

**Manhattan Beach Housing
Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028**

Financial Statements and
Supplementary Information

June 30, 2018 and 2017



BAKER TILLY

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Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

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Independent Auditors' Report

Board of Trustees
Manhattan Beach Housing Development Fund Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Manhattan Beach Housing Development Fund Corporation (the "Corporation"), HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information required by HUD included in the report (shown on pages 17 to 23) is presented for purposes of additional analysis and is not a required part of the financial statements. The aforementioned information has been prepared in the prescribed format and following the instructions of the United States Department of Housing and Urban Development. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Corporation'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 the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
1120 Cash, operations	\$ 424,488	\$ 597,803
1130 Tenant accounts receivable	4,793	13,389
1131 Allowance for doubtful accounts	(1,592)	(9,254)
1135 Accounts receivable, HUD	39,604	4,557
1140 Accounts and notes receivable, operations	252	7,024
1200 Prepaid expenses	<u>193,602</u>	<u>190,774</u>
1100T Total current assets	<u>661,147</u>	<u>804,293</u>
Deposits Held in Trust, Funded		
1191 Tenant deposits	<u>39,585</u>	<u>38,490</u>
Restricted Deposits and Funded Reserves		
1310 Escrow deposits	143,189	213,855
1320 Reserve for replacements	372,027	320,098
1340 Residual receipts reserve	<u>383,037</u>	<u>303,171</u>
1300T Total restricted deposits and funded reserves	<u>898,253</u>	<u>837,124</u>
Fixed Assets		
1410 Land and improvements	594,064	574,089
1420 Buildings	14,557,993	14,365,784
1440 Building equipment, portable	40,884	35,882
1450 Furniture for project/tenant use	100,322	100,322
1460 Furnishings	13,318	13,318
1490 Miscellaneous fixed assets	<u>203,870</u>	<u>115,750</u>
1400T Total fixed assets	15,510,451	15,205,145
1495 Less accumulated depreciation	<u>(9,425,923)</u>	<u>(8,893,028)</u>
1400N Net fixed assets	<u>6,084,528</u>	<u>6,312,117</u>
1000T Total assets	<u>\$ 7,683,513</u>	<u>\$ 7,992,024</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
Current Liabilities		
2110	\$ 134,337	\$ 219,560
2111	108,466	133,234
2120	21,871	16,972
2121	1,629	1,298
2123	10,018	9,541
2131	25,669	26,279
2170	193,224	186,492
2190	265,671	265,671
2210	1,352	2,165
2122T	<u>762,237</u>	<u>861,212</u>
Deposits Liabilities		
2191	<u>39,585</u>	<u>38,490</u>
Long-Term Liabilities		
2320	7,664,732	7,857,956
2340	<u>(10,990)</u>	<u>(11,437)</u>
2300T	<u>7,653,742</u>	<u>7,846,519</u>
2000T	<u>8,455,564</u>	<u>8,746,221</u>
Net Assets		
3131	(1,018,881)	(1,001,027)
3132	<u>246,830</u>	<u>246,830</u>
3130	<u>(772,051)</u>	<u>(754,197)</u>
2033T	<u>\$ 7,683,513</u>	<u>\$ 7,992,024</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Rental Revenue		
5120 Rental revenue, gross potential	\$ 476,527	\$ 453,579
5121 Tenant assistance payments	1,960,844	1,983,738
5100T Total rental revenue	<u>2,437,371</u>	<u>2,437,317</u>
Vacancies		
5220 Apartments	(71,088)	(28,919)
5200T Total vacancies	<u>(71,088)</u>	<u>(28,919)</u>
5152N Net rental revenue	<u>2,366,283</u>	<u>2,408,398</u>
5300 Nursing home/assisted living/board and care/ other elderly care/coop and other revenue	<u>77,825</u>	<u>26,496</u>
Financial Revenue		
5430 Revenue from investments, residual receipts	150	90
5440 Revenue from investments, replacement reserve	148	101
5400T Total financial revenue	<u>298</u>	<u>191</u>
Other Revenue		
5910 Laundry and vending machine revenue	4,790	5,902
5920 Tenant charges	1,760	100
5990 Miscellaneous revenue	55,374	147,696
5900T Total other revenue	<u>61,924</u>	<u>153,698</u>
5000T Total revenue	<u>2,506,330</u>	<u>2,588,783</u>
Expenses		
Administrative Expenses		
6203 Conventions and meetings	3,319	79
6204 Management consultants	241	-
6310 Office salaries	95,845	90,337
6311 Office expenses	53,570	22,082
6320 Management fee	108,859	110,331
6330 Manager or superintendent salaries	51,189	50,442
6331 Administrative rent-free unit	20,556	19,248
6340 Legal expense, project	280	-
6350 Auditing expense	13,500	12,000
6351 Bookkeeping fees/accounting services	36,779	37,904
6370 Bad debts	814	3,607
6390 Miscellaneous administrative expenses	3,966	10,552
6263T Total administrative expenses	<u>388,918</u>	<u>356,582</u>
Utilities Expenses		
6420 Fuel oil/coal	12,702	3,538
6450 Electricity	53,458	54,962
6451 Water	31,831	37,748
6452 Gas	58,026	58,010
6453 Sewer	50,611	60,020
6400T Total utilities expenses	<u>206,628</u>	<u>214,278</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
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Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating and Maintenance Expenses		
6510 Payroll	\$ 78,993	\$ 73,499
6515 Supplies	48,322	38,871
6520 Contracts	160,935	86,173
6530 Security payroll/contract	154,360	137,725
6546 Heating/cooling repairs and maintenance	<u>19,056</u>	<u>14,505</u>
6500T Total operating and maintenance expenses	<u>461,666</u>	<u>350,773</u>
Taxes and Insurance		
6710 Real estate taxes	339,048	355,594
6711 Payroll taxes (project's share)	16,364	15,989
6720 Property and liability insurance (hazard)	99,115	93,631
6722 Workmen's compensation	10,582	9,539
6723 Health insurance and other employee benefits	56,020	83,740
6790 Miscellaneous taxes, licenses, permits and insurance	<u>1,439</u>	<u>1,291</u>
6700T Total taxes and insurance expense	<u>522,568</u>	<u>559,784</u>
Financial Expense		
6820 Interest on first mortgage payable	311,853	319,034
6850 Mortgage insurance premium/service charge	35,744	36,569
6890 Miscellaneous financial expenses	<u>-</u>	<u>87</u>
6800T Total financial expense	<u>347,597</u>	<u>355,690</u>
6900 Nursing home/assisted living/board and care/ other elderly care expenses	<u>63,912</u>	<u>73,813</u>
6000T Total cost of operations before depreciation	<u>1,991,289</u>	<u>1,910,920</u>
5060T Profit before depreciation	<u>515,041</u>	<u>677,863</u>
Depreciation		
6600 Depreciation expense	<u>532,895</u>	<u>482,393</u>
Total depreciation	<u>532,895</u>	<u>482,393</u>
5060N Operating (loss) profit after depreciation	(17,854)	195,470
Corporate or Mortgagor Entity Revenue		
7105 Entity revenue	<u>-</u>	<u>(172,436)</u>
Total expenses	<u>2,524,184</u>	<u>2,220,877</u>
3250 Change in net assets	(17,854)	367,906
Unrestricted Net Assets, Beginning of Year	<u>(1,001,027)</u>	<u>(1,368,933)</u>
Unrestricted Net Assets, End of Year	<u>(1,018,881)</u>	<u>(1,001,027)</u>
Temporarily Restricted Net Assets, Beginning of Year	<u>246,830</u>	<u>246,830</u>
Temporarily Restricted Net Assets, End of Year	<u>246,830</u>	<u>246,830</u>
Net Assets, End of Year	<u>\$ (772,051)</u>	<u>\$ (754,197)</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
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Statements of Cash Flows

Years Ended June 30, 2018 and 2017

		<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities			
S1200-010	Rental receipts	\$ 2,341,456	\$ 2,441,485
S1200-020	Interest receipts	298	191
S1200-030	Other operating receipts	<u>104,702</u>	<u>180,194</u>
S1200-040	Total receipts	<u>2,446,456</u>	<u>2,621,870</u>
S1200-050	Administrative expenses paid	(148,997)	(35,142)
S1200-070	Management fees paid	(114,443)	(109,569)
S1200-090	Utilities paid	(215,315)	(207,341)
S1200-100	Salaries and wages paid	(375,488)	(354,535)
S1200-110	Operating and maintenance paid	(279,279)	(55,205)
S1200-120	Real estate taxes paid	(343,225)	(362,438)
S1200-140	Property insurance paid	(99,115)	(93,631)
S1200-150	Miscellaneous taxes and insurance paid	(1,108)	(1,412)
S1200-170	Other operating expenses paid	(142,159)	(127,735)
S1200-180	Interest paid on first mortgage	(312,463)	(319,619)
S1200-210	Mortgage insurance premium paid	(35,252)	(36,096)
S1200-225	Entirety/construction disbursements	<u>(108,466)</u>	<u>(74,350)</u>
S1200-230	Total disbursements	<u>(2,175,310)</u>	<u>(1,777,073)</u>
S1200-240	Net cash provided by operating activities	<u>271,146</u>	<u>844,797</u>
Cash Flows from Investing Activities			
S1200-245	Net withdrawals from (deposits to) mortgage escrows	70,666	(31,349)
S1200-250	Net deposits to reserve for replacement	(51,929)	(51,977)
S1200-260	Net deposits to residual receipts reserve	(79,866)	(152,746)
S1200-330	Net purchases of fixed assets	<u>(196,840)</u>	<u>(385,715)</u>
S1200-350	Net cash used in investing activities	<u>(257,969)</u>	<u>(621,787)</u>
Cash Flows from Financing Activities			
S1200-360	Mortgage principal payments, first mortgage	<u>(186,492)</u>	<u>(179,334)</u>
S1200-460	Net cash used in financing activities	<u>(186,492)</u>	<u>(179,334)</u>
S1200-470	Net (decrease) increase in cash	(173,315)	43,676
S1200-480	Cash, Beginning of Year	<u>597,803</u>	<u>554,127</u>
S1200T	Cash, End of Year	<u>\$ 424,488</u>	<u>\$ 597,803</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
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Statements of Cash Flows

Years Ended June 30, 2018 and 2017

		<u>2018</u>	<u>2017</u>
Significant Noncash Investing and Financing Activities			
	Additions to rental property included in accounts payable	\$ 108,466	\$ 74,350
	Contributed rental property improvements	\$ -	\$ 172,436
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities			
3250	Change in net assets	\$ (17,854)	\$ 367,906
	Adjustments to reconcile change in net assets to net cash provided by operating activities:		
6600	Depreciation	532,895	482,393
S1200-486	Interest expense on debt issuance cost	447	447
S1200-600	Bad debts	814	3,607
S1200-600	Residual receipts obligation	-	87
S1200-600	Contributed rental property improvements	-	(172,436)
	Changes in asset and liability accounts:		
	(Increase) decrease in assets:		
S1200-490	Tenant accounts receivable	120	(2,034)
S1200-500	Accounts receivable, other	(28,275)	(3,801)
S1200-520	Prepaid expenses	(2,828)	(3,751)
S1200-530	Tenant deposits funded	(1,095)	(244)
	Increase (decrease) in assets:		
S1200-540	Accounts payable	(218,457)	174,933
S1200-560	Accrued liabilities	5,707	(1,891)
S1200-570	Accrued interest payable	(610)	(585)
S1200-580	Tenant deposits held in trust	1,095	558
S1200-590	Prepaid revenue	(813)	(392)
	Total adjustments	<u>289,000</u>	<u>476,891</u>
S1200-610	Net cash provided by operating activities	<u>\$ 271,146</u>	<u>\$ 844,797</u>

See notes to financial statements

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Notes to Financial Statements
June 30, 2018 and 2017

1. Description of the Organization

Manhattan Beach Housing Development Fund Corporation (the "Corporation") is a nonprofit corporation created in 1982 pursuant to Article XI of the Private Housing Finance Law. Its primary purpose is to develop and to operate housing and auxiliary facilities for low income older adults under Section 202, a U.S. Department of Housing and Urban Development ("HUD") program that provides capital advances to private, nonprofit sponsors to finance the development of housing for elderly residents. Such projects are regulated by HUD as to rent charges and operating methods. The project consists of 150 units located in Brooklyn, New York and is currently operating under the name of Scheuer House of Manhattan Beach.

JASA Corporation is the sole member of and wholly controls the Corporation. JASA Corporation also wholly controls nine other housing entities, the Jewish Association for Services for the Aged ("JASA"), JASA Housing Management Services for the Aged, Inc. ("JHM"), and One Stop Senior Services in its capacity as their sole member. The Corporation is related to JASA Corporation and the above-listed entities by this control.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Corporation prepared the financial statements on the accrual basis of accounting. Also, the Corporation presents its financial statements following the generally accepted accounting principles in the United States of America. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Furthermore, information is required to segregate program service expenses from management and general expenses.

Contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents.

Manhattan Beach Housing Development Fund Corporation
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Notes to Financial Statements
June 30, 2018 and 2017

Accounts Receivable and Allowance for Doubtful Accounts

The Corporation reports tenant accounts receivable and accounts receivable net of an allowance for doubtful accounts. Management's basis for its estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2018 and 2017, the balance in the allowance for doubtful accounts was \$1,592 and \$9,254, respectively.

Fixed Assets and Depreciation

The Corporation carries fixed assets at cost. Management uses the straight-line method of depreciation and expenses depreciation equally each year over the useful lives of the assets. It is the Corporation's policy to capitalize items of \$5,000 or greater. Useful lives range from 10 to 40 years.

Impairment of Long-Lived Assets

The Corporation reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When reviewing recovery, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The Corporation did not recognize any impairment loss during the years ended June 30, 2018 and 2017.

Deferred Financing Costs

The Corporation amortizes financing costs as interest expense over the term of the related loan using the straight-line method, which approximates the effective interest method. Interest expense for the years ended June 30, 2018 and 2017 was \$447.

Revenue

Rental Income

The Corporation's revenue is derived principally from rent on its affordable housing apartments. Rental payments come directly from tenants as well as from HUD via a housing subsidy for low-income tenants.

The Corporation recognizes rental income as it becomes due. Rental payments received in advance of their due date are deferred until earned. Leases between the Corporation and its tenants are operating leases.

Manhattan Beach Housing Development Fund Corporation
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Notes to Financial Statements
June 30, 2018 and 2017

Grant Income

HUD awarded the Corporation a cost reimbursement grant. See Note 6. The Corporation recognized revenue under this grant as costs were incurred.

The Corporation was also awarded a grant from the Fund for the City of New York. See Note 6. Revenue was recognized as the funds became unconditionally committed for a specific purpose. Unspent funds remain as temporarily restricted net assets.

Income Taxes

The Corporation has applied for and received a tax-exemption under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2018 or 2017. Due to its tax-exempt status, the Corporation is not subject to income taxes. The Corporation is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions requiring disclosure.

Subsequent Events

Management evaluated subsequent events through September 28, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that had a material impact on the Corporation's financial statements.

3. Mortgage Payable

On December 27, 2007, the Corporation obtained a mortgage from Greystone Servicing Corporation, Inc., in the principal amount of \$9,133,300. The loan was insured by HUD and secured by a mortgage. The mortgage bore an interest rate of 6% per annum. Principal and interest were payable by the Corporation in monthly installments of \$52,077 through maturity on January 1, 2043.

On January 1, 2015, the Corporation entered into a modification of the mortgage note with PNC Bank, N.A, successor by merger to Midland Loan Services, Inc., an assignee to Greystone Servicing Corporation. The loan balance at the time of the modification was \$8,466,120. The loan continues to be insured by HUD and secured by a mortgage. The note bears interest at the rate of 3.92% per annum. Principal and interest are payable by the Corporation in monthly installments of \$41,542 through maturity on January 1, 2043. As of June 30, 2018 and 2017, the outstanding principal and accrued interest balances were \$7,857,956 and \$8,044,448, and \$25,669 and \$26,279, respectively.

Under agreements with the mortgage lender and HUD, the Corporation is required to make monthly escrow deposits for taxes, insurance and replacement of project assets. The Corporation is also subject to restrictions as to operating policies, rental charges, operating expenditures and distributions. Finally, HUD requires that the Corporation use the funds saved by a reduction in the debt service cost for programs and building improvements for the benefit of the tenants.

Manhattan Beach Housing Development Fund Corporation
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Notes to Financial Statements
June 30, 2018 and 2017

The Corporation is required to spend \$15,218 annually. If there is any unspent portion, HUD requires the Corporation to deposit it into the replacement reserve for the subsequent year. For the years ended June 30, 2018 and 2017, \$17,461 and \$15,943, respectively, were used for program services and are included in the statements of activities as "nursing home/assisted living and other elder care expenses." As of June 30, 2018 and 2017, the annual funds were spent and no funds were deposited into the reserve.

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter are as follows:

Years ending June 30:		
2019	\$	193,224
2020		201,675
2021		209,724
2022		218,095
2023		226,800
Thereafter		<u>6,808,438</u>
Total	\$	<u>7,857,956</u>

4. Funded Reserves

Reserve for Replacements

Under provisions of the HUD regulatory agreement, the Corporation is required to make monthly deposits of \$4,315 to a replacement reserve escrow account which consists of restricted cash that the Corporation can use for the replacement of property and equipment. The use of these funds requires prior approval from HUD. As of June 30, 2018 and 2017, the balance in the reserve for replacements was \$372,027 and \$320,098, respectively. The Corporation did not make any withdrawals for the years ended June 30, 2018 and 2017.

Residual Receipts Reserve

The Corporation is required by HUD to deposit surplus cash, as defined by HUD, into a residual receipts reserve to be used for capital improvements. The use of these funds requires prior approval from HUD. As of June 30, 2018 and 2017, the balance in the residual receipts reserve was \$383,037 and \$303,171, respectively. See Note 11 for additional information on residual receipt releases.

5. Related Party Transactions

Jewish Association for Services for the Aged ("JASA")

The Corporation is a participant in a general insurance plan with JASA, sponsored by the UJA-Federation, which also includes health insurance and worker's compensation. Property and liability insurance, worker's compensation, short-term disability, and health insurance for the years ended June 30, 2018 and 2017 were \$53,989 and \$82,436, respectively.

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Notes to Financial Statements
June 30, 2018 and 2017

JASA pays the Corporation a license fee for the use of space for a community services facility located at the site. License fee revenue for the years ended June 30, 2018 and 2017 was \$48,156 and \$48,012, respectively, and is included in miscellaneous revenue on the statements of activities.

JASA is a participant in a multi-employer, defined-benefit retirement plan sponsored by the UJA-Federation. The Corporation does not make any direct contributions to the plan on behalf of its employees; however, JASA made contributions to the plan for its employees and the Corporation's employees. For the years ended June 30, 2018 and 2017, the Corporation reimbursed JASA for pension costs for \$10,452 and \$8,952, respectively.

The Corporation pays JASA, through a HUD grant, to provide social services for the tenants. The program expenses for the years ended June 30, 2018 and 2017 were \$46,451 and \$57,870, respectively. As further described in Note 6, HUD has not yet approved continued funding of this grant past December 31, 2017.

As of June 30, 2018 and 2017, \$24,607 and \$44,490, respectively, remained due to JASA and are included in "accounts payable, operations" on the statements of financial position.

JASA Housing Management Services for the Aged, Inc. ("JHM")

JHM manages the rental property under a management agreement approved by HUD. The management agreement provides for a management fee of 4.51% of rental receipts. Management fees earned for the years ended June 30, 2018 and 2017 were \$108,859 and \$110,331, respectively.

The Corporation pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. These expenses for the years ended June 30, 2018 and 2017 were \$32,880 and \$33,660, respectively.

As of June 30, 2018 and 2017, management fees of \$10,018 and \$9,541, respectively, remain payable and are included in "accrued management fee payable" on the statements of financial position.

6. Grant Revenue

The Corporation was awarded a service coordinator grant from HUD to use toward payment of the service coordinator's salary, benefits and other administrative costs. The Corporation reimburses JASA with the grant. The Corporation received and recognized grant revenue of \$77,825 and \$26,496 for the years ended June 30, 2018 and 2017, respectively. Grant expense for the years ended June 30, 2018 and 2017 was \$46,451 and \$57,870, respectively. As of June 30, 2018 and 2017, \$39,604 and \$4,557, respectively, remain receivable and are included in "accounts receivable, HUD" on the statements of financial position. Since HUD has not yet approved a new award, no grant revenue is recorded for the period January 2018 through June 30, 2018.

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Notes to Financial Statements
June 30, 2018 and 2017

7. Housing Assistance Payment ("HAP") Contract

HUD has contracted with the Corporation pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Corporation on behalf of qualified tenants. The agreement expired on May 26, 2012 and was renewed through May 26, 2022. For the years ended June 30, 2018 and 2017, rental assistance payments of \$1,960,844 and \$1,983,738, respectively, were earned under the terms of the agreement.

8. Post-Hurricane Sandy Resiliency Grant

In 2013, the Corporation received a grant from the Fund for the City of New York for \$300,000, which was included in "other revenue" on the statements of activities. The grantor restricted the funds for resiliency planning (equipping the building to reduce the impact of future natural disasters) and are included as temporarily restricted net assets. As of June 30, 2018 and 2017, the remaining balance of this grant was \$246,830.

9. Post-Hurricane Sandy Resiliency Contributions by JASA

During fiscal year 2015, JASA obtained a cost reimbursement Social Service Block Grant (the "SSBG") from the New York State Office for the Aging. The purpose of the grant was to allow JASA to incur resiliency costs to better prepare its eight housing entities at that time for potential future weather events like Hurricane Sandy. JASA incurs the costs under various contracts with unrelated third parties and simultaneously contributes the resulting assets to the housing entities. The assets contributed are recorded as contribution revenue and as additions to the rental property at fair value. During the year ended June 30, 2017, noncash contributions of \$172,436 were recognized by the Corporation as "entity revenue" on the statements of activities. There were no noncash contributions for the year ended June 30, 2018. The SSBG ended on June 30, 2018.

10. Functional Expenses

The costs of providing various programs and other activities for the years ended June 30, 2018 and 2017 are summarized on a functional basis as follows:

	<u>2018</u>	<u>2017</u>
Program services		
HUD-assisted elderly housing project	\$ 2,306,455	\$ 2,196,837
Management and general	<u>217,729</u>	<u>196,476</u>
Total	<u>\$ 2,524,184</u>	<u>\$ 2,393,313</u>

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Notes to Financial Statements
June 30, 2018 and 2017

11. Liability for HUD Use of Excess Balance of Residual Receipts

In connection with its HAP contract, HUD has notified the Corporation that, in accordance with Notice H-2012-14 (the "Notice"), which was issued by HUD on August 3, 2012, any balance in its residual receipts reserve account in excess of \$37,500, which represents \$250 per unit times a total of 150 units (the "Retained Balance"), will be used by HUD to offset HAP payments. The Corporation is allowed to retain residual receipts up to the amount of its Retained Balance for general project purposes.

As of June 30, 2018 and 2017, the Corporation has a liability of \$265,671, respectively, which reflects the excess Retained Balance. The liability includes an accrual for the amount, if any, of surplus cash that is required to be deposited into the residual receipts account after the end of the year.

12. Concentrations of Credit Risk

The Corporation maintains its cash balances in several accounts in one bank. The Federal Deposit Insurance Corporation insures the cash balances up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses concerning its bank balances more than government-provided insurance. Management believes that no significant concentration of credit risk exists concerning these cash balances as of June 30, 2018.

13. Commitment and Contingencies

The Corporation has entered into a HAP contract under the revised regulations of 24 Code of Federal Regulations (CFR). As such, upon termination of the contract, whether initiated by the Corporation opting out of the contract or by HUD, any unused balance in the residual receipts reserve must be remitted to HUD.

The Corporation applied for and received awards from Federal Emergency Management Agency ("FEMA") to cover damages that were sustained to the property during Hurricane Sandy. Subsequent to the FEMA application submission, JASA received a lump sum insurance settlement that was allocated across all of its corporations. Management believes that FEMA may request the reimbursement of its award to the extent damages covered by FEMA may have also been covered by the allocation of the insurance settlement resulting in a contingent liability to FEMA. At this time, management is unable to reasonably estimate such liability.

Under the Corporation's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Corporation about transactions relating to these contracts. The accompanying financial statements contain no provision for possible disallowances resulting from such reviews. Although such possible disallowances could be substantial, in the opinion of management, actual disallowances resulting from such reviews, if any, would be immaterial.

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Notes to Financial Statements
June 30, 2018 and 2017

14. Current Vulnerability Due to Certain Concentrations

The Corporation's principal asset is a 150-unit apartment project comprised of four buildings. The Corporation's operations are concentrated in the multi-family real estate market. Also, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD
Statement of Activities Data
Year Ended June 30, 2018

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 186,492</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 51,781</u>
S1000-030	Replacement reserves, or residual receipts and releases which are included as expense items on the statement of activities.	<u>\$ -</u>

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD

Reserve Accounts Data

Year Ended June 30, 2018

Reserve for Replacements

1320P	Balance, beginning of year	\$	320,098
1320DT	Total monthly deposits		51,781
1320ODT-010	Approved deposits		-
1320INT	Interest income		148
			<hr/>
1320	Balance, end of year	\$	<u>372,027</u>

Residual Receipts Reserve

1340P	Balance, beginning of year	\$	303,171
1340OD	Approved deposits		79,716
1340INT	Interest income		150
			<hr/>
1340	Balance, end of year	\$	<u>383,037</u>

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD

Surplus Cash

Year Ended June 30, 2018

Surplus Cash, Distributions and Residual Receipts

S1300-010	Cash	\$	464,073
1135	Accounts receivable, HUD		<u>39,604</u>
S1300-040	Total cash		<u>503,677</u>
S1300-050	Accrued mortgage interest payable		25,669
S1300-075	Accounts payable (due within 30 days)		134,337
S1300-100	Accrued expenses (not escrowed)		33,518
2210	Prepaid revenue		1,352
2191	Tenant deposits held in trust		39,585
S1300-120	Restricted funds received but not spent, Fund for the City of New York grant		<u>246,830</u>
S1300-140	Total current obligations		<u>481,291</u>
S1300-150	Surplus cash (deficiency)	\$	<u><u>22,386</u></u>
S1300-210	Deposit due residual receipts reserve	\$	<u><u>22,386</u></u>

See independent auditors' report

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD
Fixed Assets Data
Year Ended June 30, 2018

		Assets			
		<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
1410	Land and Improvements	\$ 574,089	\$ 19,975	\$ -	\$ 594,064
1420	Buildings	14,365,784	192,209	-	14,557,993
1440	Building Equipment, Portable	35,882	5,002	-	40,884
1450	Furniture for Project/Tenant Use	100,322	-	-	100,322
1460	Furnishings	13,318	-	-	13,318
1490	Miscellaneous Fixed Assets	<u>115,750</u>	<u>223,775</u>	<u>(135,655)</u>	<u>203,870</u>
1400T	Total fixed assets	<u>\$ 15,205,145</u>	<u>\$ 440,961</u>	<u>\$ (135,655)</u>	<u>\$ 15,510,451</u>
1495T	Total accumulated depreciation	<u>\$ 8,893,028</u>	<u>\$ 577,579</u>	<u>\$ (44,684)</u>	<u>\$ 9,425,923</u>
1400N	Total net book value	<u>\$ 6,312,117</u>			<u>\$ 6,084,528</u>
		<u>Amount</u>			
1410AT	Additions for 1410 Details				
	Installed sprinkler heads and piping	<u>\$ 19,975</u>			
	Total	<u>\$ 19,975</u>			
		<u>Amount</u>			
1420AT	Additions for 1420 Details				
	Install security camera	\$ 122,300			
	Install new apartment door locks	15,030			
	Bathroom remodeling	7,500			
	Install emergency exit door from cafeteria	11,679			
	Access ramp	10,750			
	Scrape, prime and paint balcony undersides	19,000			
	Replaced buildings gate	<u>5,950</u>			
	Total	<u>\$ 192,209</u>			
		<u>Amount</u>			
1440AT	Additions for 1440 Details				
	Viper fang auto scrubber	<u>\$ 5,002</u>			
	Total	<u>\$ 5,002</u>			
		<u>Amount</u>			
1490AT	Additions for 1490 Details				
	Construction-in-progress	<u>\$ 223,775</u>			
	Total	<u>\$ 223,775</u>			
		<u>Amount</u>			
1490AT	Deletions from 1490 Details				
	Construction-in-progress placed in service	<u>\$ 135,655</u>			
	Total	<u>\$ 135,655</u>			

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD

Statement of Financial Position Data

June 30, 2018

Statement of Financial Position, Detail

1140	Accounts and notes receivable, operations, Other	\$ 252
2190	Miscellaneous current liabilities, Residual receipts obligation	\$ 265,671

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD

Statement of Activities Data

Year Ended June 30, 2018

Statement of Activities, Detail

5300	Description, nursing home/assisted living/board and care/ other elderly care/coop and other revenue,	
5390	Other service revenue	\$ 77,825
	Total	<u>\$ 77,825</u>
5990-010	Description, miscellaneous other revenue:	
	Use of premises fee	\$ 48,156
	Security deposit administrative fee income	143
	Miscellaneous other revenue, real estate tax credit	<u>7,075</u>
5990-020	Total	<u>\$ 55,374</u>
6390-010	Description, miscellaneous administrative expenses:	
	Bank, credit charge and other charges	\$ 3,399
	Other sundry expenses	<u>567</u>
6390-020	Total	<u>\$ 3,966</u>
6790-010	Description, miscellaneous taxes, licenses, permits and insurance, Miscellaneous taxes	\$ 1,439
6790-020	Total	<u>\$ 1,439</u>
6900	Description, nursing home/assisted living/board and care/ other elderly care expenses,	
6990	Other service expenses	\$ 63,912
	Total	<u>\$ 63,912</u>

See independent auditors' report

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Supplementary Data Required by HUD

Other Information

Year Ended June 30, 2018

Related Party Transactions, Detail

S3100-210	JHM (management fee)	\$	108,859
S3100-210	JHM (bookkeeping/accounting)		32,880
S3100-210	JASA (service coordinator)		<u>46,451</u>
	Total	\$	<u>188,190</u>

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Supportive Housing for the Elderly - Section 202 Direct Loan	14.157	N/A	\$ 8,044,448
Section 8 Project Based Cluster Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	<u>1,960,844</u>
Total Section 8 Project Based Cluster			<u>1,960,844</u>
Multi-Family Housing Service Coordinators	14.191	N/A	<u>77,825</u>
Total U.S. Department of Housing and Urban Development			<u>10,083,117</u>
Total expenditures of federal awards			<u>\$ 10,083,117</u>

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Manhattan Beach Housing Development Fund Corporation (the "Corporation"), HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028, under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation. The Corporation did not provide any funding to sub-recipients during the year ended June 30, 2018.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance.

3. Indirect Cost Rate

The Corporation has elected not to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.

4. U.S. Department of Housing and Urban Development Loan Program

The Corporation has received a U.S. Department of Housing and Urban Development direct loan under Section 202 of the National Housing Act. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. The Corporation received no additional loans during the year. The balance of the loan outstanding at June 30, 2018 consists of:

CFDA Number	Program Name	Outstanding Balance June 30, 2018
14.157	Supportive Housing for the Elderly - Section 202 Direct Loan	\$ 7,857,956

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

Board of Trustees
Manhattan Beach Housing Development Fund Corporation

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 Manhattan Beach Housing Development Fund Corporation (the "Corporation"), HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028, which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018.

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) to determine the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Corporation'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.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

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

Board of Trustees
Manhattan Beach Housing Development Fund Corporation

Report on Compliance for Each Major Federal Program

We have audited Manhattan Beach Housing Development Fund Corporation's (the "Corporation"), HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2018. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Internal Control Over Compliance

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

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

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

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

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Manhattan Beach Housing Development Fund Corporation
HUD Project No. 012-11287
NY HAP Contract No. NY36-T781-028

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.157	U.S. Department of Housing and Urban Development: Supportive Housing for the Elderly - Section 202 Direct Loan
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Summary Schedule of Prior Year's Audit Findings
Year Ended June 30, 2018

Section IV - Summary Schedule of Prior Year's Audit Findings

None.

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Mortgagor's Certification

June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Manhattan Beach Housing Development Fund Corporation, HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Chief Operating Officer

Tracy Welsh

Name of Chief Operating Officer

DATE: _____

9/28/18

Employer Identification No: 13-3035718

Manhattan Beach Housing Development Fund Corporation

HUD Project No. 012-11287

NY HAP Contract No. NY36-T781-028

Management Agent's Certification

June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Manhattan Beach Housing Development Fund Corporation, HUD Project No. 012-11287, NY HAP Contract No. NY36-T781-028 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Director of Housing

Donald Manning

Name of Director of Housing

DATE: _____

9/28/18

JASA Housing Management Services for the Aged, Inc.

Management Agent's Name

Employer Identification No: 13-3078676