. A final payment of remaining principal and accrued interest balance is due on March 29, 2050, the maturity date.	471,452
Subtotal	\$ 3,028,568

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 7: NOTES PAYABLE (CONTINUED)**

<i>September 30,</i>	2022
Subtotal from previous page	\$ 3,028,568
Mortgage payable to a local bank, secured by a mortgage on properties located in Clearwater, Florida, with a carrying value of \$317,423 as of September 30, 2022, repayable in monthly installments of \$885 including interest fixed at 4.3% through June 10, 2032, the maturity date.	160,493
Mortgage payable to a nonprofit lender, secured by a mortgage on rental properties located in Pinellas County, Florida, with a carrying value of \$4,243,082 as of September 30, 2022, repayable in monthly installments of \$22,236 including fixed interest at 5.25% through September 9, 2029, the maturity date.	3,836,182
Noninterest bearing note payable to a nonprofit lender, secured by a mortgage on rental properties located in Pinellas County, Florida, with a carrying value of \$4,243,082 as of September 30, 2022. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 2%, which was the prevailing rate for similar transactions at the inception of the note. The note is repayable in a balloon payment of principal on September 9, 2024, the maturity date.	430,027
Noninterest bearing mortgage payable to City of Clearwater, secured by a mortgage on Tangerine complex with a carrying value of \$103,389 discounted back to \$83,205 as of September 30, 2022, with recorded contribution of \$24,590. To reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 2.3%, which was the prevailing rate for similar transactions at the inception of the note. The note is payable in monthly installments of \$439 beginning in May 2023 and ending in April 2043.	83,205
Notes payable	7,538,475
Less current portion	(215,095)
Notes payable, less current portion	\$ 7,323,380

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 7: NOTES PAYABLE (CONTINUED)**

Interest expense incurred for the year ended September 30, 2022 totaled \$453,247, which includes \$24,753 in amortized discount and \$61,914 in amortized debt issuance costs.

Future maturities of notes payable are as follows:

<i>For the years ending September 30,</i>		
	\$	
2023		215,095
2024		657,726
2025		579,703
2026		211,460
2027		282,905
Thereafter		5,591,586
<b>Total future payments</b>		<b>7,538,475</b>

**Note 8: NET ASSETS**

A summary of net assets without donor restrictions follows:

<b>Without donor restrictions</b>		
		2022
<i>September 30,</i>		
Undesignated	\$	1,571,404
Board designated for security deposits		75,304
<b>Total net assets without donor restrictions</b>	<b>\$</b>	<b>1,646,708</b>

A summary of net assets with donor restrictions follows:

<b>With donor restrictions</b>		
		2022
<i>September 30,</i>		
Time restricted	\$	1,083,394
<b>Total net assets with donor restrictions</b>	<b>\$</b>	<b>1,083,394</b>

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 8: NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions by occurrence of events specified by donors as follows:

<i>September 30,</i>	2022
Time restricted	\$ 8,878
Total net assets released from restrictions	\$ 8,878

**Note 9: RELATED PARTIES**

The Organization jointly owns 11 properties (Orange Lake Phase II) and 4 properties (Orange Lake Phase III) located in Largo, Florida, with a local non-profit organization. A related party receivable balance of \$633,737, as of September 30, 2023, represents the amount due from a local non-profit organization related to mortgage liabilities on the properties jointly purchased at 50%. The terms of the receivable follow the respective notes payable included in Note 7 for these properties.

During the year ended September 30, 2022, 4 of the jointly owned properties (Orange Lake Phase III) were sold and the related party receivable and associated mortgage liabilities for those properties were satisfied. The Organization recognized a gain on the sale of the properties for 50% of the sale proceeds, net of closing costs that exceeded the net book value of the assets at the time of the sale. The gain is included in the statement of activities.

**Note 10: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash deposits with financial institutions at September 30, 2022 in excess of federally insured limits of \$955,322.

**Note 11: COMMITMENTS**

The Organization leases land from Pinellas County associated with rental properties. The land leases are accounted for as operating leases with original terms of 99 years and expire in 2115. Rent expense totaled \$5,929 for the year ended September 30, 2022.

**Community Service Foundation, Inc.**  
**Notes to Financial Statements**

**Note 11: COMMITMENTS (CONTINUED)**

Minimum lease payments under noncancellable operating leases are as follows:

<i>For the year ending September 30,</i>		
2023	\$	5,929
2024		6,232
2025		6,232
2026		6,232
2027		6,323
Thereafter		890,350
<hr/>		
Total future minimum lease payments	\$	921,297

**Note 12: SUBSEQUENT EVENTS**

The Organization sold a property located at 711 36th Street South on December 15, 2023. The deal included the sale of the property along with \$95,000 cash in exchange for another property in Clearwater, Florida.