FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fellowship Square Foundation, Inc. and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Fellowship Square Foundation, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fellowship Square Foundation, Inc. and Affiliates as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fellowship Square Foundation, Inc. and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that auditing conducted in accordance with generally accepted auditing standards and will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fellowship Square Foundation, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fellowship Square Foundation, Inc. and Affiliates' 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 consolidated financial statements as a whole. The accompanying supplemental information shown on pages 27 - 29 is presented for purposes of additional analysis and is 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Aprio, LLP

Matthews, North Carolina

September 24, 2025

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
Current Assets		
Cash	$ 3,125,812	$ 7,194,143
Accounts Receivable	27,634	7,947
Subsidy Receivable	-	4,844
Pledge Receivable	6,500	-
Investments	18,351,827	12,352,829
Prepaid Expenses and Other Assets	16,263	17,250
Total Current Assets	21,528,036	19,577,013
Deposits Held in Trust		
Tenant Deposits Held in Trust	133,465	131,725
Restricted Deposits and Funded Reserves		
Escrow Deposits	616,429	558,465
Replacement Reserves	1,238,741	1,164,962
Other Reserves	495,000	400,000
Residual Receipts Reserve	846,876	838,854
Total Restricted Deposits and Funded Reserves	3,197,046	2,962,281
Property and Equipment, Net	32,471,317	34,108,465
Other Assets		
Investment in Unconsolidated Entity	1,587,303	1,587,303
Other Assets	4,844	8,984
Predevelopment Costs	133,447	-
Notes Receivable	13,038,470	12,840,280
Total Other Assets	14,764,064	14,436,567
Total Assets	$ 72,093,928	$ 71,216,051

See notes to the consolidated financial statements

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS

	2025	2024
Current Liabilities		
Accounts Payable	$ 468,518	$ 409,620
Accrued Expenses	23,414	7,534
Accrued Wages Payable	143,040	97,125
Accrued Interest Payable	89,843	89,843
Mortgages Payable, Current	791,388	770,555
Other Current Obligations	31,367	32,536
Total Current Liabilities	1,547,570	1,407,213
Deposits		
Tenant Deposits Held in Trust (Contra)	129,346	129,742
Long-Term Liabilities		
Mortgages Payable	27,840,901	28,574,180
Total Liabilities	29,517,817	30,111,135
Net Assets		
Without Donor Restrictions	42,446,111	40,979,916
With Donor Restrictions	130,000	125,000
Total Net Assets	42,576,111	41,104,916
Total Liabilities and Net Assets	$72,093,928	$71,216,051

See notes to the consolidated financial statements

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Net Rental Revenue	$ 8,982,463	$ -	$ 8,982,463
Contributions	183,436	5,000	188,436
Other Revenue	48,886	-	48,886
In-Kind Contributions	129,469	-	129,469
Special Events	27,440	-	27,440
Interest Income	433,098	-	433,098
Total Revenues and Other Support	9,804,792	5,000	9,809,792
Expenses			
Program	8,540,156	-	8,540,156
Supporting Activities:			
Administrative	1,354,979	-	1,354,979
Fundraising	459,040	-	459,040
Total Expenses	10,354,175	-	10,354,175
Other Revenue (Expenses)			
Investment Income	664,671	-	664,671
Unrealized Gain on Investments	1,350,907	-	1,350,907
Total Other Revenue (Expenses)	2,015,578	-	2,015,578
Change in Net Assets	1,466,195	5,000	1,471,195
Net Assets at Beginning of Year	40,979,916	125,000	41,104,916
Net Assets at End of Year	$42,446,111	$ 130,000	$42,576,111

See notes to the consolidated financial statements

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Net Rental Revenue	$ 8,446,065	$ -	$ 8,446,065
Contributions	221,844	6,510	228,354
Other Revenue	142,200	-	142,200
In-Kind Contributions	209,586	-	209,586
Special Events	49,412	-	49,412
Interest Income	388,203	-	388,203
Net Assets Released from Restrictions	6,510	(6,510)	-
Total Revenues and Other Support	9,463,820	-	9,463,820
Expenses			
Program	9,371,341	-	9,371,341
Supporting Activities:			
Administrative	532,631	-	532,631
Fundraising	287,401	-	287,401
Total Expenses	10,191,373	-	10,191,373
Other Revenue (Expenses)			
Investment Income	697,897	-	697,897
Unrealized Gain on Investments	912,244	-	912,244
Gain (Loss) on Sale of Assets	7,179,740	-	7,179,740
Total Other Revenue (Expenses)	8,789,881	-	8,789,881
Change in Net Assets	8,062,328	-	8,062,328
Net Assets at Beginning of Year	32,917,588	125,000	33,042,588
Net Assets at End of Year	$40,979,916	$ 125,000	$41,104,916

See notes to the consolidated financial statements

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Change in Net Assets	$ 1,471,195	$ 8,062,328
Adjustments to Reconcile Change in Net Assets to Net Cash provided by Operating Activities:		
Depreciation Expense	2,032,208	2,193,711
Amortization of Debt Issuance Costs	58,118	58,118
Increase in Accrued Interest on Notes Receivable	(433,098)	(388,203)
Unrealized Gain on Investments	(1,350,907)	(912,244)
Realized Gain on Investments	(87,490)	(130,564)
Gain on Sale of Assets	-	(7,179,740)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(19,687)	348,776
Subsidy Receivable	4,844	37,230
Pledge Receivable	(6,500)	-
Prepaid Expenses and Other Assets	987	13,440
Other Assets	4,140	(8,984)
Accounts Payable	58,898	107,772
Accrued Expenses	15,880	7,534
Accrued Wages Payable	45,915	18,764
Other Current Obligations	(1,169)	(1,129)
Tenant Deposits Held in Trust (Contra)	(396)	2,872
Prepaid Revenue	-	(37,317)
Total Adjustments	321,743	(5,869,964)
Net Cash Provided by Operating Activities	1,792,938	2,192,364
Cash Flows from Investing Activities		
Purchases of Investments	(7,634,560)	(1,103,409)
Proceeds from Sale of Investments	3,073,959	836,937
Proceeds from Sale of Land and Improvements	-	5,197,237
Purchases of Property and Equipment	(395,060)	(589,524)
Payments Received on Notes Receivable	234,908	-
Accounts Payable - Construction	-	(61,633)
Contribution to Investment in Unconsolidated Entity	-	(1,083,086)
Predevelopment Costs	(133,447)	-
Net Cash Provided by (Used in) Investing Activities	(4,854,200)	3,196,522
Cash Flows from Financing Activities		
(Payments) Borrowings on Line of Credit	-	(488,226)
Payments on Long-term Debt	(770,564)	(746,103)
Net Cash Used in Financing Activities	(770,564)	(1,234,329)
Increase (Decrease) in Cash and Restricted Cash During the Year	(3,831,826)	4,154,557
Cash and Restricted Cash, Beginning of Year	10,288,149	6,133,592
Cash and Restricted Cash, End of Year	$ 6,456,323	$10,288,149

See notes to the consolidated financial statements

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest, Net of Amounts Capitalized	$ 1,019,760	$ 1,155,388
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Notes Receivable Executed During Land Sale	$ -	$ 6,984,170

See notes to the consolidated financial statements

Note 1

Nature of Organization

Organization:

Fellowship Square Foundation, Inc. (the Foundation) was organized as a nonstock, not-for-profit organization within the District of Columbia. The Foundation's purpose is to provide housing for elderly and physically disabled persons by owning, operating and managing government-subsidized housing projects.

Principles of Consolidation:

The financial statements present the consolidated financial results of The Foundation and its affiliates (the Organization). The Foundation is the sole member and parent of Lake Ridge Elderly Development, Inc. (Lake Ridge), Largo Landing Elderly Developments, Inc. (Largo Landing), Hunters Woods Elderly Developments of Virginia, Inc. (Hunters Woods), Lake Anne Fellowship House, Section I (Lake Anne I), Lake Anne Fellowship House, Section II (Lake Anne II). All significant intercompany accounts and transactions have been eliminated in consolidation.

Lake Ridge is a not-for-profit corporation and consists of 100-units located in Woodbridge, Virginia. The corporation is financed through a direct loan under a Section 223(f) Mortgage Use Agreement, is under a Regulatory Agreement and has a Section 8 Low Income Housing Contract with HUD.

Largo Landing is a not-for-profit corporation and consists of 106-units located in Upper Marlboro, Maryland. The corporation is financed through a direct loan under a Section 223(f) Mortgage Use Agreement, is under a Regulatory Agreement and has a Section 8 Low Income Housing Contract with HUD.

Hunters Woods is a not-for-profit corporation and consists of 224-units in Reston, Virginia. The corporation is financed through a direct loan under a Section 223(f) Mortgage Use Agreement, is under a Regulatory Agreement and has a Section 8 Low Income Housing Contract with the Department of Housing and Urban Development (HUD).

Lake Ridge, Largo Landing, and Hunters Woods are referred to herein as the "Projects".

Lake Anne I is a not-for-profit corporation. As of June 30, 2024, Lake Anne I ceased rental operations. During 2023, Lake Anne I's building was demolished and work begun to ready the land for sale. During 2024, the land was sold, as further discussed in Note 8. The entity was wound down and remaining assets and liabilities were transferred to the Foundation.

Lake Anne II is a not-for-profit corporation. As of June 30, 2024, Lake Anne II ceased rental operations. During 2023, Lake Anne II building was demolished and work begun to ready the land for sale. During 2024, the land was sold, as further discussed in Note 8. The entity was wound down and remaining assets and liabilities were transferred to the Foundation.

Note 2

Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Financial Statement Preparation:

The Organization follows the standards of accounting and financial reporting for not-for-profit organizations whereby an organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Net assets with donor restrictions are those net assets for which use is limited by donors to a specific time period and/or purpose for which use is restricted by donors. Net assets without donor restrictions are those that have no external restrictions.

Use of Estimates:

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

Investment in Unconsolidated Entity:

The Organization holds a non-controlling interest in Lake Anne House Development, LLC that is not consolidated. Investments in unconsolidated entities are accounted for using the equity method of accounting. Under the equity method, the investment is reflected at cost, adjusted for the Organization's share of the investee's income or loss (See Note 5). Lake Anne House Development, LLC is the general partner of New Lake Anne House LP (New Lake Anne).

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at nine commercial banks, these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. At 2025 and 2024, the Organization's cash balances held at the commercial banks exceeded the FDIC limit by $4,365,579 and $8,128,030, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Restricted Deposits and Funded Reserves:

Restricted deposits and funded reserves consist of cash restricted to use by HUD, lenders, and other parties and include: escrow deposits limited for tax and insurance payments, other reserves and tenant security deposits. The use of interest earned on these cash balances is also limited.

Contributions:

The Organization records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. Contributions that are expected to be collected after one year are discounted at a discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. The Organization recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. As of June 30, 2025 and 2024, the Organization had pledge receivables of $6,500 and $0, respectively, all of which are expected to be received within one year of the statement of financial position date.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

Revenue is recognized when control of the promised service is transferred to the Organization's customers, in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those services.

Rental income is recognized as rent becomes due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the properties are short-term operating leases. The Organization records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a project rental assistance payment contracts. The contracts requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference from the calculated subsidy and the contract rent is paid by HUD. Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Organization believes that both rental and subsidy streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

Special event revenues are recognized when the event is held.

Revenue from management fees and other contractual services are recognized when control of the promised services is transferred to the Organization's customers, in an amount that depicts the considered the Organization expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance, and the contract has been approved. The Organization is also often reimbursed for its administrative and payroll costs directly attributable to the Projects.

Revenue from developer fees are recognized over the development period beginning with the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total expected external construction costs, and concluding with the application for final allocation of tax credits. Developer fees earned are paid from the project's equity and debt proceeds at construction completion. Any portion of the developer fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations represents variable consideration. The project estimates whether it will be entitled to variable consideration under the terms of the developer agreement and includes its estimate of variable consideration in the total developer fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, on constraining estimates of variable consideration, which typically includes the following factors:

- Susceptibility of consideration amount to factors outside the project's influence.
- Sufficiency of equity and debt proceeds at the completion of construction.
- Uncertainty about consideration amount not expected to be resolved in the short term.
- Company's experience with similar types of agreements.
- Changes to payment terms.
- Range of possible consideration amounts.

Note 2 - Summary of Significant Accounting Policies (Continued)

The cumulative amount of developer fees earned is updated based on the project's estimate of the variable consideration using best available information. Developer fee receivable, developer fee income and deferred developer fee earned from subsidiaries and payable from operational cash flow of the respective projects are eliminated in consolidation. No developer fees were earned for the years ended June 30, 2025 and 2024.

Tenant Subsidy Receipts:

A portion of the Organization's rental income is in the form of subsidy payments from HUD under Section 8 of the National Housing Act. Tenants are subsidized based upon their level of income. Rent increases require HUD approval.

Accounts Receivable:

Accounts receivable consists primarily of tenants rent and are stated at the amount management expects to collect from the outstanding balances. The Organization uses the allowance method to determine uncollectible receivables in accordance with ASC 326-20, Financial Instruments - Credit Losses: Measured at Amortized Cost (CECL), which provides a model for assessing the collectability of operating lease payments. Management has determined that no allowance was necessary at 2025 and 2024.

Notes Receivable:

The Organization entered into promissory notes with New Lake Anne House related to the sale of land and construction of the building that replaces Lake Anne I and Lake Anne II's existing buildings. The notes are expected to be repaid pursuant to available surplus cash and a cash flow distribution order set forth in the promissory agreement. Notes receivable are reported at the outstanding principal amount adjusted for any charge-offs, allowance for credit losses, and unrecognized origination fees.

Donated Goods and Services:

Donated goods and services are reflected as revenue in the accompanying statements of activities and changes in net assets at their estimated fair values at the date of receipt. No amounts have been reflected in the statements of activities and changes in net assets for donated volunteer services because they do not meet the criteria for revenue recognition. During the years ended 2025 and 2024, donated goods and services totaled $129,469 and $209,586, respectively, which includes amounts pertaining to special events of $3,271 and $12,665, respectively.

Investments:

Investments are carried at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investment income and gains and losses on investments are recorded as realized and unrealized gains and losses in unrestricted operating income or loss.

Investments consist of fixed income, equity, and real estate securities and are reported at their fair values in the statements of financial position. All equity securities held by the Organization are considered to be available-for-sale securities. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three general valuation techniques that may be used to measure fair value are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities inactive markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liability in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following are descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at 2025 and 2024:

Cash and cash equivalents: Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 inputs).

Fixed Income and Real Asset Securities: Fixed income and real asset securities are invested primarily in high grade fixed income securities, which are one to six years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchanges (Level 1 inputs).

Equity Securities and Mutual Funds: Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment:

Property and equipment are stated at cost. Expenditures for minor additions of equipment are charged to expense when incurred. The Organization capitalizes interest as a component of the cost of property and equipment when the property and equipment is constructed using borrowed funds.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Land Improvements	20 years
Building and improvements	5 - 60 years
Building Equipment	10-20 years
Furnishings and equipment	3 - 7 years
Motor Vehicles	5 - 7 years

Impairment of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. No impairment loss has been recognized during the years ended June 30, 2025 and 2024.

Predevelopment Costs:

Predevelopment costs are costs incurred during the predevelopment period in connection with potential future developments. Once a property enters the development phase, the development advances are reimbursed as soon as outside financing is obtained by the separate ownership entity. Predevelopment costs are periodically evaluated for recoverability and any amounts deemed unrecoverable are charged to expense.

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended June 30, 2025 and 2024, advertising expense totaled $304 and $332, respectively.

Functional Expenses:

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to time and effort, as estimated by management.

Note 2 - Summary of Significant Accounting Policies (Continued)

Donor Restrictions:

The Organization reports gifts of cash and other assets as restricted support 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 a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Board of Directors may, at its discretion, designate net assets without donor restrictions for mission related purposes.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions includes $125,000 that is restricted to investment in perpetuity, the income from which is expendable to support the Organization's programs. The amount held in perpetuity is made up of an endowment of cash and marketable securities that the Foundation received in September 1992.

Tax Exempt Status:

The Foundation and its affiliates are nonprofit organizations exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes is required. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. The Organization is no longer subject to income tax examinations for tax years up to and including 2022.

Debt Issuance Costs:

The Organization has capitalized the related costs incurred in connection with its debt offerings which consisted primarily of underwriter's discounts, letter of credit fees and costs, trustee and tender agent fees, attorney's fees, and other miscellaneous costs of delivery. These costs are being amortized using the straight-line method, equal to the terms of the notes. The debt issuance costs related to the notes payable are presented in the statements of financial position as a direct deduction from the carrying amount of debt liability, consistent with debt discounts.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements in order to make prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net assets or changes in net assets.

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Note 3

Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30, 2025 and 2024:

	2025	2024
Financial assets available for general expenditure within one year:		
Cash	$ 3,125,812	$ 7,194,143
Accounts Receivable	27,634	7,947
Subsidy Receivable	-	4,844
Investments	18,351,827	12,352,829
Total financial assets	21,505,273	19,559,763
Less: surplus cash required to be deposited into residual receipts accounts	-	(2,651)
Less: Net assets with donor restrictions	(130,000)	(125,000)
Total financial assets available for general expenditure within one year	$ 21,375,273	$ 19,432,112

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because the donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets as they relate to donor restrictions may not be available for general expenditure within one year.

Note 4

Investments

Investments consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Fixed income	$ 5,827,456	$ 3,984,482
U.S. equity	7,911,282	4,395,098
International equity	3,718,533	3,353,061
Real asset securities	894,556	620,188
Total investments	$ 18,351,827	$ 12,352,829

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. The Organization’s policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

Note 5

Investments in Unconsolidated Entity

The Foundation holds a non-controlling interest of 35% of Lake Anne House Development, LLC, which is accounted for under the equity method. As of June 30, 2025 and 2024, the balance of the investment was $1,587,303 and $1,587,303, respectively.

The activity in the investment for the years ended June 30, 2025 and 2024, is as follows:

	2025	2024
Balance at beginning of year	$ 1,587,303	$ 504,217
Contributions	-	1,083,083
Balance at end of year	$ 1,587,303	$ 1,587,303

Note 6

Notes Receivable

On May 8, 2020, the Organization entered into a promissory note ("Seller Loan") with New Lake Anne House related to the sale of land to New Lake Anne House for the construction of the new building to replace Lake Anne I and Lake Anne II's existing buildings. The Seller Loan is in the principal sum of $5,017,455. Interest accrues at a rate of 2.85% and compounds annually. New Lake Anne House will repay the Foundation from 25% of cash flows then pursuant to a cash flow distribution order set forth in a partnership agreement. Payments shall be applied first to accrued interest and then to any outstanding principal with all outstanding principal and interest being due in a single payment on September 1, 2057. The Seller Loan is secured by a deed of trust on the property. Along with the sale of the remaining land on July 10, 2023, as further described in Note 8, the Seller Loan was increased by $742,545. The Seller Loan balance as of June 30, 2025 and 2024, was $5,760,000 and $5,760,000, respectively. The Seller Loan has accrued interest receivable of $663,009 and $600,504 as of June 30, 2025 and 2024, respectively. Interest income for the years ended June 30, 2025 and 2024, was $179,939 and $150,052, respectively.

On July 10, 2023, the Organization entered into a promissory note ("Subsidy Loan") with New Lake Anne House LP for $6,241,667. Interest accrues at a rate of 3.98% and compounds annually. New Lake Anne House will repay the Foundation from 25% of cash flows then pursuant to a cash flow distribution order set forth in a partnership agreement. Payments shall be applied first to accrued interest and then to any outstanding principal with all outstanding principal and interest being due in a single payment on September 1, 2057. The Subsidy Loan is secured by a deed of trust on the property. The Subsidy Loan balance as of June 30, 2025 and 2024, was $6,241,667 and $6,241,667, respectively. The Subsidy Loan has accrued interest receivable of $373,794 and $238,109, respectively as of June 30, 2025 and 2024. Interest income for the years ended June 30, 2025 and 2024, was $253,159 and $238,109, respectively.

Note 6 - Notes Receivable (Continued)

Estimated principal payments under these notes to be received for each of the next five years and thereafter are as follows:

Years Ended June 30	Amounts
2026	$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	12,001,667
Total	$12,001,667

Note 7

Restricted Deposits and Funded Reserves

Restricted deposits and funded reserves consist of cash accounts that are required by HUD and are to be maintained separate from the general cash fund. The following accounts are funded by operations:

(a) Replacement Reserve:

In accordance with the regulatory agreements, the Projects are required to maintain an account established for capital improvements and repairs to the project. Requests for withdrawals for such items are submitted by management and approved by the mortgagor.

(b) Escrow Deposits - Tax, Insurance and MIP:

In accordance with the mortgage agreements, the Projects are required to make payments of the real estate taxes, insurance and MIP. The Organization maintains separate escrow accounts in order to have sufficient funds to cover the yearly expenses.

(c) Residual Receipts Reserve:

In accordance with the regulatory agreements, the Projects are required to deposit residual revenue, as defined, into a residual receipts account within 90 days of year end. Withdrawals from the account must be approved by HUD.

(d) Other Reserves:

Other reserves consists of funds held in accordance with the purchase and sale agreement, the Organization is required to hold funds in an escrow holdback until July 2025 and funds held for specific maintenance projects.

Note 8

Property and Equipment

The following is a summary of property and equipment at cost at June 30, 2025 and 2024:

	2025	2024
Land and land improvements	$ 1,129,058	$ 1,129,058
Buildings and improvements	56,350,096	56,122,497
Building equipment	2,524,068	2,373,051
Furnishings and equipment	865,464	849,020
Motor vehicles	249,858	249,858
	61,118,544	60,723,484
Less: accumulated depreciation	(28,647,227)	(26,615,019)
Property and equipment, net	$ 32,471,317	$ 34,108,465

Depreciation expense for the years ended June 30, 2025 and 2024, totaled $2,032,208 and $2,193,711, respectively.

On July 10, 2023, the Organization entered into an a purchase and sale agreement to sell the remaining Lake Anne I and II land for a purchase price of $12,420,000. The gain on the sale of land is $7,179,740 for the year ended June 30, 2024. As a part of this transaction, the Organization entered into a seller note with New Lake Anne House LP, an affiliate of the Organization, for a total of $5,760,000, as further described in Note 6.

Note 9

Long-Term Debt

Lake Ridge:

On March 12, 2015, Lake Ridge entered into a loan agreement with Orix Real Estate Capital (Orix) (formally Lancaster Pollard Mortgage Company) in the original amount of $5,674,200. On June 21, 2021, Lake Ridge amended the loan agreement. The amended loan matures on April 1, 2045, and bears interest at a rate of 2.95%. Payments of principal and interest in the amount of $23,916 on the mortgage note are due monthly through the maturity date. The loan is insured by the U.S. Department of HUD under Section 207 pursuant to 223(f) of the National Housing Act and collateralized by a deed of trust on the property.

Largo Landing:

On December 1, 2014, the Largo Landing entered into a loan agreement with Orix Real Estate Capital (Orix) (formally Lancaster Pollard Mortgage Company) in the original amount of $4,801,800, which replaced a HUD insured Section 202 mortgage with a Section 223(f) mortgage. On August 30, 2021, Largo Landing amended the loan agreement. The amended loan matures on January 1, 2045 and bears interest at a rate of 2.93%. Payments of principal and interest in the amount of $23,306 on the mortgage note are due monthly through the August 1, 2034. Thereafter, monthly installments of principal and interest in the amount of $12,115 through the maturity date. The loan is insured by the U.S. Department of HUD under Section 207 pursuant to 223(f) of the National Housing Act and collateralized by a deed of trust on the property.

Note 9 - Long-Term Debt (Continued)

Hunters Woods:

On January 30, 2020, the Hunters Woods entered into a loan agreement with CBRE HMF, Inc. in the original amount of $24,812,000. The loan matures on February 1, 2055, and bears interest at a rate of 3.46%. Payments of principal and interest in the amount of $101,971 on the mortgage note are due monthly through the maturity date. The loan is insured by the U.S. Department of HUD under Section 207 pursuant to 223(f) of the National Housing Act and collateralized by a deed of trust on the property.

Long-term debt is summarized as follows:

	2025	2024
Lake Ridge	$ 4,305,382	$ 4,462,844
Largo Landing	3,228,455	3,410,627
Hunters Woods	22,676,657	23,107,587
Total	30,210,494	30,981,058
Less:		
Current maturities	(791,388)	(770,555)
Debt issuance costs, net	(1,578,205)	(1,636,323)
	$ 27,840,901	$ 28,574,180

Maturities of long-term debt are as follows:

Year Ending June 30	Lake Ridge	Largo Landing	Hunters Woods	Total
2026	$ 162,170	$ 187,582	$ 441,636	$ 791,388
2027	167,020	193,153	461,750	821,923
2028	172,014	198,889	477,983	848,886
2029	177,157	204,795	494,786	876,738
2030	182,455	210,877	512,180	905,512
Thereafter	3,444,566	2,233,159	20,288,322	25,966,047
	$ 4,305,382	$ 3,228,455	$ 22,676,657	$ 30,210,494

Interest expense on the mortgages of $1,102,339 and $1,102,339 is included in interest expenses on the consolidated statements activities and changes in net assets for the years ended June 30, 2025 and 2024, respectively, of which $58,118 and $58,118, respectively, is amortization of debt issuance costs.

In connection with the loans, the Organization incurred debt issuance costs of $1,954,281, which have been deferred and amortized over the life of the loans. As of June 30, 2025 and 2024, the remaining unamortized debt issuance costs were $1,578,205 and $1,636,323, respectively, which have been netted with the related mortgage debt for financial statement presentation. Amortization of deferred financing costs is included in interest expense in the accompanying consolidated statements of activities and changes in net assets.

Note 10

Net Assets With Donor Restrictions

Investment in Perpetuity:

Donor restricted contribution restricted to investment in perpetuity, the income from which is expendable to support the Organization's programs. The amount held in perpetuity is made up of an endowment of cash and marketable securities that the Foundation received in September 1992.

Operational Fund:

Funded by donor restricted contributions for the Organization's operations.

Wellness Programming:

Funded by donor restricted contributions for the Organization's wellness program.

Net assets with donor restrictions consist of the following as of June 30, 2025:

	Beginning Balance	Transfers	Contributions and Income	Released from Restrictions	Ending Balance
Investment in Perpetuity	$ 125,000	$ -	$ -	$ -	$ 125,000
Wellness Programming	-	-	5,000	-	5,000
	$ 125,000	$ -	$ 5,000	$ -	$ 130,000

Net assets with donor restrictions consist of the following as of June 30, 2024:

	Beginning Balance	Transfers	Contributions and Income	Released from Restrictions	Ending Balance
Investment in Perpetuity	$ 125,000	$ -	$ -	$ -	$ 125,000
Operational Fund	-	-	6,510	6,510	-
	$ 125,000	$ -	$ 6,510	$ 6,510	$ 125,000

Note 11

Line of Credit

The Organization had a $1,100,000 line of credit with a financial institution at the prime rate. As of June 30, 2025 and 2024, no amounts are drawn on the line of credit. As of June 30, 2024, the interest rate on the line of credit was 9%. The line matured in July 2024.

Note 12

Grant Income

A portion of the Organization's revenue is derived from cost-reimbursable grants from HUD, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as unearned revenue in the consolidated statements of financial position. For the years ended June 30, 2025 and 2024, the Organization was awarded and recognized cost-reimbursable grants of $88,102 and $130,932, respectively, which are included in contributions on the consolidated statements of activities and changes in net assets. For the years ended June 30, 2025 and 2024, the Organization was awarded cost-reimbursable grants of $82,385 and $67,300, respectively, that have not been recognized because qualifying expenditures have not yet been incurred.

Note 13

Reconciliation of Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2025	2024
Cash	$ 3,125,812	$ 7,194,143
Tenant deposits held in trust	133,465	131,725
Escrow deposits	616,429	558,465
Replacement reserves	1,238,741	1,164,962
Other reserves	495,000	400,000
Residual receipts reserve	846,876	838,854
Total cash and restricted cash shown in the consolidated statements of cash flows	$ 6,456,323	$ 10,288,149

Note 14

Donated Goods

The Organization receives in-kind contributions of goods from members of the community related to program operations, special events, and fund-raising campaigns. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Donated goods consist of the following as of June 30, 2025:

Program or Supporting Service	
Food items	$ 124,016
Event donations	3,271
Household goods and gift cards	2,182
Total	$ 129,469

Note 14 - Donated Goods (Continued)

Donated goods consist of the following as of June 30, 2024:

Program or Supporting Service	
Food items	$ 192,795
Event donations	12,665
Household goods and gift cards	4,126
Total	$ 209,586

All donated goods were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated goods.

Note 15

Functional Allocation of Expenses

The Organization's primary program service relates to providing housing for low income elderly and physically disabled individuals within its geographic location. The cost of providing program services and supporting services has been summarized on a functional basis in the table below. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Allocations between activities are made based on time and effort spent as determined by management.

The functional expenses by both natural and functional classification consist of the following for the year ended June 30, 2025:

	Program	General and Administrative	Fundraising	Total
Salaries, benefits and payroll taxes	$ 2,181,425	$ 596,712	$ 239,399	$ 3,017,536
Administrative	706,148	600,066	56,106	1,362,320
Facilities	759,519	28,304	139,786	927,609
Utilities	889,684	-	-	889,684
Taxes and insurance	775,006	24,889	1,096	800,991
Financial	1,168,340	-	-	1,168,340
Depreciation	2,032,208	-	-	2,032,208
Professional fees	27,826	105,008	22,653	155,487
Total	$ 8,540,156	$ 1,354,979	$ 459,040	$ 10,354,175

Note 15 - Functional Allocation of Expenses (Continued)

The functional expenses by both natural and functional classification consist of the following for the year ended June 30, 2024:

	Program	General and Administrative	Fundraising	Total
Salaries, benefits and payroll taxes	$ 2,133,905	$ 343,201	$ 206,454	$ 2,683,560
Administrative	1,126,466	81,493	48,658	1,256,617
Facilities	1,159,409	26,514	24,858	1,210,781
Utilities	814,665	-	-	814,665
Taxes and insurance	772,232	23,210	1,197	796,639
Financial	1,155,388	-	-	1,155,388
Depreciation	2,193,711	-	-	2,193,711
Professional fees	15,565	58,213	6,234	80,012
Total	$ 9,371,341	$ 532,631	$ 287,401	$ 10,191,373

Program service expenses consist of those expenses directly related to the operation of the facilities that fulfill its purpose and mission. Expenses attributable to administrative services consist of those expenses relating to the oversight and management of the facilities. Expenses attributable to fundraising consist of those expenses related to the Organization's fundraising events.

Note 16

Endowment

The Organization's endowment includes one donor-restricted endowment fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The state of Virginia follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The classification of permanently restricted net assets include the original value of gifts donated to the permanent endowment. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate donor-restricted endowment funds.

1.The duration and preservation of the fund.

2. The purposes of the Organization and the donor-restricted endowment fund.

3. General economic conditions.

4. The possible effect of inflation and deflation.

5. The expected total return from income and the appreciation on investments.

6. Other resources of the Organization.

7. The investment policies of the Organization.

Note 17

Related Party Transactions

The Organization holds two promissory notes with New Lake Anne as further discussed in Note 6.

Note 18

Retirement Plan

The Organization has a defined contribution employee 403(b) retirement plan covering eligible employees. Generally, employee contributions to the plan consist of a percentage based on eligible employees' compensation. The Organization may elect to match dollar for dollar an employee's contribution up to 6 percent. The Organization contributed $21,867 and $24,519 for the years ended June 30, 2025 and 2024, respectively.

Note 19

Current Vulnerability Due to Certain Concentrations

The Organization's operations are concentrated in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Organization receives a significant portion of its total revenue from HUD through housing assistance payments for the Projects. A significant reduction in the level of this support, if it were to occur, may have an adverse effect on the Organization's operations.

Note 20

Commitments and Contingencies

The Organization has legal proceedings arising from the normal course of business. The Organization believes that the ultimate outcome of the proceedings will not have a material adverse impact on the Organization's financial position, results of operations, or cash flows.

The Organization leased office space under a five-year agreement which expired in March 2024. Commencing in March 2024, the agreement is month-to-month. Rent expense for the years ended 2025 and 2024, was $46,895 and $46,895, respectively.

The Projects operate under Agreements with HUD. As part of the Agreements, residual receipts accounts have been established. According to Section 223(f) revised regulations, if HUD determines at any time that the Projects' funds held in the residual receipts account are more than the amount needed for the Projects' operations and reserve requirements, HUD may require that excess funds be placed in an account to be used to reduce housing assistance payments or for other Projects' purposes. Upon termination of the Agreements, any excess funds in the residual receipts account must be remitted to HUD. Due to uncertainties involving the excess funds, no estimate of the amount or range of possible loss, if any, can be made.

Note 20 - Commitments and Contingencies (Continued)

The Projects have Housing Assistance Payments (HAP) contracts with HUD, which allow them to receive monthly subsidy payments for qualified dwelling units. The Largo Landing HAP contract expires August 8, 2034. The Lake Ridge HAP contract expires August 8, 2044. The Hunters Woods HAP contract expires August 8, 2044.

The Organization has committed to make a permanent loan of up to $2,000,000 to Dogwood Farm Station 9% Owner LLC (the "Borrower"). The commitment is conditioned on the Borrower obtaining a reservation of low-income housing tax credits from Virginia Housing.

Note 21

Subsequent Events

Management considered all events through September 24, 2025, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to June 30, 2025, but prior to the issuance of this report, that would have a material impact on the financial statements.

On January 27, 2025, the Office of Management and Budget of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025.

The extent to which the funding freeze impacts the Organization's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability.

As a result, the entity is unable to estimate what impact, if any, the funding freeze has on the June 30, 2025 financial statements or the Organization's future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SUPPLEMENTARY INFORMATION

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

	Foundation Corporate	Lake Ridge	Largo Landing	Hunters Woods	Eliminations	Consolidated
Current Assets						
Cash	$ 2,314,338	$ 20,527	$ 27,173	$ 763,774	$ -	$ 3,125,812
Accounts Receivable	-	8,985	3,127	15,522	-	27,634
Pledge Receivable	6,500	-	-	-	-	6,500
Investments	18,351,827	-	-	-	-	18,351,827
Due From Affiliates	170,192	-	-	-	(170,192)	-
Prepaid Expenses and Other Assets	16,263	-	-	-	-	16,263
Total Current Assets	20,859,120	29,512	30,300	779,296	(170,192)	21,528,036
Restricted Deposits and Funded Reserves						
Tenant Deposits Held in Trust	-	37,656	38,190	57,619	-	133,465
Escrow Deposits	-	105,571	276,590	234,268	-	616,429
Replacement Reserves	-	486,767	151,126	600,848	-	1,238,741
Other Reserves	400,000	95,000	-	-	-	495,000
Residual Receipts Reserve	-	402,544	444,332	-	-	846,876
Total Restricted Deposits and Funded Reserves	400,000	1,127,538	910,238	892,735	-	3,330,511
Property and Equipment, Net	-	3,119,574	4,094,911	25,256,832	-	32,471,317
Other Assets						
Notes Receivable	13,038,470	-	-	-	-	13,038,470
Investment in Unconsolidated Entity	1,587,303	-	-	-	-	1,587,303
Miscellaneous Current Assets	-	-	4,844	-	-	4,844
Pre-development Costs	133,447	-	-	-	-	133,447
Total Other Assets	14,759,220	-	4,844	-	-	14,764,064
Total Assets	$ 36,018,340	$ 4,276,624	$ 5,040,293	$ 26,928,863	$ (170,192)	$ 72,093,928

See independent auditors' report

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

LIABILITIES AND NET ASSETS

	Foundation Corporate	Lake Ridge	Largo Landing	Hunters Woods	Eliminations	Consolidated
Current Liabilities						
Accounts Payable	$ 57,201	$ 121,125	$ 46,669	$ 249,671	$ (6,148)	$ 468,518
Accounts Payable--Entity	-	151,896	5,951	6,197	(164,044)	-
Accrued Expenses	-	5,552	-	17,862	-	23,414
Accrued Wages Payable	71,984	21,279	20,668	29,109	-	143,040
Accrued Interest Payable	-	11,712	9,145	68,986	-	89,843
Mortgage Payable--First Mortgage (Short-term)	-	162,170	187,582	441,636	-	791,388
Other Current Obligations	31,367	-	-	-	-	31,367
Total Current Liabilities	160,552	473,734	270,015	813,461	(170,192)	1,547,570
Deposits						
Tenant Deposits Held in Trust (Contra)	-	36,962	37,096	55,288	-	129,346
Long-Term Liabilities						
Mortgages Payable	-	3,955,690	2,914,523	20,970,688	-	27,840,901
Total Liabilities	160,552	4,466,386	3,221,634	21,839,437	(170,192)	29,517,817
Net Assets						
Without Donor Restrictions	35,727,788	(189,762)	1,818,659	5,089,426	-	42,446,111
With Donor Restrictions	130,000	-	-	-	-	130,000
Total Net Assets (Deficits)	35,857,788	(189,762)	1,818,659	5,089,426	-	42,576,111
Total Liabilities and Net Assets	$ 36,018,340	$ 4,276,624	$ 5,040,293	$ 26,928,863	$ (170,192)	$ 72,093,928

See independent auditors' report

FELLOWSHIP SQUARE FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICITS)
YEAR ENDED JUNE 30, 2025

	Foundation Corporate	Lake Ridge	Largo Landing	Hunter Woods	Eliminations	Consolidated
Revenues						
Net Rental Revenue	$ -	$ 1,931,743	$ 2,360,590	$ 4,690,130	$ -	$ 8,982,463
Contributions	100,334	54,382	33,720	-	-	188,436
Management Fees	1,123,208	-	-	-	(1,123,208)	-
In-Kind Contributions	129,469	-	-	-	-	129,469
Special Events	27,440	-	-	-	-	27,440
Other Revenue	21,184	148	27,544	10	-	48,886
Interest Income	433,098	-	-	-	-	433,098
Total Revenues	1,834,733	1,986,273	2,421,854	4,690,140	(1,123,208)	9,809,792
Expenses						
Salaries, Benefits and Payroll Taxes	1,228,154	543,504	505,457	946,217	(205,796)	3,017,536
Administrative	287,599	471,703	530,225	990,205	(917,412)	1,362,320
Facilities	180,752	239,394	326,079	181,384	-	927,609
Utilities	-	177,427	285,513	426,744	-	889,684
Taxes and Insurance	27,330	182,378	354,162	237,121	-	800,991
Interest	-	165,273	118,633	891,489	(7,055)	1,168,340
Depreciation	-	323,923	323,586	1,384,699	-	2,032,208
Professional Fees	155,487	-	-	-	-	155,487
Total Expenses	1,879,322	2,103,602	2,443,655	5,057,859	(1,130,263)	10,354,175
Operating (Loss) Income	(44,589)	(117,329)	(21,801)	(367,719)	7,055	(544,383)
Other Revenue (Expenses)						
Investment Income	647,808	5,678	3,947	14,293	(7,055)	664,671
Unrealized Gain on Investments	1,350,907	-	-	-	-	1,350,907
Total Other Revenue (Expenses)	1,998,715	5,678	3,947	14,293	(7,055)	2,015,578
Change in Net Assets	1,954,126	(111,651)	(17,854)	(353,426)	-	1,471,195
Net Assets at Beginning of Year	32,996,915	(78,111)	1,836,513	6,349,599	-	41,104,916
Contributions (Distributions)	906,747	-	-	(906,747)	-	-
Net Assets at End of Year	$ 35,857,788	$ (189,762)	$ 1,818,659	$ 5,089,426	$ -	$ 42,576,111

See independent auditors' report