



Financial Statements  
September 30, 2021

## North Liberty, LLC

HUD Project Number 124-11036

Independent Auditor’s Report .....	1
Financial Statements	
Balance Sheet.....	3
Statement of Operations and Member’s Deficit .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	7
Supplementary Information Required by HUD	
Balance Sheet.....	13
Statement of Profit and Loss.....	15
Statement of Member’s Deficit .....	18
Statement of Cash Flows .....	19
Additional Supplementary Information Required by HUD .....	21
Computation of Surplus Cash, Distributions, and Residual Receipts.....	22
Independent Auditor's Reports on Internal Control and Compliance	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	23
Independent Auditor’s Report on Compliance for the Major HUD Program and on Internal Control over Compliance Required by the Consolidated Audit Guide for Audits of HUD Programs.....	25
Schedule of Findings, Questioned Costs, and Recommendations.....	27
Schedule of Prior Year Findings, Questioned Costs, and Recommendations.....	28
Mortgagor’s Certification.....	29
Managing Agent’s Certification .....	30
Auditor Information .....	31



## Independent Auditor's Report

To the Board of Commissioners  
Of Boise City Housing Authority  
North Liberty, LLC  
Boise, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of North Liberty, LLC (a limited liability company) henceforth known as the Company, which comprise the balance sheet as of September 30, 2021, and the related statements of operations and member's deficit, 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 the Company as of September 30, 2021, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as required by HUD (supplementary information) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2021 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 North Liberty, LLC'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 the Company's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
December 17, 2021

North Liberty, LLC  
 HUD Project Number 124-11036  
 Balance Sheet  
 September 30, 2021

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Assets	
Cash	\$ 319,109
Accounts receivable	7,729
Prepaid expenses	33,257
Tenant security deposits	14,400
Restricted deposits and funded reserves	312,749
Property and equipment, at cost, less accumulated depreciation	<u>697,638</u>
	<u><u>\$ 1,384,882</u></u>
Liabilities and Member's Deficit	
Liabilities	
Accounts payable	\$ 9,039
Prepaid rent	10,325
Accrued expenses	14,363
Accrued interest	4,773
Tenant security deposits payable	14,400
Long-term debt, net of unamortized debt issuance costs of \$114,653	<u>2,739,417</u>
Total liabilities	2,792,317
Member's Deficit	<u>(1,407,435)</u>
	<u><u>\$ 1,384,882</u></u>

**North Liberty, LLC**  
 HUD Project Number 124-11036  
 Statement of Operations and Member's Deficit  
 Year Ended September 30, 2021

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Operations

Gross tenant rent	\$ 522,705
Less: vacancies and concessions	<u>(6,466)</u>
Net tenant rent	516,239
Tenant charges	6,678
Interest	<u>349</u>
Total revenues	<u>523,266</u>

Expenses

Administrative	61,913
Utilities	39,997
Operating and maintenance	68,727
Health insurance and other benefits	22,864
Taxes and insurance	38,110
Interest	90,547
Depreciation	<u>73,779</u>
Total expenses	<u>395,937</u>

Net Income	<u><u>\$ 127,329</u></u>
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Member's Deficit

Balance, September 30, 2020	\$ (1,534,764)
Net income	<u>127,329</u>
Balance, September 30, 2021	<u><u>\$ (1,407,435)</u></u>

North Liberty, LLC  
 HUD Project Number 124-11036  
 Statement of Cash Flows  
 Year Ended September 30, 2021

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Operating Activities	
Receipts	
Rental receipts	\$ 511,969
Interest receipts	349
Other operating receipts	<u>6,828</u>
Total receipts	<u>519,146</u>
Disbursements	
Administrative	8,465
Management fee	36,015
Utilities	42,627
Salaries and wages	74,460
Operating and maintenance	31,778
Property insurance	28,073
Interest on loans or notes payable	90,642
Mortgage insurance premium	<u>6,236</u>
Total disbursements	<u>318,296</u>
Net Cash from Operating Activities	<u>200,850</u>
Investing Activities	
Purchase of fixed assets	<u>(20,540)</u>
Net Cash used for Investing Activities	<u>(20,540)</u>
Financing Activities	
Principal payments on loans or notes payable	<u>(57,001)</u>
Net Cash used for Financing Activities	<u>(57,001)</u>
Net Change in Cash, Tenant Security Deposits and Restricted Cash	123,309
Cash, Tenant Security Deposits and Restricted Cash, Beginning of Year	<u>522,949</u>
Cash, Tenant Security Deposits and Restricted Cash, End of Year	<u><u>\$ 646,258</u></u>
Cash	\$ 319,109
Tenant security deposits	14,400
Restricted deposits and funded reserves	<u>312,749</u>
Total Cash, Tenant Security Deposits and Restricted Cash	<u><u>\$ 646,258</u></u>

Reconciliation of Net Income to Net Cash from Operating Activities

Net income	\$ 127,329
Adjustments to reconcile net income to net cash from operating activities	
Depreciation	73,779
Interest expense attributable to amortization of debt issuance costs	3,801
Loss on disposal	1,064
Changes in assets and liabilities	
Accounts receivable	(4,931)
Prepaid expenses	(2,630)
Accounts payable	4,017
Accrued expenses	(2,295)
Accrued interest	(95)
Tenant security deposit payable	150
Prepaid rent	661
	<hr/>
Net Cash from Operating Activities	<u><u>\$ 200,850</u></u>



## **Note 1 - Principal Business Activity and Significant Accounting Policies**

### **Principal Activity, Risks, and Uncertainty**

North Liberty, LLC (Company) was formed April 22, 2016, as a limited liability company under the laws of the state of Idaho and shall continue in perpetuity, unless dissolved or terminated at an earlier date. The Company was formed for the purpose of owning and operating a 48-unit affordable rental housing complex located in Boise. Substantially all of the Company's income is derived from the rental of its apartment units. The Company began operations during November 2016. The Company has entered into a regulatory agreement with the U.S. Department of Housing and Urban Development (Note 9).

### **Concentrations of Credit Risk**

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

### **Receivables and Credit Policy**

Tenant receivables are rents and charges currently due from residential tenants. Payments on tenant receivables are applied to specific months. Management reviews tenant receivables monthly and charges operations with those considered uncollectible. All remaining tenant receivables are considered collectible.

### **Property and Equipment**

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is computed principally by the straight-line method over the following estimated useful lives:

Building and land improvements	5 - 40 years
Furniture and equipment	3 - 10 years

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at September 30, 2021.

### **Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the owners in accordance with the company agreement. Therefore, no provisions for income taxes have been included in the financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of September 30, 2021, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

### **Rental Income**

Housing units are rented under operating lease agreements with terms of one year or less. Rent income from tenants is recognized in the month in which it is earned rather than received. Tenant rent represents gross rent for all units in the project. Any rent received prior to the month of occupancy is reported as prepaid rent. Vacancy losses for unrented units and rental concessions are recorded for any unrented units to arrive at net tenant rent.

### **Debt Issuance Costs**

Debt issuance costs are amortized over the period the related obligation is outstanding. Debt issuance costs are included within long-term debt on the balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements. The straight-line method of amortization is used which is a reasonable estimate of the effective interest method.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 Company has evaluated subsequent events through December 17, 2021, the date which the financial statements were available to be issued.

**Note 2 - Restricted Deposits and Funded Reserves**

Tax and insurance escrow	\$ 5,654
Replacement reserve	<u>307,095</u>
	<u><u>\$ 312,749</u></u>

**Tax and Insurance Escrow**

Pursuant to the mortgage agreement with Centennial Mortgage, the Company is required to maintain a mortgage escrow account. The mortgage escrow account is to be used to pay the next year's mortgage insurance premium, taxes, and property insurance.

**Replacement Reserve**

Pursuant to the terms of the HUD regulatory agreement, the Company is required to deposit \$1,952 per month into a replacement reserve account, increasing by 2.0% each year after the initial year of the agreement. The reserve for replacement account is to be used for repairs, maintenance and replacement of equipment not paid as part of the ordinary operations of the Company. Withdrawals from this account are subject to HUD approval.

**Note 3 - Tenant Security Deposits**

Pursuant to management policy, the Company has set aside \$14,400 as of September 30, 2021, to repay tenant security deposits after lease termination in accordance with requirements established by the HUD regulatory agreement.

**Note 4 - Property and Equipment**

Property and equipment at September 30, 2021, consist of the following:

Land	\$ 147,000
Land improvements	617,088
Building	2,727,927
Equipment and furnishings	<u>229,554</u>
	3,721,569
Accumulated depreciation	<u>(3,023,931)</u>
	<u><u>\$ 697,638</u></u>

**Note 5 - Accrued Expenses**

Accrued expenses at September 30, 2021, consist of the following:

Accrued vacation payable	\$ 6,171
Management fees	<u>8,192</u>
	<u><u>\$ 14,363</u></u>

**Note 6 - Long-Term Debt**

Long-term debt consists of:

3.01% \$3,020,063 mortgage note payable to Centennial Mortgage, due in monthly installments of \$16,460 beginning January 1, 2017 through December 2051, secured by a deed of trust on all property and equipment, a security agreement and an assignment of rents and leases and a HUD regulatory agreement, net of unamortized debt issuance costs of \$114,653 in 2021, based on an effective interest rate of 4.51% (A).	\$ 2,854,070
Less unamortized debt issuance costs	<u>(114,653)</u>
Long-term debt and unamortized debt issuance costs	<u><u>\$ 2,739,417</u></u>

(A) – The loan is insured by HUD under the HUD 223f insured mortgage program. In the event of a default on the mortgage, all rents, profits, and income of the project are to be assigned to HUD. The regulatory agreement accompanying the HUD-insured mortgage shall remain in effect until termination or maturity of the HUD-insured mortgage.

Future maturities of long-term debt are as follows:

Years Ended September 30,	Amount
2022	\$ 58,742
2023	60,535
2024	62,382
2025	64,286
2026	66,248
Thereafter	2,541,877
Less unamortized debt issuance costs	<u>(114,653)</u>
	<u><u>\$ 2,739,417</u></u>

**Note 7 - Related Party Transactions**

**Member Distributions**

All distributions to partners can be made only after the end of the semiannual or annual fiscal period. Distributions may be made only to the extent sufficient surplus cash is available after payment of all operating expenses, escrow deposits required by HUD, and principal and interest on the HUD-insured mortgage. During 2021, there were no distributions made from surplus cash.

**Management Fees**

The Company has entered into an agreement with Boise City Housing Authority (the Housing Authority), the single member of the LLC, to provide management services. Under the terms of the agreement, the Housing Authority is to receive management fees as percentage of gross receipts. For 2021, the Housing Authority received 7.0% in management fees per the agreement. The agreement has an autorenewal option for one year, until canceled by either party. During the year ended September 30, 2021, the Company incurred management fees of \$36,015.

**Other Transactions**

During the year ended September 30, 2021, the Company reimbursed the Housing Authority approximately \$54,605 and \$20,064, for payroll and benefits, respectively. The Company owes the Housing Authority \$11,194 for management fees and reimbursed payroll costs at September 30, 2021.

**Note 8 - Member's Equity**

Member	Ownership Percentages
Boise City Housing Authority	100%

**Note 9 - Regulatory Agreement**

The Company has entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) that contains the following provisions:

- During the term of the regulatory agreement, the Company is obligated to make monthly deposits in the amount of \$1,952 to a replacement reserve, increasing by 2.0% each year after the initial year of the agreement. Disbursements from the reserve are to be used for the replacement of property and other necessary project expenditures and are to be made only with HUD approval. The funds may also be used as payment on the mortgage in the event of default.
- All distributions to the member can be made only after the end of the semiannual or annual fiscal period. Distributions may be made only to the extent sufficient surplus cash is available after payment of all operating expenses, escrow deposits required by HUD, and principal and interest on the HUD-insured mortgage.
- In the event of default on the mortgage, all rents, profits, and income of the project are to be assigned to HUD.
- Under the terms of the regulatory agreement, the Company is required to maintain an account to hold security deposits collected from tenants. This account is required to be separate and apart from all other funds of the project in a trust account and the amount shall be at all times equal to or exceed the aggregate of all outstanding obligations under said account.



Supplementary Information Required by HUD  
September 30, 2021

## **North Liberty, LLC**

HUD Project Number 124-11036

Assets

Current Assets

1120	Cash - operations	\$	319,109
1130	Accounts receivable - tenants		7,729
1200	Prepaid expenses		<u>33,257</u>
	1100T Total current assets		<u>360,095</u>

Deposits Held in Trust

1191	Tenant security deposits		<u>14,400</u>
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Restricted Deposits and Funded Reserves

1310	Escrow deposits		5,654
1320	Replacement reserve		<u>307,095</u>
	1300T Total Deposits		<u>312,749</u>

Property and Equipment, at Cost

1410	Land		147,000
1420	Buildings		3,345,015
1450	Furniture for project/tenant use		<u>229,554</u>
	1400T Total fixed assets		3,721,569
1495	Accumulated depreciation		<u>(3,023,931)</u>
	1400N Net fixed assets		<u>697,638</u>
		\$	<u><u>1,384,882</u></u>



Liabilities and Member's Deficit

Current Liabilities

2110	Accounts payable - operations	\$	9,039
2120	Accrued wages payable		6,171
2123	Accrued management fee payable		8,192
2131	Accrued interest - first mortgage		4,773
2170	Mortgage payable (short-term)		58,742
2210	Prepaid rent revenue		<u>10,325</u>
	2122T Total current liabilities		<u>97,242</u>

Deposit Liability

2191	Tenant security deposits payable		<u>14,400</u>
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Long-Term Liabilities

2320	Mortgage payable		<u>2,680,675</u>
	2300T Total long-term liabilities		<u>2,680,675</u>

			<u>2,792,317</u>
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Member's Deficit

3130	Member's deficit		<u>(1,407,435)</u>
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			<u>\$ 1,384,882</u>
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**North Liberty, LLC**  
 HUD Project Number 124-11036  
 Supplementary Information Required by HUD  
 Statement of Profit and Loss  
 Year Ended September 30, 2021

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Rent Revenue		
5120	Rent revenue - gross potential	\$ 522,705
		<u>522,705</u>
5100T	Total rent revenue	<u>522,705</u>
Vacancies		
5220	Apartments	(6,466)
		<u>(6,466)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>516,239</u>
Financial Revenue		
5410	Financial revenue - project operations	296
5440	Revenue from investments - replacement reserve	53
		<u>349</u>
5400T	Total financial revenue	<u>349</u>
Other Revenue		
5920	Tenant charges	6,678
		<u>6,678</u>
5900T	Total other revenue	<u>6,678</u>
5000T	Total Revenue	<u>523,266</u>
Administrative Expenses		
6310	Office salaries	17,433
6320	Management fees	36,015
6350	Audit expense	8,050
6390	Miscellaneous administrative expenses	415
		<u>61,913</u>
6263T	Total administrative expenses	<u>61,913</u>

**North Liberty, LLC**  
 HUD Project Number 124-11036  
 Supplementary Information Required by HUD  
 Statement of Profit and Loss  
 Year Ended September 30, 2021

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Utilities Expense		
6450 Electricity		3,089
6451 Water		15,827
6453 Sewer		21,081
6400T Total utilities expense		39,997
Operating and Maintenance Expenses		
6510 Payroll		32,932
6515 Supplies		15,085
6520 Contracts		11,453
6525 Garbage and trash removal		8,193
6590 Miscellaneous operating and maintenance		1,064
6500T Total operating and maintenance expenses		68,727
Taxes and Insurance Expenses		
6720 Property and liability insurance (hazard)		28,073
6723 Health insurance and other employee benefits		22,864
6700T Total taxes and insurance expense		50,937
Financial Expenses		
6820 Interest on mortgage payable		90,547
6850 Mortgage insurance premium		10,037
6800T Total financial expenses		100,584
6000T Total Cost of Operations Before Depreciation		322,158
5060T Profit (Loss) Before Depreciation		201,108
6600 Depreciation expense		73,779
5060N Operating Profit or (Loss)		\$ 127,329
3250 Net Income		\$ 127,329

Part II

S1000-010 Total first mortgage principal payments required during the audit period.	<u>\$ 57,001</u>
S1000-020 Total of all monthly reserve for replacement deposits required during the audit period, even if deposits have been temporarily suspended or waived.	<u>\$ 25,231</u>
S1000-030 Replacement reserve releases, which are included as expense items on this profit and loss statement.	<u>\$ -</u>

North Liberty, LLC  
HUD Project Number 124-11036  
Supplementary Information Required by HUD  
Statement of Member's Deficit  
Year Ended September 30, 2021

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S1100-010	Member's Deficit, Beginning of Year	\$ (1,534,764)
3250	Net Income	<u>127,329</u>
3130	Member's Deficit, End of Year	<u><u>\$ (1,407,435)</u></u>

**North Liberty, LLC**  
 HUD Project Number 124-11036  
 Supplementary Information Required by HUD  
 Statement of Cash Flows  
 Year Ended September 30, 2021

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Operating Activities	
Receipts	
S1200-010 Rental receipts	\$ 511,969
S1200-020 Interest receipts	349
S1200-030 Other operating receipts	<u>6,678</u>
S1200-040 Total receipts	<u>518,996</u>
Expenses	
S1200-050 Administrative	8,465
S1200-070 Management fee	36,015
S1200-090 Utilities	42,627
S1200-100 Salaries and wages	74,460
S1200-110 Operating and maintenance	31,778
S1200-140 Property insurance	28,073
S1200-180 Interest on first mortgage	90,642
S1200-210 Mortgage insurance premium	<u>6,236</u>
S1200-230 Total disbursements	<u>318,296</u>
S1200-240 Net Cash from Operating Activities	<u>200,700</u>
Investing Activities	
S1200-245 Net deposits from the escrow account	1,294
S1200-250 Net withdrawal from the replacement reserve account	(25,276)
S1200-330 Net purchase of fixed assets	<u>(20,540)</u>
S1200-350 Net Cash used for Investing Activities	<u>(44,522)</u>
Financing Activities	
S1200-360 Principal payments - first mortgage	<u>(57,001)</u>
S1200-460 Net Cash used for Financing Activities	<u>(57,001)</u>
S1200-470 Net Change in Cash	99,177
S1200-480 Cash, Beginning of Year	<u>219,932</u>
S1200T Cash, End of Year	<u><u>\$ 319,109</u></u>

Reconciliation of Net Income to Net Cash from Operating Activities

3250 Net income	\$ 127,329
Adjustments to reconcile net income to net cash from operating activities	
6600 Depreciation	73,779
Changes in assets and liabilities	
S1200-486 Amortization of debt issuance costs	3,801
S1200-490 Accounts receivable	(4,931)
S1200-520 Prepaid expenses	(2,630)
S1200-530 Tenant security deposits	(150)
S1200-540 Accounts payable	4,017
S1200-560 Accrued expenses	(2,295)
S1200-570 Accrued interest payable	(95)
S1200-580 Tenant security deposit liability	150
S1200-590 Prepaid rent	661
S1200-600 Other adjustments - Loss on disposal of fixed assets	<u>1,064</u>
S1200-610 Net Cash from Operating Activities	<u><u>\$ 200,700</u></u>

**Schedule of Reserve for Replacement**

1320P Balance, September 30, 2020	\$ 281,819
1320DT Required deposits by HUD	25,231
1320INT Interest on replacement reserve accounts	<u>45</u>
 1320 Balance, September 30, 2021	 <u><u>\$ 307,095</u></u>
 1320R Deposits suspended or waived indicator	 <u>Yes/No</u> No

**Schedule of Changes in Fixed Asset Accounts**

	Balance October 1, 2020	Additions	Deductions	Balance September 30, 2021
1410 Land	\$ 147,000	\$ -	\$ -	\$ 147,000
1420 Buildings and improvements	3,337,390	7,625	-	3,345,015
1450 Furniture for project/tenant use	<u>221,175</u>	<u>12,915</u>	<u>(4,536)</u>	<u>229,554</u>
Total	3,705,565	20,540	(4,536)	3,721,569
1440 Accumulated depreciation	<u>(2,953,624)</u>	<u>(73,779)</u>	<u>3,472</u>	<u>(3,023,931)</u>
Net property and equipment	<u><u>\$ 751,941</u></u>	<u><u>\$ (53,239)</u></u>	<u><u>\$ (1,064)</u></u>	<u><u>\$ 697,638</u></u>

Additions to Fixed Assets

Tree and Stump removal	\$ 7,625
Dwelling equipment replacement	4,428
Carpet	<u>8,487</u>
	<u><u>\$ 20,540</u></u>

Deductions from Fixed Assets

Carpet	\$ (4,536)
	<u><u>\$ (4,536)</u></u>



North Liberty, LLC  
 HUD Project Number 124-11036  
 Computation of Surplus Cash, Distributions, and Residual Receipts  
 September 30, 2021

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Part A - Compute Surplus Cash

Cash

S1300-010 Cash (Accounts 1120, 1191)	\$ 333,509
S1300-040 Total Cash	333,509

Current Obligations

S1300-050 Accrued mortgage interest payable	4,773
S1300-075 Accounts payable (due within 30 days)	9,039
S1300-100 Accrued expenses (not escrowed)	14,363
S1300-110 Other current obligations (October mortgage principal, replacement reserve and escrows)	10,213
2210 Prepaid rents	10,325
2191 Tenant security deposits liability	14,400
S1300-140 Less Total Current Obligations	63,113
S1300-150 Surplus Cash (Deficiency)	\$ 270,396



Independent Auditor's Reports on Internal Control and  
Compliance

September 30, 2021

**North Liberty, LLC**

HUD Project Number 124-11036



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Commissioners  
Of Boise City Housing Authority  
North Liberty, LLC  
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Liberty, LLC (the Company) as of September 30, 2021, and the related notes to the financial statements, which collectively comprise North Liberty, LLC’s basic financial statements, and have issued our report thereon dated December 17, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as the basis for designing 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 the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’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 over financial reporting 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 financial reporting 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 the Company'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 financial statements. 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 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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
December 17, 2021



**Independent Auditor’s Report on Compliance for the Major HUD Program and on Internal Control over Compliance Required by the Consolidated Audit Guide for Audits of HUD Programs**

To the Board of Commissioners  
 Of Boise City Housing Authority  
 North Liberty, LLC  
 Boise, Idaho

**Report on Compliance for the Major HUD Program**

We have audited North Liberty, LLC’s (the Company) compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on the Company’s major U.S. Department of Housing and Urban Development (HUD) program for the year ended September 30, 2021. The Company’s major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Programs	Direct and Material Compliance Requirements
223 (f) HUD Loan	Mortgage Status, Replacement Reserve, Distributions to Owners, Equity Skimming, Tenant Application, Eligibility and Recertification, Cash Receipts, Cash Disbursements, Management Functions.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for the Company’s major HUD program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major HUD program occurred. An audit includes examining, on a test basis, evidence about the Company’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 the major HUD program. However, our audit does not provide a legal determination of the Company's compliance.

### **Opinion on the Major HUD Program**

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended September 30, 2021.

### **Report on Internal Control over Compliance**

Management is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the requirements that could have a direct and material effect on the major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major HUD program and to test and report on internal control over compliance in accordance with the Guide, 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 the Company's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a compliance requirement of a HUD 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 compliance requirement of a HUD 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 compliance requirement of a HUD 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.

### **Purpose of This Report**

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 Guide. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
December 17, 2021

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

Audit Report, dated December 18, 2020 for the period ended September 30, 2020 issued by Eide Bailly, LLP.

There were no prior year compliance findings.

There were no reports issued by HUD Office of the Inspector General (OIG) or other Federal agencies or contract administrators during the period covered by this audit.

There were no letters or reports issued by HUD management during the period covered by this audit.



I hereby certify that I have examined the accompanying financial statements and supplemental data of North Liberty, LLC and, to the best of my knowledge and belief, the same is complete and accurate.

North Liberty, LLC

By: \_\_\_\_\_  
Deanna L. Watson, Executive Director  
December 17, 2021

I hereby certify that I have examined the accompanying financial statements and supplemental data of North Liberty, LLC and, to the best of my knowledge and belief, the same is complete and accurate.

North Liberty, LLC

By: \_\_\_\_\_  
Boise City Housing Authority  
Deanna L. Watson, Executive Director  
EIN 81-2490019

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Jodi Daugherty, Partner

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