

DRAFT  
Subject to Review and Revision  
For Discussion Purposes Only

**STRUGGLE FOR MIAMI'S AFFORDABLE  
AND SUSTAINABLE HOUSING, INC.**

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FINANCIAL STATEMENTS

DECEMBER 31, 2022



**STRUGGLE FOR MIAMI'S AFFORDABLE AND SUSTAINABLE HOUSING, INC.**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Struggle for Miami's Affordable and Sustainable Housing, Inc.  
Miami, Florida

We have reviewed the accompanying financial statements of Struggle for Miami's Affordable and Sustainable Housing, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility 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; this includes 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Struggle for Miami's Affordable and Sustainable Housing, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Coral Gables, Florida  
January \_\_, 2024

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**STRUGGLE FOR MIAMI'S AFFORDABLE AND SUSTAINABLE HOUSING, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

**ASSETS**

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CURRENT ASSETS

Cash and cash equivalents	\$ 230,529
Prepaid expenses and other current assets	1,500

TOTAL CURRENT ASSETS 232,029

PROPERTY AND EQUIPMENT, NET 483,182

TOTAL ASSETS **\$ 715,211**

**LIABILITIES AND NET ASSETS**

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CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 14,579
Current portion of long-term debt	30,629

TOTAL CURRENT LIABILITIES 45,208

LONG-TERM DEBT, NET OF CURRENT PORTION 434,371

DEFERRED REVENUE 160,000

TOTAL LIABILITIES 639,579

COMMITMENTS AND CONTINGENCIES (NOTE 5)

NET ASSETS

Without donor restrictions	75,632
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TOTAL NET ASSETS 75,632

TOTAL LIABILITIES AND NET ASSETS **\$ 715,211**

See accompanying notes and independent accountant's review report.

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**STRUGGLE FOR MIAMI'S AFFORDABLE AND SUSTAINABLE HOUSING, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

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CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES

Grants and contributions	\$ 195,921
Rent income	14,800
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TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	210,721

EXPENSES

Program services	249,555
Management and general	28,233
Fundraising	4,852
	<hr/>
TOTAL EXPENSES	282,640

CHANGE IN NET ASSETS (71,919)

NET ASSETS - BEGINNING OF YEAR 147,551

NET ASSETS - END OF YEAR **\$ 75,632**

See accompanying notes and independent accountant's review report.

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**STRUGGLE FOR MIAMI'S AFFORDABLE AND SUSTAINABLE HOUSING, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
	<b>Affordable Housing Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	
<b>Expenses</b>				
Salaries and payroll taxes	\$ 66,454	\$ 10,768	\$ -	\$ 77,222
Grants and assistance	114,456	-	-	114,456
Professional fees	5,873	8,514	-	14,387
Advertising and promotion	5,746	-	4,852	10,598
Office expenses	12,217	1,347	-	13,564
Occupancy	20,289	750	-	21,039
Insurance	4,318	-	-	4,318
Interest	13,195	-	-	13,195
Miscellaneous	410	-	-	410
Depreciation and amortization	6,597	6,854	-	13,451
<b>Total Expenses</b>	<b>\$ 249,555</b>	<b>\$ 28,233</b>	<b>\$ 4,852</b>	<b>\$ 282,640</b>

See accompanying notes and independent accountant's review report.

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**STRUGGLE FOR MIAMI'S AFFORDABLE AND SUSTAINABLE HOUSING, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (71,919)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	13,451
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	(1,500)
Accounts payable and accrued expenses	14,579
Deferred revenue	<u>160,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>114,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	<u>(496,633)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(496,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long term debt	<u>465,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,978
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>147,551</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><b>\$ 230,529</b></u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Organization

Struggle for Miami's Affordable and Sustainable Housing, Inc. (the "Organization") was established in September 2016 as a 501(c)(3). The Organization's primary purpose is the creation of a Community Land Trust that will adequately address the needs of inner-city Miami residents affected by the symptoms of gentrification (slumlords, rising rents, lack of community control), and that is shaped, developed and implemented by those same residents.

Basis of Presentation

The financial statements of the Organization are prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP).

The classification of a not-for-profit Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

In accordance with U.S. GAAP, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

*Net assets with donor restrictions* – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with an original maturity at purchase of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes expenditures for property and equipment in excess of \$5,000. Depreciation is calculated using the straight-line method and is calculated using the estimated useful lives of the related assets. Maintenance and repairs are charged to operations as incurred.

Estimated useful lives of property and equipment are as follows:

<u>Asset</u>	<u>Life</u>
Building	39 years
Website development costs	3 years

Long-Lived Assets

The Organization reviews its long-lived assets, such as building and equipment, for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value in the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded in 2022.

Revenue Recognition – Grants and Contributions

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions”. Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization applies ASC Topic 606, Revenues from Contracts with Customers, to exchange transactions in which it receives consideration from individuals for program services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the individuals participating in the Organization's programs. The Organization recognizes revenue when the performance obligations are satisfied in accordance with a five-step model.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at their fair value at the date of receipt and reflected in the accompanying financial statements. During the year ended December 31, 2022, the Organization did not recognize in-kind contributions related to donated services or goods.

Concentrations of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash balances in excess of federally insured limits. As of December 31, 2022, the Organization did not have any cash balances in excess of FDIC insurance limits.

Income Taxes

The Organization is exempt from income taxes as an organization (not a private Organization) formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code regulations. The Organization is subject to federal and state tax on income from any unrelated business.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, change in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2022.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal and state income tax returns are generally open to examination beginning with fiscal year ended 2019.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include depreciation and occupancy expenses, which are allocated based on an analysis of square footage occupied, as well as salaries and benefits, which are allocated based on analysis of personnel time and effort.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through **January \_\_, 2024**, the date that the financial statements were available to be issued.

**2. PROPERTY AND EQUIPMENT, NET**

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Property and equipment, net consisted of the following as of December 31, 2022:

	<b>2022</b>
Building	\$ 471,958
Website development costs	24,675
	496,633
Less accumulated depreciation and amortization	(13,451)
	<b>\$ 483,182</b>

Depreciation and amortization expense for the year ended December 31, 2022 was \$13,451 and is included in the accompanying statement of functional expenses.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

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The Organization has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31, 2022:

Cash and cash equivalents	\$ 230,529
Total financial assets available for management and general expenditures within one year	<b>\$ 230,529</b>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**4. LONG-TERM DEBT**

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On May 14, 2022, the Organization purchased a building (NOTE 2) and entered into a long-term debt agreement with a third-party non-profit organization. The loan amount totaled \$465,000 and has a thirty year maturity. The loan was due in monthly principal and interest payments of \$2,356 beginning December 1, 2022, with a fixed interest rate of 4.5%. At December 31, 2022, the principal amount outstanding under the loan totaled \$465,000.

Future maturities of the long-term debt at December 31, 2022 are as follows:

<u>Year Ended December 31,:</u>	
2023	\$ 8,142
2024	7,876
2025	8,237
2026	8,616
2027	9,012
Thereafter	<u>423,117</u>
	<b><u>\$ 465,000</u></b>

Accrued interest expense as of December 31, 2022 totaled approximately \$13,000 and has been included within accounts payable and accrued expenses on the accompanying statement of financial position.

The loan was paid in full subsequent to December 31, 2022 as part of a refinancing transaction with another lender (NOTE 6).

**5. COMMITMENTS AND CONTINGENCIES**

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Litigation

The Organization, from time to time, may be subject to potential claims encountered in the normal course of business. In the opinion of management, the resolution of such claims will not have a material adverse effect on the Organization's financial position, results of operations or cash flows.

**6. SUBSEQUENT EVENTS**

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On March 13, 2023, the Organization entered into a long-term debt agreement with two lenders totaling approximately \$425,000 in order to refinance the loan outstanding as of December 31, 2022. The outstanding balance totaling \$465,000 was paid in full as a result of the financing obtained.