

BHP COMMUNITY LAND TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022



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FINANCIAL STATEMENTS



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
BHP Community Land Trust, Inc.
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of BHP Community Land Trust, Inc. ("BHPCLT"), (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of BHPCLT as of December 31, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BHPCLT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BHPCLT'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 consolidated 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 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 judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 BHPCLT'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BHPCLT's ability to continue as a going concern for a reasonable period of time.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2024, on our consideration of BHPCLT'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 BHPCLT'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 BHPCLT's internal control over financial reporting and compliance.

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.

Miami, Florida
September 24, 2024

BHP COMMUNITY LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

Assets	2023	2022
Current assets		
Cash and cash equivalents	\$ 2,695,268	\$ 2,567,892
Grants and other receivables	258,473	44,575
Deposits and other assets	85,101	505,378
Reimbursable Expenses From Other Entities	8,950	80,877
Total current assets	3,047,792	3,198,722
Non-current assets		
Restricted cash	87,958	48,395
Development in progress	1,637,931	1,492,441
Property and equipment, net	16,229,611	10,386,743
Real estate held for sale	305,786	305,786
Loan to subsidiary	799,500	-
Total non-current assets	19,060,786	12,233,365
Total assets	\$ 22,108,578	\$ 15,432,087
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 8,740	\$ 37,264
Deferred revenue	7,922	103,125
Tenant deposit	87,958	48,397
Line of credit	240,000	20,000
Total current liabilities	344,620	208,786
Long term liabilities		
SBA loan	150,000	149,463
SELF loan	4,600,000	4,600,000
Florida Community Loan Fund	4,750,000	3,750,000
Total Non-current liabilities	9,500,000	8,499,463
Total liabilities	9,844,620	8,708,249
Net Assets		
Without donor restriction		
Undesignated	284,484	105,378
With donor restrictions		
Purpose restricted	11,979,474	6,618,460
Total net assets	12,263,958	6,723,838
Total liabilities and net assets	\$ 22,108,578	\$ 15,432,087

The accompanying notes are an integral part of these consolidated financial statements.

BHP COMMUNITY LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative
Public Support and Revenue				
Public Support:				
Rental income	\$ 424,122	\$ -	\$ 424,122	\$ 727,899
Contributions and public support	1,037,978	-	1,037,978	257,294
Total public support	1,462,100	-	1,462,100	985,193
Total Net Assets Released from Restrictions	-	-	-	-
Total revenue	1,462,100	-	1,462,100	985,193
Expenses:				
Program services:				
Rental	\$ 722,672	\$ -	\$ 722,672	\$ 749,513
Lease purchase	82,700	-	82,700	63,043
Development	199,582	-	199,582	173,605
Empowerment	166,652	-	166,652	131,340
Total program services	1,171,606	-	1,171,606	1,117,502
Support services				
General and administrative	111,388	-	111,388	94,960
Total support services	111,388	-	111,388	94,960
Total expenses	1,282,994	-	1,282,994	1,212,462
Change in Net Assets	\$ 179,106	\$ -	\$ 179,106	\$ (227,269)

The accompanying notes are an integral part of these consolidated financial statements.

BHP COMMUNITY LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Net assets, December 31, 2022	\$ 105,378	\$ 6,618,460	\$ 6,723,838
Increase in net assets without donor restrictions	179,106	-	179,106
Proceeds from advances with donor restrictions	-	5,361,014	5,361,014
Net assets, December 31, 2023	\$ 284,484	\$ 11,979,474	\$ 12,263,958

The accompanying notes are an integral part of these consolidated financial statements.

BHP COMMUNITY LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Description	Program Expenses				Total Program Expenses	Supporting Expenses	Total Expense
	Rental	Homeownership	Development	Empowerment		General & Administrative Expenses	
Professional fees	\$ 12,402	\$ 12,402	\$ 28,939	\$ 24,805	\$ 78,548	\$ 4,134	\$ 82,682
Salaries, wages and related expenses	60,472	60,472	141,101	120,944	382,989	20,157	403,146
Depreciation and amortization	202,422	-	-	-	202,422	-	202,422
Bank charges	1,170	-	-	-	1,170	-	1,170
Interest expense	9,826	9,826	22,926	19,651	62,229	3,275	65,504
Management fees	102,533	-	-	-	102,533	-	102,533
Memberships dues	-	-	-	-	-	1,214	1,214
Education & outreach	-	-	-	1,252	1,252	-	1,252
Professional development	-	-	-	-	-	74	74
Insurance & general liability	110,054	-	-	-	110,054	4,586	114,640
Other related costs	-	-	6,616	-	6,616	-	6,616
Office supplies	14,625	-	-	-	14,625	-	14,625
Office rent	-	-	-	-	-	55,874	55,874
Utilities expense	70,832	-	-	-	70,832	15,549	86,381
Repairs maintenance	102,228	-	-	-	102,228	6,525	108,753
Business tax license	36,108	-	-	-	36,108	-	36,108
	\$ 722,672	\$ 82,700	\$ 199,582	\$ 166,652	\$ 1,171,606	\$ 111,388	\$ 1,282,994

The accompanying notes are an integral part of these consolidate financial statements.

BHP COMMUNITY LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Program Expenses				Total Program Expenses	Supporting Expenses	Total Expense
	Rental	Homeownership	Development	Empowerment		General & Administrative Expenses	
Professional fees	\$ 8,323	\$ 8,323	\$ 19,420	\$ 16,646	\$ 52,711	\$ 2,774	\$ 55,485
Salaries, wages and related expenses	49,328	49,328	115,098	98,655	312,409	16,443	328,851
Depreciation and amortization	201,371	-	-	-	201,371	-	201,371
Bank charges	1,399	-	-	-	1,399	-	1,399
Interest expense	5,393	5,393	12,584	10,786	34,156	1,798	35,954
Management fees	112,533	-	-	-	112,533	-	112,533
Memberships dues	-	-	-	-	-	2,777	2,777
Education & outreach	-	-	-	5,254	5,254	-	5,254
Conference, convention, meeting	-	-	-	-	-	7,663	7,663
Insurance & general liability	110,531	-	-	-	110,531	4,605	115,136
Other related costs	-	-	26,504	-	26,504	-	26,504
Office supplies	7,713	-	-	-	7,713	-	7,713
Office rent	-	-	-	-	-	35,174	35,174
Utilities expense	81,419	-	-	-	81,419	15,141	96,559
Business tax license	134,510	-	-	-	134,510	8,586	143,095
Repairs and maintenance	36,993	-	-	-	36,993	-	36,993
	\$ 749,513	\$ 63,043	\$ 173,605	\$ 131,340	\$ 1,117,502	\$ 94,960	\$ 1,212,462

The accompanying notes are an integral part of these consolidated financial statements.

BHP COMMUNITY LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 179,106	\$ (227,269)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Prior period adjustment	-	(57,754)
Depreciation and amortization	202,422	201,371
Changes in operating assets:		
Restricted cash	(39,563)	575
Grants and other receivables	(213,898)	(15,761)
Deposit and other assets	420,277	(500,000)
Reimbursable Expenses From Other Entities	71,927	(80,877)
Changes in operating liabilities:		
Accounts payable and accruals	(28,524)	(2,734)
Deferred revenue	(95,203)	103,125
Tenant security deposits	39,561	(423)
Net cash from (used for) Operating Activities	<u>536,105</u>	<u>(579,747)</u>
Cash Flows From Investing Activities:		
Loans to subsidiaries	(799,500)	-
Developments in progress	(145,490)	(1,058,022)
Purchases of property	(5,842,868)	(4,536,386)
Net cash used for Investing Activities	<u>(6,787,858)</u>	<u>(5,594,408)</u>
Cash Flows From Financing Activities:		
Proceed from Line of Credit	220,000	20,000
Proceeds from SBA loan	537	(539)
Proceeds from SELF loan	5,158,592	4,600,000
Proceeds from FCLF loan	1,000,000	3,750,000
Net cash from Financing Activities	<u>6,379,129</u>	<u>8,369,461</u>
Net Change in Cash & Cash Equivalents	127,376	2,195,306
Cash and cash equivalents, beginning of year	2,567,892	372,586
Cash and cash equivalents, end of year	<u>\$ 2,695,268</u>	<u>\$ 2,567,892</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 65,504	\$ 35,954

The accompanying notes are an integral part of these consolidated financial statements.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND PURPOSE

BHP Community Land Trust, Inc. (“BHPCLT”, “Organization”) is a Florida nonprofit corporation established in 2006 to provide and preserve quality, sustainable, affordable housing for underserved populations in South Florida.

BHPCLT is committed to providing a permanent source of affordable housing through both rental housing and community land trust homes. A community land trust (CLT) provides an affordable alternative for homebuyers who may not be able to purchase a home on their own. The CLT model lowers the cost of a house by separating the value of the land from the building. The nonprofit holds title to the land and offers long term (99-year) ground leases to the buyer. The sales price and property taxes are then reduced to the cost of the house. From the standpoint of the local government, society and funders providing subsidies, and affordable housing advocates in general, the CLT provides a way of creating permanent housing stock with a single subsidy.

Current and recent development projects include:

350 Overtown: A partnership with adjacent landowner – the YWCA of South Florida – makes it possible for SFCLT and partners to redevelop an entire city block in the iconic Overtown community. As envisioned, the 350 Overtown project will entail a multi-faceted mixed-use and mixed-income development with 228 affordable housing units and a vibrant hub of commercial spaces. The project is SFCLT’s largest to date. It is located three blocks from Miami Central, a multi-modal transportation nexus in downtown Miami.

Place Louverture: Soon to become the first land trust and homeownership condo development in Miami-Dade County history, Place Louverture brings 13 for-sale townhomes and condo units to Little Haiti on a site previously owned by the Haitian American CDC, which remains a partner in marketing the homes to first-time homebuyers. SFCLT is proud to announce the approval of a \$750,000 investment by the Little Haiti Revitalization Trust, along with a new investment by Miami Homes for all, that complete the project’s capital stack. Other project funders include Miami Dade County, the City of Miami, and the Citi Community Foundation. Pre-development funding was supported by a JPMorgan Chase grant to South Florida Housing Link partners, facilitated by Florida Community Fund and Solar Energy Loan Fund. SFCLT expects to break ground on Place Louverture by Q3 of 2024.

Sky Dania: The Sky Dania project was made possible by SFCLT’s largest scattered site acquisition to date, encompassing 31 operable housing units across seven properties. The properties are centrally located near an international airport and seaport, just one block from the Dania Beach City Hall. Further enhancing their viability, the homes are located within specially designated areas targeted for redevelopment efforts, including a CRA and an Opportunity Zone, and the neighborhood was recently up-zoned as part of local officials efforts to densify housing. The acquisition was supported by \$5.5 million in funding from Broward County toward its aggressive plans to invest in affordable housing. Already underway, Phase 1 of our work will entail health-enhancing and sustainable renovations to the 31 homes, creating the added benefit of reducing renters’ monthly energy bills.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BHPCLT’s significant accounting policies are consistently applied in the preparation of the accompanying financial statements as follows:

(a) Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) within the scope of Topic 958, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under ASC 2016-14, the organization is required to report information regarding its financial position and activities according to the two classes of net assets as follows:

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time.

Principles of consolidation

The consolidated financial statements include the accounts of the BHP Community Land Trust and its wholly owned subsidiary 350 LLC and Sky Dania , LLC. These projects provide low-income housing in the form of rental and residential communities.

All significant inter-company accounts and transactions have been eliminated in the consolidation.

(b) 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 (“GAAP”).

(c) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Expenses have been allocated by function among program and supporting service classifications either directly or on the basis of estimates made by management.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash to be unrestricted cash in banking institutions and certificates of deposit with initial maturities of three months or less to be cash equivalents.

(e) Restricted Cash

Restricted cash represents amounts held in escrow for tenant security deposits and recorded as such in the accompanying financial statements.

(f) Developments in Progress

BHPCLT incurs costs during the predevelopment and construction of each affordable housing project undertaken.

The Organization capitalizes these costs as assets (developments in progress) and the costs are usually recoverable from the projects either from grant proceeds, loan proceeds or net cash flows from project operations.

Funds expended on projects that do not go beyond the development stage are recorded as expenses.

(g) Deferred Revenue

BHPCLT is the recipient of contributions to aid in its mission in the form of grants and subject to certain conditions as described in the grant agreement. Contributions received in advance of satisfying those conditions are recorded as deferred revenue.

(h) Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restriction.

(i) Functional Allocation of Expenses

The costs of programmatic and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and supporting services benefited based on management's estimate of the relative effort expended for the related functions.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(j) Income Taxes

BHPCLT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. However, the Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally, for three years after they are filed.

(k) Credit Risks

The Organization's credit risks primarily relate to cash, cash equivalents, and investments. The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of \$250,000. The Organization has not experienced any such losses and management believes the Organization is not exposed to significant credit risk pertaining to cash.

(l) Fair Value of Financial Instrument

The Organization has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, which requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income.

(m) Impairment of Assets

Management reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustments have been made in the financial statements for the years ended December 31, 2023 and 2022.

NOTE 3 – RESTRICTED CASH

Restricted cash is comprised of rental security deposits collected from tenants and held in escrow of \$87,958 and \$48,395, as of December 31, 2023 and 2022, respectively.

NOTE 4 – DEPOSITS AND OTHER ASSETS

Deposits and other assets are comprised of the following at December 31:

<u>Details</u>	<u>2023</u>	<u>2022</u>
Deposits	\$ 3,125	\$ 2,000
Other assets	81,976	503,378
	<u>\$ 85,101</u>	<u>\$ 505,378</u>

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Rental land	\$ 6,481,478	\$ 5,818,832
Rental Building	11,413,353	6,001,495
Land held in trust	515,690	515,690
Development in progress	1,637,931	1,492,441
Furniture, fixtures and equipment	5,960	35,173
Total	<u>20,054,412</u>	<u>13,863,631</u>
Less: accumulated depreciation	<u>(1,881,084)</u>	<u>(1,678,661)</u>
Property and equipment, net	<u>\$ 18,173,328</u>	<u>\$ 12,184,970</u>

Depreciation and amortization expenses for the years ended December 31, 2023 and 2022 were approximately \$202,422 and \$184,000, respectively.

As of December 31, 2023 and 2022, properties held for sale comprises land valued at approximately \$306,000. These amounts are excluded from the amount noted within property and equipment but are denoted in the financial statements as real estate held for sale. Also see Note 7.

NOTE 6 – DEVELOPMENT IN PROGRESS

The development in progress was as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Miami properties development	\$ 697,264	\$ 749,233
Hallandale Beach property development (deposit)	206,326	318,727
Fort Lauderdale property development	734,341	424,481
	<u>\$ 1,637,931</u>	<u>\$ 1,492,441</u>

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 – REAL ESTATE HELD FOR SALE/LONG-TERM LIABILITIES

At December 31, 2023 and 2022, real estate held for sale was \$305,786 and consists of one (1) parcel of land in Little Haiti, Miami, planned for multifamily homeownership project.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction in the most advantageous market at the measurement date. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities the Organization has the ability to access.
- Level 2 - Inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3 - Unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to management's assessment of the quality, risk, or liquidity profile of the asset or liability.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists primarily of forgivable debt acquired as part of an agreement with Broward County, Florida for the acquisition and redevelopment of its multi-family rental housing properties through the U.S. Department of Housing and Urban Development (HUD).

At December 31, 2023 and 2022, the composition of obligations classified as net assets with donor restrictions were as follows:

	<u>2023</u>	<u>2022</u>
A thirty-year interest free promissory note payable to Broward County, Florida for property acquisition and construction/rehabilitation of the Sunland Terrace low-income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 1)	\$ 1,576,572	\$ 1,576,572
A fifteen-year interest free promissory note payable to BB&T (funded by Federal Home Loan Bank) for the property construction & rehabilitation of Sunland Terrace. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- Affordable Housing Program)	600,000	600,000
A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of the Como Apartments low-income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 1 and DRI)	1,300,500	1,300,500
A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of the Tam O’Shanter low- income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3 and DRI)	1,001,457	1,001,457

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 –NET ASSETS WITH DONOR RESTRICTIONS (Cont’d)

<p>A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a Duplex at the SW 7th Street low-income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3)</p>	196,257	196,257
<p>A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a Duplex at the NE 3rd Street low-income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3)</p>	312,116	312,116
<p>A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a Duplex at the NE 8th Street low-income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3)</p>	254,067	254,067
<p>A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a Duplex at the SW 14th Street low- income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3)</p>	428,975	428,975
<p>A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a single-family homes at the NE 40th Court low- income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- NSP 3)</p>	120,516	120,516

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Cont'd)

A forgivable thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of Sky Dania for low- income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- CDBG and CDBG-CV)	5,361,014	0
A thirty-year interest free promissory note payable to Broward County, Florida for the property acquisition and construction/rehabilitation of a single-family homes at the NW 7 th Court low- income rental housing. Loan is forgivable upon the Organization’s compliance with certain covenants. (Funding Source- CHDO)	<u>828,000</u>	<u>828,000</u>
Total net assets with donor restrictions	<u>\$ 11,979,474</u>	<u>\$ 6,618,460</u>

NOTE 10 – FUNCTIONAL EXPENSES

Expenses are presented in the functional classifications noted below in accordance with Financial Accounting Standards Board’s (FASB) codification No. ASC 958-720-45-2 to help understand the service effort of the Organization. Program services represent 92% and 93% of the total expenses for the years ended December 31, 2023 and 2022, respectively. A breakdown of functional expenses is noted below:

	2023	2022
Program services	\$ 1,171,606	\$ 1,117,502
General and administrative	<u>123,294</u>	<u>94,960</u>
Total	<u>\$ 1,294,900</u>	<u>\$ 1,212,462</u>

NOTE 11 – LINES OF CREDIT

The Organization utilizes one line of credit obtained through a local financial institution that is used to fund development projects throughout the year. The balance of the line of credit was \$240,000 and \$20,000 at December 31, 2023 and 2022 respectively.

Interest rates vary at the prime rate plus 0%, accordingly. Interest expense for the years ended December 31, 2023 and 2022 was \$36,812 and \$ 35,954, respectively. The lines of credit are collateralized by the assets of the Organization. The general line of credit with PNC Bank, National Bank Associations of \$240,000 was renewed through February 25, 2025.

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 12 - SMALL BUSINESS ADMINISTRATION LOAN

BHPCLT obtained a loan in the amount of \$150,000, on April 20, 2020, from the SBA, an Agency of the U.S. Government on the following terms:

- 1) The interest rate is 2.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance.
- 2) The loan is secured by a security interest in all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including healthcare insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software, and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code.
- 3) The security interest Borrower grants includes all accessions, attachments, accessories parts, supplies and replacements for the collateral, all products, proceeds and collections thereof and all records and data relating thereto. The loan is repayable in installment payments, including principal and interest, of \$614 monthly and will begin twelve (12) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. At December 31, 2023, the aggregate amount of principal repayment over the ensuing five years and thereafter is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 7,416	\$ 7,416
2025	-	7,416	7,416
2026	-	7,416	7,416
2027	-	7,416	7,416
Thereafter	<u>150,000</u>	<u>170,568</u>	<u>320,568</u>
	<u>\$ 150,000</u>	<u>\$ 200,232</u>	<u>\$ 350,232</u>

BHP COMMUNITY LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Organization leases office space under an operating lease agreement. Lease expenses for the years ended December 31, 2023 and 2022 were \$36,330 and \$35,174, respectively.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,695,268	\$ 2,567,892
Accounts receivables	258,473	44,575
Deposits and other assets	<u>85,101</u>	<u>505,378</u>
Total Financial Assets	3,038,842	3,117,845
Less:		
Donor Restricted for Period Beyond One Year	<u>(87,958)</u>	<u>(48,395)</u>
Total Financial Assets Available Within One Year	<u>\$ 3,126,800</u>	<u>\$ 3,069,450</u>

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 24, 2024, the date that this report was available to be issued. Except as noted below, there are no subsequent events to report.

- (a) The general line of credit of \$240,000 with PNC Bank, National Bank Associations was renewed through to February 25, 2025.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

Net assets without donor restrictions at the beginning of 2022 have been adjusted for duplication of development cost payment recognized in error in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets without donor restrictions for 2022 by \$57,754.



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
BHP Community Land Trust, Inc.
Fort Lauderdale, Florida

We have audited, in accordance with the 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 BHP Community Land Trust, Inc. ("BHPCLT"), (a nonprofit organization),, which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BHP Community Land Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BHP Community Land Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of BHP Community Land Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 BHP Community Land Trust's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in blue ink that reads "Kilgore & Associates, LLC".

Miami, Florida
September 24, 2024

BHP COMMUNITY LAND TRUST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Agency/ Pass Through Agency	Federal Program	Through Agency Identifying Number	Expenditures			
			From Pass Through Awards	From Direct Awards	Total	Passed Through to Sub-Recipients
United States Department of Housing and Urban Development						
Broward County, Florida (FL)	CDBG Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants (Neighborhood Stabilization Program (NSP1& NSP3) (Loan)	14.218/None	\$ 2,951,892	\$ -	\$ 2,951,892	\$ -
	Community Development Block Grants/Entitlement Grants (Neighborhood Stabilization Program (NSP1& NSP3) (Loan)	14.218/None	5,407,095	-	5,407,095	-
			8,358,987	-	8,358,987	-
Broward County, Florida (FL)	CDBG Disaster Recovery Grants - Pub. L. No. 113-2 Community Development Block Grants/State's Program and Non-Entitlement Grant In Hawaii (State's CDBG Program) (Disaster Recovery Initiative (DRI)) (Loan) Total Cluster	14.228/None	400,000		400,000	-
Broward County, Florida (FL)	Home Investment Partnerships Program (Community Housing Development Organization (CHDO)) (Loan #1)	14.239/None	347,504	-	347,504	-
	(Community Housing Development Organization (CHDO)) (Loan #2)	14.239/None	828,000	-	828,000	-
			1,175,504	-	1,175,504	-
Broward County, Florida (FL)	Neighborhood Stabilization Program (Recovery Act Funded)(NSP 3) (Loan)	14.256/11-HFCD-038-NSP3	1,976,000	-	1,976,000	-
	Total Federal Awards Expended		\$ 11,910,491	\$ -	\$ 11,910,491	\$ -

See notes to Schedule of Expenditures of Federal Awards

BHP COMMUNITY LAND TRUST, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1 - Bases of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of BHPCLT under programs of the federal government for the year ended December 31st, 2023. The information in this Schedule is presented in accordance with the 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), (formerly OMB Circular A-133). Because the Schedule presents only a selected portion of the operations of BHPCLT, it is not intended to and does not present the financial position, changes in net assets or cash flows of BHPCLT.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the Schedule represent adjusts or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

BHPCLT has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for certain grants that allow the use of the 10% de minimis indirect cost rate.

Note 4 – Major Federal Program

BHPCLT had one major federal program audited during the year ended December 31, 2023, as follows:

<u>Federal Program Description</u>	<u>CFDA #</u>	<u>Expenditures</u>
Community Development Block Grant	14.218	\$5,407,095

Note 5 – Contingency

The grant/contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor/contracting agencies as a result of such an audit, any claim for reimbursement to the grantor/contracting agencies would become a liability of BHPCLT. In the opinion of management, all grant expenditures are in compliance with the terms of the grant/contract agreements and applicable Federal and state laws and other applicable regulations.



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required By the Uniform Guidance

To the Board of Directors
BHP Community Land Trust, Inc.
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited BHP Community Land Trust, Inc. (BHPCLT) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of BHPCLT's major federal programs for the year ended December 31st, 2023. BHPCLT's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BHPCLT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31st, 2023.

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 BHPCLT 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 BHPCLT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Independent Auditors' Report

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 BHPCLT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BHPCLT's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BHPCLT'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 BHPCLT'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 BHPCLT's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Independent Auditors' Report

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 material weaknesses, as defined above.

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

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

Kilger & Associates, LLC

December 10, 2024
Miami, Florida

**BHP COMMUNITY LAND TRUST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I -Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X No
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a) of Uniform Guidance?

___ Yes X No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

U.S. Department of Housing and Urban Development (HUD):

14.218

Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

**BHP COMMUNITY LAND TRUST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION II – FINANCIAL STATEMENTS FINDINGS

There are no financial statement findings for the year ended December 31, 2023.

SECTION III – FEERAL AWARDS FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs for the year ended December 31, 2023.

SECTION IV – FINANCIAL STATEMENT FINDINGS OF PRIOR YEAR FINDINGS

There are no financial statement findings for the prior year ended December 31, 2022.

SECTION V – FEERAL AWARDS SUMMARY OF PRIOR AUDIT FINDINGS

There are no federal award findings or questioned costs for the prior year ended December 31, 2022.



July 15, 2025

To Whom it May Concern:

RE: Financial Disclosure Statement

To Whom It May Concern,

On behalf of South Florida Community Land Trust, Inc. (South Florida CLT), we are pleased to submit the enclosed financial disclosure documentation in support of our proposal to develop affordable housing on City-owned land in Hollywood, Florida. As a mission-driven nonprofit with over 20 years of experience in permanently affordable housing development and stewardship, South Florida CLT has established a strong record of successful project delivery, sound financial management, and strategic institutional partnerships.

Financial Strength and Capacity

South Florida CLT is a financially stable and resilient organization, with a demonstrated ability to manage complex development projects and long-term asset stewardship. We currently maintain:

- **Over \$13 million in net assets**
- A real estate portfolio valued at more than **\$50 million**
- A **positive cash position** with approximately **\$2 million in cash on hand**
- A 20-year history of **clean independent audits**, reflecting strong internal controls and fiscal responsibility

Audited financial statements for the past two fiscal years are included with this submission. Where applicable, we have provided Independent Accountant's Review Reports prepared by a Certified Public Accountant (CPA), confirming the accuracy and conformity of our financials with U.S. GAAP.

Financing Track Record and Creditworthiness

South Florida CLT maintains a strong credit history and has repeatedly demonstrated the ability to finance both rental and homeownership projects on commercially reasonable terms. We have longstanding relationships with mission-aligned lenders, equity investors, and public funders across Florida and beyond.

We are pleased to attach the following financing commitments demonstrating our capacity to deliver on the proposed development:

- **Florida Community Loan Fund:** Commitment for financing the proposed **homeownership projects**
- **M&T Realty Capital Corporation:** Debt and equity financing commitments for **rental housing development**



SOUTH FLORIDA

COMMUNITY LAND TRUST

- **Solar Energy Loan Fund (SELF):** A **\$4.6 million development line of credit** available for projects near transportation corridors; the proposed Hollywood sites meet the eligibility criteria for this program

These relationships and resources underscore our readiness and capacity to mobilize financing rapidly for the proposed development.

Real Estate Portfolio

South Florida CLT owns and operates a diverse portfolio of permanently affordable housing across multiple counties in South Florida. Our holdings include multifamily rental properties, scattered-site homes, and community land trust units serving low- to moderate-income households. A full summary of our real estate portfolio, including project size, value, financing structure, ownership interest, and occupancy rates, is included for your review.

Ability to Proceed

South Florida CLT is well-positioned—organizationally and financially—to undertake and complete the proposed affordable housing development in partnership with the City of Hollywood. Our longstanding financial strength, demonstrated performance, and secured access to debt and equity capital affirm our readiness to move forward upon selection.

Thank you for the opportunity to present our qualifications. Should you need further information or clarification, please feel free to contact me directly at 954.263.6055 or mandy@southfloridaclt.org

Your community partner,

A handwritten signature in blue ink, appearing to read 'Amanda Bartle', is written over a light blue rectangular background.

Amanda (Mandy) Bartle
President & CEO

UNSECURED PROMISSORY NOTE

[Loan No. HCI-001]

Fort Pierce, Florida

4,600,000.00

Dated as of March 4, 2021

FOR VALUE RECEIVED the undersigned BHP-dba South Florida Community Land Trust, Inc., (hereinafter referred to as the “Borrower”) promises to pay to the order of THE SOLAR ENERGY LOAN FUND OF ST. LUCIE COUNTY, INC., a Florida nonprofit corporation, at its office at 2400 Rhode Island Avenue, Fort Pierce, Florida 34950, or such other location or address as the holder of this Note (“Lender”) may from time to time designate in writing, the sum of \$ **4,600,000.00**

(the “Draw”) in lawful money of the United States, with interest thereon from the date of disbursement by Lender until paid together with interest thereon on funds outstanding as indicated herein.

This Promissory Note (the “Note”) evidences a Draw pertaining to a Loan from the Lender to the Borrower for costs associated with the Project(s), as described more fully herein, and in that certain Loan Agreement between the Borrower and the Lender executed on March 4th 2022 (the “Loan Agreement”), and that Restrictive Covenant executed by Borrower and recorded in the Public Records where the Property is located . All capitalized terms not defined herein shall have the meanings provided in the Loan Agreement and the Exhibits thereto.

Borrower agrees to use, and Lender shall advance the Draw proceeds for eligible activities as agreed upon in the JP Morgan Chase Grant Agreement, Memorandum of Understanding (collectively, the (“Grant Documents”), and/or Loan Agreement.

SECTION 1. Interest Rate.

The Loan shall be 1.5% simple interest only until the Maturity Date payable in monthly installments and thereafter the Loan shall be due and payable as defined in Attachment 1 hereto. Interest accruing on this Note will be calculated on the basis of the actual number of days elapsed for any whole or partial month in which interest is being calculated and on the basis of a 365 or 366-day year, as applicable. Lender may grant a thirty (30) day extension for any monthly interest payment at any time and in its sole discretion. Interest payments shall be due on the last day of each month.

SECTION 2. Maturity.

This Note shall be due and payable on March 4th 2032 (10 years after the execution date) (the “Maturity Date”). So long as the Interest Payments are paid and there is no continuing default of the Loan Documents, this Note, or the JPMC Documents, the **Principal shall be forgiven on the Maturity Date.** No Principal payment shall be due until the Maturity Date and on the Maturity Date, any remaining Principal shall be due and payable, unless forgiven in accordance with this Paragraph

SECTION 3. No Prepayment; Repurpose of Funds.

This Note shall not be prepayable. However, Borrower may at its option repurpose the funds borrowed under this Note to reinvest into Borrower’s other Eligible Projects, as defined in the Loan Agreement, as long as Borrower continues to pay Interest on this Note until the Maturity Date. For each redeployment, Borrower shall notify Lender in accordance with the Loan Agreement and shall record a Declaration of Restrictive Covenant against each Project.

SECTION 4. Late Charge.

Provided that Holder has not accelerated this Note, if any amount payable under this Note is not paid within fifteen (15) days after the due date thereof, subject to any extension provided to Borrower by Lender, Borrower shall pay a late charge of 5% of the delinquent amount as liquidated damages for the extra expense in handling past due payments; provided, however that no such late charge shall be payable with respect to any balloon payment due on the Maturity Date. Any late charge payable under this section is in addition to any interest payable at the Default Rate (as defined below). The parties agree that said charge is a fair and reasonable charge for the late payment and shall not be deemed a penalty

SECTION 5. Default; Remedies.

All sums advanced hereunder together with accrued interest thereon and all other sums due hereunder shall become immediately due and payable, without notice or demand, upon the occurrence of any one or more of the following Events of Default, subject to any applicable cure period as provided in the Loan Agreement: (a) the Borrower’s failure to promptly pay in full any payment due under this Note; (b) any breach by the Borrower of any of the terms, covenants or conditions set forth in the Loan Agreement, the Restrictive Covenant, the Grant Documents, or any of the other Loan Documents executed in connection therewith, or any other instrument, document or agreement which otherwise pertains to the Loan evidenced by this Note beyond any applicable grace or cure period; or (c) upon the occurrence of an Event of Default as provided in the Loan Agreement. Upon the occurrence of any of the foregoing events, and in addition to any other remedies provided in the Loan Agreement, the amount of the Loan disbursed, together with

interest accrued thereon at the rate provided herein, and all unpaid fees, charges and other obligations of the Borrower due under any of the Loan Documents, shall, at Lender's option, be immediately due and payable.

No delay or omission on the part of the Lender in the exercise of any right hereunder shall operate as a waiver of such right or of any other right under this Note. A waiver by the Lender of any right or remedy conferred to it hereunder on any one occasion shall not be construed as a bar to, or waiver of, any such right and/or remedy as to any future occasion.

The Borrower does not intend or expect to pay, nor does the Lender intend or expect to charge, collect or accept, any interest greater than the highest legal rate of interest which may be charged under any applicable law. Should the acceleration hereof or any charges made hereunder result in the computation or earning of interest in excess of such legal rate, any and all such excess shall be and the same is hereby waived by the Lender, and any such excess shall be credited by the Lender to the balance hereof.

The "Default Interest Rate" and, in the event no specific maximum rate is applicable, the Maximum Rate shall be eighteen percent (18%) per annum.

Holder shall have the right to declare the total unpaid balance of this Note to be immediately due and payable in advance of the Maturity Date upon the failure of Maker to pay when due, taking into account applicable grace periods, any payment of Principal or Interest or other amount due under the Loan Documents; or upon the occurrence of an event of default, which is not cured prior to the expiration of any applicable cure periods, pursuant to any other Loan Documents now or hereafter evidencing, securing or guarantying payment of this Note. Exercise of this right shall be without notice to Maker or to any other person liable for payment hereof, notice of such exercise being hereby expressly waived.

Any payment under this Note or the Loan Documents not paid when due (at maturity, upon acceleration or otherwise) taking into account applicable grace periods shall bear interest at the Default Interest Rate from the due date until paid.

In the event of the sale or transfer of the Project or the Property in violation of the requirements set forth in the Restrictive Covenant, or in the event of foreclosure or deed in lieu of foreclosure of the Property, all sums outstanding including principle and interest under this Note shall be immediately due and payable and bear interest at the highest rate allowable by law from the date of disbursement, without notice to the Borrower or any guarantor or endorser of this Note, and without any affirmative action or declaration on the part of the Lender, and subject to any applicable cure period as provided in the Loan Agreement.

SECTION 6. Attorneys' Fees, Etc.

In the event of any Default, or in the event that any dispute arises relating to the interpretation,

enforcement, or performance of this Note, Lender shall be entitled to collect from Borrower on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Borrower shall pay all such costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Borrower, any guarantor or other party liable for any of the obligations of this Note or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any property securing this Note; (d) post judgment collection proceedings; (e) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Note or any security for this Note; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

SECTION 7. Miscellaneous.

- a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives presentment for payment, demand, and notice of nonpayment of this Note. Every such person or entity further hereby consents to any extension of the time of payment hereof.
- b) Modifications of the terms of payment of this Note must be agreed upon in writing by both parties in accordance with the Loan Agreement.
- c) The headings to the various sections have been inserted for convenience of reference only and do not define, limit, modify, or expand the express provisions of this Note.
- d) Time is of the essence under this Note and in the performance of every term, covenant and obligation contained herein.
- e) This Note is made with reference to and is to be construed in accordance with the laws of the state where the Property is located.
- f) If Lender at any time discovers that this Note or any of the Loan Documents contains any error that was caused by a clerical mistake, calculation error, computer error, printing error or similar error, Borrower shall, upon demand by Lender re-execute any such documents as are necessary or appropriate to correct any such error and Lender shall have no liability to Borrower or any other person or entity as a result of such error. If this Note or any of the Loan Documents are lost, stolen, mutilated or destroyed, Borrower and Lender will execute a replacement thereof in form and content identical to the original document which will have the effect of the original for all purposes.

<<SIGNATURES ON FOLLOWING PAGE>>

Attachment 1

The Loan is payable as follows:



Loan Schedule Simple Interest

Amortization Schedule

Interest only

BHP dba South Florida Community Land Trust

10 year term Forgivable loan

Disbursement Date 03.04.2022

Principal	4,600,000.00
Principal + Fees	4,600,000.00
Term (yrs)	10
Months	120

Interest	1.5%
Origination Fee	10,000.00
Legal Fees	0.00
Total Fees	10,000.00

Intallments	Monthly
Payment Amount	(\$5,750.00)
Form of Payment	ACH

Date Loan Closed	3/4/2022
First Payment Due	4/4/2032
Payment due every	3rd of the Month
Last Payment Date	3/4/2032

Principal Balance :		4,600,000.00		
Date	Year End Date	Interest	Cumulative Int Pymt	Principal Balance
Year 1	3/4/23	(69,000.00)	-\$69,000.00	\$4,600,000
Year 2	3/4/24	(69,000.00)	-\$138,000.00	\$4,600,000
Year 3	3/4/25	(69,000.00)	-\$207,000.00	\$4,600,000
Year 4	3/4/26	(69,000.00)	-\$276,000.00	\$4,600,000
Year 5	3/4/27	(69,000.00)	-\$345,000.00	\$4,600,000
Year 6	3/4/28	(69,000.00)	-\$414,000.00	\$4,600,000
Year 7	3/4/29	(69,000.00)	-\$483,000.00	\$4,600,000
Year 8	3/4/30	(69,000.00)	-\$552,000.00	\$4,600,000
Year 9	3/4/31	(69,000.00)	-\$621,000.00	\$4,600,000
Year 10	3/7/32	(69,000.00)	-\$690,000.00	\$0

Principal Balance forgiven on maturity date

***Origination Fee will be paid to SELF by BHP.**

BHP COMMUNITY LAND TRUST, Inc.
CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS