

	A	B	H	I	J	K	L
1	Income		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
2	7000	Authority Fee Income	\$ 24,500.00	\$ 24,000.00	\$ 24,500.00	\$ 28,000.00	\$ 28,000.00
3	7003	Fee Income - Nassau Club					
4	7200	Fee Income - NathanRg. Subord.	\$ 7,093.75	\$ 7,093.00	\$ 7,093.00	\$ 7,093.00	\$ 7,093.00
5	7200	Fee Income - Nathan Rg. Issuer Fee			\$ 32,250.00	\$ 30,000.00	\$ 31,500.00
6	7200	Fee Income - Cassie Gardens			\$ 2,400.00	\$ 2,400.00	\$ 2,400.00
7	7200	Fee Income - Molly Crossing			\$ 10,200.00	\$ 10,200.00	\$ 10,200.00
8	7200	Mortgage Loan Interest Income	\$ 73,101.00	\$ 81,840.00	\$ 92,000.00	\$ 117,000.00	\$ 120,000.00
9	7203	Sale of Mgt. Home Sweet Home	\$ 60,000.00	\$ 45,000.00	\$ 45,000.00	\$ 43,000.00	\$ 60,000.00
10	7400	Investment Interest Income	\$ 30,000.00	\$ 80,000.00	\$ 90,000.00	\$ 95,000.00	\$ 82,000.00
11	7100	SHIP Administration Fee	\$ 130,000.00	\$ 150,000.00	\$ 85,000.00	\$ 80,000.00	\$ 80,000.00
12		TOTAL	\$ 324,694.75	\$ 387,933.00	\$ 388,443.00	\$ 412,693.00	\$ 421,193.00
13	Expenses						
14	8010	Audit Fee	\$ 25,000.00	\$ 25,000.00	\$ 30,000.00	\$ 35,000.00	\$ 35,000.00
15	8030	Financial Advisor's Fee		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
16	8050	HFA Legal Fees/Expenses	\$ 96,500.00	\$ 103,000.00	\$ 108,150.00	\$ 112,800.00	\$ 116,250.00
17	8110	Dues	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
18	8120	Educational Conference	\$ 20,000.00	\$ 30,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
19	8210	Secretarial Expenses	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
20	8220	Office Expenses	\$ 700.00	\$ 900.00	\$ 900.00	\$ 1,000.00	\$ 1,000.00
21	8230	Advertising Expense	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
22	8240	Executive Director Fee (HFA)	\$ 60,000.00	\$ 65,500.00	\$ 69,600.00	\$ 72,800.00	\$ 75,500.00
23	8241	Executive Director /Car Allowance	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
24	8242	Executive Director Fee (SHIP)	\$ 45,000.00	\$ 46,500.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
25	8243	Contribution to Retirement ExecDir			\$ 5,880.00	\$ 5,880.00	\$ 5,880.00
26	8251	Storage Facility	\$ 1,400.00	\$ 1,500.00	\$ 1,500.00	\$ 1,600.00	\$ 1,900.00
27	8260	Telephone Expense	\$ 1,200.00	\$ 1,400.00	\$ 1,400.00	\$ 1,500.00	\$ 1,200.00
28	8261	Website Expense	\$ 600.00	\$ 600.00	\$ 600.00	\$ 700.00	\$ 700.00
29	8290	Miscellaneous	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 6,000.00	\$ 6,000.00
30	8300	Special Projects James Boys	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 20,000.00
31	8310	Special Projects		\$ 15,000.00	\$ 10,000.00	\$ 20,000.00	\$ 10,000.00
32	8320	Special Projects Sadowski	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
33	8331	Special Projects - Mercy Support Serv	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
34		TOTAL	\$ 322,900.00	\$ 367,900.00	\$ 384,530.00	\$ 408,780.00	\$ 409,930.00

PROPOSED (WEDNESDAY)
HOUSING FINANCE AUTHORITY OF CLAY COUNTY
MEETING DATES FOR 2026 – 2027

Meetings will be held in Room 107 of the Economic & Development Services Building, 435 Walburg Street, Green Cove Springs, FL 32043

Thursday, October 22, 2026	AHAC meeting 10:30 a.m. – 11:30a.m.
Wednesday, November 18, 2026	
Wednesday, December 16, 2026	
Wednesday, January 20, 2027	
Wednesday, February 17, 2027	
Wednesday, March 17, 2027	
Wednesday, April 21, 2027	
Wednesday, May 19, 2027	
Wednesday, June 16, 2027	
Wednesday, July 21, 2027	
Wednesday, August 18, 2027	
Wednesday, September 15, 2027	



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

1635 Eagle Harbor Pkwy, Suite 4
Fleming Island, FL 32003
t: 904-264-1665
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www.tng.cc

July 16, 2026

To the Board Members of the Housing Finance Authority of Clay County, Florida
P.O. Box 1620
Orange Park, FL 32067

We are pleased to confirm our understanding of the services we are to provide the Housing Finance Authority of Clay County, Florida for the year ended September 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities of each major fund, and the disclosures, which collectively comprise the basic financial statements of the Housing Finance Authority of Clay County, Florida (Authority) as of and for the year ended September 30, 2026. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Rules of the Auditor General of the State of Florida Chapter 10.550, and will include tests of your accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- a. Management override of controls
- b. Risk of Improper revenue recognition
- c. Allowance for loan losses

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of

applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United

States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Upon completion of the audit, we will present the financial statements and findings in person.

The audit documentation for this engagement is the property of the Nichols Group, PA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Leon County Commission or its designee, a state agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of the Nichols Group, PA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Authority. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Esther D. Nichols, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We will begin our engagement on a date to be determined in consultation with management that will facilitate delivery of our report no later than the date required by the Leon County, Florida auditors.

Our fee for services for the September 30, 2026 audit of the basic financial statements of the Authority will be \$26,500. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If significant additional time is necessary for audit services on bond issuance and other new major contracts, we will discuss it with you and arrive at a new fee estimate.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board Members of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of

testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

The Nichols Group

The Nichols Group, PA
Certified Public Accountants
Fleming Island, FL

RESPONSE:

This letter correctly sets forth the understanding of the Housing Finance Authority of Clay County, Florida.

Management Signature: _____

Title: _____

Date: _____