

**HORIZON HOUSING
DEVELOPMENT COMPANY**

AUDITED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

HORIZON HOUSING DEVELOPMENT COMPANY

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HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	ASSETS	2024	2023
CURRENT ASSETS			
Cash and cash equivalents	\$ 25,335	\$ 26,718	
Accounts receivable	2,933	1,860	
Grants receivable	3,924	7,391	
Due from related organization	14,720	14,720	
Prepaid expenses	<u>55,510</u>	<u>49,625</u>	
 Total current assets	 <u>102,422</u>	 <u>100,314</u>	
NONCURRENT ASSETS			
Property and equipment, net of accumulated depreciation	<u>1,970,777</u>	<u>1,710,326</u>	
 Total noncurrent assets	 <u>1,970,777</u>	 <u>1,710,326</u>	
 Total assets	 <u>\$ 2,073,199</u>	 <u>\$ 1,810,640</u>	
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 55,105	\$ 48,445	
Accrued vacation pay	16,466	19,514	
Accrued payroll taxes	1,260	1,493	
Security deposits	22,400	20,665	
Notes payable	<u>45,207</u>	<u>70,931</u>	
 Total current liabilities	 <u>140,438</u>	 <u>161,048</u>	
NONCURRENT LIABILITIES			
Notes payable, net of current maturities	<u>260,239</u>	<u>245,268</u>	
 Total noncurrent liabilities	 <u>260,239</u>	 <u>245,268</u>	
 Total liabilities	 <u>400,677</u>	 <u>406,316</u>	
 NET ASSETS			
Without donor restriction	1,672,522	1,404,324	
With donor restriction	-	-	
 Total net assets	 <u>1,672,522</u>	 <u>1,404,324</u>	
 Total liabilities and net assets	 <u>\$ 2,073,199</u>	 <u>\$ 1,810,640</u>	

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	Without Donor restriction	With Donor restriction	2024 Total	2023 Total
SUPPORT AND REVENUE				
Rent	\$ -	\$ 421,253	\$ 421,253	\$ 407,649
Grants				
St. Louis Office for Developmental Disability Resources	- -	473,066	473,066	369,788
City of St. Louis	- -	317,565	317,565	388,280
Non-cash contributions-loan forgiveness	- -	63,200	63,200	63,200
Net insurance proceeds	290,769	- -	290,769	- -
Other	3,076	- -	3,076	543
 Total support and revenue	 293,845	 1,275,084	 1,568,929	 1,229,460
 Net assets released from restriction				
Satisfaction of restrictions	1,275,084	(1,275,084)	- -	- -
 Total	 1,568,929	 - -	 1,568,929	 1,229,460
 EXPENSES				
Program	1,058,879	- -	1,058,879	1,071,126
 Total program expenses	 1,058,879	 - -	 1,058,879	 1,071,126
 Support expenses				
General and administration	229,192	- -	229,192	233,136
Fundraising	12,660	- -	12,660	12,005
 Total support expenses	 241,852	 - -	 241,852	 245,141
 Total expenses	 1,300,731	 - -	 1,300,731	 1,316,267
 Changes in net assets				
	268,198	- -	268,198	(86,807)
Net assets - beginning of year	1,404,324	- -	1,404,324	1,491,131
 Net assets - end of year	 \$ 1,672,522	 \$ - -	 \$ 1,672,522	 \$ 1,404,324

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
Salaries	\$ 439,359	\$ 154,337	\$ 10,898	\$ 604,594	\$ 627,583
Conferences and meetings	1,758	2,500	-	4,258	9,292
Employee benefits	101,753	19,543	928	122,224	130,479
Utilities	127,337	4,800	-	132,137	138,608
Equipment rental, repairs, and maintenance	72,099	275	-	72,374	59,865
Payroll taxes	30,341	9,770	834	40,945	44,117
Professional fees	22,011	10,700	-	32,711	27,294
Insurance	51,115	6,508	-	57,623	54,701
Interest	-	489	-	489	932
Telephone	11,931	5,690	-	17,621	21,603
Supplies	3,528	4,735	-	8,263	15,485
Security	12,554	2,000	-	14,554	13,302
Specific assistance to individuals	398	-	-	398	2,364
Bad debts	-	-	-	-	4,447
Other	<u>1,624</u>	<u>700</u>	<u>-</u>	<u>2,324</u>	<u>1,838</u>
Total before depreciation	875,808	222,047	12,660	1,110,515	1,151,910
Depreciation	<u>183,071</u>	<u>7,145</u>	<u>-</u>	<u>190,216</u>	<u>164,357</u>
Total	<u>\$ 1,058,879</u>	<u>\$ 229,192</u>	<u>\$ 12,660</u>	<u>\$ 1,300,731</u>	<u>\$ 1,316,267</u>

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 268,198	\$ (86,807)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	190,216	164,357
Casualty loss	1,875	-
Forgiveness of loans	(63,200)	(63,200)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,073)	(288)
(Increase) decrease in grants receivable	3,467	(2,648)
(Increase) decrease in prepaid expenses	(5,885)	(4,690)
Increase (decrease) in accounts payable	6,660	7,356
Increase (decrease) in accrued vacation pay	(3,048)	1,695
Increase (decrease) in accrued payroll taxes	(233)	130
Increase (decrease) in security deposits	1,735	(5,337)
Net cash provided by (used in) operating activities	<u>398,712</u>	<u>10,568</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(452,542)	(67,907)
Net cash provided by (used in) investing activities	<u>(452,542)</u>	<u>(67,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	60,139	-
Principal payments on note payable	(7,692)	(7,250)
Net cash provided by (used in) financing activities	<u>52,447</u>	<u>(7,250)</u>
Net increase (decrease) in cash and cash equivalents	(1,383)	(64,589)
Cash and cash equivalents - beginning of year	<u>26,718</u>	<u>91,307</u>
Cash and cash equivalents - end of year	<u>\$ 25,335</u>	<u>\$ 26,718</u>
Supplemental cash flow information		
Forgiveness of loans		
Bates Loan	\$ 25,000	\$ 25,000
Strodtman Loan	21,500	21,500
West Florissant Loan	16,700	16,700
	<u>\$ 63,200</u>	<u>\$ 63,200</u>
Cash paid during the year for interest	\$ 489	\$ 932

**HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Horizon Housing Development Company (the "Organization") is a nonprofit corporation, incorporated in the state of Missouri on June 11, 2003. The Organization is dedicated to providing housing for the benefit of the developmentally disabled and/or handicapped persons in the City of Saint Louis, Missouri.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization presently has no net assets with donor restrictions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Comparative Data

The amounts shown for the fiscal year ended June 30, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on July 1, 2010. The adoption of this guidance resulted in no change to the financial statements for prior periods. As of June 30, 2024, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed for 2020 and prior are closed.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2024 and 2023 follows:

	2024	2023
Buildings and improvements	\$ 3,315,677	\$ 2,959,516
Furniture and equipment	127,574	125,923
Vehicles	36,418	32,251
Total depreciable property	3,479,669	3,117,690
Accumulated depreciation	(1,720,335)	(1,558,668)
Depreciable property, net	1,759,334	1,559,022
Construction in progress	60,139	-
Land	151,304	151,304
Property and equipment, net	<u>\$ 1,970,777</u>	<u>\$ 1,710,326</u>

**HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains a deposit account at UMB Bank. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of June 30, 2024 and 2023, the Organization had no uninsured deposits.

Note 4 - ACCRUED VACATION PAY

Employees of the Organization are entitled to paid vacation, depending on length of service and job classification. Vacation accrued during each year of employment must be used by each employee's anniversary date. Vacation pay is payable upon termination. The accrued vacation as of June 30, 2024 and June 30, 2023 was \$16,466 and \$19,514, respectively.

Note 5 - NOTES PAYABLE

In November 2019, the Organization signed a loan agreement with the Sunset Auto Company, Inc. for the purchase of a 2019 Ford F-150. The loan accrues interest at 5.94% and calls for monthly payments of \$682 beginning on December 20, 2019. The loan matures in November 2024. As of June 30, 2024 and 2023, the outstanding principal amount due was \$3,507 and \$11,199, respectively.

On May 3, 2018, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$167,000. The loan does not accrue interest and calls for annual payments of \$16,700 beginning on May 2, 2019. The loan matures in May 2028. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. In March 2023, \$16,700 was forgiven and recognized as non-cash contributions-loan forgiveness on the statement of activities. As of June 30, 2024 and 2023, the outstanding principal amount due was \$66,800 and \$83,500, respectively.

On December 13, 2019, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$86,000. The loan does not accrue interest and calls for annual payments of \$21,500 beginning on December 13, 2020. The loan matures in December 2023. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. In February 2023, \$21,500 was forgiven and recognized as non-cash contributions-loan forgiveness on the statement of activities. As of June 30, 2024 and 2023, the outstanding principal amount due was \$0 and \$21,500, respectively.

On May 21, 2021, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$250,000. The loan does not accrue interest and calls for annual payments of \$25,000 beginning on May 21, 2022. The loan matures in May 2031. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. In April 2023, \$25,000 was forgiven and recognized as non-cash contributions-loan forgiveness on the statement of activities. As of June 30, 2024 and 2023, the outstanding principal amount due was \$175,000 and \$200,000, respectively.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

Note 5 - NOTES PAYABLE (Continued)

On May 15, 2024, the Organization entered into a loan agreement with the Affordable Housing Commission (AHC) for \$200,000. The purpose of the loan was to construct six affordable housing units. Under the terms of the loan agreement, no amounts are due as long as the Organization maintains the housing units as rental properties for low and moderate-income households whose incomes do not exceed 20% of the Area Median Income for a 30-year period, does not sell the properties, does not abandon the properties, and the Organization continues to exist for the 30 year loan period. If the Organization remains in compliance throughout the 30-year period, the loan balance will be forgiven by AHC. If default is made by the Organization under the terms of this note, the entire principal sum of the note plus accrued interest at 5% per annum shall at once become due and payable without notice. The loan matures no later than December 31, 2055, and the balance as of June 30, 2024, and 2023 was \$60,139 and \$0, respectively.

Future maturities of notes payable are as follows:

For the fiscal years ending June 30,

2025	\$ 45,207
2026	41,700
2027	41,700
2028	41,700
2029	25,000
2030 & thereafter	<u>110,139</u>
Total	<u>\$ 305,446</u>

Note 6 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2023:

Financial assets at fiscal year-end:

Cash and cash equivalents	\$ 25,335
Accounts receivable	2,933
Grants receivable	3,924
Due from related organization	14,720
Total financial assets at fiscal year-end	<u>46,912</u>

Less amounts not available for general expenditures within one year:

Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available for general expenditures within one year	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 46,912</u>

**HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

Note 7 - RELATED PARTY TRANSACTIONS

The Organization and Horizon North Housing, Inc. are related through common board of director membership. Throughout the fiscal year, the Organization made health insurance premium payments on behalf of Horizon North Housing, Inc. The amounts due from Horizon North Housing, Inc. as of June 30, 2024 and 2023 were \$14,720 and \$14,720, respectively. The Organization and the City of St. Louis' homeless advisory board, known as Continuum of Care St. Louis, are related through the Organization's executive director, who also serves as chairperson of Continuum of Care. During the fiscal years ended June 30, 2024 and 2023, the City of St. Louis passed through various federal grants to Horizon Housing Development. Federal grants received from Continuum of Care St. Louis were \$317,565 and \$388,280, respectively.

Note 8 - CONTINGENT LIABILITY

The Organization has signed promissory notes with the St. Louis Office for Developmental Disability Resources for acquisitions of land and buildings that could be payable to them only in the event that, without written approval from them, the Organization encumbers, sells, trades, or otherwise disposes of or in any way alters ownership of said property. No such repayments are anticipated, but the contingent liability for the fiscal years ended June 30, 2024 and 2023, were each approximately \$1,300,000.

Note 9 - CONCENTRATION AND ECONOMIC DEPENDENCY

For the fiscal years ended June 30, 2024 and 2023, 20% and 32%, respectively of the Organization's revenue was received from Continuum of Care St. Louis. If a significant reduction in funding from Continuum of Care St. Louis were to occur, it could have a substantial effect on the Organization.

Note 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 11, 2024, the date the financial statements were available to be issued, and noted the following event.

On July 11, 2024, the Affordable Housing Commission amended the loan agreement to increase the funding to \$227,050.