

**HOUSING AND  
NEIGHBORHOOD  
DEVELOPMENT SERVICES  
OF CENTRAL FLORIDA, INC.**

**Financial Statements**

**September 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of  
Housing and Neighborhood Development Services of Central Florida, Inc.  
Lakeland, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Housing and Neighborhood Development Services of Central Florida, Inc. ("HANDS"), a nonprofit organization, which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of HANDS as of September 30, 2025, and the changes in its net assets and its cash flows for the year 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 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 HANDS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HANDS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HANDS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HANDS' 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, and combining schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

***Supplementary Information (continued)***

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2026, on our consideration of HANDS' 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 HANDS' 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 HANDS' internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
April 30, 2026

Housing and Neighborhood Development Services of Central Florida, Inc.

STATEMENT OF FINANCIAL POSITION

September 30, 2025

ASSETS

**CURRENT ASSETS**

Cash and cash equivalents	\$ 11,879,044
Restricted cash	12,939
Accounts receivable	284,786
Grants receivable	1,399,535
Prepaid expenses	686,910
Total current assets	<u>14,263,214</u>

**PROPERTY AND EQUIPMENT**

Furniture and equipment	4,829,478
Building and improvements	26,818,911
Construction in progress	1,264,393
Land and improvements	2,674,856
	<u>35,587,638</u>
Less accumulated depreciation	(24,141,244)
Net property and equipment	<u>11,446,394</u>

**OTHER ASSETS**

Replacement reserves	1,613,801
Tax and insurance escrows	698,497
Other assets	105,688
	<u>2,417,986</u>
Total assets	<u>\$ 28,127,594</u>

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**

Current portion of long-term debt (Note D)	\$ 58,369
Accounts payable and accrued expenses	573,579
Accrued interest payable	405,586
Total current liabilities	<u>1,037,534</u>

**LONG-TERM LIABILITIES**

Long-term debt (Note D)	10,611,502
Security deposits	360,797
Total liabilities	<u>12,009,833</u>

**NET ASSETS**

Without donor restrictions	16,104,822
With donor restrictions	12,939
Total net assets	<u>16,117,761</u>
Total liabilities and net assets	<u>\$ 28,127,594</u>

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

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>			
Housing assistance grants	\$ -	\$ 456,152	\$ 456,152
Down payment assistance grants	-	3,009,430	3,009,430
	-	3,465,582	3,465,582
<b>REVENUES</b>			
Rental income	7,976,130	-	7,976,130
Processing fees	182,000	-	182,000
Other income	44,945	-	44,945
Net assets released from restrictions	3,541,866	(3,541,866)	-
	11,744,941	(3,541,866)	8,203,075
Total revenues	11,744,941	(3,541,866)	8,203,075
Total public support and revenues	11,744,941	(76,284)	11,668,657
<b>EXPENSES</b>			
Program services	8,146,819	-	8,146,819
Support services	188,638	-	188,638
	8,335,457	-	8,335,457
Total expenses	8,335,457	-	8,335,457
Net operating income	3,409,484	(76,284)	3,333,200
<b>OTHER (INCOME) EXPENSE</b>			
Interest income	(205,536)	-	(205,536)
Interest expense	587,110	-	587,110
Depreciation	906,034	-	906,034
Unrealized gain on investment	(70,270)	-	(70,270)
Other expense	200,000	-	200,000
	1,417,338	-	1,417,338
Total other expense	1,417,338	-	1,417,338
Increase in net assets before forgiveness	1,992,146	(76,284)	1,915,862
Debt forgiveness	108,502	-	108,502
	2,100,648	(76,284)	2,024,364
Increase in net assets	2,100,648	(76,284)	2,024,364
Net assets, beginning of year	14,004,174	89,223	14,093,397
Net assets, end of year	\$ 16,104,822	\$ 12,939	\$ 16,117,761

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

Housing and Neighborhood Development Services of Central Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2025

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Down payment assistance	\$ 3,009,430	\$ -	\$ 3,009,430
Salaries and benefits	1,335,084	101,069	1,436,153
Insurance	1,263,403	-	1,263,403
Maintenance	714,052	59,654	773,706
Administrative	646,844	-	646,844
Utilities	409,304	-	409,304
Management fees	398,883	-	398,883
Legal and professional	226,927	27,915	254,842
Resource center	77,819	-	77,819
Bond administrative fees	38,397	-	38,397
Taxes and fees	26,676	-	26,676
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 8,146,819</u>	<u>\$ 188,638</u>	<u>\$ 8,335,457</u>

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

Housing and Neighborhood Development Services of Central Florida, Inc.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2025

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 2,024,364
Adjustments to reconcile increase in net assets to net cash provided by operations	
Non cash rent expense	2,249
Debt forgiveness	(108,502)
Depreciation	906,034
Non cash interest expense	249,341
Changes in assets and liabilities:	
Increase in security deposits	19,157
Decrease in prepaid expenses	27,886
Increase in accounts and grants receivable	(919,693)
Increase in other assets	(65,662)
Decrease in accrued interest payable	(138,458)
Increase in accounts payable and accrued expenses	13,632
Cash provided by operating activities	<u>2,010,348</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(2,959,399)
Increase in replacement reserves	(1,613,801)
Increase in tax and insurance escrows	(698,497)
Cash used in investing activities	<u>(5,271,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds on notes payable	5,667,748
Payments on notes payable	(5,800,208)
Decrease in deposits with fiduciary	4,487,554
Cash provided by financing activities	<u>4,355,094</u>
Net increase in cash	1,093,745
Cash, cash equivalents and restricted cash at beginning of year	<u>10,798,238</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 11,891,983</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Interest paid	<u>\$ 476,227</u>
Reconciliation of cash, cash equivalents and restricted cash balances at year end:	
Cash and cash equivalents	\$ 11,879,044
Restricted cash	12,939
Total cash, cash equivalents and restricted cash	<u>\$ 11,891,983</u>

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

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

Housing and Neighborhood Development Services of Central Florida, Inc. (“HANDS”) was created as a nonprofit corporation in April 1989 to provide housing and housing-related services to targeted persons or families in need of housing, build affordable residential housing for lower to moderate income persons and provide technical assistance to other nonprofit organizations in building affordable shelter in the Central Florida area. HANDS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

In fiscal year 2022, HANDS assumed an entity, Polk County Lenders. The purpose of this entity is to provide financial assistance to very low, low, or moderate income households purchasing homes to be occupied as their primary residence.

2. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. HANDS reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. For example, the Board may designate a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the HANDS’ long-term financial viability.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions. HANDS reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. However, gifts of cash and other assets that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year as received.

Some net assets with donor restrictions include a stipulation that assets provided may be maintained permanently (perpetual in nature) while permitting the HANDS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Accounting and Financial Statement Presentation (continued)

See Note K for more information on the composition of net assets with donor restrictions.

3. Accounts Receivable

No allowance for credit losses is provided since all receivables are deemed fully collectible based on HANDS' evaluation of historical experience, current conditions, and reasonable forecasts.

4. Property and Equipment

Property and equipment are recorded at cost or estimated value at the date of purchase or contribution. Expenditures for repairs and maintenance are expensed as incurred. Assets are being depreciated using the straight-line method over various estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	30 - 40
Land improvements	15
Furniture and equipment	5 - 10

Equipment purchased with grant proceeds has been charged to expense when it remains the property of the grantor in accordance with terms of the grants.

5. Debt Issuance Costs

Debt issuance costs relating to bonds and loans payable are amortized over the life of the related debts. Amortization expense for the year ended September 30, 2025 was \$249,341, which is included in interest expense on the statement of activities.

6. Cash and Cash Equivalents

HANDS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

HANDS follows ASC 2016-18, Statement of Cash Flows, which requires that restricted cash be included in total cash in the statement of cash flows. The cash and cash equivalents line item on the statement of cash flows includes both the cash and cash equivalents and the restricted cash line items on the statement of financial position.

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Functional Allocation of Expenses

The cost of program and supporting services activities 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

8. Fair Value Measurement

HANDS has implemented accounting guidance relating to fair value measurements. This guidance establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 -- quoted prices (unadjusted) in active markets for identical assets or liabilities that HANDS has the ability to access as of the measurement date.

Level 2 -- inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 -- unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs.

9. Income Taxes

Management has analyzed HANDS' various federal and state filing positions and believes that its income tax filing positions and deductions are well-documented and supported. Additionally, management believes that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

10. Grants

Grants received are recorded at their estimated fair values on the date of receipt or upon satisfaction of any grantor conditions and are reflected as grants in the accompanying financial statements. All grants are considered available for unrestricted use unless specifically restricted by the grantors. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as net assets with donor restrictions.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Contributions of Non-financial Assets

Contributed services are recognized only to the extent they create or enhance non-financial assets or require specialized skills, and are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donations. Donated facilities that are measurable are recorded at fair market value on the date of the receipt by HANDS.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Concentration of Credit Risks

Financial instruments, which potentially expose HANDS to concentrations of credit risk, consist principally of cash in bank deposits and money market funds, and deposits with fiduciaries. HANDS' policy is to place these investments with high quality financial institutions which are insured by the FDIC. As of September 30, 2025, HANDS deposits exceeded FDIC insured limits by \$9,261,204. HANDS has never experienced any loss from such excess holdings.

14. Revenue and Support Recognition

HANDS follows the Financial Accounting Standards Board (FASB) Account Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

HANDS also follows ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

HANDS recognizes federal and state grants on the accrual basis when it is earned in accordance with the grant agreement. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or as required services are performed. Deferred revenue represents grant funds received in advance of grant expenditures.

HANDS recognizes rental income as rentals become due.

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

15. Leases

HANDS determines if an arrangement is or includes a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, Topic 842 *Leases*, (Topic 842), a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. HANDS also considers whether its service arrangements include the right to control the use of an asset.

HANDS has elected to apply the short-term lease exception to all leases with a term of one year or less. For all other leases, HANDS recognizes right-of-use (ROU) asset and lease liabilities based on the present value of the lease payments over the lease term at the commencement date of the lease. HANDS has also elected to use the risk-free discount rate for its leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

16. Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on April 30, 2026.

**NOTE B – DESCRIPTION OF PROJECTS**

The various projects of HANDS are as follows:

Delaney Apartments - purchased by HANDS in March 1990, is an 8-unit apartment building near the downtown area of City of Orlando, Florida. Substantial remodeling was performed in August 1990. Additional renovations were completed in May 2009.

Anderson Oaks - purchased by HANDS in June 1990, is a 12-unit apartment building near the downtown area of City of Orlando, Florida. HANDS obtained financing with a SHIP rehab grant from City of Orlando and replaced the roof, windows, and interior piping during the fiscal year ended September 30, 2013. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Lancaster Villas - purchased by HANDS in June 1995, is a 145-unit apartment complex in southwest Orange County, Florida. Phases one and two of a substantial renovation of the projects were completed during the years ended September 30, 1998 and 1999. Additional renovations were completed in July 2005 and throughout fiscal year 2025. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**NOTE B – DESCRIPTION OF PROJECTS (continued)**

Green Gables - purchased by HANDS in December 1995, is a 95-unit apartment complex in Orange County, Florida. Substantial renovation was completed during the fiscal year ended September 30, 1999, and another renovation project began and was completed during the fiscal year ended September 30, 2007. On September 30, 2015, a new renovation project was started and completed in fiscal year 2016. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Lake Davis - purchased by HANDS in May 1997, is a 36-unit apartment building in Orange County, Florida. Substantial renovation was completed during the fiscal year ended September 30, 1998 and minor rehab was completed during the fiscal year ended September 30, 2002, with full roof replacement in November 2007. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Governors Manor - is a 120-unit condominium located in Orlando, Florida. HANDS owns 120 units of which 100 units were acquired in December 1998, 12 units were acquired in April 1999, and an additional 8 units were acquired from June to September 2001. Substantial rehab was completed on 33 units during the fiscal year September 30, 2000 and on a separate 96 units for the fiscal year ended September 30, 2002. In addition, the roofs were replaced on all 9 buildings during July 2006 and again in September 2021. Substantial interior rehab was completed in September 2024 and September 2025.

Mendel Villas - purchased by HANDS in February 1995, is a multi-family complex of 32 townhouses located in east Orange County, Florida. Substantial renovations were performed during 1996. Mendel Villas was awarded federal HOME rehab funds in 2013 to maintain 27 of the 32 units as affordable “floating” HOME units with resident incomes of 50% of median income (6 units) and 60% of median income (21 units). These restrictions were released by Orange County, and the units are no longer subject to them.

Lake Jennie I - purchased by HANDS in October 1995, is a 25-unit apartment building in Sanford, Florida. Substantial renovation of the project was undertaken and completed in 1996 and again in 2002. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Kensington Oaks - purchased by HANDS in April 1998, is a 20-unit apartment building in Sanford, Florida. Substantial renovation of the project was undertaken and completed in 2000 and again in 2002 to remove and gable the original flat roof system. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Lake Jennie II - a 40-unit apartment building constructed by HANDS in Sanford, Florida. Construction was completed in October 1998. Substantial interior rehab was started in April 2025 and will be completed by September 2026.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B – DESCRIPTION OF PROJECTS (continued)

Pebble Creek - purchased by HANDS in April 1990, is a 72-unit apartment complex in Kissimmee, Florida. Substantial renovation of the project was undertaken and completed in 1995. The roof was replaced during the year ended September 30, 2004 due to hurricane damage. Substantial renovations were completed in fiscal year 2009. The roof was replaced during the year ended September 30, 2025.

NOTE C – RESTRICTED DEPOSITS AND RESERVES

1. Restricted cash

Restricted cash consists of unspent City CRA grant funds and security deposit escrow accounts held by HANDS. Total restricted cash was \$12,939 at September 30, 2025.

2. Replacement Reserves

During the year ended September 30, 2025, funds previously reported as deposits with fiduciary became available to HANDS. HANDS elected to designate a portion of these funds to be held in replacement reserves for the Projects. For two Projects with loans outstanding with the Florida Housing Finance Authority, such reserves are required under the applicable loan agreements. For the remaining Projects, these reserves are not required by any lender. The balance in the reserves consists of the following at September 30, 2025:

Beginning balance	\$	-
Deposits		<u>1,613,801</u>
Ending balance	\$	<u>1,613,801</u>

3. Tax and Insurance Escrows

During the year ended September 30, 2025, funds previously reported as deposits with fiduciary became available to HANDS. HANDS elected to designate a portion of these funds to be held in tax and insurance escrows for the Projects. For two Projects with loans outstanding with the Florida Housing Finance Authority, such escrows are required under the applicable loan agreements. For the remaining Projects, these escrows are not required by any lender. The balance in the escrow consists of the following at September 30, 2025:

Beginning balance	\$	-
Deposits		<u>698,497</u>
Ending balance	\$	<u>698,497</u>

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

**NOTE D - LONG TERM DEBT**

SECURITY / NET BOOK VALUE	LENDER	PAYMENT TERMS	BALANCE SEPTEMBER 30, 2025	FISCAL YEAR FIVE YEAR PAYOUT							TOTAL
				2026	2027	2028	2029	2030	THEREAFTER		
Delaney	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	\$ 24,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,647	\$ 24,647
\$150,649	Unamortized debt issuance cost		(1,138)	-	-	-	-	-	-	(1,138)	(1,138)
			23,509	-	-	-	-	-	-	23,509	23,509
Anderson Oaks \$272,616	City of Orlando, FL	\$125,000 grant, principal is due December 15, 2027; Note is non-interest-bearing.	125,000	-	-	125,000	-	-	-	-	125,000
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	27,826	-	-	-	-	-	-	27,826	27,826
	Unamortized debt issuance cost		(1,443)	-	-	-	-	-	-	(1,443)	(1,443)
			151,383	-	-	125,000	-	-	-	26,383	151,383
Lancaster Villas \$3,213,106	Orange County, FL	Principal is due April 13, 2029; Note is non-interest-bearing.	1,200,790	-	-	-	1,200,790	-	-	-	1,200,790
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	286,542	-	-	-	-	-	-	286,542	286,542
	Unamortized debt issuance cost		(17,798)	-	-	-	-	-	-	(17,798)	(17,798)
			1,469,534	-	-	-	1,200,790	-	-	268,744	1,469,534
Pebble Creek \$883,903	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	485,505	-	-	-	-	-	-	485,505	485,505
	Unamortized debt issuance cost		(11,960)	-	-	-	-	-	-	(11,960)	(11,960)
			473,545	-	-	-	-	-	-	473,545	473,545
Mendel Villas	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	109,063	-	-	-	-	-	-	109,063	109,063
\$567,292	Unamortized debt issuance cost		(6,503)	-	-	-	-	-	-	(6,503)	(6,503)
			102,560	-	-	-	-	-	-	102,560	102,560
Lake Davis \$459,523	City of Orlando, FL	Principal and interest at 2% is due June 1, 2027.	400,000	-	400,000	-	-	-	-	-	400,000
	City of Orlando, FL	Principal and interest at 2% is due July 1, 2028.	278,912	-	-	278,912	-	-	-	-	278,912
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	463,604	-	-	-	-	-	-	463,604	463,604
	Unamortized debt issuance cost		(28,534)	-	-	-	-	-	-	(28,534)	(28,534)
			1,113,982	-	400,000	278,912	-	-	-	435,070	1,113,982

# Housing and Neighborhood Development Services of Central Florida, Inc.

## NOTES TO FINANCIAL STATEMENTS

September 30, 2025

### NOTE D - LONG TERM DEBT

SECURITY / NET BOOK VALUE	LENDER	PAYMENT TERMS	BALANCE SEPTEMBER 30, 2025	FISCAL YEAR FIVE YEAR PAYOUT						TOTAL
				2026	2027	2028	2029	2030	THEREAFTER	
Governor's Manor \$3,280,029	City of Orlando	Principal is due to be forgiven on September 30, 2029; Note is non-interest-bearing.	297,433	-	-	-	297,433	-	-	297,433
	City of Orlando	Principal is due to be forgiven on September 30, 2030; Note is non-interest-bearing.	444,960	-	-	-	-	444,960	-	444,960
	City of Orlando	Principal is due to be forgiven on September 30, 2030; Note is non-interest-bearing.	522,000	-	-	-	-	522,000	-	522,000
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	2,170,185	-	-	-	-	-	2,170,185	2,170,185
	Unamortized debt issuance cost		(134,763)	-	-	-	-	-	(134,763)	(134,763)
			<u>3,299,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,433</u>	<u>966,960</u>	<u>2,035,422</u>	<u>3,299,815</u>
Lake Jennie I \$242,851	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	109,545	-	-	-	-	-	109,545	109,545
	Unamortized debt issuance cost		(6,532)	-	-	-	-	-	(6,532)	(6,532)
			<u>103,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,013</u>	<u>103,013</u>
Kensington Oaks \$354,307	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	181,319	-	-	-	-	-	181,319	181,319
	Unamortized debt issuance cost		(11,001)	-	-	-	-	-	(11,001)	(11,001)
			<u>170,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,318</u>	<u>170,318</u>
Lake Jennie II \$567,405	Florida Housing Finance Authority	Entire principal is due April 1, 2038; Note is non-interest-bearing and subordinate to the Fifth Third loan.	1,428,265	-	-	-	-	-	1,428,265	1,428,265
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	480,403	-	-	-	-	-	480,403	480,403
	Unamortized debt issuance cost		(44,655)	-	-	-	-	-	(44,655)	(44,655)
			<u>1,864,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864,013</u>	<u>1,864,013</u>
Green Gables \$1,426,006	Orange County, Florida	Principal is due May 2027. Note is non-interest-bearing and subordinate to the Mortgage.	102,767	58,369	44,398	-	-	-	-	102,767
	Florida Housing Finance Authority	Principal is due February 24, 2028; Note is non-interest-bearing and subordinate to the Fifth Third loan.	1,162,983	-	-	1,162,983	-	-	-	1,162,983
	Fifth Third	Principal payments commence on October 1, 2026 and mature on September 30, 2031; Interest is due monthly at a variable rate.	689,161	-	-	-	-	-	689,161	689,161
	Unamortized debt issuance cost		(56,712)	-	-	-	-	-	(56,712)	(56,712)
			<u>1,898,199</u>	<u>58,369</u>	<u>44,398</u>	<u>1,162,983</u>	<u>-</u>	<u>-</u>	<u>632,449</u>	<u>1,898,199</u>
Total			<u>\$ 10,669,871</u>	<u>\$ 58,369</u>	<u>\$ 444,398</u>	<u>\$ 1,566,895</u>	<u>\$ 1,498,223</u>	<u>\$ 966,960</u>	<u>\$ 6,135,026</u>	<u>\$ 10,669,871</u>

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**NOTE D – LONG TERM DEBT (continued)**

In March 2025, HANDS entered into a credit agreement with Fifth Third Bank which provides a non-revolving line of credit of up to \$15,660,000. Amounts borrowed under the agreement are secured by assignment of leases and rents on related properties. The credit agreement converts to a term loan on September 30, 2026, and matures on September 30, 2031. The loan requires interest only payments until conversion, after which monthly payments of principal and interest are due. Borrowings bear interest at a variable rate based on one-month term SOFR (secured overnight financing rate) plus 2.25% (totaling approximately 6.56% as of September 30, 2025). HANDS entered an interest rate swap agreement with Fifth Third Bank under which the SOFR rate is fixed at 3.94% on funds received through September 30, 2025. The credit agreement includes financial covenants related to debt service coverage and cash on hand, which HANDS was in compliance with. As of September 30, 2025, HANDS received proceeds of \$5,027,797 from the credit agreement, which were used to repay outstanding Orange County Housing Finance Authority (OCHFA) A, C, and F bonds and pay rehab costs and fees. Subsequent to September 30, 2025, HANDS borrowed an additional \$1.2 million under the line of credit.

**NOTE E – HOUSING ACQUISITION AND REHABILITATION PROGRAM**

On April 6, 1992, HANDS was awarded a Housing Acquisition and Rehabilitation Grant (the "Grant") through the City of Orlando Community Redevelopment Agency ("City CRA"). The grant was for \$570,000 and to be used to acquire, rehabilitate, and sell homes in an Orlando target neighborhood. HANDS has expended \$570,000 as required under the term of the agreement. The proceeds from the sale of rehabilitated houses and interest income reverts back to the Housing Rehabilitation Program to extend the program and are restricted for that purpose. The program was intended to operate over a five-year period or until the funds were exhausted. During fiscal 1997, the five-year period expired. However, the proceeds had not been exhausted. The current balance of proceeds in the CRA/HANDS account is \$12,939.

**NOTE F – OTHER CONTRACTS**

HANDS is currently subject to an annual management contract, which requires HANDS to pay a percentage of its gross rental income as management fees. For the year ended September 30, 2025, management fee expense totaled \$398,883.

**NOTE G – ADVERTISING COST**

Advertising costs related to the various projects are expensed as incurred. Total advertising expense for the year ended September 30, 2025 was \$11,738, which is included in administrative expense on the statement of functional expenses.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

**NOTE H – IMPAIRMENT OF LONG-LIVED ASSETS AND HOUSE AND LOT INVENTORY**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment charges or asset write downs during the year ended September 30, 2025.

**NOTE I – RETIREMENT PLAN**

Employees who are at least 21 years old and have satisfied minimum eligibility requirements may participate in HANDS' 401(k) plan. HANDS may make matching contributions to the plan. Matching contributions of \$16,536 were made for the year ended September 30, 2025, which is included in salaries and benefits on the statement of functional expenses.

**NOTE J – FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, administrative, and legal and professional services, which are allocated on the basis of estimates of time and effort.

**NOTE K – NET ASSETS WITH DONOR RESTRICTION**

Various donors have contributed funds for a capital campaign to assist in the purchase of new facilities. The restrictions are released as funds are used to acquire, renovate, and transition to new facilities. The following table represents the activity during the year ended September 30, 2025, for net assets with donor restriction for the following purposes or periods as follows:

Beginning balance	\$ 89,223
Grant revenue	3,465,582
Restrictions released	<u>(3,541,866)</u>
Ending balance	<u>\$ 12,939</u>

Net assets with donor restriction in the statement of financial position at September 30, 2025 consists of restricted cash of \$12,939.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE L – DEBT FORGIVENESS

During fiscal year 2025, debt forgiveness was recognized on the statement of activities for the City of Orlando grant as all requirements were met and repayment will not be required. Debt forgiveness for fiscal 2025 consists of the following:

City of Orlando:	
Delaney	\$ 108,052
	<u>                    </u>
Total	<u>\$ 108,052</u>

NOTE M – EARLY REPAYMENT OF DEBT

During fiscal year 2025, HANDS repaid in full three non-interest bearing loans payable to the Florida Housing Finance Authority on April 1, 2025, prior to their scheduled maturity dates of December 2025 to January 2031, as the loans were subordinate to OCHFA A, C, and F bonds. Early repayment of debt for fiscal 2025 consists of the following:

Florida Housing Finance Authority :	
Pebble Creek	\$ 678,500
Lancaster Villas	187,202
Anderson Oaks	<u>160,400</u>
	<u>                    </u>
Total	<u>\$ 1,026,102</u>

NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES

HANDS' financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 11,879,044
Accounts receivable	284,786
Grants receivable	<u>1,399,535</u>
Total financial assets available within one year	13,563,365
	<u>                    </u>
Less donor restricted net assets	<u>(12,939)</u>
	<u>                    </u>
Total financial assets available within one year	<u>\$ 13,550,426</u>

As part of HANDS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**SUPPLEMENTAL INFORMATION**

HOUSING AND NEIGHBORHOOD DEVELOPMENT SERVICES  
OF CENTRAL FLORIDA, INC.

COMBINING SCHEDULE OF FINANCIAL POSITION

SEPTEMBER 30, 2025

	Project Funds							
	Delaney Apartments	Anderson Oaks	Lancaster Villas	Green Gables	Lake Davis	Governors Manor	Mendel Villas	Lake Jennie I
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash and equivalents	\$ 494,322	\$ 149,110	\$ 1,201,061	\$ 820,290	\$ 392,900	\$ 949,539	\$ 333,592	\$ 108,659
Restricted cash	-	-	-	-	-	-	-	-
Accounts receivable	-	1,075	5,346	14,564	1,244	3,966	3,258	722
Grants receivable	-	-	-	-	-	-	-	-
Prepaid expenses	9,433	14,008	178,281	113,841	55,795	110,488	38,920	30,895
Total current assets	503,755	164,193	1,384,688	948,695	449,939	1,063,993	375,770	140,276
<b>PROPERTY AND EQUIPMENT:</b>								
Furniture and equipment	16,873	51,114	1,029,181	912,615	157,365	958,308	213,151	205,445
Buildings and improvements	333,533	670,357	5,731,986	4,314,481	1,293,909	4,651,682	2,020,117	792,360
Construction in progress	-	-	-	-	-	1,264,393	-	-
Land and improvements	50,000	69,600	956,481	215,042	180,000	512,764	165,000	57,833
	400,406	791,071	7,717,648	5,442,138	1,631,274	7,387,147	2,398,268	1,055,638
Less accumulated depreciation	(264,823)	(516,479)	(4,498,340)	(4,012,024)	(1,168,143)	(4,101,586)	(1,827,612)	(809,895)
Net property and equipment	135,583	274,592	3,219,308	1,430,114	463,131	3,285,561	570,656	245,743
<b>OTHER ASSETS:</b>								
Replacement reserves	20,893	26,139	323,630	327,473	130,066	324,101	105,870	56,828
Tax and insurance escrows	9,217	13,919	162,747	19,448	41,822	211,348	48,471	28,891
Other assets	-	-	8,150	-	700	-	-	650
<b>TOTAL</b>	<b>\$ 669,448</b>	<b>\$ 478,843</b>	<b>\$ 5,098,523</b>	<b>\$ 2,725,730</b>	<b>\$ 1,085,658</b>	<b>\$ 4,885,003</b>	<b>\$ 1,100,767</b>	<b>\$ 472,388</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES:</b>								
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 58,369	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	13,218	17,798	95,993	56,142	28,510	75,802	35,939	25,239
Accrued interest payable	130	146	1,507	3,625	381,577	11,416	574	576
Total current liabilities	13,348	17,944	97,500	118,136	410,087	87,218	36,513	25,815
Due to (from) other funds	(3,824)	(231,201)	(8,894,352)	(2,153,619)	(834,225)	(2,035,303)	(2,038,239)	(412,716)
Long-term debt	23,509	151,383	1,469,534	1,839,830	1,113,982	3,299,815	102,560	103,013
Security deposits	5,150	6,075	76,996	49,868	18,844	67,853	19,363	19,142
Total liabilities	38,183	(55,799)	(7,250,322)	(145,785)	708,688	1,419,583	(1,879,803)	(264,746)
<b>NET ASSETS (DEFICIT)</b>	<b>631,265</b>	<b>534,642</b>	<b>12,348,845</b>	<b>2,871,515</b>	<b>376,970</b>	<b>3,465,420</b>	<b>2,980,570</b>	<b>737,134</b>
<b>TOTAL</b>	<b>\$ 669,448</b>	<b>\$ 478,843</b>	<b>\$ 5,098,523</b>	<b>\$ 2,725,730</b>	<b>\$ 1,085,658</b>	<b>\$ 4,885,003</b>	<b>\$ 1,100,767</b>	<b>\$ 472,388</b>

Project Funds					Operating Fund	Housing Counseling Fund	Polk County Fund	Total
Kensington Oaks	Lake Jennie II	Pebble Creek	Single Family Homes	Total				
\$ 125,901	\$ 379,470	\$ 1,007,947	\$ -	\$ 5,962,791	\$ 5,120,826	\$ -	\$ 795,427	\$ 11,879,044
-	-	-	-	-	12,939	-	-	12,939
-	761	24,895	-	55,831	228,955	-	-	284,786
-	-	-	-	-	542,258	33,851	823,426	1,399,535
23,845	47,661	28,895	1,778	653,840	33,070	-	-	686,910
149,746	427,892	1,061,737	1,778	6,672,462	5,938,048	33,851	1,618,853	14,263,214
199,582	441,640	463,654	-	4,648,928	180,221	329	-	4,829,478
1,040,667	2,300,282	3,636,646	-	26,786,020	32,891	-	-	26,818,911
-	-	-	-	1,264,393	-	-	-	1,264,393
100,000	143,136	225,000	-	2,674,856	-	-	-	2,674,856
1,340,249	2,885,058	4,325,300	-	35,374,197	213,112	329	-	35,587,638
(983,052)	(2,315,895)	(3,433,583)	-	(23,931,432)	(209,483)	(329)	-	(24,141,244)
357,197	569,163	891,717	-	11,442,765	3,629	-	-	11,446,394
64,786	25,439	208,576	-	1,613,801	-	-	-	1,613,801
23,244	7,640	131,750	-	698,497	-	-	-	698,497
189	-	-	13,654	23,343	52,746	-	29,599	105,688
\$ 595,162	\$ 1,030,134	\$ 2,293,780	\$ 15,432	\$ 20,450,868	\$ 5,994,423	\$ 33,851	\$ 1,648,452	\$ 28,127,594
\$ -	\$ -	\$ -	\$ -	\$ 58,369	\$ -	\$ -	\$ -	\$ 58,369
21,866	38,562	127,266	5,948	542,283	31,296	-	-	573,579
954	2,527	2,554	-	405,586	-	-	-	405,586
22,820	41,089	129,820	5,948	1,006,238	31,296	-	-	1,037,534
21,804	(852,497)	(4,582,087)	(46,014)	(22,062,273)	21,433,941	(594,221)	1,222,553	-
170,318	1,864,013	473,545	-	10,611,502	-	-	-	10,611,502
17,418	35,580	44,508	-	360,797	-	-	-	360,797
232,360	1,088,185	(3,934,214)	(40,066)	(10,083,736)	21,465,237	(594,221)	1,222,553	12,009,833
362,802	(58,051)	6,227,994	55,498	30,534,604	(15,470,814)	628,072	425,899	16,117,761
\$ 595,162	\$ 1,030,134	\$ 2,293,780	\$ 15,432	\$ 20,450,868	\$ 5,994,423	\$ 33,851	\$ 1,648,452	\$ 28,127,594

See independent auditor's report

**HOUSING AND NEIGHBORHOOD DEVELOPMENT SERVICES  
OF CENTRAL FLORIDA, INC.**

**COMBINING SCHEDULE OF ACTIVITIES AND FUNCTIONAL EXPENSES**

**YEAR ENDED SEPTEMBER 30, 2025**

	Project Funds						
	Delaney Apartments	Anderson Oaks	Lancaster Villas	Green Gables	Lake Davis	Governors Manor	Mendel Villas
<b>PUBLIC SUPPORT AND REVENUES:</b>							
<b>Public support:</b>							
Housing assistance grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Down payment assistance grants	-	-	-	-	-	-	-
Total public support	-	-	-	-	-	-	-
<b>Revenues:</b>							
Rental income	90,640	133,086	1,966,502	1,164,268	384,889	1,557,262	452,415
Processing fees	-	-	-	-	-	-	-
Other income	-	-	7,567	-	-	3,500	-
Total revenues	90,640	133,086	1,974,069	1,164,268	384,889	1,560,762	452,415
Total public support and revenues	90,640	133,086	1,974,069	1,164,268	384,889	1,560,762	452,415
<b>EXPENSES:</b>							
<b>Program services:</b>							
Down payment assistance	-	-	-	-	-	-	-
Salaries and benefits	8,478	12,654	153,960	117,106	37,961	160,800	33,605
Insurance	16,135	23,933	289,013	186,195	70,729	243,212	59,123
Maintenance	6,202	9,944	125,436	80,575	36,965	94,058	49,150
Administrative	4,185	6,127	35,183	49,823	10,107	55,412	8,996
Utilities	1,652	4,758	99,692	55,051	7,534	45,205	1,305
Management fees	4,648	6,804	98,465	57,984	19,254	77,842	22,614
Legal and professional	3,000	3,537	2,393	6,960	8,973	3,863	4,980
Resource center	-	-	-	-	-	-	-
Bond administrative fees	240	249	4,769	10,714	2,663	5,263	1,120
Taxes and fees	290	600	-	1,331	1,783	11,886	9,628
Total program expenses	44,830	68,606	808,911	565,739	195,969	697,541	190,521
<b>Support services:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Legal and professional	-	-	-	-	-	-	-
Total support expenses	-	-	-	-	-	-	-
Total expenses	44,830	68,606	808,911	565,739	195,969	697,541	190,521
<b>NET OPERATING INCOME (LOSS)</b>	<b>45,810</b>	<b>64,480</b>	<b>1,165,158</b>	<b>598,529</b>	<b>188,920</b>	<b>863,221</b>	<b>261,894</b>
<b>OTHER (INCOME) EXPENSE:</b>							
Interest income	(6,511)	(4,427)	(40,849)	(27,054)	(10,166)	(24,589)	(13,894)
Interest expense	2,449	2,990	67,547	60,589	66,288	249,460	12,931
Depreciation	23,647	5,506	175,360	176,319	46,431	218,677	53,914
Unrealized gain on investment	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-
Total other (income) expense	19,585	4,069	202,058	209,854	102,553	443,548	52,951
<b>CHANGE IN NET ASSETS (DEFICIT) BEFORE FORGIVENESS</b>	<b>26,225</b>	<b>60,411</b>	<b>963,100</b>	<b>388,675</b>	<b>86,367</b>	<b>419,673</b>	<b>208,943</b>
Debt forgiveness	108,502	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	<b>134,727</b>	<b>60,411</b>	<b>963,100</b>	<b>388,675</b>	<b>86,367</b>	<b>419,673</b>	<b>208,943</b>
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<b>496,538</b>	<b>474,231</b>	<b>11,385,745</b>	<b>2,482,840</b>	<b>290,603</b>	<b>3,045,747</b>	<b>2,771,627</b>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<b>\$ 631,265</b>	<b>\$ 534,642</b>	<b>\$ 12,348,845</b>	<b>\$ 2,871,515</b>	<b>\$ 376,970</b>	<b>\$ 3,465,420</b>	<b>\$ 2,980,570</b>

Project Funds						Operating Fund	Housing Counseling Fund	Polk County Fund	Total
Lake Jennie I	Kensington Oaks	Lake Jennie II	Pebble Creek	Single Family Homes	Total				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,317	\$ 201,835	\$ 456,152
-	-	-	-	-	-	-	-	3,009,430	3,009,430
-	-	-	-	-	-	-	254,317	3,211,265	3,465,582
322,483	250,046	554,942	1,099,597	-	7,976,130	-	-	-	7,976,130
-	-	-	-	-	-	-	-	182,000	182,000
850	-	-	-	-	11,917	31,828	1,200	-	44,945
323,333	250,046	554,942	1,099,597	-	7,988,047	31,828	1,200	182,000	8,203,075
323,333	250,046	554,942	1,099,597	-	7,988,047	31,828	255,517	3,393,265	11,668,657
-	-	-	-	-	-	-	-	3,009,430	3,009,430
26,257	20,998	42,009	106,317	-	720,145	346,635	104,180	164,124	1,335,084
51,168	40,015	79,527	93,555	-	1,152,605	110,104	-	694	1,263,403
58,950	48,092	66,842	69,413	-	645,627	-	-	1,217	646,844
9,174	6,944	13,372	16,077	-	215,400	198,207	242,697	57,748	714,052
34,919	29,828	50,488	27,837	-	358,269	35,500	1,111	14,424	409,304
15,173	13,121	28,082	54,896	-	398,883	-	-	-	398,883
6,971	6,778	8,629	50,710	-	106,794	111,474	4,721	3,938	226,927
-	-	-	-	-	-	3,144	29,157	45,518	77,819
2,733	2,733	5,387	2,526	-	38,397	-	-	-	38,397
-	-	-	1,158	-	26,676	-	-	-	26,676
205,345	168,509	294,336	422,489	-	3,662,796	805,064	381,866	3,297,093	8,146,819
-	-	-	-	-	-	86,659	-	14,410	101,069
-	-	-	-	-	-	49,724	-	9,930	59,654
-	-	-	-	-	-	27,868	-	47	27,915
-	-	-	-	-	-	164,251	-	24,387	188,638
205,345	168,509	294,336	422,489	-	3,662,796	969,315	381,866	3,321,480	8,335,457
117,988	81,537	260,606	677,108	-	4,325,251	(937,487)	(126,349)	71,785	3,333,200
(2,841)	(3,648)	(6,037)	(29,789)	-	(169,805)	(35,731)	-	-	(205,536)
21,004	21,035	49,355	33,462	-	587,110	-	-	-	587,110
35,172	41,851	94,717	34,440	-	906,034	-	-	-	906,034
-	-	-	-	-	-	(70,270)	-	-	(70,270)
-	-	-	-	-	-	200,000	-	-	200,000
53,335	59,238	138,035	38,113	-	1,323,339	93,999	-	-	1,417,338
64,653	22,299	122,571	638,995	-	3,001,912	(1,031,486)	(126,349)	71,785	1,915,862
-	-	-	-	-	108,502	-	-	-	108,502
64,653	22,299	122,571	638,995	-	3,110,414	(1,031,486)	(126,349)	71,785	2,024,364
672,481	340,503	(180,622)	5,588,999	55,498	27,424,190	(14,439,328)	754,421	354,114	14,093,397
\$ 737,134	\$ 362,802	\$ (58,051)	\$ 6,227,994	\$ 55,498	\$ 30,534,604	\$ (15,470,814)	\$ 628,072	\$ 425,899	\$ 16,117,761

See independent auditor's report



**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  
Housing and Neighborhood Development Services of Central Florida, Inc.  
Lakeland, 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 Housing and Neighborhood Development Services of Central Florida, Inc. ("HANDS"), a nonprofit organization, which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered HANDS' 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 HANDS' internal control. Accordingly, we do not express an opinion on the effectiveness of HANDS' 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 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.

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga  
Rich J. Cassidy  
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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HANDS' 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 HANDS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HANDS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
April 30, 2026



**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors of  
Housing and Neighborhood Development Services of Central Florida, Inc.  
Lakeland, Florida

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited Housing and Neighborhood Development Services of Central Florida, Inc.’s (“HANDS”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services’ *State Projects Compliance Supplement*, that could have a direct and material effect on each of HANDS’ major federal programs and state projects for the year ended September 30, 2025. HANDS’ major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, HANDS 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 and state projects for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program and State Project***

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; 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); and State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of HANDS 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 and state project. Our audit does not provide a legal determination of HANDS’ compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management 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 HANDS' federal programs and state projects.

### ***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 HANDS' 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*, the Uniform Guidance, and Chapter 10.650 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 HANDS' compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 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 HANDS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of HANDS' 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 and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of HANDS' 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 or a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or a state project 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

### **Report on Internal Control over Compliance (continued)**

requirement of a federal program or a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
April 30, 2026

Housing and Neighborhood Development Services of Central Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

September 30, 2025

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
- Material weakness identified?	No
- Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
- Material weaknesses identified?	No
- Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Types of auditors’ reports issued on noncompliance for major programs:	Unmodified
Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major program:

ALN – 14.218  
Name of Federal Program – Community Development Block Grant

Dollar threshold used to distinguish between Type A and type B programs:	\$1,000,000
Auditee qualified as a low-risk auditee?	Yes

Housing and Neighborhood Development Services of Central Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

September 30, 2025

**Section I – Summary of Auditor’s Results (Continued)**

State Financial Assistance

Internal control over major projects:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Types of auditor’s reports issued on noncompliance for major projects: Unmodified

Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.656, Rules of the Auditor General No

Identification of major project:

CSFA Number – 40.901  
Name of State Project – State Housing Initiatives Partnership (SHIP) Program

Dollar threshold used to distinguish between Type A and Type B projects: \$250,000

**Section II – Financial Statement Findings**

None (there are no items required to be reported in the management letter; therefore, no management letter issued, or corrective action plan required)

**Section III – Findings and Questioned Costs for Federal Awards and State Financial Assistance**

None (there are no items required to be reported in the management letter; therefore, no management letter issued, or corrective action plan required)

**Section IV – Status of Prior Year Audit Findings**

There were no prior year audit findings to be reported

Housing and Neighborhood Development Services of Central Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2025

Federal Grantor /Pass-Through Grantor/Program or Cluster Title	ALN	Award or Loan Amount	Federal Expenditures
Department of Housing and Urban Development:			
Pass-through programs from:			
City of Orlando			
Community Development Block Grant - Governor's Manor Rehab Phase I	14.218	297,433 *	297,433
Community Development Block Grant - Governor's Manor Rehab Phase II	14.218	444,960 *	444,960
Community Development Block Grant - Governor's Manor Rehab Phase III	14.218	522,000 *	522,000
Community Development Block Grant - Citywide Housing Counseling	14.218	50,000	50,000
HOME Investment Partnership Program			
Lake Davis	14.239	678,912 *	678,912
City of Kissimmee			
Community Development Block Grant - Citywide Housing Counseling	14.218	27,480	7,435
HomeFree - USA			
Comprehensive Housing Counseling Program	14.169	143,976	143,976
Orange County			
HOME Investment Partnership Program			
Lancaster Villas	14.239	1,200,790 *	1,200,790
Green Gables	14.239	102,767 *	102,767
Florida Housing Finance Agency			
HOME Investment Partnership Program			
Lake Jennie II	14.239	1,428,265 *	1,428,265
Green Gables	14.239	<u>1,162,983</u> *	<u>1,162,983</u>
Total awards and expenditures of federal awards		<u>\$ 6,059,566</u>	<u>\$ 6,039,521</u>

\* Represents loan balances outstanding at year end.

See independent auditor's report and note to schedules.

Housing and Neighborhood Development Services of Central Florida, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2025

State Grantor /Pass-Through Grantor/Program or Cluster Title	State CSFA Number	Award or Loan Amount	State Expenditures
State of Florida:			
Pass through Polk County, FL			
State Housing Initiatives Partnership			
Homebuyer Education	40.901	175,000	175,000
Down Payment Assistance	40.901	1,073,000	1,073,000
Pass through City of Lakeland, Florida			
State Housing Initiatives Partnership			
Homebuyer Education	40.901	19,335	19,335
Down Payment Assistance	40.901	1,936,430	1,936,430
Pass through City of Orlando, Florida			
State Housing Initiatives Partnership (Loan)			
Anderson Oaks	40.901	125,000 *	-
Total awards and expenditures of state awards		<u>\$ 3,328,765</u>	<u>\$ 3,203,765</u>

\* Represents loan balances outstanding at year end.

See independent auditor's report and note to schedules.

**Housing and Neighborhood Development Services of Central Florida, Inc.**

**NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**Year Ended September 30, 2025**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal Awards and of State Financial Assistance are presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – SUBRECIPIENTS**

HANDS did not provide federal awards to subrecipients during the year ended September 30, 2025.

**NOTE 3 – INDIRECT COST RATES**

HANDS has elected to not use the 15% de minimis indirect cost rate for its federal programs and state projects for the year ended September 30, 2025.