

COMMUNITY SERVICE FOUNDATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023



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COMMUNITY SERVICE FOUNDATION, INC.
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YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Service Foundation, Inc.
Tampa, Florida

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 Auditors' 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.

Auditors' 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 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.



CliftonLarsonAllen LLP

Tampa, Florida
April 1, 2025

COMMUNITY SERVICE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 77,289
Investments	1,252,755
Total Current Assets	<u>1,330,044</u>

NONCURRENT ASSETS

Deposits	8,635
Restricted Cash	95,352
Endowment Investments	1,140,168
Property and Equipment, Net	6,761,890
Operating Lease Right-of-Use Assets	73,645
Total Noncurrent Assets	<u>8,079,690</u>

Total Assets	<u><u>\$ 9,409,734</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 36,245
Accrued Liabilities	3,017
Security and Other Deposits	95,352
Deferred Revenue	3,219
Accrued Interest	18,807
Notes Payable, Current Portion	626,968
Total Current Liabilities	<u>783,608</u>

LONG-TERM LIABILITIES

Notes Payable, Net of Current Portion, Less Unamortized Discount and Debt Issuance Costs	5,776,210
Operating Lease Obligation	74,810
Total Long-Term Liabilities	<u>5,851,020</u>

Total Liabilities	6,634,628
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NET ASSETS

Without Donor Restrictions:	
Board-Designated for Specific Purposes	129,931
Undesignated	1,420,118
With Donor Restrictions:	
Endowment	1,140,168
Other Donor Restrictions	84,889
Total Net Assets	<u>2,775,106</u>

Total Liabilities and Net Assets	<u><u>\$ 9,409,734</u></u>
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See accompanying Notes to Financial Statements.

COMMUNITY SERVICE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions and Other Grants	\$ -	\$ 43,000	\$ 43,000
Special Events	-	41,889	41,889
Rent and Utility Charges	1,946,587	-	1,946,587
Other Income	23,151	-	23,151
Net Assets Released from Restrictions	11,536	(11,536)	-
Total Revenue and Other Support	<u>1,981,274</u>	<u>73,353</u>	<u>2,054,627</u>
EXPENSES			
Program Services	2,107,371	-	2,107,371
Supporting Services:			
General and Administrative	314,008	-	314,008
Fundraising	17,711	-	17,711
Total Supporting Services	<u>331,719</u>	<u>-</u>	<u>331,719</u>
Total Expenses	2,439,090	-	2,439,090
OTHER INCOME			
Gain on Disposal of Property and Equipment	255,374	-	255,374
Investment Income	105,783	68,310	174,093
Total Other Income	<u>361,157</u>	<u>68,310</u>	<u>429,467</u>
CHANGE IN NET ASSETS	(96,659)	141,663	45,004
Net Assets - Beginning of Year	<u>1,646,708</u>	<u>1,083,394</u>	<u>2,730,102</u>
NET ASSETS - END OF YEAR	<u>\$ 1,550,049</u>	<u>\$ 1,225,057</u>	<u>\$ 2,775,106</u>

See accompanying Notes to Financial Statements.

COMMUNITY SERVICE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services	General and Administrative	Fundraising	Total
Bad Debt	\$ -	\$ 150,871	\$ -	\$ 150,871
Building and Grounds Maintenance	565,061	3,935	-	568,996
Depreciation and Amortization	376,564	2,623	-	379,187
Employee Benefits	61,748	15,410	3,383	80,541
Equipment Rental and Repairs	1,326	9	-	1,335
Insurance and Taxes	275,716	1,920	-	277,636
Interest	294,115	-	-	294,115
Miscellaneous	49,611	346	-	49,957
Other Rental Expenses	1,157	8	-	1,165
Payroll Taxes	17,191	4,290	942	22,423
Postage	1,275	9	-	1,284
Professional Fees	-	72,081	-	72,081
Salaries	227,027	56,658	12,437	296,122
Supplies	11,144	2,781	611	14,536
Telephone	6,170	1,540	338	8,048
Utilities	219,266	1,527	-	220,793
Total Expenses by Function	<u>\$ 2,107,371</u>	<u>\$ 314,008</u>	<u>\$ 17,711</u>	<u>\$ 2,439,090</u>

See accompanying Notes to Financial Statements.

COMMUNITY SERVICE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 45,004
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation and Amortization	358,595
Amortization on Discount on Notes Payable	20,592
Gain on Sale of Property and Equipment	(255,374)
Unrealized Gain on Investments	(89,199)
Realized Gain on Investments	(16,584)
Bad Debt Expense	150,871
Contributions Restricted to Building Project	(84,889)
Changes in Operating Assets and Liabilities:	
Decrease in Accounts Receivable	(125,595)
Decrease in Prepaid Expenses and Other Assets	48,178
Decrease in Other Receivables	38,392
Increase in Operating Lease Right-of-Use Assets	(73,645)
Decrease in Accounts Payable	(25,335)
Decrease in Deferred Revenue	(43,060)
Decrease in Other Accrued Liabilities	(32,961)
Increase in Operating Lease Obligation	74,810
Net Cash Used by Operating Activities	<u>(10,200)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(211,482)
Purchase of Investments	(1,299,576)
Proceeds from Sale of Property and Equipment	129,931
Proceeds from Sale of Investments	279,162
Net Cash Used by Investing Activities	<u>(1,101,965)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Collections of Contributions Restricted to Building Project	84,889
Payment on Line of Credit	(1,580)
Principal Payments on Mortgages	(103,285)
Net Cash Used by Financing Activities	<u>(19,976)</u>

NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (1,132,141)

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year 1,304,782

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR \$ 172,641

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING
AND FINANCING ACTIVITIES**

Cash Paid for Interest \$ 294,115

See accompanying Notes to Financial Statements.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 DESCRIPTION OF THE ORGANIZATION

Community Service Foundation, Inc. (the Organization) was chartered as a Florida corporation, nonprofit 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, and 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).

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, 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 noncurrent assets on the statement of financial position. The restriction will lapse when the rental agreement ends and security deposit returned to the tenant.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statement of financial position. Investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for 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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) leased assets in the consolidated balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated balance sheet. The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for the upcoming building project.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, other assets, or an unconditional promise to give 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.

Revenue related to rental units and utilities are recognized over time as earned 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 noncollection 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.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code (IRC), 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 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, 2023, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, April 1, 2025.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 available for general expenditure as of September 30, 2023, 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.

Financial Assets:	
Cash and Cash Equivalents	\$ 77,289
Investments	<u>1,252,755</u>
Total Financial Assets:	1,330,044
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	(84,889)
Board Designations	<u>(129,931)</u>
Financial Assets Available to Meet Cash Needs	
for General Expenditures Within One Year	<u>\$ 1,115,224</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.

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, (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.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 ENDOWMENT INVESTMENTS (CONTINUED)

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.

The changes in endowment net assets for the year ended September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
October 1, 2022	\$ -	\$ 1,083,394	\$ 1,083,394
Investment Return, Net	50,359	68,310	118,669
Amounts Appropriated for Expenditure	11,536	(11,536)	-
Distributions	(61,895)	-	(61,895)
September 30, 2023	<u>\$ -</u>	<u>\$ 1,140,168</u>	<u>\$ 1,140,168</u>

NOTE 5 PROPERTY AND EQUIPMENT

The components of property and equipment at September 30, 2023, are as follows:

	Estimated Useful Lives (in Years)	Total
Land	N/A	\$ 1,583,909
Building and Related Improvements	10 to 39	8,141,763
Furniture, Fixtures, and Equipment	5 to 7	900,395
Vehicles	5	42,664
Total Property and Equipment		10,668,731
Less: Accumulated Depreciation and Amortization		(3,906,841)
Property and Equipment, Net		<u>\$ 6,761,890</u>

Depreciation and amortization expense related to property and equipment for the year ended September 30, 2023 amounted to approximately \$359,000.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.

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, 2023.

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.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023:

	Quoted Market in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ 211,521	\$ -	\$ -	\$ 211,521
Debt Securities	791,518	-	-	791,518
Certificates of Deposit	249,716	-	-	249,716
Total Investments	1,252,755	-	-	1,252,755
Equity Securities	743,580	-	-	743,580
Corporate Bonds	-	363,731	-	363,731
Alternative Investments	-	19,748	-	19,748
Cash	13,109	-	-	13,109
Total Endowment	756,689	383,479	-	1,140,168
Total	\$ 2,009,444	\$ 383,479	\$ -	\$ 2,392,923

NOTE 7 NOTES PAYABLE

Description	Amount
Noninterest bearing mortgage payable to Pinellas County, payable in annual installments of \$12,210, discounted at imputed interest rate of 2%, maturing April 2050, collateralized by rental property.	\$ 250,577
Noninterest bearing mortgage payable to City of Clearwater, payable in monthly installments of \$1,317, discounted at imputed interest rate of 2%, maturing December 2032, collateralized by rental property.	130,665
Mortgage payable to City of Clearwater, payable in monthly installments of \$1,109 including interest at 2%, maturing November 2037, collateralized by rental property.	122,954
Noninterest bearing second mortgage payable to City of Clearwater, payable in annual installments of \$8,000, discounted at imputed interest rate of 2%, maturing October 2041, collateralized by rental property.	120,839

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

<u>Description</u>	<u>Amount</u>
Mortgage payable to Pinellas County, payable in monthly installments of \$1,403, including interest at 2%, maturing December 2037, collateralized by rental property.	\$ 220,869
Mortgage payable to Pinellas County, payable in monthly installments of \$3,011, including interest at 2%, maturing December 2047, collateralized by rental property.	689,204
Mortgage payable to a local bank, payable in monthly installments of \$4,081, including interest at 5.48%, maturing July 2025, collateralized by rental property.	402,963
Mortgage payable to a local bank, payable in monthly installments of \$1,657, including interest rate of 4.3%, maturing June 2032, collateralized by rental property.	156,796
Mortgage payable to a nonprofit lender, payable in monthly installments of \$22,236, including interest at 5.25%, maturing October 2029, collateralized by rental property.	3,769,234
Noninterest bearing note payable to a nonprofit lender, payable in a balloon payment in September 2024, discounted imputed interest rate of 2%, collateralized by rental property.	438,938
Noninterest bearing second mortgage payable to City of Clearwater, payable in monthly installments of \$439, discounted at imputed interest rate of 2%, maturing April 2043, collateralized by rental property.	<u>100,139</u>
Notes Payable	6,403,178
Less: Current Portion	<u>(626,968)</u>
Notes Payable, Less Current Portion	<u><u>\$ 5,776,210</u></u>

Interest expense incurred for the year ended September 30, 2023 totaled approximately \$294,000. Amortization expense related to discount on notes payable totaled approximately \$20,000.

COMMUNITY SERVICE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

Future maturities of notes payable are as follows:

<u>Years Ended September 30,</u>	<u>Amount</u>
2024	\$ 626,968
2025	539,032
2026	170,267
2027	176,088
2028	182,184
Thereafter	4,708,639
Total Future Payments	<u>\$ 6,403,178</u>

NOTE 8 LINE OF CREDIT

The Organization has a revolving line of credit for 200,000 with a maturity date of June 2024. Line of credit has a variable interest rate of prime rate + 1%. As of September 30, 2023, there were no advances on this line of credit

NOTE 9 NET ASSETS

A summary of net assets with donor restrictions as of September 30, 2023:

Subject to Endowment Spending Policy	\$ 1,140,168
Subject to Expenditure of Specified Purpose:	84,889
Total Net Assets With Donor Restrictions	<u>\$ 1,225,057</u>

Net assets were released from donor restrictions for the year ended September 30, 2023:

Subject to Endowment Spending Policy	\$ 11,536
Total Net Assets Released from Restrictions	<u>\$ 11,536</u>

NOTE 10 JOINTLY OWNED PROPERTIES

The Organization jointly owned 11 properties (Orange Lake Phase II) located in Largo, Florida, with Tampa Bay Community Development Corporation (TBCDC), a local nonprofit organization.

During the year ended September 30, 2023, the jointly owned properties (Orange Lake Phase II) were sold and the associated mortgage liabilities for those properties were satisfied. The Organization recognized a gain on the sale of the properties, which is included in the statement of activities.

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NOTE 11 LEASES

The Organization has noncancellable land leases 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 and 2116. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The following tables provide quantitative information concerning the Organization's leases for the year ended September 30, 2023:

Lease Costs:

Operating Lease Cost	<u>\$ 2,903</u>
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Other Information:

Operating Cash Flows from Operating Leases	\$ 1,737
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	\$ 74,318
Weighted-Average Remaining Lease Term -	
Operating Leases	92.7 Years
Weighted-Average Discount Rate - Operating Leases	3.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 1,826
2025	1,826
2026	1,826
2027	1,826
2028	1,826
Thereafter	<u>259,095</u>
Undiscounted Cash Flows	268,225
Less: Imputed Interest	<u>(193,414)</u>
Total Present Value	<u>\$ 74,810</u>

