

Community Renewal International, Inc.
Shreveport, Louisiana
Consolidated Financial Statements With Auditors' Report
For the Year Ended December 31, 2022

Community Renewal International, Inc.
Shreveport, Louisiana

Table of Contents

| | <u>Page No.</u> |
|--|-----------------|
| Independent Auditors' Report | 1 - 2 |
| Consolidated Financial Statements: | |
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Activities | 4 |
| Consolidated Statement of Functional Expenses | 5 |
| Consolidated Statement of Cash Flows | 6 |
| Notes to Consolidated Financial Statements | 7 - 12 |

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Community Renewal International, Inc.
Shreveport, Louisiana

Opinion

We have audited the consolidated financial statements of Community Renewal International, Inc. (a **nonprofit** organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated 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 accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Renewal International, Inc. (a nonprofit organization) as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Renewal International, 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Renewal International, Inc.'s ability to continue as a going concern within one year after the date that the **consolidated** financial statements are available to be issued.

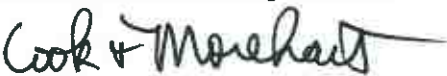
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 of the effectiveness of Community Renewal International, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Renewal International, 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.



Cook & Morehart
Certified Public Accountants
February 9, 2024

Community Renewal International, Inc.
Shreveport, Louisiana
Consolidated Statement of Financial Position
December 31, 2022

| | |
|--------------------------------------|--------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,116,827 |
| Accounts receivable | 11,693 |
| Total current assets | 1,128,520 |
| Cash restricted for friendship house | 421,068 |
| Fixed assets: | |
| Land | 199,399 |
| Construction in progress | 247,752 |
| Office furniture and equipment | 104,109 |
| Residential houses and improvements | 2,315,368 |
| Other buildings | 107,593 |
| Vehicles | 210,043 |
| | 3,184,264 |
| Less accumulated depreciation | (1,262,342) |
| Net fixed assets | 1,921,922 |
| Total assets | \$ 3,471,510 |
| Liabilities and Net Assets | |
| Current liabilities: | |
| Accounts payable | \$ 43,146 |
| Accounts payable - payroll related | 1,709,485 |
| Accrued expenses | 17,452 |
| Current portion of long-term debt | 77,368 |
| Total current liabilities | 1,847,451 |
| Long-term debt, less current portion | 257,214 |
| Total liabilities | 2,104,665 |
| Net assets: | |
| Without donor restrictions | 679,092 |
| With donor restrictions | 687,753 |
| Total net assets | 1,366,845 |
| Total liabilities and net assets | \$ 3,471,510 |

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

Community Renewal International, Inc.
Shreveport, Louisiana
Consolidated Statement of Activities
For the Year Ended December 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| Revenues and Other Support: | | | |
| Contractual revenue - grants | \$ 41,442 | \$ 312,500 | \$ 41,442 |
| Contributions of financial assets | 3,213,179 | | 3,525,679 |
| Rent income | 36,580 | | 36,580 |
| Miscellaneous income | 12,862 | | 12,862 |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions | 518,619 | (518,619) | |
| Total revenues and other support | 3,822,682 | (206,119) | 3,616,563 |
| Expenses: | | | |
| Program services: | | | |
| Friendship houses | 977,873 | | 977,873 |
| Center for community renewal | 726,275 | | 726,275 |
| Haven House program | 95,550 | | 95,550 |
| Emergent programs | 235,046 | | 235,046 |
| Renewal Team | 220,544 | | 220,544 |
| Other programs | 87,613 | | 87,613 |
| Total program services | 2,342,901 | | 2,342,901 |
| Supporting services: | | | |
| General and administrative | 455,195 | | 455,195 |
| Development and fund raising | 232,325 | | 232,325 |
| Total supporting services | 687,520 | | 687,520 |
| Total expenses | 3,030,421 | | 3,030,421 |
| Change in net assets | 792,261 | (206,119) | 586,142 |
| Net assets as of beginning of year | (113,169) | 893,872 | 780,703 |
| Net assets as of end of year | \$ 679,092 | \$ 687,753 | \$ 1,366,845 |

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

Community Renewal International, Inc.
Shreveport, Louisiana
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

| | Program Services | | | | | | | Total Program Services | General & Administrative | Development & Fund Raising | Total Expenses |
|------------------------------|------------------------------------|------------------|----------------------|-------------------|-------------------|----------------------|------------------------------|------------------------------|-----------------------------|-------------------------------|-------------------|
| | Center for Community Renewal | Haven House | Friendship Houses | Renewal Team | Other Programs | Emergent Programs | Total Program Services | | | | |
| Personnel & related benefits | \$ 233,955 | \$ 61,249 | \$ 567,891 | \$ 161,748 | \$ | \$ 34,680 | \$ 1,059,523 | \$ 247,795 | \$ 165,276 | \$ 1,472,594 | |
| Professional fees | 31,800 | 18,000 | 4,400 | | 3,250 | | 57,450 | 28,797 | | 86,247 | |
| Contract labor | 265,000 | 5,200 | 46,361 | 45,000 | 28,823 | 157,383 | 547,767 | 16,248 | | 564,015 | |
| Rent and property | 60,000 | | 150 | | 485 | 8,170 | 68,805 | 4,383 | 150 | 73,338 | |
| Utilities | 7,035 | | 65,666 | | | 735 | 73,436 | 27,041 | | 100,477 | |
| Repairs and maintenance | | 1,294 | 71,162 | 830 | | 11,381 | 84,667 | 24,566 | 118 | 109,351 | |
| Interest expense | | | | | | | | 22,009 | | 22,009 | |
| Travel and seminars | 34,716 | | 10,937 | | | 362 | 46,015 | 583 | | 46,598 | |
| Program expenses | 3,700 | 5,886 | 29,282 | 4,004 | 14,249 | 12,789 | 69,910 | 7,382 | 21,374 | 98,666 | |
| Supplies and office expense | 221 | 1,743 | 69,887 | 1,039 | 420 | 4,569 | 77,879 | 40,912 | 6,231 | 125,022 | |
| Printing and postage | 1,021 | 2,085 | 3,747 | 6,571 | 4,113 | 646 | 18,183 | 4,708 | 33,637 | 56,528 | |
| Insurance | 871 | 93 | 46,450 | 1,352 | | 2,117 | 50,883 | 6,576 | 224 | 57,683 | |
| Depreciation | 454 | | 59,072 | | | 555 | 60,081 | 12,456 | | 72,537 | |
| Other | 87,502 | | 2,868 | | 36,273 | 1,659 | 128,302 | 11,739 | 5,315 | 145,356 | |
| Total | \$ 726,275 | \$ 95,550 | \$ 977,873 | \$ 220,544 | \$ 87,613 | \$ 235,046 | \$ 2,342,901 | \$ 455,195 | \$ 232,325 | \$ 3,030,421 | |

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

Community Renewal International, Inc.
 Shreveport, Louisiana
 Consolidated Statement of Cash Flows
 For the Year Ended December 31, 2022

Operating activities

| | |
|--|------------|
| Change in net assets | \$ 586,142 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | |
| Depreciation | 72,537 |
| (Increase) decrease in operating assets | |
| Accounts receivable | (2,979) |
| Increase (decrease) in operating liabilities | |
| Accounts payable | 38,397 |
| Accrued expenses | 11,415 |
| Net cash provided by operating activities | 705,512 |

Investing Activities

| | |
|---|-----------|
| Payments for fixed assets | (290,634) |
| Net cash (used in) investing activities | (290,634) |

Financing Activities

| | |
|---|----------|
| Payments on long-term debt | (76,358) |
| Net cash (used in) financing activities | (76,358) |

Net increase in cash 338,520

Cash, cash equivalents and restricted cash, as of beginning of year 1,199,375

Cash, cash equivalents and restricted cash, as of end of year \$ 1,537,895

Reconciliation of cash, cash equivalents and restricted cash

| | |
|--------------------------------------|--------------|
| Cash and cash equivalents | \$ 1,116,827 |
| Cash restricted for friendship house | 421,068 |
| | \$ 1,537,895 |

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest \$ 22,009

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

Community Renewal International, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2022

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Community Renewal International, Inc. (CRI) is a private nonprofit organization incorporated under the laws of the State of Louisiana. The CRI's bylaws indicate that its primary purpose is to rebuild the system of caring relationships necessary to restore a safe, loving, and nurturing community. CRI's revenues consist primarily of donations from individuals, business and foundations.

The following entities were organized under the laws of the State of Louisiana to own certain real estate to support CRI's mission:

SBCR Prospect, LLC; SBCR East 78th, LLC; SBCR East 75th, LLC; SBCR North Allen, LLC;
SBCR Clay, LLC; and Haven House, Inc.

Accordingly, the accompanying consolidated financial statements, along with the related disclosures thereto, reflect the activities of CRI and the above listed entities.

The following significant program services are included in the accompanying financial statements:

Friendship Houses – A strategy of CRI that restores disintegrating neighborhoods by moving leaders to live in the neighborhood to establish Friendship Houses that provide structured programs for children and youth and serve as catalysts to link the neighborhood residents with resources in the community and rebuild the capacity of the neighborhood.

Haven House – A program to prepare a network of volunteer leaders to develop safe and caring neighborhoods block-by-block throughout our communities. Seven hundred leaders have been identified on neighborhood blocks across the socio-economic spectrum. These leaders are trained and empowered to systematically reach out to their neighbors, making their neighborhoods safer and more caring.

Renewal Team – A city-wide strategy to unite businesses, churches, civic groups, residents and others as caring partners building a stronger city. The Renewal Team makes the positive aspects of modern life more obvious. These efforts help people to take pride in their community and feel empowered to continue helping others with caring acts.

Center for Community Renewal – The process of teaching other individuals and organizations how to replicate and resource development the CRI model of community renewal in their own communities; providing technical assistance to other groups involved in this endeavor.

Other Programs – This includes the activities of Partnership Development and International Relations.

Emergent Programs – This includes activities emerging from the network of relationships that develop into programs to accomplish specific needs.

B. Basis of Accounting

The financial statements of CRI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Community Renewal International, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2022
(Continued)

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of CRI's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CRI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. CRI has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Income Tax Status

CRI is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to CRI's tax-exempt purpose is subject to taxation as unrelated business income. CRI had no significant income for this audit period subject to taxation as unrelated business income resulting in income tax expense. The organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2019, 2020, 2021 and 2022 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CRI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Community Renewal International, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2022
(Continued)

G. Fixed Assets

Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. CRI capitalizes items with an individual cost of \$5,000 or more as fixed assets. Depreciation is computed using the straight-line and accelerated methods over the estimated useful life of the assets as follows:

| | |
|-------------------------------------|---------------|
| Office furniture and equipment | 5 – 10 years |
| Residential houses and improvements | 10 – 40 years |
| Other buildings | 30 years |
| Vehicles | 5 years |
| Leasehold improvements | 10 years |

Depreciation expense for the year ended December 31, 2022 was \$72,537.

The amounts reported on the consolidated statements of financial position for land and construction in progress are not being depreciated.

H. Revenue and Support

Donations, contributions and grants received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in net assets **without donor restrictions** if the **restriction** expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose **restriction** is accomplished), 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**.

I. Retirement Obligations

The employees of CRI are members of the Social Security System. CRI also established a 403(b) retirement plan for eligible employees. No contributions were made by CRI into the plan for the year ended December 31, 2022.

J. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the **donated** asset to a **specific purpose**. **Assets** donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

(Continued)

Community Renewal International, Inc.
Shreveport, Louisiana
Notes to Consolidated Financial Statements
December 31, 2022
(Continued)

K. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Indirect or shared costs, including personnel, facility costs and other are allocated among the programs and support services by a method that best measures the relative degree of benefit, based upon management's estimates.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject CRI to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. CRI maintains cash balances at financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2022, there were amounts exceeding FDIC by \$1,107,779.

Concentration of credit risk with respect to accounts receivable are limited due to these amounts being due from other entities, and collected subsequent to December 31, 2022, under contractual arrangements. As of December 31, 2022, CRI had no significant concentrations of credit risk in relation to accounts receivable.

During the year ended December 31, 2022, a donation totaling approximately 28% of contributions reported in the statement of activities was from one(1) donor.

(3) Contractual Revenue – Grants

During the year ended December 31, 2022, CRI received revenue under contractual arrangements as follows:

| | |
|--|------------------|
| City of Shreveport | \$ 16,342 |
| State of Louisiana, Department of Children and Family Services | 25,000 |
| Other | <u>100</u> |
| | <u>\$ 41,442</u> |

The continued existence of these contracts are based on contractual renewals.

(Continued)

Community Renewal International, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2022
 (Continued)

(4) Long-Term Debt

CRI had the following long-term debt at December 31, 2022:

| | |
|---|-------------------|
| Note payable to a bank; interest rate 5.35%; payable in monthly payments of \$1,230 with final payment due April, 2025; the note is secured by real estate. | \$ 32,283 |
| Note payable to a bank; interest rate 5.75%; payable in monthly payments of \$5,587, with final payment due February, 2028, secured by real estate. | 290,154 |
| Note payable to a bank; interest rate 6.50%; payable in monthly payments of \$980; final payment due January, 2024. This loan is unsecured. | <u>12,145</u> |
| Total long-term debt | \$ 334,582 |
| Current portion of long-term debt | <u>(77,368)</u> |
| Long-term portion | <u>\$ 257,214</u> |

Interest expense incurred on long-term debt for the year ended December 31, 2022 was \$22,009.

Approximate maturities of long-term debt at December 31, 2022 are summarized as follows:

| Year Ended December 31, | Amount |
|----------------------------|-------------------|
| 2023 | \$ 77,368 |
| 2024 | 69,730 |
| 2025 | 62,885 |
| 2026 | 61,479 |
| 2027 | 63,120 |
| | <u>\$ 334,582</u> |

(5) Accounts Payable-Payroll Related

This balance represents amounts due at December 31, 2022, to employees of CRI and certain contract labor vendors for services rendered but not paid. An agreement was made between the employees and CRI in regards to the amounts shown as accounts payable-payroll related.

(6) Subsequent Events

Subsequent events have been evaluated through February 9, 2024, the date the financial statements were available to be issued.

(Continued)

Community Renewal International, Inc.
 Shreveport, Louisiana
 Notes to Consolidated Financial Statements
 December 31, 2022
 (Continued)

(7) Liquidity and Availability of Financial Assets

CRI monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. CRI has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations for the year ended December 31, 2022:

| | |
|--|-------------------|
| Financial assets at year-end: | |
| Cash and cash equivalents | \$ 1,537,895 |
| Receivables | <u>11,693</u> |
| Total financial assets | 1,549,588 |
| Less amounts not available to be used within one year | |
| Net assets with donor restrictions | <u>(687,753)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | |
| | <u>\$ 861,835</u> |

In addition to financial assets available to meet general expenditures over the year, CRI operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements and contributions. The Statement of Cash Flows identifies the sources and uses of CRI's cash and shows cash generated by operations of \$705,512 for the year ended December 31, 2022.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2022:

| | |
|------------------|-------------------|
| Friendship house | \$ 421,068 |
| Other programs | <u>266,685</u> |
| | <u>\$ 687,753</u> |

(9) Adoption of New Accounting Pronouncement

Effective January 1, 2022, CRI adopted FASB ASC 842, *Leases*. CRI determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities, cash flows or debt covenants.

(10) Commitment Construction Contract

CRI entered into a construction contract to build a friendship house totaling approximately \$508,138. Costs incurred under this contract totaled \$247,752 at December 31, 2022.