

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2024

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

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**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

June 30, 2024

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Brookdale Village Housing Corporation and, to the best of my knowledge and belief, the same are complete and accurate.

Officer

Matthew LoCurto
Chief Financial Officer

Date

Telephone Number: (212) 273-5257

Property Address: 125 Beach 19th Street
Queens, NY 11691

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

June 30, 2024

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Brookdale Village Housing Corporation and, to the best of my knowledge and belief, the same are complete and accurate.

Managing Agent

JASA Housing Management Services
for the Aged, Inc.

Donald Manning
Director of Housing

Date

Taymar Both Elon
Property Manager

Managing Agent Taxpayer
Identification Number:
13-3078676

Independent Auditor's Report

To the Board of Trustees
Brookdale Village Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brookdale Village Housing Corporation, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brookdale Village Housing Corporation as of June 30, 2024, 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 ("GAAS") 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 Brookdale Village Housing Corporation 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 opinion.

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 Brookdale Village Housing Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brookdale Village Housing Corporation'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 Brookdale Village Housing Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates, as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards, 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 GAAS. In our opinion, the HUD-required financial data templates and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2024, on our consideration of Brookdale Village Housing 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 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 Brookdale Village Housing Corporation's internal control over financial reporting and compliance.

CohnReznick LLP

New York, New York
November 21, 2024

Taxpayer Identification Number:
22-1478099

Lead Auditor: Michael J. Bisson, CPA

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Statement of Financial Position
June 30, 2024

Assets

Current assets	
Cash - operations	\$ 1,033,457
Cash - entity	18,962
Tenant accounts receivable	251,749
Allowance for doubtful accounts	(29,149)
Accounts receivable - HUD	225,144
Prepaid expenses	28,938
	<hr/>
Total current assets	1,529,101
	<hr/>
Deposits held in trust - funded	
Tenant deposits	412,784
	<hr/>
Restricted deposits and funded reserves	
Escrow deposits	977,859
Reserve for replacements	893,589
Other reserves	2,378,075
	<hr/>
Total restricted deposits and funded reserves	4,249,523
	<hr/>
Rental property	
Land	937,520
Buildings	33,518,710
Building equipment - portable	2,741,513
Furnishings	15,702
Office furniture and equipment	93,188
	<hr/>
	37,306,633
Less accumulated depreciation	(29,155,137)
	<hr/>
Total rental property	8,151,496
	<hr/>
Other assets	
Miscellaneous other assets	15,359
	<hr/>
Total other assets	15,359
	<hr/>
Total assets	\$ 14,358,263
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Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Statement of Financial Position
June 30, 2024

Liabilities and Net Assets

Current liabilities	
Accounts payable - operations	\$ 707,203
Accounts payable - construction/development	116,682
Accrued wages payable	48,586
Accrued payroll taxes payable	10,112
Accrued management fee payable	7,717
Accrued interest payable - first mortgage	29,553
Mortgage payable - first mortgage (short-term)	155,598
Prepaid revenue	<u>38,067</u>
Total current liabilities	<u>1,113,518</u>
Deposits liability	
Tenant deposits held in trust (contra)	<u>349,664</u>
Long-term liabilities	
Mortgage payable - first mortgage, net of current and unamortized debt issuance costs	5,621,147
Other mortgages payable (long-term)	1,307,981
Accrued interest payable - other mortgages payable (long-term)	<u>182,845</u>
Total long-term liabilities	<u>7,111,973</u>
Total liabilities	<u>8,575,155</u>
Contingency	
	-
Net assets	
Net assets without donor restrictions	5,764,146
Net assets with donor restrictions	<u>18,962</u>
Total net assets	<u>5,783,108</u>
Total liabilities and net assets	<u><u>\$ 14,358,263</u></u>

See Notes to Financial Statements.

Brookdale Village Housing Corporation
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Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue			
Rental	\$ 6,074,211	\$ -	\$ 6,074,211
Vacancies	(190,171)	-	(190,171)
Net rental revenue	5,884,040	-	5,884,040
Nursing home/assisted living and other revenue	171,225	-	171,225
Financial	157,901	-	157,901
Other	229,569	-	229,569
Total revenue	6,442,735	-	6,442,735
Expenses			
Administrative	809,930	-	809,930
Utilities	1,222,596	-	1,222,596
Operating and maintenance	1,523,357	-	1,523,357
Taxes and insurance	1,653,996	-	1,653,996
Financial (including interest of \$388,898)	436,307	-	436,307
Nursing home/assisted living and other elderly care	171,225	-	171,225
Total cost of operations before depreciation	5,817,411	-	5,817,411
Income (loss) before depreciation	625,324	-	625,324
Depreciation	736,866	-	736,866
Change in net assets	(111,542)	-	(111,542)
Net assets, beginning	5,875,688	18,962	5,894,650
Net assets, end	\$ 5,764,146	\$ 18,962	\$ 5,783,108

See Notes to Financial Statements.

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from operating activities	
Rental receipts	\$ 5,659,197
Interest receipts	157,901
Other operating receipts	400,794
	<hr/>
Total receipts	6,217,892
	<hr/>
Administrative expenses paid	(82,307)
Management fees paid	(399,380)
Utilities paid	(1,018,380)
Salaries and wages paid	(1,016,268)
Operating and maintenance paid	(749,291)
Real estate taxes paid	(13,668)
Property insurance paid	(872,127)
Miscellaneous taxes and insurance paid	(19,906)
Net tenant security deposits received (paid)	16,049
Other operating expenses paid	(936,126)
Interest paid on first mortgage	(358,534)
Mortgage insurance premium paid	(15,666)
Miscellaneous financial expenses paid	(15,755)
	<hr/>
Total disbursements	(5,481,359)
	<hr/>
Net cash provided by operating activities	736,533
	<hr/>
Cash flows from investing activities	
Net withdrawals from mortgage escrows	149,040
Net withdrawals from reserve for replacements	551,133
Net deposits to other reserves	(241,320)
Net purchases of fixed assets	(876,696)
	<hr/>
Net cash used in investing activities	(417,843)
	<hr/>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(146,923)
	<hr/>
Net cash used in financing activities	(146,923)
	<hr/>
Net increase in cash and restricted cash	171,767
Cash and restricted cash, beginning	1,293,436
	<hr/>
Cash and restricted cash, end	\$ 1,465,203
	<hr/>
Significant noncash investing and financing activities	
Increase in rental property included in accounts payable - construction/development	\$ 27,574
	<hr/>

See Notes to Financial Statements.

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Notes to Financial Statements
June 30, 2024

Note 1 - Organizations

Brookdale Village Housing Corporation (the "Corporation") was organized in 1972 as a nonstock, nonprofit corporation for the purpose of developing and operating housing and auxiliary facilities for aged persons of low-income. Such projects are regulated by the U.S. Department of Housing and Urban Development ("HUD") as to rent charges and operating methods. The project consists of 547 units located in Queens, Far Rockaway, New York and is currently operating under the name Brookdale Village Housing (the "Project"). The Corporation receives a significant portion of its revenue from government subsidy payments. Surplus cash, as defined by HUD, is required to be deposited into a residual receipts reserve.

The Corporation is wholly controlled by the JASA Corporation, its sole member. JASA Corporation also wholly controls the Jewish Association Serving the Aging ("JASA"), JASA Housing Management Services for the Aged, Inc. ("JHM") and other housing companies, in its capacity as their sole member. The Corporation is related to JASA, JHM and the other housing companies by virtue of this control.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The Corporation presents its financial statements in accordance with the accounting guidance for nonprofit entities. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Furthermore, information is required to segregate program service expenses from management and general expenses.

The Corporation conforms to accounting guidance on revenue recognition for nonprofit entities. Under this guidance, contributions received, if any, are recorded as support without or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Use of estimates

The preparation of financial statements in conformity with GAAP 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.

Accounts receivable and allowance for doubtful accounts

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2024, the balance of the allowance for doubtful accounts was \$29,149.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Rental property

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by use of the straight-line method. It is the Corporation's policy to capitalize items of \$5,000 or greater and items purchased with replacement reserves that have a useful life that is greater than one year.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

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 recovery is reviewed, 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 in order 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. No impairment loss has been recognized during the year ended June 30, 2024.

Income taxes

The Corporation has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2024. 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 IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions which must be considered for disclosure. Income tax returns filed by the Corporation are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2020 remain open.

Rental income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the tenants of the property are operating leases.

Grant income

The Corporation was awarded a cost reimbursed grant from HUD (see Note 8). Revenue is recognized as costs are incurred.

Advertising costs

The Corporation's policy is to expense advertising costs when incurred.

Functional expenses

The costs of providing programs and other activities are summarized on a functional basis in Note 13. Accordingly, certain costs are allocated among program services and supporting services benefitted.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Note 3 - Liquidity and availability

The Corporation has \$1,481,201 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$1,033,457 and accounts receivable, net of allowances, of \$447,744. Only amounts related to restricted deposits anticipated to be used more than one year after the statement of financial position date have been excluded from the above amounts.

As regulated by HUD, financial assets of the Corporation are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. Project operations are designed to break-even and not result in either surplus cash or a deficit in surplus cash. Generally, any surplus cash generated, subject to exceptions permitted in certain regulatory agreements, must be deposited into a residual receipts reserve.

Note 4 - Mortgage payable

First mortgage payable

On November 13, 2008, the Corporation executed a Building and Project Loan Agreement with New York State Housing Finance Agency ("NYSHFA"), in the principal amount of \$13,590,000 (the "Project Loan"). The total principal of the original loan included \$7,721,362 of funds set aside by the lender, which were used for the rehabilitation of the Project. The Project Loan requires monthly installments of principal and interest of \$42,121 through maturity on July 1, 2045. The loan bears interest at a rate of 5.75% per annum. During the year ended June 30, 2024, interest incurred totaled \$375,818, inclusive of \$17,985 of amortization of debt issuance costs. As of June 30, 2024, the outstanding principal balance and accrued interest was \$6,155,083 and \$29,553, respectively. The Corporation is required by New York State Homes & Community Renewal ("NYSHCR") to make monthly deposits into a restricted cash account to provide for capital repairs, mortgage insurance, and service fees. The use of these funds requires approval of NYSHCR and NYSHFA.

Other mortgages

The Corporation obtained subordinate financing of \$1,287,036 (the "Subordinate Loan") in 2008 from NYSHCR. The Subordinate Loan bears interest at a rate of 1% per annum. Interest from the inception of the Subordinate Loan through July 1, 2010 accrued and was combined with the principal, to be repaid at maturity on July 1, 2045. The principal balance, including accrued interest through July 1, 2010, was \$1,307,981. Beginning August 1, 2010, accrued interest is payable from net income, as defined in the Subordinate Loan agreement. During the year ended June 30, 2024, interest incurred totaled \$13,080. As of June 30, 2024, the outstanding principal balance and accrued interest was \$1,307,981 and \$182,845, respectively.

All of the mortgages are collateralized by the Corporation's land, buildings, furniture and equipment.

Debt issuance costs, net of accumulated amortization, totaled \$378,338, as of June 30, 2024 and are related to mortgages. Debt issuance costs on the above note are being amortized using an imputed interest rate of 6.16%.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

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

	Project loan	Subordinate loan	Total
June 30, 2025	\$ 155,598	\$ -	\$ 155,598
2026	164,784	-	164,784
2027	174,513	-	174,513
2028	184,816	-	184,816
2029	195,728	-	195,728
Thereafter	5,279,644	1,307,981	6,587,625
Total balance due	\$ 6,155,083	\$ 1,307,981	7,463,064
		Current	(155,598)
		Unamortized debt issuance costs	(378,338)
		Net balance	\$ 6,929,128

Note 5 - Restricted deposits and funded reserves

Escrow deposits

In accordance with the Project Loan agreement, the Corporation is required to make monthly deposits of \$28,197 into an escrow account managed by the respective lender for mortgage insurance fees and water and sewer payments. Funds are released from the escrow deposit account pursuant to approval by NYSHCR. As of June 30, 2024, the balance in the escrow was \$977,859.

Replacement reserve

In accordance with directives from NYSHCR, the Corporation is required to make monthly deposits of \$13,760 into a replacement reserve escrow to fund replacement needs and painting and decorating expenses. Funds are released from the reserve account pursuant to approval by NYSHCR. As of June 30, 2024, the balance in the reserve was \$893,589.

Other reserves

Project reserve fund

The Corporation is required to make monthly deposits of \$11,660 into a reserve account managed by NYSHFA for contingency needs. Funds are released from the escrow deposit account pursuant to approval by NYSHCR. As of June 30, 2024, the balance in the escrow was \$2,186,493.

Interest reduction payment reserve

The Corporation was required by NYSHCR to fund an IRP reserve through September 2021. The use of the funds is restricted by NYSHCR. As of June 30, 2024, the balance in the reserve was \$191,582.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Note 6 - Related party transactions

JASA

The Corporation is a participant in a general insurance plan with JASA, which also includes health insurance and workers' compensation. Property and liability insurance expense for the year ended June 30, 2024 was \$872,127. Workers' compensation and health insurance and other employee benefits for the year ended June 30, 2024 was \$61,859.

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 year ended June 30, 2024 was \$36,924 and is included in miscellaneous revenue on the statement of activities and changes in net assets.

JASA is a participant in a multiemployer, defined benefit retirement plan sponsored by the UJA-Federation. The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer who participates in the plan. For the year ended June 30, 2024, the Corporation did not make any direct contributions into the plan on behalf of its employees; contributions to the plan were made by JASA. For the year ended June 30, 2024, the Corporation reimbursed JASA \$47,252 for pension costs.

The Corporation pays JASA, through a HUD grant, for the Service Coordinator Program, which provides social services for the tenants. The program expenses for the year ended June 30, 2024 were \$171,225.

As of June 30, 2024, \$77,789 remains payable to JASA and is included in accounts payable - operations on the accompanying statement of financial position.

JHM

The property is managed by an affiliate of the Corporation, JHM, pursuant to a management agreement approved by HUD. The current management agreement provides for a fee of \$33,896 per month. Management fees incurred during the year ended June 30, 2024 were \$406,747, of which \$7,717 remains payable as of June 30, 2024.

Note 7 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts in the statement of cash flows:

Cash	\$ 1,052,419
Tenant deposits	<u>412,784</u>
Total cash and restricted cash shown in the statement of cash flows	<u><u>\$ 1,465,203</u></u>

The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the property as required by regulatory authority.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Note 8 - 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 \$171,225 for the year ended June 30, 2024. Grant expense for the year ended June 30, 2024 was \$171,225.

Note 9 - Real estate tax exemption

The Corporation has received a tax abatement under the New York state assisted private housing exemption. As such, no real estate tax was incurred for the year ended June 30, 2024. The exemption shall continue so long as the Project is operated as a nonprofit housing for the elderly.

Note 10 - Housing assistance payment contract agreements

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 expires June 1, 2036. For the year ended June 30, 2024, rental assistance payments of \$2,430,870 were earned under the terms of the agreement and are included in tenant assistance payments on the statement of activities and changes in net assets.

New York City Housing Authority has contracted with the Corporation to make housing assistance payments to the Corporation on behalf of qualified tenants. The agreement expires April 1, 2032. For the year ended June 30, 2024, rental assistance payments of \$836,089 were earned under the terms of the agreement and are included in tenant assistance payments on the statement of activities and changes in net assets.

The Corporation also participates in housing choice voucher programs, through which individual tenant vouchers are accepted. Total revenue earned from these vouchers during the year ended June 30, 2024 was \$46,684.

Note 11 - Concentration of credit risk

The Corporation maintains its cash balances in several accounts in one bank. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2024.

Note 12 - Current vulnerability due to certain concentrations

The Corporation's principal asset is a 547-unit apartment facility. The Corporation's operations are concentrated in the multifamily real estate market. In addition, 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.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Note 13 - Expenses by nature and function

The table below presents expenses by both their nature and function during the year ended June 30, 2024:

	Total program services expense	Total supporting services expense (management and general)	Total
Administrative expenses	\$ 374,116	\$ 435,814	\$ 809,930
Utilities expense	1,222,596	-	1,222,596
Operating and maintenance expenses	1,523,357	-	1,523,357
Taxes and insurance	1,653,996	-	1,653,996
Financial expenses	436,307	-	436,307
Nursing home/assisted living/board and care/other elderly care expenses	171,225	-	171,225
Depreciation	736,866	-	736,866
Total	\$ 6,118,463	\$ 435,814	\$ 6,554,277

All expenses are directly attributable to a specific function.

Note 14 - Contingency

Pursuant to 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 with regard to 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.

Note 15 - Hurricane Sandy

In 2013, the Corporation received a grant from the Fund for the City of New York in the amount of \$35,000. The funds are grantor restricted for resiliency planning (equipping the Project to reduce the impact of future natural disasters). The remaining balance of the restricted funds as of June 30, 2024 was \$18,962.

Brookdale Village Housing Corporation
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Notes to Financial Statements
June 30, 2024

Note 16 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through November 21, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by HUD

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information

Statement of Financial Position Data
June 30, 2024

Assets

Account No.

<u>Current assets</u>			
1120	Cash - operations		\$ 1,033,457
1125	Cash - entity		18,962
1130	Tenant accounts receivable	\$ 251,749	
1131	Allowance for doubtful accounts	(29,149)	
1130N	Net tenants accounts receivable		222,600
1135	Accounts receivable - HUD		225,144
1200	Prepaid expenses		<u>28,938</u>
1100T	Total current assets		1,529,101
<u>Deposits held in trust - funded</u>			
1191	Tenant deposits		412,784
<u>Restricted deposits and funded reserves</u>			
1310	Escrow deposits	977,859	
1320	Reserve for replacements	893,589	
1330	Other reserves	<u>2,378,075</u>	
1300T	Total deposits		4,249,523
<u>Rental property</u>			
1410	Land	937,520	
1420	Buildings	33,518,710	
1440	Building equipment - portable	2,741,513	
1460	Furnishings	15,702	
1465	Office furniture and equipment	<u>93,188</u>	
1400T	Total fixed assets	37,306,633	
1495	Less accumulated depreciation	<u>(29,155,137)</u>	
1400N	Net fixed assets		8,151,496
<u>Other assets</u>			
1590	Miscellaneous other assets	<u>15,359</u>	
1500T	Total other assets		<u>15,359</u>
1000T	Total assets		<u><u>\$ 14,358,263</u></u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Financial Position Data
June 30, 2024**

Liabilities and Net Assets

Account No.

Current liabilities

2110	Accounts payable - operations	\$	707,203
2111	Accounts payable - construction/development		116,682
2120	Accrued wages payable		48,586
2121	Accrued payroll taxes payable		10,112
2123	Accrued management fee payable		7,717
2131	Accrued interest payable - first mortgage		29,553
2170	Mortgage payable - first mortgage (short-term)		155,598
2210	Prepaid revenue		<u>38,067</u>
2122T	Total current liabilities		1,113,518

Deposits liability

2191	Tenant deposits held in trust (contra)		349,664
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Long-term liabilities

2320	Mortgage payable - first mortgage	\$	5,621,147
2322	Other mortgages payable (long-term)		1,307,981
2331	Accrued interest payable - other mortgages payable (long-term)		<u>182,845</u>
2300T	Total long-term liabilities		<u>7,111,973</u>

2000T	Total liabilities		8,575,155
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3131	Net assets without donor restrictions	5,764,146	
3133	Net assets with donor restrictions	<u>18,962</u>	

3130	Total net assets		<u>5,783,108</u>
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2033T	Total liabilities and net assets	\$	<u><u>14,358,263</u></u>
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**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Activities Data
Year Ended June 30, 2024**

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 2,742,323	
5121	Tenant assistance payments	3,313,643	
5170	Garage and parking spaces	18,134	
5190	Miscellaneous rent revenue	<u>111</u>	
5100T	Total rental revenue		\$ 6,074,211
Vacancies			
5220	Apartments	<u>(190,171)</u>	
5200T	Total vacancies		<u>(190,171)</u>
5152N	Net rental revenue		5,884,040
5300	Nursing home/Assisted living/Board and care/Other elderly care/Coop and other revenue		171,225
Financial revenue			
5440	Revenue from investments - replacement reserve	56,501	
5490	Revenue from investments - miscellaneous	<u>101,400</u>	
5400T	Total financial revenue		157,901
Other revenue			
5910	Laundry and vending	27,538	
5920	Tenant charges	61,300	
5990	Miscellaneous revenue	<u>140,731</u>	
5900T	Total other revenue		<u>229,569</u>
5000T	Total revenue		<u>6,442,735</u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Activities Data
Year Ended June 30, 2024**

Account No.

Administrative expenses		
6204	Management consultants	15,100
6250	Other renting expenses	2,479
6310	Office salaries	35,904
6311	Office expenses	52,188
6320	Management fee	406,747
6330	Manager or superintendent salaries	71,059
6331	Administrative rent free unit	21,468
6340	Legal expense - project	29,993
6350	Auditing expense	12,350
6351	Bookkeeping fees/accounting services	16,717
6370	Bad debts	123,323
6390	Miscellaneous administrative expenses	<u>22,602</u>
6263T	Total administrative expenses	809,930
Utilities expense		
6450	Electricity	440,107
6451	Water	179,278
6452	Gas	318,159
6453	Sewer	<u>285,052</u>
6400T	Total utilities expense	1,222,596
Operating and maintenance expenses		
6510	Payroll	846,368
6515	Supplies	78,881
6520	Contracts	578,078
6525	Garbage and trash removal	2,200
6546	Heating/cooling repairs and maintenance	16,332
6590	Miscellaneous operating and maintenance expenses	<u>1,498</u>
6500T	Total operating and maintenance expenses	1,523,357

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information

Statement of Activities Data
Year Ended June 30, 2024

Account No.

Taxes and insurance			
6711	Payroll taxes	73,376	
6720	Property and liability insurance	872,127	
6722	Workmen's compensation	23,759	
6723	Health insurance and other employee benefits	664,828	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>19,906</u>	
6700T	Total taxes and insurance		1,653,996
Financial expenses			
6820	Interest on first mortgage payable	375,818	
6825	Interest on other mortgages	13,080	
6850	Mortgage insurance premium/service charge	31,654	
6890	Miscellaneous financial expenses	<u>15,755</u>	
6800T	Total financial expenses		<u>436,307</u>
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		<u>171,225</u>
6000T	Total cost of operations before depreciation		<u>5,817,411</u>
5060T	Income (loss) before depreciation		<u>625,324</u>
Depreciation			
6600	Depreciation expense	<u>736,866</u>	
	Total depreciation		<u>736,866</u>
5060N	Operating income (loss)		<u>(111,542)</u>
	Total expenses		<u>6,554,277</u>
3250	Change in net assets		<u>\$ (111,542)</u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Activities Data
Year Ended June 30, 2024**

<u>Account No.</u>	
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.
	<u>\$ 146,923</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>\$ 165,120</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of activities.
	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of activities.
	<u>\$ -</u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Changes in Net Assets (Deficit) Data
Year Ended June 30, 2024**

<u>Account No.</u>		<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
S1100-050	Net assets			
S1100-060/080	June 30, 2023	\$ 5,875,688	\$ 18,962	\$ 5,894,650
3247/3249	Change in net assets	<u>(111,542)</u>	<u>-</u>	<u>(111,542)</u>
3130	Net assets			
3131/3133	June 30, 2024	<u>\$ 5,764,146</u>	<u>\$ 18,962</u>	<u>\$ 5,783,108</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2024

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 5,659,197
S1200-020	Interest receipts	157,901
S1200-030	Other operating receipts	<u>400,794</u>
S1200-040	Total receipts	<u>6,217,892</u>
S1200-050	Administrative expenses paid	(82,307)
S1200-070	Management fees paid	(399,380)
S1200-090	Utilities paid	(1,018,380)
S1200-100	Salaries and wages paid	(1,016,268)
S1200-110	Operating and maintenance paid	(749,291)
S1200-120	Real estate taxes paid	(13,668)
S1200-140	Property insurance paid	(872,127)
S1200-150	Miscellaneous taxes and insurance paid	(19,906)
S1200-160	Net tenant security deposits received (paid)	(15,904)
S1200-170	Other operating expenses paid	(936,126)
S1200-180	Interest paid on first mortgage	(358,534)
S1200-210	Mortgage insurance premium paid	(15,666)
S1200-220	Miscellaneous financial expenses paid	<u>(15,755)</u>
S1200-230	Total disbursements	<u>(5,513,312)</u>
S1200-240	Net cash provided by operating activities	<u>704,580</u>
	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	149,040
S1200-250	Net withdrawals from reserve for replacements	551,133
S1200-255	Net deposits to other reserves	
S1200-256	Other reserves	<u>\$ (241,320)</u>
		(241,320)
S1200-330	Net purchases of fixed assets	<u>(876,696)</u>
S1200-350	Net cash used in investing activities	<u>(417,843)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	<u>(146,923)</u>
S1200-460	Net cash used in financing activities	<u>(146,923)</u>
S1200-470	Net increase in cash	139,814
S1200-480	Cash, beginning	<u>912,605</u>
S1200T	Cash, end	<u>\$ 1,052,419</u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

Supplementary Information

**Statement of Cash Flows Data
Year Ended June 30, 2024**

<u>Account No.</u>	Comments	
S1200-620	Increase in rental property included in accounts payable - construction/development	<u>\$ 27,574</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information
Year Ended June 30, 2024

Reserve for Replacements

<u>Account No.</u>		
1320P	Balance at June 30, 2023	\$ 1,444,722
1320DT	Total monthly deposits	165,120
1320INT	Interest income	56,501
1320OWT	Other withdrawals	
1320OW-010	Approved withdrawals	<u>(772,754)</u>
1320	Balance at June 30, 2024	<u><u>\$ 893,589</u></u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Supplementary Information
Year Ended June 30, 2024**

Computation of Surplus Cash, Distributions and Residual Receipts

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 1,446,241
1135	Accounts receivable - HUD	<u>225,144</u>
S1300-040	Total cash	<u>1,671,385</u>
S1300-050	Accrued mortgage interest payable	29,553
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	707,203
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	66,415
2210	Prepaid revenue (Account 2210)	38,067
2191	Tenant security deposits liability (Account 2191)	<u>349,664</u>
S1300-140	Less total current obligations	<u>1,190,902</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 480,483</u>
S1300-210	<u>Part B - Deposit Due Residual Receipts Reserve</u>	<u>\$ 480,483</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information
Year Ended June 30, 2024

Changes in Fixed Asset Accounts

	Assets			Balance 6/30/24
	Balance 6/30/23	Additions	Deletions	
Land	\$ 937,520	\$ -	\$ -	\$ 937,520
Buildings	32,018,297	1,500,413	-	33,518,710
Building equipment - portable	2,664,213	77,300	-	2,741,513
Furnishings	15,702	-	-	15,702
Office furniture and equipment	93,188	-	-	93,188
Miscellaneous fixed assets	673,443	-	673,443	-
	<u>\$ 36,402,363</u>	<u>\$ 1,577,713</u>	<u>\$ 673,443</u>	<u>\$ 37,306,633</u>
Accumulated depreciation	<u>\$ 28,418,271</u>	<u>\$ 736,866</u>	<u>\$ -</u>	<u>\$ 29,155,137</u>
Total net book value				<u>\$ 8,151,496</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information
Year Ended June 30, 2024

Fixed Asset Detail

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
Vacant unit renovations	\$ 826,970
Construction in Progress placed in service	<u>673,443</u>
	<u>\$ 1,500,413</u>

Additions to Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Equipment	<u>\$ 77,300</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information
Year Ended June 30, 2024

Detail of Accounts - Statement of Financial Position

Other Reserves (Account No. 1330)

Project reserve fund	<u>\$ 2,378,075</u>
	<u><u>\$ 2,378,075</u></u>

Miscellaneous Other Assets (Account No. 1590)

Other	
Utility deposits	<u>\$ 15,359</u>

Other Mortgages Payable (Long-Term) (Account No. 2322)

Second mortgage - Subordinate loan payable	<u>\$ 1,307,981</u>
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Accrued Interest Payable - Other Mortgages Payable (Long-Term) (Account No. 2331)

Second mortgage - Subordinate loan	<u>\$ 182,845</u>
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Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Supplementary Information
Year Ended June 30, 2024

Detail of Accounts - Statement of Activities

Revenue from Investments - Miscellaneous (Account No. 5490)

Interest income from project reserve fund	<u>\$ 101,400</u>
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Miscellaneous Other Revenue (Account No. 5990)

Use of premises income	\$ 36,924
Administrative fee income	3,126
Retained excess income	<u>100,681</u>
	<u>\$ 140,731</u>

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Supplementary Information
Year Ended June 30, 2024**

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	JHM (management fee)	\$ 399,380
S3100-210	JASA (service coordinator)	171,225
S3100-210	JHM (bookkeeping and accounting)	<u>16,717</u>
		<u>\$ 587,322</u>

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Mortgage Insurance For Purchase or Refinancing of Existing Multifamily Rental Housing: Sections 207/223(f)	14.155	N/A	\$ 6,302,006
MultiFamily Housing Service Coordinators	14.191	N/A	171,225
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	N/A	<u>2,430,870</u>
Total U.S. Department of Housing and Urban Development			<u>8,904,101</u>
Total expenditures of federal awards			<u><u>\$ 8,904,101</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Notes to Schedule of Expenditures of Federal Awards
June 30, 2024**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Brookdale Village Housing Corporation, HUD Project No. 012-119-NI, under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Brookdale Village Housing Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Brookdale Village Housing Corporation. For the year ended June 30, 2024, no awards were passed through to subrecipients.

Note 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

Brookdale Village Housing Corporation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - U.S. Department of Housing and Urban Development loan program

Brookdale Village Housing Corporation has received a U.S. Department of Housing and Urban Development mortgage insurance loan under Section 223(f) 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. Brookdale Village Housing Corporation received no additional loans during the year. The balance of the loan outstanding at June 30, 2024 consists of:

<u>Assistance Listing number</u>	<u>Program name</u>	<u>Outstanding balance at June 30, 2024</u>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multi-family Rental Housing: Sections 207/223(f)	\$ 6,155,083

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 Trustees
Brookdale Village Housing Corporation

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 Brookdale Village Housing Corporation, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brookdale Village Housing Corporation's internal control over financial reporting 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 Brookdale Village Housing Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Brookdale Village Housing Corporation's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Brookdale Village Housing Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

New York, New York
November 21, 2024

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

To the Board of Trustees
Brookdale Village Housing Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major HUD Program

We have audited Brookdale Village Housing Corporation'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 Brookdale Village Housing Corporation's major federal program for the year ended June 30, 2024. Brookdale Village Housing Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brookdale Village Housing Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Brookdale Village Housing Corporation 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Brookdale Village Housing Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matter

We noted a certain matter that we are required to report to the management of Brookdale Village Housing Corporation in a separate written communication. This matter is described in our management letter dated November 21, 2024.

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 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 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 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 have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's 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.

CohnReznick LLP

New York, New York
November 21, 2024

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Schedule of Findings and Questioned Costs
June 30, 2024**

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

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 auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

_____ Yes X No

Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI

Schedule of Findings and Questioned Costs
June 30, 2024

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.155	Mortgage Insurance For Purchase or Refinancing of Existing Multifamily Rental Housing: Section 207/223(f)
14.871	Project-based Section 8 Rental Assistance
Dollar threshold used to distinguish between Type A and Type B programs: <u>\$ 750,000</u>	
Auditee qualified as low-risk auditee	<u> </u> Yes <u> X </u> No

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

**Other Information Required by HUD -
Management's Response**

**Brookdale Village Housing Corporation
HUD Project No.: 012-119-NI**

**Summary Schedule of Prior Audit Findings
June 30, 2024**

Finding No. 2023-1; Sections 207/223(f), Assistance Listing 14.155

Condition

The accounting records required numerous adjustments to properly record cash receipts from tenant rent payments.

Previous Response for Finding

Management agrees with the finding and recommendation put forth by the auditors.

The condition noted was due to the improper set up of the general ledger system in which automatic journal entries were generated that incorrectly posted cash receipts as deferred income creating difficulty in reconciling tenant receivable balances. We are collaborating with a third-party consultant to correct this issue and will have this condition corrected by June 30, 2024.

Current Status

New systems and processes that were put in place during the year ended June 30, 2024, reducing the need for numerous material adjustments to be proposed and recorded.



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