Non-Profit Financial Statements – v2019-2

(Reports updated 02/2019)

**ABC APARTMENTS**

**HUD PROJECT NUMBER 012-34567**

**FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 20XX**

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# INDEPENDENT AUDITOR’S REPORT

To the Board of Directors

[ENTITY NAME]

[ENTITY CITY], [STATE]

**Report on the Financial Statements**

We have audited the accompanying financial statements of [ENTITY NAME], HUD Project No. [01-2345678], which comprise the statement of financial position as of [Year End], 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.

**Auditor’s 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 auditor’s 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 [Organization]’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 [Organization]’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 [ENTITY NAME] as of [Year End] 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**

***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages \_\_ to \_\_ is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards shown on page \_\_, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. The above described supplemental 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. Such 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 above described supplemental 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 (Date of report on the financial statements) on our consideration of [ENTITY NAME]’s 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 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 [ENTITY NAME]’s internal control over financial reporting and compliance.

[FIRM NAME]

[FIRM CITY], [STATE]

(Date of report on the financial statements)

STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS** | |  | . |
|  |  |  | . |
| **Current Assets** | |  | . |
|  | Cash - Operations | $ | 25,900 |
|  | Tenant/Member Accounts Receivable (Coops) |  | 2,916 |
|  | Net Tenant Accounts Receivable |  | 2,916 |
|  | Accounts Receivable - HUD |  | 7,168 |
|  | Miscellaneous Prepaid Expenses |  | 2,063 |
|  | Total Current Assets |  | 38,047 |
|  |  |  | . |
|  | Tenant/Patient Deposits Held in Trust |  | 18,915 |
|  |  |  | . |
| **Restricted Deposits** | |  | . |
|  | Escrow Deposits |  | 24,811 |
|  | Replacement Reserve |  | 119,240 |
|  | Total Deposits |  | 144,051 |
|  |  |  | . |
| **Property & Equipment** | |  | . |
|  | Land |  | 300,242 |
|  | Buildings |  | 1,828,301 |
|  | Furnishings |  | 411,884 |
|  | Total Fixed Assets |  | 2,540,427 |
|  | Accumulated Depreciation |  | 823,987 |
|  | Net Fixed Assets |  | 1,716,440 |
|  |  |  | . |
|  |  |  | . |
|  | **Total Assets** | $ | 1,917,453 |

STATEMENT OF FINANCIAL POSITION – CONTINUED

DECEMBER 31, 20XX

|  |  |  |  |
| --- | --- | --- | --- |
| **LIABILITIES AND NET ASSETS** | |  | . |
|  |  |  | . |
| **Current Liabilities** | |  | . |
|  | Accounts Payable - Operations | $ | 3,886 |
|  | Accounts Payable - Entity |  | 15,000 |
|  | Accrued Interest Payable - First Mortgage (or Bonds) |  | 6,008 |
|  | Accrued Property Taxes |  | 14,655 |
|  | Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term) |  | 43,018 |
|  | Total Current Liabilities |  | 82,567 |
|  |  |  | . |
|  | Tenant/Patient Deposits Held In Trust (Contra) |  | 18,103 |
|  |  |  | . |
| **Long-Term Liabilities** | |  | . |
|  | Notes Payable (Long-Term) |  | 414,580 |
|  | Mortgage (or Bonds) Payable - First Mortgage (or Bonds) |  | 1,694,620 |
|  | Total Long Term Liabilities |  | 2,109,200 |
|  | Total Liabilities |  | 2,209,870 |
|  |  |  | . |
| **Net Assets** | |  | . |
|  | Net Assets without Donor Restrictions |  | (292,417) |
|  | Net Assests with Donor Restrictions |  |  |
|  | Total Net Assets |  | (292,417) |
|  | Total Liabilities and Net Assets | $ | 1,917,453 |

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income** | |  | **.** |
|  | Rental Income | $ | 640,951 |
|  | Interest Income |  | 113 |
|  | Other |  | 5,048 |
|  | Total Income |  | 646,112 |
|  |  |  | . |
| **Expenses** | |  | . |
|  | Administrative |  | 104,448 |
|  | Utilities |  | 70,556 |
|  | Operating and Maintenance |  | 170,034 |
|  | Taxes and insurance |  | 32,533 |
|  | Financial |  | 84,687 |
|  | Total Expenses |  | 462,258 |
|  |  |  | . |
|  |  |  | . |
|  | Income From Operations Before Depreciation & Amortization |  | 183,854 |
|  | Depreciation & Amortization |  | 83,214 |
|  | Change in Total Net Assets without Donor Restrictions |  | 100,640 |
|  | Net Assets Without Donor Restrictions – Beginning of year |  | (393,057) |
|  | Net Assets Without Donor Restrictions – 12/31/20XX | $ | (292,417) |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash Flows from Operating Activities** | |  | . |
|  | Rental Receipts | $ | 635,504 |
|  | Interest Receipts |  | 113 |
|  | Other Operating Receipts |  | 5,048 |
|  | Total Receipts |  | 640,665 |
|  |  |  | . |
|  | Administrative |  | (28,386) |
|  | Management Fee |  | (47,980) |
|  | Utilities |  | (70,556) |
|  | Salaries and Wages |  | (131,262) |
|  | Operating and Maintenance |  | (71,049) |
|  | Real Estate Taxes |  | (14,658) |
|  | Property Insurance |  | (17,878) |
|  | Tenant Security Deposits |  | (485) |
|  | Interest on Mortgages |  | (72,990) |
|  | Mortgage Insurance Premium (MIP) |  | (8,252) |
|  | Entity/Construction Disbursements |  | (15,047) |
|  | Total Disbursements |  | (478,543) |
|  |  |  | . |
|  | Net Cash Provided by (Used in) Operating Activities |  | 162,122 |
|  |  |  | . |
| **Cash Flows from Investing Activities** | |  | . |
|  | Net Deposits to the Mortgage Escrow account |  | 4,524 |
|  | Net Deposits to the Reserve for Replacement account |  | (26,678) |
|  | Net Purchase of Fixed Assets |  | (97,932) |
|  | Net Cash Used in Investing Activities |  | (120,086) |
|  |  |  | . |
| **Cash Flows from Financing Activities** | |  | . |
|  | Principal Payments - First Mortgage (or Bonds) |  | (41,355) |
|  | Other Financing Activities |  | (51,829) |
|  | Net Cash Used in Financing Activities |  | (93,184) |
|  |  |  | . |
|  | Net Increase (Decrease) in Cash |  | (51,148) |
|  | Beginning of Period Cash |  | 77,048 |
|  | End of Period Cash | $ | 25,900 |

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 20XX**

**NOTE 1 – ORGANIZATION:**

Nature of Operations: ABC Apartments, LLC (the organization), is wholly owned by the ABC Housing Fund, Inc., and operates housing developments for low and very low income individuals. The project consists of two locations: ABC Village Square Apts, which consists of 48 family units in Kaysville, Utah. The second location is 36 family units located in Layton, Utah.

Pursuant to Section 8 of Title II of the United States Housing Act of 1937, as amended, rents are subsidized by governmental payments through a housing assistance contract between the United States Department of Housing and Urban Development (HUD) and the organization. Terms of this contract are summarized below. Payments received under this contract are a significant portion of the organization`s rental revenue. Housing assistance payments received totaled $446,708 for the year ended December 31, 20XX.

Contract number: XX99A000014

Expiration date: April 30, 20XX

Contract number: XX99A000015

Expiration date: April 30, 2016

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES:**

**Cash and Cash Equivalents:** The organization considers depository accounts and investments with a maturity at the date of acquisition and expected usage of three months or less to be cash and cash equivalents.

**Accounts Receivable**: Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of December 31, 20XX and 2014. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

**Impairment of Long-Lived Assets**: The organization reviews longlived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**Property and Equipment**: Property and equipment are being depreciated using straightline and accelerated methods over the following estimated useful lives:

Years Land improvements 15

Buildings and improvements 27.5- 40

Furnishings and equipment 10

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

Property and equipment are stated at cost. Major expenditures for property and equipment are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

**Deferred Costs:** Deferred costs consist of financing costs of $104,858 which have been capitalized and amortized over the related debt term at December 31, 20XX. Accumulated amortization of these costs is $17,185 at December 31, 20XX. These amounts are included as reductions of the Project’s mortgage balance.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Classification of Net Assets:** Net assets of the Project are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprissed of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limtiations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Project. Cetain restrictions may be need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise unless specifically required to be included in donor-restricted net assets by the donot or by applicable state law.

The Project does not interpret the guidance in the standard to include amounts restricted by HUD as donor-restricted. The project believes that these amounts do not meet the spirit of the standard for such a classification or is their any industry standard indicating that others will treat these assets as donor-restricted.

All net assets of the Project at December 31, 2018 were considered to be net assets without donor restrictions.

**Income Taxes**: The organization is a disregarded entity whose sole member is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

**Functional Allocation of Expenses -** Expenditures incurred in connection with Project operations have been summarized as follows:

Program Services $ XXXX

**Financial Statement Presentation -** The Project is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

**Subsequent Events**: The organization has evaluated subsequent events through January 31, 20XX, the date that the financial statements were available to be issued for events requiring recording or disclosure in the organization`s financial statements.

**NOTE 3 – ADOPTION OF ACCOUNTING PRONOUNCEMENT**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Project, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Project's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Project adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

**NOTE 4 – TENANT SECURITY DEPOSITS**

The tenant security deposits are maintained in an interest-bearing savings account separate from the operating account of the project. Withdrawals are restricted to reimbursements of tenants' security deposits

**NOTE 5 – LIQUIDITY**

At December 31, 20XX, the Project has $28,816 cash and equivalents available to meet needs for general expenditures consisting of cash of $25,900 and $2,916 of accounts receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly all such funds are available to meet the cash needs of the project in the next 12 months. In addition, the Project may maintain funds in a reserve for replacement or residual receipts. These funds are used for the benefit of the tenants and/or Project and are required by HUD. The funds may be withdrawn only with the approval of HUD. Such funds are not considerd by the Project to have donor-restrictions.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

The Project manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Project are expected to be met on a monthly basis from the rents of project units. In general, the Project maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

**NOTE 6 – FUNCTIONAL EXPENSES**

The Project provides low-income housing to its tenants. The cost of providing program services and supporting activities has been summarized on a functional basis in the table below. Expsnes directly attributable to a specific functional activity of the are reported as expenses of those functional activities. There are no functional expenses that require allocation between activities.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Program Services | | Supporting Activities |  |
| FASSUB Line Items | Rental Operations | Service Coordinator | Management and General | Total Expenses |
| Payroll and benefits | $131,262 |  |  | $131,262 |
| Administrative | 22,161 |  | 6,225 | 28,386 |
| Management fee |  |  | 47,980 | 47,980 |
| Utilities | 70,556 |  |  | 70,556 |
| Repairs and maintenance | 66,854 |  |  | 66,854 |
| Taxes and insurance | 32,533 |  |  | 32,533 |
| Interest | 76,350 |  |  | 76,350 |
| Other | 8337 |  |  | 8,337 |
| Depreciation and amortization | 83,214 |  |  | 83,214 |
| Entity expenses |  |  | 15,000 | 15,000 |
| Totals | 491,267 |  | $69,205 | $560,472 |

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

**NOTE 6 – PROPERTY AND EQUIPMENT:**

The change in the major categories of property and equipment for the year ended December 31, 20XX is summarized as follows:

Cost

Balance Balance

Assets 1/1/20XX Additions Reductions 12/31/20XX

1410 Land 131,472 $ - $ - $131,472

1410 Land Improvements 168.770 - - 168,770

1420 Buildings and Improvements 1,746,320 91,981 - 1,828,301

1460 Furnishing and Equipment 395,933 15,951 411,884

Totals $2,442,495 $97,932 $ $2,540,427

Accumulated Depreciation Depreciation

Balance Balance

Assets 1/1/20XX Additions Reductions 12/31/20XX

1410 Land Improvements $65,544 $ 11,251 $ - $76,795

1410 Buildings and Improvements 416,542 53,294 - 469,836

1420 Furnishings and Equipment 258,687 18,669 - 277,356

Totals $740,773 $83,214 $ $823,987

Net Property and Equipment $1,701,722 $1,716,440

**NOTE 7 – LONG-TERM DEBT**

Mortgage debt consists of the following at December 31: 20XX:

Mortgage note payable to Mortgage Company with monthly

payments of $9,529, including interest at 3.95%, due 2041,

secured by the organization`s rental property. The mortgage is

insured by HUD under Section 223(f) of the National Housing

Act. Mortgage insurance expense is incurred at a rate of 1% of

the outstanding mortgage balance for the first year and a rate of

.5% thereafter. $1,825,311

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

**NOTE 7– LONG-TERM DEBT (continued)**

Noninterest bearing note payable to NAME Bank in conjunction

with the Federal Home Loan Bank Affordable Housing Program.

The loan will be forgiven on December 31, 2021 as long at the

project complies with terms of the Affordable Housing Program

Subsidy Agreement during the 15 year compliance period. The

loan does not place a lien on the project`s assets. 414,580

Totals 2,239,891

Less: Deferred debt

Issuance Costs (87,673)

2,152,218

Less: Current portion (43,018)

LongTerm Portion $ 2,109,200

Principal requirements on long‑term debt for years ending after December 31, 20XX are as follows:

|  |  |
| --- | --- |
| 2017 | $ 44,748 |
| 2018 | 46,578 |
| 2019 | 48,421 |
| 2020 | 50,368 |
| 2021 | 52,235 |
| 2022 and thereafter | 1,866,850 |
| Total | $ 2,109,200 |

In connection with the mortgage, the organization entered into agreements with HUD which contain, among other things, restrictions on transferring any of the organization`s property,

**NOTE 8– EXPIRATION OF HAP CONTRACT**

The organization's contracts with the HUD, as described in Note 1, will expire within the next year. The organization's management expects that HUD will renew the contracts but as of the audit report date fully executed contracts have not been received by the organization. Failure by HUD to execute the contract could adversely affect the operations of the organization.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**DECEMBER 31, 20XX**

**NOTE 9 – CASH FLOW RESTRICTION:**

Pursuant to the regulatory agreement, the amount of cash flow which may be transferred to its sponsoring entity is limited to surplus cash semi‑annually

**NOTE 9 – MANAGEMENT FEES:**

Property management fees incurred pursuant to a management agreement based on 7.50% of gross receipts totaled $47,980 for the year ended December 31, 20XX. The agreement is renewed annually and can be terminated by either party with a thirty‑day notice.

Asset management fees are payable annually to the ABC Apartment Housing Fund, Inc, the organization's sponsoring entity, out of available surplus cash. The fees under this agreement totaled $15,000 for the year ended December 31, 20XX.

**NOTE 10 RELATED PARTY TRANSACTIONS**:

NAME Group, Inc. manages the organization's rental property. Property management fees were incurred as discussed in Note 9. Certain officers of the NAME Group, Inc. participate in the management of the organization and the organization's sponsoring entity.

Asset management fees are payable annually to ABC Housing Fund, Inc., the sponsoring entity of the project, as discussed in Note 9. Accrued asset management fees to this affiliate were $15,000 were at December 31, 20XX.

SUPPLEMENTARY DATA  
REQUIRED BY HUD

BALANCE SHEET DATA

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS** |  |  | . |
|  |  |  | . |
| **Current Assets** | |  | . |
| 1120 | Cash - Operations | $ | 25,900 |
| 1130 | Tenant/Member Accounts Receivable (Coops) |  | 2,916 |
| 1130N | Net Tenant Accounts Receivable |  | 2,916 |
| 1135 | Accounts Receivable - HUD |  | 7,168 |
| 1200 | Miscellaneous Prepaid Expenses |  | 2,063 |
| 1100T | Total Current Assets |  | 38,047 |
|  |  |  | . |
| 1191 | Tenant/Patient Deposits Held in Trust |  | 18,915 |
|  |  |  | . |
| **Restricted Deposits** | |  | . |
| 1310 | Escrow Deposits |  | 24,811 |
| 1320 | Replacement Reserve |  | 119,240 |
| 1300T | Total Deposits |  | 144,051 |
|  |  |  | . |
| **Property and Equipment** | |  | . |
| 1410 | Land |  | 300,242 |
| 1420 | Buildings |  | 1,828,301 |
| 1460 | Furnishings |  | 411,884 |
| 1400T | Total Fixed Assets |  | 2,540,427 |
| 1495 | Accumulated Depreciation |  | 823,987 |
| 1400N | Net Fixed Assets |  | 1,716,440 |
|  |  |  | . |
|  |  |  | . |
| 1000T | **Total Assets** | $ | 1,917,453 |
|  |  |  | . |

BALANCE SHEET DATA - CONTINUED

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **LIABILITIES AND NET ASSETS** | |  | . |
|  |  |  | . |
| **Current Liabilities** | |  | . |
| 2110 | Accounts Payable - Operations | $ | 3,886 |
| 2113 | Accounts Payable - Entity |  | 15,000 |
| 2131 | Accrued Interest Payable - First Mortgage (or Bonds) |  | 6,008 |
| 2150 | Accrued Property Taxes |  | 14,655 |
| 2170 | Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term) |  | 43,018 |
| 2122T | Total Current Liabilities |  | 82,567 |
|  |  |  | . |
| 2191 | Tenant/Patient Deposits Held In Trust (Contra) |  | 18,103 |
|  |  |  | . |
| **Long-Term Liabilities** | |  | . |
| 2310 | Notes Payable (Long-Term) |  | 414,580 |
| 2320 | Mortgage (or Bonds) Payable - First Mortgage (or Bonds) |  | 1,694,620 |
| 2300T | Total Long Term Liabilities |  | 2,109,200 |
|  |  |  | . |
| 2000T | Total Liabilities |  | 2,209,870 |
|  |  |  | . |
| **Net Assets** |  |  | . |
| 3131 | Net Assets Without Donor Restrictions |  | (292,417) |
| 3130 | Total Net Assets |  | (292,417) |
|  |  |  |  |
| 2033T | Total Liabilities and Net Assets | $ | 1,917,453 |
|  |  |  | . |

STATEMENT OF ACTIVITIES DATA

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **REVENUE** | |  | . |
| 5120 | Rent Revenue - Gross Potential | $ | 213,676 |
| 5121 | Tenant Assistance Payments |  | 446,708 |
| 5193 | Special Claims Revenue |  | 7,615 |
| 5100T | Total Rent Revenue |  | 667,999 |
|  |  |  | . |
| **Vacancies** | |  | . |
| 5220 | Apartments |  | 27,048 |
| 5200T | Total Vacancies |  | 27,048 |
| 5152N | Net Rental Revenue (Rent Revenue Less Vacancies) |  | 640,951 |
|  |  |  | . |
| **Financial Revenue** | |  | . |
| 5410 | Financial Revenue - Project Operations |  | 35 |
| 5440 | Revenue from Investments - Replacement Reserve |  | 78 |
| 5400T | Total Financial Revenue |  | 113 |
|  |  |  | . |
| **Other Revenue** | |  | . |
| 5910 | Laundry and Vending Revenue |  | 4,434 |
| 5920 | Tenant Charges |  | 609 |
| 5990 | Miscellaneous Revenue |  | 5 |
| 5900T | Total Other Revenue |  | 5,048 |
|  |  |  | . |
| 5000T | Total Revenue |  | 646,112 |
|  |  |  | . |
| **EXPENSES** | |  | . |
| **Administrative Expenses** | |  | . |
| 6203 | Conventions and Meetings |  | 1,184 |
| 6210 | Advertising and Marketing |  | 587 |
| 6250 | Other Renting Expenses |  | 3,075 |
| 6311 | Office Expenses |  | 10,925 |
| 6320 | Management Fee |  | 47,980 |
| 6330 | Manager or Superintendent Salaries |  | 28,082 |
| 6340 | Legal Expense - Project |  | 238 |
| 6350 | Audit Expense |  | 6,225 |
| 6390 | Miscellaneous Administrative Expenses |  | 6,152 |
| 6263T | Total Administrative Expenses |  | 104,448 |

STATEMENT OF ACTIVITIES – CONTINUED

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **Utilities Expenses** | |  | . |
| 6450 | Electricity |  | 44,694 |
| 6451 | Water |  | 25,862 |
| 6400T | Total Utilities Expense |  | 70,556 |
|  |  |  | . |
| **Operating & Maintenance Expenses** | |  | . |
| 6510 | Payroll |  | 103,180 |
| 6515 | Supplies |  | 18,787 |
| 6520 | Contracts |  | 24,076 |
| 6525 | Garbage and Trash Removal |  | 8,548 |
| 6546 | Heating/Cooling Repairs and Maintenance |  | 1,155 |
| 6548 | Snow Removal |  | 8,148 |
| 6590 | Miscellaneous Operating and Maintenance Expenses |  | 6,140 |
| 6500T | Total Operating and Maintenance Expenses |  | 170,034 |
|  |  |  | . |
| **Taxes & Insurance** | |  | . |
| 6710 | Real Estate Taxes |  | 14,655 |
| 6720 | Property & Liability Insurance (Hazard) |  | 17,660 |
| 6721 | Fidelity Bond Insurance |  | 218 |
| 6700T | Total Taxes and Insurance |  | 32,533 |
|  |  |  | . |
| **Financial Expenses** | |  | . |
| 6820 | Interest on Mortgage (or Bonds) Payable |  | 76,350 |
| 6850 | Mortgage Insurance Premium/ Service Charge |  | 8,337 |
| 6800T | Total Financial Expenses |  | 84,687 |
|  |  |  | . |

STATEMENT OF ACTIVITES – CONTINUED

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating Results** | |  | . |
| 6000T | Total Cost of Operations before Depreciation |  | 462,258 |
| 5060T | Profit (Loss) before Depreciation |  | 183,854 |
| 6600 | Accumulated Depreciation Expenses |  | 83,214 |
| 5060N | Operating Profit or (Loss) |  | 100,640 |
|  |  |  | . |
| **Corporate or Mortgagor Revenue/Expenses** | |  |  |
| 7190 | Other Expenses |  | 15,000 |
| 7100T | Net Entity Expenses |  | 15,000 |
|  |  |  | . |
|  |  |  | . |
| **Change in Net Assets From Operations** | |  | . |
| 3247 | Change in Unrestricted Net Assets from Operations |  | 85,640 |
| 3250 | Change in Total Net Assets from Operations | $ | 85,640 |
|  |  |  | . |
| Part II |  |  | . |
| S1000-010 | Total mortgage (or bond) principal payments required during the audit year [12 monthly payments]. This applies to all direct loans and HUD-held and fully insured mortgages. | $ | 41,355 |
| S1000-020 | Total of 12 monthly deposits in the audit year into the Replacement Reserve account, as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced. |  | 26,600 |

NET ASSETS DATA

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | . |
| S1100-060 | Previous Year Unrestricted Net Assets | $ | (393,057) |
| 3247 | Change in Unrestricted Net Assets from Operations |  | 85,640 |
| S1100-065 | Other Changes in Unrestricted Net Assets |  | 15,000 |
| 3131 | Unrestricted Net Assets |  | (292,417) |
| S1100-050 | Previous Year Total Net Assets |  | (393,057) |
| 3250 | Change in Total Net Assets from Operations |  | 85,640 |
| S1100-055 | Other Changes in Total Net Assets |  | 15,000 |
| 3130 | Total Net Assets | $ | (292,417) |

CASH FLOWS DATA

**FOR THE YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash Flows from Operating Activities** | |  | . |
| S1200-010 | Rental Receipts | $ | 635,504 |
| S1200-020 | Interest Receipts |  | 113 |
| S1200-030 | Other Operating Receipts |  | 5,048 |
| S1200-040 | Total Receipts |  | 640,665 |
|  |  |  | . |
| S1200-050 | Administrative |  | (28,386) |
| S1200-070 | Management Fee |  | (47,980) |
| S1200-090 | Utilities |  | (70,556) |
| S1200-100 | Salaries and Wages |  | (131,262) |
| S1200-110 | Operating and Maintenance |  | (71,049) |
| S1200-120 | Real Estate Taxes |  | (14,658) |
| S1200-140 | Property Insurance |  | (17,878) |
| S1200-160 | Tenant Security Deposits |  | (485) |
| S1200-180 | Interest on Mortgages |  | (72,990) |
| S1200-210 | Mortgage Insurance Premium (MIP) |  | (8,252) |
| S1200-225 | Entity/Construction Disbursements |  | (15,047) |
| S1200-230 | Total Disbursements |  | (478,543) |
|  |  |  | . |
| S1200-240 | Net Cash Provided by (Used in) Operating |  | 162,122 |
|  |  |  | . |
| **Cash Flows from Investing Activities** | |  | . |
| S1200-245 | Net Deposits to the Mortgage Escrow account |  | 4,524 |
| S1200-250 | Net Deposits to the Reserve for Replacement account |  | (26,678) |
| S1200-330 | Net Purchase of Fixed Assets |  | (97,932) |
| S1200-350 | Net Cash Used in Investing Activities |  | (120,086) |
|  |  |  | . |
| **Cash Flows from Financing Activities** | |  | . |
| S1200-360 | Principal Payments - First Mortgage (or Bonds) |  | (41,355) |
| S1200-450 | Other Financing Activities |  | (51,829) |
| S1200-460 | Net Cash Used in Financing Activities |  | (93,184) |
|  |  |  | . |
| S1200-470 | Net Increase (Decrease) in Cash |  | (51,148) |
| S1200-480 | Beginning of Period Cash |  | 77,048 |
| S1200T | End of Period Cash |  | 25,900 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Reconciliation of Change in Net Assets to Net Cash Provided** | |  | . |
| **by Operating Activities** | |  | . |
| 3250 | Change in Total Net Assets from Operations | $ | 85,640 |
|  |  |  |  |

SCHEDULE OF RESERVE FOR REPLACEMENTS

**YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| 1320P | Balance at Beginning of Year | $ | 92,562 |
| 1320DT | Total Monthly Deposits |  | 26,600 |
| 1320INT | Interest on Replacement Reserve Accounts |  | 78 |
| 1320 | Balance at End of Year, Confirmed by Mortgagee | $ | 119,240 |
| 1320R | Deposits Suspended or Waived Indicator |  | NO |
|  |  |  | . |
|  |  |  | . |

COMPUTATION OF SURPLUS CASH

**YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| S1300-010 | Cash | $ | 44,815 |
| 1135 | Tenant subsidy due for period covered by financial statement |  | 7,168 |
| S1300-040 | Total Cash |  | 51,983 |
|  |  |  | . |
| Current Obligations | |  | . |
| S1300-050 | Accrued Mortgage (or Bond) Interest Payable |  | 6,008 |
| S1300-075 | Accounts Payable - 3 days |  | 3,886 |
| 2191 | Tenant Security Deposits Liability |  | 18,103 |
| S1300-110 | Other Current Obligations |  | 15,000 |
| S1300-140 | Total Current Obligations |  | 42,997 |
| S1300-150 | Surplus Cash (Deficiency) | $ | 8,986 |
| S1300-210 | Deposit Due Residual Receipts |  | 0 |

SCHEDULE OF FIXED ASSETS

**DECEMBER 31, 20XX**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Beginning** |  |  | **Ending** |
|  |  | **Balance** | **Additions** | **Deletions** | **Balance** |
|  |  |  |  |  |  |
| 1410 Land | $ | 300,242 |  |  | 300,242 |
| 1420 Buildings |  | 1,746,320 | 81,981 |  | 1,828,301 |
| 1440 Building Equipment (Portable) |  |  |  |  |  |
| 1450 Furniture for Project/Tenant Use |  |  |  |  |  |
| 1460 Furnishings |  | 395,933 | 15,951 |  | 411,884 |
| 1465 Office Furniture and Equipment |  |  |  |  |  |
| 1470 Maintenance Equipment |  |  |  |  |  |
| 1480 Motor Vehicles |  |  |  |  |  |
| 1490 Miscellaneous Fixed Assets |  |  |  |  |  |
| Total | $ | 2,442,495 | 97,932 |  | 2,540,427 |
| Depreciation | $ | 740,773 | 83,214 |  | 823,987 |
| Net Book Value |  |  |  |  | $ 1,716,440 |

MISCELLANEOUS DETAILS

**DECEMBER 31, 20XX**

|  |  |  |  |
| --- | --- | --- | --- |
| S1100 -055 | Other Changes in Total Net Assets |  | . |
| 1. | Asset Management Fee |  | 15,000 |
|  | Total | $ | 15,000 |
|  |  |  | . |
| #6390 | Misc. Administrative Expenses |  | . |
| 1. | Resident Activities |  | 3,933 |
| 2. | Security Deposit Interest |  | 183 |
| 3. | Miscellaneous |  | 2,036 |
|  | Total | $ | 6,152 |
|  |  |  | . |
| #6590 | Misc. Operating & Maint. |  | . |
| 1. | Travel and lodging |  | 6,140 |
|  | Total | $ | 6,140 |
|  |  |  | . |
| S1200 -450 | Other Financing Activities |  | . |
| 1. | Distributions |  | (51,829) |
|  | Total | $ | (51,829) |
|  |  |  | . |
| S1300 -110 | Other Obligations |  | . |
| 1. | Asset Management Fee |  | 15,000 |
|  | Total | $ | 15,000 |
|  |  |  | . |
| #1420 | Add. to Buildings |  | . |
| 1. | Roof |  | 76,140 |
| 2. | Fire Alarms |  | 1,901 |
| 3. | Unit Doors |  | 2,880 |
| 4. | Cabinets/Counter Tops |  | 1,060 |
|  | Total | $ | 81,981 |
|  |  |  | . |
| #1460 | Add. to Furnishings |  | . |
| 1. | Carpet/Vinyl - Units |  | 15,951 |
|  | Total | $ | 15,951 |
|  |  |  | . |

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors

[ENTITY NAME]

[ENTITY CITY], [STATE]

We have audited, 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, the financial statements of [ENTITY NAME], which comprise the financial position as of [Year End], and the related statement 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 (Date of report on the financial statements).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered [ENTITY NAME]'s internal control over financial reporting (internal control) to determine the 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 [ENTITY NAME]'s internal control. Accordingly, we do not express an opinion on the effectiveness of [ENTITY NAME]'s 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of [ENTITY NAME]'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 [ENTITY NAME]'s 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 determination of financial statement amounts. 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 [ENTITY NAME]'s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering [ENTITY NAME]'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

[FIRM NAME]

[FIRM CITY], [STATE]

(Date of report on the financial statements)

# INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors

[ENTITY NAME]

[ENTITY CITY]**,** [STATE]

**Report on Compliance for Each Major Federal Program**

We have audited [ENTITY NAME]'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of [ENTITY NAME]'s major federal programs for the year ended [Year End]. [ENTITY NAME]'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of [ENTITY NAME]'s major federal programs 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 (Uniform Guidance). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about [ENTITY NAME]'s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of [ENTITY NAME]'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, [ENTITY NAME] 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 for the year ended [Year End].

***[Other Matters (Include only if other non-material findings are present)*]**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items (List finding reference numbers, for example 20XX-X and 20XX-X). Our opinion on each major federal program is not modified with respect to these matters.

[ENTITY NAME]'s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. [ENTITY NAME]'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.]

***Report on Internal Control Over Compliance***

Management of [ENTITY NAME] 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 [ENTITY NAME]'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 [ENTITY NAME]'s 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 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 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 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. Accordingly, this report is not suitable for any other purpose.

[FIRM NAME]

[FIRM CITY]**,** [STATE]

(Date of report on the financial statements)

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**YEAR ENDED DECEMBER 31, 20XX**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Federal Grantor/Pass-through**  **Grantor/Program Title** |  | **Federal CFDA Number** |  | **Federal Expenditures** |
| U.S. Department of Housing and Urban Development |  |  |  |  |
| Section 202 Direct Loan |  | 14.157 | $ | 1,866,666 |
|  |  |  |  |  |
| Section 8 Cluster  Housing Assistance Payments |  | 14.195 |  | 446,708 |
| Special Claims – vacancy billings  Total Section 8 Cluster |  | 14.195 |  | 7,615  454,323 |
| Total |  |  | $ | 2,320,989 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

NOTE A – Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the `Schedule`) includes the federal grant activity of the organization under programs of the federal government as of and for the year ended December 31, 20XX. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the organization.

NOTE B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Passthrough entity identifying numbers are presented where applicable. The organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – Federally Funded and Insured Mortgages

The mortgage balance at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the outstanding federally insured mortgage at December 31, 20XX is $1,825,311.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**YEAR ENDED DECEMBER 31, 20XX**

1. **SUMMARY OF AUDIT RESULTS**
   1. The auditors’ report expresses an unqualified opinion on the financial statements of ABC Apartments
   2. No material weaknesses were identified during the audit of the financial statements.
   3. No instances of noncompliance material to the financial statements of ABC Apartments were disclosed during the audit.
   4. No material weaknesses in internal control over major programs were identified during the audit.
   5. The auditors’ report on compliance for the major federal award programs for ABC Apartments expresses an unqualified opinion.
   6. There are no audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a).
   7. The program tested as a major program was:  
      * U.S. Department of Housing and Urban Development—Section 202 Direct Loan, CFDA 14.157
   8. The threshold for distinguishing Types A and B programs was $750,000.
   9. ABC Apartments was determined to be a low risk auditee.
2. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:**NONE
3. **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS**  
   NONE

MORTGAGOR’S CERTIFICATION

**DECEMBER 31, 20XX**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Entity Name, HUD Project No. 123-98765 and, to the best of our knowledge and belief; the same are accurate and complete.

Signed:

Title:

Date:

Signed:

Title:

Date:

Auditee Information:

[Audit Report Date]

ABC Apartments

123 Maple Drive

Anywhere, USA

888-555-1212

MANAGEMENT AGENT’S CERTIFICATION

**DECEMBER 31, 20XX**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Entity Name, HUD Project No. 123-98765 and, to the best of our knowledge and belief; the same are accurate and complete.

Management Company:

Signed:

Title:

Date:

Tax Identification Number:

Property Manager: