



Financial Statements
September 30, 2021

Shoreline Plaza, Inc.

HUD Project Number 124-11032

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Independent Auditor's Report

To the Board of Commissioners
Of Boise City Housing Authority
Shoreline Plaza, Inc.
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Shoreline Plaza, Inc. (the Corporation), which comprise the statement of financial position as of September 30, 2021, 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 Shoreline Plaza, Inc. as of September 30, 2021, and the changes in its net assets and cash flows for the year then ended in conformity 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 shown in the table of contents 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 is presented for purposes of additional analysis 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 (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information required by HUD and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 required by HUD and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2021 on our consideration of Shoreline Plaza, Inc.'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 Shoreline Plaza, Inc.'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 Shoreline Plaza, Inc.'s internal control over financial reporting and compliance.



Boise, Idaho
December 17, 2021

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Statement of Financial Position
 September 30, 2021

Assets	
Cash	\$ 637,926
Accounts receivable	6,997
Prepaid expenses	46,283
Tenant security deposits	20,427
Restricted deposits and funded reserves	180,729
Property and equipment, at cost, less accumulated depreciation	<u>1,011,579</u>
	<u>\$ 1,903,941</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 10,820
Prepaid rent	5,359
Accrued expenses	45,440
Accrued interest	5,144
Tenant security deposits payable	20,427
Long-term debt, net of unamortized debt issuance costs of \$177,255	<u>2,898,702</u>
Total liabilities	2,985,892
Net Assets Without Donor Restrictions	<u>(1,081,951)</u>
	<u>\$ 1,903,941</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Statement of Activities
 Year Ended September 30, 2021

Net Assets Without Donor Restrictions

Revenue

Gross tenant rent	\$ 256,547
Tenant assistance payments	470,173
Less: vacancies and concessions	<u>(8,964)</u>

Net tenant rent and tenant assistance payments	717,756
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Service coordinator revenue	74,567
Laundry and vending	3,712
Tenant charges	1,299
Interest	<u>736</u>

Total revenues	<u>798,070</u>
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Expenses

Administrative	119,637
Utilities	37,742
Operating and maintenance	99,058
Taxes and insurance	72,067
Health insurance and other benefits	44,152
Interest	99,367
Depreciation	62,089
Service coordinator expense	<u>73,269</u>

Total expenses	<u>607,381</u>
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Change in Net Assets Without Donor Restrictions	190,689
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Net Assets, Beginning of Year	<u>(1,272,640)</u>
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Net Assets, End of Year	<u><u>\$ (1,081,951)</u></u>
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Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Statement of Cash Flows
 Year Ended September 30, 2021

Operating Activities	
Receipts	
Rental receipts	\$ 719,321
Interest receipts	736
Service coordinator revenue	74,567
Other operating receipts	5,108
	<u>799,732</u>
Total receipts	
Disbursements	
Administrative	27,421
Management fee	49,726
Utilities	40,975
Salaries and wages	134,498
Operating and maintenance	46,872
Real estate taxes	20,984
Property insurance	40,266
Interest on first mortgage	99,469
Service coordinator expense	73,269
Mortgage insurance premium	4,941
	<u>538,421</u>
Total disbursements	<u>538,421</u>
Net Cash from Operating Activities	<u>261,311</u>
Investing Activities	
Purchase of fixed assets	<u>(161,976)</u>
Net Cash used for Investing Activities	<u>(161,976)</u>
Financing Activities	
Principal payments - first mortgage	<u>(61,436)</u>
Net Cash used for Financing Activities	<u>(61,436)</u>
Net Change in Cash, Tenant Security Deposits and Restricted Cash	37,899
Cash, Tenant Security Deposits and Restricted Cash, Beginning of Year	<u>801,183</u>
Cash, Tenant Security Deposits and Restricted Cash, End of Year	<u>\$ 839,082</u>
Cash	\$ 637,926
Tenant security deposits	20,427
Restricted deposits and funded reserves	180,729
	<u>180,729</u>
Total Cash, Tenant Security Deposits and Restricted Cash	<u>\$ 839,082</u>

Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Change in Net Assets	\$ 190,689
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	62,089
Loss on disposal of assets	872
Interest expense attributable to amortization of debt issuance costs	5,876
Changes in assets and liabilities	
Accounts receivable	(598)
Prepaid expenses	(3,233)
Accounts payable	499
Accrued expenses	2,959
Tenant security deposit payable	97
Prepaid rent	2,163
Accrued interest	(102)
	<hr/>
Net Cash from Operating Activities	<u><u>\$ 261,311</u></u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Activity, Risks, and Uncertainty

Shoreline Plaza, Inc. (Corporation) was formed May 23, 1978, as a corporation under the laws of the state of Idaho and shall continue in perpetuity, unless dissolved or terminated at an earlier date. The Corporation is owned 100% by Boise City Housing Authority (the Authority). The Corporation was formed for the purpose of owning and operating an 80-unit low-income rental housing complex located in Boise, Shoreline Plaza Apartments. Substantially all of the Corporation's income is derived from the rental of its apartment units. The Corporation began operating under a new regulatory agreement with the U.S. Department of Housing and Urban Development (HUD) during November 2016 (Note 9) and a housing rental assistance payment contract (see Note 7).

Concentrations of Credit Risk

The Corporation 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 and HUD. 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. The receivable from HUD for the service coordinator grant is 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	6 - 10 years

The Corporation 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.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring. Note 10 presents the natural classification detail of expenses by function.

Rental Income

Housing units are rented under operating lease agreements with terms of one year or less. Rent income from tenants and tenant assistance payments are recognized in the month in which it is earned rather than received. Tenant rent represents gross rent for all units in the Corporation. 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.

Grants Revenues

Federal reimbursement-type grants are recorded as revenues when the related expenses are incurred. For programs that are supported by multiple funding sources, Federal grant monies are applied to expenses first.

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 statement of financial position. 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.

Income Taxes

The Corporation is a non-profit entity and is exempt from income taxes under Internal Revenue Code Section 501(c)(4). The Corporation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Corporation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Corporation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The Corporation 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.

Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Corporation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Corporation did not have net assets with donor restrictions for the year ended September 30, 2021.

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 Corporation 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	\$ 37,046
Replacement reserve	143,683
	180,729
	\$ 180,729

Tax and Insurance Escrow

Pursuant to the mortgage agreement with Centennial Mortgage, the Corporation 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 Corporation is required to deposit \$3,633 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 Corporation. Withdrawals from this account are subject to HUD approval.

Note 3 - Tenant Security Deposits

Pursuant to management policy, the Corporation has set aside \$20,427 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 consisted of the following:

Land	\$ 280,468
Land improvements	247,146
Buildings	3,919,548
Equipment and furnishings	<u>425,035</u>
	<u>4,872,197</u>
Accumulated depreciation	<u>(3,860,618)</u>
	<u><u>\$ 1,011,579</u></u>

Note 5 - Accrued Expenses

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

Real estate taxes	\$ 20,984
Management fees	12,414
Accrued wages	<u>12,042</u>
	<u><u>\$ 45,440</u></u>

Note 6 - Long-Term Debt

Long-term debt consists of:

3.01% \$3,254,855 mortgage note payable to Centennial Mortgage, due in monthly installments of \$12,919 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 \$177,255 in 2021, based on an effective interest rate of 4.51% (A).	\$ 3,075,957
Less unamortized debt issuance costs	<u>(177,255)</u>
Long-term debt, less unamortized debt issuance costs	<u><u>\$ 2,898,702</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 Corporation 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	\$ 63,309
2023	65,241
2024	67,232
2025	69,284
2026	71,399
Thereafter	2,739,492
Less unamortized debt issuance costs	<u>(177,255)</u>
	<u><u>\$ 2,898,702</u></u>

Note 7 - Rental Assistance Payments

The Corporation has a rental assistance payment contract with HUD. The contract is administered by HUD and provides assistance payments to the Corporation on behalf of qualified low-income tenants. The contract contains the following significant provisions:

All dwelling units subject to the contract must be rented to families eligible to receive the benefits of rental assistance payments. Contract rents are established for each unit, with the tenant paying a portion of the contract rent based on the person’s income level and the balance paid by HUD.

Under the rental assistance contract agreement, the Corporation may not increase rents charged to tenants without HUD's approval. This rental assistance contract was renewed September 1, 2018 for a 20-year term.

Note 8 - Related Party Transactions

Distributions

All distributions 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 Corporation has entered into an agreement with the Authority to provide management services. Under the terms of the agreement, the Authority is to receive management fees as percentage of gross receipts. During 2021, the 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 Corporation incurred management fees of \$49,726.

Other Transactions

During the year ended September 30, 2021, the Corporation reimbursed the Authority approximately \$143,838 and \$57,694, for payroll and benefits, respectively. The Corporation owes the \$20,552 for management fees and reimbursed payroll costs at September 30, 2021.

Note 9 - Regulatory Agreement

The Corporation 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 Corporation is obligated to make monthly deposits in the amount of \$3,633 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 Housing Authority 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 Corporation 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.

Note 10 - Functional Allocation of Expenses

For the year ended September 30, 2021, the Corporation incurred the following expenses by function:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 89,294	\$ 26,466	\$ 115,760
Employee benefits	44,152	-	44,152
Professional services	4,848	10,041	14,889
Accounting fees	-	9,100	9,100
Real estate taxes	20,984	-	20,984
Advertising and promotion	926	18	944
Management fee	-	49,726	49,726
Insurance	51,083	-	51,083
Occupancy	47,859	-	47,859
Travel	-	1,058	1,058
Interest	99,367	-	99,367
Office expense	2,172	210	2,382
Maintenance and repairs	86,383	-	86,383
Depreciation and amortization	62,089	-	62,089
Loss on disposal of assets	-	871	871
Other	734	-	734
	<hr/>	<hr/>	<hr/>
Total expenses included in the expense section on the statement of activities	<u>\$ 509,891</u>	<u>\$ 97,490</u>	<u>\$ 607,381</u>

Note 11 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of statement of financial position date, comprise the following:

Cash	\$ 637,926
Accounts receivable	<u>6,997</u>
	<u><u>\$ 644,923</u></u>

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Corporation prepares an annual budget to manage liquidity and to determine general expenditures over the next 12 months. Any surplus cash, as defined by the regulatory agreement, is allowed to be distributed as described in Note 9.



Supplementary Information Required by HUD
September 30, 2021

Shoreline Plaza, Inc.

HUD Project Number 124-11032

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Financial Position
 September 30, 2021

Assets

Current Assets

1120	Cash - operations	\$	637,926
1130	Accounts receivable - tenants		685
1140	Accounts receivable - service coordinator		6,312
1200	Prepaid expenses		<u>46,283</u>
	1100T Total current assets		<u>691,206</u>

Deposits Held in Trust

1191	Tenant security deposits		<u>20,427</u>
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Restricted Deposits and Funded Reserves

1310	Escrow deposits		37,046
1320	Replacement reserve		<u>143,683</u>
	1300T Total deposits		<u>180,729</u>

Property and Equipment, at Cost

1410	Land		280,468
1420	Buildings		4,166,694
1465	Furniture for project/tenant use		<u>425,035</u>
	1400T Total fixed assets		4,872,197
1495	Accumulated depreciation		<u>(3,860,618)</u>
	1400N Net fixed assets		<u>1,011,579</u>
		\$	<u><u>1,903,941</u></u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Financial Position
 September 30, 2021

Liabilities and Net Assets

Current Liabilities

2110	Accounts payable - operations	\$	10,820
2120	Accrued wages payable		12,042
2123	Accrued management fee payable		12,414
2131	Accrued interest - first mortgage		5,144
2150	Accrued property taxes		20,984
2170	Mortgage payable- first mortgage (short-term)		63,309
2210	Prepaid rent revenue		<u>5,359</u>
	2122T Total current liabilities		<u>130,072</u>

Deposit Liability

2191	Tenant security deposits payable		<u>20,427</u>
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Long-Term Liabilities

2320	Mortgage payable		<u>2,835,393</u>
	2300T Total long-term liabilities		<u>2,835,393</u>
	2000T Total liabilities		2,985,892

Net Assets

3130	Net Assets - Without donor restrictions		<u>(1,081,951)</u>
	2033T Total liabilities and net assets		<u>\$ 1,903,941</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Profit and Loss
 Year Ended September 30, 2021

Rent Revenue		
5120	Rent revenue - gross potential	\$ 256,547
5121	Tenant assistance payments	<u>470,173</u>
5100T	Total rent revenue	<u>726,720</u>
Vacancies		
5220	Apartments	<u>(8,964)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>717,756</u>
Revenue		
5390	Service coordinator revenue	<u>74,567</u>
Financial Revenue		
5410	Financial revenue - project operations	705
5440	Revenue from investments - replacement reserve	<u>31</u>
5400T	Total financial revenue	<u>736</u>
Other Revenue		
5910	Laundry and vending	3,712
5920	Tenant charges	<u>1,299</u>
5900T	Total other revenue	<u>5,011</u>
5000T	Total Revenue	<u>798,070</u>
Administrative Expenses		
6210	Advertising and marketing	17
6310	Office salaries	42,490
6311	Office expenses	6,060
6320	Management fees	49,726
6340	Legal expense - project	10,036
6350	Audit expense	9,100
6370	Bad debts	106
6390	Miscellaneous administrative expenses	<u>2,102</u>
6263T	Total administrative expenses	<u>119,637</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Profit and Loss
 Year Ended September 30, 2021

Utilities Expense		
6450 Electricity		17,236
6451 Water		6,919
6452 Gas		1,058
6453 Sewer		12,529
6400T Total utilities expense		37,742
Operating and Maintenance Expenses		
6510 Payroll		50,815
6515 Supplies		10,384
6520 Contracts		15,402
6548 Snow removal		1,138
6525 Garbage and trash removal		4,282
6546 Heating/cooling repairs and maintenance		336
6590 Miscellaneous operating and maintenance		16,701
6500T Total operating and maintenance expenses		99,058
Taxes and Insurance Expenses		
6710 Real estate taxes		20,984
6720 Property and liability insurance (hazard)		40,266
6723 Health insurance and other employee benefits		44,152
6700T Total taxes and insurance expense		105,402
Financial Expenses		
6820 Interest on mortgage payable		99,367
6850 Mortgage insurance premium		10,817
6800T Total financial expenses		110,184
6990 Service coordinator expenses		73,269
6000T Total Cost of Operations Before Depreciation		545,292
5060T Profit (Loss) Before Depreciation		252,778
6600 Depreciation expense		62,089
5060N Operating Profit or (Loss)		\$ 190,689
3250 Change in Net Assets Without Donor Restrictions from Operations		\$ 190,689

Part II

S1000-010 Total first mortgage principal payments required during the audit period.	<u>\$ 61,434</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>\$ 46,963</u>
S1000-030 Replacement reserve releases, which are included as expense items on this profit and loss statement.	<u>\$ -</u>

Account No. 6590 Miscellaneous Operating and Maintenance

Elevators	\$ 2,257
Pagers and fire alarms	12,839
Loss on sale of assets	872
Miscellaneous	<u>734</u>
	<u>\$ 16,701</u>

Shoreline Plaza, Inc.
HUD Project Number 124-11032
Supplementary Information Required by HUD
Statement of Net Assets
Year Ended September 30, 2021

S1100-050	Net Assets Without donor restrictions, Beginning of Year	\$ (1,272,640)
3250	Change in Net Assets Without Donor Restrictions from Operations	<u>190,689</u>
3130	Net Assets Without donor restrictions, End of Year	<u><u>\$ (1,081,951)</u></u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Cash Flows
 Year Ended September 30, 2021

Operating Activities	
Receipts	
S1200-010 Rental receipts	\$ 719,321
S1200-020 Interest receipts	736
S1200-030 Other operating receipts	<u>79,578</u>
S1200-040 Total receipts	<u>799,635</u>
Expenses	
S1200-050 Administrative	27,421
S1200-070 Management fee	49,726
S1200-090 Utilities	40,975
S1200-100 Salaries and wages	134,498
S1200-110 Operating and maintenance	46,872
S1200-120 Real estate taxes	20,984
S1200-140 Property insurance	40,266
S1200-170 Other operating expense	73,269
S1200-180 Interest on first mortgage	99,469
S1200-210 Mortgage insurance premium	<u>4,941</u>
S1200-230 Total disbursements	<u>538,421</u>
S1200-240 Net Cash from Operating Activities	<u>261,214</u>
Investing Activities	
S1200-245 Net deposits to the escrow account	(98)
S1200-250 Net withdrawals from the replacement reserve account	27,248
S1200-330 Net purchase of fixed assets	<u>(161,976)</u>
S1200-350 Net Cash used for Investing Activities	<u>(134,826)</u>
Financing Activities	
S1200-360 Principal payments - first mortgage	<u>(61,436)</u>
S1200-460 Net Cash used for Financing Activities	<u>(61,436)</u>
S1200-470 Net Change in Cash	64,952
S1200-480 Cash, Beginning of Year	<u>572,974</u>
S1200T Cash, End of Year	<u><u>\$ 637,926</u></u>

Schedule of Reserve for Replacement

1320P Balance, September 30, 2020	\$ 170,931
1320DT Required deposits by HUD	46,963
1320INT Interest on replacement reserve accounts	25
1320WT Approved withdrawals	<u>(74,236)</u>
 1320 Balance, September 30, 2021	 <u>\$ 143,683</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	\$ 280,468	\$ -	\$ -	\$ 280,468
1420 Buildings	4,092,458	74,236	-	4,166,694
1465 Furniture for project/tenant use	<u>394,403</u>	<u>87,740</u>	<u>(57,108)</u>	<u>425,035</u>
Total	4,767,329	161,976	(57,108)	4,872,197
1495 Accumulated depreciation	<u>(3,854,765)</u>	<u>(62,089)</u>	<u>56,236</u>	<u>(3,860,618)</u>
Net property and equipment	<u>\$ 912,564</u>	<u>\$ 99,887</u>	<u>\$ (872)</u>	<u>\$ 1,011,579</u>

Additions to Fixed Assets

Security and Entry Systems	\$ 74,236
Carpet and vinyl replacement	<u>87,740</u>
	<u>\$ 161,976</u>

Deductions from Fixed Assets

Carpet and vinyl	<u>\$ (57,108)</u>
	<u>\$ (57,108)</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Computation of Surplus Cash, Distributions, and Residual Receipts
 September 30, 2021

Part A - Compute Surplus Cash

Cash

S1300-010 Cash (Accounts 1120, 1191)	<u>\$ 658,353</u>
S1300-040 Total Cash	<u>658,353</u>

Current Obligations

S1300-050 Accrued mortgage interest payable	5,144
S1300-075 Accounts payable (due within 30 days)	10,820
S1300-110 Other current obligations (October mortgage principal, replacement reserve and escrows)	15,275
S1300-100 Accrued expenses (not escrowed)	45,440
2210 Prepaid rents	5,359
2191 Tenant security deposits liability	<u>20,427</u>
S1300-140 Less Total Current Obligations	<u>102,465</u>
S1300-150 Surplus Cash (Deficiency)	<u><u>\$ 555,888</u></u>



Other Supplementary Information
September 30, 2021

Shoreline Plaza, Inc.

HUD Project Number 124-11032



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
Shoreline Plaza, Inc.
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 Shoreline Plaza, Inc. (the Corporation), which comprise the statement of financial position as of September 30, 2021, 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 December 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) as the basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 Corporation'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Of Boise City Housing Authority
Shoreline Plaza, Inc.
Boise, Idaho

Report on Compliance for Each Major Federal Program

We have audited Shoreline Plaza, Inc.'s (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended September 30, 2021. Shoreline Plaza, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 the Corporation'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 the Corporation's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

Management of the Corporation 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 Corporation'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 the Corporation'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Boise, Idaho
December 17, 2021

Shoreline Plaza, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program of Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223(f))	14.155	\$ 3,137,391
Section 8 New Construction and Substantial Rehabilitation	14.182	470,173
Multifamily Housing Service Coordinator	14.191	68,236
COVID-19 Multifamily Housing Service Coordinator	14.191	6,331
		74,567
Total U.S. Department of Housing and Urban Development		\$ 3,682,131

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Shoreline Plaza, Inc. (the Corporation) under programs of the federal government for the year ended September 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Shoreline Plaza, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Shoreline Plaza, Inc.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 – Indirect Cost Rate

The Corporation has not elected to use the 10% de minimis cost rate.

Note 4 - Loan Programs

Expenditures reported in this schedule consist of the beginning of the year outstanding loan balance. There were no advances made on the loan during the year. The outstanding balance at September 30, 2021 was \$3,075,957.

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223(f))	14.155
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported

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

Shoreline Plaza, Inc.

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

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

Shoreline Plaza, Inc.

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

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Jodi Daugherty, Partner

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