

ST. DOMINIC'S APARTMENTS, INC.

**FINANCIAL STATEMENTS,
SINGLE AUDIT
and
INDEPENDENT AUDITOR REPORTS**

YEAR ENDED JUNE 30, 2023

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St. Dominic’s Apartments, Inc.
For the Year Ended June 30, 2023

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Independent Auditor's Report

To the Board of Directors
St. Dominic's Apartments, Inc.
Fall River, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Dominic's Apartments, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Dominic's Apartments, Inc. as of June 30, 2023, and the changes in its net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Dominic's Apartments, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Dominic's Apartments, Inc. ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards 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 St. Dominic's Apartments, 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 St. Dominic's Apartments, 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.

Other Matters:

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 29 to 37 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issues by the U.S. Department of Housing and Urban Development, Office of Inspector General and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards shown on page 22, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules included in the supplementary information required by HUD section including the statement of financial position, statement of activities, statement of cash flows, computation of surplus cash and residual receipts, schedule of changes in property and equipment, schedule of reserves for replacements and residual receipts, schedule of other account detail data and mortgagor's certification are the responsibility of management and were derived from relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules included in the supplementary information required by HUD section including the statement of financial position, statement of activities, statement of cash flows, computation of surplus cash and residual receipts, schedule of changes in property and equipment, schedule of reserves for replacements and residual receipts, schedule of other account detail data and mortgagor's certification are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

St. Dominic's Apartments Inc.
Independent Auditor's report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023, on our consideration of St. Dominic's Apartments, 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 St. Dominic's Apartments, 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 St. Dominic's Apartments, Inc.'s internal control over financial reporting and compliance.

Hague, Sahady, & Co., CPAs, P.C

Hague, Sahady & Co., CPAs, P.C.
Fall River, Massachusetts
September 13, 2023

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

Current Assets

Cash	\$	1,275
Accounts receivable		26,563
Prepaid expenses		662
<i>Total Current Assets</i>		28,500

Noncurrent Assets

Property and equipment, net of accumulated depreciation of \$2,595,312		2,486,235
Tenants' deposits		5,822
Replacement reserves		72,728
<i>Total Noncurrent Assets</i>		2,564,785

Total Assets	\$	2,593,285
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LIABILITIES AND NET ASSETS (DEFICIT)

Current Liabilities

Accounts payable	\$	5,250
Due to related party		25,064
<i>Total Current Liabilities</i>		30,314

Noncurrent Liabilities

Tenant security deposits liability		5,822
Due to related party		47,661
Due to sponsor		68,088
Capital Advance Program Loan (Section 202)		2,426,500
Mortgages payable		2,538,630
Accrued interest on mortgages payable		613,864
<i>Total Noncurrent Liabilities</i>		5,700,565

Total Liabilities		5,730,879
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Net Assets (Deficit)

Without Donor Restrictions

Undesignated		(3,137,594)
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Total Net Assets (Deficit)		(3,137,594)
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Total Liabilities and Net Assets (Deficit)	\$	2,593,285
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The accompanying notes are an integral part of these financial statements.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>
REVENUE AND SUPPORT	
Program service revenue:	
Rental income	\$ 225,910
Support service revenue:	
Donated rent	229,300
Investment income:	
Interest income	2,090
Miscellaneous Income	82
Gain on forgiveness of debt	<u>55,605</u>
<i>Total revenue and support</i>	<u>512,987</u>
EXPENSES	
Program services	351,981
Support services	<u>283,504</u>
<i>Total expenses</i>	<u>635,485</u>
Change in net assets	(122,498)
Unrestricted net assets (deficit), beginning of year	<u>(3,015,095)</u>
Unrestricted net assets (deficit), end of year	<u><u>\$ (3,137,594)</u></u>

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

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services	Support Services	Total Expenses
Payroll	\$ 1,298	\$ 25,217	\$ 26,515
Payroll taxes	954	1,075	2,029
Payroll benefits	197	222	419
Accounting and auditing	-	14,273	14,273
Depreciation	174,205	-	174,205
Insurance	23,930	-	23,930
Interest	38,659	-	38,659
Miscellaneous	-	703	703
Office expense	-	1,288	1,288
Repairs and maintenance	53,096	-	53,096
Rent	-	229,300	229,300
Management Fee	-	6,000	6,000
Telephone and internet	-	5,425	5,425
Utilities	59,643	-	59,643
	<u>\$ 351,981</u>	<u>\$ 283,504</u>	<u>\$ 635,485</u>
<i>Total expenses</i>	<u>\$ 351,981</u>	<u>\$ 283,504</u>	<u>\$ 635,485</u>

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

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Cash Received:

Rent	\$	210,210
Interest		2,090
Other		82
Total Receipts		<u>212,382</u>

Cash Paid For:

Administrative Expenses		88,641
Utilities		59,643
Salaries and Wages		26,515
Operating and Maintenance Expenses		53,096
Property Insurance		26,378
Total Disbursements		<u>254,273</u>

Net cash used in operating activities (41,891)

Cash Flows From Investing Activities

Net Deposits to Replacement Reserve (14,514)

Net cash provided by investing activities (14,514)

Cash Flows From Noncash Financing Activities

Proceeds from debt forgiveness 55,605

Net cash provided by investing activities 55,605

Net increase (decrease) in cash (800)

Cash, Beginning of Year 2,075

Cash, End of Year \$ 1,275

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

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ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - NATURE OF ORGANIZATION AND OPERATIONS

St. Dominic's Apartments, Inc. (St. Dom) is a non-profit corporation organized on January 20, 2004 under the laws of Massachusetts. St. Dom is sponsored by Community Action for Better Housing, Inc. (CABH), a related party. The Executive Director of St. Dom's is also the Executive Director for CABH. The Board of Directors is comprised of one Board member, the Roman Catholic Bishop of Fall River, who elects a Board of Trustees. St. Dom's was organized for the purpose of developing and operating an 18-unit apartment complex for elderly persons. The site selected and developed is located at 818 Middle Street in Fall River, Massachusetts. St. Dom is regulated by the U.S. Department of Housing and Urban Development (HUD) as to rental charges and operating methods under the provisions of Section 202 of the Housing Act of 1959.

The Section 202 program provides assistance to the project in the form of an interest free loan under the capital advance program and rental assistance in the form of a project rental assistance contract. Under the capital advance program and to the extent the project is rented to qualifying persons for a period of 40 years, no interest is due, and the note is forgiven at maturity.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of St. Dom's have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Basis of Presentation

In May of 2014 the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, Revenue Recognition and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two methods. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2019 and interim reporting period with annual Fiscal years beginning after December 15, 2019.

St. Dom's primary revenue stream is rent charges for residential units under leases with durations of less than a year. St. Dom's records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development. The difference from the calculated subsidy and the contract rent is paid for by HUD.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specially identified participants are to be considered exchange

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

transactions and potentially subject to ASC 606. St. Dom's believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by St. Dom's on behalf of the tenant, such as utilities and other monthly fees which does not apply to St. Dom's. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, St. Dom considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023, St. Dom did not have any highly liquid investments. Cash is classified as unrestricted unless it is restricted by laws, regulations, regulatory or other agreements.

Accounts Receivable

A tenant receivable is considered past due if payments have not been received by St. Dom within 14 days. At that time, St. Dom issues a letter to the tenant concerning past due rents. If collection does not occur after a 14-day notice is issued, eviction proceedings begin. Accounts are written off as uncollectible if no payments are received at the conclusion of those procedures. A subsidy receivable is considered past due if payments have not been received by St. Dom within 30 days. At that time, St. Dom contacts HUD and attempts to collect the subsidy payments. Accounts are written off as uncollectible if no payments are received at the conclusion of these procedures.

An allowance for doubtful accounts is provided based on management's valuation of outstanding accounts receivable at the end of the year. At June 30, 2023, no allowance was deemed necessary by management. St. Dom does not have a policy to accrue interest or to require collateral or other security to secure accounts receivable.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Capitalization is generally applied to depreciable assets whose cost is \$2,000 or more and has a useful life greater than one year. Expenditures for normal maintenance and repairs and add to the value or extend the useful life of the related asset are capitalized. Depreciation is provided using the straight-line depreciation method over 5 to 30 years, the estimated useful lives of the related assets.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2023 and in the opinion of management, there were no impairments.

Leases

A lease is a contract that conveys the control of the right to use another entity's nonfinancial asset (the underlying asset) for a period in an exchange or exchange-like transaction. Lessees recognize an intangible right to use assets and a lease liability. These transactions are measured at the present value of payments expected to be made during the lease term.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF ACCOUNTING POLICIES (Continued)

Leases (continued)

A right to use lease asset with a lease term greater than one year are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet the criteria are recognized as current period revenues and expenditures.

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organizations. These net assets may be used at the discretion of St. Doms management and Board of Directors.

Rental Income

Rental income is recognized on the accrual basis as the rents become due. The units are rented principally on short-term leases. Rents cannot be raised without the prior approval of HUD.

Revenue Recognition

FASB issued a statement that would delay the implementation of ASU 2014-09 (Topic 606). The organization evaluated the impact of the provisions of ASC 2014-09 (Topic 606) for the fiscal year 2021 implementation.

St. Dom's primary revenue stream is rent charges for residential units under leases with durations of less than a year. St. Dom's records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development. The difference from the calculated subsidy and the contract rent is paid for by HUD.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specially identified participants are to be considered exchange transactions and potentially subject to ASC 606. St. Dom's believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by St. Dom's on behalf of the tenant, such as utilities and other monthly fees which does not apply to St. Dom's. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Donated Goods, Services and Facilities

St. Dom records donated goods, services and facilities received at fair market value at date of donation in accordance with the recommendations of the Financial Accounting Standards Board. No donated goods and services were recorded for the year ended June 30, 2023. St. Dom has free use of a building leased from the Diocese of Fall River. The total fair market value of the donated rent for the year ended June 30, 2023 was \$229,300.

Donated services are recognized as contributions in accordance with the Financial Accounting Standards Board if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchased by St. Dom. There was no volunteer assistance provided during the year that met the recognition criteria under professional accounting standard.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B - SUMMARY OF ACCOUNTING POLICIES (Continued)

Tax-Exempt Status

St. Dom is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and as a corporation organized under Chapter 180 of the Massachusetts General Laws, it is also exempt from Massachusetts income taxes. Therefore, no provision for income taxes has been made.

St. Dom is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of St. Dom's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on St. Dom. St. Dom's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2020, 2021 and 2022.

Functional Allocation of Expenses

Expenditures incurred in connection with project operations and expenditures for entity and mortgagor expenses have been summarized on a functional basis in the statement of activities and functional expenses. The majority of expenses are directly identified with a program activity or supporting service.

The financial statement reports certain categories of expenses that are attributable to one or more program or supporting service of the Organization. Therefore, these expenses require allocation on a reasonable basis and include expenses for employee payroll and related costs and are allocated based on time and effort for the specific function.

Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE C – LIQUIDITY

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or other donor-imposed restrictions within one year of the balance sheet date:

Liquidity of Financial Assets:

Cash	\$ 1,275
Tenants' deposits	5,822
Replacement reserve	72,728
Less: Deposits not available for general expenditures	(5,822)
Less: Replacement reserves not expected to cover general expenditures	<u>(72,728)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,275</u></u>

The Organization's funds for replacement reserve for withdrawals are subject to the approval of HUD in accordance with regulatory agreements, as a result are not available for current operations. Additionally, funds deposited for tenant's security deposits are not available for current expenditures due to contractual obligations in accordance with the rental agreements. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE D – HUD RESTRICTED DEPOSITS

Under the regulatory agreement, the project is required to set aside varying amounts, currently set at \$3,064 per month, for the replacement of property and other projects as approved by HUD. HUD restricted deposits, which approximate \$72,728 at June 30, 2023, are available for use contingent upon HUD's prior written approval.

Under the terms of the regulatory agreement, surplus cash, as defined by HUD, must be deposited into a residual receipts fund within 90 days after the close of St. Dom's fiscal year. Funds which are set aside in the residual receipts fund are available to St. Dom upon HUD's approval. The total amount of residual receipts as of June 30, 2023 was \$0.

St. Dom's put in a request with HUD to increase rent. The approval by HUD has not yet been completed. Therefore, HUD instructed St. Dom's to transfer tenant assistance payments from their reserve account for the month of June 2023. Accounts receivable from HUD at June 30, 2023 is \$26,532.

NOTE E – Tenant Security Deposits

The tenant security deposits are maintained in an interest-bearing account separate from the operating account. Withdrawals are restricted to reimbursements of tenants' security deposits.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at June 30, 2023:

Leasehold improvements	\$ 5,045,038
Furniture and equipment	<u>36,509</u>
	5,081,547
Less accumulated depreciation	<u>(2,595,312)</u>
	<u><u>\$ 2,486,235</u></u>

Depreciation expense for the year ended June 30, 2023 was \$174,205.

NOTE G - CAPITAL ADVANCE PROGRAM LOAN

St. Dom entered into a mortgage note agreement under the Capital Advance program whereby HUD committed to fund development costs. The costs funded totaled \$2,426,500. The amounts advanced under this program do not bear interest as long as the apartments are rented to qualifying low-income tenants for a period of forty (40) years. If no violations occur during that period, the note is forgiven upon maturity in 2048. If St. Dom defaults under the provisions of the note, the note bears interest at 4.75% per year and is payable on demand. The note is secured by the property, funds held by HUD, if any, and assignment of rents.

The note and related agreements require St. Dom to make monthly deposits for replacement of project assets. The agreements also contain certain other covenants and restrictions relating, but not limited, to the transfer and disposal of property, maintenance of insurance and methods of conducting project operations. St. Dom is not allowed to make any distributions to its sponsors. Cash surplus, if any, is required to be deposited into an operating reserve to be used for future operations of the project, with the approval of HUD.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – MORTGAGES PAYABLE

St. Dom entered into a mortgage note agreement with the Housing Stabilization Fund (HSF) through the Massachusetts Department of Housing and Community Development (DHCD) to fund development costs up to a maximum of \$750,000. The amounts advanced under this program do not bear interest as long as the apartments are rented to qualifying low-income elderly individuals for a period of 50 years. There is one principal payment due at maturity in June 2057. Under the terms of the grant agreement, St. Dom cannot sell, lease or encumber the property through June 2057 without DHCD's permission. The note is secured by the real property. The loan is subordinate to HUD's first position in the property. In June 2057, DHCD may exercise one of two options: (1) extend the agreement for up to 10 years; (2) require repayment of the loan amount.

\$ 750,000

St. Dom entered into a mortgage note agreement with the Housing Innovations Fund Program (HIF) through the Massachusetts Department of Housing and Community Development (DHCD) to fund development costs up to a maximum of \$500,000. The amounts advanced under this program do not bear interest as long as the apartments are rented to qualifying low-income elderly individuals for a period of 30 years. There is no principal payment due at maturity in June 2037. Under the terms of the grant agreement, St. Dom cannot sell, lease or encumber the property through June 2037 without DHCD's permission. The note is secured by the property. The loan is subordinate to HUD's first position in the property. In June 2037, DHCD may exercise one of two options: (1) extend the agreement for one or more periods of up to 10 years; (2) require repayment of the loan amount.

\$ 500,000

St. Dom entered into a mortgage note agreement with the City of Fall River through the Fall River Community Development Agency (FRCD) to fund development costs up to a maximum of \$1,288,630 and bears interest at 3.00% per year. The note is secured by the property. No payments of interest or principal are due before the maturity date of May 2047, provided there are no defaults. The loan is subordinate to HUD's first position in the property. Under the terms of the grant agreement, St. Dom cannot sell, lease or encumber the property through May 2047 without FRCD's permission. If there are defaults during the loan period, principal and interest are payable upon demand. In May 2047, FRCD may extend the maturity date up to 40 years.

\$ 1,288,630

Total: \$ 2,538,630

Interest expense incurred on these mortgages totaled \$38,659 which is included in accrued interest at year end.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE I – CONCENTRATION

Project Rental Assistance Contract: St. Dom receives a monthly project rental supplement from HUD under an annual Project Rental Assistance Contract. St. Dom billed HUD \$158,164 for the year ended June 30, 2023. Excluding donated rent and gain on debt forgiveness, HUD rental assistance represents approximately 69% of St. Dom's income. At June 30, 2023, HUD owed \$26,532 to St. Dom.

St. Dom maintains its cash deposits at a local financial institution insured by the Federal Depositors Insurance Corporation (FDIC). Deposits at FDIC insured institutions are insured up to at least \$250,000 per depositor. There was no cash balance in excess of federally insured limits at June 30, 2023.

NOTE J – RELATED PARTY TRANSACTIONS

St. Dom engaged Catholic Social Services of Fall River, Inc., an affiliated organization and related entity, through 2017 to provide administrative management and property management services for the project. At June 30, 2023, St. Dom owed \$55,605 to Catholic Social Services. Fifty percent was forgiven during the fiscal year. The remaining obligation will be payable in 84 equal monthly installments of \$662 starting in July 2023.

Community Action for Better Housing, Inc., an affiliated organization and related entity with the same Executive Director, advanced \$58,088 and a \$10,000 minimum capital investment to St. Dom at its inception. These amounts are included in long-term liabilities at June 30, 2023. The initial minimum capital investment may be paid to the sponsor after three years of operations as long as St. Dom meets certain performance measures prescribed by HUD.

As of July 1, 2017, Community Action for Better Housing, Inc. became the managing agent for St. Dom and provided property management services for the project. For the year ended June 30, 2023, St. Dom incurred \$29,964 in payroll and related expenses. At June 30, 2023, St. Dom owed \$17,120 to Community Action for Better Housing, Inc.

St. Dom has free use of a building leased from the Roman Catholic Diocese of Fall River, MA. Both St. Dom and the Diocese have two of the same board members. The total fair market value of the donated rent for the year ended June 30, 2023 was \$229,300.

NOTE K – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

St. Dom's primary asset is an 18-unit apartment building. St. Dom's operations are concentrated in the subsidized real estate market. In addition, St. Dom operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden to comply with a change. Under the regulatory agreement, St. Dom may not increase rents charged to tenants without HUD approval.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 13, 2023 the date the financial statements were available to be issued. No such events requiring recording or disclosure subsequent to year-end were noted as of September 13, 2023 .

Single Audit Reports

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

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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 Directors
St. Dominic's Apartments, Inc.
Fall River, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Dominic's Apartments, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 September 13, 2023.

Report on Internal Control over Financial Reporting

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the financial statements of St. Dominic's Apartments, Inc. (a nonprofit organization), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise St. Dominic's Apartments, Inc.'s basic financial statements for the year then ended, and have issued our report thereon dated September 13, 2023 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hague, Sahady, & Co., CPAs, P.C

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts

September 13, 2023

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
St. Dominic's Apartments, Inc.
Fall River, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Dominic's Apartments Inc.'s 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 St. Dominic's Apartments Inc.'s major federal programs for the year ended June 30, 2023. St. Dominic's Apartments Inc.'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, St. Dominic's Apartments Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). 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 St. Dominic's Apartments Inc. 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 St. Dominic's Apartments Inc.'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 St. Dominic's Apartments Inc.'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 St. Dominic's Apartments Inc.'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 generally accepted auditing standards, *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 St. Dominic's Apartments Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 St. Dominic's Apartments Inc.'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 St. Dominic's Apartments Inc.'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 St. Dominic's Apartments Inc.'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.

Hague, Sahady, & Co., CPAs, P.C

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts

September 13, 2023

**ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

<u>Federal Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Federal Expenditures</u>	<u>Passed to Subrecipients</u>
<i>United States Department of Housing and Urban Development (HUD)</i>			
Direct:			
Supportive Housing for the Elderly			
Section 202 Capital Advance	14.157*	\$ 2,426,500	\$ -
Project Rental Assistance Payments	14.157*	158,164	-
 <i>Passed through City of Fall River, MA</i>			
Home Investment Partnerships Program	14.239	<u>1,288,630</u>	<u>-</u>
		<u>\$ 3,873,294</u>	<u>\$ -</u>

*Selected as a major program

See accompanying notes to the schedule of expenditures of federal awards.

ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of St. Dominic's Apartments, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of 2 CFR 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 St. Dominic's Apartments, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of St. Dominic's Apartments, Inc.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

St. Dominic's Apartments, Inc. has *not* elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Loan Balances Subject to Continuing Compliance Requirements

Total expenditures in the accompanying schedule of expenditures of federal awards for the Supportive Housing for the Elderly (Section 202) Program (ALN 14.157) includes the total amount of new loans made during fiscal year 2023, as well as the unpaid principal balance from loans originated in previous years for which the Federal government imposed "continuing compliance requirements". The program requires a note and mortgage for a 40-year term for which the owner is not required to repay the principal or pay interest and the note is forgiven at maturity, as long as the owner provides housing for the designated class of people in accordance with applicable HUD requirements.

As of June 30, 2023, the Section 202 program had loan balances subject to continuing compliance requirements of \$2,426,500. Uniform Guidance (2 CFR 200.502) requires this amount be included in the "basis for determining Federal awards expended" on the current year schedule of expenditures of federal awards as the Federal government is at risk for the loans until the debt is repaid. The beginning balance of the loans subject to continuing compliance requirements was also \$2,426,500 at July 1, 2022.

***ST DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER 23-EE-167***

***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023***

C. Loan Balances Subject to Continuing Compliance Requirements (Continued)

Total expenditures in the accompanying schedule of expenditures of federal awards for the HOME Investment Partnership (HOME) program (ALN 14.239) includes the total amount of new loans made during fiscal year 2023, as well as the unpaid principal balance from loans originated in previous years for which the Federal government imposed “continuing compliance requirements” through 42 USC 12701 12839 and 3535(d), with implementing regulations codified at 24 CFR part 92.

As of June 30, 2023, the HOME program had loan balances subject to continuing compliance requirements of \$1,288,630. Uniform Guidance (2 CFR 200.502) requires this amount be included in the “basis for determining Federal awards expended” on the current year schedule of expenditures of federal awards as the Federal government is at risk for the loans until the debt is repaid. The beginning balance of the loans subject to continuing compliance requirements was \$1,288,630 at July 1, 2022.

**ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167**

**SUMMARY OF AUDIT RESULTS
JUNE 30, 2023**

1. Summary of Audit Results

Financial Statements (Government Auditing Standards)

We have audited the financial statements of St Dominic's Apartments, Inc., as of and for the Year Ended June 30, 2023 and have issued our reports thereon dated September 13, 2023. 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.

The results of our audit are as follows:

Type of Report issued on the Financial Statements Internal Control over Financial Reporting:	Unmodified
Material Weakness(es) Identified?	No
Significant Deficiencies Identified?	No
Noncompliance Material to the Financial Statements Noted?	No

Federal Awards (Uniform Guidance)

We have audited the compliance of St Dominic's Apartments, Inc., with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023 and have issued our reports thereon dated September 13, 2023. We performed this audit under the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The results of our audit are as follows:

The results of our audit are as follows:

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified?	No

Type of Report on Compliance for Major Programs: HOME Investment Partnership Program (ALN 14.157)	Unmodified
Disclosure of Audit Findings required to be reported under Uniform Guidance (2 CFR Part 200 Section 200.516(a):	No

**ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167**

**SUMMARY OF AUDIT RESULTS (CONTINUED)
JUNE 30, 2023**

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN</u>
Supportive Housing for the Elderly	14.157

The threshold for distinguishing Type A and Type B Programs under 2 CFR 200 Section 518(b)(1) was \$750,000.

St Dominic's Apartments, Inc. does not qualify as a low-risk auditee (2 CFR Section 520).

**ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

2. Findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements (Government Auditing Standards):

No current year findings to be reported in accordance with Government Auditing Standards.

3. Findings and Questioned Costs Which Are Required to be Reported Over Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance

No current year findings to be reported in accordance with Uniform Guidance.

4. Status of Prior Year Findings – On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements (Government Auditing Standards):

There were no prior year findings in the financial statement audit (Government Auditing Standards).

5. Status of Prior Year Findings - Over Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance:

There were no prior year findings to be reported under Uniform Guidance.

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SUPPLEMENTAL INFORMATION REQUIRED BY HUD

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS		
<u>Account No.</u>		
CURRENT ASSETS		
1120	Cash - Operations	\$ 1,275
1130	Tenant Accounts Receivable	31
1135	Accounts Receivable - HUD	26,532
1100T	Total Current Assets	<u>27,838</u>
1290	Miscellaneous Prepaid Expense	<u>662</u>
1191	Tenant Deposits Held in Trust	<u>5,822</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
1320	Replacement Reserve	<u>72,728</u>
1300T	Total Deposits	<u>72,728</u>
1420	Building Improvements	5,045,038
1440	Building Equipment - Portable	2,094
1465	Office Furniture and Equipment	<u>34,415</u>
1400T	Total Fixed Assets	5,081,547
1495	Less Accumulated Depreciation	<u>(2,595,312)</u>
1400N	Net Fixed Assets	<u>2,486,235</u>
1000T	TOTAL ASSETS	<u><u>\$ 2,593,285</u></u>
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
2110	Accounts Payable - Operations	<u>\$ 30,314</u>
2122T	Total Current Liabilities	<u>30,314</u>
2191	Tenant Deposits Held in Trust	<u>5,822</u>
NONCURRENT LIABILITIES		
2320	Mortgage Payable - First Mortgage	2,426,500
2322	Other Mortgages Payable (Long-Term)	2,538,630
2324	Other Loans and Notes Payable	68,088
2331	Accrued Interest - Mortgage Payable	613,864
2390	Miscellaneous Long-Term Liabilities	<u>47,661</u>
2300T	Total Noncurrent Liabilities	<u>5,694,743</u>
2000T	TOTAL LIABILITIES	5,730,879
NET ASSETS - WITHOUT DONOR RESTRICTIONS:		
3130	Undesignated Net Assets (Deficit)	<u>(3,137,594)</u>
2033T	TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u><u>\$ 2,593,285</u></u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

<u>Account No.</u>	<u>REVENUES</u>	<u>Without Donor Restrictions</u>
5120	Rent Revenue - Gross Potential	\$ 67,746
5121	Tenant Assistance Payments	158,164
5190	Miscellaneous Rent Revenue	229,300
5100T	TOTAL REVENUE	<u>455,210</u>
5152N	NET RENTAL REVENUE	<u>455,210</u>
5440	Revenue from Investments - Replacement Reserve	2,090
5400T	TOTAL FINANCIAL REVENUE	<u>2,090</u>
5910	Laundry and Vending Revenue	82
5990	Miscellaneous Revenue - Gain on Forgiveness of Debt	55,605
5900T	TOTAL OTHER REVENUE	<u>55,687</u>
5000T	TOTAL REVENUE	<u>512,987</u>
 <u>EXPENSES</u> 		
6250	Other Renting Expenses	229,300
6311	Office Expenses	1,288
6320	Management Fee	6,000
6330	Manager or Superintendent Salaries	26,516
6350	Audit Expense	13,300
6351	Bookkeeping Fees/Accounting Services	973
6390	Miscellaneous Administrative Expenses	6,127
6263T	TOTAL ADMINISTRATIVE EXPENSES	<u>283,504</u>
6450	Electricity	27,488
6451	Water	9,411
6452	Gas	22,744
6400T	TOTAL UTILITY EXPENSE	<u>59,643</u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

EXPENSES (Continued):

<u>Account No.</u>		<u>Without Donor Restrictions</u>
6510	Payroll - Maintenance	\$ -
6517	Janitor and Cleaning Sub Contractor	8,225
6525	Garbage and Trash Removal	1,999
6546	Heating/Cooling Repairs and Maintenance	13,132
6548	Snow Removal	1,450
6590	Miscellaneous Operating and Maintenance Expenses	28,290
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	<u>53,096</u>
6711	Payroll Taxes (Project's Share)	2,029
6720	Property and Liability Insurance (Hazard)	23,930
6723	Health Insurance and Other Employee Benefits	419
6700T	TOTAL TAXES AND INSURANCE	<u>26,378</u>
6825	Interest on Other Mortgages	<u>38,659</u>
6800T	TOTAL FINANCIAL EXPENSES	<u>38,659</u>
6000T	TOTAL COST OF OPERATIONS BEFORE DEPRECIATION	<u>461,280</u>
5060T	CHANGE IN NET ASSETS BEFORE DEPRECIATION	51,707
6600	Depreciation Expense	<u>174,205</u>
3247	CHANGE IN UNRESTRICTED NET ASSETS	(122,498)
S1100-060	Net Assets (Deficit), Beginning of Year	<u>(3,015,096)</u>
3130	Net Assets (Deficit), End of Year	<u>\$ (3,137,594)</u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

<u>Account No.</u>	CASH FLOWS FROM OPERATING ACTIVITIES	
	Cash Received:	
S1200-010	Rental Receipts	\$ 210,210
S1200-020	Interest Receipts	2,090
S1200-030	Other Operating Receipts	82
S1200-040	Total Receipts	<u>212,382</u>
	Cash Paid For:	
S1200-050	Administrative Expenses	88,641
S1200-090	Utilities	59,643
S1200-100	Salaries and Wages	26,515
S1200-110	Operating and Maintenance Expenses	53,096
S1200-140	Property Insurance	26,378
S1200-230	Total Disbursements	<u>254,273</u>
S1200-240	NET CASH USED IN OPERATING ACTIVITIES	<u>(41,891)</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
S1200-250	Net Deposits to Replacement Reserve	(14,514)
S1200-350	NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(14,514)</u>
	CASH FLOWS FROM NONCASH FINANCING ACTIVITIES	
S1200-450	Other Financing Activities	55,605
S1200-460	NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>55,605</u>
S1200-470	NET INCREASE (DECREASE) IN CASH	(800)
S1200-480	Beginning of Period Cash	<u>2,075</u>
S1200T	End of Period Cash	<u>\$ 1,275</u>
	RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
3250	Change in Net Assets	<u>\$ (122,498)</u>
	Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
6600	Depreciation	174,205
S1200-600	Interest on mortgage payable	38,659
	Changes in Assets and Liabilities:	
S1200-500	Accounts Receivable - Tenants (Asset)	(15,703)
S1200-520	Prepaid Expenses (Asset)	(662)
S1200-530	Tenant Deposit Cash (Asset)	(156)
S1200-540	Accounts Payable (Liability)	(115,892)
S1200-560	Accrued Expenses (Liability)	156
	Total Adjustments	<u>80,607</u>
S1200-610	Net Cash Used In Operating Activities	<u>\$ (41,891)</u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

COMPUTATION OF SURPLUS CASH AND RESIDUAL RECEIPTS
June 30, 2023

CASH			
S1300-010	Cash	\$ 7,097	
1135	Accounts Receivable - HUD	26,532	
1130	Tenant Accounts Receivable	<u>31</u>	
S1300-040	Total Cash		33,660
CURRENT OBLIGATIONS			
S1300-075	Accounts Payable - 30 Days	30,314	
2191	Tenant Security Deposits	<u>5,822</u>	
	Total Current Obligations		<u>36,136</u>
S1300-150	Surplus Cash (Deficiency)		<u><u>\$ (2,476)</u></u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

COMPUTATION OF CHANGES IN PROPERTY AND EQUIPMENT
June 30, 2023

		Assets			
		Balance			Balance
		<u>6/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2023</u>
1420	Leasehold Improvements	\$ 5,056,281	\$ -	\$ -	\$ 5,056,281
1440	Building Equipment - Portable	2,094	-	-	2,094
1450	Furniture for Project/Tenant Use	540	-	-	540
1465	Office Furniture and Equipment	22,632	-	-	22,632
	TOTAL	<u>\$ 5,081,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,081,547</u>
1495	Accumulated Depreciation	<u>\$ 2,421,107</u>	<u>\$ 174,205</u>	<u>\$ -</u>	<u>\$ 2,595,312</u>
	Net Book Value				<u>\$ 2,486,235</u>

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

SCHEDULE OF RESERVE FOR REPLACEMENTS
AND RESIDUAL RECEIPTS ACCOUNTS AND OTHER INFORMATION
Year Ended June 30, 2023

In accordance with the provisions of the regulatory agreement, restricted cash is placed in escrow to be used for replacement of property and various other uses with the approval of HUD as follows:

		Replacement Reserve		Residual Receipts
1320P	Balance, June 30, 2022	\$ 58,214	1340P	\$ -
1320DT	Required Monthly Deposits (\$3,640 x 12)	43,680	1340DT	-
1320ODT	Other Deposits	6,396	1340WT	-
1320INT	Interest Earned	2,083	1340INT	-
1320WT	Approved Withdrawals	(37,645)	1340OWT	-
1320R	Balance, June 30, 2023	\$ 72,728	1340R	\$ -

OTHER INFORMATION

S1000-010	Total mortgage principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully insured mortgages. Any HUD-approved second mortgages are included.		\$ -
S1000-020	Total of monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments are temporarily suspended or reduced.		\$ 43,680
S1000-030	Replacement reserve and residual receipts reserve releases which are included as expense items on the statement of activities.		\$ 9,108
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of activities.		\$ -

See independent auditor's report

ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167
SUPPLEMENTARY INFORMATION REQUIRED BY HUD

SCHEDULE OF OTHER ACCOUNT DETAIL DATA
Year Ended June 30, 2023

Account 2190 Detail	
Accrued audit expense	\$ -
Total Line 2190	<u>\$ -</u>
Account 1420AT Detail	
Water tanks	\$ -
Total Line 1420AT	<u>\$ -</u>
Account 1440AT Detail	
Coin-op washer	\$ -
	<u>\$ -</u>
Account 5190 Detail	
Donated rent	\$ 229,300
Total Line 5190	<u>\$ 229,300</u>
Account 6590 Detail	
Elevator maintenance	\$ 14,252
Repair materials	11,842
Pest control	1,506
Fire alarm and extinguisher maintenance	690
Cleaning	-
	<u>\$ 28,290</u>

See independent auditor's report

**ST. DOMINIC'S APARTMENTS, INC.
HUD PROJECT NUMBER: 23-EE-167**

**MORTGAGOR'S CERTIFICATION
June 30, 2023**

We hereby certify that we have examined the accompanying financial statements and supplementary data of HUD Project Number 23-EE-167 of St. Dominic's Apartments, Inc. and, to the best of our knowledge and belief, the same is accurate and complete.

08/14/23

(Date)



St. Dominic's Apartments, Inc.

Victor Andreozzi, Interim Executive Director

09/19/23

(Date)



St. Dominic's Apartments, Inc.

Joe Harrington, Vice Chancellor for Administration

Federal Identification Number

56-2499472

Telephone

508-997-0130

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