

Bread of Life Community Development Corporation of Louisiana

Oakdale, Louisiana

Financial Statements

December 31, 2021

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Cash Flows.....	6
Statements of Functional Expenses	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Executive Director	15
<i>Government Auditing Standards</i> Report on Internal Control over Financial Reporting and on Compliance and Other Matters	16
Schedule of Findings.....	18



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

Independent Auditors' Report

Board of Directors
Bread of Life Community Development
Corporation of Louisiana
Oakdale, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bread of Life Community Development Corporation of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis 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 Bread of Life Community Development Corporation of Louisiana 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 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.

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

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 Bread of Life Community Development Corporation of Louisiana'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 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 Bread of Life Community Development Corporation of Louisiana'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 Bread of Life Community Development Corporation of Louisiana'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 financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to the executive director, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the 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 27, 2022, on our consideration of Bread of Life Community Development Corporation of Louisiana'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 Bread of Life Community Development Corporation of Louisiana'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 Bread of Life Community Development Corporation of Louisiana's internal control over financial reporting and compliance.

Knight Masden

KnightMasden
Alexandria, Louisiana
June 27, 2022



Bread of Life Community Development Corporation of Louisiana
 Statements of Financial Position
 December 31, 2021

Assets	
Current Assets	
Cash and cash equivalents	\$ 14,132
Notes receivable - current portion	2,904
Inventory	<u>14,511</u>
Total Current Assets	31,548
Plant, Property and Equipment, net	<u>391,395</u>
Other Assets	
Notes receivable - net of current portion	22,021
Restricted cash	<u>117,852</u>
Total Other Assets	<u>139,873</u>
Total Assets	<u>\$ 562,815</u>
Liabilities and Net Assets	
Current Liabilities	
Payroll liabilities	\$ 1,510
Accrued liabilities	<u>50</u>
Total Current Liabilities	1,560
Long Term Liabilities	<u>25,000</u>
Total Liabilities	26,560
Net Assets	
without Donor Restriction	393,478
with Donor Restriction	<u>142,777</u>
Total Net Assets	<u>536,255</u>
Total Liabilities and Net Assets	<u>\$ 562,815</u>

The accompanying notes are
 an integral part of the financial statements.

Bread of Life Community Development Corporation of Louisiana
 Statements of Activities
 For the Year Ended December 31, 2021

	without Donor <u>Restrictions</u>	with Donor <u>Restrictions</u>	<u>Total</u>
Revenues			
Contributions, gifts and grants	\$ 548,774	\$ 27,829	\$ 576,603
Program service income	<u>14,085</u>	<u>117,852</u>	<u>131,937</u>
Total Revenues	562,859	145,681	708,540
 Net Assets released from restrictions	 103,606	 (103,606)	 -
 Functional Expenses			
Subdivision lots	220,764	-	220,764
Management and general	<u>87,300</u>	<u>-</u>	<u>87,300</u>
Total Functional Expenses	<u>308,064</u>	<u>-</u>	<u>308,064</u>
 Change in Net Assets	 358,401	 42,075	 400,476
 Net Assets - Beginning	 <u>35,077</u>	 <u>100,702</u>	 <u>135,778</u>
 Net Assets - Ending	 <u>\$ 393,478</u>	 <u>\$ 142,777</u>	 <u>\$ 536,255</u>

The accompanying notes are
 an integral part of the financial statements.

Bread of Life Community Development Corporation of Louisiana
 Statements of Cash Flows
 For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 400,476
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Depreciation	5,032
Forgiveness of mortgage payable	(278,804)
Forgiveness of mortgage receivable	2,904
(Increase) decrease in inventory	(14,511)
Increase (decrease) in payroll liabilities	94
Net Cash Provided/(Used) by Operating activities	<u>115,191</u>
Cash flows from Investing Activities	
Purchase of plant, property and equipment	<u>(91,311)</u>
Net Cash Provided/(Used) by Investing Activities	(91,311)
Net Increase (Decrease) in Cash and Cash Equivalents	23,880
Cash and Cash Equivalents - Beginning	<u>108,104</u>
Cash and Cash Equivalents - Ending	<u>\$ 131,984</u>
Consisting of:	
Cash and cash equivalents	\$ 14,132
Restricted cash	<u>117,852</u>
Total	<u>\$ 131,984</u>

The accompanying notes are
 an integral part of the financial statements.

Bread of Life Community Development Corporation of Louisiana
 Statements of Functional Expenses
 For the Year Ended December 31, 2021

	<u>Lot</u> <u>Sales</u>	<u>Management</u> <u>and General</u>	<u>Total</u> <u>Expenses</u>
Utilities	\$ -	\$ 3,713	\$ 3,713
Office supplies	-	2,638	2,638
Pest control			-
Payroll expenses	30,000	41,416	71,416
Contracts			-
Telephone	-	2,177	2,177
Insurance	6,919	-	6,919
Interest		483	483
Repairs and maintenance	3,914	3,914	7,828
Legal and professional	-	15,880	15,880
Depreciation	3,830	1,203	5,032
Contract labor	3,800	-	3,800
Rent	-	12,000	12,000
Miscellaneous	-	3,876	3,876
Direct program cost	<u>172,301</u>	<u>-</u>	<u>172,301</u>
	<u>\$ 220,764</u>	<u>\$ 87,300</u>	<u>\$ 308,064</u>

The accompanying notes are
 an integral part of the financial statements.

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Bread of Life Community Development Corporation of Louisiana (the Corporation) is a not-for-profit organization formed under the laws of the State of Louisiana. The purpose of the Corporation is to provide assistance and educational material with respect to the development, operation and maintenance of affordable, safe, sanitary, and decent housing, educational and vocational training, health care and transportation services in the State of Louisiana.

The Corporation's funding sources consist of contributions and grants from foundations and federal, state and local governments. The corporation develops and rehabilitates single family housing to sell to low-income individuals and families.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time or be permanently maintained by the Corporation. When a restriction expires, net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Corporation considers all demand deposits and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include monies designated for specific programs or held for others.

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Contributions and Grants

Contributions and grants are recorded as received. Unconditional promises to give are recorded as they are made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled.

Inventory

Inventory consists of single-family homes and lots for single family homes to be constructed on. Interest on construction line of credit was capitalized into the value of the inventory. Inventory is stated at cost using the specific identification method.

Property, Equipment, and Depreciation

Property and equipment are stated at cost if purchased, or fair value at the date of donation, if contributed to the Corporation, less accumulated depreciation. Depreciation is computed on depreciable assets on a straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed as incurred; however, significant renewals and improvements are capitalized.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, the Corporation is not classified as a “private foundation” by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or assets) or disclosure in the financial statements.

Note 2 – Inventory

During the year, the Corporation purchased a track of land to build several homes to sell to low-income families. The cost associated with this project in process at December 31, 2021 is \$14,511.

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Fair Value Measurement

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include cash, checking and savings accounts, certificate of deposit, highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.
- Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.
- Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at December 31, 2021 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2021</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$131,983	\$131,983	-	-

Note 4 – Restricted Cash

The Corporation maintains a separate bank account to hold the proceeds from the sales of houses sold through the HOME Program. These funds are restricted for the purpose of providing housing for low income families. The balance in this account at December 31, 2021 is \$117,852.

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Notes Receivable

In 2020, the Corporation received a grant from the Louisiana Housing Finance Agency (Soft Seconds) to aid qualified buyers in the purchase of the low income housing constructed by the Corporation. The aid is in the form of a mortgage that is forgiven over a period of ten to fifteen years depending on the amount of aid awarded to the individual, as long as the homeowner abides by the covenants in the agreement signed with the Corporation. In 2021, \$2,904 of the receivable balance was forgiven.

At December 31, 2021, notes receivable balances were:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Soft Seconds	\$2,904	\$22,021	\$24,925

Note 6 – Property and Equipment

At December 31, 2021, property and equipment consisted of the following:

	<u>Life</u>	<u>Carrying Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Rental Property	27.5 years	\$391,615	\$3,829	\$387,786
Equipment	5 years	<u>6,014</u>	<u>2,405</u>	<u>3,609</u>
Total		<u>\$397,629</u>	<u>\$6,234</u>	<u>\$391,395</u>

Depreciation expense for the current year was \$5,032.

Note 7 – Lease Expense

On April 9, 2015 the Corporation entered into a 30-year building lease. The agreement calls for monthly lease payments of \$1,000. The Corporation did not pay any rental payments during the year, the lessor has donated the use of the building for the year.

Future minimum lease payments consist of:

2022	\$12,000
2023	\$12,000
2024	\$12,000
2025	\$12,000
2026	\$12,000

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Lease Revenue

The Corporation has three rental units it began renting at the end of 2021. The units must be rented out to low income tenants to comply with the grant used to rehabilitate the units. Monthly rental payments are determined by the income of the tenants. Tenants are required to sign a 12 month lease. As of December 31, 2021 all three units were rented with leases expiring the end of August and October.

Future minimum lease receipts consist of:

2022	\$17,840
------	----------

Note 9 – Related Party Notes Payable

The executive director has loaned the Corporation, \$25,000 to be paid back in May 2023 at a stated interest rate of 0%. Any imputed interest on the 0% loan is recorded as a donation to the Corporation.

Note 10 – Income Taxes

The Corporation's tax return for the years ended April 30, 2018 through April 30, 2020, remain open and subject to examination by taxing authorities. The organization switched its year end to December 31 in 2020, a short year return was filed for May 1, 2020 through December 31, 2020, this return also remains open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2021 has not been filed as of the report date.

Note 11 – Restricted Net Assets

At December 31, 2021, net assets with donor restrictions consisted of the following:

Soft Second Mortgages	\$ 24,925
Low Income Housing	<u>117,852</u>
Total	<u>\$142,777</u>

Note 12 – Contributed Services

The Board of Directors is a voluntary board. These volunteers have made significant contributions of their time to the Corporation. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement or valuation.

Note 13 – Liquidity and Availability of Financial Assets

Financial assets, consisting of cash and accounts receivable, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$14,131 at December 31, 2021. The Corporation has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

Bread of Life Community Development Corporation of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Subsequent Events

The Corporation has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 27, 2022, which is also the date the financial statements were available to be issued.

Supplementary Information

Bread of Life Community Development Corporation of Louisiana
Schedule of Compensation, Benefits and Other Payments to Stephanie McKay,
Executive Director
For the Year Ended December 31, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 60,000</u>
	<u>\$ 60,000</u>



Independent Auditor’s Report on Internal Control over Financial Reports and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors

Bread of Life Community Development Corporation of Louisiana

Alexandria, Louisiana

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 financial statements of Bread of Life Community Development Corporation of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bread of Life Community Development Corporation of Louisiana’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 Bread of Life Community Development Corporation of Louisiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of Bread of Life Community Development Corporation of Louisiana’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

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bread of Life Community Development Corporation of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance 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.



KnightMadden

Alexandria, Louisiana

June 27, 2022



KnightMadden

A Professional Accounting Corporation

Bread of Life Community Development Corporation of Louisiana
Schedule of Findings
For the Year Ended December 31, 2021

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Bread of Life Community Development Corporation of Louisiana.
2. No material weakness was disclosed during the audit of the financial statements and is reported in the *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*.
3. No instance of noncompliance material to the financial statements of Bread of Life Community Development Corporation of Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

B. Findings – Financial Statement Audit

No findings.