



**Silver Key Capital Management Committee
Senior Heritage Plaza Board**

AGENDA

Friday, June 2, 2023

David Lord Conference Room ~ Silver Key Campus

	Topic	Owner	Action
I.	Call to Order – Senior Heritage Plaza A. Establish Quorum	David Lord, Vice-Chair	
II.	Changes to the Agenda	David Lord, Vice-Chair	
III.	Consent items	David Lord, Vice-Chair	
	Agenda		
	Previous Meeting Minutes: 12/2/22		
IV.	Senior Heritage Plaza Board	Paul Spencer	Present on the P&L and Balance Sheet for Senior Heritage Plaza including any operational updates and needs. Final audit results.
V.	Senior Heritage Plaza Other business	David Lord, Vice-Chair	
VI.	Adjourn Senior Heritage Plaza Board	David Lord, Vice-Chair	
VI.	Consent items	David Lord, Vice-Chair	
	Agenda		
	Previous Meeting Minutes: 12/2/2022 and 1/3/2023		
VII.	Capital budget	Val Anders, CFO	
VIII.	MMOF Update/Other Vehicle Funding	Val Anders, CFO	Updates
IX.	PPACG AAA ARPA	Val Anders, CFO	IT Grant
X.	Leased Space	Val Anders, CFO	NAMI and IIA Updates
XI.	Catalytic Converters	Val Anders, CFO	
XII.	Other IT, Fleet, 1625 Building Updates		
XIII.	Apartment Updates (1575 S. Murray)	Jason DeaBueno, CEO	Schedule for closing



**Silver Key Capital Management Committee
Senior Heritage Plaza Board**

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Senior Heritage Plaza Board

Meeting Minutes

Friday, December 2, 2022 @ 10:00 am

David Lord Conference Room ~ Silver Key Campus

	Topic	Owner	Action
I.	Call to Order – Senior Heritage Plaza A. Establish Quorum	Jason DeaBueno, Chair on behalf of Howard	Present: Dave Bunkers, Carla Hartsel, Val Anders, Jason DeaBueno, Paul Spencer Absent: David Lord and Howard Black
II.	Changes to the Agenda	Jason DeaBueno, Chair on behalf of Howard	
III.	Consent items:	Jason DeaBueno, Chair on behalf of Howard	Vote: Jason motioned, Val seconded, all approved
	Agenda		
	Previous Meeting Minutes	December 7, 2021	There was a meeting previously where they had reviewed the audited financials previously and is noted in these minutes
IV.	Capital Committee/Senior Heritage Plaza Charter	Jason, President	Recommended approval of charter. Ratified by operations board (January 17, 2023). Vote: Jason motioned, Carla seconded, all approved.
V.	Current Senior Heritage Plaza Board and Staff Roles	Jason DeaBueno, Chair on behalf of Howard	<ol style="list-style-type: none"> 1. Voting board membership. <ol style="list-style-type: none"> a. Howard Black, chair b. David Lord, vice chair c. Val Anders, treasurer d. Carla Hartsel, secretary e. Jason DeaBueno, President 2. Non-voting attendees <ol style="list-style-type: none"> a. Paul b. Joanne Dreher <p>Vote: Jason motioned, Carla seconded, all in favor</p>
VI.	Senior Heritage Plaza Board	Paul Spencer, CSHA	Paul presented on the P&L and balance sheet for Senior Heritage Plaza including any operational updates and needs. Paul reported ending the year with 98% occupancy. There is a wait list of 57 people. With openings only at approximately 4 units average per year, it's been determined to not open the wait list. Paul clarified that each program within Colorado



			<p>Housing, has a separate waiting list. Paul shared highlights from the financials: Capital improvements, intercom system \$3000, update to the elevator \$6000. Future updates are the lighting and laundry area. Carla questioned if there is a concern with the capital improvements and section 8. Paul shared that the building is in very good condition with the ongoing capital improvements. He does not see any major capital improvements needed for the future. Jason shared with the convenience of cost is insulated with the new building. Jason brought forward potential for land that ARBA funds in the same area of the Senior Heritage Plaza. Overall, Paul shared that there are no red flags in the financials.</p> <p>Vote: Jason motioned to accept financials as is, Val seconded and all in favor.</p>
VII.	Senior Heritage Plaza Board Officer Assignments	Jason DeaBueno, Chair on behalf of Howard	<p>Vote to reconfirm the Senior Heritage Plaza board officers for 2023.</p> <p>Vote: Jason motioned, Carla seconded, all in favor.</p>
VIII.	Senior Heritage Plaza Other business	Jason DeaBueno, Chair on behalf of Howard	<p>Jason recommended potentially having Dave Bunkers and Steve Hunsinger serve on the Senior Heritage Plaza board since they will be present during this meeting. Jason will follow up with them later.</p>
IX.	Adjourn Senior Heritage Plaza Board at 10:20 AM	Jason DeaBueno, Chair on behalf of Howard	<p>Meeting adjourned at 10:20 am.</p>

Carla L. Hartsell 8.4.23

Board Signature & Date

CARLA L. HARTSELL, SEC'y

Print Board Name and Title

**SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2022

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Senior Heritage Plaza, Inc.
Colorado Springs, Colorado

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Senior Heritage Plaza, Inc., (the "Corporation"), HUD Project No. 101-EH105, which comprise the balance sheet as of, and the related statement of operations, partners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Senior Heritage Plaza, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Senior Heritage Plaza, Inc. 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Heritage Plaza, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Senior Heritage Plaza, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Heritage Plaza, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The computation of surplus cash, supplementary information required by HUD, and schedule of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the computation of surplus cash, supplementary information required by HUD, and schedule of federal awards 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 a report dated May 23, 2023, on our consideration of Senior Heritage Plaza, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Senior Heritage Plaza, Inc.'s internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 23, 2023

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado

FINANCIAL STATEMENTS

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash in bank	\$ 73,245
Accounts receivable	5
Prepaid expenses	6,183
TOTAL CURRENT ASSETS	79,433

RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for replacements	192,180
Residual receipts	389,922
Mortgage escrow	23,604
Tenants' security deposits	9,165
TOTAL RESTRICTED DEPOSITS AND FUNDED RESERVES	614,871

FIXED ASSETS

Land and buildings	1,831,413
Equipment	303,185
Less: accumulated depreciation	(1,465,248)
NET FIXED ASSETS	669,350

TOTAL ASSETS

\$ 1,363,654

LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 194
Accrued salaries and wages	543
Accrued interest payable	3,954
Accrued management fee payable	2,297
Accrued expenses - other	2,357
Tenants' security deposits	9,165
Prepaid revenue	155
Mortgage payable - current portion	35,067
Other liabilities	1,117
TOTAL CURRENT LIABILITIES	54,849

LONG-TERM LIABILITIES

Mortgage payable, less unamortized financing fees of \$68,057	1,252,523
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TOTAL LIABILITIES

1,307,372

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets	56,282
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TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS

\$ 1,363,654

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

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

REVENUE		
Rent		\$ 117,357
Financial		881
Other		2,622
HUD grant		<u>262,171</u>
TOTAL REVENUE		<u>383,031</u>
EXPENSES		
Program services		183,559
Management and general		<u>92,204</u>
TOTAL COST OF OPERATIONS BEFORE DEPRECIATION		275,763
Depreciation		<u>74,024</u>
TOTAL EXPENSES		<u>349,787</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		33,244
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR		<u>23,038</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR		<u>\$ 56,282</u>

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

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Office salaries	\$ 11,503	\$ -	\$ 11,503
Office expenses	4,120	-	4,120
Management fee	-	26,751	26,751
Audit expense	-	14,700	14,700
Utilities	46,842	-	46,842
Supplies	127	-	127
Contracts	31,612	-	31,612
Maintenance payroll	37,340	-	37,340
Maintenance repairs and expenses	9,493	-	9,493
Property & liability insurance	42,522	-	42,522
Interest expense	-	<u>50,753</u>	<u>50,753</u>
EXPENSES BEFORE DEPRECIATION	<u>183,559</u>	<u>92,204</u>	<u>275,763</u>
Depreciation expense	<u>74,024</u>	<u>-</u>	<u>74,024</u>
TOTAL EXPENSES	<u>\$ 257,583</u>	<u>\$ 92,204</u>	<u>\$ 349,787</u>

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

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 378,464
Interest receipts	881
Other operating receipts	2,954
Tenants' security deposits	191
TOTAL RECEIPTS FROM OPERATING ACTIVITIES	<u>382,490</u>
Administrative expenses	(16,687)
Management fees	(28,862)
Utility expenses	(46,983)
Contracted salaries and wages	(39,187)
Operating and maintenance expenses	(40,480)
Taxes and insurance	(53,763)
Interest	(48,093)
TOTAL DISBURSEMENTS FROM OPERATING ACTIVITIES	<u>(274,055)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	108,435
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments	(33,863)
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of capital assets	<u>(20,205)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	54,367
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>633,749</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 688,116</u>
<u>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET</u>	
Cash in bank	\$ 73,245
Restricted cash - deposits and funded reserves	<u>614,871</u>
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS	<u>\$ 688,116</u>

(Continued on page 9)

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

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2022

RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$	33,244
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense		74,024
Amortization of financing fees		2,759
Changes in assets and liabilities		
Decrease (increase) in assets		
Accounts receivable - tenants		327
Prepaid expenses		(1,009)
(Decrease) increase in liabilities		
Accounts payable		(37)
Accrued salaries and wages		(576)
Accrued management fee payable		186
Accrued expenses - other		484
Accrued interest payable		(99)
Prepaid revenue		(1,059)
Tenants' security deposits		191
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>108,435</u>

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

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization: Senior Heritage Plaza, Inc. (the "Corporation") was organized as a non-profit 501(c)(3) corporation created for the purpose of operating and maintaining housing and related facilities for qualified elderly. The Project, which consists of 33 units, was constructed and operates under Section 223(f) of the National Housing Act. Such projects are regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods.

The Corporation entered into an annual contributions contract with HUD under Section 8 Housing Assistance Payment Contract CO99-T851-004. HUD Project No. 101-EH 105 is operated by the Housing Authority of the City of Colorado Springs, Colorado (the "Authority") under a management agreement dated February 2, 1988.

The Corporation is economically dependent upon HUD and derives a significant portion of its operating revenue from HUD rent subsidies. If the amount of revenue received from HUD falls below critical levels, the Corporation's operating reserves could be adversely affected.

Summary of Significant Accounting Policies:

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting - The Corporation utilizes the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred. The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

Basis of Presentation - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Corporation is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Corporation has no donor restricted net assets at December 31, 2022.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents - For the statement of cash flows, all deposits with initial maturities of three months or less are considered cash equivalents.

Accounts Receivable and Bad Debts - Tenant receivables had a \$5 balance as of December 31, 2022. As of December 31, 2022, the allowance for doubtful account balance was \$-0-, as the Corporation board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid Expenses - Prepaid expenses represents payments made to vendors for services that will benefit beyond December 31, 2022.

Fixed Assets - Fixed assets are stated at cost. Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building	40 years
Equipment	15 years

Impairment of Long-Lived Assets - In accordance with U.S. GAAP, the Corporation reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year December 31, 2022.

Deferred Financing Costs - The Corporation amortizes these deferred financing costs on the straight-line method over the life of the related mortgage of 35 years. Amortization expense for the year ended December 31, 2022 was \$2,759.

Nonprofit Status - The Corporation is a non-profit corporation which is subsidized by the Federal Government. The Corporation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Under U.S. GAAP, the Corporation follows the standard relating to *Accounting for Uncertainty in Income Taxes*. As of December 31, 2022, the unrecognized tax benefit accrual was zero. The Corporation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Leasing Activities (as Lessor) - The Corporation is the lessor of dwelling units primarily to low-income senior residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Corporation may cancel the lease only for cause.

Revenue associated with these leases is recorded in the financial statements and schedules as "Rental Income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability. Rental income is recorded as rents become due.

Functional Allocation of Expenses - The costs of providing the programs and supporting service activities have been directly charged. Management and general costs primarily consist of management fees, interest expense, audit expense, and miscellaneous administrative expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The Corporation has evaluated subsequent events through May 23, 2023, the date which the financial statements were available to be issued.

NOTE 2 - HUD Regulations and Restrictions

Some of the regulations and restrictions that HUD imposes on the Corporation include the following:

Escrow Deposits - The Corporation is required to make deposits into an escrow account for the payment of taxes and insurance on its HUD-mortgaged property.

Replacement Reserve - The Corporation is required to set aside amounts for the replacement of property and other Corporation expenditures approved by HUD. These deposits are held in a separate account and generally are not available for operating purposes.

Residual Receipts Reserve - The Corporation is required to deposit any surplus cash at the end of each year into a residual receipts account. Funds can only be withdrawn from this account with prior written approval from HUD. Funds are subject to HUD Administrative changes and use of residual receipts may be required to fund the Corporation's operations in absence of subsidy payments.

Completion Repair Reserve - The Corporation is required to complete non-critical repairs under the terms of the new loan agreement. The funds for these repairs were made available through the loan proceeds and repair work is required to be completed within twelve months of receiving the funds.

Distributions - The Corporation's regulatory agreement with HUD stipulates, among other things, that the Corporation will not make distributions of assets or income to any of its officers or directors.

Rent Increases - Under the regulatory agreement, the Corporation may not increase rents charged to tenants without HUD approval.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are \$73,250 of cash and tenant accounts receivable.

The Corporation regularly monitors its liquid resources to ensure financial assets are available as its general expenditures, liabilities, and other obligations come due. In addition, they anticipate collecting sufficient revenue to cover general expenditures over the next 12 months.

NOTE 4 - Tenant Security Deposits

The tenant lease agreement requires a security deposit equal to \$50 or the total monthly tenant payment, whichever is greater; HUD regulations require that these funds be held in trust in a separate bank account.

NOTE 5 - Mortgage Payable

Long-term debt at December 31, 2022 consisted of a loan payable to Lument Capital, insured by HUD, and secured by a mortgage on a residential property located at 1410 North Hancock, Colorado Springs, Colorado. Monthly payments, including interest at 3.5 percent are \$6,830.

Repayment of principal on the mortgage payable, less unamortized debt issuance costs, as of December 31, 2022, is as follows:

	<u>PRINCIPAL</u>	UNAMORTIZED DEBT ISSUANCE <u>COSTS</u>	<u>NET</u>
2023	\$ 35,067	\$ 2,759	\$ 32,308
2024	36,314	2,759	33,555
2025	37,606	2,759	34,847
2026	38,943	2,759	36,184
2027	40,328	2,759	37,569
2028-2032	224,205	13,795	210,410
2033-2037	267,015	13,795	253,220
2038-2042	318,000	13,795	304,205
2043-2047	358,169	12,877	345,292
	<u>\$ 1,355,647</u>	<u>\$ 68,057</u>	<u>\$ 1,287,590</u>

Final payment is due September 2047.

Under the regulatory agreement, the Corporation is required to make monthly deposits into the reserve for replacement account of \$787.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Management Agreement

The Corporation has entered into a management agreement with the Authority. Significant terms of the agreement are as follows:

1. The agreement shall be terminated upon the final payment and retirement of the Project's mortgage.
2. The Authority shall lease all units to qualified low and moderate-income tenants who are eligible for benefits provided by the government's Section 8 Housing Assistance Payments Program.
3. The Authority shall do all the bookkeeping and management of the Project as required by the owner and the management plan.
4. Defined Benefit Pension Plan - The Authority administers the Corporation's Section 8 Housing Assistance Payments Program and subsequently allocates certain salaries and benefits costs of the administrative staff of the Authority to the Corporation's financial statements. As a result, the Corporation contributes to the pension plan of the Authority on behalf of those employees who administer the program.

NOTE 7 - Government Housing Assistance Payments

The Corporation is a party to a Section 8 Housing Assistance Payments Contract with HUD that provides direct rental assistance payments to the Corporation on behalf of qualified low-income tenants and contains the following significant provisions:

1. If a qualified tenant vacates the dwelling unit in violation of the lease, the government will pay 80 percent of the contract rent for a period of up to 60 days while the unit remains vacant.
2. The contract has a term of 20 years, with an option of 20 years. The contract expired October 31, 2007 and was extended through October 27, 2027.
3. The government has established a maximum annual assistance commitment. To the extent that the maximum annual assistance commitment exceeds actual rental assistance payments for any fiscal year, such excess shall be available to fund future years' rental assistance payments in excess of the maximum annual assistance commitment. Any excess remaining at the end of the contract term shall revert to the government.
4. All dwelling units of the Project are eligible to house tenants who receive the benefits of rental assistance payments.

NOTE 8 - Management Fee Calculation

The management fee calculation is as follows:

Account 5120	\$ 116,293
Account 5121	262,171
Account 5990	<u>2,622</u>
	381,086
Adjustment to Account 5990	<u>1,071</u>
	382,157
	x 7%
	<u>\$ 26,751</u>

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 9 - Current Vulnerability Due to Certain Concentrations

The Corporation's sole asset is its apartment complex. The Corporation operates in a heavily regulated environment. The Corporation's operations are subject to the administrative directives, rules and regulations of federal 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 the related cost, including the additional administrative burden, to comply with a change.

NOTE 10 - Risk Management

The Corporation is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation carries commercial insurance coverage for these risks to the extent deemed prudent by Corporation management, which includes public officials, tenant discrimination, workers' compensation, flood, property, and auto insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado

SUPPLEMENTARY INFORMATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING - FEDERAL HOUSING COMMISSIONER
OFFICE OF MULTIFAMILY HOUSING MANAGEMENT AND OCCUPANCY
**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND
RESIDUAL RECEIPTS**

Project Name	Fiscal Period Ended	Project Number		
Senior Heritage Plaza, Inc.	12/31/2022	101-EH105		
PART A - COMPUTE SURPLUS CASH				
CASH	1. Cash (<i>Accounts 1120, 1170, 1191</i>)	82,410		
	2. Tenant subsidy vouchers due for period covered by financial statement	-		
	3. Other Accounts Receivable	-		
	<i>(a) Total Cash (Add Lines 1, 2, and 3)</i>			\$ 82,410
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	3,954		
	5. Delinquent mortgage principal payments	-		
	6. Delinquent deposits to reserve for replacements	-		
	7. Accounts payable (<i>due within 30 days</i>)	2,491		
	8. Loans and notes payable... (<i>due within 30 days</i>)	-		
	9. Deficient Tax Insurance or MIP Escrow Deposits	-		
	10. Accrued expenses (<i>not escrowed</i>)	4,017		
	11. Prepaid Rents (<i>Account 2210</i>)	155		
	12. Tenant security deposits liability (<i>Account 2191</i>)	9,165		
	13. Other (<i>Due to affiliate</i>)	-		
<i>(b) Less Total Current Obligations (Add Lines 4 through 13)</i>		\$ 19,782		
<i>(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))</i>		\$ 62,628		
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS				
1. Surplus Cash			\$ 62,628	
LIMITED DIVIDEND PROJECTS	2a. Annual Distribution Earned During Fiscal Period Covered by the Statement			
	2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period			
	2c. Distributions Paid During Fiscal Period Covered by Statement			
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (<i>Line 2a plus 2b minus 2c</i>)	\$ -		
4. Amount Available for Distribution During Next Fiscal Period			\$ 62,628	
MARK TO MARKET				
5. Incentive Performance Fee Payable				
6. Percentage Surplus Cash Split				
7. Surplus Cash Available for Second Mortgage Payments		\$ -		
8. Surplus Cash Available for Distribution				\$ 62,628
9. Deposit Due Residual Receipts				\$ 62,628
PREPARED BY		REVIEWED BY		
LOAN TECHNICIAN		LOAN SERVICER		
DATE		DATE		

HUD-93486(12-80)

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
SUPPLEMENTARY INFORMATION REQUIRED BY HUD
DECEMBER 31, 2022

Delinquent Tenant Accounts Receivable:

Tenant Accounts Receivable	
1 - 30 days overdue	<u>\$ 5</u>

Tenant Security Deposits:

Tenant security deposits are held in a separate bank account in the name of the Corporation.

Reserve for Replacements:

In accordance with the provisions of the regulatory agreement, a reserve for replacements account is to be established and maintained for defraying certain costs of replacing major structural elements and mechanical equipment. Activity for the year ended December 31, 2022 is as follows:

Balance, December 31, 2021	\$ 202,242
Monthly deposits	9,714
Interest earned	219
HUD approved withdrawals	(19,995)
BALANCE, DECEMBER 31, 2022	<u>\$ 192,180</u>

Residual Receipts:

In accordance with the provisions of the regulatory agreement, surplus cash is to be deposited in the residual receipts account and may only be disbursed on the direction of HUD. Activity for the year ended December 31, 2022 is as follows:

Balance, December 31, 2021	\$ 261,090
Interest earned	434
Other receipts	128,398
BALANCE, DECEMBER 31, 2022	<u>\$ 389,922</u>

Accounts Payable (other than trade creditors):

Management fee payable to the Authority	<u>\$ 2,297</u>
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The Authority's Low-Income Public Housing Program acts as a common paymaster for all the entities associated with the Authority and periodically receives reimbursements from them. Certain other expenditures are also paid by the Authority's program and are later reimbursed.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
 SUPPLEMENTARY INFORMATION REQUIRED BY HUD - Continued
 DECEMBER 31, 2022

Changes in Fixed Assets for the Year Ended December 31, 2022:

	<u>BALANCE AT DECEMBER 31, 2021</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT DECEMBER 31, 2022</u>
<u>Fixed Assets:</u>				
Land and building	\$1,831,413	\$ -	\$ -	\$1,831,413
Equipment	<u>282,980</u>	<u>20,205</u>	-	<u>303,185</u>
Total	<u>2,114,393</u>	<u>20,205</u>	<u>-</u>	<u>2,134,598</u>
<u>Less Accumulated Depreciation:</u>				
Building	(1,299,000)	(59,055)	-	(1,358,055)
Equipment	<u>(92,223)</u>	<u>(14,970)</u>	-	<u>(107,193)</u>
Total	<u>(1,391,223)</u>	<u>(74,025)</u>	<u>-</u>	<u>(1,465,248)</u>
<u>Net Book Value:</u>				
TOTAL	<u>\$ 723,170</u>	<u>\$ (53,820)</u>	<u>\$ -</u>	<u>\$ 669,350</u>

Detail of Asset Additions:

Boiler upgrade	\$ 9,890
Sign	<u>10,315</u>
TOTAL	<u>\$ 20,205</u>

Detail of Asset Deductions: NONE

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THRU GRANT IDENTIFICATION NUMBER</u>	<u>SUBRECIPIENT PASS-THROUGH EXPENDITURES</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Section 8 Housing Assistance Payments Program Project-based Section 8	14.195	N/A	-	\$ 262,171
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects Section 207/223(f)	14.155	N/A	-	<u>1,389,510</u>
Total Expenditures of Federal Awards				<u>\$ 1,651,681</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Senior Heritage Plaza, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified 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. Senior Heritage Plaza, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

Note 3 - Disclosure of Other Forms of Assistance

Included in the amounts shown on the accompanying schedule of federal awards is a loan - Assistance listing number 14.155 payable to the Department of Housing & Urban Development. The total HUD-insured portion of mortgages have an outstanding balance of \$1,355,647 under this major program as of December 31, 2022.

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado

OTHER REPORTS



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

To the Board of Directors
Senior Heritage Plaza, Inc.
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Senior Heritage Plaza, Inc. (the "Corporation") which comprise the statement of financial position as of December 31, 2022, 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 May 23, 2023.

Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 23, 2023



**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

To the Board of Directors
Senior Heritage Plaza, Inc.
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Senior Heritage Plaza, Inc.'s (the Corporation") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2022. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Hawthorn Ash CPAs, LLP

La Crosse, Wisconsin
May 23, 2023

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD PROJECT NO. 101-EH105
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Cluster/Program</u>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects - Section 207/223(f)

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs - NONE

Section IV - Status of Prior Year Findings - NONE

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105
CERTIFICATE OF OFFICERS
DECEMBER 31, 2022

We, hereby, certify that we have examined the accompanying financial statements and supplementary data of the Senior Heritage Plaza, Inc., and, to the best of our knowledge and belief, the same is complete and accurate.

(Signature) (Title) (Date)

(Signature) (Title) (Date)

Corporate Employer Identification Number: 74-2369023

CERTIFICATE OF MANAGEMENT AGENT
DECEMBER 31, 2022

We, hereby, certify that we have examined the accompanying financial statements and supplementary data of the Senior Heritage Plaza, Inc., and, to the best of our knowledge and belief, the same is complete and accurate.

(Signature) (Title) (Date)

Employer Identification Number: 84-0639659

**SENIOR HERITAGE PLAZA,
INC.**

**INDEPENDENT AUDITORS' REPORT
ON COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE**

DECEMBER 31, 2022

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado
HUD Project No. 101-EH105

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DECEMBER 31, 2022

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	Appendix A - Management Representation Letter



**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To the Board of Directors
Senior Heritage Plaza, Inc.
Colorado Springs, Colorado

We have audited the financial statements of Senior Heritage Plaza, Inc. (the "Corporation"), for the year ended December 31, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter dated December 28, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Senior Heritage Plaza, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and material noncompliance, and other matters noted during our audit in our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated May 23, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance With All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- *Management Override of Controls* - Professional standards require the auditor to address the risk that management is in a unique position to override controls that otherwise appear to be operating effectively.
- *Improper Revenue Recognition* - Professional standards require the auditor to presume that risks of material misstatements exist in revenue recognition.

We have designed our audit procedures to adequately address the significant risks identified.

Qualitative Aspects of the Corporation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Senior Heritage Plaza, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements are:

- Depreciation is based on the straight-line method over the estimated useful life of the assets
- Deferred financing costs amortization is based on using the straight-line method over the life of the loan

We evaluated the key factors and assumptions used to develop the above estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Senior Heritage Plaza, Inc.'s financial statements relate to: HUD regulations and restrictions, and Mortgage Payable.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We have not identified any significant unusual transactions during the audit.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Senior Heritage Plaza, Inc.'s financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested From Management

We have requested certain written representations from management, which are included in the attached letter listed under Appendix A dated May 23, 2023.

Management's Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with Senior Heritage Plaza, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Corporation, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Senior Heritage Plaza, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Directors and management of Senior Heritage Plaza, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Hawthorn Ash CPAs, LLP

La Crosse, Wisconsin
May 23, 2023

SENIOR HERITAGE PLAZA, INC.
Colorado Springs, Colorado

APPENDIX A
MANAGEMENT REPRESENTATION LETTER



May 23, 2023

Hawkins Ash CPAs, LLP
500 South 2nd Street, Suite 200
La Crosse, WI 54601

This representation letter is provided in connection with your audit of the financial statements of Senior Heritage Plaza, Inc. (the "Corporation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 23, 2023, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 28, 2022 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all proper classifications, required supplementary information, and note disclosure.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With respect to preparation the draft financial statements, related notes, and supplementary information, tax preparation and managing depreciation schedules, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
- Significant assumptions we used in making accounting estimates are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- All assets and liabilities under the Corporation's control are included in the financial statements.
- Net assets presented in the statement of financial position are appropriately classified, and reclassifications between net asset classes are appropriate.
- The Corporation's disclosed tax exempt status is accurate.
- The basis used for the allocation of functional expenses is reasonable.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, grantors, analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the Corporation's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Senior Heritage Plaza, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.

- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification™ (ASC) 450, Contingencies.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- Senior Heritage Plaza, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We acknowledge our responsibility for presenting the supplementary information accompanying the financial statements in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.


Single Audit

- With respect to federal awards, we represent the following to you:
 - We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
 - We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We are responsible for including the auditors' report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
 - When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the Corporation of the schedule of expenditures of federal awards and the auditors' report thereon.
 - We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.

- We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditors' report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditors' role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.

- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditors' report.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form.

Signature:  _____
Title: Executive Director

Signature:  _____
Title: Finance Director

Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA STMT OF NET ASSETS
March, 2023

ASSETS	
Cash in Bank	
Cash-Heritage Plaza	35,897.21
Cash-Tenant Security Deposits Savings	9,258.55
MIP Escrow Deposits to Red Capital	3,258.47
Cash-Reserve for Replacements	194,848.37
Cash-Reserve for Repl-Residual Receipts	452,929.74
Insurance Escrow Deposits at Red Capital	3,649.62
Completion Repair Reserve Escrow	0.00
Tax Escrow	0.00
Total Cash in Bank	699,841.96
Accounts Receivable	
A/R-HUD	0.00
A/R-Previous Yr	0.00
A/R-Tenant-Heritage Plaza	-987.43
Notes-Tenants	0.00
ADA-Tenant Notes	0.00
Allowance For Doubtful Accounts	0.00
A/R-Other	0.00
Total Accounts Receivable	-987.43
Prepaid Expenses	
Prepaid Property & Liability Insurance	6,183.02
Inventory-Materials	0.00
Total Prepaid Expenses	6,183.02
Land, Structures & Equipment	
Buildings, Land	1,831,413.41
Furn, Equip & Mach-Dwelling	303,184.46
Construction in Progress	0.00
Accumulated Depreciation	-1,483,753.94
Total Land, Structures & Equipment	650,843.93
Deferred Costs	
Deferred Financing Costs	96,568.00
Accumulated Amortization	-31,269.69
Total Deferred Costs	65,298.31
TOTAL ASSETS	1,421,179.79
DEFERRED OUTFLOW OF RESOURCES	
	0.00
TOTAL ASSETS & DEFERRED OUTFLOWS	1,421,179.79

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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA STMT OF NET ASSETS
March, 2023

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LIABILITIES AND NET ASSETS	
Accounts Payable	
A/P - Vendor Heritage Plaza	0.00
A/P-Management Fee	0.00
A/P- Other Programs	0.00
Total Accounts Payable	0.00
Due to Heatherwood	0.00
Due to COCC	0.00
Accrued Liabilities	
Accrued Liab-Salary / Benefits	0.00
Accrued Compensated Absences	0.00
Accrued Interest Payable	0.00
Accrued Liabilities Other	1,116.76
Tenant Security Deposits-Heritage Plaza	9,258.55
Total Accrued Liabilities	10,375.31
Deferred Credits	
Prepaid Rents	0.00
Miscellaneous Liability	0.00
Prepaid Annual Contribution	0.00
Total Deferred Credits	0.00
Notes Payable	
Current Portion of Long Term Debt	35,066.90
Mortgage Payable-HUD	1,311,927.86
Total Notes Payable	1,346,994.76
Net Pension Liability	0.00
TOTAL LIABILITIES	1,357,370.07
DEFERRED INFLOW OF RESOURCES	
	0.00
NET ASSETS	
Current Year Change in Net Assets	29,263.60
Total Net Assets - Beginning of Year	-949,306.21
Cumulative HUD Contribution	984,052.33
TOTAL NET ASSETS	63,809.72
TOTAL LIABILITIES,DEF INFLOW,NET ASSETS	1,421,179.79
Proof	0.00

Property Management
SENIOR HERITAGE PLAZA STMT OF NET ASSETS

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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
March, 2023

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	Period Amt	Current Year	Budget Amt	Variance
OPERATING INCOME				
Rental Income				
Rent Revenue - Apartments	10,119.00	30,082.00	115,906.00	-85,824.00
Tenant Assist Payments / HUD	21,049.00	66,694.00	263,009.00	-196,315.00
Vacancy Claims - HUD	0.00	0.00	0.00	0.00
Total rental Income	31,168.00	96,776.00	378,915.00	-282,139.00
Non-rental Income				
Interest-General Funds	39.54	161.94	127.00	34.94
Interest - Replacement Reserve	67.08	187.62	146.00	41.62
Interest - Residual Receipts	135.76	379.87	271.00	108.87
Interest-Completion Repair Reserve Escro	0.00	0.00	0.00	0.00
Interest - Tenant Security Deposits	0.00	0.00	0.00	0.00
Other Revenue	179.00	650.29	2,937.00	-2,286.71
Total Other Income	421.38	1,379.72	3,481.00	-2,101.28
TOTAL OPERATING INCOME	31,589.38	98,155.72	382,396.00	-284,240.28
OPERATING EXPENSE				
Administration Expenses				
Administration Salaries	820.23	2,263.11	7,518.00	-5,254.89
Compensated Absences Expense	0.00	0.00	0.00	0.00
Employee Benefits-Administrative	279.27	683.43	1,942.00	-1,258.57
Office Supplies	1.78	17.69	127.00	-109.31
Office Machines	0.00	0.00	0.00	0.00
Management Fees	2,275.87	4,625.90	22,887.00	-18,261.10
Legal	275.00	483.63	88.00	395.63
Audit Fees	0.00	0.00	14,500.00	-14,500.00
Telephone	96.34	331.73	1,326.00	-994.27
Staff Training	0.00	5.50	44.00	-38.50
Travel	0.00	0.00	0.00	0.00
Publications	25.67	61.31	217.00	-155.69
Member Dues & Fees	0.00	143.44	262.00	-118.56
Sundry	0.00	0.00	254.00	-254.00
IT Hardware and Software	57.34	275.03	1,195.00	-919.97
Total Administration	3,831.50	8,890.77	50,360.00	-41,469.23

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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
March, 2023

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	Period Amt	Current Year	Budget Amt	Variance
Utilities Expense				
Electricity	1,105.31	2,727.06	16,699.00	-13,971.94
Water	702.81	1,721.44	13,740.00	-12,018.56
Gas	1,059.54	2,483.65	14,296.00	-11,812.35
Stormwater	0.00	0.00	0.00	0.00
Total Utilities	2,867.66	6,932.15	44,735.00	-37,802.85
General Maintenance				
Maintenance Salaries	1,632.61	4,301.70	39,685.00	-35,383.30
Employee Benefits-Maintenance	348.72	1,202.61	11,420.00	-10,217.39
Contract Labor	0.00	0.00	0.00	0.00
Uniforms	0.00	0.00	0.00	0.00
Garbage & Trash Removal	118.62	69.18	1,348.00	-1,278.82
Grounds Supplies	0.00	0.00	0.00	0.00
Fuel	0.00	0.00	0.00	0.00
Materials	498.17	1,928.41	8,472.00	-6,543.59
Office Machines-Contracted	223.29	718.35	2,617.00	-1,898.65
Auto Repair-Contract	0.00	0.00	0.00	0.00
Repairs Contract - Ranges / Refrigerator	0.00	0.00	0.00	0.00
Elevator Maint - Contract	0.00	0.00	0.00	0.00
Plumbing/HVAC Repair	0.00	2,610.00	1,527.00	1,083.00
Repairs Contract - Windows	0.00	0.00	0.00	0.00
Repairs Contract - Floors / Walls	89.00	168.00	194.00	-26.00
Maint Shop Equip-Contract	0.00	0.00	46.00	-46.00
Elevator Maintenance-Contracted	0.00	1,728.37	9,667.00	-7,938.63
Vehicle Equipment Repair / Maintenance	0.00	0.00	0.00	0.00
Electrical	0.00	0.00	142.00	-142.00
Small Tools	1.30	6.70	44.00	-37.30
General Contracts	223.29	718.35	2,617.00	-1,898.65
Casualty Losses-Noncapitalized	0.00	0.00	0.00	0.00
Total General Maintenance	3,135.00	13,451.67	77,779.00	-64,327.33
General Expense				
Misc Taxes, Licences, Permits	0.00	0.00	0.00	0.00
Liability insurance	0.00	8,643.00	3,703.00	4,940.00
Property Insurance	0.00	22,590.00	36,440.00	-13,850.00
Mortgage Insurance Protection (MIP)	0.00	0.00	7,338.00	-7,338.00
Workers Comp Insurance	0.00	0.00	0.00	0.00
SUTA Expense	4.74	13.37	91.00	-77.63
Insurance Claims	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00

Property Management

SENIOR HERITAGE PLAZA INC OPERATING STMT

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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
March, 2023

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	Period Amt	Current Year	Budget Amt	Variance
Total General Expense	4.74	31,246.37	47,572.00	-16,325.63
Financial Expenses				
Mortgage Interest	3,937.17	7,882.75	41,392.00	-33,509.25
Misc Financial Expense	0.00	0.00	0.00	0.00
Total Financial Expenses	3,937.17	7,882.75	41,392.00	-33,509.25
TOTAL OPERATING EXPENSE	13,776.87	68,403.71	261,838.00	-193,434.29
INCOME FROM OPERATIONS	17,813.31	29,752.01	120,558.00	-90,805.99
Surplus Adjustments				
Prior Year Adjustments	0.00	0.00	0.00	0.00
Provision for Reserve	0.00	0.00	0.00	0.00
Total Surplus Adjustments	0.00	0.00	0.00	0.00
Capital Expenditures				
Non Expendable Equipment	0.00	0.00	0.00	0.00
Property Betterments / Additions	0.00	0.00	0.00	0.00
Property-Contra	0.00	0.00	0.00	0.00
Operating Transfers In/Out	0.00	0.00	0.00	0.00
(Gain)/Loss Disposal Nonexpend Equipment	0.00	0.00	0.00	0.00
Depreciation Expense	6,168.69	18,506.07	0.00	18,506.07
Amortization Expense	0.00	2,759.09	0.00	2,759.09
Total Capital Expenditures	6,168.69	21,265.16	0.00	21,265.16
CHANGE IN NET ASSETS	11,644.62	8,486.85	120,558.00	-112,071.15

Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA STMT OF NET ASSETS
 April, 2023

ASSETS	
Cash in Bank	
Cash-Heritage Plaza	48,292.00
Cash-Tenant Security Deposits Savings	9,371.56
MIP Escrow Deposits to Red Capital	3,775.87
Cash-Reserve for Replacements	195,758.59
Cash-Reserve for Repl-Residual Receipts	453,123.24
Insurance Escrow Deposits at Red Capital	5,474.43
Completion Repair Reserve Escrow	0.00
Tax Escrow	0.00
Total Cash in Bank	715,795.69
Accounts Receivable	
A/R-HUD	0.00
A/R-Previous Yr	0.00
A/R-Tenant-Heritage Plaza	-487.43
Notes-Tenants	0.00
ADA-Tenant Notes	0.00
Allowance For Doubtful Accounts	0.00
A/R-Other	0.00
Total Accounts Receivable	-487.43
Prepaid Expenses	
Prepaid Property & Liability Insurance	6,183.02
Inventory-Materials	0.00
Total Prepaid Expenses	6,183.02
Land, Structures & Equipment	
Buildings, Land	1,831,413.41
Furn, Equip & Mach-Dwelling	303,184.46
Construction in Progress	0.00
Accumulated Depreciation	-1,489,922.63
Total Land, Structures & Equipment	644,675.24
Deferred Costs	
Deferred Financing Costs	96,568.00
Accumulated Amortization	-31,269.69
Total Deferred Costs	65,298.31
TOTAL ASSETS	1,431,464.83
DEFERRED OUTFLOW OF RESOURCES	
	0.00
TOTAL ASSETS & DEFERRED OUTFLOWS	1,431,464.83

Property Management

SENIOR HERITAGE PLAZA STMT OF NET ASSETS

Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA STMT OF NET ASSETS
 April, 2023

LIABILITIES AND NET ASSETS	
Accounts Payable	
A/P - Vendor Heritage Plaza	0.00
A/P-Management Fec	0.00
A/P- Other Programs	0.00
Total Accounts Payable	0.00
Due to Heatherwood	0.00
Due to COCC	0.00
Accrued Liabilities	
Accrued Liab-Salary / Benefits	0.00
Accrued Compensated Absences	0.00
Accrued Interest Payable	0.00
Accrued Liabilities Other	1,116.76
Tenant Security Deposits-Heritage Plaza	9,371.56
Total Accrued Liabilities	10,488.32
Deferred Credits	
Prepaid Rents	0.00
Miscellaneous Liability	0.00
Prepaid Annual Contribution	0.00
Total Deferred Credits	0.00
Notes Payable	
Current Portion of Long Term Debt	35,066.90
Mortgage Payable-HUD	1,309,026.96
Total Notes Payable	1,344,093.86
Net Pension Liability	0.00
TOTAL LIABILITIES	1,354,582.18
DEFERRED INFLOW OF RESOURCES	0.00
NET ASSETS	
Current Year Change in Net Assets	42,336.53
Total Net Assets - Beginning of Year	-949,506.21
Cumulative HUD Contribution	984,052.33
TOTAL NET ASSETS	76,882.65
TOTAL LIABILITIES,DEF INFLOW,NET ASSETS	1,431,464.83
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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
April 2023

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	Period Amt	Current Year	Budget Amt	Variance
OPERATING INCOME				
Rental Income				
Rent Revenue - Apartments	10,403.00	40,485.00	115,906.00	-75,421.00
Tenant Assist Payments / HUD	21,517.00	88,211.00	263,009.00	-174,798.00
Vacancy Claims - HUD	0.00	0.00	0.00	0.00
Total rental Income	31,920.00	128,696.00	378,915.00	-250,219.00
Non-rental Income				
Interest-General Funds	42.71	204.65	127.00	77.65
Interest - Replacement Reserve	83.22	270.84	146.00	124.84
Interest - Residual Receipts	193.50	573.37	271.00	302.37
Interest-Completion Repair Reserve Escro	0.00	0.00	0.00	0.00
Interest - Tenant Security Deposits	0.00	0.00	0.00	0.00
Other Revenue	209.65	859.94	2,937.00	-2,077.06
Total Other Income	529.08	1,908.80	3,481.00	-1,572.20
TOTAL OPERATING INCOME	32,449.08	130,604.80	382,396.00	-251,791.20
OPERATING EXPENSE				
Administration Expenses				
Administration Salaries	628.42	2,891.53	7,518.00	-4,626.47
Compensated Absences Expense	0.00	0.00	0.00	0.00
Employee Benefits-Administrative	159.18	842.61	1,942.00	-1,099.39
Office Supplies	7.27	24.96	127.00	-102.04
Office Machines	0.00	0.00	0.00	0.00
Management Fees	2,194.29	6,820.19	22,887.00	-16,066.81
Legal	0.00	483.63	88.00	395.63
Audit Fees	0.00	0.00	14,500.00	-14,500.00
Telephone	88.78	420.51	1,326.00	-905.49
Staff Training	0.00	5.50	44.00	-38.50
Travel	0.00	0.00	0.00	0.00
Publications	18.86	80.17	217.00	-136.83
Member Dues & Fees	10.00	153.44	262.00	-108.56
Sundry	0.00	0.00	254.00	-254.00
IT Hardware and Software	38.54	313.57	1,195.00	-881.43
Total Administration	3,145.34	12,036.11	50,360.00	-38,323.89

Property Management
SENIOR HERITAGE PLAZA INC OPERATING STMT

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Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
April 2023

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	Period Amt	Current Year	Budget Amt	Variance
Utilities Expense				
Electricity	1,213.01	3,940.07	16,699.00	-12,758.93
Water	828.51	2,549.95	13,740.00	-11,190.05
Gas	664.02	3,147.67	14,296.00	-11,148.33
Stormwater	0.00	0.00	0.00	0.00
Total Utilities	2,705.54	9,637.69	44,735.00	-35,097.31
General Maintenance				
Maintenance Salaries	733.91	5,035.61	39,685.00	-34,649.39
Employee Benefits-Maintenance	172.81	1,375.42	11,420.00	-10,044.58
Contract Labor	0.00	0.00	0.00	0.00
Uniforms	0.00	0.00	0.00	0.00
Garbage & Trash Removal	11.97	81.15	1,348.00	-1,266.85
Grounds Supplies	0.00	0.00	0.00	0.00
Fuel	0.00	0.00	0.00	0.00
Materials	530.18	2,458.59	8,472.00	-6,013.41
Office Machines-Contracted	226.25	944.60	2,617.00	-1,672.40
Auto Repair-Contract	0.00	0.00	0.00	0.00
Repairs Contract - Ranges / Refrigerator	0.00	0.00	0.00	0.00
Elevator Maint - Contract	0.00	0.00	0.00	0.00
Plumbing/HVAC Repair	0.00	2,610.00	1,527.00	1,083.00
Repairs Contract - Windows	0.00	0.00	0.00	0.00
Repairs Contract - Floors / Walls	950.00	1,118.00	194.00	924.00
Maint Shop Equip-Contract	2.01	2.01	46.00	-43.99
Elevator Maintenance-Contracted	0.00	1,728.37	9,667.00	-7,938.63
Vehicle Equipment Repair / Maintenance	0.00	0.00	0.00	0.00
Electrical	0.00	0.00	142.00	-142.00
Small Tools	10.02	16.72	44.00	-27.28
General Contracts	226.25	944.60	2,617.00	-1,672.40
Casualty Losses-Noncapitalized	0.00	0.00	0.00	0.00
Total General Maintenance	2,863.40	16,315.07	77,779.00	-61,463.93
General Expense				
Misc Taxes, Licences, Permits	0.00	0.00	0.00	0.00
Liability Insurance	0.00	8,643.00	3,703.00	4,940.00
Property Insurance	0.00	22,590.00	36,440.00	-13,850.00
Mortgage Insurance Protection (MIP)	0.00	0.00	7,338.00	-7,338.00
Workers Comp Insurance	0.00	0.00	0.00	0.00
SUTA Expense	2.67	16.04	91.00	-74.96
Insurance Claims	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00

Property Management

SENIOR HERITAGE PLAZA INC OPERATING STMT

Date: 5/2/2023
 Time: 9:21:46 AM
 tah

Colorado Springs Housing Authority
SENIOR HERITAGE PLAZA INC OPERATING STMT
April 2023

Rpt File: h:\apps\hms\reports\GLOP4RPM.QRP

	Period Amt	Current Year	Budget Amt	Variance
Total General Expense	2.67	31,249.04	47,572.00	-16,322.96
Financial Expenses				
Mortgage Interest	3,928.73	11,811.48	41,392.00	-29,580.52
Misc Financial Expense	0.00	0.00	0.00	0.00
Total Financial Expenses	3,928.73	11,811.48	41,392.00	-29,580.52
TOTAL OPERATING EXPENSE	12,645.68	81,049.39	261,838.00	-180,788.61
INCOME FROM OPERATIONS	19,803.40	49,555.41	120,558.00	-71,002.59
Surplus Adjustments				
Prior Year Adjustments	0.00	0.00	0.00	0.00
Provision for Reserve	0.00	0.00	0.00	0.00
Total Surplus Adjustments	0.00	0.00	0.00	0.00
Capital Expenditures				
Non Expendable Equipment	0.00	0.00	0.00	0.00
Property Betterments / Additions	0.00	0.00	0.00	0.00
Property-Contra	0.00	0.00	0.00	0.00
Operating Transfers In/Out	0.00	0.00	0.00	0.00
(Gain)/Loss Disposal Nonexpend Equipment	0.00	0.00	0.00	0.00
Depreciation Expense	6,168.69	24,674.76	0.00	24,674.76
Amortization Expense	0.00	2,759.09	0.00	2,759.09
Total Capital Expenditures	6,168.69	27,433.85	0.00	27,433.85
CHANGE IN NET ASSETS	13,634.71	22,121.56	120,558.00	-98,436.44



denver

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western slope

348 Main Street
Grand Junction, CO 81501
970.241.2341
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June 2, 2023

SENIOR HERITAGE PLAZA, INC
2250 BOTT AVE
Colorado Springs, CO, 80904

RE: SILVERKEY APARTMENTS - CO99T851004

Dear Paul Spencer,

On May 4, 2023 the Colorado Housing & Finance Authority (CHFA) conducted a management and occupancy review at Silverkey Apartments to determine compliance with the section 8 housing assistance payment contract.

Christina Wilson	101	MI 7/7/2022
Ofelia Juarez	102	MI 2/10/2023
Ruby Perea	108	IR 2/1/2023
Mattie Carr	202	AR 4/1/2023
Shani Ross	2	MO 1/18/2023

Attached is the report that details CHFA’s review of management policies, procedures, and practices. The report reflects an overall **Above Average** rating, with **three findings** that need to be corrected, outlined in the report. For each deficiency noted there is a corrective action to take and a target date of completion. If you disagree with any of the required corrective actions or the target completion dates, you have **30 days** from the receipt of this report to appeal. Your response should explain why you disagree, and it should contain your proposed actions. Otherwise, please make the corrections required and advise me of their completion as stated in the report.

Please note: Owners/Agents who are found to be in noncompliance with EIV requirements may be subject to penalties for failure to have access to and/or failure to use EIV outlined in the HUD 4350.3 Chapter 9, Section 5.

If you received a score of Below Average or Unsatisfactory, you have the opportunity to appeal any findings you feel were made in error or need further clarification. If your appeal is denied by CHFA, you have the opportunity to appeal to your HUD Account Executive.

I enjoyed meeting with you and your staff and greatly appreciated their assistance during my visit. If you have any questions or concerns regarding this report, please call me at (303) 297-7379 or via email at mmoore-munoz@chfainfo.com

Sincerely,

Mercedes Moore-Munoz
Section 8 Officer
Asset Management

CC: Enclosure

**Management Review for Multi-Family U.S. Department of Housing and Urban Development
Housing Projects**

OMB Approval No. 2502-0178
Exp. 04/30/2018

Office of Housing - Federal Housing Commissioner

SUMMARY

Date of On-site Review: 5/4/2023	Date of Report: 6/2/2023	Project Number: 10111165	Contract Number: CO99T851004
Section of the Act Section 8	Name of Owner: Senior Heritage Plaza, Inc.	Project Name: Silverkey Apartments	Project Address 1410 N. Hancock Ave Colorado Springs, CO 80903
Loan Status: <input type="checkbox"/> Insured <input checked="" type="checkbox"/> HUD-Held <input type="checkbox"/> Non-Insured <input type="checkbox"/> Co-Insured	Contract Administrator <input type="checkbox"/> HUD <input type="checkbox"/> CA <input checked="" type="checkbox"/> PBCA	Type of Subsidy <input checked="" type="checkbox"/> Section 8 <input type="checkbox"/> PAC <input type="checkbox"/> Section 236 <input type="checkbox"/> Section 221(d)(3) BMIR <input type="checkbox"/> Rent Supplement <input type="checkbox"/> RAP <input type="checkbox"/> PRAC <input type="checkbox"/> Unsubsidized	Type of Housing <input type="checkbox"/> Family <input type="checkbox"/> Disabled <input type="checkbox"/> Elderly <input checked="" type="checkbox"/> Elderly/Disabled <input type="checkbox"/> Other (Specify)

For each applicable category, assess the overall performance by checking the appropriate column. Indicate A (Acceptable) or C (Corrective action required). Include target completion dates (TCD) for all corrective action items. For those items not applicable, place N/A in the TCD column.

A. General Appearance and Security	A	C	TCD	Enter a score between 1 and 100 for the General Appearance and Security Rating. If this Section was not reviewed, enter 0. 85 is 10% of the overall score. This category is rated Above Average
1. General Appearance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
2. Security	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
B. Follow-up and Monitoring of Project Inspections	A	C	TCD	Enter a score between 1 and 100 for the Follow-up and Monitoring of Project Inspections Rating. If this Section was not reviewed, enter 0. 97 is 10% of the overall score. This category is rated Superior
3. Follow-up and Monitoring of Last Physical Inspection and Observations	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
4. Follow-Up and Monitoring of Lead-Based Paint Inspection	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
C. Maintenance and Standard Operating Procedures	A	C	TCD	Enter a score between 1 and 100 for the Maintenance and Standard Operating Procedures Rating. If this Section was not reviewed, enter 0. 85 is 10% of the overall score. This category is rated Above Average
5. Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
6. Vacancy and Turnover	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
7. Energy Conservation	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
D. Financial Management/Procurement	A	C	TCD	Enter a score between 1 and 100 for the Financial Management/Procurement Rating If this Section was not reviewed, enter 0. is 25% of the overall score. This category is rated Not Available
8. Budget Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
9. Cash Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
10. Cost Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
11. Procurement Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
12. Accounts Receivable/Payable	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
13. Accounting and Bookkeeping	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
E. Leasing and Occupancy	A	C	TCD	Enter a score between 1 and 100 for the Leasing and Occupancy Rating If this Section was not reviewed, enter 0. 87 is 25% of the overall score. This category is rated Above Average
14. Application Processing/ Tenant Selection	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
15. Leases and Deposits	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
16. Eviction/Termination of Assistance Procedures	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
17. Enterprise Income Verification (EIV) System Access and Security Compliance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
18. Compliance with using EIV Data and Reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
19. Tenant Rental Assistance Certification System (TRACS) Monitoring and Compliance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
20. TRACS/EIV Security Requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
21. Tenant File Security	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
22. Summary of Tenant File Review	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7/2/2023	
F. Tenant/Management Relations	A	C	TCD	Enter a score between 1 and 100 for the Tenant Services Rating If this Section was not reviewed, enter 0. 80 is 10% of the overall score. This category is rated Above Average
23. Tenant Concerns	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
24. Provision of Tenant Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
G. General Management Practices	A	C	TCD	General Management Practices Rating If this Section was not reviewed, enter 0. 85 is 10% of the overall score. This category is rated Above Average
25. General Management Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
26. Owner/Agent Participation	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
27. Staffing and personnel Practices	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

Overall Rating: Superior Above Average Satisfactory Below Average Unsatisfactory 87 Overall Score.

To calculate the overall score: multiply the derived performance value by the assigned percentage of the overall rating for each category. Once all tested categories have been calculated based on the performance indicator and performance indicator values, the total calculated points is divided by the total percentage of overall rating and rounded to the nearest whole number.
For convenience, a utility is included with this form which will perform all the necessary calculations.

Name and Title of Person Preparing this Report (Please type or print)

Signature: Mercedes Moore-Munoz, Section 8 Officer
Date: 6/2/2023

Name and Title of Person Approving this Report (Please type or print)

Signature: Kim Martin, Manager, Section 8 Compliance
Date: 6/2/2023

NOTE: If this review is conducted by a CA or PBCA as indicated above, the overall rating reflects a review as it relates to compliance with the Housing Assistance Payment Contract (HAP) only

SUMMARY REPORT - FINDINGS

For each "C" item checked on the summary report, reference the appropriate citing, and target completion date. Findings must include the condition, criteria, cause, effect and required corrective action:

- The condition describes the problem or deficiency
- The criteria cites the statutory, regulatory or administrative requirements that were not met
- The cause explains why the condition occurred
- The effect describes what happened because of the condition

Corrective actions are required for all findings.

Item Number	Finding	Target Completion Date
Observations	<ul style="list-style-type: none"> • For tenant file #202 Mattie Carr, the 90-day EIV summary report was missing from the file. The reviewer understands that this resident moved in as of 2014 and may have been due to previous property staff • For move-in file reviewed #102 Ofelia Juarez, the 50059 was displaying income limits from 2021. This resident was still within the correct and current limits however, please ensure that the rental software is kept up to date moving forward • For tenant file #102 Ofelia Juarez, the 90-day EIV summary report was not due at the time the MOR took place; Please ensure that this report is pulled in a timely manner. 	
TA 03	<p>Condition: The EIV existing tenant search or proper follow-up was not included in the tenant file.</p> <p>Criteria: HUD 4350.3 REV.1 Chapter 7, 7-10 and Chapter 9, 9-8</p> <p>Cause: For tenant file #108 Ruby Perea, the EIV existing tenant search was missing following up notes/correspondence regarding the potential dual subsidy that appeared on the report.</p> <p>Effect: Resident could have been receiving dual subsidy at the time of move-in without this report being completed.</p> <p>Corrective Action: O/A must certify moving forward required that the Existing Tenant Search will be completed for all applicants and that if results are reported then they must be addressed and the efforts taken documented before the family may be admitted.</p>	07/02/2023
TC 01	<p>Condition: O/A is out of compliance with HUD lease requirements.</p> <p>Criteria: HUD 4350.3 Chapter 6, 6-4 D; Figure 6-2</p> <p>Cause: For tenant files #108 Ruby Perea and #202 Mattie Carr, a non-HUD approved lease was being utilized. The lease in both of the tenant files included a header at the top with the O/A's name and a footer with the O/A's address. The form number was also not included.</p> <p>Effect: O/A has made changes to the HUD Model lease. If more information is needed relative to the location of the company, telephone numbers, etc. a cover page can be added to the lease.</p> <p>Corrective Action: O/A must obtain the correct model lease. Submit to CHFA, by the target completion date, a copy of the corrected lease along with a certification stating all tenant who do not have the correct HUD Model Lease in their file will sign a new lease at their next AR and that the correct HUD Model Lease will be utilized for new move-in's.</p>	07/02/2023
TD 06	<p>Condition: O/A failed to pull an EIV report for a recertification.</p> <p>Criteria: HUD handbook 4350.3 Appendix 3</p> <p>Cause: For tenant file #108 Ruby Perea, an EIV income report was not pulled with the most recent interim effective 2/1/2023. The reviewer understands that the O/A has since ran one after the MOR took place.</p> <p>Effect: O/A is out of compliance with HUD compliance regulations with EIV requirements. Residents also may not be paying the correct rent.</p> <p>Corrective Action: Please certify that moving forward, an EIV income and income discrepancy report will be pulled with all AR's and IR's and that if/when necessary, all income discrepancies will be followed up on.</p>	07/02/2023

PART II - ON SITE REVIEW

Indicate by marking the appropriate box - Yes, No, or N/A if not applicable. Provide comments as needed.

CATEGORY A. GENERAL APPEARANCE & SECURITY

1. General Appearance

1. Based on observation, are the project's exterior and common areas (i.e. grounds, landscaping, parking lots, playgrounds, hallways, laundry room, elevator, garbage area, stairwells, management office) clean, free of graffiti, debris and damage? Yes No N/A
If no, provide location and describe condition(s).

Comments:

2. Security

a. Indicate whether any of the events below have been documented in the last twelve months and the frequency of the event(s).

Event	Frequency	Event	Frequency
<input type="checkbox"/> Break-Ins		<input type="checkbox"/> Arrests	
<input type="checkbox"/> Vandalism		<input type="checkbox"/> Drug Activity	
<input type="checkbox"/> Auto Theft		<input type="checkbox"/> Other (please specify)	
<input type="checkbox"/> Personal Assaults		<input checked="" type="checkbox"/> None	

Comments:

b. Indicate which types of security measures, if any, are utilized on site.

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> Tenant Patrol | <input type="checkbox"/> Volunteer Organization | <input type="checkbox"/> Paid Car Patrol | <input type="checkbox"/> Paid on-site Guard |
| <input type="checkbox"/> Police Patrol | <input type="checkbox"/> TV Monitor | <input type="checkbox"/> Drug Free Housing Plan | <input checked="" type="checkbox"/> Security Cameras |
| <input type="checkbox"/> Motion Sensors | <input type="checkbox"/> Crime Prevention Plan | <input type="checkbox"/> Community Policing | |
| <input checked="" type="checkbox"/> Other (please specify) <u>secured</u> entry | | <input type="checkbox"/> None | |

Comments:

c. Based on the answers provided in questions a and b above, what corrective actions, if any, have been taken by the owner/agent?

Comments:

d. Has the owner/agent requested a rent increase based on cost increases in security costs? Yes No

If yes, indicate security measures taken.

Comments:

CATEGORY B. FOLLOW-UP & MONITORING OF PROJECT INSPECTIONS

3. Follow-Up & Monitoring of Project Inspections and Observations (Sampling is at reviewer's discretion to respond to questions a and b below)

a. Based on a sampling, if EH&S items were identified have the deficiencies been corrected and documented according to the owner/agent's certification for the most recent REAC inspection? Yes No N/A

If no, provide explanation. last REAC inspection in 2022 did not produce any EH&S items

Does the analysis show any repetitive or systemic problems? Yes No

Comments:

b. Based on a sampling of units and common areas, for all other deficiencies noted in the REAC inspection, as applicable, verify that corrective actions have been taken. Have the deficiencies been corrected? Yes No N/A

If no, is there a schedule for correcting the deficiencies within a reasonable timeframe to comply with decent, safe, sanitary and good repair standards?

Yes No

Comments:

4. Follow-Up & Monitoring of Lead-Based Paint Inspection - The following questions only apply to subsidized family properties or elderly properties housing children under six years of age that were constructed prior to 1978. If constructed after 1977, check N/A for question a and b.

a. Is there a certification on file documenting that the project has been certified to be free of lead-based paint or lead hazards? Yes No N/A
If there is a certification, obtain a copy for the project file.

Comments: this project was built after 1977 and the occupancy is restricted to elderly and disabled

b. Is the owner in compliance with the HUD approved lead hazard control plan as noted on the desk review? Yes No N/A

Comments:

CATEGORY C. MAINTENANCE & STANDARD OPERATING PROCEDURES

5. Maintenance

a. Indicate below to confirm that there is a schedule for preventive maintenance/servicing for the items listed that are applicable.

- Heating and A/C Equipment Water Heaters Carpets and Drapes Roof, gutter and Fascia Inspection
 Major Appliances Elevators Motor Vehicles Sewer lines Exterior painting Windows
 Recreational equipment Landscaping maintenance Other (please specify):

Comments:

b. Is there a satisfactory inventory system to account for tools, equipment, supplies, and keys (serial numbers, bar codes, etc.)?

Yes No

Comments:

c. Has the owner/agent secured inventory items, such as appliances and tools, to prevent theft?

Yes No

Comments:

d. Does the owner/agent have a written procedure that explains the process for inspecting units?

Yes No

If yes, review a copy.

Identify employee responsible for conducting inspection: Name and Title: _____

Comments: Nick Gallegos - Internal PH inspector

e. How often are units inspected?

- Monthly Quarterly Semi-Annually Annually Move-In Move-Out Other (please specify): as needed

Comments:

f. How are unit inspections documented?

Please Describe: inspection checklist noted in the tenant files - UPCS inspection form

g. If deficiencies are noted during a unit inspection, what is the procedure for correction?

Please describe: work order is created and completed as needed

h. What is the average number of days from move-out until the unit is ready for occupancy?

21 _____

Comments: **can depend on status of unit at MO

i. Is there a written procedure for completing work orders?

Yes No

If yes, review a copy.

Comments:

j. Is there a procedure in place to handle emergency work orders?

Yes No

If yes, describe the procedure: residents have access to an after hours line - there is always on call maintenance available

k. Is there a backlog of work orders?

Yes No

If a backlog exists, indicate the current number of work orders:

Number between 1-3 days: _____ Number between 4-7 days: 10 Number more than one week: _____

Comments: all are non-emergency maintenance items

l. Who is provided copies of completed work orders? (check all that apply.)

- Tenant Tenant File Maintenance Staff Other (please specify) _____

Comments:

m. Is there documentation by unit that indicates the date of purchase, manufacturer, model, and serial number for appliance purchases (i.e., ranges, refrigerators, furnaces, air conditioners, hot water heaters, etc.)?

Yes No

Comments:

6. Vacancy and Turnover

a. How many units were vacant on the date of the on-site visit?

Number of Vacant Units: 0 Number Ready for Occupancy: 0 Average Length of time for unit turnover: 21

Comments:

b. Walk through at least two vacant units that are ready for occupancy. Assess and document unit readiness.

Number of Units Visited: _____ Number of Units Ready for Occupancy: _____ Number of Units Not Ready for Occupancy: _____

Comments: There were not any vacant units at the time of the site visit

c. Based on the interview with on-site staff, are any of the factors listed below contributing to vacancy problems? (Below, indicate all that apply.)

- Security Problems Non-competitive Amenities Inadequate Marketing Project Reputation Poor Maintenance Rents too High
 Location Lack of Demand Tenant/Management Relations Applicants Do Not Meet Screening Criteria
 Other (please specify) _____
 Bedroom Mix/Size (If yes, indicate which bedroom sizes are hard to rent) _____

Comments: no responses from applicants and overall low turn over of available units

d.. Based on the responses in questions a, b, and c, what actions are being taken by the owner/agent to resolve the issue(s)?

If not applicable, proceed to question 7.

Please describe: N/A

7. Energy Conservation

Has management attempted to reduce energy consumption? Yes No

(Check all that apply.)

- Caulking and weather-stripping Conversion to individual metering Storm doors and windows Consumer education
 Water saver devices Extra Insulation Assessment of Utility Rate Schedule Energy Efficient Lighting Energy Star Appliances
 Written Energy Conservation Plan Other (please specify) _____ None

Comments:

CATEGORY D. FINANCIAL MANAGEMENT/PROCUREMENT

(This section applies only to HUD Staff and/or Mortgagees as indicated. CAs may proceed to Section E.)

8. Budget Management

a. Does the owner/agent's staff have access to the current operating budget to monitor and control expenses? Yes No N/A

Comments:

b. Is an operating budget prepared annually and approved by the owner? Yes No N/A

If yes, obtain a copy of the current year's budget.

Comments:

c. Are monthly or quarterly reports prepared by the owner/agent indicating variances between actual income and expenses versus budgeted income and expenses? Yes No N/A

Comments:

d. If this is a 202 or 811 project, does the owner/agent maintain a current annual budget? Yes No N/A

This question applies only to HUD Staff.

If yes, is it available on-site?

Yes No

Comments:

9. Cash Controls

a. Are collections deposited on the day received or, pending deposit, are they secured and properly controlled? Yes No

Comments:

b. Are adequate controls in place when cash is accepted? Yes No N/A

Check the controls that are used.

- Pre-numbered rent receipts Bank Collections Safe Lock Box

Comments:

c. Do different persons handle bank deposits and accounts receivable, or is an alternative safeguard used? Yes No

Indicate Names and Titles:

Comments:

d. Are all disbursement checks prenumbered, properly identified with account numbers and supported by vouchers or invoices? Yes No

Comments:

e. Is the supply of unused checks adequately safeguarded, or under the custody of persons who do not sign checks manually, control the use of facsimile signature plates, or operate the facsimile signature machine? Yes No

Comments:

f. Are funds (receipts, disbursements, petty cash, etc.) periodically checked on a surprise basis by a responsible official, other than site employees? Yes No

Comments:

g. Are bank statements reconciled promptly upon receipt by someone other than check signer, and by one who has no cash receipt or disbursement function?
Yes No

Comments:

10. Cost Controls

a. Are bills, including the mortgage payment, paid in sufficient time to avoid late penalties?
Yes No

Comments:

b. Are operating expenses, including taxes and utilities, periodically reviewed to assure that project is paying the lowest possible rate?
Yes No

If yes, provide a recent example:

11. Procurement Controls

a. What is the procedure used to obtain and award contracts?
Describe procedure:

b. Are bids obtained prior to awarding contracts?
Review contracts and determine if bids were obtained and, if the lowest bids were not selected, determine the owner's/agent's reasoning for selection.
Yes No N/A

Comments:

c. Is there a written procedure for checking the quality of work performed by a contractor prior to authorizing payment?
Yes No

Comments:

d. Is there a procedure to assure that the individual authorizing contracted work or services is not the same individual authorizing payment?
Yes No

Comments:

e. Who is the responsible person charged with inspecting the quality of work performed by contractors prior to payment?
Please provide name and title:

f. Does the project maintain a list of outside contractors?
Yes No

Comments:

g. Are vendor bills paid in time to obtain maximum trade discounts?
Yes No

Comments:

h. Is there any indication that real or personal property has been subtracted from the mortgaged premises without the permission of the Department?
Yes No

Comments:

i. Below, check services currently contracted with outside contractors and provide the name of the contractor and annual amount of the contract.
Indicate (by asterisk) whether there is an identify-of-interest relationship between the contractor and the owner/agent)

Service	Name of Contractor	Annual Contract Amount
<input type="checkbox"/> Elevator		
<input type="checkbox"/> Exterminating		
<input type="checkbox"/> Apartment Cleaning		
<input type="checkbox"/> Heating and A/C		
<input type="checkbox"/> Plumbing		
<input type="checkbox"/> Security		
<input type="checkbox"/> Trash Collection		
<input type="checkbox"/> Decorating		
<input type="checkbox"/> Grounds		
<input type="checkbox"/> Other		

Comments:

12. Accounts Receivable/Payable

a. Complete the following as of end of last month.
Cash \$ _____ Accounts Receivable \$ _____ Accounts Payable \$ _____

Are tenant accounts receivable within acceptable limits of 10% of one month's rent potential?
Yes No

Amount of receivables above is _____ % of monthly rent potential.

Of this amount, \$ _____ is more than 30 days past due.

Comments:

b. Does the procedure for write-off of bad debts appear reasonable? Yes No

Comments:

c. Has annual "write-off of tenants' accounts receivable for the last two fiscal years been less than 1% of gross rents potential? Yes No

Comments:

d. Are accounts payable reasonably current? Yes No

Indicate amount of accounts payable more than 60 days old: _____

What are the owner/agent plans to reduce outstanding payables?

Comments:

13. Accounting and Bookkeeping

a. Are books and records maintained as required by HUD Handbook 4370.2 (Chapter 4) and 24 CFR Part 5? Yes No N/A

Check books of accounts that are maintained. Indicate where books may be examined.

O – owner’s office; A – agent’s office; P – project site

- General Ledger () Rent Receivable Ledger () General Journal ()
 Cash Receipts Journal () Cash Disbursements Journal () Accounts Payable Journal ()

Comments:

b. Are all required project accounts in the name of the project in a federally insured institution? Yes No

Comments:

c. Are operating funds, security deposits, reserve funds, and flexible subsidy funds maintained in separate accounts and properly secured for authorized use? Yes No

Comments:

d. Does the mortgagor make frequent postings (at least monthly) to the ledger accounts? Yes No

Comments:

e. If applicable is owner adhering to HUD-approved repayment Plan? (loan from reserve for replacement, 236 excess income, capital improvement loan, etc). Yes No

Comments:

f. Is centralized accounting used for disbursements? Yes No

If yes, are only HUD-insured projects in the pool? Yes No

Comments:

g. If centralized accounting is used, has it been approved by HUD? Yes No N/A

Comments:

h. If centralized accounting is used, is it being administered in accordance with HUD's approval? Yes No N/A

Comments:

i. If the trust account is part of a centralized disbursement account, are only HUD-insured projects in that account? Yes No

If yes, is the project's balance transferred to the project account at least once monthly? Yes No

Comments:

j. If there are automobiles and/or debit or credit cards charged to the project, are the titles kept in the name of the project? Yes No

If yes, do they have HUD approval? Yes No

Comments:

CATEGORY E. LEASING AND OCCUPANCY (This Category does not apply to Mortgagees)

14. Application Processing/Tenant Selection

a. Does the application form contain sufficient information to determine applicant eligibility? Yes No

Comments:

b. Does the application ask whether the applicant or any member of the applicant’s household is subject to a lifetime state sex offender registration program in any state? Yes No

Comments:

c. Does the application ask for a listing of states where the applicant and members of the applicant's household have resided? Yes No
Comments:

d. Is form HUD-92006 "Supplement to Application for Federally Assisted Housing", an attachment to the application or part of the application package? Yes No
Comments:

e. Is there an arms length procedure between the person who denies an application and the application appeal reviewer? Yes No
Comments:

f. Has the owner/agent leased a Section 8 unit to a police officer or security personnel who is over the income limits for the project?
If yes, has HUD or CA authorized the admission? Yes No
Yes No
Comments:

g. Does the owner/agent have a written tenant selection plan? Yes No
If yes, does the plan include all required criteria stated in Chapter 4, Handbook 4350.3 REV-1 and all applicable notices?
If no, list the required criteria that the tenant selection plan does not include: Yes No N/A
Comments:

h. Does the project maintain a waiting list of prospective tenants? Yes No N/A
If yes, does the list include all required elements as stated in Handbook 4350.3 REV-1? Yes No
Comments:

i. Enter the number of applicants on the waiting list for each type of unit **0BR** _____ **1BR** 37 **2BR** _____ **3BR** _____ **4BR** _____ **Other:** _____
Comments:

j. Were the applicants selected from the waiting list in the proper order, recognizing applicable preferences? Yes No
Comments:

k. When preferences were applied, were they properly documented? Yes No N/A
Comments:

l. Is documentation available to show that the owner/agent has leased not less than 40% of the Section 8 units that became available for occupancy in the previous fiscal year to extremely low-income families? Yes No N/A
If yes, please review and obtain a copy.
Comments:

m. What marketing steps has the owner/agent taken to attract extremely low-income families? If not applicable, proceed to question n.
Please describe: website, public notices when waiting list opens and closes
Comments:

n. Does the advertising program comply with the existing affirmative fair housing marketing plan? Yes No
Request to see copies of advertisements.
Comments:

o. Is the fair housing sign posted in the rental office? Yes No
Comments:

p. Is the fair housing logo included in published advertising materials? Yes No
Comments:

15. Leases and Deposits

a. Have modifications been made to the HUD model lease? Yes No N/A
If yes, has the lease and/or lease addenda in use been approved by HUD? Yes No N/A
This does not include lease addenda issued by HUD
Comments:

b. Aside from rents and security deposits, what other charges are assessed (replacement keys, lockouts, etc.)?
List the type and amount of any of these charges. O/A has HUD approved/maintenance charge list
Comments:

c. If other charges aside from rents and security deposits are assessed, have they been approved by HUD? Yes No N/A
Comments:

d. Are rents collected in accordance with the provisions of the lease? Yes No
Comments:

e. Is the policy for late fee assessment in compliance with the Handbook 4350.3 REV-1 or with state/local requirements? Yes No
Comments:

f. Are damages caused by tenants properly identified and charged to tenants? Yes No
Comments:

16. Eviction/Termination of Assistance Procedures

a. Are tenants notified of termination of tenancy or assistance in accordance with HUD requirements? Yes No N/A
Comments:

b. Are eviction procedures initiated timely, when warranted? Yes No N/A

Please document the following:

Number of evictions completed during the last 12 months: 0

Average cost per eviction: \$2,000

Eviction handled by: Owner/Agent Attorney on staff of Owner/Agent Attorney on contract Attorney on call

NOTE: Addendum D must identify any eviction during the last 12 months which was due to a household member being subject to a state lifetime sex offender registration requirement.

Comments: O/A has not had to process any evictions or terminations in the last 12 months

c. Is the termination of assistance initiated timely when warranted? Yes No N/A
Reason(s) for termination of assistance:

Comments:

17. Enterprise Income Verification (EIV) System Access and Security Compliance
Applies to subsidized properties only.

a. Does the owner/agent have access to EIV? Yes No
Comments:

b. Does the EIV Coordinator(s) have an owner approval letter(s) authorizing access to EIV? Yes No
Comments:

c. Does the owner/agent and/or EIV Coordinator have:

An initial and currently approved EIV Coordinator Access Authorization Form (CAAF) on file for each person designated by the owner as an EIV Coordinator? Yes No

An initial and currently approved EIV User Access Authorization Form (UAAF) on file for each person designated by the EIV Coordinator as an EIV User? Yes No N/A

Signed copies of the EIV Rules of Behavior for Individuals without access to the EIV system, who use EIV reports and/or data to perform their job functions? Yes No N/A

Comments:

d. Is there evidence that staff with access to the EIV system or to EIV reports take annual security awareness training? Yes No
If yes, is a record kept of employees who attended the training? Yes No N/A

Comments:

e. Does the owner/agent have security measures in place to limit access to EIV information and reports to only those persons who have proper authorization? Yes No
Comments:

f. Does the owner/agent have a procedure to review all EIV User IDs to periodically determine if the users still have a valid need to access EIV data? Yes No
Comments:

g. Does the owner/agent terminate access promptly (within 30 days) of all users who no longer have a valid need to access EIV data? Yes No
Comments:

h. Does the owner/agent have a procedure to document and report the occurrence of all improper disclosures of EIV data? Yes No
Have any improper disclosures been reported to the owner/agent? Yes No

Comments:

i. Does the owner/agent have a procedure to report any occurrence of unauthorized EIV access or security breach to the HUD National Help Desk? Yes No
Have any occurrences of unauthorized EIV access or security breaches been reported? Yes No

Comments:

j. Is there evidence that the owner/agent or any of their employees are sharing IDs and passwords? Yes No

Comments:

k. Is EIV data being improperly shared with other entities (e.g., state officials monitoring LIHTC projects, RHS staff, or Service Coordinators not participating in the re-certification process)? Yes No

Comments:

l. Does the owner/agent keep in the tenant file the Tenant Consent for Disclosure of EIV Information, signed by the tenant and a third party when a third party assists in the re-certification process? Yes No N/A

Comments: if/when applicable

18. Compliance with Using EIV Data and Reports
Applies to subsidized properties only.

a. Does the owner/agent have policies and procedures describing the use of EIV employment and income information and the EIV reports?
If yes, do they comply with HUD's usage requirements? Yes No
Yes No N/A

Comments:

b. Is the owner/agent using the following EIV reports, and taking appropriate action to correct discrepant data in TRACS, and/or to reduce improper subsidy payments and where applicable, retaining documentation to support the action(s)?

New Hires Report	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
No Income Report	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Failed EIV Pre-screening Report	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Failed Verification Report (Failed the SSA Identity Test)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Existing Tenant Search	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Multiple Subsidy Report	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Deceased Tenant Report	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Comments: O/A is running all mandatory EIV reports as required by HUD

19. TRACS Monitoring and Compliance (applies to subsidized properties only)

a. Is the owner/agent using TRACS queries to review and monitor their transmission? Yes No

Comments:

b. Is the owner/agent following up and correcting deficiencies identified in TRACS data? Yes No

Comments:

20. TRACS/EIV Security Requirements (applies to subsidized properties only)

a. Does staff log on using their own user name and password when accessing Secure Systems? Yes No

Comments:

b. Have staff with access to EIV and/or TRACS in Secure Systems completed the required security awareness training each year and is there a signed Rules of Behavior? Yes No

Comments:

c. Have staff with access to the EIV system completed the hard copy authorization form HUD-52676 when access was initially granted and completed the EIV online authorization form annually (coordinators) or semi-annually (users) as required? Yes No

Comments:

d. Have staff who use EIV reports, but do not access the EIV system in Secure Systems, completed the security awareness training annually and is there a signed the Rules of Behavior? Yes No

Comments:

e. For new staff, or staff that was given access to EIV or TRACS within the last year, was the security awareness training completed before access, or within 30 days of being given access and signing the TRACS and EIV Rules of Behavior? Yes No

Comments:

21. Tenant File Security

a. Are the tenant files, as well as other files that contain EIV reports, if applicable, locked and secured in a confidential manner? Yes No

Comments:

b. Is documentation relating to an individual's domestic violence, dating violence, or stalking, kept in a separate file in a secure location from other tenant files?
Applicable to Section 8 only. Yes No N/A

Comments: if/when applicable

c. Is access to tenant file information limited to only authorized staff? Yes No

Comments:

d. Who is authorized to have access to the tenant files? Name(s) and Title(s):
 Terri Shaver - Property Manager
 Katrina Baltodano - Admin Asst.
 Carolyn Henson - Admin. Asst.

Comments:

e. Is the owner/agent maintaining tenant files according to HUD's document retention requirements? Yes No

Comments:

f. Is the owner/agent properly disposing of tenant records (shred, burn, pulverize, etc.)? Yes No

Comments:

22. Summary of Tenant File Review

This section applies only to subsidized projects and should be completed after the tenant file reviews (See Addendum A.)

The minimum file sample should include review of files of new move-ins, recertifications (annual, interim, initial), at least one applicant reject file, and at least one terminated/move-out file. In order to review specific functions (EIV usage, utility reimbursement, pet rules/deposits, minimum rents, etc.) it may be necessary to target a portion of the files reviewed to specific tenant families. The reviewer should adjust the tenant file sample to meet the needs of the review.

Number of Units	Minimum File Sample
100 or fewer	5 files plus 1 for each 10 units over 50
101-600	10 files plus 1 for each 50 units or part of 50 over 100
601-2000	20 files plus 1 for each 100 units or part of 100 over 600
Over 2000	34 files plus 1 for each 200 units or part of 200 over 2,200
For each question, only answer "Yes" if the files reviewed are acceptable. Answer "No" if the files are not acceptable and note the number of files with deficiencies utilizing the tenant file worksheet, Addendum A	Number of Files Reviewed = <u>5</u>

(Please note: There is no maximum number of files to be sampled)

a. Tenant Files and Records

i. Are the tenant files organized and properly maintained? Yes No

Number of Files with Deficiencies: 2

Comments:

ii. Do the files contain all documentation as required in Handbook 4350.3 REV-1, applicable HUD Notices, and any changes to the CFR? Yes No

Documents Missing from Files: Overall, the files were in great condition with very few deficiencies noted

Comments:

b. Application/Tenant Selection

i. Are the applications in the files signed and dated by applicant? Yes No

Number of files with Deficiencies: 0

Comments:

ii. Is screening conducted in accordance with the Tenant Selection Plan? Yes No

Number of files with Deficiencies: 0

Comments:

iii. Are the unit sizes appropriate for household composition at the time of this tenant file review? Yes No

Number of files with Deficiencies: 0

Comments:

iv. If a household was ineligible at move in, were exceptions granted? Yes No N/A

Number of files with Deficiencies: 0

Comments:

c. Lease			
i. Are the correct model leases used?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Number of Files with Deficiencies: <u> 2 </u>			
Comments: For tenant files #108 Ruby Perea and #202 Mattie Carr, a non-HUD approved lease was being utilized. The lease in both of the tenant files included a header at the top with the O/A's name and a footer with the O/A's address. The form number was also not included.			
<hr/>			
ii. Are the leases signed and dated by all required parties?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
iii. Are HUD issued lease addenda properly signed and in the file?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
iv. Are the applicable addenda attached to the lease?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
v. Are security deposits collected in the correct amount for the program?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
vi. Are pet deposits within acceptable range and payment installments allowed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
vii. Do the tenant files contain signed acknowledgement(s) and/or copies of the following documents indicating receipt by the tenant?			
HUD-9887 Fact Sheet	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Lead Based Paint Disclosure	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Resident Rights and Responsibilities Brochure	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
EIV & You Brochure	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Fact Sheet How Your Rent is Determined	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Race/Ethnicity Form	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
d. Certification/Re-Certification Activities:			
<hr/>			
i. Are re-certification notices issued in accordance with HUD requirements?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
ii. Are certifications completed on time?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
iii. Are all necessary verifications completed and properly documented?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Number of files with Deficiencies: <u> 0 </u>			
Comments:			
<hr/>			
iv. Are EIV Income Reports used for third party verification of employment and income?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Number of files with Deficiencies: <u> 1 </u>			
Comments: For tenant file #108 Ruby Perea, an EIV income report was not pulled with the most recent interim effective 2/1/2023			
<hr/>			
v. If the tenant disputed the EIV employment and/or income reported in EIV, was a third party verification obtained from the source?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Number of Files with Deficiencies: <u> 0 </u>			
Comments:			

vi. Are appropriate actions being taken for income discrepancies reported on the EIV Income Discrepancy Report, and is the action documented?

Number of Files with Deficiencies: 0 Yes No N/A

Comments:

vii. Are income and deductions calculated correctly prior to data entry?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

viii. Does income information on the tenant certifications agree with verified file information?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

ix. If tenants were granted a hardship exemption as part of the minimum rent, was the exemption applied correctly?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

x. Are Repayment Agreements in accordance with HUD requirements?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

xi. Are notices provided to tenants in accordance with HUD tenant notification requirements when their portion of rent has increased?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

xii. Are the correct contract rents used when determining the subsidy to be paid on behalf of tenants?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

xiii. If tenants are paying their own utilities, are the current certifications reflecting the correct utility allowances?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

xiv. Are utility reimbursement checks distributed within 5 business days of receipt of the housing assistance payments?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

e. Voucher Billing

i. Are there any deficiencies noted in the tenant file review that results in over payment or under payment of the subsidy?

Number of Files with Deficiencies: 0 Yes No N/A

Comments:

ii. For the move-in/move-out tenant file review, does the owner/agent make the appropriate voucher adjustments?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

f. Move-In Files

i. Are proper income limits used for determining eligibility at move-in?

Yes No N/A

Number of Files with Deficiencies: 1

Comments: For move-in file reviewed #102 Ofelia Juarez, the 50059 was displaying income limits from 2021. This resident was still within the correct and current limits however, please ensure that the rental software is kept up to date moving forward (observation)

ii. Do the files contain move-in inspections?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iii. If the files contain move-in inspections, have the owner/agent and the tenant signed and dated the inspection?

Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iv. Do the move-in files created after January 31, 2010 indicate that the owner/agent utilizes the EIV Existing Tenant Search for all household members and applicants?

Yes No N/A

Number of Files with Deficiencies: 1

Comments: For tenant files #108 Ruby Perea, the EIV existing tenant search was missing following up notes/correspondence regarding the potential dual subsidy that appeared on the report.

g. Move-Out Files

i. Do tenants provide written notice of intent to vacate in accordance with the HUD model lease? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

ii. Are move-out inspections conducted? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iii. Are security deposits refunded in 30 days or less if required by state law? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iv. Are tenants provided an itemized list of charges against the security deposits? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

v. If charges exceed the security deposit, are the tenants billed for the balance due? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

h. Application Rejection Files

i. Are applicants denied admittance in accordance with the Tenant Selection Plan? Yes No N/A

Number of Files with Deficiencies: 0

Comments: There were no rejected applicants at the time of the review

ii. Do rejection letters provide applicants the right to appeal? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iii. If applicant appealed an application rejection, was the appeal reviewed by someone other than person who made the original decision to reject? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

iv. Were appeals processed and applicants notified of appeal decision within 5 days of the meeting? Yes No N/A

Number of Files with Deficiencies: 0

Comments:

CATEGORY F. TENANT/MANAGEMENT RELATIONS (This Section does not apply to Mortgagees)

23. Tenant Concerns

a. Is there a written procedure for resolving tenant complaints or concerns? Yes No

If yes, review a copy.

Comments:

b. Does the procedure adequately cover appeals? Yes No

Comments:

c. Is there an active tenant organization at this project? Yes No

Comments:

d. Is tenant involvement in project operations encouraged? Yes No

Comments:

24. Provision of Tenant Services

a. What social services are provided by the project, or the neighborhood, which meet the tenant's needs? Below, indicate services that are available and identify the entity providing the service (i.e., city/county/state, church/school, community groups, etc.) and enter the cost to the project, if any.

Service	Provider	Financial Source
<input type="checkbox"/> Child Care		
<input type="checkbox"/> Recreation		
<input type="checkbox"/> Health Care		
<input type="checkbox"/> Energy Conservation		
<input type="checkbox"/> Vocational Training/Job Training		
<input type="checkbox"/> Meals		
<input type="checkbox"/> Financial Counseling		
<input type="checkbox"/> Substance Abuse Counseling		
<input type="checkbox"/> Service Coordinator		
<input type="checkbox"/> Neighborhood Networks Center		
<input checked="" type="checkbox"/> Other (please specify)	neighborhood senior center	N/A

b. Is there a Service Coordinator for the project? Yes No

If there is no Service Coordinator, proceed to question 24.f.

Comments:

c. Is the Service Coordinator's office clearly identifiable and private? Yes No

Comments: N/A

d. Are the Service Coordinator's files kept secure and confidential? Yes No

Comments: N/A

e. Does the Service Coordinator maintain a directory of service agencies and contacts, and make the information available to all parties? Yes No

Comments: N/A

f. If there is a Neighborhood Networks Center as indicated on the Desk Review, what is the status of operations?

If there is no Neighborhood Networks Center, proceed to question 24.h.

- Open for Business
- Temporarily Closed - State the date the center will reopen: _____
- Permanently Closed - State the date the center closed: _____

Comments: N/A

g. What programs are offered at the Neighborhood Networks Center?

- GED Adult Basic Education Computer Classes Job Training Job Placement
- Homework Assistance English as a Second Language Other (please specify): _____

Comments:

h. The Department allows owners and their agents to provide services related to renter's insurance products. Does the owner/agent offer such services?

If the owner/agent offers no such service, proceed to question 25. Yes No

Comments:

i. HUD Policy prohibits an owner/agent from evicting tenants for delinquent renter's insurance payments.

How does the owner/agent deal with unpaid renter's insurance?

Please explain the process:

Comments:

j. Review the renter's insurance information provided to tenants. Does the information provided to tenants clearly indicate that purchasing insurance is optional, and not required as a condition of occupancy? Yes No N/A

Comments:

CATEGORY G. GENERAL MANAGEMENT PRACTICES

25. General Management Operations

a. Have the complaints, as noted on the Desk Review, been satisfactorily resolved? Yes No N/A

Comments: There have not been any LTHS/NLTHS comments or inquiries in the last 12 months

b. Is the project staff able to adequately perform management and maintenance functions? Yes No

Comments:

c. How does the owner/agent implement HUD changes in policies and procedures?

Describe the process: team meetings, trainings, emails distributed as needed

Comments:

d. Does owner/agent have a formal ongoing training program for its staff? Yes No

If yes, indicate types of training used and the frequency.

Type	Frequency	Type	Frequency
<input type="checkbox"/> On-Site		<input type="checkbox"/> Industry/Association Training	
<input type="checkbox"/> HUD Seminars		<input type="checkbox"/> Local Colleges	
<input type="checkbox"/> Energy Conservation		<input checked="" type="checkbox"/> Other (please specify)	

Comments: NAHRO, HUD trainings, REACH

e. Are reports submitted to the owner from the management agent? Yes No N/A

This question applies only to HUD Staff and Mortgagees.

Comments:

f. Are there signs enabling persons to locate the office? Yes No

Comments:

g. Are after hours and emergency telephone numbers posted? Yes No

Comments:

h. List the current insurance coverages (property, liability, Directors and Officers, workman's compensation, automobile). (Check to make sure that HUD is listed as an additional loss payee, if applicable. Also, check to make sure that the insurance policy is in the name of the mortgagor entity.)

This question applies only to HUD Staff and Mortgagees.

Type	Basic Coverage	Annual Premium
Property		
Liability		
Other (please specify):		
Other (please specify):		

Comments:

i. Does the owner/agent have a fidelity bond? Yes No N/A

This question applies only to HUD Staff and Mortgagees.

Comments:

26. Owner/Agent Participation

This question applies only to HUD Staff and Mortgagees. CAs may proceed to question 27.

a. If the project is owned by a cooperative or nonprofit entity, does the Board of Directors meet regularly and record minutes? Yes No N/A

Comments:

b. Review copies of the minutes. Does a review of the minutes indicate compliance with HUD's business agreements? Yes No N/A

Comments:

c. Does the owner/agent have a system or procedure for providing field supervision of on-site personnel? Yes No N/A

Comments:

27. Staffing and Personnel Practices

a. Has management made an effort to employ tenants in accordance with Section 3 of the Housing and Community Development Act of 1968? Yes No

Comments:

b. List all on-site staff charged to the project. (Use additional sheets if necessary).

Staff Person / Title	Date Hired	% of Time Charged to Site	Annual Salary	Unit Size	Is the Employee Receiving Subsidy?	Is the Employee Occupying a Non-Income Producing Unit?
					Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

Comments:

c. Does the staffing chart above match Part D of the Rent Schedule, form HUD 92458 as it relates to non-income producing units?

HUD staff only.

Yes

No

Comments: