

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 AND 2023



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ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Matthew's House, Inc. and Affiliates
Naples, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of St. Matthew's House, Inc. and Affiliates (collectively, the "Organization"), a nonprofit corporation, which comprise the consolidated statement of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Consolidated 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 the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 GAAS 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 GAAS, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Naples, Florida
October 28, 2024

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 5,947,160	\$ 3,895,632
Accounts Receivable	53,627	45,731
Inventory	836,553	921,106
Unconditional Promises to Give, Net	5,973,777	63,399
Prepaid Expenses and Other Assets	460,513	636,622
Investments	1,931,358	1,704,811
Beneficial Interest in Assets Held by Others	156,287	144,465
Right of Use Assets - Financing	684,491	918,713
Right of Use Assets - Operating	3,982,338	2,694,722
Property and Equipment, Net	<u>43,184,764</u>	<u>43,872,979</u>
Total Assets	<u>\$ 63,210,868</u>	<u>\$ 54,898,180</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,291,028	\$ 2,365,931
Residents' Deposits	27,687	27,437
Deferred Revenue	-	59,008
Lease Liability - Financing	703,362	918,713
Lease Liability - Operating	4,105,605	2,694,722
Notes Payable	<u>4,046,131</u>	<u>4,167,093</u>
Total Liabilities	11,173,813	10,232,904
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,283,740	3,474,008
Investment in Property and Equipment	<u>39,138,633</u>	<u>39,705,886</u>
Total Without Donor Restrictions	41,422,373	43,179,894
With Donor Restrictions:		
Purpose Restricted	4,640,905	1,410,036
Time Restricted	<u>5,973,777</u>	<u>75,346</u>
Total With Donor Restrictions	10,614,682	1,485,382
Total Net Assets	<u>52,037,055</u>	<u>44,665,276</u>
Total Liabilities and Net Assets	<u>\$ 63,210,868</u>	<u>\$ 54,898,180</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	2024 With Donor Restrictions	Total
SUPPORT			
Contributions - General	\$ 10,686,359	\$ 23,734	\$ 10,710,093
Contributions - Capital Campaigns	1,617,135	10,636,690	12,253,825
Grants and Contracts	687,560	106,826	794,386
In-Kind Contributions - Food Pantry	12,463,375	-	12,463,375
In-Kind Contributions - Thrift Store	8,739,876	-	8,739,876
Special Events, Net	1,009,125	-	1,009,125
Total Support	35,203,430	10,767,250	45,970,680
REVENUE			
Thrift Store Revenue	10,954,010	-	10,954,010
Fresh Start Café	321,316	-	321,316
Catering Services	450,368	-	450,368
Rental Income	959,767	-	959,767
Program Services	171,241	-	171,241
Investment Income	445,875	-	445,875
Other Income	518,542	-	518,542
Total Revenue	13,821,119	-	13,821,119
Net Assets Released from Restrictions	1,637,950	(1,637,950)	-
Total Support and Revenue	50,662,499	9,129,300	59,791,799
EXPENSES			
Program Services	23,058,197	-	23,058,197
Management and General	3,576,818	-	3,576,818
Fundraising	3,754,779	-	3,754,779
Total Operating Expenses	30,389,794	-	30,389,794
Thrift Store, Cafes, and Catering	20,105,966	-	20,105,966
Properties	335,672	-	335,672
Oxbow Hospitality	1,155,595	-	1,155,595
Total Expenses	51,987,027	-	51,987,027
Loss on Disposal of Fixed Assets	432,993	-	432,993
CHANGE IN NET ASSETS	(1,757,521)	9,129,300	7,371,779
Net Assets - Beginning of Year	43,179,894	1,485,382	44,665,276
NET ASSETS - END OF YEAR	<u>\$ 41,422,373</u>	<u>\$ 10,614,682</u>	<u>\$ 52,037,055</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions - General	\$ 11,846,264	\$ 417,152	\$ 12,263,416
Contributions - Capital Campaigns	-	4,333,221	4,333,221
Grants	516,340	90,383	606,723
In-Kind Contributions - Food Pantry	12,703,859	-	12,703,859
In-Kind Contributions - Thrift Store	8,944,157	-	8,944,157
Special Events, Net	877,222	-	877,222
Total Support	34,887,842	4,840,756	39,728,598
REVENUE			
Thrift Store Revenue	10,470,545	-	10,470,545
Fresh Start Café	335,895	-	335,895
Catering Services	496,542	-	496,542
Rental Income	1,031,304	-	1,031,304
Program Services	296,212	-	296,212
Investment Loss	148,157	-	148,157
Other Income	642,352	-	642,352
Total Revenue	13,421,007	-	13,421,007
Net Assets Released from Restrictions	3,798,082	(3,798,082)	-
Total Support and Revenue	52,106,931	1,042,674	53,149,605
EXPENSES			
Program Services	22,435,611	-	22,435,611
Management and General	3,324,169	-	3,324,169
Fundraising	3,624,608	-	3,624,608
Total Operating Expenses	29,384,388	-	29,384,388
Thrift Store, Car Wash, Cafes and Catering	19,684,722	-	19,684,722
Properties	229,793	-	229,793
Oxbow Hospitality	1,232,543	-	1,232,543
Total Expenses	50,531,446	-	50,531,446
CHANGE IN NET ASSETS	1,575,485	1,042,674	2,618,159
Net Assets - Beginning of Year	41,604,409	442,708	42,047,117
NET ASSETS - END OF YEAR	<u>\$ 43,179,894</u>	<u>\$ 1,485,382</u>	<u>\$ 44,665,276</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Programs		Management and General	Fundraising	Properties	Oxbow Hospitality	Total
	Program Services	Thrift Stores, Cafés and Catering					
Advertising	\$ 425	\$ 18,972	\$ -	\$ 130,506	\$ -	\$ -	\$ 149,903
Auto and Travel	360,245	487,434	9,041	15,199	-	3,348	875,267
Bad Debt Expense	-	9,608	-	201,146	-	8,591	219,345
Computer and Technology	158,940	165,301	131,213	90,612	-	-	546,066
Depreciation and Amortization	1,187,268	596,232	20,927	14,801	210,536	12,093	2,041,857
Food and Vending Supplies	185,802	7,504	1,961	3,816	-	22,663	221,746
In-Kind Food Donations	12,532,420	-	-	-	-	-	12,532,420
In-Kind Thrift Cost of Goods Sold	-	8,727,571	-	-	-	-	8,727,571
Interest	35,877	124,560	78,286	-	135	-	238,858
Marketing	3,192	63,354	134	655,906	-	-	722,586
Occupancy	1,672,719	1,810,242	103,794	21,250	113,450	400,306	4,121,761
Office Expense	551,926	655,589	185,246	247,601	1,876	39,979	1,682,217
Other	154	344,330	4,049	317	5,979	73,193	428,022
Professional Fees	128,854	43,095	137,535	269,934	3,696	-	583,114
Resident and Client Assistance	205,936	34,077	-	885	-	-	240,898
Salaries and Benefits	6,034,439	7,018,097	2,904,632	2,102,806	-	595,422	18,655,396
Total	<u>\$ 23,058,197</u>	<u>\$ 20,105,966</u>	<u>\$ 3,576,818</u>	<u>\$ 3,754,779</u>	<u>\$ 335,672</u>	<u>\$ 1,155,595</u>	<u>\$ 51,987,027</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Programs		Management and General	Fundraising	Properties	Oxbow Hospitality	Total
	Program Services	Thrift Stores, Car Wash, Cafés and Catering					
Advertising	\$ 1,722	\$ 24,789	\$ -	\$ 111,994	\$ -	\$ -	\$ 138,505
Auto and Travel	364,179	476,323	22,629	9,962	-	5,557	878,650
Bad Debt Expense	366,713	263	-	-	-	-	366,976
Computer and Technology	134,201	275,124	122,411	102,449	-	528	634,713
Depreciation and Amortization	1,049,148	536,042	18,821	15,448	185,785	11,149	1,816,393
Food and Vending Supplies	338,266	9,330	1,340	187,547	-	36,725	573,208
In-Kind Food Donations	12,517,750	-	-	-	-	-	12,517,750
In-Kind Thrift Cost of Goods Sold	-	8,637,569	-	-	-	-	8,637,569
Interest	45,084	108,907	5,992	-	-	331	160,314
Marketing	7,826	492	7,684	745,833	-	-	761,835
Occupancy	1,483,785	2,025,536	61,721	12,444	39,504	440,442	4,063,432
Office Expense	479,901	331,751	253,325	355,364	2	52,741	1,473,084
Other	15,561	286,875	-	125	4,502	68,437	375,500
Professional Fees	114,784	17,999	108,164	250,027	-	-	490,974
Resident and Client Assistance	266,033	21,395	-	5,118	-	-	292,546
Salaries and Benefits	5,250,658	6,932,327	2,722,082	1,828,297	-	616,633	17,349,997
Total	<u>\$ 22,435,611</u>	<u>\$ 19,684,722</u>	<u>\$ 3,324,169</u>	<u>\$ 3,624,608</u>	<u>\$ 229,793</u>	<u>\$ 1,232,543</u>	<u>\$ 50,531,446</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,371,779	\$ 2,618,159
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,041,857	1,816,393
Loss on Disposition of Property and Equipment	96,394	12,325
Right of Use Amortization	269,713	137,023
Unrealized (Gain) on Investments	(216,344)	(182,084)
Realized (Gain) Loss on Investments	7,797	(12,838)
(Increase) Decrease in Value of Beneficial Interests	(11,822)	29,211
Change in Allowance of Uncollectible Pledges	204,995	(8,500)
Change in Net Present Value Discount on Promises to Give	139,010	-
Amortization of Debt Issuance Costs	1,312	18,358
(Increase) Decrease in Current Assets:		
Accounts Receivable	(7,896)	160,312
Pledges Receivable	(6,254,383)	5,143
Grants Receivable	-	15,083
Inventory	84,553	(432,242)
Prepaid Expenses and Other Assets	176,109	(109,841)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	(74,903)	498,630
Residents' Deposits	250	6,150
Lease Liabilities	(269,713)	(137,023)
Deferred Revenue	(59,008)	26,942
Net Cash Provided by Operating Activities	<u>3,499,700</u>	<u>4,461,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,307,898)	(4,136,379)
Purchases of Investments	(252,383)	(258,601)
Proceeds from Sale of Investments	234,383	312,157
Net Cash Used by Investing Activities	<u>(1,325,898)</u>	<u>(4,082,823)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(148,708)	(227,222)
Reclassification of Loan Allocations	12,896	(28,563)
Proceeds from Issuance Long-Term Debt	13,538	-
Net Cash (Used) by Financing Activities	<u>(122,274)</u>	<u>(255,785)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,051,528	122,593
Cash and Cash Equivalents - Beginning of Year	<u>3,895,632</u>	<u>3,773,039</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,947,160</u></u>	<u><u>\$ 3,895,632</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u><u>\$ 238,858</u></u>	<u><u>\$ 160,314</u></u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 NATURE OF OPERATIONS

St. Matthew's House, Inc. and Affiliates (collectively, the "Organization") is comprised of St. Matthew's House, Inc. (SMH) and its affiliates under common control: St. Matthew's Properties of Southwest Florida, Inc. (SMH Properties) and Oxbow Hospitality, Inc. (Oxbow).

SMH, a nonprofit corporation, was formed in December 1988. The corporation is a faith-based, Christian organization that is organized and operated exclusively for charitable and religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC), specifically to provide and operate housing and shelter for the homeless, indigent and needy in Southwest Florida without regard to race, age, color, creed, gender or national origin; promote the general social welfare of the communities in which it serves by providing related facilities and social services such as consultation and referrals to those in need of temporary or emergency shelter; assist those who seek to end their addiction to drugs and alcohol; and share the love of God by word and deed and by other community services consistent with the tax-exempt purposes of the corporation and as deemed appropriate by the board of directors.

SMH operates 150-bed and 44-bed shelters in Naples and Immokalee, respectively. The operations of SMH also include the "Wolfe Apartments," a 46-unit transitional housing facility in Naples. These facilities operate men and women's recovery programs that offer temporary housing in a drug and alcohol-free community. Furthermore, the operations also support a feeding ministry that provides more than 500,000 hot meals and over 194,000 bags of groceries each year. SMH is supported primarily through its eight thrift stores, donor contributions and grants, rent and program fees charged to residents, special events, a food catering operation, Lulu's kitchen, and a car wash and detailing center.

SMH Properties, a nonprofit corporation, was formed in October 2011 and is wholly owned by SMH. The corporation's primary purpose is to advance the mission of SMH. In May 2014, it purchased the Port Labelle Inn, a 47-room hotel located on approximately forty-four acres in Labelle, Florida, including meeting rooms and a restaurant. SMH Properties rents the building and the land out to Oxbow.

Oxbow, a for-profit corporation, was formed in April 2014 and is wholly owned by SMH. The corporation's primary purpose is to advance the mission of SMH. Oxbow rents the Port Labelle Inn from SMH Properties and operates the hotel as a conference and retreat center. Oxbow also leases one of its floors to SMH for the Justin's Place Recovery Program residents.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization after elimination of intercompany accounts and transactions.

Basis of Accounting

The accounts of the Organization are maintained, and the accompanying consolidated financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when the obligation is incurred.

Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Organization's consolidated statement of activities.

Income Taxes

SMH and SMH Properties are exempt from income taxes under the provisions of IRC Section 501(c)(3) and are treated as other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these consolidated financial statements.

Oxbow is a for-profit Florida corporation. Current income taxes are based on the year's taxable income for federal and state income tax reporting purposes. Deferred income taxes, if any, are provided on timing differences in recognizing income for financial statement and tax purposes. As of June 30, 2024, there are no deferred tax assets or liabilities and there is no current income tax payable.

The Organization follows the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's consolidated financial statements. This standard has no impact on the Organization's financial statements.

The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. An Exempt Organization Business Income Tax Return (Form 990) is filed annually by the Organization.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with the reporting principles of nonprofit accounting.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Liquidity

Assets are presented in the accompanying consolidated statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all bank and similar deposits, demand accounts, money market funds, and short-term investments with a maturity of three months or less when acquired to be cash equivalents.

The Organization maintains bank accounts with balances, which, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that no allowance is necessary as of June 30, 2024 based on current economic conditions, average collectability, historical experience, and management's individual analysis of each receivable. The Organization's allowance for credit losses was not materially different in the current year due to the consideration of current expected credit losses.

In addition, management provides work waivers to certain residents with outstanding balances with related balances written off through a charge to program fees and a credit to accounts receivable.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is to be received. Conditional promises to give are not included in support until such time as the conditions are substantially met.

Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on a combination of historical uncollectible amounts, current economic conditions, management's individual analysis of each promise to give, and forward-looking information to estimate the allowance.

Inventory

Inventory consists of donated items received by the Organization for resale in its thrift stores and inventory items for sale in the café. Purchased inventory is recorded at the lower of cost or net realizable value. The Organization's method for valuing its donated inventory varies depending on the nature, condition or quality of the donated items. Donated goods in the thrift stores are valued based on the costs associated with selling the goods. The inventory balance recorded at year-end is the estimated fair market value of donated items on hand at the end of the year.

Investments

Investments are initially recorded at cost if purchased or, if donated, at fair market value on the date received. Investment securities are reflected at market value, and realized and unrealized gains and losses are recognized as changes in net assets - without donor restrictions unless restricted by the donor, in which case the amounts are reflected as donor restrictions until expended according to the donors' stipulations. Realized and unrealized gains and losses are recognized in the period in which they occur in the statements of activities.

The Organization uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. The Organization considers various factors such as borrower creditworthiness, loan-to-value ratios, probability of default, and collateral values to estimate credit losses.

Fair Value Measurement

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The fair value hierarchy consists of three levels of inputs used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2024.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or purchased and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment is depreciated using the straight-line method calculated over the estimated useful lives of 5 through 39 years. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases various office space, equipment, and vehicles. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating on the balance sheet. Finance leases are included in right-of-use assets – financing and lease liability – financing on the balance sheet.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases will not be included as lease liabilities or ROU assets on the balance sheet.

Individual lease contracts may not provide information about the discount rate implicit in the lease. In these instances, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead will account for each separate lease component and the nonlease component as a single lease component.

Revenue Recognition

The Organization earns operating revenue from various sources including sale of donated items in thrift stores as well as lease and rental of its properties. Proceeds from these activities are used to support and enhance the Organization's charitable purposes. Revenue is considered earned when the Organization's performance obligations have been satisfied by providing goods or services in exchange for receipt of monetary consideration.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets donor restricted, depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing program and support services have been summarized on a functional basis in the consolidated statement of activities. The expenses that are charged directly to program or support services are based on management's estimate of resources expended.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through, October 28, 2024, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization routinely monitors liquidity to meet its operating needs and other contractual commitments. The Organization considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Organization operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Organization's financial assets that are available within one year of the balance sheet date for general expenditures are as follows:

	2024	2023
Cash and Cash Equivalents	\$ 5,947,160	\$ 3,895,632
Accounts Receivable	53,627	45,731
Investments	1,931,358	1,704,811
Unconditional Promises to Give - Due in One Year or Less	3,538,231	48,736
Less: Net Assets with Donor Restrictions	(7,076,451)	(1,485,382)
Total	<u>\$ 4,393,925</u>	<u>\$ 4,209,528</u>

NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization transferred funds to the Community Foundation of Collier County for investment purposes. The Community Foundation of Collier County holds variance power over the funds and is holding the funds for the benefit of the Organization. Future benefits of these funds remain on the books of the Organization as the funds were originally donated to the Organization. The amounts are recorded at fair value in the consolidated statement of financial position.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 IN-KIND CONTRIBUTIONS

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its program services, thrift store, and fundraising campaigns. During the years ended June 30, 2024 and 2023, the Organization received approximately 25,000 volunteer hours. No dollar value has been assigned to these contributions because the criteria for recognition of such volunteer efforts have not been satisfied and therefore these contributions are not reflected in the accompanying financial statements. In-kind contributions include contributed services that are specialized and the Organization would otherwise have purchased if not donated; therefore, meeting the criteria for recognition. For the year ended June 30, 2024 and 2023, donated services were valued at \$61,138 and \$36,334, respectively.

The Organization also receives donated food pantry items from the food banks and the community to assist in the Organization's catering and restaurant programs. The method of calculating the value of the donated items utilizes the U.S. Department of Agriculture's average of most expensive vegetables and least expensive vegetables and multiplying it by the pounds of donated food. During the years ended June 30, 2024 and 2023, the Organization received \$12,532,420 and \$12,517,750 worth of food pantry items, respectively.

Total in-kind contributions for the food pantry totaled \$12,463,375 and \$12,703,859 for the years ended June 30, 2024 and 2023, respectively.

The Organization also receives donated goods for sale from the community to assist in the Organization's thrift store program. These donated goods are recorded in support in the accompanying consolidated statements based on the costs associated with selling the donated material. During the year ended June 30, 2024 and 2023, the Organization received \$8,739,876 and \$8,944,157 in goods sold in the thrift store, respectively.

NOTE 6 UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net, at June 30, 2024 are reflected at the present value of estimated cash flows using an average discount rate of 4.46% as follows:

	2024	2023
Unconditional Promises to Give	\$ 6,331,316	\$ 76,933
Less: Discount to Net Present Value	(150,957)	(11,947)
Less: Allowance for Uncollectible Promises	(206,582)	(1,587)
Total	<u>\$ 5,973,777</u>	<u>\$ 63,399</u>

Unconditional promises to give are scheduled to be received as follows at June 30, 2024 and 2023:

	2024	2023
Less than 1 Year	\$ 3,538,231	\$ 48,736
1 to 5 Years	2,793,085	28,197
Total	<u>\$ 6,331,316</u>	<u>\$ 76,933</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 INVESTMENTS

Investments are comprised of the following at June 30, 2024:

	2024	
	Cost	Market
Equity Securities	\$ 978,221	\$ 1,324,897
Fixed Income Securities	348,820	339,559
Mutual Funds	238,139	266,902
Total	<u>\$ 1,565,180</u>	<u>\$ 1,931,358</u>

Investments are comprised of the following at June 30, 2023:

	2023	
	Cost	Market
Equity Securities	\$ 1,176,516	\$ 1,377,069
Fixed Income Securities	346,210	327,742
Total	<u>\$ 1,522,726</u>	<u>\$ 1,704,811</u>

Investment earnings for the year ended June 30, were comprised of:

	2024	2023
Unrealized Gain on Investments	216,344	\$ 102,016
Realized Gain (Loss) on Investments	(7,797)	14,163
Interest and Dividend Earnings	250,517	43,136
Investment Expenses	(13,189)	(11,158)
Total	<u>\$ 445,875</u>	<u>\$ 148,157</u>

NOTE 8 FAIR VALUE MEASUREMENT

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values assets and liabilities refer to Note 2 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 1,324,897	\$ -	\$ -	\$ 1,324,897
Mutual Funds	266,902			266,902
Fixed Income Securities	-	339,559	-	339,559
Beneficial Interests in Assets				
Held by Others	-	-	156,287	156,287
Total	<u>\$ 1,591,799</u>	<u>\$ 339,559</u>	<u>\$ 156,287</u>	<u>\$ 2,087,645</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2023:

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 1,377,069	\$ -	\$ -	\$ 1,377,069
Fixed Income Securities	-	327,742	-	327,742
Beneficial Interests in Assets Held by Others	-	-	144,465	144,465
Total	\$ 1,377,069	\$ 327,742	\$ 144,465	\$ 1,849,276

The following tables set forth a summary of changes in the fair value of the Organization's Level 3 assets as well as the valuation methodology for the year ended June 30:

	2024	2023
Balance - Beginning of Year	\$ 144,465	\$ 173,676
Change in Value	11,822	(29,211)
Balance - End of Year	<u>\$ 156,287</u>	<u>\$ 144,465</u>

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2024	2023		
Beneficial Interest in Assets	\$ 156,287	\$ 144,465	Market Price at Close of Business	Amount and Timing of Distributions

NOTE 9 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Buildings	\$ 24,551,744	\$ 26,528,685
Land	14,128,879	14,128,879
Equipment and Furniture	2,884,010	3,633,129
Vehicles	324,591	714,124
Leasehold Improvements	10,767,936	8,515,932
Construction in Progress	1,622,574	2,040,129
Subtotal	<u>54,279,734</u>	<u>55,560,878</u>
Less: Accumulated Depreciation	<u>(11,094,970)</u>	<u>(11,687,899)</u>
Total	<u>\$ 43,184,764</u>	<u>\$ 43,872,979</u>

Depreciation expense for the year ended June 30, 2024 and 2023 was \$2,041,857 and \$1,816,393, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 LINE OF CREDIT

The Organization has a line of credit with a financial institution in the amount of \$3,500,000 that is collateralized by all business assets and carries a variable interest rate of 7.58% as of June 30, 2024. The balance on the line of credit was \$0 as of June 30, 2024 and 2023, respectively.

NOTE 11 LEASES – ASC 842

The Organization leases office and grounds equipment and real estate under long-term, noncancelable lease agreements. The leases expire between August 2026 and September 2044. In the normal course of business, it is expected that the leases will be renewed or replaced by a similar leases.

The following table provide quantitative information concerning the Organization's leases.

Lease Cost:

Finance Lease Cost:

Amortization of Right-of-Use Assets	\$ 252,338
Interest on Lease Liabilities	39,011
Operating Lease Costs	<u>308,750</u>
 Total Lease Cost	 <u><u>\$ 600,099</u></u>

Other Information:

Operating Cash Flows from Financing Leases	\$ 39,011
Operating Cash Flows from Operating Leases	\$ 269,713
Financing Cash Flows from Financing Leases	\$ 145,425
Right-of-Use Asset Obtained in Exchange for New	
Operating Lease Liability	\$ 1,462,895
Weighted-Average Remaining Lease Term	
- Financing Leases	4.5 Years
Weighted-Average Remaining Lease Term	
- Operating Leases	15.0 Years
Weighted-Average Discount Rate - Financing Leases	4.99%
Weighted-Average Discount Rate - Operating Leases	6.61%

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 LEASES – ASC 842 (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Financing Leases</u>	<u>Totals</u>
2025	\$ 342,705	\$ 184,436	\$ 527,141
2026	369,183	184,436	553,619
2027	384,485	169,685	554,170
2028	404,627	149,725	554,352
2029	432,536	64,695	497,231
Thereafter	4,941,520	35,500	4,977,020
Total Lease Payments	6,875,056	788,477	7,663,533
Less: Interest	(2,769,451)	(85,115)	(2,854,566)
Present Value of Lease Liabilities	<u>\$ 4,105,605</u>	<u>\$ 703,362</u>	<u>\$ 4,808,967</u>

NOTE 12 NOTES PAYABLE

Notes payable at June 30 consisted of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note payable to a financial institution, bearing interest at 5.6375%, secured by property. Monthly payments of principal and interest due through maturity in June 2028.	\$ 1,118,400	\$ 1,136,070
Note payable to a financial institution, bearing interest at 3.00%, secured by real and personal property. Monthly payments of principal and interest due through maturity in December 2025.	1,993,718	2,071,532
Note payable to a financial institution, bearing interest at 3.50%, secured by property purchased through the loan. Monthly payments of principal and interest due through maturity in November 2031.	<u>932,701</u>	<u>959,491</u>
Total Notes Payable	4,044,819	4,167,093
Less: Unamortized Debt Issuance Costs	<u>1,312</u>	<u>-</u>
Total Notes Payable, Net	<u><u>\$ 4,046,131</u></u>	<u><u>\$ 4,167,093</u></u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 NOTES PAYABLE (CONTINUED)

Aggregate future principal payments of the notes payable are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 1,176,933
2026	1,934,812
2027	29,786
2028	30,780
2029	31,971
Thereafter	840,537
Total Debt Maturities	<u><u>\$ 4,044,819</u></u>

Interest expense for the years ended June 30, 2024 and 2023 totaled \$238,800 and \$160,314, respectively.

The notes payable are subject to certain covenants as defined in the loan agreements. Management believes the Organization was in compliance with all covenants as of June 30, 2024 and 2023.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods. Net assets with donor restrictions consist of the following at June 30, 2024:

	<u>2024</u>	<u>2023</u>
Subject to the Passage of Time:		
Unconditional Promises to Give, Net	\$ 5,973,777	\$ 75,346
Subject to Restriction for Specific Purpose:		
Capital Campaign	4,558,286	1,132,564
Women's Recovery	4,000	13,000
Shelters	-	125,853
Other Various Purposes	78,619	138,619
Total	<u><u>\$ 10,614,682</u></u>	<u><u>\$ 1,485,382</u></u>

Net assets released from donor-imposed restrictions for the years ended June 30, 2024 and 2023 totaled \$1,841,822 and \$3,798,082, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 GRANT REVENUE

The Organization recognized grant revenue for the following purposes during the year ended June 30:

	2024	2023
Operating Grants	\$ 617,838	\$ 457,640
Supportive Housing Grants	106,826	90,383
Child Nutrition Grants	69,722	58,700
Total	<u>\$ 794,386</u>	<u>\$ 606,723</u>

NOTE 15 RETIREMENT PLAN

The Organization has a 401(k) plan eligible to all employees, regardless of years of service, who are at least 18 years of age. The plan allows eligible employees to elect to defer up to 25% of the employee's compensation, with matching contributions made by the Organization. The Organization presently matches 6% of eligible employee compensation.

For the year ended June 30, 2024 and 2023, the 401(k) contribution expense was \$296,035 and \$206,339, respectively.

NOTE 16 DONATED LAND AND BUILDING DEED RESTRICTIONS

In previous years, the Organization has received donations of land and buildings. In conjunction with these donations, the donor requested that deed restrictions be placed upon the properties to which the board of directors and management agreed. The restrictions are as such: the Organization cannot abandon the property from its intended use for more than 30 days; cannot attempt to sell or mortgage the property; cannot discontinue its present mission; cannot fail to timely correct within 30 days of notice from the donor for a failure of adherence to the terms of the agreement; cannot be dissolved under state law. If the restrictions are violated, then the Organization must transfer the property to another charity as designated by the donor. Management believes the restrictions imposed align with the Organization's mission and has a high level of confidence that such restrictions have a very low probability of being violated.

