

**BROOKLAND CENTER FOR
COMMUNITY ECONOMIC CHANGE**

Financial Statements
With Independent Auditors' Report
and
Federal Awards
In Accordance with the Uniform Guidance

Year Ended December 31, 2022

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brookland Center for Community Economic Change, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookland Center for Community Economic Change as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Brookland Center for Community Economic Change and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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 Brookland Center for Community Economic Change'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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

Auditors' Responsibilities for the Audit of the Financial Statements, continued

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 Brookland Center for Community Economic Change'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 Brookland Center for Community Economic Change'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of Brookland Center for Community Economic Change's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Brookland Center for Community Economic Change'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 Brookland Center for Community Economic Change's internal control over financial reporting and compliance.

Capin Crouse LLP

Columbia, South Carolina
September 27, 2023

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 337,792	\$ 380,241
Accounts receivable	136,531	145,552
Restricted cash	-	146,698
Property and equipment–net	<u>2,700,477</u>	<u>1,322,607</u>
Total Assets	<u>\$ 3,174,800</u>	<u>\$ 1,995,098</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 157,000	\$ 45,938
Refundable advance	141,960	286,983
Notes payable	<u>108,462</u>	<u>120,724</u>
Total liabilities	<u>407,422</u>	<u>453,645</u>
Net assets:		
Without donor restriction	1,765,359	1,209,135
With donor restriction	<u>1,002,019</u>	<u>332,318</u>
Total net assets	<u>2,767,378</u>	<u>1,541,453</u>
Total Liabilities and Net Assets	<u>\$ 3,174,800</u>	<u>\$ 1,995,098</u>

See notes to financial statements

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Statements of Activities

Year Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Contributions of financial assets	\$ 9,048	\$ 99,205	\$ 108,253	\$ 50,532	\$ 130,626	\$ 181,158
Contributions of financial assets from related organization	110,500	-	110,500	6,000	-	6,000
Contributions of non-financial assets	631,566	-	631,566	-	-	-
Grant revenue	23,500	1,992,473	2,015,973	-	840,021	840,021
Gain on extinguishment of debt	-	-	-	15,205	-	15,205
Other revenue	7,708	-	7,708	10,357	-	10,357
	<u>782,322</u>	<u>2,091,678</u>	<u>2,874,000</u>	<u>82,094</u>	<u>970,647</u>	<u>1,052,741</u>
Revenue:						
Tenant rental	45,350	-	45,350	11,800	-	11,800
Facilities rental	14,268	-	14,268	42,875	-	42,875
	<u>59,618</u>	<u>-</u>	<u>59,618</u>	<u>54,675</u>	<u>-</u>	<u>54,675</u>
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	1,421,977	(1,421,977)	-	808,202	(808,202)	-
Total Support, Revenue, and Reclassifications	<u>2,263,917</u>	<u>669,701</u>	<u>2,933,618</u>	<u>944,971</u>	<u>162,445</u>	<u>1,107,416</u>

(continued)

See notes to financial statements

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Statements of Activities (continued)

Year Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	1,426,065	-	1,426,065	753,823	-	753,823
Supporting activities:						
Management and general	248,426	-	248,426	133,092	-	133,092
Campaign expenses	33,202	-	33,202	37,653	-	37,653
Total Expenses	<u>1,707,693</u>	<u>-</u>	<u>1,707,693</u>	<u>924,568</u>	<u>-</u>	<u>924,568</u>
Change in Net Assets	556,224	669,701	1,225,925	20,403	162,445	182,848
Net Assets, Beginning of Year	<u>1,209,135</u>	<u>332,318</u>	<u>1,541,453</u>	<u>1,188,732</u>	<u>169,873</u>	<u>1,358,605</u>
Net Assets, End of Year	<u>\$ 1,765,359</u>	<u>\$ 1,002,019</u>	<u>\$ 2,767,378</u>	<u>\$ 1,209,135</u>	<u>\$ 332,318</u>	<u>\$ 1,541,453</u>

See notes to financial statements

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,225,925	\$ 182,848
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	118,337	103,001
Gain on extinguishment of debt	-	(15,205)
Contributions of non-financial assets	(631,566)	-
Contributions and grants received for long-term purposes	(596,428)	(130,626)
Changes in operating assets and liabilities:		
Accounts receivable	9,021	(137,029)
Accounts payable	111,062	43,620
Refundable advance	(145,023)	286,983
Net Cash Provided by Operating Activities	91,328	333,592
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(864,641)	(92,988)
Net Cash Used by Investing Activities	(864,641)	(92,988)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(12,262)	(6,568)
Contributions and grants received for long-term purposes	596,428	130,626
Net Cash Provided by Financing Activities	584,166	124,058
Net Change in Cash and Cash Equivalents	(189,147)	364,662
Cash and Cash Equivalents, Beginning of Year	526,939	162,277
Cash and Cash Equivalents, End of Year	\$ 337,792	\$ 526,939
The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of cash flows:		
Cash and cash equivalents	\$ 337,792	\$ 380,241
Restricted cash	-	146,698
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 337,792	\$ 526,939
SUPPLEMENTAL CASH DISCLOSURE:		
Cash paid for interest	\$ 4,213	\$ 4,551
Contributions of property, plant, and equipment	\$ 631,566	\$ -

See notes to financial statements

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Brookland Center for Community Economic Change (Center) is incorporated under the laws of the state of South Carolina as a not-for-profit corporation. The Center is primarily supported by contributions and grants.

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Center is not a private foundation under Section 509(a)(1) of the Code.

The Center's mission is to improve the quality of life for the citizens of the Lakeview community and the surrounding areas by establishing an enrichment and services complex that mobilizes the support of the various institutions of health, education, and economics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. While the Center maintains cash and cash equivalents in deposit accounts which, at times, may exceed federally insured limits, the Center has not experienced any losses in such accounts. At December 31, 2022 and 2021, the Center's cash balances exceeded federally insured limits by \$90,508, and \$217,554, respectively.

RESTRICTED CASH

Restricted cash consists of cash received that limits the use of that cash for long-term purposes such as building projects.

ACCOUNTS RECEIVABLE

Receivables consist of rent, grant, and other receivables and are reported net of any anticipated losses due to uncollectible accounts. Due to the nature of the receivables, management believes all amounts to be fully collectible and no allowance exists at December 31, 2022 and 2021. The Center does not assess finance charges against any receivables.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

The Center capitalizes property and equipment purchases with a useful life greater than one year and an original cost of \$1,500 or greater, or if donated, at market value on the date of donation. The Center reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the long-lived assets are acquired. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15 years
Building	39 to 40 years
Building improvements	10 to 30 years
Furniture and equipment	3 to 20 years
Vehicles	5 to 10 years

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

Net assets without donor restriction amounts are currently available at the discretion of the board for use in operations. Net equity in property and equipment represents amounts invested in property and equipment net of accumulated depreciation and related liabilities.

Net assets with donor restriction amounts are contributed with donor stipulation for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT, REVENUE, AND EXPENSES

The Center recognizes support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Center. Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

A portion of the Center's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

The Center reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. 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 statements of activities as net assets released from restrictions. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Center reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Center reports expirations of donor restrictions when donated or acquired assets have been placed in service.

Rental revenue is recognized as revenue in the period in which the rent is earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Center have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Center's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the organization. If an asset is contributed that does not allow the Center to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or by a specialist depending on the type of asset. Contributions of nonfinancial assets are reported in the statements of activities as without donor restrictions unless otherwise noted.

During the year ended December 31, 2022, donated construction services of \$631,566 was provided by a donor to assist in the upgrade of a football field facility used to carry out the Center's mission. The fair market value of these services included equipment rental, materials, and labor for the project. The fair market value was determined by an outside licensed construction contractor specialist located in the same community. The asset was utilized in the normal course of business.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (topic 842 of the FASB Accounting Standards Codification). The Center adopted the provisions of this new standard during the year ended December 31, 2022, on an adoption date approach. The new standard requires organizations that lease assets with terms of more than 12 months to recognize on the statements of financial position the assets and liabilities for the right-of-use and obligations created by the leases. Lessor accounting remained largely unchanged under the new standard. The Center has elected the transition package relief option for leases commenced before the effective date of the standard, which allows the Center the option to not reassess existing or expiring contracts, lease classification or initial direct costs. The Center also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The standard did not materially affect the financial statements of the Center.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Center's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Center considers general expenditures to be all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents (including restricted cash)	\$ 337,792	\$ 526,939
Accounts receivable	136,531	145,552
Financial assets, at year-end	474,323	672,491
Less those not available for general expenditure within one year:		
Restricted cash for building projects	-	(146,698)
Financial assets available to meet cash needs for general expenditures within one year	\$ 474,323	\$ 525,793

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2022 and 2021, the Center has \$130,016 and \$106,449 in net assets with donor restrictions other than assets held for building projects, respectively. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purpose.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2022	2021
Land and land improvements	\$ 10,019	\$ 10,019
Building	1,585,360	1,585,360
Furniture, fixtures, and equipment	276,117	209,630
Vehicles	23,000	23,000
Construction in progress	1,514,856	85,136
	3,409,352	1,913,145
Less accumulated depreciation	(708,875)	(590,538)
	\$ 2,700,477	\$ 1,322,607
Net equity in property and equipment consists of:		
Property and equipment–net	\$ 2,700,477	\$ 1,322,607
Less notes payable	(108,462)	(120,724)
	\$ 2,592,015	\$ 1,201,883

5. NOTES PAYABLE:

Notes payable consists of:

	December 31,	
	2022	2021
Promissory note with a financial institution with an initial principal balance of \$97,040, and a fixed interest rate of 3.10%. Payments are interest only. The loan matures July 2027, and is secured by real estate.	\$ 86,224	\$ 92,940
Promissory note to Brookland Baptist Church with an initial principal balance of \$80,000, and a fixed interest rate of 3.25%. Payments of \$531 are paid monthly. The loan matures September 2026.	22,238	27,784
	\$ 108,462	\$ 120,724

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

5. NOTES PAYABLE, continued:

The aggregate maturities of notes payable for each of the years subsequent to December 31, 2022, consist of:

Years Ending December 31,	Amounts
2023	\$ 5,729
2024	5,918
2025	6,113
2026	4,479
Thereafter	86,223
	\$ 108,462

The Center was in compliance with, or had received waivers for, all financial and reporting covenants at December 31, 2022 and 2021.

6. FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the organization. These expenses include depreciation and amortization, and facilities operations and maintenance. Building depreciation and amortization and facilities operations and maintenance is allocated based on square footage.

	Year Ended December 31, 2022			
	Program Services	Management and General	Campaign Expenses	Total
Salaries and benefits	\$ 875,852	\$ 105,977	\$ 21,991	\$ 1,003,820
Supplies and equipment	129,641	23,060	4,152	156,853
Repairs and maintenance	22,592	28,894	1,155	52,641
Depreciation	112,420	5,917	-	118,337
Professional fees	79,372	35,895	3,023	118,290
Utilities and insurance	45,875	48,135	2,460	96,470
Interest expense	3,244	548	421	4,213
Food distribution supplies	62,051	-	-	62,051
Other	95,018	-	-	95,018
	\$ 1,426,065	\$ 248,426	\$ 33,202	\$ 1,707,693

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

6. FUNCTIONAL EXPENSES, continued:

	Year Ended December 31, 2021			
	Program Services	Management and General	Campaign Expenses	Total
Salaries and benefits	\$ 265,184	\$ 59,926	\$ 20,977	\$ 346,087
Food distribution supplies	250,104	-	-	250,104
Depreciation	92,701	10,300	-	103,001
Utilities and insurance	63,740	10,761	8,278	82,779
Professional fees	-	28,874	2,400	31,274
Supplies and equipment	21,879	3,694	2,841	28,414
Repairs and maintenance	15,142	2,556	1,966	19,664
Interest expense	3,504	592	455	4,551
Other	41,569	16,389	736	58,694
	<u>\$ 753,823</u>	<u>\$ 133,092</u>	<u>\$ 37,653</u>	<u>\$ 924,568</u>

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	December 31,	
	2022	2021
Building projects	\$ 872,003	\$ 225,869
After-School Leadership Program	86,703	42,140
Community Food Hub	9,308	50,000
Other	34,005	14,309
	<u>\$ 1,002,019</u>	<u>\$ 332,318</u>

8. RELATED PARTY:

The Center is a related party with Brookland Baptist Church (BBC). BBC donated financial assets of \$110,500 and \$6,000, respectively, to the Center for the years ended December 31, 2022 and 2021. The Center paid BBC for shared employees and information technology of \$54,609 and \$13,922 in the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Center owed \$125,085 and \$25,000, respectively, to BBC held in accounts payable and accrued expenses, which included short-term advances from the church to the Center to fund operations.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Financial Statements

December 31, 2022 and 2021

9. CONCENTRATIONS:

The Center receives significant contributions and grants from time to time. For the years ended December 31, 2022 and 2021, three donors accounted for 28% of total revenue and two donors accounted for 14% of total revenue, respectively. Additionally, for the years ended December 31, 2022 and 2021, four grants accounted for 44% of total revenue and two grants accounted for 52% of total revenue, respectively. The current level of the Center's operations and program activities could be impacted if these donor and grant relationships were to be terminated and could not be replaced by new donors or grantors with comparable donations or grant revenue.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 27, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AWARDS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

We have audited the financial statements of Brookland Center for Community Economic Change as of and for the years ended December 31, 2022 and 2021, and our report thereon dated September 27, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 16, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, 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 of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Capin Crouse LLP

Columbia, South Carolina
September 27, 2023

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:					
Farmers Market and Local Food Promotion Program	10.175	21FMPPSC1073		\$ -	\$ <u>70,147</u>
Child Nutrition Cluster:					
Summer Food Service Program for Children passed through South Carolina Department of Education	10.559		SF6445	-	<u>64,910</u>
Total Child Nutrition Cluster					<u>64,910</u>
Soil and Water Conservation	10.902	NR224639XXXXC009		-	<u>19,510</u>
Total U.S. Department of Agriculture					<u>154,567</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:					
CDBG-Entitlement Grants Cluster*:					
Community Development Block Grants/Entitlement Grants Pass through from County of Lexington	14.218		CDBG 21-22	-	<u>411,055</u>
COVID-19 Community Development Block Grants/Entitlement Grants Pass through from County of Lexington	14.218		CDBG-CV1 2021-23	-	<u>86,219</u>
Total CDBG-Entitlement Grants Cluster					<u>497,274</u>
Total U.S. Department of Housing and Urban Development					<u>497,274</u>

(continued)

See notes to schedule of expenditures of federal awards

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Treasury:					
COVID-19 Emergency Rental Assistance Program Pass through from United Way of the Midlands	21.023		n/a	-	57,785
Total U.S. Department of Treasury					57,785
U.S. DEPARTMENT OF INTERIOR:					
Historic Preservation Fund Grants-in-Aid	15.904	P21AP11813-00		-	85,930
		P22AP01986-00		-	7,446
Total U.S. Department of Interior					93,376
U.S. DEPARTMENT OF EDUCATION:					
Twenty-First Century Community Learning Centers passed through from South Carolina Department of Education	84.287C		H63010006922	-	192,537
Total U.S. Department of Education					192,537
U.S. DEPARTMENT OF THE HEALTH AND HUMAN SERVICES:					
Community Programs to Improve Minority Health Grant Program*	93.137	CPIMP211326			526,564
Substance Abuse and Mental Health Services Projects of National Significance	93.243	H79SM084189			127,026
Total U.S. Department of Health and Human Services					653,590
Total Expenditures of Federal Awards					\$ 1,649,129

*Major Program

See notes to schedule of expenditures of federal awards

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Brookland Center for Community Economic Change (Organization) under programs of the federal government for the year ended December 31, 2022. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the Organization is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	\$ 1,649,129
Plus:	
Other state and local government grants	<u>366,844</u>
Grant revenue per statement of activities	<u><u>\$ 2,015,973</u></u>

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The Organization did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

**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**

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

We have audited, 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, the financial statements of Brookland Center for Community Economic Change (Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 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 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 were not identified.

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of 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.

The image shows a handwritten signature in cursive script that reads "Capin Crouse LLP". The signature is written in black ink and is positioned above the printed name and date.

Columbia, South Carolina
September 27, 2023

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brookland Center for Community Economic Change's (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brookland Center for Community Economic Change complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Capin Crouse LLP

Columbia, South Carolina
September 27, 2023

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Schedule of Findings and Questioned Costs

December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered a material weakness? yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes no

Identification of major program(s):

Assistance Listing Numbers
14.218
93.137

Name of Federal Program or Cluster
CDBG Entitlement Grant Cluster
Community Programs to Improve Minority Health

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Schedule of Findings and Questioned Costs

December 31, 2022

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

Auditee Summary Schedule of Prior Audit Findings

December 31, 2022

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

There were no prior audit findings or questioned costs.