

**Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)
(Senior House)
HUD Project No. WI39M000102
Waukesha, Wisconsin**

Financial Statements
and Supplemental Information

June 30, 2018



MADDOX & ASSOCIATES, APC
CERTIFIED PUBLIC ACCOUNTANTS

To the Department of Housing
and Urban Development

Attached is the financial report of Senior House VOA Elderly Housing, Inc., (A Nonprofit Corporation), (Senior House), HUD Project No. WI39M000102 for the year ended June 30, 2018.

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Maddox & Associates, APC

August 11, 2018

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

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June 30, 2018

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Independent Auditors' Report

To the Directors
Senior House VOA Elderly Housing, Inc.
(Senior House)

Report on the Financial Statements

We have audited the accompanying financial statements of Senior House VOA Elderly Housing, Inc., (Senior House), HUD Project No. WI39M000102, (the "Project"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior House as of June 30, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 13 to 18 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2018 on our consideration of Senior House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Senior House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Senior House's internal control over financial reporting and compliance.

Maddox & Associates, APC

Baton Rouge, Louisiana
August 11, 2018

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Statement of Financial Position
June 30, 2018

ASSETS

CURRENT ASSETS

Cash-Operations	\$	6,464
Tenant Accounts Receivable		2,154
Accounts and Notes Receivable-Operations		11,514
Cash-Service Coordinator		4,123
Service Coordinator Accounts Receivable		16,657
Prepaid Expenses		6,049
Total Current Assets		<u>46,961</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust	12,123
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow Deposits	2,675
Replacement Reserve	170,641
Residual Receipts Reserve	99,623
Total Restricted Deposits	<u>272,939</u>

LONG-LIVED ASSETS HELD FOR SALE

613,866

OTHER ASSETS

Prepaid Community Room Renovation Costs	8,000
Total Other Assets	<u>8,000</u>

TOTAL ASSETS

\$ 953,889

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Statement of Financial Position
June 30, 2018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable-Operations	\$	41,146
Accrued Management Fee Payable		2,915
Accrued Service Coordinator Expenses		16,657
Prepaid Revenue		83
Total Current Liabilities		<u>60,801</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust (contra)		<u>9,228</u>
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Total Liabilities		70,029
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NET ASSETS

Unrestricted Net Assets		<u>883,860</u>
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TOTAL LIABILITIES AND NET ASSETS

	\$	<u><u>953,889</u></u>
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Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Statement of Activities
For the Year Ended June 30, 2018

REVENUES:

Rent	\$ 266,147
Service Coordinator Revenue	34,143
Financial	2,261
Other	<u>1,765</u>
Total Revenue	304,316

EXPENSES:

Project Services	
Administrative	99,596
Utilities	27,558
Operating and Maintenance	89,523
Taxes and Insurance	30,526
Service Coordinator Expenses	30,059
Depreciation	<u>44,010</u>
Total Project Service Expenses	<u>321,272</u>
Decrease in Unrestricted Net Assets	(16,956)
Net Assets, Beginning of Period	<u>900,816</u>
NET ASSETS, END OF PERIOD	<u><u>\$ 883,860</u></u>

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Statement of Cash Flows
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental Receipts	\$ 264,956
Interest Receipts	2,261
Other Receipts	1,765
Total Receipts	<u>268,982</u>
Administrative	(24,910)
Management Fees	(16,034)
Utilities	(27,558)
Salaries and Wages	(87,551)
Operating and Maintenance	(48,623)
Property Insurance	(9,067)
Miscellaneous Taxes and Insurance	(23,509)
Tenant Security Deposits	(15)
Other Operating Expenses	(39)
Total Disbursements	<u>(237,306)</u>
Net Cash Provided by Operating Activities	<u>31,676</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Deposits to the Escrow Account	(7,320)
Withdrawals from the Escrow Account	8,066
Deposits to the Replacement Reserve Account	(30,403)
Deposits to the Residual Receipts Account	(862)
Withdrawals from the Residual Receipts Account	20,000
Net Purchase of Fixed Assets	(5,785)
Unauthorized Loan of Project of Funds	(11,514)
Net Cash Used in Investing Activities	<u>(27,818)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

	<u>0</u>
Net Increase in Cash and Cash Equivalents	3,858

CASH AND CASH EQUIVALENTS:

Beginning of Period	<u>2,606</u>
End of Period	<u><u>\$ 6,464</u></u>

(continued)

See accompanying notes to the financial statements.

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

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HUD Project No. WI39M000102

Statement of Cash Flows (continued)
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	\$	(16,956)
Adjustments to Reconcile Decrease in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation Expense		44,010
Decrease (Increase) in:		
Tenant Accounts Receivable		(1,159)
Accounts Receivable-Other		(8,038)
Prepaid Expenses		(332)
Cash Restricted for Tenant Security Deposits		(9)
Cash Restricted for Service Coordinator		(4,123)
Increase (Decrease) in:		
Accounts Payable		8,721
Accrued Liabilities		9,495
Tenants Security Deposits Held in Trust		(6)
Prepaid Revenue		73
Net Cash Provided by Operating Activities	\$	<u>31,676</u>

Senior House VOA Elderly Housing, Inc.
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HUD Project No. WI39M000102

Notes to the Financial Statements
June 30, 2018

1. Organization and Summary of Significant Accounting Policies

The Project is a 33-unit apartment project for the elderly located in Waukesha, Wisconsin. The Project is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Senior House VOA Elderly Housing, Inc., a corporation sponsored by Volunteers of America, holds legal title to the Project. The accompanying financial statements include only the assets and related liabilities of Senior House.

The Project also is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Project's rental income is received from HUD.

The sponsor listed the project for sale during a prior year. As of June 30, 2018, the sponsor has identified a buyer and received a letter of intent to purchase the property. Due diligence is currently underway and the sale is expected to occur sometime in the next year. The sale will include the land, fixed assets, liabilities, security deposits, and all reserves of the project. The closing date, sale price, and cost of sale have yet to be determined. Therefore, the gain or loss on the transaction could not be determined.

Based on the sale, fixed assets are classified as "Assets Held for Sale" on the Statement of Financial Position.

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

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including August 11, 2018, which is the date the financial statements were issued.

Revenue Recognition: Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Project and the tenants are operating leases. Rental income is recorded net of vacancies. Under the Regulatory Agreement, the Project may not increase rents charged to tenants without HUD approval.

Functional Expenses: Expenditures incurred in connection with project operations and expenditures made for entity purposes have been summarized on a functional basis in the Statement of Activities.

Cash and Cash Equivalents: For the purposes of the Statement of Cash Flows, the Project considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Senior House VOA Elderly Housing, Inc.
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HUD Project No. WI39M000102

Notes to the Financial Statements (continued)
June 30, 2018

Concentration of Credit Risk: The project maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The project has not experienced any losses in such accounts.

Allowance for Uncollectible Receivables: Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation: The Project's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided by the straight-line method over the estimated useful life of the asset.

Buildings	40 years
Land and Building Improvements	7-27.5 years
Furniture, Fixtures, and Equipment	3-7 years
Motor Vehicles	5 years

Impairment of Long-Lived Assets: The Project reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There is no impairment loss recognized for the period ending June 30, 2018.

Other Liabilities: Accrued expenses for compensated absences, vacations, and sick pay are not shown due to the fact that amount of the liability cannot be reasonably estimated. It is the Project's policy to expense these items when they are incurred.

Interest Expense: There is no interest expense.

Income Taxes: Neither the Project nor its nonprofit corporate owner is subject to federal income taxes under IRC 501(C)(3). The Project files information returns in the U.S. federal jurisdiction. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. There are no interest and penalties related to income taxes recognized in the statement of activities. The Project has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

Senior House VOA Elderly Housing, Inc.
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(Senior House)

HUD Project No. WI39M000102

Notes to the Financial Statements (continued)
June 30, 2018

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts 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.

Economic Concentrations: The Project's primary asset is its 33-unit apartment project. The Project's operations are concentrated in the multifamily housing real estate market. In addition, the Project operates in a regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

2. Financing

Section 202 of the National Housing Act authorized HUD to provide funds as capital advances to nonprofit owners for new construction or acquisition/rehabilitation of supportive housing facilities. This capital advance note shall bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons for at least 40 years in accordance with Section 202 of the National Housing Act, the Regulatory Agreement and HUD Regulations. Failure to keep the housing available for elderly persons would result in HUD's billing the owner for the entire capital advance of \$682,091 plus interest since the date of the first advance. The capital advance is classified in the statement of financial position as net assets.

3. Related Party-Identity of Interest

Related Party: VOA National Housing Corporation
Relationship: Corporation Formed by the Sponsor
Transactions: Accounting and Reimbursable Expenses
Amount paid for services: \$3,010
Amount payable at June 30, 2018: \$523

Related Party: Volunteers of America of Minnesota, Inc.
Relationship: Corporation Formed by the Sponsor
Transactions: Management, Payroll, Reimbursable Expenses, and Service Coordinator
Amount paid for services: \$153,091
Amount payable at June 30, 2018: \$46,140

Related Party: Volunteers of America
Relationship: Sponsor
Transactions: Reimbursable Expenses
Amount paid for services: \$50
Amount payable at June 30, 2018: None

Senior House VOA Elderly Housing, Inc.
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Notes to the Financial Statements (continued)
June 30, 2018

3. Related Party-Identity of Interest (continued)

Related Party: Volunteers of America National Services
Relationship: Corporation Formed by the Sponsor
Transactions: Service Coordinator Quality Assurance
Amount paid for services: \$2,401
Amount payable at June 30, 2018: None

During the current year the project paid \$11,514 in grounds maintenance costs on behalf of two related projects, Milwaukee VOA Housing, Inc. and Forest Towers Wisconsin, Inc. The total receivable from these two entities at June 30, 2018 was \$11,514. The balance of the receivable is included in accounts and notes receivable-operations on the Statement of Financial Position.

4. Management Fee

The Project has contracted with Volunteers of America of Minnesota, Inc. to provide management services. The charges for these services are based upon a management agreement. The charges are 6.35% of collected rental and miscellaneous income. For the period ended June 30, 2018, management fees charged amounted to \$15,907. The Project is also charged Better Buildings Challenge management add-on fees. The charges are \$4 per unit, per month. For the period ended June 30, 2018, Better Buildings Challenge management fees charged amounted to \$1,584. The balance owed Volunteers of America of Minnesota, Inc. at June 30, 2018 is \$2,915.

5. Restricted Funds

Under the Regulatory Agreement, the Project is required to establish and maintain a replacement reserve account for the replacement of property and other project expenditures as approved by HUD. The Project is also required to complete a computation of surplus cash. Surplus cash is the cash remaining after all expenses of the project are paid less current obligations of the current reporting period. If surplus cash exists, the Project is required to deposit surplus cash into a residual receipts account within 60 days of the Project's year-end. Restricted funds are held in separate accounts and generally are not available for operating purposes. Restricted funds include \$89,686 in certificates of deposit with maturities greater than three months.

There is a Multifamily Service Coordinator grant agreement with HUD. The funds are accounted for in a restricted account.

6. Unrestricted Net Assets

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

7. Contingencies

Regulations require the return of residual receipts to HUD unless the funds are authorized by HUD to be retained by the Project for possible future uses. The return of these funds to HUD remains a reasonable possibility. The use of these funds is contingent upon HUD's prior written approval.

Senior House VOA Elderly Housing, Inc.
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Notes to the Financial Statements (continued)
June 30, 2018

8. Accounts Receivable-Service Coordinator

"Accounts Receivable-Service Coordinator" includes amounts due from HUD for the period January 2018 to June 2018.

9. Long-Lived Assets Held for Sale

The sponsor listed the project for sale during the prior year. As of June 30, 2018, the sponsor has identified a buyer and received a letter of intent to purchase the property. Due diligence is currently underway and the sale is expected to occur sometime in the next year. The sale will include the land, fixed assets, liabilities, security deposits, and all reserves of the project. Accordingly, land and fixed assets are shown as long-lived assets held for sale on the statement of financial position. The carrying amounts of the major classes of assets shown as long-lived assets held for sale are as follows:

Land	\$ 60,000
Buildings	1,145,811
Building Equipment-Portable	28,936
Furnishings	55,432
Office Furniture and Equipment	18,791
Motor Vehicles	20,799
Miscellaneous Fixed Assets	67,812
Total Fixed Assets	<u>1,397,581</u>
Less Accumulated Depreciation	<u>783,715</u>
Net Fixed Assets	<u><u>\$ 613,866</u></u>

SUPPLEMENTAL INFORMATION

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Supplementary Information Required by HUD
June 30, 2018

Financial Statement Data:

Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash-Operations	6,464
1130	Tenant Accounts Receivable	2,154
1140-020	Due From Related Projects	11,514
1140	Accounts and Notes Receivable-Operations	11,514
1190-020	Cash-Service Coordinator	4,123
1190-020	Accounts Receivable-Service Coordinator	16,657
1190	Miscellaneous Current Assets	20,780
1200	Prepaid Expenses	6,049
1100T	Total Current Assets	46,961
1191	Tenant Security Deposits Held in Trust	12,123
1310	Escrow Deposits	2,675
1320	Replacement Reserve	170,641
1340	Residual Receipts Reserve	99,623
1300T	Total Deposits	272,939
1410	Land	60,000
1420	Buildings	1,145,811
1440	Building Equipment-Portable	28,936
1460	Furnishings	55,432
1465	Office Furniture and Equipment	18,791
1480	Motor Vehicles	20,799
1490	Miscellaneous Fixed Assets	67,812
1400T	Total Fixed Assets	1,397,581
1495	Less Accumulated Depreciation	783,715
1400N	Net Fixed Assets	613,866
1590-020	Prepaid Community Room Renovation Costs	8,000
1590	Miscellaneous Other Assets	8,000
1500T	Total Other Assets	8,000
1000T	Total Assets	953,889
Liabilities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts Payable-Operations	41,146
2123	Accrued Management Fee Payable	2,915
2190-020	Accrued Service Coordinator Expenses	16,657
2190	Miscellaneous Current Liabilities	16,657
2210	Prepaid Revenue	83
2122T	Total Current Liabilities	60,801
2191	Tenant Security Deposits Held in Trust (contra)	9,228
2000T	Total Liabilities	70,029
Net Assets		

Senior House VOA Elderly Housing, Inc.
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Supplementary Data Required by HUD (continued)
June 30, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
3131	Unrestricted Net Assets	883,860
3130	Total Net Assets	883,860
2033T	Total Liabilities and Equity/Net Assets	953,889

Rent Revenue

<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	142,564
5121	Tenant Assistance Payments	141,533
5100T	Total Rent Revenue	284,097

Vacancies

<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	17,950
5200T	Total Vacancies	17,950
5152N	Net Rental Revenue	266,147

5300 Revenue

<u>Account</u>	<u>Description</u>	<u>Value</u>
5300	Other Elderly Care Revenue-Service Coordinator	34,143

Financial Revenue

<u>Account</u>	<u>Description</u>	<u>Value</u>
5430	Revenue from Investments-Residual Receipts	862
5440	Revenue from Investments-Replacement Reserve	1,399
5400T	Total Financial Revenue	2,261

Other Revenue

<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	1,631
5990	Miscellaneous Revenue	134
5900T	Total Other Revenue	1,765
5000T	Total Revenue	304,316

Administrative Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	2,072
6210	Advertising and Marketing	1,574
6310	Office Salaries	32,855
6311	Office Expense	12,863
6320	Management Fee	17,491
6330	Manager or Superintendent Salaries	22,922
6340	Legal Expense-Project	357
6350	Audit Expense	5,629
6351	Bookkeeping Fees/Accounting Services	2,990
6370	Bad Debts	105
6390	Miscellaneous Administrative Expenses	738
6263T	Total Administrative Expenses	99,596

Utilities Expense

<u>Account</u>	<u>Description</u>	<u>Value</u>
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Senior House VOA Elderly Housing, Inc.
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(Senior House)

HUD Project No. WI39M000102

Supplementary Data Required by HUD (continued)
June 30, 2018

6450	Electricity	16,238
6451	Water	5,183
6452	Gas	2,905
6453	Sewer	3,232
6400T	Total Utilities Expense	27,558

Operating & Maintenance Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	39,218
6515	Supplies	13,262
6520	Contracts	16,450
6525	Garbage and Trash Removal	6,003
6530	Security Payroll/Contract	735
6546	Heating/Cooling Repairs and Maintenance	782
6548	Snow Removal	4,800
6570	Vehicle and Maintenance Equipment Operations and Repairs	8,273
6500T	Total Operating and Maintenance Expenses	89,523

Taxes & Insurance

<u>Account</u>	<u>Description</u>	<u>Value</u>
6711	Payroll Taxes	6,095
6720	Property and Liability Insurance	8,852
6721	Fidelity Bond Insurance	128
6722	Workmen's Compensation	2,465
6723	Health Insurance and Other Employee Benefits	12,681
6790	Miscellaneous Taxes, Licenses, Permits, and Insurance	305
6700T	Total Taxes and Insurance	30,526

6900 Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6900	Other Elderly Care Expenses-Service Coordinator	30,059

Operating Results

<u>Account</u>	<u>Description</u>	<u>Value</u>
6000T	Total Cost of Operations Before Depreciation and Amortization	277,262
5060T	Profit (Loss) Before Depreciation and Amortization	27,054
6600	Depreciation Expenses	44,010
5060N	Operating Profit or (Loss)	(16,956)

Change in Net Assets from Operations

<u>Account</u>	<u>Description</u>	<u>Value</u>
3247	Change in Unrestricted Net Assets from Operations	(16,956)
3250	Change in Total Net Assets from Operations	(16,956)

Part II

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans and HUD-held and HUD-insured first mortgages.	0

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Supplementary Data Required by HUD (continued)
June 30, 2018

S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	29,004
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	0
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy program that are included as expense items on this Profit and Loss statement.	0

Equity Data

S1100-060	Previous Year Unrestricted Net Assets	900,816
3247	Change in Unrestricted Net Assets from Operations	(16,956)
3131	Unrestricted Net Assets	883,860
S1100-050	Previous Year Total Net Assets	900,816
3250	Change in Total Net Assets from Operations	(16,956)
3130	Total Net Assets	<u>883,860</u>

Cash Flow from Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-010	Rental Receipts	264,956
S1200-020	Interest Receipts	2,261
S1200-030	Other Receipts	<u>1,765</u>
S1200-040	Total Receipts	268,982
S1200-050	Administrative	(24,910)
S1200-070	Management Fees	(16,034)
S1200-090	Utilities	(27,558)
S1200-100	Salaries and Wages	(87,551)
S1200-110	Operating and Maintenance	(48,623)
S1200-140	Property Insurance	(9,067)
S1200-150	Miscellaneous Taxes and Insurance	(23,509)
S1200-160	Tenant Security Deposits	(15)
S1200-170	Other Operating Expenses	<u>(39)</u>
S1200-230	Total Disbursements	(237,306)
S1200-240	Net Cash Provided by (Used in) Operating Activities	31,676

Cash Flow from Investing Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-245	Net Deposits to the Mortgage Escrow Account	746
S1200-250	Net Deposits to the Replacement Reserve Account	(30,403)
S1200-260	Net Deposits to the Residual Receipts Account	19,138
S1200-330	Net Purchase of Fixed Assets	(5,785)
S1200-342	Unauthorized Loan of Project Funds	(11,514)
S1200-340	Other Investing Activities	(11,514)
S1200-350	Net Cash Provided by (Used in) Investing Activities	<u>(27,818)</u>
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	3,858

Cash and Cash Equivalents

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	<u>2,606</u>
S1200T	End of Period	<u>6,464</u>

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Supplementary Data Required by HUD (continued)
June 30, 2018

Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in)
Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
3250	Change in Total Net Assets from Operations	(16,956)

Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by
(Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
6600	Depreciation Expense	44,010
S1200-490	Decrease (Increase) in Tenant Accounts Receivable	(1,159)
S1200-500	Decrease (Increase) in Accounts Receivable-Other	(8,038)
S1200-520	Decrease (Increase) in Prepaid Expenses	(332)
S1200-530	Decrease (Increase) in Cash Restricted for Tenant Security Deposits	(9)
S1200-540	Increase (Decrease) in Accounts Payable	8,721
S1200-560	Increase (Decrease) in Accrued Liabilities	9,495
S1200-580	Increase (Decrease) in Tenants Security Deposits Held in Trust	(6)
S1200-590	Increase (Decrease) in Prepaid Revenue	73
S1200-602	Increase in Cash Restricted for Service Coordinator	(4,123)
S1200-600	Other Adjustments	<u>(4,123)</u>

Net Cash Provided by (Used in) Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-610	Net Cash Provided by (Used in) Operating Activities	<u><u>31,676</u></u>

Reserve for Replacements:

In accordance with the provisions of the Regulatory Agreement, restricted cash is to be used for replacement of property and various other uses, with the approval of HUD as follows:

Balance, June 30, 2017	\$ 140,238
Total Monthly Deposits	29,004
Investment Income	1,399
Approved Withdrawals	0
Balance, June 30, 2018	<u><u>\$ 170,641</u></u>

Deposits Suspended or Waived

No

Residual Receipts Reserve:

Balance, June 30, 2017	\$ 118,761
Total Required Deposit	0
Investment Income	862
Approved Withdrawals	(20,000)
Balance, June 30, 2018	<u><u>\$ 99,623</u></u>

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

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HUD Project No. WI39M000102

Supplementary Data Required by HUD (continued)
June 30, 2018

Computation of Surplus Cash, Distributions, and Residual Receipts-Annual:

Cash	\$ 18,587
Total Cash	<u>18,587</u>
Accounts Payable-30 Days	41,146
Accrued Expenses [not escrowed]	2,915
Prepaid Revenue	83
Tenant Security Deposits Liability	<u>9,228</u>
Total Current Obligations	<u>53,372</u>
Surplus Cash (Deficiency)	<u><u>\$ (34,785)</u></u>

Schedule of Fixed Assets Accounts-Detail:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>
Land	\$ 60,000	\$ 0	\$ 0	\$ 60,000
Buildings	1,145,811	0	0	1,145,811
Building Equipment-Portable	28,936	0	0	28,936
Furnishings	49,647	5,785	0	55,432
Office Furniture and Equipment	18,791	0	0	18,791
Motor Vehicles	20,799	0	0	20,799
Miscellaneous Fixed Assets	67,812	0	0	67,812
Total	<u>\$ 1,391,796</u>	<u>\$ 5,785</u>	<u>\$ 0</u>	<u>1,397,581</u>
Accumulated Depreciation	<u>\$ 739,705</u>	<u>\$ 44,010</u>	<u>\$ 0</u>	<u>783,715</u>
Net Book Value				<u><u>\$ 613,866</u></u>

<u>Description</u>	<u>Additions (Deductions)</u>
Flooring	\$ 5,785

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Schedule of Expenditures of Federal Awards
June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development Section 8 Housing Assistance Payments	14.195	\$ 141,533
U.S. Department of Housing and Urban Development Supportive Housing for the Elderly (Section 202)- Capital Advance	14.157	682,091
U.S. Department of Housing and Urban Development Multifamily Housing Service Coordinator	14.191	34,143
		<u>\$ 857,767</u>

Basis of Presentation: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Senior House VOA Elderly Housing, Inc., (A Nonprofit Corporation), (Senior House), HUD Project No. WI39M000102, and is prepared 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Project has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Senior House VOA Elderly Housing, Inc.
1660 Duke Street
Alexandria, VA 22314

Summary Schedule of Prior Audit Findings

There are no open findings from the prior audit report.



**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

To the Directors
Senior House VOA Elderly Housing, Inc.
(Senior House)

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 House, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Senior House'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Senior House's internal control. Accordingly, we do not express an opinion on the effectiveness of Senior House'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Senior House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

Senior House's Response to Findings

Senior House's response to the findings identified in our audit are described in the accompanying schedule of findings, questioned costs, and recommendations. Senior House's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maddox & Associates, APC

Baton Rouge, Louisiana
August 11, 2018



**Independent Auditors' Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

To the Directors
Senior House VOA Elderly Housing, Inc.
(Senior House)

Report on Compliance for Each Major Federal Program

We have audited Senior House's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Senior House's major federal programs for the year ended June 30, 2018. Senior House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Senior House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

Senior House's response to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. Senior House's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Senior House is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Senior House's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Senior House's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Maddox & Associates, APC

Baton Rouge, Louisiana
August 11, 2018

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Senior House.
2. Material weaknesses were not identified during the audit of the financial statements.
3. Instances of noncompliance material to the financial statements of Senior House were not disclosed during the audit.
4. Material weaknesses were not identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Senior House expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Senior House are reported on this Schedule.
7. The programs tested as major programs included:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Section 8 Housing Assistance Payments	14.195
Section 202 Supportive Housing for the Elderly	14.157

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. Senior House qualified as a low-risk auditee.

B. Findings-Financial Statement Audit

None

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

C. Findings and Questioned Costs-Major Federal Award Programs Audit

Federal Agency: Department of Housing and Urban Development
Federal Program: Section 202
CFDA Number: 14.157

Unauthorized Loan of Project Funds	
Finding Reference Number:	2018-001
Type of Finding:	FA
Finding Resolution Status:	Unresolved
Information on Universe	
Population Size:	The finding was not a result of a sampling procedure.
Sample Size Information:	The finding was not a result of a sampling procedure.
Identification of Repeat Finding and Finding Reference Number:	Prior year finding reference: 2016-001
Criteria:	Project funds may be used only for expenses that are reasonable and necessary to the operation of the project as provided for in the Regulatory Agreement between HUD and the project owner.
Statement of Condition:	The project paid expenses on behalf of other projects in the amount of \$11,514.
Cause:	A single vendor provides grounds maintenance services to three related projects. The vendor billed their services for all three projects on a single invoice that was only mailed to Senior House. Senior House subsequently paid the entire bill instead of its allocable portion.
Effect or Potential Effect:	The project has a receivable from the other projects in the amount of \$11,514.
Auditor Non-Compliance Code:	G
Questioned Costs:	\$11,514
Reporting Views of Responsible Officials:	Management agrees with the finding. The funds will be reimbursed to the project in the upcoming year.
Context:	A single vendor provides grounds maintenance services to three related projects. The vendor billed their services for all three projects on a single invoice that was only mailed to Senior House. Senior House subsequently paid the entire bill instead of its allocable portion.
Recommendation:	The funds will be reimbursed to the project in the upcoming year.
Auditor's Summary of the Auditee's Comments on the Findings and Recommendations:	Management agrees with the finding. The funds will be reimbursed to the project in the upcoming year.
Response Indicator:	Agree
Completion Date:	August 11, 2018
Response:	Management agrees with the finding. The funds will be reimbursed to the project in the upcoming year.

**Senior House VOA Elderly Housing, Inc.
1660 Duke Street
Alexandria, VA 22314**

Corrective Action Plan

Name of Auditee: Senior House VOA Elderly Housing, Inc.
(Senior House)
HUD Project Number: WI39M000102
Name of Audit Firm: Maddox & Associates, APC
Period Covered by Audit: Year Ending June 30, 2018

Corrective Action Plan Prepared by:
Name: Vanessa Tran
Position: Controller
Telephone Number: (703) 341-5000

Findings-Financial Statement Audit

None

Findings-Federal Award Programs Audits

Federal Agency: Department of Housing and Urban Development
Federal Program: Section 202
CFDA Number: 14.157

Unauthorized Loan of Project Funds	
<i>Finding Reference Number:</i>	2018-001
<i>Concur or Do Not Concur:</i>	Concur
<i>Agree or Disagree with Auditor Recommendations:</i>	Agree
<i>Actions Taken or Planned on the Finding:</i>	Management agrees with the finding. The funds will be reimbursed to the project in the upcoming year. Management will ensure that the related projects only pay their allocable portion for shared services billed on a single invoice.
<i>Completion Date:</i>	August 11, 2018

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Certification of Officers

We hereby certify that we have examined the accompanying financial statements and supplemental data of Senior House VOA Elderly Housing, Inc., (A Nonprofit Corporation), (Senior House), HUD Project No. WI39M000102 as of June 30, 2018, and, to the best of our knowledge and belief, the same are accurate and complete.

Signature: _____

Patrick Sheridan, Assistant Secretary
Senior House VOA Elderly Housing, Inc.
August 11, 2018

Signature: _____

Robert Gibson, Assistant Secretary/Treasurer
Senior House VOA Elderly Housing, Inc.
August 11, 2018

Employer Identification Number: 72-1281716

Senior House VOA Elderly Housing, Inc.
(A Nonprofit Corporation)

(Senior House)

HUD Project No. WI39M000102

Management Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplemental data of Senior House VOA Elderly Housing, Inc., (A Nonprofit Corporation), (Senior House), HUD Project No. WI39M000102 as of June 30, 2018, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: _____

Paula Hart, President and CEO
Volunteers of America of Minnesota, Inc.
Employer ID #: 41-1554078
August 11, 2018



Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Directors
Senior House VOA Elderly Housing, Inc.
(Senior House)

We have performed the procedure described in the second paragraph of this report, which was agreed to by Senior House VOA Elderly Housing, Inc., (A Nonprofit Corporation), (Senior House), HUD Project No. WI39M000102 and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Senior House is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of Senior House and PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. *Code of the Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), by Senior House as of and for the year ended June 30, 2018, and have issued our reports thereon dated August 11, 2018. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplemental financial data templates dated August 11, 2018, was expressed in relation to the basic financial statements of Senior House taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditors' reports, is available in its entirety from Senior House. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Maddox & Associates, APC

August 17, 2018

Attachment to Independent Accountants' Report on Applying Agreed-Upon Procedures

<u>UFRS Rule Information</u>	<u>Hard Copy Document(s)</u>	<u>Findings</u>
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Supplemental Schedules with Financial Statement Data	Agrees
Surplus Cash (S1300 series of accounts)	Computation of Surplus Cash, Distributions and Residual Receipts (Annual)	Agrees
Footnotes (S3100 series of accounts)	Notes to the Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditors' Reports on the Financial Statements, Compliance and Internal Control	Agrees
Type of Opinion on Supplemental Data (account S3400-100)	Auditors' Report on Supplemental Data	Agrees
Auditor Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	Agrees