



Financial Statements
September 30, 2022

Shoreline Plaza, Inc.

HUD Project Number 124-11032

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Cash Flows	6
Notes to Financial Statements	8
Supplementary Information Required by HUD	
Statement of Financial Position	16
Statement of Profit and Loss.....	18
Attachment to Profit and Loss Data.....	21
Statement of Net Assets	22
Statement of Cash Flows	23
Additional Supplementary Information Required by HUD	24
Computation of Surplus Cash, Distributions, and Residual Receipts.....	25
Other Supplementary Information	
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>	26
Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance	28
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs.....	33
Mortgagor’s Certification.....	35
Managing Agent’s Certification	36
Auditor Information	37



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shoreline Plaza, Inc. (the Corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Shoreline Plaza, Inc. as of September 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shoreline Plaza, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis as required by the *Consolidated Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General and are 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.

This 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 December 20, 2022, 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 and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

Boise, Idaho
December 20, 2022

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Statement of Financial Position
 September 30, 2022

Assets	
Cash	\$ 766,101
Accounts receivable	56,247
Prepaid expenses	6,559
Tenant security deposits	21,238
Restricted deposits and funded reserves	164,536
Property and equipment, at cost, less accumulated depreciation	<u>957,497</u>
	<u>\$ 1,972,178</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 34,293
Prepaid rent	5,887
Accrued expenses	49,296
Accrued interest	5,038
Tenant security deposits payable	21,238
Long-term debt, net of unamortized debt issuance costs of \$171,380	<u>2,841,268</u>
Total liabilities	2,957,020
Net Assets Without Donor Restrictions	<u>(984,842)</u>
	<u>\$ 1,972,178</u>

Net Assets Without Donor Restrictions

Revenue

Gross tenant rent	\$ 273,326
Tenant assistance payments	536,301
Less: vacancies and concessions	<u>(7,718)</u>

Net tenant rent and tenant assistance payments	801,909
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Service coordinator revenue	74,468
Laundry and vending	3,220
Tenant charges	1,417
Interest	557
Other revenue	<u>5</u>

Total revenues	<u>881,576</u>
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Expenses

Administrative	134,499
Utilities	39,871
Operating and maintenance	228,217
Taxes and insurance	76,722
Health insurance and other benefits	57,494
Interest	97,488
Depreciation	75,708
Service coordinator expense	<u>74,468</u>

Total expenses	<u>784,467</u>
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Change in Net Assets Without Donor Restrictions	97,109
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Net Assets, Beginning of Year	<u>(1,081,951)</u>
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Net Assets, End of Year	<u><u>\$ (984,842)</u></u>
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Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Statement of Cash Flows
 Year Ended September 30, 2022

Operating Activities	
Receipts	
Rental receipts	\$ 753,187
Interest receipts	557
Service coordinator revenue	74,468
Other operating receipts	5,453
	<u>833,665</u>
Total receipts	
Disbursements	
Administrative	27,219
Management fee	56,145
Utilities	147
Salaries and wages	165,729
Operating and maintenance	143,427
Real estate taxes	22,574
Property insurance	43,501
Interest on first mortgage	97,594
Service coordinator expense	74,468
Mortgage insurance premium	4,772
	<u>635,576</u>
Total disbursements	
Net Cash from Operating Activities	
	<u>198,089</u>
Investing Activities	
Net purchase of fixed assets	<u>(21,987)</u>
Net Cash used for Investing Activities	
	<u>(21,987)</u>
Financing Activities	
Principal payments - first mortgage	<u>(63,309)</u>
Net Cash used for Financing Activities	
	<u>(63,309)</u>
Net Change in Cash, Tenant Security Deposits and Restricted Cash	
	112,793
Cash, Tenant Security Deposits and Restricted Cash, Beginning of Year	
	<u>839,082</u>
Cash, Tenant Security Deposits and Restricted Cash, End of Year	
	<u>\$ 951,875</u>
Cash	\$ 766,101
Tenant security deposits	21,238
Restricted deposits and funded reserves	164,536
	<u>164,536</u>
Total Cash, Tenant Security Deposits and Restricted Cash	
	<u>\$ 951,875</u>

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

Change in Net Assets	\$	97,109
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation		75,708
Loss on disposal of assets		361
Interest expense attributable to amortization of debt issuance costs		5,875
Changes in assets and liabilities		
Accounts receivable		(49,250)
Prepaid expenses		39,724
Accounts payable		23,473
Accrued expenses		3,856
Tenant security deposit payable		811
Prepaid rent		528
Accrued interest		(106)
		(106)
Net Cash from Operating Activities	\$	198,089

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, Idaho, 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, 2022.

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, 2022.

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 20, 2022, the date which the financial statements were available to be issued.

Note 2 - Restricted Deposits and Funded Reserves

Tax and insurance escrow	\$ 67,935
Replacement reserve	96,601
	\$ 164,536

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 \$21,238 as of September 30, 2022, 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, 2022, consisted of the following:

Land	\$ 280,468
Land improvements	247,146
Buildings	3,919,548
Equipment and furnishings	<u>438,470</u>
	<u>4,885,632</u>
Accumulated depreciation	<u>(3,928,135)</u>
	<u><u>\$ 957,497</u></u>

Note 5 - Accrued Expenses

Accrued expenses at September 30, 2022, consisted of the following:

Real estate taxes	\$ 22,574
Management fees	13,359
Accrued wages payable	<u>13,363</u>
	<u><u>\$ 49,296</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 \$171,380 in 2022, based on an effective interest rate of 4.42% (A).	\$ 3,012,648
Less unamortized debt issuance costs	<u>(171,380)</u>
Long-term debt, less unamortized debt issuance costs	<u><u>\$ 2,841,268</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
2023	\$ 65,241
2024	67,232
2025	69,284
2026	71,399
2027	73,578
Thereafter	2,665,914
Less unamortized debt issuance costs	<u>(171,380)</u>
	<u><u>\$ 2,841,268</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 2022, 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 2022, 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, 2022, the Corporation incurred management fees of \$56,145.

Other Transactions

During the year ended September 30, 2022, the Corporation reimbursed the Authority approximately \$169,288 and \$69,492, for payroll and benefits, respectively. The Corporation owes the Authority \$25,072 for management fees and reimbursed payroll costs at September 30, 2022.

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, 2022, the Corporation incurred the following expenses by function:

	Program Services	General and Administrative	Total
Salaries and wages	\$ 79,258	\$ 36,737	\$ 115,995
Employee benefits	64,059	3,043	67,102
Professional services	4,842	2,022	6,864
Accounting fees	-	9,500	9,500
Real estate taxes	22,574	-	22,574
Advertising and promotion	805	182	987
Management fee	-	56,145	56,145
Insurance	54,148	-	54,148
Occupancy	44,062	-	44,062
Travel	2,475	757	3,232
Interest	97,488	-	97,488
Office expense	2,589	-	2,589
Maintenance and repairs	223,536	-	223,536
Depreciation and amortization	75,708	-	75,708
Loss on disposal of assets	-	361	361
Other	4,176	-	4,176
	<u>\$ 675,720</u>	<u>\$ 108,747</u>	<u>\$ 784,467</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 675,720</u>	<u>\$ 108,747</u>	<u>\$ 784,467</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	\$ 766,101
Accounts receivable	<u>56,247</u>
	<u>\$ 822,348</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, 2022

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, 2022

Assets

Current Assets

1120	Cash - operations	\$	766,101
1130	Accounts receivable - tenants		296
1140	Accounts receivable - service coordinator		55,951
1200	Prepaid expenses		<u>6,559</u>
	1100T Total current assets		<u>828,907</u>

Deposits Held in Trust

1191	Tenant deposits held in trust		<u>21,238</u>
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Restricted Deposits and Funded Reserves

1310	Escrow deposits		67,935
1320	Replacement reserve		<u>96,601</u>
	1300T Total deposits		<u>164,536</u>

Property and Equipment, at Cost

1410	Land		280,468
1420	Buildings		4,166,694
1465	Furniture for project/tenant use		<u>438,470</u>
	1400T Total fixed assets		4,885,632
1495	Accumulated depreciation		<u>(3,928,135)</u>
	1400N Net fixed assets		<u>957,497</u>
			<u><u>\$ 1,972,178</u></u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Financial Position
 September 30, 2022

Liabilities and Net Assets

Current Liabilities

2110	Accounts payable - operations	\$	34,293
2120	Accrued wages payable		13,363
2123	Accrued management fee payable		13,359
2131	Accrued interest - first mortgage		5,038
2150	Accrued property taxes		22,574
2170	Mortgage payable- first mortgage (short-term)		65,241
2210	Prepaid rent revenue		<u>5,887</u>
	2122T Total current liabilities		<u>159,755</u>

Deposit Liability

2191	Tenant security deposits payable		<u>21,238</u>
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Long-Term Liabilities

2320	Mortgage payable		<u>2,776,027</u>
	2300T Total long-term liabilities		<u>2,776,027</u>
	2000T Total liabilities		2,957,020

Net Assets

3130	Net Assets - Without donor restrictions		<u>(984,842)</u>
	2033T Total liabilities and net assets		<u><u>\$ 1,972,178</u></u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Profit and Loss
 Year Ended September 30, 2022

Rent Revenue		
5120	Rent revenue - gross potential	\$ 273,326
5121	Tenant assistance payments	<u>536,301</u>
5100T	Total rent revenue	<u>809,627</u>
Vacancies		
5220	Apartments	<u>(7,718)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>801,909</u>
Revenue		
5390	Service coordinator revenue	<u>74,468</u>
Financial Revenue		
5410	Financial revenue - project operations	541
5440	Revenue from investments - replacement reserve	<u>16</u>
5400T	Total financial revenue	<u>557</u>
Other Revenue		
5910	Laundry and vending	3,220
5920	Tenant charges	1,417
5990	Miscellaneous revenue	<u>5</u>
5900T	Total other revenue	<u>4,642</u>
5000T	Total Revenue	<u>881,576</u>
Administrative Expenses		
6210	Advertising and marketing	182
6310	Office salaries	51,135
6311	Office expenses	6,077
6320	Management fees	56,145
6340	Legal expense - project	2,022
6350	Audit expense	9,500
6370	Bad debts	3,721
6390	Miscellaneous administrative expenses	<u>5,717</u>
6263T	Total administrative expenses	<u>134,499</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Profit and Loss
 Year Ended September 30, 2022

Utilities Expense		
6450	Electricity	18,093
6451	Water	7,890
6452	Gas	753
6453	Sewer	13,135
6400T	Total utilities expense	39,871
Operating and Maintenance Expenses		
6510	Payroll	60,956
6515	Supplies	13,426
6520	Contracts	18,634
6548	Snow removal	1,114
6525	Garbage and trash removal	4,523
6590	Miscellaneous operating and maintenance	129,564
6500T	Total operating and maintenance expenses	228,217
Taxes and Insurance Expenses		
6710	Real estate taxes	22,574
6720	Property and liability insurance (hazard)	43,501
6723	Health insurance and other employee benefits	57,494
6700T	Total taxes and insurance expense	123,569
Financial Expenses		
6820	Interest on mortgage payable	97,488
6850	Mortgage insurance premium	10,647
6800T	Total financial expenses	108,135
6990	Service coordinator expenses	74,468
6000T	Total Cost of Operations Before Depreciation	708,759
5060T	Profit (Loss) Before Depreciation	172,817
6600	Depreciation expense	75,708
5060N	Operating Profit or (Loss)	\$ 97,109
3250	Change in Net Assets Without Donor Restrictions from Operations	\$ 97,109

Part II

S1000-010 Total first mortgage principal payments required during the audit period.	<u>\$ 63,309</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>\$ 47,902</u>
S1000-030 Replacement reserve releases, which are included as expense items on this profit and loss statement.	<u>\$ 95,000</u>

Account No. 6590 Miscellaneous Operating and Maintenance	
Extraordinary maintenance	\$ 110,400
Elevators	10,017
Pagers and fire alarms	8,786
Loss on sale of assets	<u>361</u>
	<u>\$ 129,564</u>

Shoreline Plaza, Inc.
HUD Project Number 124-11032
Supplementary Information Required by HUD
Statement of Net Assets
Year Ended September 30, 2022

S1100-050	Net Assets Without Donor Restrictions, Beginning of Year	\$ (1,081,951)
3250	Change in Net Assets Without Donor Restrictions from Operations	<u>97,109</u>
3130	Net Assets Without Donor Restrictions, End of Year	<u>\$ (984,842)</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Supplementary Information Required by HUD
 Statement of Cash Flows
 Year Ended September 30, 2022

Operating Activities	
Receipts	
S1200-010 Rental receipts	\$ 753,187
S1200-020 Interest receipts	557
S1200-030 Other operating receipts	<u>79,110</u>
S1200-040 Total receipts	<u>832,854</u>
Expenses	
S1200-050 Administrative	27,219
S1200-070 Management fee	56,145
S1200-090 Utilities	147
S1200-100 Salaries and wages	165,729
S1200-110 Operating and maintenance	143,427
S1200-120 Real estate taxes	22,574
S1200-140 Property insurance	43,501
S1200-170 Other operating expense	74,468
S1200-180 Interest on first mortgage	97,594
S1200-210 Mortgage insurance premium	<u>4,772</u>
S1200-230 Total disbursements	<u>635,576</u>
S1200-240 Net Cash from Operating Activities	<u>197,278</u>
Investing Activities	
S1200-245 Net deposits to the escrow account	(30,889)
S1200-250 Net withdrawals from the replacement reserve account	47,082
S1200-330 Net purchase of fixed assets	<u>(21,987)</u>
S1200-350 Net Cash used for Investing Activities	<u>(5,794)</u>
Financing Activities	
S1200-360 Principal payments - first mortgage	<u>(63,309)</u>
S1200-460 Net Cash used for Financing Activities	<u>(63,309)</u>
S1200-470 Net Change in Cash	128,175
S1200-480 Cash, Beginning of Year	<u>637,926</u>
S1200T Cash, End of Year	<u><u>\$ 766,101</u></u>

Schedule of Reserve for Replacement

1320P Balance, September 30, 2021	\$ 143,683
1320DT Required deposits by HUD	47,902
1320INT Interest on replacement reserve accounts	16
1320WT Approved withdrawals	<u>(95,000)</u>
 1320 Balance, September 30, 2022	 <u>\$ 96,601</u>
	<u>Yes/No</u>
1320R Deposits suspended or waived indicator	No

Schedule of Changes in Fixed Asset Accounts

	Balance October 1, 2021	Additions	Deductions	Balance September 30, 2022
1410 Land	\$ 280,468	\$ -	\$ -	\$ 280,468
1420 Buildings	4,166,694	-	-	4,166,694
1465 Furniture for project/tenant use	425,035	21,987	(8,552)	438,470
 Total	 4,872,197	 21,987	 (8,552)	 4,885,632
1495 Accumulated depreciation	<u>(3,860,618)</u>	<u>(75,708)</u>	<u>8,191</u>	<u>(3,928,135)</u>
 Net property and equipment	 <u>\$ 1,011,579</u>	 <u>\$ (53,721)</u>	 <u>\$ (361)</u>	 <u>\$ 957,497</u>

Additions to Fixed Assets

Furniture	\$ 1,309
Dwelling equipment replacement	9,020
Carpet and vinyl replacement	<u>11,658</u>
	<u>\$ 21,987</u>

Deductions from Fixed Assets

Carpet and vinyl	\$ (6,054)
Appliances	<u>(2,498)</u>
	<u>\$ (8,552)</u>

Shoreline Plaza, Inc.
 HUD Project Number 124-11032
 Computation of Surplus Cash, Distributions, and Residual Receipts
 September 30, 2022

Part A - Compute Surplus Cash

Cash

S1300-010 Cash (Accounts 1120, 1191)	\$ 787,339
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S1300-040 Total Cash	787,339
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Current Obligations

S1300-050 Accrued mortgage interest payable	5,038
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S1300-075 Accounts payable (due within 30 days)	34,293
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S1300-110 Other current obligations (October mortgage principal, replacement reserve and escrows)	15,983
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S1300-100 Accrued expenses (not escrowed)	49,296
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2210 Prepaid rents	5,887
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2191 Tenant security deposits liability	21,238
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S1300-140 Less Total Current Obligations	131,735
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S1300-150 Surplus Cash (Deficiency)	\$ 655,604
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Other Supplementary Information
September 30, 2022

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, 2022, 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 20, 2022.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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 20, 2022



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 the Major Federal Program

Opinion on the Major Federal Program

We have audited Shoreline Plaza, Inc.'s (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Shoreline Plaza, Inc.'s major federal programs for the year ended September 30, 2022. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Boise, Idaho
December 20, 2022

Shoreline Plaza, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program of Cluster Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Federal Expenditures</u>
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	\$ 3,075,957
Section 8 New Construction and Substantial Rehabilitation	14.182	536,301
Multifamily Housing Service Coordinator	14.191	<u>74,468</u>
		<u>74,468</u>
Total U.S. Department of Housing and Urban Development		<u><u>\$ 3,686,726</u></u>

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, 2022. 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, 2022 was \$3,012,648.

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 20, 2022

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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