

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

Financial Statements

September 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HANDS as of September 30, 2021, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedules of Financial Position and of Activities and Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the accompanying Schedules of Expenditures of Federal Awards and of 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*, 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 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 information 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 January 19, 2022, 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 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
January 19, 2022

Housing and Neighborhood Development Services of Central Florida, Inc.

STATEMENT OF FINANCIAL POSITION

September 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,020,501
Restricted cash	36,922
Accounts receivable	78,953
Grants receivable	88,418
Deposits with fiduciary (Note B)	2,858,821
Prepaid expenses	330,482
Total current assets	<u>10,414,097</u>

PROPERTY AND EQUIPMENT

Furniture and equipment	3,621,286
Building and improvements	24,660,553
Land and improvements	2,674,856
	<u>30,956,695</u>
Less accumulated depreciation	<u>(20,468,741)</u>
Net property and equipment	<u>10,487,954</u>

OTHER ASSETS

Deposits with fiduciary (Note B)	1,535,830
Other assets	38,961
	<u>1,574,791</u>
Total assets	<u>\$ 22,476,842</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt (Note E)	\$ 1,731,075
Accounts payable and accrued expenses	358,627
Accrued interest payable	586,015
Paycheck protection program loan	76,195
Deferred revenue	10,907
Total current liabilities	<u>2,762,819</u>

LONG-TERM LIABILITIES

Long-term debt (Note E)	13,938,568
Security deposits	330,073
Total liabilities	<u>17,031,460</u>

NET ASSETS

Without donor restrictions	5,356,159
With donor restrictions	89,223
Total net assets	<u>5,445,382</u>
Total liabilities and net assets	<u>\$ 22,476,842</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Housing assistance grants	\$ -	\$ 321,221	\$ 321,221
Total public support	-	321,221	321,221
REVENUES			
Rental income	5,847,709	-	5,847,709
Other income	559,817	-	559,817
Debt forgiveness	118,132	-	118,132
Net assets released from restrictions	321,221	(321,221)	-
Total revenues	6,846,879	(321,221)	6,525,658
Total public support and revenues	6,846,879	-	6,846,879
EXPENSES			
Program services	3,276,923	-	3,276,923
Support services	48,433	-	48,433
Total expenses	3,325,356	-	3,325,356
Net operating income	3,521,523	-	3,521,523
OTHER (INCOME) EXPENSE			
Interest income	(55,826)	-	(55,826)
Interest expense	590,076	-	590,076
Depreciation	888,275	-	888,275
Total other (income) expense	1,422,525	-	1,422,525
Increase in net assets	2,098,998	-	2,098,998
Net assets, beginning of year	3,257,161	89,223	3,346,384
Net assets, end of year	\$ 5,356,159	\$ 89,223	\$ 5,445,382

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, 2021

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Salaries and benefits	\$ 961,658	\$ 4,774	\$ 966,432
Insurance	558,249	-	558,249
Maintenance	450,421	-	450,421
Administrative	349,862	25,793	375,655
Utilities	333,079	-	333,079
Management fees	294,925	-	294,925
Resource center	138,044	-	138,044
Legal and professional	110,044	17,866	127,910
Bond administrative fees	53,635	-	53,635
Taxes and fees	27,006	-	27,006
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 3,276,923</u>	<u>\$ 48,433</u>	<u>\$ 3,325,356</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,098,998
Adjustments to reconcile increase in net assets to net cash provided by operations	
Depreciation	888,275
Non cash interest expense	38,752
Changes in assets and liabilities:	
Increase in security deposits	13,468
Increase in prepaid expenses	(28,111)
Decrease in accounts and grants receivable	20,231
Increase in other assets	(787)
Decrease in deferred revenue	(7,435)
Decrease in accrued interest payable	(13,421)
Increase in accounts payable and accrued expenses	7,366
Cash provided by operating activities	<u>3,017,336</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(507,680)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Payments on mortgage note payable	(857,819)
Increase in deposits with fiduciary	<u>(118,603)</u>
Cash used in financing activities	<u>(976,422)</u>

Net increase in cash 1,533,234

Cash, cash equivalents and restricted cash at beginning of year 5,524,189

Cash, cash equivalents and restricted cash at end of year \$ 7,057,423

Supplemental information

Interest paid	<u>\$ 564,745</u>
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RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCES

Cash and cash equivalents	\$ 7,020,501
Restricted cash	<u>36,922</u>
Total cash, cash equivalents and restricted cash	<u>\$ 7,057,423</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, 2021

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.

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’s 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.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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

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

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.

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

3. Accounts Receivable

Management periodically reviews accounts receivable balances outstanding longer than 90 days and establishes an allowance for doubtful accounts. As of September 30, 2021, no such allowance was deemed necessary.

4. Deposits with Fiduciary

The deposits with fiduciary represent funds held in trust to be used for specified purposes as required by loan covenants (see Note E). Deposits are maintained in investments with financial institutions. Such deposits are invested in money market mutual funds and guaranteed interest contracts. Due to the short-term nature and liquidity of these financial instruments, their carrying amounts are considered to be a reasonable estimate of fair value. All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the grantors or donor. Certain funds held in trust are classified as non-current assets due to the restrictions on their availability as provided for in the loan documents. All other funds are available for use in satisfying current obligations and are classified as current assets.

5. Property and Equipment

Property and equipment is 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.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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

6. 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, 2021 was \$38,752.

7. 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.

8. 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 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

9. 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. Following is a description of the valuation methodologies used for assets measured at fair value.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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

9. Fair Value Measurement (continued)

Level 1 Fair Value Measurement

Money Market Mutual Fund: Investments in short-term U.S. Treasury obligations, FDIC guaranteed debt obligations, and repurchase agreements secured by U.S. Treasury obligations or FDIC guaranteed obligations. Valued based on quoted market prices.

Level 3 Fair Value Measurement

Guaranteed Interest Contract: Valued at contract value provided by the bank, which approximates the fair value based on the underlying investments.

10. 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.

11. Contributions

Grants and contributions received are recorded at their estimated fair values on the date of receipt or upon satisfaction of any grantor or donor conditions, and are reflected as grants and contributions in the accompanying financial statements. All grants and contributions are considered available for unrestricted use unless specifically restricted by the grantors or donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. 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. No contributed services met these criteria during the year ended September 30, 2021.

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.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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

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, 2021, HANDS deposits exceeded FDIC insured limits by \$3,090,456. HANDS has never experienced any loss from such excess holdings.

14. Revenue and Support Recognition

The Organization 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.

The Organization 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. Grants are generally deemed to be exchange transactions.

15. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. HANDS is evaluating the potential effects ASU 2016-02 will have on its financial statements.

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 January 19, 2021.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE B – FAIR VALUE MEASUREMENTS

Regarding cash and equivalents and interest-bearing long-term debt, management believes that carrying value is a reasonable estimate of fair value. For the non-interest-bearing long-term debt instruments, with a combined carrying value of approximately \$6,300,000, it is not practicable to estimate fair value due to the unique nature of the obligations.

The following table sets forth by level, within the fair value hierarchy, HANDS' assets at fair value as of September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Money market mutual funds	\$ 2,417,655	\$ -	\$ -	\$ 2,417,655
Guaranteed interest contracts	<u>-</u>	<u>-</u>	<u>1,976,997</u>	<u>1,976,997</u>
Total assets at fair value	<u>\$ 2,417,665</u>	<u>\$ -</u>	<u>\$ 1,976,997</u>	<u>\$ 4,394,651</u>

The following table presents changes in HANDS' Level 3 assets measured at fair value the year ended September 30, 2021:

	<u>Guaranteed Interest Contracts</u>
Balance, beginning of year	\$ 1,989,302
Interest income	48,946
Contributions	980,580
Distributions and repayment of loans, net	<u>(1,041,831)</u>
Balance, end of year	<u>\$ 1,976,997</u>

NOTE C – 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.

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.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE C – 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.

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.

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.

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).

Lake Jennie - 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.

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.

Lake Jennie II - a 40-unit apartment building constructed by HANDS in Sanford, Florida. Construction was completed in October 1998.

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.

NOTE D – RESTRICTED CASH

Restricted cash consists of unspent City CRA grant funds and security deposit escrow accounts held by HANDS. Total restricted cash was \$36,922 at September 30, 2021.

NOTE E - LONG TERM DEBT

SECURITY / NET BOOK VALUE	LENDER	PAYMENT TERMS	COVENANTS
Delaney, Anderson, Lancaster, Mendel, Pebble Creek	Orange County Housing Finance Authority ("Authority") - A Bonds	Principal and interest at 7.0% is payable October 1 and April 1 through October 2025 and is secured by a first mortgage.	Maintain the following reserves: (1) Debt Service Reserve Account in an amount sufficient to pay principal and interest during the next fiscal year; (2) Various other reserves as defined in the debt agreement. Subject to certain minimum ratios and other restrictive covenants. Internal allocation to specific properties
Lake Davis, Governors, Kensington Oaks, Lake Jennie I & II	Authority - F Bonds	Principal and interest at 7.25% is payable October 1 and April 1 through October 1, 2031 and is secured by a first mortgage.	Maintain the following reserves: (1) Debt Service Reserve Account in an amount sufficient to pay principal and interest during the next fiscal year; (2) Various other reserves as defined in the debt agreement. Subject to certain minimum ratios and other restrictive covenants. Allocation to specific properties
Delaney \$177,548	Authority - A Bonds Allocated City of Orlando, FL Unamortized debt issuance cost	See Above Grant will be forgiven May 31, 2024 if affordability requirements are met as defined in the agreement.	See Above The grant and loan are subordinate to the Series A Bonds and are subject to certain reserves as defined in the agreement.
Anderson Oaks \$193,864	Authority - A Bonds Allocated Florida Housing Finance Authority City of Orlando, FL Unamortized debt issuance cost	See Above Principal is due December 1, 2025; Note is non-interest-bearing. \$125,000 grant, principal is due December 15, 2027; Note is non-interest-bearing.	See Above Grant will be forgiven if affordability requirements are met as defined in the agreement.
Lancaster Villas \$2,483,175	Authority - A Bonds Allocated Florida Housing Finance Authority Orange County, FL Unamortized debt issuance cost	See Above Principal is due July 1 and January 1, through 2031; Note is non-interest-bearing and subordinate to the Series A & F Bonds. Principal is due April 13, 2029; Note is non-interest-bearing.	See Above Fund a Sinking Fund Reserve Account for approximately \$32,000 per year.

FISCAL YEAR FIVE YEAR PAYOUT

BALANCE SEPTEMBER 30, 2021	2022	2023	2024	2025	2026	THEREAFTER	TOTAL
\$ 2,210,000	\$ 425,000	\$ 460,000	\$ 500,000	\$ 540,000	\$ 285,000	\$ -	\$ 2,210,000
(2,210,000)	(425,000)	(460,000)	(500,000)	(540,000)	(285,000)	-	(2,210,000)
-	-	-	-	-	-	-	-
4,060,000	265,000	285,000	310,000	335,000	360,000	2,505,000	4,060,000
(4,060,000)	(265,000)	(285,000)	(310,000)	(335,000)	(360,000)	(2,505,000)	(4,060,000)
-	-	-	-	-	-	-	-
65,416	12,580	13,616	14,800	15,984	8,436	-	65,416
108,502	-	-	-	-	-	108,502	108,502
(2,016)	-	-	-	-	-	(2,016)	(2,016)
171,902	12,580	13,616	14,800	15,984	8,436	106,486	171,902
82,875	15,938	17,250	18,750	20,250	10,687	-	82,875
160,400	-	-	-	-	-	160,400	160,400
125,000	-	-	-	-	-	125,000	125,000
(2,554)	-	-	-	-	-	(2,554)	(2,554)
365,721	15,938	17,250	18,750	20,250	10,687	282,846	365,721
1,000,688	192,440	208,288	226,400	244,512	129,048	-	1,000,688
283,642	32,148	32,148	32,148	32,148	32,148	122,902	283,642
1,200,790	-	-	-	-	-	1,200,790	1,200,790
(45,374)	-	-	-	-	-	(45,374)	(45,374)
2,439,746	224,588	240,436	258,548	276,660	161,196	1,278,318	2,439,746

NOTE E - LONG TERM DEBT

SECURITY / NET BOOK VALUE	LENDER	PAYMENT TERMS	COVENANTS
Green Gables \$1,892,518	Authority - C Bonds	Principal and interest at 7.0% is payable October 1 and April 1 through April 1, 2028 .	Maintain the following reserves: (1) Debt Service Reserve Account in an amount sufficient to pay principal and interest during the next fiscal year; (2) Various other reserves as defined in the debt agreement.
	Florida Community Capital Corporation	Principal and interest at 1.5% is payable monthly for 20 years after conversion.	Subject to certain minimum ratios and other restrictive covenants.
	Orange County, Florida	Note will be forgiven February 29, 2028 if affordability requirements are met. Note is non-interest-bearing and subordinate to the Series C Bonds. Maxium amount is \$633,540	
	Florida Housing Authority	Principal is due February 24, 2028; Note is non-interest-bearing and subordinate to the Series C Bonds.	
	Unamortized debt issuance cost		
Lake Davis \$489,109	Authority - F Bonds Allocated	See Above	See Above
	City of Orlando, FL	Principal and interest at 2% is due June 1, 2027; and is subordinate to the Series F Bonds.	
	City of Orlando, FL	Principal and interest at 2% is due July 1, 2028; and is subordinate to the Series F Bonds.	
	Unamortized debt issuance cost		
Governors Manor \$2,369,321	Authority - F Bonds Allocated	See Above	See Above
	City of Orlando, FL	Principal was due March 1, 2011; Note is non-interest-bearing and subordinate to the Series F Bonds.	The City of Orlando notes were to be forgiven on their due dates if no other defaults exist. The City of Orlando is in the final stages of approval. HANDS anticipates having the debt forgiven within the next fiscal year.
	City of Orlando, FL	Principal is due December 31, 2022; Note is non-interest-bearing and subordinate to the Series F Bonds.	
	Unamortized debt issuance cost		
Mendel Villas \$768,268	Authority - A Bonds Allocated	See Above	See Above
	Orange County, FL	Grant will be forgiven September 2023 if affordability requirements are met as defined in the agreement.	
	Unamortized debt issuance cost		

FISCAL YEAR FIVE YEAR PAYOUT

BALANCE SEPTEMBER 30, 2021	2022	2023	2024	2025	2026	THEREAFTER	TOTAL
1,070,000	120,000	130,000	140,000	150,000	165,000	365,000	1,070,000
327,564	54,927	55,768	56,614	57,489	58,369	44,397	327,564
636,185	-	-	-	-	-	636,185	636,185
1,162,983	-	-	-	-	-	1,162,983	1,162,983
(30,809)	-	-	-	-	-	(30,809)	(30,809)
3,165,923	174,927	185,768	196,614	207,489	223,369	2,177,756	3,165,923
545,000	35,000	40,000	40,000	45,000	50,000	335,000	545,000
400,000	-	-	-	-	-	400,000	400,000
278,912	-	-	-	-	-	278,912	278,912
(30,841)	-	-	-	-	-	(30,841)	(30,841)
1,193,071	35,000	40,000	40,000	45,000	50,000	983,071	1,193,071
2,620,000	170,000	180,000	200,000	215,000	230,000	1,625,000	2,620,000
284,000	284,000	-	-	-	-	-	284,000
300,400	-	-	-	-	-	300,400	300,400
(147,996)	-	-	-	-	-	(147,996)	(147,996)
3,056,404	454,000	180,000	200,000	215,000	230,000	1,777,404	3,056,404
373,710	71,867	77,786	84,550	91,314	48,193	-	373,710
458,151	-	-	-	-	-	458,151	458,151
(11,514)	-	-	-	-	-	(11,514)	(11,514)
820,347	71,867	77,786	84,550	91,314	48,193	446,637	820,347

NOTE E - LONG TERM DEBT

SECURITY / NET BOOK VALUE	LENDER	PAYMENT TERMS	COVENANTS
Lake Jennie I \$280,250	Authority - F Bonds Allocated Florida Community Capital Corporation	See Above Grant will be forgiven October 24, 2016 if affordability requirements are met as defined in the agreement.	See Above The grant and loan are subordinate to the Series F Bonds and are subject to certain reserves as defined in the agreement.
	Unamortized debt issuance cost		
Kensington Oaks \$424,026	Authority - F Bonds Allocated Seminole County, FL Florida Community Capital Corporation	See Above Grant will be forgiven October 24, 2016 if affordability requirements are met as defined in the agreement. Grant will be forgiven October 24, 2016 if affordability requirements are met as defined in the agreement.	See Above The grant and loan are subordinate to the Series F Bonds and are subject to certain reserves as defined in the agreement.
	Unamortized debt issuance cost		
Lake Jennie II \$786,391	Authority - F Bonds Allocated Florida Housing Finance Authority	See Above Entire principal is due April 1, 2038; Note is non-interest-bearing and subordinate to the Series F Bonds.	See Above
	Unamortized debt issuance cost		
Pebble Creek \$599,822	Authority - A Bonds Allocated Florida Housing Finance Authority Osceola County, FL	See Above Entire principal is due December 1, 2025; Note is non-interest bearing. Grant will be forgiven July 2, 2023, if affordability requirements are met as defined in the agreement.	See Above
	Unamortized debt issuance cost		

TOTAL ALL DEBT

FISCAL YEAR FIVE YEAR PAYOUT

BALANCE SEPTEMBER 30, 2021	2022	2023	2024	2025	2026	THEREAFTER	TOTAL
130,000	10,000	10,000	10,000	10,000	10,000	80,000	130,000
177,500	177,500	-	-	-	-	-	177,500
(19,642)	-	-	-	-	-	(19,642)	(19,642)
287,858	187,500	10,000	10,000	10,000	10,000	60,358	287,858
215,000	10,000	15,000	20,000	20,000	20,000	130,000	215,000
150,000	150,000	-	-	-	-	-	150,000
222,500	222,500	-	-	-	-	-	222,500
(12,748)	-	-	-	-	-	(12,748)	(12,748)
574,752	382,500	15,000	20,000	20,000	20,000	117,252	574,752
550,000	40,000	40,000	40,000	45,000	50,000	335,000	550,000
1,428,265	-	-	-	-	-	1,428,265	1,428,265
(28,979)	-	-	-	-	-	(28,979)	(28,979)
1,949,286	40,000	40,000	40,000	45,000	50,000	1,734,286	1,949,286
687,311	132,175	143,060	155,500	167,940	88,636	-	687,311
678,500	-	-	-	-	-	678,500	678,500
300,000	-	-	-	-	-	300,000	300,000
(21,178)	-	-	-	-	-	(21,178)	(21,178)
1,644,633	132,175	143,060	155,500	167,940	88,636	957,322	1,644,633
\$ 15,669,643	\$ 1,731,075	\$ 962,916	\$ 1,038,762	\$ 1,114,637	\$ 900,517	\$ 9,921,736	\$ 15,669,643

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE F – 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 \$36,922.

NOTE G – 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, 2021, management fee expense totaled \$294,925.

NOTE H – ADVERTISING COST

Advertising costs related to the various projects are expensed as incurred. Total advertising expense for the year ended September 30, 2021 was \$440.

NOTE I – COMMITMENTS AND CONTINGENCIES

1. Contingent Liability

The Mendel Villas project was awarded a grant on May 27, 1994 from Orange County, Florida for \$1,117,700. HANDS is required to operate the property subject to rent controls defined in the grant. The affordability period for these funds is 15 years from the origination of the grant. Therefore, this obligation has been satisfied. In addition, if the property is sold, the entire grant proceeds must be repaid to Orange County from the sale proceeds.

2. Operating Leases

Due to an increase in Housing Counseling services, requiring office space for two additional Counselors and a classroom for Homebuyer Education Courses, HANDS entered into a non-cancelable operating lease with Kaufman Realty Group, on June 23, 2008, for the main office expiring in October 2017. On November 24, 2020 the lease was amended and extended until October 2023. Rent expense was \$99,355 for the year ended September 30, 2021. Future minimum lease payments under the operating lease are as follows for the fiscal years ending September 30:

2022	\$	96,039
2023		<u>98,458</u>
	\$	<u>194,497</u>

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE J – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on HANDS’ financial condition, liquidity, and future results of operations. Management actively monitoring the global pandemic situation.

NOTE K – 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, 2021.

NOTE L – 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 \$16,753 were made for the year ended September 30, 2021.

NOTE M – 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, Insurance, maintenance, administrative, utilities, management fees, legal and professional services, bond administrative services, resource center, and taxes and fees, which are allocated on the basis of estimates of time and effort.

NOTE N – PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 pandemic. Under the CARES Act, the Paycheck Protection Program (“PPP”) was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE N – PAYCHECK PROTECTION PROGRAM LOAN (continued)

In April 2020, HANDS was approved for and received a PPP loan in the amount of \$76,195. In February 2021, HANDS received an additional PPP loan totaling \$118,132 for several of the properties. The proceeds of the loans were used primarily for payroll. The 2021 PPP loan for the properties totaling \$118,132, was forgiven in September 2021 and reported as debt forgiveness in the statement of activities. As of the date of the financial statements, the forgiveness process for the initial loan has been completed. The balance of the loan as of September 30, 2021 totaled \$76,195. The loan was forgiven in November 2021 and will be reported as debt forgiveness in fiscal 2022.

NOTE O – 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, 2021, for net assets with donor restriction for the following purposes or periods as follows:

	With Donor Restrictions	Total
Beginning balance	\$ 89,223	\$ 89,223
Grant revenue	321,321	321,321
Restrictions released	<u>(321,321)</u>	<u>(321,321)</u>
Ending balance	<u>\$ 89,223</u>	<u>\$ 89,223</u>

Net assets with donor restriction in the statement of financial position at September 30, 2021 consists of restricted cash of \$36,922 and cash and cash equivalents of \$52,301.

Housing and Neighborhood Development Services of Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE P – 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	\$ 7,020,501
Deposits with fiduciary-current	2,858,821
Grants and accounts receivable	<u>167,371</u>
Total financial assets available within one year	10,046,693
Amounts unavailable for general expenditures:	
Current portion of long-term debt	1,731,075
Accounts payable and accrued expenses	358,627
Accrued interest payable	586,015
Deferred revenue	<u>10,907</u>
Total amounts of expenditures due within one year	2,686,624
Donor restricted net assets	<u>89,223</u>
Total financial assets available within one year- net	<u><u>\$ 7,270,846</u></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, 2021

	Project Funds							
	Delaney Apartments	Anderson Oaks	Lancaster Villas	Green Gables	Lake Davis	Governors Manor	Mendel Villas	Lake Jennie I
ASSETS								
CURRENT ASSETS:								
Cash and equivalents	\$ 129,526	\$ 145,421	\$ 368,608	\$ 134,589	\$ 224,077	\$ 577,467	\$ 185,290	\$ 138,086
Restricted cash	-	-	-	-	-	-	-	-
Accounts receivable	-	557	4,470	3,386	61	4,984	257	882
Grants receivable	-	-	-	-	-	-	-	-
Deposits with fiduciary	(25,084)	(19,516)	2,084,459	196,691	69,196	308,456	(285,390)	38,641
Prepaid expenses	2,098	2,614	42,308	78,116	8,828	96,966	9,382	7,230
Total current assets	106,540	129,076	2,499,845	412,782	302,162	987,873	(90,461)	184,839
PROPERTY AND EQUIPMENT:								
Furniture and equipment	11,380	38,253	822,829	704,571	103,076	713,109	135,269	114,648
Buildings and improvements	332,433	572,877	4,480,116	4,258,192	1,199,586	4,425,404	2,019,042	780,501
Land and improvements	50,000	69,600	956,481	215,042	180,000	512,764	165,000	57,833
	393,813	680,730	6,259,426	5,177,805	1,482,662	5,651,277	2,319,311	952,982
Less accumulated depreciation	(216,265)	(486,866)	(3,776,251)	(3,285,287)	(993,553)	(3,281,956)	(1,551,043)	(672,732)
Net property and equipment	177,548	193,864	2,483,175	1,892,518	489,109	2,369,321	768,268	280,250
Deposits with fiduciary	-	-	-	522,707	160,769	483,403	-	27,452
Other assets	-	-	9,763	-	700	-	-	650
TOTAL	\$ 284,088	\$ 322,940	\$ 4,992,783	\$ 2,828,007	\$ 952,740	\$ 3,840,597	\$ 677,807	\$ 493,191
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of long-term debt	\$ 12,580	\$ 15,938	\$ 224,588	\$ 174,927	\$ 35,000	\$ 454,000	\$ 71,867	\$ 187,500
Accounts payable and accrued expenses	8,965	12,339	51,033	41,569	11,053	52,464	22,876	16,177
Paycheck protection program loan	-	-	-	-	-	-	-	-
Accrued interest payable	2,266	2,871	34,668	37,450	344,581	94,975	12,948	4,713
Deferred revenue	-	-	-	-	-	-	-	-
Total current liabilities	23,811	31,148	310,289	253,946	390,634	601,439	107,691	208,390
Due to (from) other funds	(305,577)	(383,279)	(6,603,795)	(1,467,235)	(607,350)	(265,579)	(2,089,365)	(134,301)
Long-term debt	159,322	349,783	2,215,158	2,990,996	1,158,071	2,602,404	748,480	100,358
Security deposits	4,425	7,448	69,507	43,137	16,573	67,382	18,431	16,448
Total liabilities	(118,019)	5,100	(4,008,841)	1,820,844	957,928	3,005,646	(1,214,763)	190,895
NET ASSETS (DEFICIT)	402,107	317,840	9,001,624	1,007,163	(5,188)	834,951	1,892,570	302,296
TOTAL	\$ 284,088	\$ 322,940	\$ 4,992,783	\$ 2,828,007	\$ 952,740	\$ 3,840,597	\$ 677,807	\$ 493,191

Project Funds					Total	Operating Fund	Housing Counseling Fund	Total
Kensington Oaks	Lake Jennie II	Pebble Creek	Single Family Homes					
\$ 114,903	\$ 210,470	\$ 509,247	\$ (6,662)	\$ 2,731,022	\$ 4,289,479	\$ -	\$ 7,020,501	
-	-	-	-	-	36,922	-	36,922	
5,978	752	1,595	1,519	24,441	54,512	-	78,953	
-	-	-	-	-	4,418	84,000	88,418	
37,860	96,377	333,591	-	2,835,281	23,540	-	2,858,821	
-	35,883	12,209	1,778	297,412	33,070	-	330,482	
158,741	343,482	856,642	(3,365)	5,888,156	4,441,941	84,000	10,414,097	
126,290	330,034	346,131	-	3,445,590	175,367	329	3,621,286	
1,012,399	2,262,702	3,284,410	-	24,627,662	32,891	-	24,660,553	
100,000	143,136	225,000	-	2,674,856	-	-	2,674,856	
1,238,689	2,735,872	3,855,541	-	30,748,108	208,258	329	30,956,695	
(814,663)	(1,949,481)	(3,255,719)	-	(20,283,816)	(184,596)	(329)	(20,468,741)	
424,026	786,391	599,822	-	10,464,292	23,662	-	10,487,954	
44,789	86,253	-	-	1,325,373	210,457	-	1,535,830	
102	-	-	-	11,215	27,746	-	38,961	
\$ 627,658	\$ 1,216,126	\$ 1,456,464	\$ (3,365)	\$ 17,689,036	\$ 4,703,806	\$ 84,000	\$ 22,476,842	
\$ 382,500	\$ 40,000	\$ 132,175	\$ -	\$ 1,731,075	\$ -	\$ -	\$ 1,731,075	
14,245	28,605	66,380	806	326,512	32,115	-	358,627	
-	-	-	-	-	76,195	-	76,195	
7,794	19,937	23,812	-	586,015	-	-	586,015	
-	-	-	10,907	10,907	-	-	10,907	
404,539	88,542	222,367	11,713	2,654,509	108,310	-	2,762,819	
157,703	(412,520)	(4,001,196)	(89,609)	(16,202,103)	16,892,543	(690,440)	-	
192,252	1,909,286	1,512,458	-	13,938,568	-	-	13,938,568	
15,917	41,978	28,827	-	330,073	-	-	330,073	
770,411	1,627,286	(2,237,544)	(77,896)	721,047	17,000,853	(690,440)	17,031,460	
(142,753)	(411,160)	3,694,008	74,531	16,967,989	(12,297,047)	774,440	5,445,382	
\$ 627,658	\$ 1,216,126	\$ 1,456,464	\$ (3,365)	\$ 17,689,036	\$ 4,703,806	\$ 84,000	\$ 22,476,842	

See independent auditors' report

HOUSING AND NEIGHBORHOOD DEVELOPMENT SERVICES
OF CENTRAL FLORIDA, INC.

COMBINING SCHEDULE OF ACTIVITIES AND FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Project Funds						
	Delaney Apartments	Anderson Oaks	Lancaster Villas	Green Gables	Lake Davis	Governors Manor	Mendel Villas
PUBLIC SUPPORT AND REVENUES:							
Public support:							
Housing assistance grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total public support	-	-	-	-	-	-	-
Revenues:							
Rental income	69,785	100,435	1,403,801	861,860	283,810	1,230,706	287,402
Other income	-	-	205,947	-	29,967	2,500	-
Debt forgiveness	-	-	-	-	-	-	-
Total revenues	69,785	100,435	1,609,748	861,860	313,777	1,233,206	287,402
Total public support and revenues	69,785	100,435	1,609,748	861,860	313,777	1,233,206	287,402
EXPENSES:							
Program services:							
Salaries and benefits	6,948	10,422	128,245	89,163	31,267	136,025	27,737
Maintenance	5,317	8,229	96,616	60,338	27,450	92,505	26,813
Utilities	1,770	4,467	91,134	42,837	5,177	38,654	1,098
Insurance	3,528	4,753	75,392	97,716	15,527	146,940	16,596
Administrative	724	1,032	18,951	33,178	11,498	35,511	4,067
Management fees	3,567	4,991	69,897	43,319	13,918	61,702	15,046
Legal and professional	3,507	3,974	2,952	507	5,907	1,888	4,637
Resource center	-	-	-	-	-	-	-
Bond administrative fees	302	382	9,343	11,045	3,135	7,505	1,726
Taxes and fees	437	984	-	990	2,683	9,079	8,202
Total program expenses	26,100	39,234	492,530	379,093	116,562	529,809	105,922
Support services:							
Salaries and benefits	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Legal and professional	-	-	-	-	-	-	-
Total support expenses	-	-	-	-	-	-	-
Total expenses	26,100	39,234	492,530	379,093	116,562	529,809	105,922
NET OPERATING INCOME (LOSS)	43,685	61,201	1,117,218	482,767	197,215	703,397	181,480
OTHER (INCOME) / EXPENSE:							
Interest income	(847)	(1,073)	(12,962)	(14,667)	(15)	(54)	(4,837)
Interest expense	5,021	6,360	78,209	82,250	56,740	208,274	28,686
Depreciation	8,273	11,764	175,665	181,510	42,854	187,680	72,881
Total other (income) / expense	12,447	17,051	240,912	249,093	99,579	395,900	96,730
CHANGE IN NET ASSETS (DEFICIT)	31,238	44,150	876,306	233,674	97,636	307,497	84,750
NET ASSETS (DEFICIT), BEGINNING OF YEAR	370,869	273,690	8,125,318	773,489	(102,824)	527,454	1,807,820
NET ASSETS (DEFICIT), END OF YEAR	\$ 402,107	\$ 317,840	\$ 9,001,624	\$ 1,007,163	\$ (5,188)	\$ 834,951	\$ 1,892,570

Project Funds						Operating Fund	Housing Counseling Fund	Total
Lake Jennie I	Kensington Oaks	Lake Jennie II	Pebble Creek	Single Family Homes	Total			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,221	\$ 321,221
-	-	-	-	-	-	-	321,221	321,221
223,427	211,032	431,064	744,387	-	5,847,709	-	-	5,847,709
-	-	-	-	-	238,414	316,928	4,475	559,817
-	-	-	-	-	-	118,132	-	118,132
223,427	211,032	431,064	744,387	-	6,086,123	435,060	4,475	6,525,658
223,427	211,032	431,064	744,387	-	6,086,123	435,060	325,696	6,846,879
21,965	17,250	34,510	79,950	-	583,482	240,759	137,417	961,658
21,510	12,455	37,773	61,415	-	450,421	-	-	450,421
30,610	21,820	50,736	26,527	-	314,830	17,619	630	333,079
13,577	10,515	48,735	41,117	-	474,396	83,853	-	558,249
2,040	3,347	5,045	10,473	-	125,866	113,707	110,289	349,862
11,246	10,962	22,977	37,300	-	294,925	-	-	294,925
4,156	3,520	6,330	1,200	-	38,578	71,466	-	110,044
-	-	-	-	-	-	1,594	136,450	138,044
3,000	3,000	2,135	6,062	-	47,635	6,000	-	53,635
-	-	-	4,631	-	27,006	-	-	27,006
108,104	82,869	208,241	268,675	-	2,357,139	534,998	384,786	3,276,923
-	-	-	-	-	-	4,774	-	4,774
-	-	-	-	-	-	25,793	-	25,793
-	-	-	-	-	-	17,866	-	17,866
-	-	-	-	-	-	48,433	-	48,433
108,104	82,869	208,241	268,675	-	2,357,139	583,431	384,786	3,325,356
115,323	128,163	222,823	475,712	-	3,728,984	(148,371)	(59,090)	3,521,523
(13)	(14)	(21)	(8,895)	-	(43,398)	(12,428)	-	(55,826)
11,571	17,043	43,169	52,753	-	590,076	-	-	590,076
31,148	40,269	88,905	45,782	-	886,731	1,544	-	888,275
42,706	57,298	132,053	89,640	-	1,433,409	(10,884)	-	1,422,525
72,617	70,865	90,770	386,072	-	2,295,575	(137,487)	(59,090)	2,098,998
229,679	(213,618)	(501,930)	3,307,936	74,531	14,672,414	(12,159,560)	833,530	3,346,384
\$ 302,296	\$ (142,753)	\$ (411,160)	\$ 3,694,008	\$ 74,531	\$ 16,967,989	\$ (12,297,047)	\$ 774,440	\$ 5,445,382

See independent auditors' report



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**INDEPENDENT AUDITORS' 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 Board of Directors
Housing and Neighborhood Development Services of Central Florida, Inc.
Orlando, 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, 2021, 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 January 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HANDS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 19, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECTS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for 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 described in the *OMB 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, 2021. HANDS' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of HANDS' major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (the Uniform Guidance), and state of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about HANDS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of HAND's compliance.

Opinion on Each Major Federal Program and State Project

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, 2021.

Report on Internal Control Over Compliance

Management of HANDS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HANDS' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HANDS' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 19, 2022

Housing and Neighborhood Development Services of Central Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

September 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ 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:

CFDA Number – 14.239
Name of Federal Program – HOME Investment Partnership Program

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
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, 2021

Section I – Summary of Auditors’ 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 auditors’ 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

CSFA Number – 52.902
Name of State Project – Hurricane Housing Recovery Program

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

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 STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2021

<u>Federal Grantor /Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Award or Loan Amount</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development: Pass-through programs from:			
City of Orlando Community Development Block Grant - Citywide Housing Counseling	14.218	\$ 61,709	\$ 61,709
HomeFree - USA Comprehensive Housing Counseling Program	14.169	105,000	105,000
Orange County, FL HOME Partnership Agreement			
Lancaster Villas	14.239	1,200,790 *	1,200,790
Mendel Villas	14.239	458,151 *	458,151
Green Gables	14.239	636,185 *	636,185
Florida Housing Finance Agency HOME Investment Partnership Program			
Pebble Creek	14.239	678,500 *	678,500
Anderson Oaks	14.239	160,400 *	160,400
Lake Jennie II	14.239	1,428,265 *	1,428,265
Lancaster Villas	14.239	283,642 *	283,642
Green Gables	14.239	1,162,983 *	1,162,983
HOME Investment Partnership Program Lake Davis	14.239	678,912 *	678,912
Governors Manor	14.239	284,000 *	284,000
Total awards and expenditures of federal awards		<u>\$ 7,138,537</u>	<u>\$ 7,138,537</u>

* Represents loan balances outstanding at year end.

See independent auditors' 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, 2021

State Grantor /Pass-Through Grantor/Program or Cluster Title	State CSFA Number	Award or Loan Amount	State Expenditures
State of Florida:			
Pass through Orange County, FL			
State Housing Initiatives Partnership Contract No. Y14-147B	40.901	\$ 60,900	\$ 60,900
State Housing Initiatives Partnership RFP 603348-18/PJC Seminole County	40.901	17,690	17,690
State Housing Initiatives Partnership (Loan) Green Gables	40.901	72,430 *	-
Hurricane Housing Recovery Program (Loan) Green Gables	52.902	255,134 *	-
Pass through Osceola County, FL Pebble Creek	40.901	300,000 *	-
Pass through City of Orlando, Florida			
State Housing Initiatives Partnership (Loan) Anderson Oaks	40.901	125,000 *	-
Hurricane Housing Recovery Program (Loan) Delaney	52.902	108,502 *	-
Governors Manor	52.902	300,400 *	-
Total awards and expenditures of state awards		<u>\$ 1,240,056</u>	<u>\$ 78,590</u>

* Represents loan balances outstanding at year end.

See independent auditors' report and note to schedules.

Housing and Neighborhood Development Services of Central Florida, Inc.

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

Year Ended September 30, 2021

1. 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 the 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.
2. Indirect cost rates

HANDS has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended September 30, 2021.