

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2024

And Report of Independent Auditor

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
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Report of Independent Auditor

To the Board of Commissioners
Knoxville's Community Development Corporation
Knoxville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Knoxville's Community Development Corporation ("KCDC") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KCDC's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of KCDC as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Five Points 1, LP; Five Points 2, LP; Five Points 3, LP, Five Points 4, LP; Eastport Development, LP; Bell Street, LP; Bell Street 3, LP; Lonsdale, LP; North Ridge Crossings, LP; Vista at Summit Hill, LP and Western Heights LP, which represent 98%, 99%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for Five Points 1, LP; Five Points 2, LP; Five Points 3, LP; Five Points 4, LP; Eastport Development, LP; Bell Street, LP; Bell Street 3, LP; Lonsdale, LP; North Ridge Crossings, LP; Vista at Summit Hill, LP and Western Heights LP; is based solely on the reports of the other auditors.

Basis for Opinions

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of KCDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of Five Points 1, LP; Five Points 2, LP; Five Points 3, LP; Eastport Development, LP; Bell Street, LP; and Bell Street 3, LP; were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 KCDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 KCDC'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 KCDC'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 financial statements, and other knowledge we obtained during our audit of the basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise KCDC's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), the Schedule of Actual Costs for the Specified Project, and the Financial Data Schedule Electronic Submission Schedule, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the roster of board members and public officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of KCDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KCDC'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 KCDC's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Lexington, Kentucky
December 13, 2024

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Knoxville's Community Development Corporation's ("KCDC") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of KCDC's financial activity, (c) identify changes in KCDC's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with KCDC's basic financial statements (see table of contents).

KCDC reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Financial Highlights – 2024

- KCDC's total Net Position increased by \$15,659,459 or 10.4% during fiscal year 2024. Net Position was \$165,695,040 and \$150,035,581 for 2024 and 2023, respectively. This increase in net position is primarily due to fixed asset construction and rehabilitation.
- Revenue increased by \$17,496,595 or 29.2% during fiscal year 2024. Revenues were \$77,488,186 and \$59,991,591 for 2024 and 2023, respectively. The increase in total revenue is primarily due to grant funding for Western Heights revitalization and Liberty Place Knoxville and Five Points Infill development.
- Expenses increased by \$3,440,188 or 5.9%. Total expenses were \$61,788,088 and \$58,347,900 for 2024 and 2023, respectively. The increase in expenses is primarily due to depreciation expense, HAP expense from increase of payment standards, and insurance, offset by a decrease in maintenance and casualty loss.

Using this Annual Report

The Report includes three major sections as follows:

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Authority-wide Basic Financial Statements

Notes to Basic Financial Statements

Supplementary Information

Supplementary Information

The primary focus of KCDC's basic financial statements is KCDC as a whole (Authority-wide). This perspective allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance KCDC's accountability.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Authority-wide Basic Financial Statements

The Authority-wide basic financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns which add to a total for KCDC.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for KCDC. The statement is presented in the format where assets and deferred outflow of resources minus liabilities and deferred inflow of resources, equals "Net Position". Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Noncurrent".

Net Position is reported in three broad categories:

- *Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* – This component of Net Position consists of restricted assets, when external constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- *Unrestricted Net Position* – This component consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide basic financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as Rental Income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Nonoperating Revenue and Expenses, such as grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for, operating activities, non-capital financing activities, and from capital and related financing activities.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>
ASSETS			
Current and restricted assets	\$ 77,835,200	\$ 59,571,533	\$ 18,263,667
Capital assets, net	87,912,016	86,479,391	1,432,625
Other assets	<u>89,070,560</u>	<u>72,039,357</u>	<u>17,031,203</u>
Total Assets	<u>254,817,776</u>	<u>218,090,281</u>	<u>36,727,495</u>
LIABILITIES			
Current liabilities	19,057,089	6,875,111	12,181,978
Noncurrent liabilities	<u>65,838,148</u>	<u>56,614,500</u>	<u>9,223,648</u>
Total Liabilities	<u>84,895,237</u>	<u>63,489,611</u>	<u>21,405,626</u>
Deferred inflows of resources	<u>4,227,499</u>	<u>4,565,089</u>	<u>(337,590)</u>
Net Position:			
Net investment in capital assets	42,608,805	45,336,469	(2,727,664)
Restricted net position	22,169,221	9,724,158	12,445,063
Unrestricted net position	<u>100,917,014</u>	<u>94,974,954</u>	<u>5,942,060</u>
Total Net Position	<u>\$ 165,695,040</u>	<u>\$ 150,035,581</u>	<u>\$ 15,659,459</u>

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Total Assets increased by \$36,727,495 primarily due to investments in capital asset construction and rehabilitation and notes receivable related to development activities.

Total Liabilities increased by \$21,405,626 primarily due to capital investment funding related to rehabilitation and development activities and initiatives supporting KCDC's mission and the City's development activities.

Total Net Position increased by \$15,629,459. This increase is the result of excess revenues over operating expenses for 2024, as shown in the Change in Unrestricted Net Position schedule below.

While the result of operations is a significant measure of KCDC's activities, the analysis of the changes in Unrestricted Net Position in the Statement of Net Position schedule provides a clearer representation of change in financial well-being.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Change in Unrestricted Net Position

Unrestricted net position at June 30, 2023	\$ 94,974,954
Results of operations - year ended June 30, 2024	15,659,459
Changes in net position restrictions:	
Restricted net position	(12,445,063)
Net investment in capital assets	<u>2,727,664</u>
Total Unrestricted Net Position at June 30, 2024	<u>\$ 100,917,014</u>

Statement of Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>
Revenues:			
Tenant rents/other	\$ 6,343,491	\$ 5,353,539	\$ 989,952
Grants	56,688,151	42,767,343	13,920,808
Interest income	2,569,691	1,324,568	1,245,123
Other revenues	<u>11,886,853</u>	<u>10,546,141</u>	<u>1,340,712</u>
Total Revenues	<u>77,488,186</u>	<u>59,991,591</u>	<u>17,496,595</u>
Expenses:			
Administrative	11,625,589	11,487,475	138,114
Tenant services	575,307	588,315	(13,008)
Utilities	3,584,849	3,690,650	(105,801)
Maintenance	5,365,657	6,270,800	(905,143)
Protective services	372,875	398,852	(25,977)
General and insurance	3,646,088	1,797,294	1,848,794
Interest and amortization	1,430,009	1,301,421	128,588
Extraordinary maintenance and casualty	564,050	2,005,585	(1,441,535)
Housing assistance payments	26,772,158	25,173,833	1,598,325
Depreciation and amortization	<u>7,851,506</u>	<u>5,633,675</u>	<u>2,217,831</u>
Total Expenses	<u>61,788,088</u>	<u>58,347,900</u>	<u>\$ 3,440,188</u>
Other Revenues (Expenses):			
Gain (loss) on disposition, other	<u>(40,639)</u>	<u>14,154,760</u>	<u>(14,195,399)</u>
Total Change in Net Position	<u>\$ 15,659,459</u>	<u>\$ 15,798,451</u>	<u>\$ (138,992)</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

As reflected in the "Financial Highlights" section above, KCDC's development activities were the primary contributor to the overall increase in revenues, expenses and net position.

Budgetary Highlights

For the year ended June 30, 2024, budgets were prepared by KCDC and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agencies.

As indicated by the excess of total revenues over total expenses shown above, KCDC's net position increased during the fiscal year primarily due to development funding and activities.

Capital Assets

For the year ended June 30, 2024, KCDC had \$87,912,016 invested in a variety of capital assets as reflected in the following schedule, which represents an increase of \$1,432,625 from the end of the prior year. This net increase is attributable to land acquisition and new construction of KCDC-owned dwelling units.

Capital Assets at Year-End (Net of Depreciation)

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes to the financial statements.

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>
Land	\$ 13,442,615	\$ 12,551,413	\$ 891,202
Buildings	180,375,262	174,117,740	6,257,522
Furniture/equipment	5,899,378	2,658,548	3,240,830
Infrastructure	10,503,985	8,684,879	1,819,106
Construction in process	9,582,062	12,506,591	(2,924,529)
Accumulated depreciation	(132,543,751)	(125,065,980)	(7,477,771)
Right-to-use subscription asset	1,864,406	1,864,406	-
Accumulated amortization	(1,211,941)	(838,206)	(373,735)
Total Capital Assets	<u>\$ 87,912,016</u>	<u>\$ 86,479,391</u>	<u>\$ 1,432,625</u>

**KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2024

Change in Capital Assets

	Historical Cost	Accumulated Depreciation and Amortization	Net
Balance at June 30, 2023	\$ 212,383,577	\$ 125,904,186	\$ 86,479,391
Additions	11,880,563	7,851,506	4,029,057
Dispositions	(2,596,432)	-	(2,596,432)
Balance at June 30, 2024	<u>\$ 221,667,708</u>	<u>\$ 133,755,692</u>	<u>\$ 87,912,016</u>

Debt Outstanding

For the year ended June 30, 2024, KCDC had \$75,570,400 in debt (bonds, notes, etc.) outstanding compared to \$53,309,289 last year, showing a \$22,261,111 increase, which is the net of a \$23,288,937 increase in notes payable related to construction activities, and a \$1,027,826 decrease from extinguishment of capital debt.

Outstanding Debt, at Year-End

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>
Debt:			
Current portion	\$ 11,263,914	\$ 1,158,169	\$ 10,105,745
Long term portion	64,306,486	52,151,120	12,155,366
Total Debt	<u>\$ 75,570,400</u>	<u>\$ 53,309,289</u>	<u>\$ 22,261,111</u>

Economic Factors

Significant economic factors affecting KCDC are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rate.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income.
- Inflationary pressure on fuel costs, utility rates, supplies, and other costs.

Request for Information

The financial report is designed to provide a general overview of KCDC's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Chief Financial Officer, KCDC, P.O. Box 3550, Knoxville, TN 37927-3550 or by email to nwhite@kcdc.org or to rbrown@kcdc.org.

Roster of Board Members

Chairman: Kimberly Henry
Vice Chairman: Scott Broyles
Secretary: Benjamin M. Bentley
Treasurer: Felix Harris

Commissioner: Becky Wade
Commissioner: Bob Whetsel
Commissioner: John Winemiller
Resident Commissioner: Kathy Hill

Roster of Management Officials

Benjamin M. Bentley, Executive Director/CEO
Nancy White, Chief Financial Officer
Sabrina Draplin, Vice President of Housing
Jim Hatfield, Vice President of Redevelopment/Legal Services
Marisa A. Moazen, Vice President of Policy/Strategic Partnerships
Jim Barker, Vice President of Administration

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Business Type Activities</u>	<u>Discretely Presented Component Units</u>
ASSETS		
Current Assets:		
Cash and cash equivalents, unrestricted	\$ 7,785,886	\$ 2,410,589
Cash and cash equivalents, restricted	30,806,195	22,948,811
Investments, unrestricted	14,164,138	-
Investments, restricted	-	22,200,478
Accounts receivable, net of allowance	18,215,883	1,397,200
Due from other governments	5,353,303	508,270
Inventories	17,445	56,233
Prepaid expense	858,900	553,054
Lease receivable	349,560	-
Assets held for conveyance	283,890	-
Total Current Assets	<u>77,835,200</u>	<u>50,074,635</u>
Noncurrent Assets:		
Lease receivable	3,877,939	-
Notes and mortgages receivable	58,065,743	-
Total Other Noncurrent Assets	<u>61,943,682</u>	<u>-</u>
Capital Assets:		
Nondepreciable	23,024,677	56,225,087
Depreciable, net	64,887,339	126,002,451
Total Capital Assets, Net	<u>87,912,016</u>	<u>182,227,538</u>
Other Noncurrent Assets:		
Interest receivable	5,129,485	-
Assets held for conveyance	17,658,711	-
Other noncurrent assets	4,338,682	4,916,703
Total Other Noncurrent Assets	<u>27,126,878</u>	<u>4,916,703</u>
Total Noncurrent Assets	<u>176,982,576</u>	<u>187,144,241</u>
Total Assets	<u>254,817,776</u>	<u>237,218,876</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 254,817,776</u>	<u>\$ 237,218,876</u>

The accompanying notes to the financial statements are in integral part of these statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2024

	Business Type Activities	Discretely Presented Component Units
LIABILITIES		
Current Liabilities:		
Vendors and contractors payable	\$ 2,245,177	\$ 4,188,194
Accrued wages/taxes payable	428,468	56,582
Accrued compensated absences	680,674	-
Accrued interest payable	105,880	4,469,040
Due to other governments	208,390	60,907
Unearned revenue	1,202,269	207,865
Notes and bonds payable	11,263,914	608,101
Other current liabilities	2,123,956	9,666,278
Subscription liability	409,545	-
Resident security deposits	388,816	275,602
Total Current Liabilities	19,057,089	19,532,569
Noncurrent Liabilities:		
Notes and bonds payable	64,306,486	106,385,577
Related party notes payable	-	40,729,737
Accrued compensated absences	1,381,974	-
Subscription liability	5,816	-
Other accrued liabilities	143,872	498,185
Total Noncurrent Liabilities	65,838,148	147,613,499
Total Liabilities	84,895,237	167,146,068
Deferred inflows of resources	4,227,499	-
Total Liabilities And Deferred Inflows Of Resources	89,122,736	167,146,068
Net Position:		
Net investment in capital assets	42,608,805	62,516,112
Restricted	22,169,221	6,712,134
Unrestricted	100,917,014	844,562
Total Net Position	165,695,040	70,072,808
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 254,817,776	\$ 237,218,876

The accompanying notes to the financial statements are in integral part of these statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2024

	Business Type Activities	Discretely Presented Component Units
Operating Revenues:		
Rental revenue	\$ 5,635,901	\$ 4,535,798
Fee revenue	707,590	-
HUD grants	45,798,143	-
Other governmental grants	10,890,008	7,886,605
Other revenue	11,870,562	51,433
Total Operating Revenues	<u>74,902,204</u>	<u>12,473,836</u>
Operating Expenses:		
Administrative	11,625,589	2,450,116
Tenant services	575,307	37,650
Utilities	3,584,849	1,910,873
Ordinary maintenance and operation	5,365,657	2,542,224
Protective services	372,875	237,734
Insurance	783,881	795,233
General expenses	2,862,207	367,822
Housing assistance payments	26,772,158	-
Depreciation and amortization	7,851,506	4,130,214
Total Operating Expenses	<u>59,794,029</u>	<u>12,471,866</u>
Net Operating Income	<u>15,108,175</u>	<u>1,970</u>
Nonoperating Revenues (Expenses):		
Interest revenue, unrestricted	2,393,638	1,533,806
Interest revenue, restricted	176,053	14,118
Interest expense	(1,430,009)	(3,286,776)
Fraud recovery	16,291	7,514
Extraordinary maintenance and casualty	(564,050)	-
Other nonoperating expenses	-	(126,743)
Loss on disposition of capital assets and land held for conveyance	(40,639)	-
Total Nonoperating Revenues (Expenses), Net	<u>551,284</u>	<u>(1,858,081)</u>
Income (loss) before contributions	15,659,459	(1,856,111)
Capital contributions	-	15,163,118
Change in net position	<u>15,659,459</u>	<u>13,307,007</u>
Net position, beginning of year	<u>150,035,581</u>	<u>56,765,801</u>
Net position, end of year	<u>\$ 165,695,040</u>	<u>\$ 70,072,808</u>

The accompanying notes to the financial statements are in integral part of these statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:	
Receipts from dwelling rentals	\$ 6,516,928
Operating grants	53,171,637
Receipts from fees	707,590
Other receipts	11,912,004
Payments to employees and suppliers	(34,010,097)
Payments to landlords and residents	(26,772,158)
Net cash flows from operating activities	<u>11,525,904</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(11,841,757)
Acquisition of assets held for conveyance	(17,612,600)
Proceeds from sale of assets	41,442
Proceeds from capital debt	23,288,937
Proceeds from leases receivable	337,590
Interest received from leases receivable	125,337
Principal paid on capital debt	(967,826)
Interest paid on capital debt	(1,443,637)
Principal paid on subscription asset	(379,152)
Interest paid on subscription asset	(25,668)
Extraordinary maintenance and other	(547,759)
Net cash flows from capital and related financing activities	<u>(9,025,093)</u>
Cash flows from investing activities:	
Interest received	1,419,876
Purchases of investments	(3,275,183)
Payments received on notes receivable	(4,159,943)
Proceeds from notes receivable	4,844,842
Net cash flows from investing activities	<u>(1,170,408)</u>
Change in cash and cash equivalents	1,330,403
Cash, beginning of year	<u>37,261,678</u>
Cash, end of year	<u>\$ 38,592,081</u>
Reconciliation of cash to the statement of net position:	
Cash and cash equivalents, unrestricted	\$ 7,785,886
Cash and cash equivalents, restricted	<u>30,806,195</u>
	<u>\$ 38,592,081</u>

The accompanying notes to the financial statements are in integral part of these statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2024

Operating income:	\$ 15,108,175
Adjustments to reconcile net operating income to net cash flows from operating activities:	
Depreciation and amortization	7,851,506
Loss of disposal of fixed assets	40,639
Bad debt expense	457,994
Changes in assets and liabilities	
Accounts receivable	(10,144,965)
Inventory	148,314
Other governments	(3,635,366)
Prepaid expenses	(463,314)
Other assets	-
Accounts payable	(390,962)
Accrued wages	135,477
Accrued compensated absences	64,505
Due to other governments	118,852
Unearned revenue	808,321
Other accrued liabilities	1,365,189
Security deposits	61,539
Net cash flows from operating activities	<u>\$ 11,525,904</u>
Noncash reconciling items:	
Net book value of assets transferred to tax credit properties	<u>\$ 2,596,432</u>
Transfer of assets held for sale to capital assets	<u>\$ 51,300</u>

The accompanying notes to the financial statements are in integral part of these statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of the organization and operations

Organization – Knoxville's Community Development Corporation, Inc. ("KCDC") is a public body corporate and politic pursuant to the Laws of the State of Tennessee which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development ("HUD") and other Federal Agencies. The primary purpose of KCDC is to provide safe, decent, sanitary, and affordable housing to low-income, elderly, and disabled families in Knoxville, Tennessee.

Reporting Entity – The governing body of KCDC is its Board of Commissioners, which is composed of seven members appointed by the Mayor of the City of Knoxville. The Board appoints a Chief Executive Officer to administer the business of KCDC. KCDC is not considered a component unit of the City of Knoxville.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Sections 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards of the Governmental Accounting Standards Board: The Financial Reporting Entity. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has both blended component units and discretely presented component units.

Blended component units:

- Passport Development Corporation ("PDC") is a Section 115 Corporation which has served as KCDC's general partner ("GP") to limited partnerships formed in conjunction with low-income tax credits. Currently PDC is the GP for Eastport Development LP., owner of The Residences at Eastport Phase 2.
- Knoxville's Housing Development Corporation ("KHDC") is a Section 115 Corporation established to acquire, rehab, or develop affordable housing projects in the Knoxville area for KCDC. KHDC is the owner of Passport Homes and Clifton Road Apartments.
- Family Investment Foundation, Inc. is a 501(c) (3) Corporation established for charitable, social, vocational, recreational and health purposes, and related business ventures.
- Greater Tennessee Housing Assistance Corporation is a Section 115 Corporation established as an instrumentality of KCDC. The purpose of the corporation is to facilitate leasing activity on acquired property.
- Five Points 1 Corporation is a Section 115 Corporation that is an instrumentality of KCDC. The purpose of the corporation is to be the general partner in a limited partnership formed in conjunction with low-income housing tax credits for the development of the Five Points Senior Building.
- Five Points 2 Corporation is a Section 115 Corporation that is an instrumentality of KCDC. The purpose of the corporation is to be the general partner in a limited partnership formed in conjunction with low-income housing tax credits for the development of Five Points Phase 2 Apartments.
- Five Points 3 Corporation is a Section 115 Corporation that is an instrumentality of KCDC. The purpose of the corporation is to be the general partner in a limited partnership formed in conjunction with low-income housing tax credits for the development of the Five Points Phase 3 Apartments.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of the organization and operations (continued)

- Five Points 4 Corporation is a Section 115 Corporation that is an instrumentality of KCDC. The purpose of the corporation is to be the general partner in a limited partnership formed in conjunction with low-income housing tax credits for the development of the Five Points Phase 4 Apartments.
- Passport Housing Corporation is a Section 115 Corporation that is an instrumentality of KCDC. The purpose of the corporation is to be the general partner in a limited partnership formed in conjunction with low-income housing tax credits for the rehabilitation and operation of apartment units at Residences at Lonsdale, North Ridge Crossing, and The Vista at Summit Hill.
- Montgomery Village Housing Corporation is a Section 115 Corporation that is a wholly-owned instrumentality of KCDC. The purpose of the corporation is to own and facilitate the renovation of Montgomery Village Apartments.
- Hollywood GP Corporation is a Section 115 Corporation created for ownership and financing activities related to 817 Hollywood Road, Knoxville, Tennessee.
- Young High GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 121 E. Young High Pike, Knoxville, Tennessee.
- Moss Grove GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 265 & 266 Moss Grove Boulevard, Knoxville, Tennessee.
- Cagle Terrace Corporation is a Section 115 Corporation that is a wholly-owned instrumentality of KCDC. The purpose of the corporation is to own and facilitate the renovation of Cagle Terrace Apartments.
- Bell Street Corporation is a Section 115 Corporation created for ownership and financing activities related to KCDC's Austin Homes Phase 1A redevelopment.
- Bell Street 2 Corporation is a Section 115 Corporation created for ownership and financing activities related to KCDC's Austin Homes Phase 2A redevelopment. Pre-development activity has begun but has not begun leasing as of June 30, 2024.
- Bell Street 3 Corporation is a Section 115 Corporation created for ownership and financing activities related to KCDC's Austin Homes Phase 1B redevelopment.
- Western Heights Corporation is a Section 115 Corporation created for ownership and financing activities related to KCDC's Western Heights redevelopment.
- Western Heights I Corporation is a Section 115 Corporation created for ownership and financing activities related to KCDC's Western Heights Phase I redevelopment. Predevelopment activities have begun as of June 30, 2024.
- Liberty Place Knoxville Corporation is a Section 115 Corporation created for ownership and financing activities related to Liberty Place Knoxville LP redevelopment.
- Holston GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to Holston Hills Road, Knoxville, Tennessee.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of the organization and operations (continued)

- Grosvenor Square GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 2400 and 2600 Merchant Drive, Knoxville, Tennessee and 5291 Oakhill Drive, Knoxville, Tennessee.
- Sutherland 1 GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 1036 Dunhill Way, Knoxville, Tennessee and 3200 Sutherland View Way, Knoxville, Tennessee.
- Sutherland 2 GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 510 Vista Glen Way, Knoxville, Tennessee.
- Western Heights 2 GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to KCDC's Western Heights Phase 2 redevelopment. Pre-development activity has begun but has not begun leasing as of June 30, 2024.
- Western Heights 3 GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to KCDC's Western Heights Phase 3 redevelopment. Pre-development activity has begun but has not begun leasing as of June 30, 2024.
- Western Heights 4 GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to KCDC's Western Heights Phase 4 redevelopment. Pre-development activity has not begun as of June 30, 2024.
- Bluegrass GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to 1645 Ebenezer Road, Knoxville, Tennessee.
- Hardin Valley GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to Hardin Valley Rd, Knoxville, Tennessee.
- Fifth Avenue GP Corporation is a Section 115 Corporation created for Low Income Housing Tax Credit financing activities related to Fifth Avenue, Knoxville, Tennessee.

These blended component units are reported in the aggregate, in the primary government column, on the Combining Schedule of Net Position and Combining Schedule of Revenues, Expenses and Changes in Net Position.

Discretely presented component units

As of June 30, 2024, KCDC recognized cumulatively twelve limited partnerships (“LPs”) as discretely presented component units as follows:

- Eastport Development LP was formed under the laws of the State of Tennessee on November 10, 2009 to acquire, own, develop, lease, and operate The Residences at Eastport, Phase II (the “Property”) located in Knoxville, Tennessee. The Property consists of a 60-unit multifamily apartment complex developed and operated under the federal low-income housing tax credit program as provided for in Section 42 of the Internal Revenue Code (“Section 42”).
- Five Points 1, LP was formed under the laws of the State of Tennessee on January 23, 2014 to acquire, own, develop, lease, and operate Five Points Senior Building (the “Property”) located in Knoxville, Tennessee. The Property consists of 90 units, developed and operated under the low-income housing tax credit program. Additionally, the Partnership entered into a Housing Assistance Payments Program (“HAP”) and Rental Assistance Demonstration Use Agreement (“RAD”) with HUD. The effective date of these agreements is July 1, 2017, and the agreements expire on April 30, 2037.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of the organization and operations (continued)

- Five Points 2, LP was formed under the laws of the State of Tennessee on January 1, 2016 to acquire, own, develop, lease, and operate Five Points 2 Apartments (the "Property") located in Knoxville, Tennessee. The Property consists of 84 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Five Points 3, LP was formed under the laws of the State of Tennessee on August 30, 2016 to acquire, own, develop, lease, and operate Five Points Phase 3 located in Knoxville, Tennessee. The Property consists of 80 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Five Points 4, LP was formed under the laws of the State of Tennessee on November 13, 2017 to acquire, own, develop, lease, and operate Five Points Phase 4 Apartments (the "Property") located in Knoxville, Tennessee. The Property consists of 82 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Property are subject to the provisions of a regulatory agreement with HUD.
- Lonsdale, LP was formed under the laws of the State of Tennessee on March 23, 2016 to acquire, own, develop, lease, and operate The Lonsdale (the "Property") located in Knoxville, Tennessee. The Property consists of 260 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- North Ridge Crossing, LP was formed under the laws of the State of Tennessee on March 23, 2016 to acquire, own, develop, lease, and operate North Ridge Crossing Apartments (the "Property") located in Knoxville, Tennessee. The Property consists of 268 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Vista at Summit Hill, LP (the "Partnership") was formed under the laws of the State of Tennessee on March 23, 2016 to acquire, own, develop, lease, and operate The Vista at Summit Hill (the "Property") located in Knoxville, Tennessee. The Property consists of 175 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Bell Street, LP was formed under the laws of the State of Tennessee on February 1, 2019 to acquire, own, develop, lease, and operate Bell Street Flats (the "Property") located in Knoxville, Tennessee. The Property consists of 105 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Bell Street 3, LP was formed under the laws of the State of Tennessee on February 18, 2020 to acquire, own, develop, lease, and operate Austin Homes Phase 1B (the "Property") located in Knoxville, Tennessee. The Property consists of 180 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Property are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of the organization and operations (continued)

- Western Heights LP was formed under the laws of the State of Tennessee on July 30, 2021 to acquire, own, develop, lease, and operate Western Heights (the "Property") located in Knoxville, Tennessee. The Property consists of 232 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Project are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.
- Liberty Place LP was formed under the laws of the State of Tennessee on May 26, 2022 to acquire, own, develop, lease, and operate Liberty Place (the "Property") located in Knoxville, Tennessee. The Property consists of 32 units, developed and operated under the low-income housing tax credit program. Additionally, the operating methods of the Property are subject to the provisions of a regulatory agreement executed between the Partnership and HUD.

Main programs of KCDC are as follows:

- Low Rent Public Housing under Annual Contributions Contract A-2571: This type of housing consists of apartments and single-family dwellings owned and operated by KCDC. Funding is provided by tenant rent payments and subsidies provided by HUD. As of June 30, 2024, one low-income housing property remains in this portfolio.
- Section 8 Housing Choice Voucher Cluster (Housing Choice Vouchers, Mainstream Voucher, and Emergency Housing Voucher Programs): These are housing programs wherein low rent tenants lease housing units directly from private landlords rather than through KCDC. KCDC contracts with these private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low rent tenants.
- Section 8 Project-based Cluster (Moderate Rehabilitation Properties and Section 8 Special Allocations): Section 8 project-based rental assistance programs aid low- and very low-income families in obtaining decent, safe, and sanitary rental housing through the provision of housing assistance payments to participating owners on behalf of eligible tenants. The Mod Rehab property owners are independent parties. The Special Allocations fund KCDC-owned Multi-family Housing developments which were converted from public housing to local ownership through HUD's RAD program.
- Development/Redevelopment Programs administer internal projects, CDBG, and other projects for the City of Knoxville, Knox County, and the Metropolitan Knoxville Airport Authority.
- Public Housing Capital Fund Programs are programs for the modernization, demolition, and redevelopment of public housing funded by HUD.
- The Manor is a program whereby KCDC provides meals, laundry service, and has twenty-four-hour staff available for the special needs of the more dependent elderly tenants. This service is provided to those tenants for a fee.
- Entrepreneurial Activities is a program which provides technical assistance to other PHA's and local governments.
- Central Office Cost Center is a business unit within KCDC that earns income from internal fees by overseeing other KCDC programs.
- Other Programs/Activities include KCDC's Family Self-Sufficiency program and programs related to the management of COVID-19 related grants from FEMA and HUD.
- KCDC became a Moving to Work (MTW) agency during the year ended June 30, 2024. Designation as a MTW agency provides funding flexibility. KCDC received HUD approval of its funding flexibility plan during the year and did not utilize its approved funding flexibility for the year then ended.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2—Summary of significant accounting policies

Basis of Presentation and Accounting – In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

KCDC reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

U.S. GAAP for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net asset categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Net position whose use by KCDC is subject to externally imposed stipulations that can be fulfilled by actions of KCDC pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or KCDC Board or may otherwise be limited by contractual agreements with outside parties.

Budgets – Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The Capital Fund budgets are adopted on a “project length” basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, KCDC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents.

Inter-Program Receivables and Payables – Inter-program receivables/payables, when present, are all current, and are the result of the use of a common paymaster for shared costs of KCDC. Cash settlements are made periodically, and all inter-program balances net to zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.

Investments – Investments are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD and consist mainly of certificates of deposit and U.S. treasury securities.

Inventories – Inventories consisting of materials and supplies are valued at cost using the moving average method. If inventory falls below cost due to damage, deterioration, or obsolescence, KCDC establishes an allowance for obsolete inventory. KCDC relies upon its periodic (annual) inventory for financial reporting purposes. In accordance with the consumption method, inventory is expensed when items are placed in service.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2—Summary of significant accounting policies (continued)

Prepaid Items – Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Capital assets

Book Value – All purchased fixed assets are valued at cost when historical records are available. Land values were derived from development closeout documentation.

Donated fixed assets are recorded at acquisition value at the time they are received.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

Depreciation – The cost of capital assets is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

Buildings	27 years
Building modernization	10 years
Appliances	7 years
Office equipment	7 years
Maintenance equipment	5 years
Automobiles	5 years
Community space equipment	5 years
Right-to-use subscription asset	5 years
Computer equipment	3 years

Maintenance and Repairs Expenditures – Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Impairment of Capital Assets – KCDC has been and is currently involved in various demolition activities in conjunction with its modernization and development programs. KCDC has at June 30, 2024, recognized in the accompanying basic financial statements the impact of the demolition activities. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. KCDC has not recognized any asset impairment for the year ended June 30, 2024.

Lease Receivable and Deferred Inflows of Resources – KCDC recognizes a lease receivable and a deferred inflow of resources on leases at the commencement of the lease term, with certain exceptions for short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease period. The deferred inflow of resources on leases is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Revenue from the included leases is recognized by using the effective interest method.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2—Summary of significant accounting policies (continued)

Right-to-Use Subscription Asset – The right-to-use subscription asset represents KCDC's right to use certain subscription-based information technology during a defined subscription term. The right-to-use subscription asset is valued at the present value of the related subscription payments plus any other identified capitalizable costs associated with software implementation less related accumulated amortization. Accumulated amortization is calculated using the straight-line method over the shorter of the subscription term or the estimated useful life of the underlying information technology asset.

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of KCDC and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of KCDC and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Litigation Losses – KCDC recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable, and the loss is reasonably estimable.

Risk Management – KCDC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters. KCDC carries commercial insurance for all identified risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

Use of Restricted Assets – It is KCDC's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Operating Revenues and Expenses – The principal operating revenues of KCDC's enterprise fund are HUD operating grants and charges to customers for rents and services. Operating expenses for KCDC's enterprise fund include the cost of providing housing and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 3—Deposits and investments

For purposes of the Statement of Cash Flows, KCDC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents.

HUD Deposit and Investment Restrictions – HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit, or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by KCDC or with an unaffiliated bank or trust company for the account of KCDC.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—Deposits and investments (continued)

Deposit and Investment Risks – KCDC held the following deposit and investments at June 30, 2024:

Deposits

Unrestricted	\$ 7,785,886
Restricted other	30,303,223
Restricted for tenant security deposits	396,729
Restricted for payment of current liabilities	<u>106,243</u>
Total cash demand deposits	<u>\$ 38,592,081</u>

Investments

Investment	Maturity Date	Value Principal Paid 6/30/2024	Fair Market Value 6/30/2024	Moody's Rating	S & P Rating	Callable
CD	7/5/2024	\$ 250,000	\$ 249,768	NR	NR	NO
CD	10/30/2024	250,000	249,893	NR	NR	NO
CD	10/30/2024	250,000	249,933	NR	NR	NO
CD	1/22/2025	250,000	249,048	NR	NR	NO
CD	7/9/2024	250,000	247,855	NR	NR	NO
CD	8/11/2025	250,000	248,455	NR	NR	NO
US TREAS NTS	8/15/2024	495,118	496,905	AAA	NR	NO
US TREAS NTS	9/15/2024	498,700	494,920	AAA	NR	NO
US TREAS NTS	10/15/2024	499,195	493,165	AAA	NR	NO
US TREAS NTS	11/15/2024	999,980	983,070	AAA	NR	NO
US TREAS NTS	12/15/2024	998,790	980,750	AAA	NR	NO
US TREAS NTS	1/15/2025	646,425	635,700	AAA	NR	NO
US TREAS NTS	2/15/2025	248,257	244,153	AAA	NR	NO
US TREAS NTS	3/31/2025	247,720	245,293	AAA	NR	NO
US TREAS NTS	4/30/2025	248,998	245,305	AAA	NR	NO
US TREAS NTS	5/31/2025	248,880	244,855	AAA	NR	NO
US TREAS NTS	6/15/2025	<u>248,823</u>	<u>244,705</u>	AAA	NR	NO
Total		6,880,886	6,803,770			
Cash and cash equivalents	N/A	<u>7,360,368</u>	<u>7,360,368</u>	NR	NR	NO
Total securities		<u>\$ 14,241,254</u>	<u>\$ 14,164,138</u>			

KCDC categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted at prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

Level 1 – Quoted prices (unadjusted) of identical assets or liabilities in active markets that an entity has ability to access as of the measurement date, or observable inputs.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions above the assumptions that market participants would use in pricing an asset or liability.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—Deposits and investments (continued)

KCDC has the following recurring fair value measurements as of June 30, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposits	\$ 1,494,952	\$ 1,494,952	\$ -	\$ -
Cash equivalents	501,660	501,660	-	-
Money markets	6,858,705	6,858,705	-	-
U.S. treasury securities	5,308,821	-	5,308,821	-
	<u>\$ 14,164,138</u>	<u>\$ 8,855,317</u>	<u>\$ 5,308,821</u>	<u>\$ -</u>

Restricted and unrestricted cash and investments:

Low income public housing:

 Restricted for tenant security deposits \$ 8,333

Housing choice voucher:

 Restricted for housing assistance payments equity and noncurrent liabilities 244,686

 Restricted for payment of current liabilities 106,243

Mainstream voucher:

 Restricted for housing assistance payments equity 11,920

Emergency housing voucher:

 Restricted for FSS escrow deposits 107,153

Mod Rehabilitation:

 Restricted for housing assistance payments equity 672

Blended component unit:

 Restricted for modernization and development 17,561,378

 Restricted for replacement reserve 2,928,407

 Restricted for tenant security deposits 168,426

Section 8 special allocation:

 Restricted for operating reserve 100,347

 Restricted for rehab escrow 6,283,142

 Restricted for tenant security deposits 219,970

State/local:

 Restricted for modernization and development 3,065,518

 Total restricted demand deposits 30,806,195

 Unrestricted cash 7,785,886

Unrestricted investments 14,164,138

 Total unrestricted cash and investments 21,950,024

 Total restricted and unrestricted cash and investments \$ 52,756,219

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when KCDC holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department, or agent but not in KCDC’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when KCDC holds investment that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in KCDC’s name.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 3—Deposits and investments (continued)

KCDC's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities obligation of federal agencies, securities of government-sponsored agencies, and other instruments which may be approved by the U.S. Department of HUD. As required by Federal 12 U.S. C.A., Section 1823(e), all financial institutions pledging collateral to KCDC must have a written collateral agreement approved by the Board of Directors or loan committee.

The investments held in the various trust accounts for bond covenant purposes are invested in open-ended mutual funds which are not subject to custodial credit risk because they do not represent specific individual securities.

At June 30, 2024, KCDC was not exposed to custodial credit as defined above.

Investment Credit Risk – KCDC's investment policy limits unrestricted investments to those allowed by the U.S. Department of HUD. These investment limitations are described in Note 1. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. KCDC has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations – rating agencies – as of the year-end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As noted in the schedule of deposits and investment above, at June 30, 2024, the investments held by KCDC mature July 5, 2024 through June 15, 2025. KCDC may sell these investments at fair value at any time.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of KCDC. Investments issued or explicitly guaranteed by HUD-approved instruments are excluded from this consideration.

Note 4—Accounts receivable

Due from managed entities	\$ 4,532,414
Tenant accounts receivable, net of allowance of \$463,608	441,477
Due from affiliates	8,755,485
Other	4,486,507
Total accounts receivable	<u>\$ 18,215,883</u>

Note 5—Due from other governments

HUD	\$ 4,633,550
Local governments	719,753
Total due from other governments	<u>\$ 5,353,303</u>

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 6—Assets held for sale or conveyance

In its capacity as a local redevelopment agency, KCDC contracts with other local governmental agencies for various types of redevelopment projects. These projects may range from relatively minor projects such as rehabilitation of family dwellings up to much larger commercial redevelopment endeavors.

In the course of this activity, KCDC often assumes ownership of selected properties during the rehabilitation period, only to transfer or sell these properties in accordance with the contract with the respective local governments. The noncurrent portion is \$17,658,711. The current portion is \$283,890.

Note 7—Notes and mortgages receivable

Eastport Development, LP	\$ 5,036,924
Lonsdale, LP	6,640,841
North Ridge Crossing, LP	5,240,580
Vista at Summit Hill, LP	5,007,768
Five Points I, LP	538,736
Five Points II, LP	2,327,136
Five Points III, LP	1,407,879
Five Points IV, LP	2,602,749
Bell Street, LP	523,277
Bell Street 2, LP	2,019,699
Bell Street 3, LP	6,774,911
Western Heights, LP	17,805,000
Western Heights 1, LP	163,185
Liberty Place Knoxville, LP	1,977,058
	<hr/>
Total notes and mortgages receivable	<u>\$ 58,065,743</u>

Eastport Development Limited Partnership – KCDC entered into a mixed financing arrangement with Eastport Development, L.P. (“EDLP”) for the addition of 60 public housing units as part of The Residences at Eastport II in the Five Points Community in Knoxville, Tennessee. The notes receivable consists of a loan for \$100,000 from KCDC’s Capital Fund Program now held by Passport Development Corporation (“PDC”), a wholly-owned subsidiary of KCDC; a loan for \$4,058,273 from KCDC’s ARRA Grant, held by PDC; a loan for \$128,651 from Knoxville’s Housing Development Corporation (“KHDC”) funds, now held by KHDC; a loan for \$750,000 from PDC and held by PDC. The principal balance of all outstanding loans as of June 30, 2024 was \$5,036,924.

The Capital Funds and ARRA funds were provided through HUD as grants to KCDC. In cooperation with HUD, the Capital and ARRA Funds are being loaned to EDLP and are due 40 years after completion of the project. The capital improvements purchased with these funds are reflected on the financial statements of EDLP.

	<u>Interest Accrual Rate</u>	<u>Maturity Date</u>
Capital Funds Loan	0% annually	October 1, 2051
ARRA Funds Loan	0% annually	October 1, 2051
KHDC Loan	0% annually	October 1, 2051
Passport Development Corporation Loan	0% annually	October 1, 2051

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Notes and mortgages receivable (continued)

Lonsdale, LP – In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$3,530,000 note payable from Lonsdale, LP (“Seller Loan”). The notes accrue interest at 2.82% per annum on the face amount. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$3,380,948.

In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$3,070,000 note payable from Lonsdale, LP (“KCDC Purchase Loan”). The notes accrue interest at 2.82% per annum on the face amount. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the notes payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The notes are secured by the Property. As of June 30, 2024, the principal balance outstanding was \$2,940,372.

KCDC obtained a \$319,521 note payable from Lonsdale, LP (“KCDC Reserves Loan”) pursuant to the loan agreement, dated August 25, 2017. The note bore no interest through January 31, 2019. Beginning February 1, 2019, the note bears interest at 2.82% per annum. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$319,521.

North Ridge Crossing, LP – In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$6,500,000 note payable from North Ridge Crossing, LP (“Seller Loan”). The note accrues interest at 2.82% per annum on the face amount of the loan. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the notes payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on August 31, 2057. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$3,183,530.

In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$4,200,000 note payable from North Ridge Crossing, LP (“KCDC Purchase Loan”). The note accrues interest at 2.82% per annum on the face amount of the loan. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the notes payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on August 31, 2057. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$2,057,050.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Notes and mortgages receivable (continued)

Vista at Summit Hill, LP – In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$2,310,000 note payable from Vista at Summit Hill, LP (“Seller Loan”). The note accrues interest at 2.82% per annum on the face amount of the loan. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$2,128,789.

In accordance with the ground lease dated August 25, 2017, KCDC obtained a \$2,690,000 note payable from Vista at Summit Hill, LP (“KCDC Purchase Loan”). The note accrues interest at 2.82% per annum on the face amount of the loan. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$2,478,979.

KCDC obtained a \$400,000 note payable from Vista at Summit Hill, LP (“KCDC Reserves Loan”) pursuant to the loan agreement, dated August 25, 2017. The note bears no interest until January 31, 2019. Beginning February 1, 2019, the note bears interest at 2.82% per annum. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 40 years. The entire principal shall be due and payable in full on January 31, 2059. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. The note is secured by the Property. As of June 30, 2024, the principal balance outstanding was \$400,000.

Five Points 1, LP – KCDC obtained a \$734,640 promissory note from Five Points 1, LP. The loan, which is secured by the Property, bears interest at 8% per year, as defined in the promissory note. The entire principal balance and accrued interest is due on the maturity date of May 1, 2033. The loan shall be payable from available cash flow. As of June 30, 2024, the principal balance outstanding was \$538,736.

Five Points 2, LP – KCDC obtained a \$1,291,177 note payable from Five Points 2, LP pursuant to the loan agreement, dated May 23, 2017 (“KCDC RHF Loan”). The note bore no interest until September 30, 2018 and 7.75%, thereafter. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 30 years. The entire principal shall be due and payable in full on October 31, 2048. Notwithstanding the foregoing, the Partnership shall make payments of accrued interest and principal from time to time solely from net cash flow, as defined, and if there is insufficient net cash flow to make any payments, such amounts shall accrue and be paid from future net cash flow. As of June 30, 2024, the principal balance outstanding was \$1,291,177.

KCDC obtained a \$1,660,763 note payable from Five Points 2, LP pursuant to the loan agreement, dated May 23, 2017 (“KCDC Reserves Loan”). The note bears no interest until February 1, 2019 and 7.75%, thereafter. Payments of principal and interest are required annually on the anniversary of the funding date, as defined, in an amount sufficient to fully amortize the outstanding principal balance of the note payable, at a fixed rate, over a period of 30 years. The entire principal shall be due and payable on January 31, 2049. As of June 30, 2024, the principal balance outstanding was \$1,035,959.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Notes and mortgages receivable (continued)

Five Points 3, LP – KCDC obtained a \$661,556 promissory note from Five Points 3, LP dated April 12, 2018. The principal balance of this Note, which is secured by the property, shall bear interest from the date of this Note until January 31, 2020 at the rate of 0% per annum. From and after February 1, 2020, the principal balance of this Note shall bear interest at a rate of 3.04% per annum. On the Maturity Date, January 31, 2050, the entire outstanding principal balance advanced under this Promissory Note, together with accrued but unpaid interest thereon, will be due and payable in full. Notwithstanding the foregoing, Five Points 3, LP shall make payments of accrued interest and principal from time to time solely from Cash Flow. As of June 30, 2024, the principal balance outstanding was \$124,825.

KCDC obtained a \$1,000,000 promissory note from Five Points 3, LP dated April 12, 2018. The principal balance of this Note, which is secured by the property, shall bear interest from the date of this Note until January 31, 2020 at the rate of 0% per annum. From and after February 1, 2020, the principal balance of this Note shall bear interest at a rate of 3.04% per annum. On the Maturity Date, January 31, 2050, the entire outstanding principal balance advanced under this Promissory Note, together with accrued but unpaid interest thereon, will be due and payable in full. Notwithstanding the foregoing, Five Points 3, LP shall make payments of accrued interest and principal from time to time solely from cash flow. As of June 30, 2024, the principal balance outstanding was \$1,000,000.

KCDC obtained a \$1,186,419 promissory note from Five Points 3, LP dated April 12, 2018. Proceeds are drawn incrementally in accordance with terms of the Promissory Note. The principal balance of this Note, which is secured by the property, shall bear interest from the funding date until the principal balance and all accrued interest is paid in full at the rate of 3.04% per annum. Five Points 3, LP shall make payments of accrued interest and principal from time to time solely from cash flow. As of June 30, 2024, the principal balance outstanding is equal to the amount of draws to date, totaling \$283,054.

Five Points 4, LP – KCDC obtained a \$1,911,592 promissory note from Five Points 4, LP dated May 14, 2019. The principal balance of this Note, which is secured by the property, shall bear interest from the date of this Note until September 1, 2020 at the rate of 0% per annum. From and after September 2, 2020, the principal balance of this Note shall bear interest at a rate of 7.50% per annum, compounding monthly. On the Maturity Date, September 1, 2050, the entire outstanding principal balance advanced under this Promissory Note, together with accrued but unpaid interest thereon, will be due and payable in full. Notwithstanding the foregoing, Five Points 4 LP shall make payments of accrued interest and principal from time to time solely from Cash Flow. As of June 30, 2024, the principal balance outstanding was \$2,602,749.

Bell Street, LP – KCDC obtained a \$5,368,119 promissory note from Bell Street, LP, dated July 15, 2020. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 0% until December 31, 2021. From and after January 1, 2022, the principal balance of this note shall bear interest at the rate equal to the Applied Federal Rate as of the date of the note per annum. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of thirty years with a maturity date of July 15, 2060. Notwithstanding the foregoing, Bell Street, LP shall make payments of accrued interest and principal from time to time solely from net cash flow. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$523,277.

Bell Street 2, LP – KCDC obtained a \$11,130,611 promissory note from Bell Street 2, LP, dated May 23, 2024. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 1%. Equal installments of the of principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of December 31, 2066. Notwithstanding the foregoing, Bell Street 2, LP shall make payments of accrued interest and principal from time to time solely from net cash flow. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$2,019,699.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Notes and mortgages receivable (continued)

Bell Street 3, LP – KCDC obtained a \$6,324,911 promissory note from Bell Street 3, LP, dated June 22, 2021. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 1%. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of June 22, 2061. Notwithstanding the foregoing, Bell Street 3, LP shall make payments of accrued interest and principal from time to time solely from net cash flow. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$6,324,911.

KCDC obtained a \$500,000 promissory note from Bell Street 3 LP, dated June 22, 2021. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 1%. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of June 22, 2061. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$450,000.

Western Heights, LP – KCDC obtained a \$11,500,000 promissory note from Western Heights, LP dated October 18, 2022. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 0% until September 30, 2024. From and after October 1, 2024, the principal balance of this note shall bear interest at a fixed rate of 0.75%. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of October 18, 2062. If there is insufficient net cash to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advance under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$11,500,000.

KCDC obtained a \$6,305,000 promissory note from Western Heights, LP dated October 18, 2022. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 0% until September 30, 2024. From and after October 1, 2024, the principal balance of this note shall bear interest at a fixed rate of 0.75%. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of 40 years with a maturity date of October 18, 2062. If there is insufficient net cash to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advance under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$6,305,000.

Western Heights 1, LP – KCDC obtained a \$8,437,040 promissory note from Western Heights 1, LP, dated May 23, 2024. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 2.5%. Equal installments of the principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of May 23, 2064. Notwithstanding the foregoing, Western Heights 1, LP shall make payments of accrued interest and principal from time to time solely from net cash flow. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$163,185.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Notes and mortgages receivable (continued)

Liberty Place Knoxville, LP – KHDC obtained a \$1,976,357 promissory note from Liberty Place Knoxville, LP dated August 16, 2023. The principal balance of this note, which is secured by the property, shall bear interest at a fixed rate of 1%. Equal installments of principal plus interest are due annually on the anniversary of the funding date over a period of forty years with a maturity date of August 16, 2063. Notwithstanding the foregoing, Liberty Place Knoxville, LP shall make payments of accrued interest and principal from time to time solely from net cash flow. If there is insufficient net cash flow to make any payment under the note, such amounts shall accrue and be paid from future years net cash flow. On the maturity date, the entire outstanding principal balance advanced under this note, together with all accrued and unpaid interest will be due and payable in full. As of June 30, 2024, the principal balance outstanding was \$1,976,357.

Note 8—Land, buildings, and equipment

	Balance 7/1/2023	Additions	Adjustments/ Disposals	Transfers	Balance 6/30/2024
Nondepreciable:					
Land	\$ 12,551,413	\$ 979,800	\$ (88,598)	\$ -	\$ 13,442,615
Construction in progress	12,506,591	10,449,297	(2,507,834)	(10,865,992)	9,582,062
Total Nondepreciable	25,058,004	11,429,097	(2,596,432)	(10,865,992)	23,024,677
Depreciable:					
Buildings & improvements	174,117,740	394,002	-	5,863,520	180,375,262
Infrastructure	8,684,879	20,760	-	1,798,346	10,503,985
Accumulated depreciation	(123,536,971)	(6,826,438)	-	-	(130,363,409)
Net buildings and improvements	59,265,648	(6,411,676)	-	7,661,866	60,515,838
Equipment:	2,658,548	36,704	-	3,204,126	5,899,378
Accumulated depreciation	(1,529,009)	(651,333)	-	-	(2,180,342)
Net equipment	1,129,539	(614,629)	-	3,204,126	3,719,036
Net depreciable assets	60,395,187	(7,026,305)	-	10,865,992	64,234,874
Right-to-use:					
Right-to-use subscription asset	1,864,406	-	-	-	1,864,406
Accumulated amortization	(838,206)	(373,735)	-	-	(1,211,941)
Net right-to-use assets	1,026,200	(373,735)	-	-	652,465
Other noncurrent assets:					
	\$ 86,479,391	\$ 4,029,057	\$ (2,596,432)	\$ -	\$ 87,912,016

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 9—Unearned revenue

Unearned Revenue:

HCV administration fees	\$ 77,510
Tenant prepaid rents	216,208
Resident association funds	84,277
Other	<u>824,274</u>
Total unearned revenue	<u>\$ 1,202,269</u>

Note 10—Notes payable

KCDC is indebted to various lenders as follows:

Reference	Interest Expense	Current Debt	Noncurrent Debt	Total Debt	Accrued Interest
1	\$ 17,497	\$ 126,802	\$ 440,902	\$ 567,704	\$ 681
2	213,988	433,333	5,994,445	6,427,778	8,708
3	-	248,699	-	248,699	-
4	8,227	63,065	82,871	145,936	738
5	75,682	39,462	1,602,056	1,641,518	6,157
6	135,330	75,679	4,103,737	4,179,416	10,275
7	89,801	58,191	3,180,382	3,238,573	7,962
8	423,802	182,747	10,074,127	10,256,874	34,993
9	-	60,000	960,000	1,020,000	-
10	270,727	240,829	10,978,401	11,219,230	22,345
11	169,287	135,722	5,750,013	5,885,735	13,735
12	-	-	450,000	450,000	-
13	-	-	10,500,000	10,500,000	-
14	-	9,599,385	10,189,552	19,788,937	-
	<u>\$ 1,404,341</u>	<u>\$ 11,263,914</u>	<u>\$ 64,306,486</u>	<u>\$ 75,570,400</u>	<u>\$ 105,594</u>

1. *Truist* – On April 15, 2004, KCDC issued a promissory note to SunTrust Bank (now Truist) in the amount of \$2,470,155. The proceeds were utilized to reimburse KCDC for construction of a Head Start building to provide preschool education for qualified low-income eligible children. The note was paid in full in May 2015 and again refinanced through Truist in the amount of \$1,567,500 bearing interest at 2.88% per annum. On March 10, 2020, the note was amended and restated under the same terms as the prior note, except that the end date was extended to exclude a balloon payment. The note is to be paid in monthly increments of \$11,869 through October 2028. The outstanding balance as of June 30, 2024 is \$567,704.
2. *Pinnacle Bank* – On March 31, 2022, KCDC entered into a Construction and Term Loan Agreement with Pinnacle Bank for mortgage financing of a 277-unit senior housing complex. The face amount of the loan agreement is \$6,500,000 and interest shall be calculated at the prime rate less 4%, (but not less than 0% and not higher than 3.25%) as detailed in the loan documents. The note is to be paid in monthly increments of \$36,111 through April 1, 2039. The outstanding balance as of June 30, 2024 is \$6,427,778.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

3. *HUD Forgivable Loan* – On March 31, 2008, KCDC purchased Valley Oaks Apartments, a Section 8 project-based property from Knox Housing Partnership in the amount of \$63,977. As a condition of the sale, KCDC assumed a forgivable note as detailed below:

On August 29, 1994, Knox Housing Partnership purchased Valley Oaks Apartments from HUD for a cost of \$1. In exchange for this bargain purchase price, the Partnership agreed to maintain the property as rental or cooperative housing for a period of thirty years. Because of stipulations in the purchase contract, the project recorded the apartment buildings and land at their fair market value of \$497,400 less the cost of \$1 actually paid. As the HUD requirements are met for the purchase of this property at the bargain price, the Forgivable HUD Advance in the amount of \$497,399 will be reduced and a HUD contribution recognized as follows:

25% of the \$497,399 or \$124,350 on August 30, 2004

25% of the \$497,399 or \$124,350 on August 30, 2014

50% of the \$497,399 or \$248,699 on August 30, 2024

The outstanding balance as of June 30, 2024 is \$248,699.

4. *First Horizon* – On June 30, 2001, Passport Homes LP entered into a loan for mortgage financing with First Tennessee Bank (now First Horizon Bank) for the University Avenue Affordable Housing Project, "Passport Homes" in the Mechanicsville Community. The original amount of the loan was \$1,000,000 bearing interest at 4.55% per annum with a maturity date of December 1, 2015. Pursuant to the dissolution of Passport Homes LP, KCDC assumed this note in accordance with a Modification and Assumption Agreement dated January 31, 2017. All terms of the loan remain intact. The outstanding balance as of June 30, 2024 is \$145,936.
5. *Home Federal* – On December 27, 2018, KCDC entered into a Construction and Term Loan Agreement with Home Federal Bank of Tennessee for mortgage financing of a 53-unit senior housing complex. The face amount of the loan agreement is \$4,900,000. The note is to be amortized over 25 years, commencing on the first day of the term period. Interest only shall be due through October 31, 2019. Thereafter, monthly principal and interest payments are required. Interest shall be calculated at the adjusted interest rate (WSJ Prime less 4%, but not less than 0% and not higher than 9%) as detailed in the loan documents. The outstanding balance as of June 30, 2024 is \$1,641,518.
6. *Home Federal* – On October 1, 2020, KCDC entered into a Construction and Term Loan Agreement with Home Federal Bank of Tennessee for mortgage financing of a 249-unit senior housing complex. The face amount of the loan agreement is \$4,300,000 and is to be amortized over 16 years, commencing on the first day of the term period. Interest shall be calculated at the prime rate, (but not less than 0% and not higher than 2.95%) as detailed in the loan documents. The outstanding balance as of June 30, 2024 is \$4,179,416.
7. *Home Federal* – On October 1, 2020, KCDC entered into a Construction and Term Loan Agreement with Home Federal Bank of Tennessee for mortgage financing of a 236-unit senior housing complex. The face amount of the loan agreement is \$2,850,000 and is to be amortized over 16 years, commencing on the first day of the term period. Effective August 2022, the loan was modified to have a maximum borrowing amount of \$3,321,000. Interest shall be calculated at the adjusted interest rate (Prime less 4%, but not less than 0% and not higher than 2.95%) as detailed in the loan documents. The outstanding balance as of June 30, 2024 is \$3,238,573.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

8. *Walker & Dunlop, LLC* – On November 1, 2018, Montgomery Village Corporation (an instrumentality of KCDC) issued a note payable to Walker & Dunlop, LLC in the amount of \$11,128,000 for the purchase and rehabilitation of a 384 unit affordable housing complex under HUD's RAD program. Interest only payments were required through December 1, 2018. Beginning January 1, 2019, monthly payments of \$51,976.98, consisting of 4.4% interest per annum and remaining amounts against principal, shall be made. Any remaining principal and interest shall be due and payable on December 1, 2053. The outstanding balance as of June 30, 2024 is \$10,256,874.
9. *City of Knoxville* – On December 26, 2018, KCDC entered into a deferred payment loan with the City of Knoxville in the amount of \$1,200,000 for the development of 53 units of affordable housing on Clifton Road and Chillicothe Street in Knoxville. This loan will be forgiven over a twenty-year period beginning in fiscal year 2022 (\$60,000 per year) provided that KCDC complies with all terms of the agreement. The outstanding balance as of June 30, 2024 is \$1,020,000.
10. *Walker & Dunlop, LLC* – On December 1, 2020, Cagle Terrace Corporation issued a note payable to Walker & Dunlop, LLC in the amount of \$12,000,000 for the rehabilitation of a 212 unit rental assisted affordable housing complex under HUD's RAD program. The note is payable in monthly installments of \$42,195, which include principal and interest of 2.39% per annum. The outstanding balance as of June 30, 2024 is \$11,219,230.
11. *Home Federal* – On September 2, 2021, KCDC entered into a Construction and Term Loan Agreement with Home Federal Bank of Tennessee for mortgage financing for construction of a Head Start building to provide preschool education for qualified low-income eligible children in the Western Heights neighborhood. The face amount of the loan agreement is \$6,200,000 and \$6,015,926 has been drawn as of June 30, 2024. Interest shall be calculated at the prime rate, (but not less than 4% and not higher than 2.80%) as detailed in the loan documents. The outstanding balance as of June 30, 2024 is \$5,885,735.
12. *Tennessee Housing Trust* – On December 1, 2021, KCDC entered into a deferred payment loan with Tennessee Housing Development Agency in the amount of \$450,000. This loan is forgiven over a five-year period upon the availability of occupancy of Bell Street provided that KCDC complies with all terms of the agreement. The outstanding balance as of June 30, 2024 is \$450,000.
13. *City of Knoxville* – On June 7, 2023, KCDC entered into a loan agreement with the City of Knoxville for TIF eligible public infrastructure improvement project expenses related to the stadium redevelopment area. The \$14,000,000 loan bears no interest and matures June 1, 2066 unless extended or paid in full prior to the maturity date. Loan payments will begin no later than June 1, 2026. The loan is securitized by tax increment revenues. The outstanding balance as of June 30, 2024 is \$10,500,000.
14. *Regions Capital Advantage, Inc.* – On September 21, 2023, KCDC entered into a loan agreement with Regions Capital Advantage, Inc. for TIF eligible public infrastructure improvement project expenses related to the Knoxville South Waterfront Redevelopment and Urban Renewal Plan. The \$30,000,000 note bears interest at the Bloomberg Short-Term Bank Yield Index (BSBY), (but not less than 0%) as detailed in the loan documents. The loan is securitized by tax increment revenues. The outstanding balance as of June 30, 2024, is \$19,788,937.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

Debt amortization is as follows:

	<u>Truist</u>	<u>Pinnacle</u>	<u>HUD</u>	<u>First Horizon</u>	<u>Home Federal</u>
2025	\$ 126,802	\$ 433,333	\$ 248,699	\$ 63,065	\$ 39,462
2026	130,555	433,333	-	66,037	51,422
2027	134,419	433,333	-	16,834	53,377
2028	138,240	433,333	-	-	55,752
2029	37,688	433,333	-	-	1,441,505
2030-2034	-	2,166,667	-	-	-
2035-2039	-	2,094,446	-	-	-
2040-2044	-	-	-	-	-
2045-2049	-	-	-	-	-
2050-2054	-	-	-	-	-
2055-2059	-	-	-	-	-
	<u>\$ 567,704</u>	<u>\$ 6,427,778</u>	<u>\$ 248,699</u>	<u>\$ 145,936</u>	<u>\$ 1,641,518</u>

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

	Home Federal	Home Federal	Walker Dunlop	City of Knoxville	Walker Dunlop
2025	\$ 75,679	\$ 58,191	\$ 182,747	\$ 60,000	\$ 240,829
2026	78,294	60,204	190,382	60,000	246,649
2027	80,635	62,004	198,336	60,000	252,609
2028	83,046	63,858	206,623	60,000	258,713
2029	85,529	65,767	215,255	60,000	264,964
2030-2034	467,573	359,538	1,218,928	300,000	1,424,008
2035-2039	541,788	416,605	1,523,356	300,000	1,604,571
2040-2044	627,783	482,730	1,841,690	120,000	1,808,029
2045-2049	727,427	559,351	2,259,931	-	2,037,286
2050-2054	1,411,662	1,110,325	2,419,626	-	2,295,613
2055-2059	-	-	-	-	785,959
	<u>\$ 4,179,416</u>	<u>\$ 3,238,573</u>	<u>\$ 10,256,874</u>	<u>\$ 1,020,000</u>	<u>\$ 11,219,230</u>

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

	<u>Home Federal</u>	<u>Tennessee Housing Trust</u>	<u>City of Knoxville</u>	<u>Regions</u>	<u>Total</u>
2025	\$ 135,722	\$ -	\$ -	\$ 9,599,385	\$ 11,263,914
2026	140,587	100,000	700,000	599,385	2,856,848
2027	144,715	100,000	700,000	599,385	2,835,647
2028	148,675	100,000	700,000	599,385	2,847,625
2029	152,891	100,000	700,000	599,385	4,156,317
2030-2034	832,014	50,000	3,500,000	2,996,925	13,315,653
2035-2039	4,331,131	-	3,500,000	2,996,925	17,308,822
2040-2044	-	-	700,000	1,798,162	7,378,394
2045-2049	-	-	-	-	5,583,995
2050-2054	-	-	-	-	7,237,226
2055-2059	-	-	-	-	785,959
	<u>\$ 5,885,735</u>	<u>\$ 450,000</u>	<u>\$ 10,500,000</u>	<u>\$ 19,788,937</u>	<u>\$ 75,570,400</u>

Tax Increment Financing – The Housing Authority as the Redevelopment agency for the City of Knoxville has entered into tax increment financing agreements between various developers and various financial institutions to help developers secure financing within the redevelopment area. The debt is non-recourse debt to KCDC. These agreements are designed to give developers an incentive to redevelop vacant downtown property. The tax increment financing agreement is between KCDC, the developer, and the financial institution. The property tax payments as well as the equity in the property are used as collateral as well as the developer’s personal guarantee on the loan. The following table reflects tax increment financing agreements in existence as of June 30, 2024 which have been issued by KCDC:

TIF Project	Redevelopment Plan Area	Approval Date	TIF Amount	June 30, 2024	
				Balance	Project Total
1 Commerce Bldg	Jackson/Depot	1/20/2006	\$ 735,000	\$ 7,236	\$ 6,100,000
2 Cityview at Riverwalk	Old Knoxville Glove Factory	9/21/2006	2,800,000	-	27,550,330
3 Mast General	Gay Street	8/3/2007	1,441,802	374,580	6,401,000
4 N Central Village	Downtown North/I 275 Corridor	6/26/2007	200,000	-	2,031,639
5 Brownlow School	Brownlow School	9/12/2008	542,284	-	5,450,000
6 SE Glass Bldg	Jackson/Depot	5/27/2009	460,123	15,199	4,103,976
7 500 Block	Gay Street	9/12/2008	812,500	13,999	4,908,189
8 5th Ave	Downtown North/ 275 Corridor	11/13/2009	356,000	27,456	3,734,762
9 Daylight Bldg	Central Business District West	10/1/2009	959,000	190,387	6,745,000
10 Landings Ph1	Northside Waterfront	2/17/2010	1,500,000	58,948	28,240,321
11 Harold’s Bldg	Jackson/Depot	4/15/2010	129,000	12,939	847,866
12 Arnstein Bldg	Historic Market Square	12/20/2011	1,145,000	228,192	8,515,000
13 University Commons	University Commons	12/21/2012	10,000,000	6,947,345	62,000,000
14 Landings Ph2	Northside Waterfront	12/31/2012	715,000	293,235	See item 18
15 JC Penney Bldg	Gay Street	11/14/2013	1,150,000	502,763	7,361,000
16 Magnolia Urban Village	Jackson/Depot	8/4/2014	225,000	67,870	2,100,000
17 Next Step Development	District	12/1/2015	539,000	288,119	4,792,939
18 MEWS2	Central Business District West	6/23/2016	350,000	247,187	3,480,000
19 DRT Tombras	Gay Street	6/30/2016	1,650,000	1,244,371	9,700,000
20 Riverwalk	South Waterfront	12/29/2016	22,000,000	12,385,534	139,000,000
21 Regas Bldg	Jackson/Depot	1/27/2017	4,950,000	3,647,368	35,101,798
22 South Waterfront	South Waterfront	9/21/2023	30,000,000	19,788,937	139,000,000

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 10—Notes payable (continued)

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of KCDC. Accordingly, this debt has not been recorded in the basic financial statements of KCDC. Additionally, HUD no longer provides debt service information to KCDC.

Note 11—Other liabilities

	<u>Current</u>	<u>Long-Term</u>
FSS participant escrows	\$ 106,243	\$ 143,872
Utilities	391,673	-
Other liabilities	1,626,040	-
Total other liabilities	<u>\$ 2,123,956</u>	<u>\$ 143,872</u>

Note 12—Schedule of changes in noncurrent liabilities

	<u>Balance at 6/30/23</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at 6/30/24</u>
Notes payable	\$ 52,151,120	\$ 13,689,552	\$ (1,534,186)	\$ 64,306,486
Compensated absences	1,666,175	711,217	(995,418)	1,381,974
Subscription liability	415,361	-	(409,545)	5,816
Other long term liabilities	2,381,844	50,597	(2,288,569)	143,872
	<u>\$ 56,614,500</u>	<u>\$ 14,451,366</u>	<u>\$ (5,227,718)</u>	<u>\$ 65,838,148</u>

Note 13—Annual contributions by federal agencies

Low Rent Public Housing (ACC A-2571) – Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy for low-rent public housing. The operating subsidy contributions for the year ended June 30, 2024 were \$1,543,166. HUD also contributed additional funds through the Capital fund for modernization and operations in the amount of \$4,611,551.

Section 8 Rental Assistance – Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. KCDC is also eligible to receive reimbursement for preliminary expenses prior to lease up.

HUD Section 8 contributions for the year ended June 30, 2024 were as follows:

Housing choice vouchers cluster	\$ 29,303,157
Section 8 project-based special allocations (multi-family)	343,560
Other section 8 programs	90,259
	<u>\$ 29,736,976</u>

Other Federal Revenue – Other federal revenues for the year ended June 30, 2024 are reported on the Schedule of expenditures of Federal Awards schedule contained in this report.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 14—Defined contribution plan

KCDC provides retirement benefits for all its full-time employees through a defined contribution plan entitled Housing Authority Retirement Trust (“HART”). The plan is administered by Automatic Data Processing, a third party administrator. In this plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The HART Trustees are authorized to establish and amend plan benefits. Employees are eligible to participate six months after the date of employment. KCDC contributes approximately 12.8% of the employee's base salary each month for employees hired prior to November 1, 2006. For employees hired after October 31, 2006, the employer contribution is 8.8%, while the employee has no required contribution. KCDC's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years of continuous service. KCDC contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce KCDC's current period contribution requirement.

KCDC's total payroll in fiscal year 2024 was \$8,233,951. Payroll covered by the pension plan was \$7,778,377. KCDC made the required contributions amounting to \$798,731, and employees made elective contributions of \$23,745.

Note 15—Post-employment health plan benefits

KCDC provides for the accumulation of tax-free monies to be used for health-related costs in a benefit plan known as the “Post Employment Health Plan” (“PEHP”) administered by Nationwide.

KCDC contributes a fixed amount of \$20 per month to each participating employee's universal PEHP account. All regular, full-time employees are enrolled in the plan on the first day of the month following completion of three years of service. Benefits and options are outlined in literature made public by Nationwide or may be accessed on-line at www.nrsforu.com. Contributions to the PEHP are determined by the Board of Commissioners of KCDC. PEHP benefits available to KCDC employees are established and amended by the PEHP trustees.

KCDC funds the PEHP program in a fixed amount per month per participant and has met all financial obligations of the PEHP. Additionally, KCDC has accrued a liability for PEHP which relate to sick leave conversions which may become available in the future. The employees do not contribute to this plan.

Note 16—Economic dependency

KCDC receives approximately 57% of its revenue from HUD. If the amount of revenues received from HUD falls below critical levels, KCDC's reserves could be adversely affected.

Note 17—Contingencies

KCDC is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to KCDC in the current and prior years. Three of KCDC's multi-family housing projects received management and occupancy reviews by HUD. Corrective actions have been undertaken for issues raised by these reviews. Under the terms of Guaranty Agreements with its discretely presented component unit limited partnerships, KCDC is guarantor for liabilities arising from nonperformance by the general partners regarding development, unfunded debt obligations, and liquidity. These Agreements require KCDC to maintain minimum liquidity amounts ranging from \$250,000 to \$7,500,000.

KCDC is a defendant in various lawsuits and has retained outside counsel to vigorously defend such litigation. The outcome of these cases is currently indeterminable and, therefore, management believes that it is unlikely that resolution of these matters will have a material, adverse effect on the financial condition of KCDC.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 18—Commitments

KCDC is engaged in modernization programs funded by HUD and other sources. In this regard, KCDC has entered into construction-type contracts with approximately \$1,216,492 remaining until completion.

Annual Contribution Contracts provide that HUD shall have authority to audit and examine the records of public housing authorities. Accordingly, final determination of KCDC’s financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by KCDC.

Note 19—Leasing activities to tenants

KCDC is the lessor of dwelling units mainly to low-income residents. These leases are generally considered to be short-term and do not derive from exchange or exchange-like transactions. The rents under the leases are determined generally by the resident’s income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. KCDC may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as “Rental Revenue”. Rental Revenue per dwelling unit generally remains consistent from year to year but is affected by general economic conditions which impact personal income and local job availability.

Note 20—Lease receivable

In 2005, KCDC began leasing certain property to a third party. The initial lease term is for a period of 25 years, with payments due monthly to KCDC in the amount of \$13,577; the assumed interest rate is 3%. At the end of this 25-year period, the lessee may continue to lease the building under the same terms, except the payment is adjusted to \$1,000 per year. This additional period has not been included in the measurement of the lease because KCDC is not reasonably certain that the extension will be executed.

In 2022, KCDC began leasing certain property to a third party. The initial lease term is for a period of 15 years, with payments in year 1-2 due monthly to KCDC in the amount of \$25,000; in years 3-15 the monthly amount of \$25,300; the assumed interest rate is 2.8%.

As of June 30, 2024, the KCDC’s lease receivable and related deferred inflow balance were both \$4,227,999. No variable payments were received.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 349,560	\$ 115,465	\$ 465,025
2026	361,294	105,232	466,526
2027	371,837	94,689	466,526
2028	382,688	83,838	466,526
2029	393,855	72,671	466,526
2030-2034	1,380,132	233,169	1,613,301
2035-2038	988,133	49,167	1,037,300
	<u>\$ 4,227,499</u>	<u>\$ 754,231</u>	<u>\$ 4,981,730</u>

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 21—Interprogram transfers

KCDC will make cash transfers to and between its various programs as outlined in the Federal Regulations and authorized and approved by KCDC’s Board of Commissioners. All these programs are part of the Enterprise Fund, therefore there are no interfund transfers.

Note 22—Subscription liability (“SBITA”)

During the year ended June 30, 2021, KCDC entered into an agreement with a vendor to allow KCDC to use their cloud-based accounting, compliance, and agency management technology solution. The agreement is for a term of 5 years beginning March 2021, with payments made on a yearly basis after implementation. The agreement has an assumed interest rate of 3.0%. As of June 30, 2024, the value of the subscription liability was \$376,039.

During the year ended June 30, 2023, KCDC entered into an agreement with a vendor to allow KCDC to use their anti-virus software. The agreement is for a term of 3 years beginning September 2022, with payments made on a monthly basis after implementation. The agreement has an assumed interest rate of 7.0% as of June 30, 2024, the value of the subscription liability as \$39,322.

The future principal and interest payments required under the SBITA are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 409,545	\$ 12,972	\$ 422,517
2026	5,816	51	5,867
	<u>\$ 415,361</u>	<u>\$ 13,023</u>	<u>\$ 428,384</u>

Note 23—Conduit debt

To further economic development, KCDC has issued bonds that provide capital financing to private sector entities for the acquisition and construction of residential facilities. The properties financed are pledged as collateral and the bonds are payable solely from payments received from the private sector entities on the underlying mortgage or promissory notes. A KCDC blended component unit is a minority partner in the private sector entities. Other than a minority interest, no commitments beyond the collateral, the payments from the private sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by KCDC for any of those bonds. At June 30, 2024, the bonds have an aggregate outstanding principal amount payable as follows:

Willow Place	\$ 30,000,000
Grosvenor Square	19,000,000
	<u>\$ 49,000,000</u>

Note 24—Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of KCDC through the date of the Independent Auditors Report and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units

	Primary Government Excluding Blended Component Unit	Knoxville Housing Development Corporation	Bluegrass GP Corporation	Bell Street 1 Corp	Bell Street 2 Corp	Bell Street 3 Corp
ASSETS						
Current assets	\$ 24,962,413	\$ 29,421,512	\$ -	\$ -	\$ 10,787,920	\$ 4,084,610
Capital assets, net	52,735,428	22,181,906	-	-	-	-
Noncurrent assets	17,658,711	15,228,584	-	3,599,648	-	469,016
Total Assets	<u>95,356,552</u>	<u>66,832,002</u>	<u>-</u>	<u>3,599,648</u>	<u>10,787,920</u>	<u>4,553,626</u>
Deferred outflows of resources	-	-	-	-	-	-
Total Assets And Deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Outflows Of Resources	<u>\$ 95,356,552</u>	<u>\$ 66,832,002</u>	<u>\$ -</u>	<u>\$ 3,599,648</u>	<u>\$ 10,787,920</u>	<u>\$ 4,553,626</u>
LIABILITIES						
Current liabilities	\$ 13,331,864	\$ 3,812,234	\$ -	\$ -	\$ -	\$ 63,560
Noncurrent liabilities	24,937,941	19,339,778	-	-	-	450,000
Total Liabilities	38,269,805	23,152,012	-	-	-	513,560
Deferred inflows of resources	-	4,227,499	-	-	-	-
Total Liabilities And Deferred	<u>-</u>	<u>4,227,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Inflows Of Resources	<u>\$ 38,269,805</u>	<u>\$ 27,379,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,560</u>
Net position						
Net investment in capital assets	\$ 39,944,346	\$ 11,680,354	\$ -	\$ -	\$ -	\$ -
Restricted by program requirements	8,959,770	141,784	-	-	9,260,462	-
Unrestricted net position (deficit)	8,182,631	27,630,353	-	3,599,648	1,527,458	4,040,066
Total Net Position	<u>\$ 57,086,747</u>	<u>\$ 39,452,491</u>	<u>\$ -</u>	<u>\$ 3,599,648</u>	<u>\$ 10,787,920</u>	<u>\$ 4,040,066</u>
Total Liabilities, Deferred Inflows of	<u>-</u>	<u>4,227,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resources And Net Position	<u>\$ 95,356,552</u>	<u>\$ 66,832,002</u>	<u>\$ -</u>	<u>\$ 3,599,648</u>	<u>\$ 10,787,920</u>	<u>\$ 4,553,626</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Cagle Corporation	Family Investment Foundation	Five Points 1 Corporation	Five Points 2 Corporation	Five Points 3 Corporation	Five Points 4 Corporation
ASSETS						
Current assets	\$ 2,126,179	\$ 464,411	\$ -	\$ -	\$ -	\$ -
Capital assets, net	5,972,280	-	-	-	-	-
Noncurrent assets	-	-	640,746	3,571,913	1,569,904	3,376,575
Total Assets	<u>8,098,459</u>	<u>464,411</u>	<u>640,746</u>	<u>3,571,913</u>	<u>1,569,904</u>	<u>3,376,575</u>
Deferred outflows of resources	-	-	-	-	-	-
Total Assets And Deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outflows Of Resources	<u>\$ 8,098,459</u>	<u>\$ 464,411</u>	<u>\$ 640,746</u>	<u>\$ 3,571,913</u>	<u>\$ 1,569,904</u>	<u>\$ 3,376,575</u>
LIABILITIES						
Current liabilities	\$ 483,902	\$ 21,533	\$ -	\$ -	\$ -	\$ -
Noncurrent liabilities	11,010,552	-	-	-	-	-
Total Liabilities	11,494,454	21,533	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities And Deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Inflows Of Resources	<u>\$ 11,494,454</u>	<u>\$ 21,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net position						
Net investment in capital assets	\$ (5,246,950)	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted by program requirements	1,422,821	-	-	-	-	-
Unrestricted net position (deficit)	428,134	442,878	640,746	3,571,913	1,569,904	3,376,575
Total net position	<u>\$ (3,395,995)</u>	<u>\$ 442,878</u>	<u>\$ 640,746</u>	<u>\$ 3,571,913</u>	<u>\$ 1,569,904</u>	<u>\$ 3,376,575</u>
Total Liabilities, Deferred Inflows of	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resources And Net Position	<u>\$ 8,098,459</u>	<u>\$ 464,411</u>	<u>\$ 640,746</u>	<u>\$ 3,571,913</u>	<u>\$ 1,569,904</u>	<u>\$ 3,376,575</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Grosvenor Square GP Corporation	Greater Tennessee Housing Corporation	Holston GP Corporation	Hollywood GP Corp	Liberty Place Knoxville Corporation	Moss Grove GP Corp
ASSETS						
Current assets	\$ -	\$ 222,301	\$ -	\$ -	\$ 490,022	\$ -
Capital assets, net	-	-	-	-	200	-
Noncurrent assets	(558)	-	(558)	52	697,880	-
Total Assets	(558)	222,301	(558)	52	1,188,102	-
Deferred outflows of resources	-	-	-	-	-	-
Total Assets And Deferred	-	-	-	-	-	-
Outflows Of Resources	\$ (558)	\$ 222,301	\$ (558)	\$ 52	\$ 1,188,102	\$ -
LIABILITIES						
Current liabilities	\$ -	\$ 20,000	\$ -	\$ -	\$ 4,000	\$ -
Noncurrent liabilities	-	-	-	-	-	-
Total Liabilities	-	20,000	-	-	4,000	-
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities And Deferred	-	-	-	-	-	-
Inflows Of Resources	\$ -	\$ 20,000	\$ -	\$ -	\$ 4,000	\$ -
Net position						
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -
Restricted by program requirements	-	-	-	-	-	-
Unrestricted net position (deficit)	(558)	202,301	(558)	52	1,183,902	-
Total net position	\$ (558)	\$ 202,301	\$ (558)	\$ 52	\$ 1,184,102	\$ -
Total Liabilities, Deferred Inflows of	-	-	-	-	-	-
Resources And Net Position	\$ (558)	\$ 222,301	\$ (558)	\$ 52	\$ 1,188,102	\$ -

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Montgomery Village Corporation	Passport Homes Corporation	Passport Development Corporation	Sutherland 1 GP Corporation	Sutherland 2 GP Corporation	Western Heights 1 GP Corporation
ASSETS						
Current assets	\$ 2,701,371	\$ -	\$ -	\$ -	\$ -	\$ 557,743
Capital assets, net	5,868,071	-	-	-	-	2,527
Noncurrent assets	-	19,500,979	4,921,074	10,525	20,984	-
Total Assets	<u>8,569,442</u>	<u>19,500,979</u>	<u>4,921,074</u>	<u>10,525</u>	<u>20,984</u>	<u>560,270</u>
Deferred outflows of resources	-	-	-	-	-	-
Total Assets And Deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outflows Of Resources	<u>\$ 8,569,442</u>	<u>\$ 19,500,979</u>	<u>\$ 4,921,074</u>	<u>\$ 10,525</u>	<u>\$ 20,984</u>	<u>\$ 560,270</u>
LIABILITIES						
Current liabilities	\$ 482,659	\$ -	\$ -	\$ -	\$ -	\$ 190,214
Noncurrent liabilities	10,099,877	-	-	-	-	-
Total Liabilities	10,582,536	-	-	-	-	190,214
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities And Deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Inflows Of Resources	<u>\$ 10,582,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,214</u>
Net position						
Net investment in capital assets	\$ (4,388,803)	\$ -	\$ -	\$ -	\$ -	\$ (125,610)
Restricted by program requirements	2,384,384	-	-	-	-	-
Unrestricted net position (deficit)	(8,675)	19,500,979	4,921,074	10,525	20,984	495,666
Total net position	<u>\$ (2,013,094)</u>	<u>\$ 19,500,979</u>	<u>\$ 4,921,074</u>	<u>\$ 10,525</u>	<u>\$ 20,984</u>	<u>\$ 370,056</u>
Total Liabilities, Deferred Inflows of	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resources And Net Position	<u>\$ 8,569,442</u>	<u>\$ 19,500,979</u>	<u>\$ 4,921,074</u>	<u>\$ 10,525</u>	<u>\$ 20,984</u>	<u>\$ 560,270</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
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JUNE 30, 2024

Note 25—Blended component units (continued)

	Western Heights 2 GP Corporation	Western Heights 3 GP Corporation	Western Heights Corp	Young High GP Corp	Combined Blended Component Unit and Primary Government
ASSETS					
Current assets	\$ -	\$ -	\$ 2,016,718	\$ -	\$ 77,835,200
Capital assets, net	391,873	350,626	409,105	-	87,912,016
Noncurrent assets	-	-	17,805,051	34	89,070,560
Total Assets	391,873	350,626	20,230,874	34	254,817,776
Deferred outflows of resources	-	-	-	-	-
Total Assets And Deferred	-	-	-	-	-
Outflows Of Resources	<u>\$ 391,873</u>	<u>\$ 350,626</u>	<u>\$ 20,230,874</u>	<u>\$ 34</u>	<u>\$ 254,817,776</u>
LIABILITIES					
Current liabilities	\$ 353,828	\$ 291,528	\$ 1,767	\$ -	\$ 19,057,089
Noncurrent liabilities	-	-	-	-	65,838,148
Total Liabilities	353,828	291,528	1,767	-	84,895,237
Deferred inflows of resources	-	-	-	-	4,227,499
Total Liabilities And Deferred	-	-	-	-	-
Inflows Of Resources	<u>\$ 353,828</u>	<u>\$ 291,528</u>	<u>\$ 1,767</u>	<u>\$ -</u>	<u>\$ 89,122,736</u>
Net position					
Net investment in capital assets	\$ 217,968	\$ 118,195	\$ 409,105	\$ -	\$ 42,608,805
Restricted by program requirements	-	-	-	-	22,169,221
Unrestricted net position (deficit)	(179,923)	(59,097)	19,820,002	34	100,917,014
Total net position	\$ 38,045	\$ 59,098	\$ 20,229,107	\$ 34	\$ 165,695,040
Total Liabilities, Deferred Inflows of	-	-	-	-	-
Resources And Net Position	\$ 391,873	\$ 350,626	\$ 20,230,874	\$ 34	\$ 254,817,776

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Primary Government Excluding Blended Component Unit	Knoxville Housing Development Corporation	Bluegrass GP Corporation	Bell Street 1 Corp	Bell Street 2 Corp	Bell Street 3 Corp
Operating Revenues:						
Operating revenues	\$ 54,344,384	\$ 5,716,896	\$ -	\$ 1,274,031	\$ 2,519,971	\$ 676,611
Operating expenses	<u>49,525,058</u>	<u>2,128,266</u>	<u>173</u>	<u>79,250</u>	<u>(276)</u>	<u>77,519</u>
Operating Income (loss)	4,819,326	3,588,630	(173)	1,194,781	2,520,247	599,092
Non-operating revenues (expenses)	614,361	(8,344)	-	-	-	-
Transfers from (to)	<u>(11,232,201)</u>	<u>4,677,471</u>	<u>173</u>	<u>(779,845)</u>	<u>8,267,949</u>	<u>(54,418)</u>
Increase (decrease) in net position	<u>(5,798,514)</u>	<u>8,257,757</u>	<u>-</u>	<u>414,936</u>	<u>10,788,196</u>	<u>544,674</u>
Net position, beginning of year	<u>62,885,261</u>	<u>31,194,734</u>	<u>-</u>	<u>3,184,712</u>	<u>(276)</u>	<u>3,495,392</u>
Net position, end of year	<u><u>\$ 57,086,747</u></u>	<u><u>\$ 39,452,491</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,599,648</u></u>	<u><u>\$ 10,787,920</u></u>	<u><u>\$ 4,040,066</u></u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	<u>Cagle Corporation</u>	<u>Family Investment Foundation</u>	<u>Five Points 1 Corporation</u>	<u>Five Points 2 Corporation</u>	<u>Five Points 3 Corporation</u>	<u>Five Points 4 Corporation</u>
Operating Revenues:						
Operating revenues	\$ 2,522,843	\$ 282,344	\$ 43,450	\$ 266,324	\$ 110,290	\$ 262,290
Operating expenses	<u>2,533,162</u>	<u>3,939</u>	<u>594</u>	<u>117</u>	<u>148</u>	<u>161</u>
Operating income (loss)	(10,319)	278,405	42,856	266,207	110,142	262,129
Non-operating Revenues (Expenses):	-	-	-	-	-	-
Transfers from (to)	<u>(596,654)</u>	<u>-</u>	<u>(18,441)</u>	<u>(4,016)</u>	<u>(3,435)</u>	<u>(23,884)</u>
Increase (decrease) in net position	<u>(606,973)</u>	<u>278,405</u>	<u>24,415</u>	<u>262,191</u>	<u>106,707</u>	<u>238,245</u>
Net position, beginning of year	<u>(2,789,022)</u>	<u>164,473</u>	<u>616,331</u>	<u>3,309,722</u>	<u>1,463,197</u>	<u>3,138,330</u>
Net position, end of year	<u>\$ (3,395,995)</u>	<u>\$ 442,878</u>	<u>\$ 640,746</u>	<u>\$ 3,571,913</u>	<u>\$ 1,569,904</u>	<u>\$ 3,376,575</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Grosvenor Square GP Corporation	Greater Tennessee Housing Corporation	Holston GP Corporation	Hollywood GP Corp	Liberty Place Knoxville Corporation	Moss Grove GP Corp
Operating Revenues:	\$ -	\$ 202,322	\$ 92,912	\$ 47,401	\$ 523,921	\$ 215,990
HUD PHA operating grants	<u>777</u>	<u>21</u>	<u>692</u>	<u>21</u>	<u>52,330</u>	<u>22</u>
Fraud recovery	(777)	202,301	92,220	47,380	471,591	215,968
Operating income (loss)	-	-	-	-	-	-
Capital contributions	<u>219</u>	<u>-</u>	<u>(92,778)</u>	<u>(47,458)</u>	<u>732,754</u>	<u>(217,169)</u>
Special items	<u>(558)</u>	<u>202,301</u>	<u>(558)</u>	<u>(78)</u>	<u>1,204,345</u>	<u>(1,201)</u>
Increase (decrease) in net position	-	-	-	130	(20,243)	1,201
Net position, beginning of year	<u>\$ (558)</u>	<u>\$ 202,301</u>	<u>\$ (558)</u>	<u>\$ 52</u>	<u>\$ 1,184,102</u>	<u>\$ -</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Montgomery Village Corporation	Passport Housing Corporation	Passport Development Corporation	Sutherland 1 GP Corporation	Sutherland 2 GP Corporation	Western Heights 1 GP Corporation
Operating Revenues:						
Operating revenues	\$ 3,473,672	\$ 631,154	\$ -	\$ 23,056	\$ 46,589	\$ 482,581
Operating expenses	<u>4,710,589</u>	<u>73,888</u>	<u>46</u>	<u>146</u>	<u>146</u>	<u>567,258</u>
Operating income (loss)	(1,236,917)	557,266	(46)	22,910	46,443	(84,677)
Non-operating Revenues (Expenses):	(54,733)	-	-	-	-	-
Transfers from (to)	<u>-</u>	<u>(238,042)</u>	<u>432</u>	<u>(12,385)</u>	<u>(25,459)</u>	<u>249,308</u>
Increase (decrease) in net position	<u>(1,291,650)</u>	<u>319,224</u>	<u>386</u>	<u>10,525</u>	<u>20,984</u>	<u>164,631</u>
Net position, beginning of year	<u>(721,444)</u>	<u>19,181,755</u>	<u>4,920,688</u>	<u>-</u>	<u>-</u>	<u>205,425</u>
Net position, end of year	<u>\$ (2,013,094)</u>	<u>\$ 19,500,979</u>	<u>\$ 4,921,074</u>	<u>\$ 10,525</u>	<u>\$ 20,984</u>	<u>\$ 370,056</u>

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 25—Blended component units (continued)

	Western Heights 2 GP Corporation	Western Heights 3 GP Corporation	Western Heights Corp	Young High GP Corp	Combined Blended Component Unit and Primary Government
Operating Revenues:					
Operating revenues	\$ -	\$ -	\$ 1,067,665	\$ 75,507	\$ 74,902,204
Operating expenses	<u>713</u>	<u>712</u>	<u>38,536</u>	<u>21</u>	<u>59,794,029</u>
Operating income (loss)	(713)	(712)	1,029,129	75,486	15,108,175
Non-operating Revenues (Expenses):	-	-	-	-	551,284
Transfers from (to)	<u>38,758</u>	<u>59,810</u>	<u>(603,230)</u>	<u>(77,459)</u>	<u>-</u>
Increase (decrease) in net position	<u>38,045</u>	<u>59,098</u>	<u>425,899</u>	<u>(1,973)</u>	<u>15,659,459</u>
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>19,803,208</u>	<u>2,007</u>	<u>150,035,581</u>
Net position, end of year	<u>\$ 38,045</u>	<u>\$ 59,098</u>	<u>\$ 20,229,107</u>	<u>\$ 34</u>	<u>\$ 165,695,040</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 26—Discretely presented component units

	<u>Lonsdale</u>	<u>North Ridge</u>	<u>Vista</u>	<u>Eastport</u>	<u>Five Points 1</u>	<u>Five Points 2</u>
ASSETS						
Current assets	\$ 2,427,052	\$ 2,349,087	\$ 1,344,378	\$ 545,944	\$ 994,505	\$ 671,631
Capital assets, net	13,635,036	15,523,204	9,710,961	6,139,461	8,342,248	12,739,613
Noncurrent assets	1,283,963	752,918	908,853	11,560	67,832	74,837
Total Assets	\$ 17,346,051	\$ 18,625,209	\$ 11,964,192	\$ 6,696,965	\$ 9,404,585	\$ 13,486,081
LIABILITIES						
Current liabilities	\$ 1,102,799	\$ 2,489,146	\$ 970,240	\$ 94,906	\$ 182,113	\$ 1,336,014
Noncurrent liabilities	13,130,570	11,670,789	9,527,256	4,993,677	538,736	5,393,753
Total Liabilities	\$ 14,233,369	\$ 14,159,935	\$ 10,497,496	\$ 5,088,583	\$ 720,849	\$ 6,729,767
Net position:						
Net investment in capital assets	\$ 412,481	\$ 3,762,446	\$ 119,561	\$ 1,145,784	\$ 7,803,512	\$ 7,293,522
Restricted by program requirements	1,502,001	1,556,117	1,018,154	441,757	444,165	514,938
Unrestricted net position (deficit)	1,198,200	(853,289)	328,981	20,841	436,059	(1,052,146)
Total Net Position	\$ 3,112,682	\$ 4,465,274	\$ 1,466,696	\$ 1,608,382	\$ 8,683,736	\$ 6,756,314
Total Liabilities And Net Position	\$ 17,346,051	\$ 18,625,209	\$ 11,964,192	\$ 6,696,965	\$ 9,404,585	\$ 13,486,081

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 26—Discretely presented component units (continued)

	<u>Five Points 3</u>	<u>Five Points 4</u>	<u>Bell Street</u>	<u>Bell Street 3</u>	<u>Western Heights</u>	<u>Liberty Place</u>	<u>Total</u>
ASSETS							
Current assets	\$ 571,900	\$ 896,888	\$ 673,577	\$ 24,718,026	\$ 14,881,057	\$ 590	\$ 50,074,635
Capital assets, net	13,198,714	15,465,198	26,932,154	41,157,845	15,615,578	3,767,526	182,227,538
Noncurrent assets	83,271	91,454	154,606	1,487,409	-	-	4,916,703
Total Assets	<u>\$ 13,853,885</u>	<u>\$ 16,453,540</u>	<u>\$ 27,760,337</u>	<u>\$ 67,363,280</u>	<u>\$ 30,496,635</u>	<u>\$ 3,768,116</u>	<u>\$ 237,218,876</u>
LIABILITIES							
Current liabilities	\$ 412,548	\$ 1,796,183	\$ 330,265	\$ 5,629,445	\$ 3,107,902	\$ 2,081,008	\$ 19,532,569
Noncurrent liabilities	3,652,645	6,629,132	6,911,343	58,349,103	26,121,495	695,000	147,613,499
Total Liabilities	<u>\$ 4,065,193</u>	<u>\$ 8,425,315</u>	<u>\$ 7,241,608</u>	<u>\$ 63,978,548</u>	<u>\$ 29,229,397</u>	<u>\$ 2,776,008</u>	<u>\$ 167,146,068</u>
Net position:							
Net investment in capital assets	\$ 9,509,529	\$ 8,778,941	\$ 19,804,811	\$ 1,959,340	\$ 735,554	\$ 1,190,631	\$ 62,516,112
Restricted by program requirements	403,328	476,934	295,159	-	58,991	590	6,712,134
Unrestricted net position (deficit)	(124,165)	(1,227,650)	418,759	1,425,392	472,693	(199,113)	844,562
Total Net Position	<u>\$ 9,788,692</u>	<u>\$ 8,028,225</u>	<u>\$ 20,518,729</u>	<u>\$ 3,384,732</u>	<u>\$ 1,267,238</u>	<u>\$ 992,108</u>	<u>\$ 70,072,808</u>
Total Liabilities And Net Position	<u>\$ 13,853,885</u>	<u>\$ 16,453,540</u>	<u>\$ 27,760,337</u>	<u>\$ 67,363,280</u>	<u>\$ 30,496,635</u>	<u>\$ 3,768,116</u>	<u>\$ 237,218,876</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 26—Discretely presented component units (continued)

	<u>Lonsdale</u>	<u>North Ridge</u>	<u>Vista</u>	<u>Eastport</u>	<u>Five Points 1</u>	<u>Five Points 2</u>
Operating Revenues:						
Tenant revenue, net of bad debts	\$ 766,998	\$ 1,000,181	\$ 557,236	\$ 230,741	\$ 318,764	\$ 216,992
Other government grants	1,206,405	1,304,682	867,937	219,998	485,135	506,709
Other revenue	13,284	11,401	1,779	248	6,941	53
Total operating revenues	<u>1,986,687</u>	<u>2,316,264</u>	<u>1,426,952</u>	<u>450,987</u>	<u>810,840</u>	<u>723,754</u>
Operating Expenses:						
Administrative	472,884	478,367	343,072	109,261	190,636	105,758
Tenant service	5,152	2,494	1,607	7,585	12,355	456
Utilities	27,373	386,381	142,553	115,958	197,000	160,608
Maintenance	565,246	410,853	326,137	134,205	128,659	163,311
Protective services	41,797	46,298	27,956	10,258	20,309	14,115
Insurance	168,814	173,515	88,591	26,512	41,853	58,177
General expense	88,891	72,218	86,012	7,554	7,594	7,453
Depreciation and amortization	449,199	506,917	351,945	255,823	269,991	450,342
Total operating expenses	<u>1,819,356</u>	<u>2,077,043</u>	<u>1,367,873</u>	<u>667,156</u>	<u>868,397</u>	<u>960,220</u>
Net operating income (loss)	167,331	239,221	59,079	(216,169)	(57,557)	(236,466)
Nonoperating Revenues (Expenses):						
Interest income - unrestricted	14,230	4,118	9,822	7,389	3,551	1,456
Interest income - restricted	274	283	184	4,684	3,821	1,811
Interest expense	(565,034)	(521,651)	(408,770)	(5,634)	(51,080)	(387,863)
Fraud recovery	4,537	-	-	-	-	-
Special Item	-	-	-	-	-	-
Other nonoperating revenue (expense)	(26,231)	(1,000)	(39,758)	-	-	(2,550)
Total nonoperating expense, net	<u>(572,224)</u>	<u>(518,250)</u>	<u>(438,522)</u>	<u>6,439</u>	<u>(43,708)</u>	<u>(387,146)</u>
Partner (distributions) contributions	<u>(14,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	(419,644)	(279,029)	(379,443)	(209,730)	(101,265)	(623,612)
Net position, beginning of year	<u>3,532,326</u>	<u>4,744,303</u>	<u>1,846,139</u>	<u>1,818,112</u>	<u>8,785,001</u>	<u>7,379,926</u>
Net position, end of year	<u>\$ 3,112,682</u>	<u>\$ 4,465,274</u>	<u>\$ 1,466,696</u>	<u>\$ 1,608,382</u>	<u>\$ 8,683,736</u>	<u>\$ 6,756,314</u>

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 26—Discretely presented component units (continued)

	<u>Five Points 3</u>	<u>Five Points 4</u>	<u>Bell Street</u>	<u>Bell Street 3</u>	<u>Western Heights</u>	<u>Liberty Place</u>	<u>Total</u>
Operating Revenues:	\$ 186,311	\$ 258,668	\$ 720,507	\$ -	\$ 279,400	\$ -	\$ 4,535,798
HUD PHA operating grants	439,283	511,715	426,774	-	1,917,967	-	7,886,605
Other fees	112	-	17,615	-	-	-	51,433
Fraud recovery	625,706	770,383	1,164,896	-	2,197,367	-	12,473,836
Total operating revenues							
Operating Expenses:	129,838	91,454	181,657	57,029	289,920	240	2,450,116
Administrative	109	625	2,229	-	5,038	-	37,650
Tenant service	111,577	141,995	168,248	-	459,180	-	1,910,873
Utilities	122,490	190,314	188,161	6,137	306,711	-	2,542,224
Maintenance	15,398	13,695	6,491	-	41,417	-	237,734
Protective services	65,146	58,607	96,862	662	16,494	-	795,233
Insurance	12,177	10,616	18,072	3,018	54,217	-	367,822
Housing assistance payments	427,649	617,297	766,081	-	34,970	-	4,130,214
Depreciation and amortization	884,384	1,124,603	1,427,801	66,846	1,207,947	240	12,471,866
Total operating expenses							
	(258,678)	(354,220)	(262,905)	(66,846)	989,420	(240)	1,970
Total noncurrent assets							
Nonoperating Revenues (Expenses):	2,184	2,925	722	1,487,409	-	-	1,533,806
Interest income - unrestricted	1,109	997	679	-	276	-	14,118
Interest income - restricted	(153,749)	(423,196)	(271,614)	-	(498,185)	-	(3,286,776)
Interest expense	-	-	-	-	2,977	-	7,514
Fraud recovery	-	-	-	-	-	-	-
Special Item	-	(18,461)	(35,013)	-	(3,730)	-	(126,743)
Other nonoperating revenue (expense)	(150,456)	(437,735)	(305,226)	1,487,409	(498,662)	-	(1,858,081)
Total nonoperating expense, net							
Partner (distributions) contributions	-	-	14,185,521	-	-	992,348	15,163,118
Changes in net position	(409,134)	(791,955)	13,617,390	1,420,563	490,758	992,108	13,307,007
Net position, beginning of year	10,197,826	8,820,180	6,901,339	1,964,169	776,480	-	56,765,801
Net position, end of year	<u>\$ 9,788,692</u>	<u>\$ 8,028,225</u>	<u>\$ 20,518,729</u>	<u>\$ 3,384,732</u>	<u>\$ 1,267,238</u>	<u>\$ 992,108</u>	<u>\$ 70,072,808</u>

SUPPLEMENTARY INFORMATION

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF ACTUAL COSTS FOR THE SPECIFIED PROJECT

YEAR ENDED JUNE 30, 2024

	<u>TN43P003501-18</u>
Funds approved	\$ 5,480,252
Funds expended	<u>5,480,252</u>
Excess (deficiency) of funds approved	<u>\$ -0-</u>

The distribution of costs by project as shown on the Performance and Evaluation Report submitted to the Department of HUD for approval is in agreement with the Agency's records.

All costs and related liabilities have been disbursed.

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	Project Total	14,879 Mainstream Vouchers	14,889 Choice Neighborhoods Implementation Grants	14,239 HOME Investment Partnerships Program	14,896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	2 State/Local	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
111 Cash - Unrestricted	\$345,189	\$166,711	\$0	\$0	\$0	\$10,640	\$742,858	\$404,506	\$438,746	\$2,410,589	\$3,883,495
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$999,930	\$11,519,258	\$0
113 Cash - Other Restricted	\$0	\$11,920	\$0	\$0	\$0	\$0	\$6,383,489	\$0	\$2,065,588	\$11,162,363	\$20,489,786
114 Cash - Tenant Security Deposits	\$8,333	\$0	\$0	\$0	\$0	\$0	\$219,870	\$0	\$0	\$267,190	\$168,426
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$353,522	\$178,631	\$0	\$0	\$0	\$10,640	\$7,346,317	\$404,506	\$3,504,264	\$25,359,400	\$24,541,707
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$124,175	\$0	\$447,902	\$1,000,000	\$37,080	\$0	\$905,404	\$0	\$0	\$493,767	\$21,366
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$163,641	\$14,503	\$6,296
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$23,099	\$1,044,444	\$755,957	\$219,368	\$15,898,166
126 Accounts Receivable - Tenants	\$53,739	\$0	\$0	\$0	\$0	\$0	\$568,058	\$0	\$0	\$1,322,660	\$228,651
126.1 Allowance for Doubtful Accounts - Tenants	\$(44,842)	\$0	\$0	\$0	\$0	\$0	\$(269,279)	\$0	\$0	\$(144,826)	\$(149,488)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$133,072	\$0	\$447,902	\$1,000,000	\$37,080	\$0	\$1,227,282	\$1,044,444	\$919,598	\$1,905,470	\$16,004,991
131 Investments - Unrestricted	\$0	\$46,230	\$0	\$0	\$0	\$0	\$0	\$43,029	\$1,340,620	\$0	\$10,927,983
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,200,478	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$56,303	\$0	\$0	\$0	\$0	\$0	\$327,991	\$35,602	\$2,822	\$553,054	\$669,893
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$56,233	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$883,147	\$141,877	\$0	\$728,213
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$283,890	\$0	\$0
150 Total Current Assets	\$542,897	\$224,861	\$447,902	\$1,000,000	\$37,080	\$10,640	\$8,901,590	\$2,410,728	\$6,193,071	\$50,074,635	\$52,572,787
161 Land	\$566,618	\$0	\$0	\$0	\$0	\$0	\$1,816,803	\$8,553,505	\$1,115,400	\$174,350	\$1,390,489
162 Buildings	\$19,269,475	\$0	\$0	\$0	\$0	\$0	\$90,425,058	\$0	\$0	\$142,424,608	\$70,628,418
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$129,900	\$0
164 Furniture, Equipment & Machinery - Administration	\$1,043,685	\$0	\$0	\$0	\$0	\$0	\$3,211,177	\$262,406	\$0	\$4,053,659	\$854,348
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$(17,338,024)	\$0	\$0	\$0	\$0	\$0	\$(66,779,417)	\$(240,720)	\$0	\$(20,605,716)	\$(47,685,979)
167 Construction in Progress	\$283,841	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,936	\$56,050,737	\$9,276,285
168 Infrastructure	\$71,076	\$0	\$0	\$0	\$0	\$0	\$1,014,244	\$8,684,879	\$0	\$0	\$713,027
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,896,671	\$0	\$0	\$0	\$0	\$0	\$29,687,665	\$17,260,070	\$1,137,336	\$182,227,538	\$35,176,588
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,065,743
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,658,711	\$4,916,703	\$9,007,424
175 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,338,682
180 Total Non-Current Assets	\$3,896,671	\$0	\$0	\$0	\$0	\$0	\$29,687,665	\$17,260,070	\$18,796,047	\$187,144,241	\$106,588,437
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$4,439,568	\$224,861	\$447,902	\$1,000,000	\$37,080	\$10,640	\$38,589,255	\$19,670,798	\$24,989,118	\$237,218,876	\$159,461,224

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	Project Total	14.879 Mainstream Vouchers	14.889 Choice Neighborhoods Implementation Grants	14.239 HOME Investment Partnerships Program	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	2 State/Local	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$113,740	\$504	\$49,106	\$0	\$0	\$0	\$294,218	\$44,019	\$150,693	\$4,188,194	\$1,456,800
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$7,459	\$0	\$7,547	\$0	\$2,492	\$0	\$56,516	\$89,394	\$22,314	\$56,582	\$32,569
322 Accrued Compensated Absences - Current Portion	\$4,017	\$0	\$1,163	\$0	\$10,548	\$0	\$104,700	\$99,038	\$15,692	\$0	\$30,986
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$24	\$0	\$0	\$0	\$0	\$26,945	\$0	\$0	\$4,469,040	\$78,648
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$107,862	\$0	\$0	\$60,907	\$56,663
341 Tenant Security Deposits	\$7,833	\$0	\$0	\$0	\$0	\$0	\$214,170	\$0	\$0	\$275,602	\$166,813
342 Unearned Revenue	\$9,222	\$23,165	\$0	\$0	\$0	\$0	\$140,242	\$593	\$43,520	\$207,865	\$852,410
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$814,829	\$0	\$9,599,385	\$608,101	\$849,700
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$1,570	\$0	\$0	\$0	\$0	\$0	\$7,243	\$0	\$173,857	\$32,865	\$1,290,528
346 Accrued Liabilities - Other	\$34,764	\$0	\$0	\$0	\$0	\$0	\$231,734	\$0	\$0	\$9,633,413	\$156,060
347 Inter Program - Due To	\$0	\$0	\$137,584	\$0	\$14,538	\$0	\$883,147	\$0	\$0	\$0	\$754,040
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$178,605	\$23,693	\$195,400	\$0	\$27,578	\$0	\$2,881,606	\$233,044	\$10,005,461	\$19,532,569	\$5,725,217
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$13,279,637	\$0	\$10,189,552	\$147,115,314	\$40,837,297
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$498,185	\$0
354 Accrued Compensated Absences - Non Current	\$8,156	\$0	\$2,361	\$0	\$9,502	\$0	\$212,573	\$201,077	\$31,859	\$0	\$62,910
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
360 Total Non-Current Liabilities	\$8,156	\$0	\$2,361	\$0	\$9,502	\$0	\$13,492,210	\$201,077	\$10,221,411	\$147,613,499	\$40,900,207
300 Total Liabilities	\$186,761	\$23,693	\$197,761	\$0	\$37,080	\$0	\$16,373,816	\$434,121	\$20,226,872	\$167,146,068	\$46,625,424
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,227,499
508.3 Nonspendable Fund Balance											
508.4 Net Investment in Capital Assets	\$3,896,670	\$0	\$0	\$0	\$0	\$0	\$15,593,200	\$17,260,070	\$2,856,080	\$62,516,112	\$3,452,220
509.3 Restricted Fund Balance											
510.3 Committed Fund Balance											
511.3 Assigned Fund Balance											
511.4 Restricted Net Position	\$0	\$11,392	\$0	\$0	\$0	\$0	\$6,383,489	\$0	\$0	\$6,712,134	\$13,209,451
512.3 Unassigned Fund Balance											
512.4 Unrestricted Net Position	\$356,137	\$189,776	\$250,141	\$1,000,000	\$0	\$10,640	\$238,750	\$1,976,607	\$1,906,166	\$844,562	\$91,946,630
513 Total Equity - Net Assets / Position	\$4,252,807	\$201,168	\$250,141	\$1,000,000	\$0	\$10,640	\$22,215,439	\$19,236,677	\$4,762,246	\$70,072,808	\$108,608,301
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,439,568	\$224,861	\$447,902	\$1,000,000	\$37,080	\$10,640	\$38,589,255	\$19,670,798	\$24,989,118	\$237,218,876	\$159,461,224

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,780,539					\$12,602	\$600	\$10,196,475	\$0	\$10,196,475
112 Cash - Restricted - Modernization and Development	\$0					\$0	\$0	\$12,519,188	\$0	\$12,519,188
113 Cash - Other Restricted	\$244,685	\$107,153				\$672	\$0	\$40,465,656	\$0	\$40,465,656
114 Cash - Tenant Security Deposits	\$0					\$0	\$0	\$663,919	\$0	\$663,919
115 Cash - Restricted for Payment of Current Liabilities	\$106,243					\$0	\$0	\$106,243	\$0	\$106,243
100 Total Cash	\$2,131,467	\$107,153	\$0	\$0	\$0	\$13,274	\$600	\$63,951,481	\$0	\$63,951,481
121 Accounts Receivable - PHA Projects	\$0					\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$98,766		\$2,000,000		\$50	\$0	\$0	\$5,128,510	\$0	\$5,128,510
124 Accounts Receivable - Other Government	\$0			\$29,507	\$519,116	\$0	\$0	\$733,063	\$0	\$733,063
125 Accounts Receivable - Miscellaneous	\$0					\$0	\$52,556	\$17,993,590	\$0	\$17,993,590
126 Accounts Receivable - Tenants	\$42,875	\$4,800	\$0	\$0	\$0	\$6,961	\$0	\$2,227,744	\$0	\$2,227,744
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$608,437)	\$0	(\$608,437)
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0					\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$34,302	\$1,969				\$186	\$0	\$36,457	\$0	\$36,457
128.1 Allowance for Doubtful Accounts - Fraud	(\$34,302)	(\$1,969)				\$0	\$0	(\$36,271)	\$0	(\$36,271)
129 Accrued Interest Receivable	\$0					\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$141,641	\$4,800	\$2,000,000	\$29,507	\$519,166	\$7,147	\$52,556	\$25,474,656	\$0	\$25,474,656
131 Investments - Unrestricted	\$1,752,739					\$53,537	\$0	\$14,164,138	\$0	\$14,164,138
132 Investments - Restricted	\$0					\$0	\$0	\$22,200,478	\$0	\$22,200,478
135 Investments - Restricted for Payment of Current Liability	\$0					\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$15,636					\$0	\$100,213	\$1,761,514	\$0	\$1,761,514
143 Inventories	\$0					\$0	\$17,445	\$73,678	\$0	\$73,678
143.1 Allowance for Obsolete Inventories	\$0					\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$14,538					\$0	\$51,041	\$1,818,816	(\$1,818,816)	\$0
145 Assets Held for Sale	\$0					\$0	\$0	\$283,890	\$0	\$283,890
150 Total Current Assets	\$4,056,021	\$111,953	\$2,000,000	\$29,507	\$519,166	\$73,958	\$221,855	\$129,728,651	(\$1,818,816)	\$127,909,835
161 Land	\$0					\$0	\$0	\$13,616,965	\$0	\$13,616,965
162 Buildings	\$0					\$0	\$52,310	\$322,799,869	\$0	\$322,799,869
163 Furniture, Equipment & Machinery - Dwellings	\$0					\$0	\$0	\$129,900	\$0	\$129,900
164 Furniture, Equipment & Machinery - Administration	\$0					\$0	\$2,392,169	\$11,817,444	\$0	\$11,817,444
165 Leasehold Improvements	\$0					\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$0					\$0	(\$1,711,552)	(\$154,361,408)	\$0	(\$154,361,408)
167 Construction in Progress	\$0					\$0	\$0	\$65,632,799	\$0	\$65,632,799
168 Infrastructure	\$0					\$0	\$20,759	\$10,503,985	\$0	\$10,503,985
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$753,686	\$270,139,554	\$0	\$270,139,554
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0					\$0	\$0	\$58,065,743	\$0	\$58,065,743
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0					\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0					\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0					\$0	\$0	\$31,582,838	\$0	\$31,582,838
176 Investments in Joint Ventures	\$0					\$0	\$0	\$4,338,682	\$0	\$4,338,682
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$753,686	\$364,126,817	\$0	\$364,126,817
200 Deferred Outflow of Resources	\$0					\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$4,056,021	\$111,953	\$2,000,000	\$29,507	\$519,166	\$73,958	\$975,541	\$493,855,468	(\$1,818,816)	\$492,036,652

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	\$0					\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$46,693					\$672	\$88,732	\$6,433,371	\$0	\$6,433,371
313 Accounts Payable >90 Days Past Due	\$0					\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$32,838					\$0	\$177,339	\$485,050	\$0	\$485,050
322 Accrued Compensated Absences - Current Portion	\$48,136					\$0	\$366,394	\$680,674	\$0	\$680,674
324 Accrued Contingency Liability	\$0					\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$263					\$0	\$0	\$4,574,920	\$0	\$4,574,920
331 Accounts Payable - HUD PHA Programs	\$39,065	\$4,800				\$0	\$0	\$43,865	\$0	\$43,865
332 Account Payable - PHA Projects	\$0					\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0					\$0	\$0	\$225,432	\$0	\$225,432
341 Tenant Security Deposits	\$0					\$0	\$0	\$664,418	\$0	\$664,418
342 Unearned Revenue	\$64,540	\$61,430				\$7,147	\$0	\$1,410,134	\$0	\$1,410,134
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0					\$0	\$0	\$11,872,015	\$0	\$11,872,015
344 Current Portion of Long-term Debt - Operating Borrowings	\$0					\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$117,946					\$0	\$419,048	\$2,043,057	\$0	\$2,043,057
346 Accrued Liabilities - Other	\$0					\$0	\$100,751	\$10,156,722	\$0	\$10,156,722
347 Inter Program - Due To	\$0			\$29,507		\$0	\$0	\$1,818,816	(\$1,818,816)	\$0
348 Loan Liability - Current	\$0					\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$349,481	\$66,230	\$0	\$29,507	\$0	\$7,819	\$1,152,264	\$40,408,474	(\$1,818,816)	\$38,589,658
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0					\$0	\$0	\$211,421,800	\$0	\$211,421,800
352 Long-term Debt, Net of Current - Operating Borrowings	\$0					\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$143,872					\$0	\$5,816	\$647,873	\$0	\$647,873
354 Accrued Compensated Absences - Non Current	\$109,644					\$0	\$743,892	\$1,381,974	\$0	\$1,381,974
355 Loan Liability - Non Current	\$0					\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0					\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0					\$0	\$0	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$253,516	\$0	\$0	\$0	\$0	\$0	\$749,708	\$213,451,647	\$0	\$213,451,647
300 Total Liabilities	\$602,997	\$66,230	\$0	\$29,507	\$0	\$7,819	\$1,901,972	\$253,860,121	(\$1,818,816)	\$252,041,305
400 Deferred Inflow of Resources	\$0					\$0	\$0	\$4,227,499	\$0	\$4,227,499
508.3 Nonspendable Fund Balance						\$0				
508.4 Net Investment in Capital Assets	\$0					\$0	\$338,325	\$105,912,677	\$0	\$105,912,677
509.3 Restricted Fund Balance						\$0				
510.3 Committed Fund Balance						\$0				
511.3 Assigned Fund Balance						\$0				
511.4 Restricted Net Position		\$45,723	\$2,000,000		\$519,166	\$0	\$0	\$28,881,355	\$0	\$28,881,355
512.3 Unassigned Fund Balance						\$0				
512.4 Unrestricted Net Position	\$3,453,024	\$0	\$0	\$0	\$0	\$66,139	(\$1,264,756)	\$100,973,816	\$0	\$100,973,816
513 Total Equity - Net Assets / Position	\$3,453,024	\$45,723	\$2,000,000	\$0	\$519,166	\$66,139	(\$926,431)	\$235,767,848	\$0	\$235,767,848
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,056,021	\$111,953	\$2,000,000	\$29,507	\$519,166	\$73,958	\$975,541	\$493,855,468	(\$1,818,816)	\$492,036,652

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	Project Total	14.879 Mainstream Vouchers	14.889 Choice Neighborhood Implementati on Grants	14.239 HOME Investment Partnerships Program	14.896 PIH Family Self- Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	1 Business Activities	2 State/Local	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
70300 Net Tenant Rental Revenue	\$234,686	\$0	\$0	\$0	\$0	\$0	\$3,596,470	\$0	\$0	\$4,469,139	\$1,804,745
70400 Tenant Revenue - Other	\$5,628	\$0	\$0	\$0	\$0	\$0	\$72,877	\$0	\$0	\$66,659	\$129,379
70500 Total Tenant Revenue	\$240,314	\$0	\$0	\$0	\$0	\$0	\$3,669,347	\$0	\$0	\$4,535,798	\$1,934,124
70600 HUD PHA Operating Grants	\$6,154,716	\$779,000	\$0	\$0	\$90,259	\$0	\$9,906,451	\$0	\$0	\$0	\$0
70610 Capital Grants		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70710 Management Fee											
70720 Asset Management Fee											
70730 Book Keeping Fee											
70740 Front Line Service Fee											
70750 Other Fees								\$685,222			
70700 Total Fee Revenue											
70800 Other Government Grants		\$0	\$1,359,287	\$1,000,000	\$0	\$0	\$0	\$0	\$2,272,836	\$7,886,605	\$8,384,440
71100 Investment Income - Unrestricted	\$234,650	\$5,325	\$0	\$0	\$0	\$0	\$78,490	\$3,434	\$73,922	\$1,533,806	\$1,856,024
71200 Mortgage Interest Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery		\$0	\$0	\$0	\$0	\$0	\$4,323	\$0	\$0	\$7,514	\$416
71500 Other Revenue	\$9,859	\$500	\$0	\$0	\$0	\$2,979	\$253,822	\$2,223,298	\$871,350	\$15,214,551	\$8,268,034
71600 Gain or Loss on Sale of Capital Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,639.00	\$0	\$0
72000 Investment Income - Restricted	\$32,553	\$0	\$0	\$0	\$0	\$0	\$139,862	\$0	\$0	\$14,118	\$3,638
70000 Total Revenue	\$6,672,092	\$784,825	\$1,359,287	\$1,000,000	\$90,259	\$2,979	\$14,052,295	\$2,911,954	\$3,177,469	\$29,192,392	\$20,446,676
91100 Administrative Salaries	\$100,725	\$77,383	\$86,847	\$0	\$0	\$0	\$778,516	\$1,182,837	\$381,541	\$870,680	\$406,773
91200 Auditing Fees	\$6,188	\$1,000	\$0	\$0	\$0	\$0	\$17,157	\$6,200	\$2,000	\$132,700	\$28,455
91300 Management Fee	\$648,600	\$14,052	\$0	\$0	\$0	\$0	\$497,565	\$35,321	\$18,090	\$563,809	\$327,870
91310 Book-keeping Fee	\$10,725	\$8,782	\$0	\$0	\$0	\$0	\$68,568	\$0	\$0	\$84,957	\$43,083
91400 Advertising and Marketing		\$0	\$292	\$0	\$0	\$0	\$1,406	\$500	\$3,210	\$8,915	\$3,091
91500 Employee Benefit contributions - Administrative	\$37,521	\$0	\$23,154	\$0	\$0	\$0	\$266,972	\$357,022	\$92,867	\$265,698	\$129,531
91600 Office Expenses	\$16,109	\$0	\$0	\$0	\$0	\$2,515	\$247,456	\$25,619	\$19,038	\$242,308	\$131,435
91700 Legal Expense	\$3,917	\$0	\$0	\$0	\$0	\$0	\$40,060	\$0	\$35,465	\$36,553	\$25,277
91800 Travel	\$328	\$0	\$0	\$0	\$0	\$926	\$637	\$0	\$0	\$2,002	\$653
91810 Allocated Overhead		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91900 Other	\$9,955	\$0	\$324,223	\$0	\$0	\$0	\$81,437	\$7,893	\$373,086	\$108,967	\$653,828
91000 Total Operating - Administrative	\$834,068	\$101,217	\$434,516	\$0	\$0	\$3,441	\$1,999,774	\$1,615,392	\$925,297	\$2,316,589	\$1,750,196
92000 Asset Management Fee	\$23,520	\$0	\$0	\$0	\$0	\$0	\$29,760	\$0	\$0	\$133,527	\$18,970
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$44,858	\$0	\$13,734	\$70,916	\$0	\$16,765	\$0
92200 Relocation Costs	\$342	\$0	\$0	\$0	\$0	\$0	\$10,544	\$0	\$33,978	\$8,993	\$11,213
92300 Employee Benefit Contributions - Tenant Services		\$0	\$0	\$0	\$17,188	\$0	\$4,339	\$22,163	\$0	\$1,292	\$0
92400 Tenant Services - Other	\$10,287	\$0	\$0	\$0	\$0	\$0	\$68,946	\$140,652	\$0	\$10,600	\$66,147
92500 Total Tenant Services	\$10,629	\$0	\$0	\$0	\$62,046	\$0	\$97,563	\$233,731	\$33,978	\$37,650	\$77,360

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	Project Total	14.879 Mainstream Vouchers	14.889 Choice Neighborhood Implementati on Grants	14.239 HOME Investment Partnerships Program	14.896 PIH Family Self- Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	2 State/Local	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
93100 Water	\$70,979	\$0	\$0	\$0	\$0	\$0	\$359,631	\$3,621	\$0	\$470,359	\$256,551
93200 Electricity	\$59,479	\$0	\$0	\$0	\$0	\$0	\$893,453	\$3,655	\$0	\$433,612	\$346,206
93300 Gas	\$5,049	\$0	\$0	\$0	\$0	\$0	\$4,997	\$0	\$0	\$12,926	\$5,495
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$171,100	\$0	\$0	\$0	\$0	\$0	\$832,644	\$5,363	\$0	\$993,976	\$481,124
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$306,607	\$0	\$0	\$0	\$0	\$0	\$2,090,725	\$12,639	\$0	\$1,910,873	\$1,089,376
94100 Ordinary Maintenance and Operations - Labor	\$102,087	\$0	\$0	\$0	\$0	\$0	\$404,866	\$542,933	\$0	\$581,951	\$215,590
94200 Ordinary Maintenance and Operations - Materials and	\$92,590	\$0	\$0	\$0	\$0	\$0	\$404,778	\$14,916	\$403	\$302,740	\$262,160
94300 Ordinary Maintenance and Operations Contracts	\$171,414	\$0	\$0	\$0	\$0	\$0	\$1,256,517	\$54,857	\$293,251	\$1,481,415	\$1,146,095
94500 Employee Benefit Contributions - Ordinary	\$26,239	\$0	\$0	\$0	\$0	\$0	\$149,399	\$167,218	\$0	\$176,118	\$70,921
94000 Total Maintenance	\$392,330	\$0	\$0	\$0	\$0	\$0	\$2,215,560	\$779,924	\$293,654	\$2,542,224	\$1,694,766
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$38,564	\$0	\$0	\$0	\$0	\$0	\$182,616	\$12,928	\$0	\$237,734	\$138,767
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$38,564	\$0	\$0	\$0	\$0	\$0	\$182,616	\$12,928	\$0	\$237,734	\$138,767
96110 Property Insurance	\$63,980	\$0	\$0	\$0	\$0	\$0	\$267,095	\$1,108	\$450	\$651,169	\$174,703
96120 Liability Insurance	\$11,799	\$0	\$0	\$0	\$0	\$0	\$45,200	\$3,472	\$3,191	\$123,723	\$24,606
96130 Workmen's Compensation	\$1,612	\$0	\$0	\$0	\$0	\$0	\$10,561	\$1,459	\$1,761	\$14,183	\$5,143
96140 All Other Insurance	\$3,767	\$0	\$0	\$0	\$0	\$0	\$11,000	\$0	\$751	\$6,158	\$57,666
96100 Total Insurance Premiums	\$81,158	\$0	\$0	\$0	\$0	\$0	\$333,856	\$6,039	\$6,153	\$795,233	\$262,118
96200 Other General Expenses	\$587	\$0	\$0	\$0	\$0	\$0	\$4,073,292	\$43,232	\$307,700	\$10,589	\$795,137
96210 Compensated Absences	\$7,486	\$0	\$8,782	\$0	\$28,213	\$0	\$237,114	\$143,588	\$22,831	\$103,436	\$43,584
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$107,862	\$0	\$0	\$50,735	\$56,892
96400 Bad debt - Tenant Rents	\$40,201	\$0	\$0	\$0	\$0	\$0	\$277,889	\$0	\$0	\$203,062	\$139,904
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$48,274	\$0	\$8,782	\$0	\$28,213	\$0	\$4,696,157	\$186,820	\$330,531	\$367,822	\$1,035,517
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$438,235	\$0	\$0	\$1,485,792	\$966,106
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,632,087	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$168,897	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$438,235	\$0	\$0	\$3,286,776	\$966,106
96900 Total Operating Expenses	\$1,735,150	\$101,217	\$443,298	\$0	\$90,259	\$3,441	\$12,084,246	\$2,847,473	\$1,589,613	\$11,628,428	\$7,033,176

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	Project Total	14.879 Mainstream Vouchers	14.889 Choice Neighborhood s Implementati on Grants	14.239 HOME Investment Partnerships Program	14.896 PIH Family Self- Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	2 State/Local	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
97000 Excess of Operating Revenue over Operating Expenses	\$4,936,942	\$683,608	\$915,989	\$1,000,000	\$0	(\$462)	\$1,968,049	\$64,481	\$1,587,856	\$17,563,964	\$13,413,500
97100 Extraordinary Maintenance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized		\$0	\$0	\$0	\$0	\$0	\$438,430	\$0	\$0	\$126,743	\$100,620
97300 Housing Assistance Payments		\$693,527	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97350 HAP Portability-In		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$998,664	\$0	\$0	\$0	\$0	\$0	\$3,252,240	\$0	\$0	\$4,130,214	\$3,198,189
97500 Fraud Losses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$2,733,814	\$794,744	\$443,298	\$0	\$90,259	\$3,441	\$15,774,916	\$2,847,473	\$1,589,613	\$15,885,385	\$10,331,985
10010 Operating Transfer In	\$261,697	\$0	\$0	\$0	\$0	\$0	\$0	\$1,565,418	\$0	\$0	\$0
10020 Operating transfer Out	(\$261,697)	\$0	\$0	\$0	\$0	\$0	(\$968,764)	(\$1,648,257)	(\$500,000)	\$0	(\$789,235)
10030 Operating Transfers from/to Primary Government		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit		\$0	(\$651,898)	\$0	\$0	\$0	\$0	\$0	(\$120,074)	\$0	\$771,972
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In		\$0	\$0	\$0	\$0	\$0	\$0	\$68,299	\$0	\$0	\$11,249,461
10094 Transfers between Project and Program - Out	(\$11,317,760)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	(\$11,317,760)	\$0	(\$651,898)	\$0	\$0	\$0	(\$968,764)	(\$14,540)	(\$620,074)	\$0	\$11,232,198
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$7,379,482)	(\$9,919)	\$264,091	\$1,000,000	\$0	(\$462)	(\$2,691,385)	\$49,941	\$967,782	\$13,307,007	\$21,346,889
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$199,181	\$0	\$0	\$389,693	\$828,645
11030 Beginning Equity	\$11,632,289	\$211,087	(\$13,950)	\$0	\$0	\$11,102	\$24,906,824	\$19,186,736	\$3,794,464	\$56,765,801	\$87,261,412
11040 Prior Period Adjustments, Equity Transfers and	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts -											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity											
11180 Housing Assistance Payments Equity											
11190 Unit Months Available	2160	2880	0	0	0	0	22332	0	0	17244	900
11210 Number of Unit Months Leased	1370	1171	0	0	0	0	19082	0	0	15093	839
11270 Excess Cash	\$211,270										
11610 Land Purchases	\$0										
11620 Building Purchases	\$0										
11630 Furniture & Equipment - Dwelling Purchases	\$0										
11640 Furniture & Equipment - Administrative Purchases	\$0										
11650 Leasehold Improvements Purchases	\$0										
11660 Infrastructure Purchases	\$0										
13510 CFFP Debt Service Payments	\$0										
13901 Replacement Housing Factor Funds	\$0										

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0					\$0	\$0	\$10,105,040	\$0	\$10,105,040
70400 Tenant Revenue - Other	\$0					\$0	\$0	\$274,543	\$0	\$274,543
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,379,583	\$0	\$10,379,583
70600 HUD PHA Operating Grants	\$27,986,528	\$537,629				\$343,560	\$0	\$45,798,143	\$0	\$45,798,143
70610 Capital Grants	\$0					\$0	\$0	\$0	\$0	\$0
70710 Management Fee						\$0	\$1,937,938	\$1,937,938	(\$1,937,938)	\$0
70720 Asset Management Fee						\$0	\$72,250	\$72,250	(\$72,250)	\$0
70730 Book Keeping Fee						\$0	\$400,229	\$400,229	(\$400,229)	\$0
70740 Front Line Service Fee						\$0	\$366,606	\$366,606	(\$366,606)	\$0
70750 Other Fees						\$0	\$22,368	\$707,590	\$0	\$707,590
70700 Total Fee Revenue						\$0	\$2,799,391	\$2,799,391	(\$2,777,023)	\$22,368
70800 Other Government Grants	\$0		\$2,000,000		\$519,166	\$0	\$0	\$23,422,334	(\$4,645,721)	\$18,776,613
71100 Investment Income - Unrestricted	\$113,029	\$2,936				\$2,941	\$22,887	\$3,927,444	\$0	\$3,927,444
71200 Mortgage Interest Income	\$0					\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets	\$0					\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0					\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$11,552					\$0	\$0	\$23,805	\$0	\$23,805
71500 Other Revenue	\$2,201	\$2,510				\$1,000	\$27,125	\$26,877,229	\$0	\$26,877,229
71600 Gain or Loss on Sale of Capital	\$0					\$0	\$0	(\$40,639)	\$0	(\$40,639)
72000 Investment Income - Restricted	\$0					\$0	\$0	\$190,171	\$0	\$190,171
70000 Total Revenue	\$28,113,310	\$543,075	\$2,000,000	\$0	\$519,166	\$347,501	\$2,849,403	\$114,062,683	(\$7,422,744)	\$106,639,939
91100 Administrative Salaries	\$511,345	\$2,819				\$33,322	\$2,696,662	\$7,129,450	\$0	\$7,129,450
91200 Auditing Fees	\$22,000	\$1,000				\$1,000	\$7,200	\$224,900	\$0	\$224,900
91300 Management Fee	\$418,776	\$6,684				\$6,300		\$2,537,067	(\$1,937,938)	\$599,129
91310 Book-keeping Fee	\$260,955	\$4,178				\$3,938		\$485,186	(\$400,229)	\$84,957
91400 Advertising and Marketing	\$2,161					\$0	\$14,162	\$33,737	\$0	\$33,737
91500 Employee Benefit contributions -	\$200,210	\$875				\$0	\$791,434	\$2,165,284	\$0	\$2,165,284
91600 Office Expenses	\$80,130					\$0	\$486,732	\$1,251,342	\$0	\$1,251,342
91700 Legal Expense	\$0					\$0	\$16,189	\$157,461	\$0	\$157,461
91800 Travel	\$4,060					\$0	\$42,228	\$51,034	\$0	\$51,034
91810 Allocated Overhead	\$0					\$0	\$0	\$0	\$0	\$0
91900 Other	\$362,879	\$18,577				\$0	\$304,039	\$2,244,884	\$0	\$2,244,884
91000 Total Operating - Administrative	\$1,862,516	\$34,133	\$0	\$0	\$0	\$44,560	\$4,358,646	\$16,280,345	(\$2,338,167)	\$13,942,178
92000 Asset Management Fee	\$0					\$0		\$205,777	(\$72,250)	\$133,527
92100 Tenant Services - Salaries	\$0					\$0	\$0	\$146,273	\$0	\$146,273
92200 Relocation Costs	\$0					\$0	\$0	\$65,070	\$0	\$65,070
92300 Employee Benefit Contributions -	\$0					\$0	\$0	\$44,982	\$0	\$44,982
92400 Tenant Services - Other	\$11,200					\$0	\$48,800	\$356,632	\$0	\$356,632
92500 Total Tenant Services	\$11,200	\$0	\$0	\$0	\$0	\$0	\$48,800	\$612,957	\$0	\$612,957

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	14.871 Housing Choice Vouchers	14 EHV Emergency Housing Voucher	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
93100 Water	\$0					\$0	\$14,974	\$1,176,115	\$0	\$1,176,115
93200 Electricity	\$0					\$0	\$55,868	\$1,792,273	\$0	\$1,792,273
93300 Gas	\$0					\$0	\$8,630	\$37,097	\$0	\$37,097
93400 Fuel	\$0					\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0					\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0					\$0	\$6,030	\$2,490,237	\$0	\$2,490,237
93700 Employee Benefit Contributions -	\$0					\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0					\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$85,502	\$5,495,722	\$0	\$5,495,722
94100 Ordinary Maintenance and Operations	\$0					\$0	\$187,608	\$2,035,035	\$0	\$2,035,035
94200 Ordinary Maintenance and Operations	\$31					\$0	\$21,998	\$1,099,616	\$0	\$1,099,616
94300 Ordinary Maintenance and Operations	\$312					\$0	\$79,955	\$4,483,816	(\$366,606)	\$4,117,210
94500 Employee Benefit Contributions -	\$0					\$0	\$66,125	\$656,020	\$0	\$656,020
94000 Total Maintenance	\$343	\$0	\$0	\$0	\$0	\$0	\$355,686	\$8,274,487	(\$366,606)	\$7,907,881
95100 Protective Services - Labor	\$0					\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract	\$0					\$0	\$0	\$610,609	\$0	\$610,609
95300 Protective Services - Other	\$0					\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions -	\$0					\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$610,609	\$0	\$610,609
96110 Property Insurance	\$17					\$0	\$12,635	\$1,171,157	\$0	\$1,171,157
96120 Liability Insurance	\$29,733					\$0	\$545	\$242,269	\$0	\$242,269
96130 Workmen's Compensation	\$5,388					\$0	\$35,932	\$76,039	\$0	\$76,039
96140 All Other Insurance	\$3,042					\$0	\$7,265	\$89,649	\$0	\$89,649
96100 Total Insurance Premiums	\$38,180	\$0	\$0	\$0	\$0	\$0	\$56,377	\$1,579,114	\$0	\$1,579,114
96200 Other General Expenses	\$9,871					\$0	\$0	\$5,240,408	(\$4,072,091)	\$1,168,317
96210 Compensated Absences	\$66,935					\$0	\$523,198	\$1,185,167	\$0	\$1,185,167
96300 Payments in Lieu of Taxes	\$0					\$0	\$0	\$215,489	\$0	\$215,489
96400 Bad debt - Tenant Rents	\$0					\$0	\$0	\$661,056	\$0	\$661,056
96500 Bad debt - Mortgages	\$0					\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0					\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0					\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$76,806	\$0	\$0	\$0	\$0	\$0	\$523,198	\$7,302,120	(\$4,072,091)	\$3,230,029
96710 Interest of Mortgage (or Bonds)	\$0					\$0	\$0	\$2,890,133	\$0	\$2,890,133
96720 Interest on Notes Payable (Short and	\$0					\$0	\$25,668	\$1,657,755	\$0	\$1,657,755
96730 Amortization of Bond Issue Costs	\$0					\$0	\$0	\$168,897	\$0	\$168,897
96700 Total Interest Expense and	\$0	\$0	\$0	\$0	\$0	\$0	\$25,668	\$4,716,785	\$0	\$4,716,785
96900 Total Operating Expenses	\$1,989,045	\$34,133	\$0	\$0	\$0	\$44,560	\$5,453,877	\$45,077,916	(\$6,849,114)	\$38,228,802

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	14,871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	9 Other Federal Program 2	91 Other Federal Program 3	14,856 Lower Income Housing Assistance Program, Section 8 Moderate	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$26,124,265	\$508,942	\$2,000,000	\$0	\$519,166	\$302,941	(\$2,604,474)	\$68,984,767	(\$573,630)	\$68,411,137
97100 Extraordinary Maintenance	\$0					\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0					\$0	\$25,000	\$690,793	\$0	\$690,793
97300 Housing Assistance Payments	\$25,827,243	\$496,159				\$328,859	\$0	\$27,345,788	(\$573,630)	\$26,772,158
97350 HAP Portability-In	\$0					\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$0					\$0	\$402,413	\$11,981,720	\$0	\$11,981,720
97500 Fraud Losses	\$0					\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental						\$0				
97700 Debt Principal Payment -						\$0				
97800 Dwelling Units Rent Expense	\$0					\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$27,816,288	\$530,292	\$0	\$0	\$0	\$373,419	\$5,881,290	\$85,096,217	(\$7,422,744)	\$77,673,473
10010 Operating Transfer In	\$68,778					\$0	\$2,340,838	\$4,236,731	\$0	\$4,236,731
10020 Operating transfer Out	\$0					(\$68,778)	\$0	(\$4,236,731)	\$0	(\$4,236,731)
10030 Operating Transfers from/to Primary	\$0					\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to	\$0					\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and						\$0				
10060 Proceeds from Property Sales						\$0				
10070 Extraordinary Items, Net Gain/Loss	\$0					\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0					\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In						\$0		\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer						\$0		\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0					\$0	\$0	\$11,317,760	\$0	\$11,317,760
10094 Transfers between Project and Program - Out	\$0					\$0	\$0	(\$11,317,760)	\$0	(\$11,317,760)
10100 Total Other financing Sources (Uses)	\$68,778	\$0	\$0	\$0	\$0	(\$68,778)	\$2,340,838	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$365,800	\$12,783	\$2,000,000	\$0	\$519,166	(\$94,696)	(\$691,049)	\$28,966,466	\$0	\$28,966,466
11020 Required Annual Debt Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,417,519	\$0	\$1,417,519
11030 Beginning Equity	\$3,087,224	\$32,940	\$0	\$0	\$0	\$160,835	(\$235,382)	\$206,801,382	\$0	\$206,801,382
11040 Prior Period Adjustments, Equity	\$0					\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence						\$0				
11060 Changes in Contingent Liability						\$0				
11070 Changes in Unrecognized Pension						\$0				
11080 Changes in Special Term/Severance						\$0				
11090 Changes in Allowance for Doubtful						\$0				
11100 Changes in Allowance for Doubtful						\$0				
11170 Administrative Fee Equity	\$3,453,024					\$0		\$3,453,024		\$3,453,024
11180 Housing Assistance Payments Equity	\$0					\$0		\$0		\$0
11190 Unit Months Available	47344	756				704	0	94320	0	94320
11210 Number of Unit Months Leased	34794	557				602	0	73508	0	73508
11270 Excess Cash						\$0		\$211,270		\$211,270
11610 Land Purchases						\$0	\$0	\$0		\$0
11620 Building Purchases						\$0	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling						\$0	\$0	\$0		\$0
11640 Furniture & Equipment -						\$0	\$0	\$0		\$0
11650 Leasehold Improvements Purchases						\$0	\$0	\$0		\$0
11660 Infrastructure Purchases						\$0	\$0	\$0		\$0
13510 CFFP Debt Service Payments						\$0	\$0	\$0		\$0
13901 Replacement Housing Factor Funds						\$0	\$0	\$0		\$0

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
PROJECT BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	OTHER PROJ	TN003000001	Total
111 Cash - Unrestricted	\$60,607	\$284,582	\$345,189
112 Cash - Restricted - Modernization and Development	\$0		\$0
113 Cash - Other Restricted	\$0		\$0
114 Cash - Tenant Security Deposits	\$0	\$8,333	\$8,333
115 Cash - Restricted for Payment of Current Liabilities	\$0		\$0
100 Total Cash	\$60,607	\$292,915	\$353,522
121 Accounts Receivable - PHA Projects	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$124,175	\$124,175
124 Accounts Receivable - Other Government	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0		\$0
126 Accounts Receivable - Tenants	\$0	\$53,739	\$53,739
126.1 Allowance for Doubtful Accounts -Tenants	\$0	(\$44,842)	(\$44,842)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0		\$0
128 Fraud Recovery	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0
129 Accrued Interest Receivable	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$133,072	\$133,072
131 Investments - Unrestricted	\$0		\$0
132 Investments - Restricted	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0		\$0
142 Prepaid Expenses and Other Assets	\$0	\$56,303	\$56,303
143 Inventories	\$0		\$0
143.1 Allowance for Obsolete Inventories	\$0		\$0
144 Inter Program Due From	\$0		\$0
145 Assets Held for Sale	\$0		\$0
150 Total Current Assets	\$60,607	\$482,290	\$542,897
161 Land	\$306,570	\$260,048	\$566,618
162 Buildings	\$4,977,598	\$14,291,877	\$19,269,475
163 Furniture, Equipment & Machinery - Dwellings	\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$18,450	\$1,025,235	\$1,043,685
165 Leasehold Improvements	\$0		\$0
166 Accumulated Depreciation	(\$4,996,048)	(\$12,341,976)	(\$17,338,024)
167 Construction in Progress	\$0	\$283,841	\$283,841
168 Infrastructure	\$0	\$71,076	\$71,076
160 Total Capital Assets, Net of Accumulated Depreciation	\$306,570	\$3,590,101	\$3,896,671
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0		\$0
173 Grants Receivable - Non Current	\$0		\$0
174 Other Assets	\$0		\$0
176 Investments in Joint Ventures	\$0		\$0
180 Total Non-Current Assets	\$306,570	\$3,590,101	\$3,896,671
200 Deferred Outflow of Resources	\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$367,177	\$4,072,391	\$4,439,568

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
PROJECT BALANCE SHEET SUMMARY

YEAR ENDED JUNE 30, 2024

	OTHER PROJ	TN003000001	Total
311 Bank Overdraft	\$0		\$0
312 Accounts Payable <= 90 Days	\$0	\$113,740	\$113,740
313 Accounts Payable >90 Days Past Due	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$7,459	\$7,459
322 Accrued Compensated Absences - Current Portion	\$0	\$4,017	\$4,017
324 Accrued Contingency Liability	\$0		\$0
325 Accrued Interest Payable	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0		\$0
332 Account Payable - PHA Projects	\$0		\$0
333 Accounts Payable - Other Government	\$0		\$0
341 Tenant Security Deposits	\$0	\$7,833	\$7,833
342 Unearned Revenue	\$0	\$9,222	\$9,222
343 Current Portion of Long-term Debt - Capital	\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0		\$0
345 Other Current Liabilities	\$0	\$1,570	\$1,570
346 Accrued Liabilities - Other	\$0	\$34,764	\$34,764
347 Inter Program - Due To	\$0		\$0
348 Loan Liability - Current	\$0		\$0
310 Total Current Liabilities	\$0	\$178,605	\$178,605
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0		\$0
353 Non-current Liabilities - Other	\$0		\$0
354 Accrued Compensated Absences - Non Current	\$0	\$8,156	\$8,156
355 Loan Liability - Non Current	\$0		\$0
356 FASB 5 Liabilities	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0		\$0
350 Total Non-Current Liabilities	\$0	\$8,156	\$8,156
300 Total Liabilities	\$0	\$186,761	\$186,761
400 Deferred Inflow of Resources	\$0		\$0
508.4 Net Investment in Capital Assets	\$306,570	\$3,590,100	\$3,896,670
511.4 Restricted Net Position	\$0		\$0
512.4 Unrestricted Net Position	\$60,607	\$295,530	\$356,137
513 Total Equity - Net Assets / Position	\$367,177	\$3,885,630	\$4,252,807
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$367,177	\$4,072,391	\$4,439,568

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
PROJECT REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	OTHER PROJ	TN003000001	Total
70300 Net Tenant Rental Revenue		\$234,686	\$234,686
70400 Tenant Revenue - Other		\$5,628	\$5,628
70500 Total Tenant Revenue	\$0	\$240,314	\$240,314
70600 HUD PHA Operating Grants		\$6,154,716	\$6,154,716
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$1,137	\$233,513	\$234,650
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue		\$9,859	\$9,859
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted		\$32,553	\$32,553
70000 Total Revenue	\$1,137	\$6,670,955	\$6,672,092
91100 Administrative Salaries		\$100,725	\$100,725
91200 Auditing Fees		\$6,188	\$6,188
91300 Management Fee	\$0	\$648,600	\$648,600
91310 Book-keeping Fee		\$10,725	\$10,725
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative		\$37,521	\$37,521
91600 Office Expenses		\$16,109	\$16,109
91700 Legal Expense		\$3,917	\$3,917
91800 Travel		\$328	\$328
91810 Allocated Overhead			
91900 Other		\$9,955	\$9,955
91000 Total Operating - Administrative	\$0	\$834,068	\$834,068
92000 Asset Management Fee		\$23,520	\$23,520
92100 Tenant Services - Salaries			
92200 Relocation Costs		\$342	\$342
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other		\$10,287	\$10,287
92500 Total Tenant Services	\$0	\$10,629	\$10,629

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
PROJECT REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	OTHER PROJ	TN003000001	Total
93100 Water		\$70,979	\$70,979
93200 Electricity		\$59,479	\$59,479
93300 Gas		\$5,049	\$5,049
93400 Fuel			
93500 Labor			
93600 Sewer		\$171,100	\$171,100
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$306,607	\$306,607
94100 Ordinary Maintenance and Operations - Labor		\$102,087	\$102,087
94200 Ordinary Maintenance and Operations - Materials and		\$92,590	\$92,590
94300 Ordinary Maintenance and Operations Contracts	\$0	\$171,414	\$171,414
94500 Employee Benefit Contributions - Ordinary Maintenance		\$26,239	\$26,239
94000 Total Maintenance	\$0	\$392,330	\$392,330
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs		\$38,564	\$38,564
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$38,564	\$38,564
96110 Property Insurance		\$63,980	\$63,980
96120 Liability Insurance		\$11,799	\$11,799
96130 Workmen's Compensation		\$1,612	\$1,612
96140 All Other Insurance		\$3,767	\$3,767
96100 Total insurance Premiums	\$0	\$81,158	\$81,158
96200 Other General Expenses		\$587	\$587
96210 Compensated Absences		\$7,486	\$7,486
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents		\$40,201	\$40,201
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$48,274	\$48,274
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$0	\$1,735,150	\$1,735,150
97000 Excess of Operating Revenue over Operating Expenses	\$1,137	\$4,935,805	\$4,936,942

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION (TN003)
FINANCIAL DATA SCHEDULE ("FDS") ELECTRONIC SUBMISSION SCHEDULE
PROJECT REVENUE AND EXPENSE SUMMARY

YEAR ENDED JUNE 30, 2024

	OTHER PROJ	TN003000001	Total
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense		\$998,664	\$998,664
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$0	\$2,733,814	\$2,733,814
10010 Operating Transfer In		\$261,697	\$261,697
10020 Operating transfer Out		(\$261,697)	(\$261,697)
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out		(\$11,317,760)	(\$11,317,760)
10100 Total Other financing Sources (Uses)	\$0	(\$11,317,760)	(\$11,317,760)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$1,137	(\$7,380,619)	(\$7,379,482)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$366,040	\$11,266,249	\$11,632,289
11040 Prior Period Adjustments, Equity Transfers and	\$0		\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	0	2160	2160
11210 Number of Unit Months Leased	0	1370	1370
11270 Excess Cash	\$60,607	\$150,663	\$211,270
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR	Assistance Listing Number	Pass Through Entity	Federal Expenditures	Loan Balances	Total
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155		\$ -	\$ 21,886,669	\$ 21,886,669
Section 8 Project Based Cluster					
Section 8 Housing Assistance Payments Program- Special Allocations	14.195	N/A	9,906,451	-	9,906,451
Section 8 Moderate Rehabilitation	14.856	N/A	343,560	-	343,560
Cluster Total			10,250,011	-	10,250,011
Housing Choice Voucher Cluster					
Housing Choice Voucher Program	14.871	N/A	27,986,528	-	27,986,528
Emergency Housing Vouchers	14.EHV	N/A	537,629	-	537,629
Mainstream Voucher	14.879	N/A	779,000	-	779,000
Cluster Total			29,303,157	-	29,303,157
Capital Fund Program	14.872	N/A	4,611,551	-	4,611,551
PIH Family Self-Sufficiency Program	14.896	N/A	90,259	-	90,259
Low Rent Public Housing	14.850	N/A	1,543,166	-	1,543,166
Hope IV Cluster					
Choice Neighborhoods Implementation Grants	14.889	N/A	1,359,287	-	1,359,287
Home Investments Partnerships Program	14.239	N/A	1,000,000	-	1,000,000
Economic Development Initiative Grant	14.251	N/A	2,000,000	-	2,000,000
Housing Trust Grant	14.275	N/A	519,166	-	519,166
			11,123,429	-	11,123,429
TOTAL FEDERAL FINANCIAL AWARDS			\$ 50,676,597	\$ 21,886,669	\$ 72,563,266

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Note 1—Basis of accounting

The Schedule of Expenditures of Federal Awards (the “Schedule”) is prepared on the accrual basis of accounting.

Note 2—Basis of presentation

The Schedule includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2024.

The information in this Schedule is presented in accordance with the requirements of OMB Uniform Guidance, Title 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 3—Other matters - indirect costs

The Authority has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4—Reconciliation of total federal awards expenditures to financial data schedule

Reconciliation of Total Federal Awards Expenditures to Statement of Revenues, Expenses, and Net Pos

HUD grants	\$ 45,798,143
Other Government Grants	10,890,008
Less State and Local	<u>(6,011,554)</u>
	<u><u>\$ 50,676,597</u></u>

Note 5—Department of housing and urban development loan

The loan balance outstanding at the beginning of the period is included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2024 was \$21,476,103.

SINGLE AUDIT SECTION

Report of Independent Auditor 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

To the Board of Commissioners
Knoxville's Community Development Corporation
Knoxville, Tennessee

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 the business-type activities and the aggregate discretely presented component units of Knoxville's Community Development Corporation ("KCDC") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KCDC's basic financial statements, and have issued our report thereon dated December 13, 2024. Our report includes a reference to other auditors who audited the financial statements of certain discretely presented component units, as described in our report on KCDC's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of certain discretely presented component units were not audited in accordance with *Government Auditing Standards*, as described in our report on KCDC's financial statements.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered KCDC's internal control over financial reporting ("internal control") as a basis for designing 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 KCDC's internal control. Accordingly, we do not express an opinion on the effectiveness of KCDC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of KCDC'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCDC's basic 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 KCDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Lexington, Kentucky
December 13, 2024

Report of Independent Auditor on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Commissioners
Knoxville's Community Development Corporation
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Knoxville's Community Development Corporation's ("KCDC") compliance with the types of compliance requirements in the OMB *Compliance Supplement*, that could have a direct and material effect on each of KCDC's major federal programs for the year ended June 30, 2024. KCDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, KCDC 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 June 30, 2024.

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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of KCDC 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 KCDC'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 law, statues, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's 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 KCDC's compliance based on our audit. Reasonable assurance is a high level of assurance but 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 judgement made by a reasonable user of the report on compliance about KCDC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding KCDC'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 KCDC'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 KCDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to 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.

Report on Internal Control over Compliance

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's 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 a material weakness, as defined above. However, material weaknesses or significant deficiencies 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 our testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Lexington, Kentucky
December 13, 2024

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported

Type of auditors' report issued on compliance for major programs Unmodified

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

Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
14.871, 14.EHV, 14.879	Housing Choice Voucher Cluster
14.872	Capital Fund Program
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects

Dollar threshold used to distinguish between Type A and Type B programs: \$2,176,898

Auditee qualified as low-risk auditee? X yes no

Financial Statement Findings

None.

Finding - Major Federal Award Programs Audit

None.

Findings and Questioned Costs for Federal Awards

None reported.

KNOXVILLE COMMUNITY DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

Findings – Financial Statement Audit

2023-01

Cybersecurity and Information Technology

Condition – KCDC was not able to produce certain supporting documents for cash disbursements, receipts, and move-out tenant files as these documents were lost as a result of a ransomware incident. Additionally, the KCDC underwent a phishing attack which led KCDC to pay fraudulent invoices of approximately \$2,000,000. KCDC was able to recover approximately \$1,000,000. The remaining amount not recovered was recorded as an expense.

Recommendation – We recommend KCDC to implement information technology and cybersecurity controls to ensure that all data is properly and securely backed up. Furthermore, we recommend KCDC to implement general information technology controls to ensure payments made for vendors are valid and appropriate.

Status – The finding has been cleared for the year ended June 30, 2024.