



NEW LIFE VILLAGE, INC. AND ASSOCIATION

COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
New Life Village, Inc.
New Life Village Condominium Association, Inc.
Tampa, Florida

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of New Life Village, Inc. (a nonprofit organization) and New Life Village Condominium Association, Inc. (collectively the Organization), which comprise the combined statements of financial position as of August 31, 2021, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined financial statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of the Organization'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future repairs and maintenance on page 17 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reeder & Associates, PA

Certified Public Accountants
November 23, 2021

NEW LIFE VILLAGE, INC. AND ASSOCIATION
COMBINED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021

	New Life Village	New Life Village Condominium Association	Eliminations	Total
ASSETS				
Current Assets				
Operating cash and cash equivalents	\$ 1,049,738	\$ 71,361	\$ -	\$ 1,121,099
Reserve funds cash	-	37,979	-	37,979
Certificates of deposit	302,009	102,956	-	404,965
Prepaid expenses	714	17,576	-	18,290
Grants receivable	19,501	-	-	19,501
Pledge receivable	500,000	-	-	500,000
Due from New Life Village	-	476	(476)	-
Due from New Life Village Condominium Association	3,469	-	(3,469)	-
Accounts receivable	3,512	2,060	-	5,572
Total Current Assets	1,878,943	232,408	(3,945)	2,107,406
Prepaid reserve assessments	202,972	-	(202,972)	-
Property and equipment, net	2,308,755	-	-	2,308,755
Construction in progress	353,868	-	-	353,868
Deposits	796	-	-	796
Total Noncurrent Assets	2,866,391	-	(202,972)	2,663,419
Total Assets	4,745,334	232,408	(206,917)	4,770,825
LIABILITIES AND NET ASSETS				
Current Liabilities				
Due to New Life Village Condominium Association	\$ 476	\$ -	\$ (476)	\$ -
Due to New Life Village	-	3,469	(3,469)	-
Accrued expenses	5,649	2,965	-	8,614
Renter security deposits	31,512	-	-	31,512
Total Current Liabilities	37,637	6,434	(3,945)	40,126
Long-Term Liabilities				
Reserve assessments received in advance	-	202,972	(202,972)	-
Total Liabilities	37,637	209,406	(206,917)	40,126
NET ASSETS				
Without donor restrictions:				
Undesignated	249,039	23,002	-	272,041
Invested in property and equipment	2,662,623	-	-	2,662,623
Total net assets without donor restrictions	2,911,662	23,002	-	2,934,664
With donor restrictions:				
Purpose restrictions	1,296,035	-	-	1,296,035
Time restrictions	500,000	-	-	500,000
Total net assets with donor restrictions	1,796,035	-	-	1,796,035
Total Net Assets	4,707,697	23,002	-	4,730,699
TOTAL LIABILITIES AND NET ASSETS	\$ 4,745,334	\$ 232,408	\$ (206,917)	\$ 4,770,825

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part of these combined financial statements.

NEW LIFE VILLAGE, INC. AND ASSOCIATION
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>New Life Village</u>	<u>New Life Village Condominium Association</u>	<u>Eliminations</u>	<u>Total</u>
<i>Changes in Net Assets Without Donor Restrictions:</i>				
REVENUES				
Rental income	\$ 314,912	\$ 6,000	\$ (6,000)	\$ 314,912
Contributions	100,285	-	-	100,285
Grant revenue	278,862	-	-	278,862
Inkind contributions	10,000	-	-	10,000
Assessment fees - operating	-	115,760	(98,124)	17,636
Assessment fees - reserves	-	12,500	-	12,500
Interest income	513	-	-	513
Other income	1,897	3,317	(2,000)	3,214
	<u>706,469</u>	<u>137,577</u>	<u>(106,124)</u>	<u>737,922</u>
Net assets released from restrictions	<u>66,509</u>	<u>-</u>	<u>-</u>	<u>66,509</u>
Total Revenues Without Donor Restrictions	<u>772,978</u>	<u>137,577</u>	<u>(106,124)</u>	<u>804,431</u>
EXPENSES				
Program Services	<u>602,455</u>	<u>124,135</u>	<u>(106,124)</u>	<u>620,466</u>
<i>Support Services:</i>				
Management and general	74,264	11,209	-	85,473
Fund development	41,274	-	-	41,274
	<u>115,538</u>	<u>11,209</u>	<u>-</u>	<u>126,747</u>
Total Expenses	<u>717,993</u>	<u>135,344</u>	<u>(106,124)</u>	<u>747,213</u>
Change in Net Assets Without Donor Restrictions	<u>54,985</u>	<u>2,233</u>	<u>-</u>	<u>57,218</u>
<i>Changes In Net Assets With Donor Restrictions:</i>				
Contributions	1,036,945	-	-	1,036,945
Net assets released from restrictions	(66,509)	-	-	(66,509)
Change in Net Assets With Donor Restrictions	<u>970,436</u>	<u>-</u>	<u>-</u>	<u>970,436</u>
INCREASE (DECREASE) IN NET ASSETS	1,025,421	2,233	-	1,027,654
NET ASSETS, beginning of year	<u>3,682,276</u>	<u>20,769</u>	<u>-</u>	<u>3,703,045</u>
NET ASSETS, end of year	<u>\$ 4,707,697</u>	<u>\$ 23,002</u>	<u>\$ -</u>	<u>\$ 4,730,699</u>

Read Report of Independent Certified Public Accountants.
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**NEW LIFE VILLAGE, INC. AND ASSOCIATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Support Services</u>			Total Support Services	Eliminations	Total Expenses
	Program Services	Management and General	Fund Development			
Salaries	\$ 189,268	\$ 35,488	\$ 11,830	\$ 47,318	\$ -	\$ 236,586
Employee benefits	17,751	3,328	1,110	4,438	-	22,189
Payroll taxes	14,610	2,739	914	3,653	-	18,263
	<u>221,629</u>	<u>41,555</u>	<u>13,854</u>	<u>55,409</u>	<u>-</u>	<u>277,038</u>
Condominium association fees	108,412	2,212	-	2,212	(98,124)	12,500
Occupancy costs	93,058	1,899	-	1,899	(6,000)	88,957
Reserve fund expenses	12,500	-	-	-	-	12,500
Repairs and maintenance	34,869	-	-	-	-	34,869
Insurance	33,191	-	-	-	-	33,191
Property taxes	-	5,540	-	5,540	-	5,540
Professional fees	9,531	17,350	17,500	34,850	(2,000)	42,381
Office expenses	47,986	2,666	2,666	5,332	-	53,318
Program supplies	76,411	-	-	-	-	76,411
Marketing and promotion	5,500	8,500	6,754	15,254	-	20,754
Meetings and conferences	1,543	3,110	500	3,610	-	5,153
Bad debt expense	2,450	-	-	-	-	2,450
Fees and licenses	1,034	1,039	-	1,039	-	2,073
	<u>648,114</u>	<u>83,871</u>	<u>41,274</u>	<u>125,145</u>	<u>(106,124)</u>	<u>667,135</u>
Total expenses before depreciation						
Depreciation	78,476	1,602	-	1,602	-	80,078
	<u>726,590</u>	<u>85,473</u>	<u>41,274</u>	<u>126,747</u>	<u>(106,124)</u>	<u>747,213</u>
Total expenses						

Read Report of Independent Certified Public Accountants.
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**NEW LIFE VILLAGE, INC. AND ASSOCIATION
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021**

	New Life Village	New Life Village Condominium Association	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in Net Assets	\$ 1,025,421	\$ 2,233	\$ -	\$ 1,027,654
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>				
Depreciation	80,078	-	-	80,078
(Increase) decrease in accounts receivable	3,351	(2,060)	-	1,291
(Increase) decrease in grants receivable	65,629	-	-	65,629
(Increase) decrease in due from New Life Village	-	(476)	476	-
(Increase) decrease in due from New Life Village Condominium Association	(3,469)	-	3,469	-
(Increase) decrease in prepaid expenses	(714)	5,172	-	4,458
(Increase) decrease in prepaid reserve assessments	(26,272)	-	-	(26,272)
(Increase) decrease in deposits	130	-	-	130
Increase (decrease) in accrued expenses	5,649	2,965	-	8,614
Increase (decrease) in due to New Life Village Condominium Association	-	3,469	(3,469)	-
Increase (decrease) in due to New Life Village	476	-	(476)	-
Increase (decrease) in reserve assessments received in advance	-	26,272	-	26,272
Increase (decrease) in rental deposits	(1,378)	-	-	(1,378)
Total Adjustments	123,480	35,342	-	158,822
Net Cash Provided by (Used in) Operating Activities	1,148,901	37,575	-	1,186,476
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash payments for construction in progress	(158,284)	-	-	(158,284)
Cash payments for property and equipment	(8,100)	-	-	(8,100)
Reinvestment of interest on certificate of deposit	(513)	(201)	-	(714)
Net Cash Provided by (Used in) Investing Activities	(166,897)	(201)	-	(167,098)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	982,004	37,374	-	1,019,378
CASH AND CASH EQUIVALENTS, beginning of year	67,734	71,966	-	139,700
CASH AND CASH EQUIVALENTS, end of year	\$ 1,049,738	\$ 109,340	\$ -	\$ 1,159,078

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part of these combined financial statements.

**NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021**

NOTE A - DESCRIPTION OF ORGANIZATION

The Organization consists of New Life Village, Inc. and New Life Village Condominium Association, Inc.

New Life Village, Inc. (NLV) is a nonprofit entity incorporated on December 1, 2008 under the laws of the State of Florida to provide an intergenerational community where children and youth can be adopted into permanent homes within which they are wanted and loved. NLV is a unique intergenerational community conceived to encourage more people to adopt children who have been languishing in the foster care system. NLV offers eligible families a home and a supportive community with activities, programs, and services; it also offers eligible older adult resident volunteers a home to provide basic support for the families and to engage in activities within the village.

New Life Village Condominium Association, Inc. (the Association) is a statutory condominium Association as referred to and authorized under Chapter 718 of the Florida Statutes. It was organized on November 16, 1972, as a not-for-profit corporation for purposes of maintaining and preserving the common property of the Association. The Association consists of 36 residential units of which 32 are owned by NLV and 4 are independently owned.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

The combined financial statements include the accounts of New Life Village, Inc. and the New Life Village Condominium Association, Inc. (collectively the Organization). Since officers of New Life Village, Inc. also serve on the Board of Directors of New Life Village Condominium Association, Inc., common control exists. All material intercompany transactions have been eliminated in combination.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with 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 Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Read Report of Independent Certified Public Accountants.

**NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the Organization considers demand deposits with banks, money market funds and certificates of deposit with maturity dates of less than 90 days to be cash and cash equivalents.

Estimates

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

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, money market funds, and certificates of deposit. The Organization places its deposits with creditworthy, high quality financial institutions. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts in excess of the FDIC limit totaled \$766,973 as of August 31, 2021. The Organization has not experienced any losses on its deposits.

Property and Equipment - NLV

Acquisitions of property and equipment are capitalized, recorded at historical cost, and depreciated using the straight-line method over the estimated useful lives ranging from 5 to 39 years. Acquisitions of property and equipment with a cost in excess of \$1,000 are capitalized. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in earnings.

Property and Equipment - Association

Real property and common areas acquired from the developer, and related improvements to such property, are not recorded in the Association's combined financial statements because those properties are the independent unit owners in common and not by the Association. The Association capitalizes common personal property that is used by the Association in operating, maintaining, or repairing common property, at cost and depreciates it using the straight-line method.

Volunteer Contributions

A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain NLV's programs. No amounts have been reported in the combined financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, and renters' security deposits. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

Read Report of Independent Certified Public Accountants

NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

Grants receivable result from services which have been provided pursuant to the Organization's grants, but for which reimbursement has not yet been received at August 31, 2021. No allowance was set up for federal and local grants as any amounts determined unallowable by the grantor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at August 31, 2021.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are associated with a specific program are charged directly to that program. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, payroll taxes, employee benefits, mileage and travel, employee training, insurance, certain supplies, and dues and subscriptions. Occupancy, association expenses and rent are allocated on a square footage basis. Depreciation is allocated based on the percentage of non-payroll expenses to total non-payroll expenses for each program and supporting function.

Member Assessments

NLV and independent unit owners are subject to monthly assessments to provide funds for the Association's operating expenses. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on an annual basis for operations. The annual budget and members' assessments are determined by the Board of Directors and are approved by the Board. Any excess assessments at year end are retained by the Association for use in future years.

Reserve Assessments Received in Advance

NLV and independent unit owners are subject to monthly assessments to provide funds for the Association's reserves for major repairs and replacements. Assessment revenue is recognized as the related performance obligations to the reserve assessments are satisfied when amounts are expended for their designated purpose. Unpaid fees are recorded as assessments receivable and fees paid in advance are recorded as prepaid assessments, a liability. The balances of assessments received in advance-replacement fund as of the beginning and end of the year are \$176,700 and \$202,972, respectively. NLV records assessments paid in advance as a prepaid expense. When the Association expends the reserve assessments, NLV will record the related expense.

**NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize NLV's tax-exempt status. NLV is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to August 31, 2018.

The New Life Village Condominium Association, Inc. has elected to file as a homeowners' association in accordance with Internal Revenue Code Section 528, using form 1120H. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners; however, the Association's investment income and other nonexempt income are subject to tax.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date:

Financial assets:	
Operating cash	\$1,121,099
Reserve funds cash	37,979
Certificate of deposit	404,965
Accounts receivable	5,572
Grants receivable	19,501
Pledge receivable	<u>500,000</u>
	2,089,116
Less those unavailable for general expenditure within one year due to:	
Assessments received in advance	(202,972)
Donor imposed restrictions	<u>(1,796,035)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 90,109</u></u>

Read Report of Independent Certified Public Accountants

NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

NOTE D – PLEDGES RECEIVABLE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor-imposed restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

A \$500,000 pledge from a single donor was received in fiscal year 2019. The pledge is restricted for the capital campaign to construct buildings for program purposes. The payment of the pledge was dependent on the delivery of the construction plan which was achieved. The pledge was paid to the Organization on November 5, 2021.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment, at cost, at August 31, 2021:

Land and Building	\$2,667,154
Land improvements	8,100
Building Improvements	162,534
Playground Equipment	107,367
Computer Software	4,731
Furniture and Fixtures	<u>6,395</u>
 Total Property and Equipment	 2,956,281
 Less: Accumulated Depreciation	 <u>(647,526)</u>
 Net Property and Equipment	 <u>\$2,308,755</u>

**NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021**

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Capital Projects/Building Funds	\$1,782,901
Recruitment project	<u>13,134</u>
	<u>\$1,796,035</u>

Net assets with donor restrictions of \$66,509 were released in satisfaction of purpose restrictions during the fiscal year ended August 31, 2021.

NOTE G – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations. The Board of Directors annually reviews the estimates of the remaining useful lives and the replacement costs of the components of common property. The estimates for all other components of the replacement reserve were determined by the Board of Directors based on past experience.

Funds are being accumulated as replacement funds based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Changes in the Association's assessments received in advance - replacement fund follows:

Balance at 08/31/2020	Additions	Expenditures	Transfers	Balance at 08/31/2021
<u>\$ 176,700</u>	<u>\$ 38,772</u>	<u>\$ (12,500)</u>	<u>\$ -</u>	<u>\$ 202,972</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Construction Contract

On August 31, 2021, the Organization entered into a contract for \$4,124,826 with a contractor to build two new townhome buildings that will house 16 families impacted by the affordable housing crisis and the foster care system. Costs of the project are being funded by private donations and government grants. No costs related to this construction contract were incurred as of August 31, 2021.

NEW LIFE VILLAGE, INC. AND ASSOCIATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE H – COMMITMENTS AND CONTINGENCIES (continued)

Revolving Line of Credit

The Organization opened a \$500,000 line of credit on June 17, 2021 for the purpose of funding a portion of the construction project to build two additional buildings on the Organization's campus. It is secured by bank deposits and investments. Any borrowings under the line of credit are due on demand and bear interest at Daily LIBOR Rate plus 1.5% (1.576% at August 31, 2021). There were no outstanding borrowings on the line of credit at August 31, 2021.

Leases

The Organization leases office and laundry equipment for the operation of its programs under long-term operating leases. The following is a schedule by year of future minimum lease payments required under such operating leases:

<u>Year ended August 31,</u>	<u>Amount</u>
2022	\$ 7,844
2023	2,969

NOTE I – SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. The Organization has been responsive to the COVID-19 crisis including providing clients virtual services. As the Organization continues to evaluate its response and the community's response to COVID-19, there could be additional impact which is unknown at this time.

Management has evaluated subsequent events through November 23, 2021 the date the combined financial statements were available to be issued.

Read Report of Independent Certified Public Accountants



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

To the Board of Directors
New Life Village, Inc.
New Life Village Condominium Association, Inc.
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of New Life Village, Inc. (a nonprofit organization) and New Life Village Condominium Association, Inc. (collectively the Organization) which comprise the combined statement of financial position as of August 31, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combined financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

Reeder & Associates, PA

Certified Public Accountants
November 23, 2021

SUPPLEMENTARY INFORMATION

NEW LIFE VILLAGE, INC. AND ASSOCIATION
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS - *UNAUDITED*
AUGUST 31, 2021

The Association's board of directors estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components.

The following schedule is based on the study and presents significant information about the components of common property.

	Estimated Remaining Life (years)	Estimated Replacement Cost	Reserve Assessments Received in Advance Balance at August 31, 2021	Fiscal Year 2022 Funding Requirement	Fiscal Year 2022 Approved Funding
Paving	4	59,400	55,552	962	10,500
Painting/Gutters	1	200,000	57,323	71,339	13,188
Roofing	4	100,000	90,097	2,476	17,028
		<u>\$ 359,400</u>	<u>\$ 202,972</u>	<u>\$ 74,777</u>	<u>\$ 40,716</u>

Read Report of Independent Certified Public Accountants.