

**COMMUNITY HOUSING AND  
RESOURCES, INC.**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
REPORT OF INDEPENDENT AUDITOR**

**YEARS ENDED  
SEPTEMBER 30, 2023 AND 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Community Housing and Resources, Inc.  
P.O. Box 62014  
Fort Myers, FL 33906

### **Opinion**

We have audited the accompanying financial statements of Community Housing and Resources, Inc. (a Florida not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing and Resources, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with the 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 Community Housing and Resources, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Management's Responsibilities for the Financial Statements**

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

INTEGRITY ..... SERVICE ..... EXPERIENCE

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 Community Housing and Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

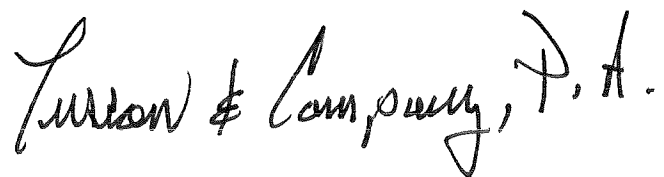
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Community Housing and Resources, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Housing and Resources, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Community Housing and Resources, Inc.  
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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.

A handwritten signature in black ink that reads "Tuscan & Company, P.A.". The script is cursive and fluid, with the letters "Tuscan" and "Company" being more prominent than "P.A.". The signature is written in a slightly slanted, upward position.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 16, 2024

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2023 and 2022**

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<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (including restricted cash of \$351,965 and \$365,283, at September 30, 2023 and 2022, respectively)	\$ 2,387,549	\$ 2,320,245
Accounts receivable, net	1,737,972	307,018
Prepaid expenses	<u>85,613</u>	<u>96,874</u>
<b>TOTAL CURRENT ASSETS</b>	<b>4,211,134</b>	<b>2,724,137</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>5,067,876</u>	<u>3,582,188</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,279,010</u></b>	<b><u>\$ 6,306,325</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 516,338	\$ 79,148
Accrued liabilities	12,478	63
Tenant security deposits	28,850	40,100
Current portion of long-term debt	86,500	102,701
Current portion of LEO appreciation liability	<u>-</u>	<u>64,650</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>644,166</u>	<u>286,662</u>
<b>OTHER LIABILITIES</b>		
Accrued compensated absences	10,094	3,845
Long-term debt, net of current portion	420,677	541,803
LEO appreciation liability, net of current portion	<u>296,536</u>	<u>329,096</u>
<b>TOTAL OTHER LIABILITIES</b>	<u>727,307</u>	<u>874,744</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,371,473</u>	<u>1,161,406</u>
<b>NET ASSETS</b>		
Without donor restrictions	7,584,422	4,819,736
With donor restrictions		
Temporarily restricted	323,115	-
Permanently restricted	<u>-</u>	<u>325,183</u>
<b>TOTAL NET ASSETS</b>	<u>7,907,537</u>	<u>5,144,919</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,279,010</u></b>	<b><u>\$ 6,306,325</u></b>

The accompanying notes are an integral part of this statement.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years ended September 30, 2023 and 2022**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>CHANGES IN NET ASSETS</b>			
<b>SUPPORT AND REVENUE</b>			
Unit sales	\$ -	\$ -	\$ -
City of Sanibel support	-	414,477	414,477
Rent and utility contribution	264,365	-	264,365
Public support	1,098,446	-	1,098,446
Grant income	-	41,600	41,600
Gross proceeds from special events	56,350	-	56,350
Less: cost of direct benefits to donors	(15,750)	-	(15,750)
Net proceeds from special events	40,600	-	40,600
Interest income	25,673	-	25,673
Hurricane Ian reimbursements	2,768,827	-	2,768,827
Other income	38,782	-	38,782
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,236,693</b>	<b>456,077</b>	<b>4,692,770</b>
Net Assets Released from Restrictions	458,145	(458,145)	-
<b>TOTAL</b>	<b>4,694,838</b>	<b>(2,068)</b>	<b>4,692,770</b>
<b>EXPENSES</b>			
Program services	1,773,494	-	1,773,494
General and administrative	88,501	-	88,501
Fundraising	68,157	-	68,157
<b>TOTAL EXPENSES</b>	<b>1,930,152</b>	<b>-</b>	<b>1,930,152</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>2,764,686</b>	<b>(2,068)</b>	<b>2,762,618</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>4,819,736</b>	<b>325,183</b>	<b>5,144,919</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 7,584,422</b>	<b>\$ 323,115</b>	<b>\$ 7,907,537</b>

The accompanying notes are an integral part of this statement.

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -
-	394,740	394,740
730,859	-	730,859
187,300	-	187,300
-	173,400	173,400
280,845	-	280,845
(31,180)	-	(31,180)
<u>249,665</u>	<u>-</u>	<u>249,665</u>
5,867	-	5,867
303,573	-	303,573
<u>6,639</u>	<u>-</u>	<u>6,639</u>
1,483,903	568,140	2,052,043
<u>507,949</u>	<u>(507,949)</u>	<u>-</u>
<u>1,991,852</u>	<u>60,191</u>	<u>2,052,043</u>
1,352,247	-	1,352,247
46,165	-	46,165
<u>77,420</u>	<u>-</u>	<u>77,420</u>
<u>1,475,832</u>	<u>-</u>	<u>1,475,832</u>
516,020	60,191	576,211
<u>4,303,716</u>	<u>264,992</u>	<u>4,568,708</u>
<u>\$ 4,819,736</u>	<u>\$ 325,183</u>	<u>\$ 5,144,919</u>

The accompanying notes are an integral part of this statement.



**COMMUNITY HOUSING AND RESOURCES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years ended September 30, 2023 and 2022**

FUNCTIONAL EXPENSES	2023				
	SUPPORTING SERVICES				Total Expenses
	Program Services	General & Administrative	Fund Raising	Total Supporting Services	
Compensation and related expenses					
Wages / Salaries	185,776	58,191	53,121	\$ 111,312	\$ 297,088
Fringe benefits	34,621	6,354	2,129	8,483	43,104
Payroll taxes	14,595	2,679	898	3,577	18,172
	234,992	67,224	56,148	123,372	358,364
Advertising and promotion	27,350	-	6,837	6,837	34,187
Bad debt	-	-	-	-	-
Bank charges	1,210	4,838	-	4,838	6,048
Board & staff development	422	634	-	634	1,056
CICLT expense (HOA)	12,584	-	-	-	12,584
Communication and web page	209	26	26	52	261
Cost of units sold	-	-	-	-	-
Credit verification	569	-	-	-	569
Fundraising	-	-	4,125	4,125	4,125
Homeowners association fees	29,600	-	-	-	29,600
HR admin fees	4,156	761	259	1,020	5,176
Insurance	204,318	-	-	-	204,318
Interest	20,930	-	-	-	20,930
LEO appreciation (reduction)	(5,710)	-	-	-	(5,710)
LEO refund to grantor	16,877	-	-	-	16,877
Licenses, taxes and fees	1,992	1,992	-	1,992	3,984
Loss on disposal of assets -					
Hurricane Ian	15,700	-	-	-	15,700
Miscellaneous	29,393	-	-	-	29,393
Office expense	26,546	11,377	-	11,377	37,923
Printing	2,795	1,525	762	2,287	5,082
Professional fees	1,120	-	-	-	1,120
Repairs and maintenance	709,816	-	-	-	709,816
Tenant assistance activities	97,440	-	-	-	97,440
Transportation and travel	1,741	-	-	-	1,741
Volunteer expense	185	124	-	124	309
Utilities	95,916	-	-	-	95,916
<b>TOTAL EXPENSES</b>					
<b>BEFORE DEPRECIATION</b>	1,530,151	88,501	68,157	156,658	1,686,809
Depreciation and amortization	243,343	-	-	-	243,343
<b>TOTAL EXPENSES</b>	<u>\$ 1,773,494</u>	<u>\$ 88,501</u>	<u>\$ 68,157</u>	<u>\$ 156,658</u>	<u>\$ 1,930,152</u>

The accompanying notes are an integral part of this statement.

2022					
SUPPORTING SERVICES					
Program Services	General & Administrative	Fund Raising	Total Supporting Services	Total Expenses	
\$ 92,509	\$ 28,758	\$ 26,067	\$ 54,825	\$ 147,334	
27,581	8,575	7,775	16,350	43,931	
6,925	2,153	1,951	4,104	11,029	
127,015	39,486	35,793	75,279	202,294	
3,013	-	753	753	3,766	
-	-	-	-	-	
424	1,698	-	1,698	2,122	
-	-	-	-	-	
8,640	-	-	-	8,640	
2,579	323	322	645	3,224	
-	-	-	-	-	
1,287	-	-	-	1,287	
-	-	39,703	39,703	39,703	
21,500	-	-	-	21,500	
2,490	774	701	1,475	3,965	
208,144	-	-	-	208,144	
24,351	-	-	-	24,351	
8,620	-	-	-	8,620	
30,000	-	-	-	30,000	
224	224	-	224	448	
422,288	-	-	-	422,288	
-	-	-	-	-	
6,562	2,811	-	2,811	9,373	
542	296	148	444	986	
5,253	-	-	-	5,253	
125,013	-	-	-	125,013	
10,937	-	-	-	10,937	
2,567	-	-	-	2,567	
829	553	-	553	1,382	
93,679	-	-	-	93,679	
1,105,957	46,165	77,420	123,585	1,229,542	
246,290	-	-	-	246,290	
<u>\$ 1,352,247</u>	<u>\$ 46,165</u>	<u>\$ 77,420</u>	<u>\$ 123,585</u>	<u>\$ 1,475,832</u>	

The accompanying notes are an integral part of this statement.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Cash received from donors, tenants, homebuyers, and other operating activities	\$ 3,201,861	\$ 1,478,243
Cash paid to suppliers, cost of sales and employees	(1,244,524)	(739,283)
Interest paid	(20,930)	(24,351)
Interest received	25,673	5,867
Other income	<u>38,782</u>	<u>310,212</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>2,000,862</u>	 <u>1,030,688</u>
 <b>CASH FLOWS FROM</b>		
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,744,731)	(308,129)
LEO appreciation paid to unit holder	<u>(91,500)</u>	<u>(52,719)</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 <u>(1,836,231)</u>	 <u>(360,848)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	-	-
Repayments of principal - mortgages	<u>(97,327)</u>	<u>(98,906)</u>
 NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	 <u>(97,327)</u>	 <u>(98,906)</u>
 NET INCREASE (DECREASE) IN CASH	 67,304	 570,934
 CASH, BEGINNING OF YEAR	 <u>2,320,245</u>	 <u>1,749,311</u>
 CASH, END OF YEAR	 <u><u>\$ 2,387,549</u></u>	 <u><u>\$ 2,320,245</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE)  
IN NET ASSETS TO NET CASH PROVIDED  
BY (USED IN) OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>
Increase (decrease) in net assets	\$ 2,762,618	\$ 576,211
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	243,343	246,290
Loss (gain) on disposal of assets - Hurricane Ian	15,700	422,288
Non-cash increase (decrease) in LEO appreciation liability, net	(5,710)	8,620
Non-cash forgiveness of City of Sanibel loan	(40,000)	-
(Increase) decrease in accounts receivables, net	(1,430,954)	(297,187)
(Increase) decrease in inventory/cost of sales	-	-
(Increase) decrease in prepaid expenses	11,261	-
Increase (decrease) in accounts payable	437,190	72,025
Increase (decrease) in accrued liabilities	12,415	(59)
Increase (decrease) in security deposits	(11,250)	2,500
Increase (decrease) in accrued compensated absences	<u>6,249</u>	<u>-</u>
	<u>(761,756)</u>	<u>454,477</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,000,862</u>	<u>\$ 1,030,688</u>

**NON-CASH TRANSACTIONS**

The Organization wrote off bad debt in the amount of \$0 and \$0 for the years ended September 30, 2023 and 2022, respectively.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

Community Housing and Resources, Inc. ("Community Housing and Resources or CHR") is a nonprofit Florida corporation located on Sanibel Island, Florida ("Island"). Community Housing and Resources' objective is to promote and assist in the provision of affordable below market-rate workforce housing for individuals working on Sanibel Island, and certain other residents who would otherwise be unable to live on the Island. Specifically, Community Housing and Resources' mission is to provide affordable homes to individuals and families who work and who serve the Sanibel Island Community. As such, it operates two (2) programs to meet its mission. As such, CHR provides below market-rate rental opportunities (62 units) as well as a partially subsidized home (LEO) ownership program (5 units). Due to Hurricane Ian, at September 30, 2023, 48 rental units are livable as of March 1, 2023. CHR owns, operates and manages housing units on Sanibel Island.

As part of these programs CHR leases land on a long-term basis from the City of Sanibel for \$1 per year and built housing units on this land to rent and/or sell. Also as part of this effort, CHR formed a separate not-for-profit organization - Coast and Island Community Land Trust "CICLT". Although CICLT is a separate not-for-profit Florida corporation, it has no independent financial activity from that of CHR except to solely act as a land trust and hold legal title and/or land leases to certain land on which CHR carries out its mission.

CHR and CICLT meet the criteria for consolidation in accordance with the auditing and accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standard Codification ("ASC") FASB ASC 958-810-50-1. Accordingly, these financial statements include the financial activity, financial results of operations, assets, liabilities and net assets of both CHR and CICLT, hereafter, collectively known as Community Housing and Resources or CHR.

These financial statements, however, do not include (and are not required to include) the assets, liabilities, net assets or results of operations of Sanibel Land Trust Homeowners Associations, Inc., an HOA established to operate as a Homeowner Association for the CHR run locations where housing units were sold and/or rented. The HOA operations began in calendar year 2011. The HOA is considered an independent third-party corporation. The HOA has a calendar year fiscal year.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Organization and Nature of Operations, continued**

Specifically, CHR's Centre Place, Beach Road and Whitehall housing units, both rental and sale units, are included in the HOA.

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

**Basis of Accounting**

Community Housing and Resources prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of Community Housing and Resources are in accordance with the auditing and accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standard Codification ("ASC").

**Financial Statement Presentation**

The financial statement presentation adheres to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-225-45-1, CHR is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions (including temporarily restricted net assets and permanently restricted net assets) and net assets without donor restrictions (unrestricted). Net assets without donor restrictions are defined as net assets that are free of donor-imposed restrictions, and include all investment income and appreciation not subject to donor-imposed restrictions.

As noted previously, these financial statements also include the financial activity, assets, liabilities and net assets of CICLT. CICLT had no financial activity for the years ended September 30, 2023 or 2022.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Cash**

Cash is stated at the book balance. Cash is comprised of depository accounts. Community Housing and Resources maintains cash balances at various financial institutions. The cash accounts held at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution which at times may exceed FDIC coverage.

For purposes of the statements of cash flows, Community Housing and Resources considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. At September 30, 2023 and 2022, CHR held no such cash equivalents.

**Investments**

Community Housing and Resources has approved an investment policy which allows investment in certificates of deposits (CD's). Investments are generally carried at market value. Community Housing and Resources has the ability to and intends to hold these investments to maturity. Gains and losses are determined using the specific identification method when securities are sold or matured. Due to the type and nature of investments held, any gain or loss is reflected as interest income. Related investment fees are considered insignificant. At September 30, 2023 and 2022, CHR held no such investments.

**Property and Equipment**

Property and equipment (fixed assets) is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. Absent donor stipulations, Community Housing and Resources reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Community Housing and Resources reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Community Housing and Resources capitalizes assets with a cost or donated fair value of \$1,000 or more and a useful life of one year or more.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Property and Equipment, continued**

Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets which range from 3 years to 27.5 years. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

The Federal government, as well as the State of Florida, have rights and/or security interests over certain property acquired, partially, with grant funds from these entities through November 9, 2024.

**Impairment of Property and Equipment**

Community Housing and Resources adheres to FASB ASC 360-10-50-2 (formerly FASB Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"). FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on Community Housing and Resources financial statements resulting from FASB ASC 360-10-50-2 for the years ended September 30, 2023 or 2022.

**Recognition of Donor Restrictions**

Community Housing and Resources reports its contributions in accordance with the Not-For-Profit Entities Topic of the FASB ASC. In accordance with this topic, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support with donor restriction is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, or when the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.



**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Revenue from Exchange Transactions: CHR recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

CHR records the following exchange transaction revenue in its statement of activities:

Special Event Revenue - CHR conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to CHR. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to CHR. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by CHR. FASB ASU 2014-09 requires CHR allocate the transaction price to the performance obligations. As such, CHR presents the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end for an event that will occur after year-end, CHR follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as unearned revenue along with the exchange component.

Revenue from Non-Exchange Transactions: CHR recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. FASB ASU 2018-08 applies to non-exchange transactions. CHR records the following non-exchange transaction revenue in its statement of activities:

Contributions and other grants - Revenue from contributions is recognized at the time the contribution is made. Revenue from grants is recognized as reimbursements are requested and barriers are met.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Functional Expenses**

Community Housing and Resources allocates and classifies its expenses on a functional basis by program and supporting services. The expenses that are directly attributable to Community Housing and Resources' programs have been charged directly to the program. Substantially all the supporting services' expenses incurred by Community Housing and Resources directly benefit the programs. Other expenses that are common to several functions are allocated by various statistical bases.

**Income Taxes**

Community Housing and Resources and Coast and Island Community Land Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Neither entity is classified as a private foundation within the meaning of Section 509(a) of the Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes the Organizations have met the requirements to maintain their tax-exempt status and have no income subject to unrelated business income tax. The Organizations' income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination.

Both Community Housing and Resources and Coast and Island Community Land Trust report no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

**Accounting for Uncertainty in Income Tax Items**

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and Community Housing and Resources has adopted this guidance. CHR has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expenses, if required.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Advertising Costs**

It is the policy of Community Housing and Resources to expense advertising costs when incurred.

**Financial Instruments**

Community Housing and Resources financial instruments consist of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses. The carrying amounts of these items is cost, however, due to their short term nature, this approximates fair value. Long term debt is reported as the actual amounts due at the respective year ends.

**Leases**

Rental units owned by Community Housing and Resources were approximately 76% occupied at September 30, 2023 and 98% occupied at September 30, 2022. These units are rented to individuals on one-year cancelable leases subject to the provisions of the below market rate housing program guidelines including annual tenant requalification and approval. Therefore, no future rental income disclosures are required.

**Donated Materials and Services**

Community Housing and Resources receives donated office space (rent), utilities and certain maintenance services. Also a number of volunteers, including the Board of Directors, donate significant amounts of their time and expertise to Community Housing and Resources and its programs. No amounts have been recorded for donated goods or services inasmuch as no objective basis is available to measure the value of such services.

**Compensated absences**

CHR's policy allows for the accumulation of employee leave time based on the employee's years of service and certain other criteria. This policy does allow the payment of this amount when the employee terminates employment. Therefore, such amounts are reflected on the statements of financial position.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Reclassification**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Such reclassification had no effect on previously reported net assets.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Community Housing and Resources to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at September 30, 2023 and 2022, and revenues and expenses during the years ended September 30, 2023 and 2022. Actual results could differ from those estimates.

**New Accounting Standard - Leases**

During the year ended September 30, 2023, CHR adopted ASU 2016-02 Topic 842 - Leases. This Standard required the recognition of certain lease assets and liabilities in the Statements of Financial Position for leases that previously were classified as operating leases. CHR, however, determined its current lease receivable agreements did not meet the recording criteria of ASU 2016-02 at September 30, 2023.

**Subsequent Events**

Subsequent events have been evaluated through February 16, 2024, which is the date the financial statements were available to be issued.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023 and 2022**

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**NOTE B - CASH AND INVESTMENTS**

Cash and cash equivalents consist of the following at September 30:

	2023	2022
Depository and money market accounts:		
Unrestricted, undesignated	\$ 531,472	\$ 631,040
Board designated	1,504,112	1,323,922
Restricted	351,965	365,283
	<u>\$ 2,387,549</u>	<u>\$ 2,320,245</u>

Board designated cash consists of the following at September 30:

	2023	2022
Replacement reserves*	\$ 1,314,066	\$ 1,135,398
LEO appreciation*	190,046	188,524
	<u>\$ 1,504,112</u>	<u>\$ 1,323,922</u>

\* Reflected as unrestricted - designated net assets.

Restricted cash is comprised of the following at September 30:

	2023	2022
Tenant assistance fund*	\$ 323,715	\$ 325,183
Tenant security deposits*	28,250	40,100
	<u>\$ 351,965</u>	<u>\$ 365,283</u>

\* Reflected as temporarily restricted net assets.

Florida Statutes Chapter 83.49 requires that the tenant security deposits be held in a separate bank account. At September 30, 2023 and 2022, such deposits were properly held in a separate bank account. At September 30, 2023 and 2022, security deposits were properly funded.

**Concentration of Credit Risk**

Community Housing and Resources maintains its cash in financial institutions. These assets are federally insured up to \$250,000 per financial institution. The uninsured bank balances at September 30, 2023 and 2022 were \$926,456 and \$2,070,981 respectively. Community Housing and Resources has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE C - ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following at September 30:

	2023	2022
Accounts receivable from tenants	\$ 60,733	\$ 6,721
Accounts receivable from insurance - Hurricane Ian	1,725,205	303,573
Less: allowance for doubtful accounts	<u>(47,966)</u>	<u>(3,276)</u>
Net accounts receivable	<u>\$ 1,737,972</u>	<u>\$ 307,018</u>

It is the Organization's policy to establish an allowance for doubtful accounts based on known circumstances and historical collection history.

CHR recorded bad debt expense for the year ended September 30, 2023 and 2022 in the amount of \$0 and \$0, respectively.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30:

	2023	2022
Land	\$ 768,913	\$ 768,913
Buildings and improvements, rentals	9,025,068	7,368,480
Furniture and equipment	2,500	2,500
Vehicle	<u>47,859</u>	<u>-</u>
	9,844,340	8,139,893
Accumulated depreciation	<u>(4,776,464)</u>	<u>(4,557,705)</u>
	<u>\$ 5,067,876</u>	<u>\$ 3,582,188</u>

Depreciation expense for the years ended September 30, 2023 and 2022, was \$243,342 and \$246,290, respectively.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023 and 2022**

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**NOTE E - LONG-TERM DEBT**

Long-term debt consists of the following obligations at September 30:

	2023	2022
Mortgage payable (\$714,557 after July 25, 2016 modification, original amount was \$815,000) to a financial institution. The obligation is collateralized by various real property 1517 Periwinkle Way and 2320 Wooster Way and all future rents. It was cross-collateralized by the \$733,351 mortgage payable and the 4 units at Lake Palms. Effective July 25, 2016, the loan was modified to adjust the interest rate to 5.25%. Loan was payable in 138 payments of \$4,648 including principal and interest. Final payment of \$436,384 was due on February 25, 2028. Effective November 10, 2020, the loan was modified to adjust the interest rate to 4.5%. Loan is payable in 88 payments of \$8,605, final balance due on February 28, 2028.	\$ 414,462	\$ 496,789
Note payable to City of Sanibel for Mariposa complex, dated December 1, 2015, in the amount of \$282,714. Note is uncollateralized and non-interest bearing and is payable in 54 quarterly payments of \$5,000. First payment was due October 1, 2016. Final payment of \$2,714 is due October 1, 2030. CHR was granted \$40,000 forgiveness of the loan on October 3, 2023.	92,715	147,715
	507,177	644,504
Current Portion	(86,500)	(102,701)
Long-Term Portion	<u>\$ 420,677</u>	<u>\$ 541,803</u>

Interest expense related to long-term debt was \$20,930 and \$24,351 for the years ended September 30, 2023 and 2022, respectively.

Principal maturities of long-term debt are as follows:

Years Ending September 30	Amount
2024	\$ 86,500
2025	90,474
2026	114,630
2027	118,978
2028	63,880
2029	32,715
	<u>\$ 507,177</u>

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE F - SCHEDULE OF NET ASSETS**

Net assets consist of the following at September 30:

	2023	2022
Without donor restriction - general operations	\$6,080,310	\$3,495,814
Without donor restriction - replacement reserves* (1)	1,314,066	1,135,398
Without donor restriction - LEO appreciation (1)	<u>190,046</u>	<u>188,524</u>
Total without donor restriction	<u>7,584,422</u>	<u>4,819,736</u>
With donor restriction:		
Tenant Assistance Fund	<u>323,115</u>	<u>325,183</u>
Total with donor restriction	<u>323,115</u>	<u>325,183</u>
	<u>\$7,907,537</u>	<u>\$5,144,919</u>

\* Board designated a separate cash account to record building and equipment replacement reserve.

(1) Board designated

**NOTE G - FAIR VALUE MEASUREMENTS**

Community Housing and Resources adheres to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-50-1 through 820-10-50-8 (formerly Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements"). FASB ASC 820-10 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level (1) inputs consist of quoted prices in active markets for identical assets and have the highest priority. Level (2) inputs are from quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly. Level (3) inputs are unobservable and allowed in situations where there is little, if any market activity for the asset and have the lowest priority. Community Housing and Resources uses appropriate valuation techniques



**NOTE G - FAIR VALUE MEASUREMENTS, CONTINUED**

based on the available inputs to measure fair value of its investments. When available, Community Housing and Resources measures fair value using Level (1) inputs because they generally provide the most reliable evidence of fair value. No Level (1), (2) or (3) inputs were used by Community Housing and Resources, Inc. at September 30, 2023 or 2022.

Other assets and liabilities such as cash, receivables, other assets, payables and accrued liabilities are recorded at cost which approximate fair value due to the short term nature of the assets and liabilities. Property and equipment is reflected at NBV and long term is reflected at actual outstanding balances.

**NOTE H - COMMITMENTS AND CONTINGENCIES**

Community Housing and Resources has received in the past, grant funds which are subject to special compliance audits by the grantor agencies. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of Community Housing and Resources. Community Housing and Resources does not believe contingent liabilities, if any, to be material. Accordingly, no such liabilities are reflected within the financial statements.

**NOTE I - ECONOMIC DEPENDENCE**

The operations of Community Housing and Resources is dependent on the receipt of program revenue from individual rental unit tenants and the City of Sanibel. Loss of these funds and/or large decreases in these types of funding would have a material effect on Community Housing and Resources and a negative impact on overall operations. For the years ended September 30, 2023 and 2022, approximately 23% and 55% of total support and revenue, respectively, was attributable to amounts received for the account classifications listed above.

**NOTE J - RELATED PARTY TRANSACTIONS**

The 1999 CHR/City of Sanibel (the "City") Casa Mariposa Construction Funding Agreement required CHR to pay the City of Sanibel 80% of the fiscal year net rental proceeds for Casa Mariposa based on the income and expenses as of the Organization's fiscal year end.

On December 1, 2015, the Casa Mariposa agreement was modified to create a non-interest bearing note payable in the amount of \$282,714 including previously uncollected rental proceeds of \$17,027. The \$282,714 note payable reflects amounts remaining on the original 1999 agreement which provided \$650,000 by the City of Sanibel for the Casa Mariposa project. This note is payable in 54 quarterly payments of \$5,000, final payment of \$2,714 is due October 1, 2030. For the year ended September 30, 2023, the City of Sanibel loan was forgiven for \$40,000 due to Hurricane Ian and three payments were made for a total of \$15,000 totaling \$55,000 for the year ended September 30, 2023. For the year ended 2022, CHR did pay the City the required payments.

An agreement between CHR and the City of Sanibel Agreement provides that the City has designated CHR as its affordable housing agency.

During the fiscal year ended September 30, 2022, CHR renewed its agreement with the City of Sanibel. Effective October 1, 2022, the City of Sanibel shall pay CHR \$414,477 annually with increases of the lesser of CPI or 5% each year thereafter, plus free use of at least 800 square feet of suitable office space including the related utilities and phone services. The agreement terminates September 30, 2027. As such, the City of Sanibel provided CHR operating revenue of \$414,477 and \$394,740 for the years ended September 30, 2023 and 2022, respectively.

At September 30, 2023 and 2022, no amounts were due to or from the City of Sanibel under this agreement. CHR does pay the City for routine utility usage.

**NOTE K - RETIREMENT PLAN**

CHR maintains a salary continuation plan (401(k) plan) covering all full-time employees meeting certain eligibility requirements. The Plan provides for monthly matching employer contribution up to a maximum of 3% of fulltime employees gross wages. Employees are immediately vested. During the years ended September 30, 2023 and 2022, CHR contributed \$4,829 and \$4,420, respectively, to employees' individual IRA plans.

**NOTE L - LITIGATION**

Community Housing and Resources is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. Community Housing and Resources is not in a position at either September 30, 2023 or 2022, to predict a final outcome of such lawsuits or claims, or the related costs involved. Community Housing and Resources intends to vigorously contest all claims unless first settled. Management is not aware of any asserted claims at either September 30, 2023 or September 30, 2022.

**NOTE M - TENANT'S INDEXED APPRECIATION PERCENTAGE**

As part of the sales contracts for units sold by Community Housing and Resources under the Limited Equity Ownership (LEO) Program, CHR is required to repurchase the unit when the owner elects to sell it. As such, CHR is required to accrue and pay owners a guaranteed appreciation on their units when the unit is sold because the unit must be reacquired by CHR. Since the owner buys and sells the housing unit only, not the underlying land, the guarantee amount is used by CHR as an incentive to potential buyers. The guarantee (indexed appreciation percentage) is limited to a 25% appreciation of the purchase price, as defined, over a maximum of ten (10) year period beginning after one (1) year from the date of sale. The guarantee is based on a predetermined graduated scale at time of initial purchase and accrues annually at the anniversary date of the owners purchase of the unit. The owner also is entitled to a graduated conditional guaranteed appreciation amount up to 5% of the purchase price, as defined. These amounts are collectively reflected as "LEO appreciation liability" of \$296,536 and \$393,746 on the Statements of Financial Position at September 30, 2023 and 2022, respectively.

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023 and 2022**

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**NOTE M - TENANT'S INDEXED APPRECIATION PERCENTAGE, CONTINUED**

During fiscal year ended September 30, 2023, CHR reacquired three (3) LEO units. The guaranteed and conditional appreciation on these units was \$91,500. These units will not be resold and will be added to CHR's rental program.

During fiscal year ended September 30, 2022, CHR reacquired two (2) LEO units. The guaranteed and conditional appreciation on these units was \$52,719. These units will not be resold and will be added to CHR's rental program.

**NOTE N - LIQUIDITY**

Financial assets available within one year of September 30, 2022 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents	\$2,387,549
Accounts receivable	<u>1,737,972</u>
	4,125,521
Less amounts due within one year:	
Current liabilities	(644,166)
Temporarily restricted net assets	<u>(323,115)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$3,158,240</u></u>

CHR's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$250,000 for the year ended September 30, 2023 and \$250,000 for the year ended September 30, 2022).

**NOTE O - HURRICANE CONTINGENCIES**

On September 28, 2022, Hurricane Ian made landfall in Southwest Florida as a dangerous, high-end Category 4 storm. The eye of the hurricane passed over Sanibel Island, causing widespread destruction to property and foliage, and destroyed several sections of the island.

As of September 30, 2022, CHR's 75 rental units sustained varying degrees of damage. Ten (10) will require extensive repairs, currently estimated to total \$500,000. Eleven (11) units will be demolished, including one unit that is leased from the City of Sanibel. The CHR complex housing ten (10) of eleven (11) units to be demolished had a mortgage balance at September 30, 2022 of \$496,789 and a current mortgage balance of \$472,000. The mortgage holder has provided CHR with options to pay off the loan, enter into an interest only arrangement, or keep the loan as is. CHR is still considering which option is optimal considering financial impact and cash flow. CHR's wind insurance policy includes deductibles of \$850,000 which is likely to be incurred. For fiscal year ended September 30, 2022, CHR determined the net book value (NBV) of the impaired buildings and removed damaged units and related improvements with a NBV of \$422,288, this loss on disposal is reflected in the Statements of Functional Expenses, Activities and cash flows.

As of September 30, 2022, CHR has retained a public adjuster who estimates insurance reimbursement of \$1.2 million from flood damage and \$3.8 million from wind damage which is estimated to cover the cost of repairs. In addition, CHR maintains a business interruption policy which is expected to cover the loss of rent revenue during the repair and rebuild period.

CHR has recorded insurance receivables of \$1,725,205 and \$303,573 as a receivable at September 30, 2023 and 2022, respectively.

Of CHR's 75 rental units, 48 units are currently approved for occupancy. CHR has approximately 35 tenants back in their units. As such, 35 units are rented. CHR is currently using one unit as its office and base for operations. CHR has received contributions of \$522,000 since year-end to help with financial assistance for residents, lost rental income, repairs and rebuilding. CHR is anticipating collection of approximately \$275,000 to date from its business interruption insurance. CHR has spent approximately \$1,650,000 through September 30, 2023, on Hurricane Ian

**COMMUNITY HOUSING AND RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE O - HURRICANE CONTINGENCIES, CONTINUED**

repairs, clean-up and rebuilding. CHR, in addition to the insurance receivable of \$1,725,205 as September 30, 2023, has received approximately \$25,000 of insurance proceeds. Management is confident it will be financially able to rebuild and is striving to be fully operational again,

**NOTE P - SUBSEQUENT EVENT**

Subsequent to fiscal year ended September 30, 2023, CHR sold one (1) Limited Equity Ownership unit and it closed on February 26, 2024.

CHR applied for a Small Business Administration (SBA) loan to assist with damages due to Hurricane Ian. The Federal Emergency Management Association (FEMA) could not move forward with CHR without an approval or denial from SBA. The loan was approved in January 2024 for \$679,300.

CHR accepted a grant agreement dated September 5, 2023, in the amount of \$1,250,000 with Lee County through the State of Florida State Housing Initiatives Partnership (SHIP), for a term of 15 months commencing on September 5, 2023, and expiring on December 30, 2024. The agreement is for new construction of 5 very low and 5 low income rental units in the Riverview complex that were destroyed by Hurricane Ian for \$125,000 per unit for a total of \$1,250,000. As of September 30, 2023, no funds were either drawn or paid during the fiscal year 2023.