

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

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

**June 30, 2024**

---

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

Index

	<u>Page</u>
Mortgagor's Certification	2
Managing Agent's Certification	3
Independent Auditor's Report	4
Financial Statements	
Balance Sheet	7
Statement of Operations	9
Statement of Partners' Equity (Deficit)	10
Statement of Cash Flows	11
Notes to Financial Statements	13
Supplementary Information	
Balance Sheet Data	20
Statement of Operations Data	22
Statement of Partners' Equity (Deficit) Data	26
Statement of Cash Flows Data	27
Reserve for Replacement	30
Computation of Surplus Cash, Distributions and Residual Receipts	31
Changes in Fixed Asset Accounts	32
Detail of Accounts - Balance Sheet	34
Detail of Accounts - Statement of Operations	35
Other Information	36
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Independent Auditor's Report on Compliance for Each Major HUD Program and Report on Internal Control over Compliance Required by the <i>Consolidated Audit Guide for Audits of HUD Programs</i>	39
Schedule of Findings, Questioned Costs and Recommendations	42
Schedule of Status of Prior Audit Findings, Questioned Costs and Recommendations	43

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**June 30, 2024**

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Seagirt Senior Housing L.P. and, to the best of my knowledge and belief, the same are complete and accurate.

General Partner

\_\_\_\_\_  
Matthew LoCurto Date  
Chief Financial Officer

Telephone Number: (212) 273-5257

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**June 30, 2024**

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Seagirt Senior Housing L.P. 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 General Partner  
Seagirt Senior Housing L.P.

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Seagirt Senior Housing L.P., which comprise the balance sheet as of June 30, 2024, and the related statements of operations, partners' equity (deficit), 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 Seagirt Senior Housing L.P. as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and 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 Seagirt Senior Housing L.P. 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 Seagirt Senior Housing L.P.'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 Seagirt Senior Housing L.P.'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 Seagirt Senior Housing L.P.'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 are presented for purposes of additional analysis and are 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 are fairly stated in all material respects in relation to the financial statements as a whole.

#### *Other Matters*

The Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2024, on our consideration of Seagirt Senior Housing L.P.'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 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 Seagirt Senior Housing L.P.'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 Seagirt Senior Housing L.P.'s internal control over financial reporting and compliance.

*CohnReznick LLP*

New York, New York  
September 26, 2024

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Michael J. Bisson, CPA

Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472

Balance Sheet  
June 30, 2024

Assets

Current assets	
Cash - operations	\$ 942,825
Cash - entity	268,788
Tenant accounts receivable	252,991
Allowance for doubtful accounts	(104,577)
Accounts receivable - HUD	45,212
Accounts and notes receivable - operations	11,455
Prepaid expenses	188,888
	<hr/>
Total current assets	1,605,582
	<hr/>
Deposits held in trust - funded	
Tenant deposits	40,486
	<hr/>
Restricted deposits and funded reserves	
Escrow deposits	585,829
Reserve for replacements	2,461,496
Other reserves	1,356,309
	<hr/>
Total restricted deposits and funded reserves	4,403,634
	<hr/>
Rental property	
Land	35,000
Buildings	6,070,851
Building equipment - portable	114,737
Miscellaneous fixed assets	747,751
	<hr/>
	6,968,339
Less accumulated depreciation	(1,006,563)
	<hr/>
Total rental property	5,961,776
	<hr/>
Total assets	\$ 12,011,478
	<hr/> <hr/>



**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Balance Sheet**  
**June 30, 2024**

Liabilities and Partners' Equity (Deficit)

Current liabilities	
Accounts payable - operations	\$ 231,504
Accrued wages payable	118,622
Accrued payroll taxes payable	43,911
Accrued management fee payable	18,095
Accrued interest payable - first mortgage	46,530
Accrued property taxes payable	19,020
Mortgage payable - first mortgage (short-term)	460,706
Miscellaneous current liabilities	34,796
Prepaid revenue	<u>21,703</u>
Total current liabilities	<u>994,887</u>
Deposits liability	
Tenant deposits held in trust (contra)	<u>35,188</u>
Long-term liabilities	
Mortgage payable - first mortgage, net of current portion and unamortized debt issuance costs	<u>20,721,572</u>
Total long-term liabilities	<u>20,721,572</u>
Total liabilities	<u>21,751,647</u>
Contingency	-
Partners' equity (deficit)	<u>(9,740,169)</u>
Total liabilities and partners' equity (deficit)	<u>\$ 12,011,478</u>

See Notes to Financial Statements.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Statement of Operations**  
**Year Ended June 30, 2024**

Revenue	
Rental	\$ 3,740,798
Vacancies	<u>(12,347)</u>
Net rental revenue	3,728,451
Financial	1,474
Other	<u>97,538</u>
Total revenue	<u>3,827,463</u>
Expenses	
Administrative	640,136
Utilities	155,464
Operating and maintenance	475,047
Taxes and insurance	957,819
Financial (including interest of \$568,306)	619,438
Nursing home/assisted living/board and care/other elderly care expenses	<u>156,718</u>
Total cost of operations before depreciation	<u>3,004,622</u>
Income (loss) before depreciation	822,841
Depreciation	<u>298,065</u>
Net income (loss)	<u><u>\$ 524,776</u></u>

See Notes to Financial Statements.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Statement of Partners' Equity (Deficit)**  
**Year Ended June 30, 2024**

	<u>General partner</u>	<u>Limited partner</u>	<u>Total</u>
Partners' equity (deficit) June 30, 2023	\$ (6,964,146)	\$ 42	\$ (6,964,104)
Distributions	(3,300,841)	-	(3,300,841)
Net income (loss)	<u>524,724</u>	<u>52</u>	<u>524,776</u>
Partners' equity (deficit) June 30, 2024	<u>\$ (9,740,263)</u>	<u>\$ 94</u>	<u>\$ (9,740,169)</u>
Partners' percentage of income (losses)	<u>99.99%</u>	<u>0.01%</u>	<u>100.00%</u>

See Notes to Financial Statements.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

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

Cash flows from operating activities	
Rental receipts	\$ 3,915,404
Interest receipts	1,474
Other operating receipts	97,538
	4,014,416
Administrative expenses paid	(113,507)
Management fees paid	(197,439)
Utilities paid	(187,643)
Salaries and wages paid	(535,781)
Operating and maintenance paid	(252,049)
Real estate taxes paid	(373,476)
Property insurance paid	(243,286)
Miscellaneous taxes and insurance paid	(7,690)
Net tenant security deposits received (paid)	1,223
Other operating expenses paid	(477,361)
Interest paid on first mortgage	(563,739)
Mortgage insurance premium paid	(49,512)
Miscellaneous financial expenses paid	(1,620)
	(3,001,880)
Net cash provided by operating activities	1,012,536
Cash flows from investing activities	
Net deposits to mortgage escrows	(214,275)
Net withdrawals from reserve for replacements	152,166
Net purchases of fixed assets	(770,215)
	(832,324)
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(448,850)
Distributions to partners	(3,300,841)
	(3,749,691)
Net decrease in cash and restricted cash	(3,569,479)
Cash and restricted cash, beginning	4,821,578
Cash and restricted cash, end	\$ 1,252,099

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

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

Reconciliation of net income (loss) to net cash provided by operating activities	
Net income (loss)	\$ 524,776
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	298,065
Amortization of debt issuance costs	5,541
Changes in asset and liability accounts	
(Increase) decrease in assets	
Tenant accounts receivable	(119,253)
Accounts receivable - other	339,630
Prepaid expenses	(4,299)
Increase (decrease) in liabilities	
Accounts payable	60,019
Accrued liabilities	(48,902)
Accrued interest payable	(974)
Tenant security deposits held in trust	1,223
Prepaid revenue	(11,452)
Other adjustments (include detail)	
Due to JASA	(31,838)
	<u>487,760</u>
Total adjustments	<u>487,760</u>
Net cash provided by operating activities	<u>\$ 1,012,536</u>
Significant noncash investing and financing activities	
Increase in rental property included in accounts payable - operations	<u>\$ 11,659</u>

See Notes to Financial Statements.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Notes to Financial Statements**  
**June 30, 2024**

**Note 1 - Organizations**

Seagirt Senior Housing L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of New York on August 8, 2019 for the purpose of acquiring, rehabilitating, developing, owning, maintaining, and operating a rental housing project under Section 223(f) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development ("HUD"). The Project consists of 152 units located in Queens, New York, and is currently operating under the name Evelyn and Louis Green Residence at Seagirt (the "Project"). On June 28, 2021 the Partnership acquired the Project from an affiliate. There was no significant activity prior to the acquisition of the Project.

The Partnership has entered into a regulatory agreement with HUD governing the operations of the Project.

The Partnership consists of two partners, Seagirt Senior Residence GP LLC, a New York limited liability company (the "General Partner"); and Seagirt Senior Residence LLC, a New York limited liability company (the "Limited Partner"), (collectively, the "Partners"). The General Partner and Limited Partner own 99.99% and 0.01%, respectively. Collectively, the Partners are wholly controlled by the JASA Corporation. JASA Corporation also wholly controls the Jewish Association Serving the Aging ("JASA"), and JASA Housing Management Services for the Aged, Inc. ("JHM").

The Partnership will continue to operate for an infinite time period, unless dissolved by law or in accordance with the provisions of the Amended and Restated Partnership Agreement.

Cash distributions are limited by agreements between the Partnership and HUD to the extent of surplus cash as defined by HUD.

**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").

**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.

**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 \$104,577.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**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 service lives by use of the straight-line method for financial reporting purposes. For income tax purposes, accelerated lives and methods are used. Depreciation of rental property is computed primarily using the following useful lives:

	<u>Estimated useful lives</u>
Acquired building and improvements	5-20 years
Building rehabilitation and improvements	20-40 years
Furniture, fixtures and equipment	1-10 years

**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 Partnership 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 Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service (the "IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership 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 2022 (initial year) 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 Partnership and the tenants of the property are operating leases.

**Grant income**

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

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Notes to Financial Statements**  
**June 30, 2024**

**Advertising costs**

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

**Note 3 - Restricted deposits and funded reserves**

**Mortgage escrows**

The mortgage lender requires the Partnership to establish and maintain escrows for real estate taxes, property insurance and mortgage insurance premium. As of June 30, 2024, the balance of the real estate tax and insurance escrow was \$585,829 and is included in escrow deposits.

**Replacement reserve**

The mortgage lender requires the Partnership to establish and maintain a replacement reserve fund. The Partnership is required to make monthly deposits in the of \$3,167. During the year ended June 30, 2024, the Partnership made all required deposits. As of June 30, 2024 the balance of the replacement reserve was \$2,461,496.

**Operating deficit reserve**

Pursuant to the loan agreement and agreements with HUD, the Partnership established an operating deficit reserve in the amount of \$191,640. As of June 30, 2024 the balance of the operating deficit reserve was \$191,640.

**Social services reserve**

Pursuant to the loan agreement and agreements with HUD, the Partnership established a social service reserve in the amount of \$1,164,669. As of June 30, 2024 the balance of the social services reserve was \$1,164,669.

**Note 4 - Mortgage payable**

**First mortgage payable**

On June 28, 2021, the Partnership executed a mortgage agreement with Berkadia Commercial Mortgage LLC. The mortgage, in the original amount of \$22,632,200, is insured by HUD under section 207, pursuant to section 223(f) of the National Housing Act. The mortgage note is collateralized by a deed of trust on the rental property. The note bears interest at a rate of 2.61% per annum. During the year ended June 30, 2024, interest expense of \$568,306, inclusive of \$5,541 of amortization of debt issuance costs, was incurred and charged to operations. Principal and interest are payable by the Partnership in monthly installments of \$84,382 through maturity on July 1, 2041. As of June 30, 2024, the outstanding principal balance and accrued interest were \$21,355,087 and \$46,530, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$172,809, as of June 30, 2024 and are related to mortgage. Debt issuance costs on the above note are being amortized using an imputed interest rate of 2.67%.



**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Notes to Financial Statements**  
**June 30, 2024**

Future maturities at June 30, 2024 are as follows:

June 30, 2025	\$	460,706
2026		472,733
2027		485,220
2028		498,037
2029		511,193
Thereafter		<u>18,927,198</u>
Total balance due		21,355,087
Unamortized debt issuance costs		(172,809)
Current balance due		<u>(460,706)</u>
Net balance	\$	<u>20,721,572</u>

**Note 5 - Related party transactions**

**JASA**

The Partnership 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 \$243,286. Workers' compensation and health insurance and other employee benefits for the year ended June 30, 2024 was \$17,751.

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 Partnership 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 Partnership reimbursed JASA \$22,955 for pension costs.

The Partnership 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 \$156,718.

As of June 30, 2024, \$34,796 remains payable to JASA and is included in miscellaneous current liabilities on the accompanying balance sheet.

**JHM**

The property is managed by an affiliate of the Partnership, JHM, pursuant to a management agreement approved by HUD. The current management agreement provides for a fee of 4.21% of residential income collected monthly. Management fees incurred during the year ended June 30, 2024 were \$162,630. As of June 30, 2024, \$18,095 remains payable.

The property pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. Fees incurred for the year ended June 30, 2024 were \$37,624 and is included in bookkeeping fees/accounting services on the statement of operations.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Notes to Financial Statements**  
**June 30, 2024**

**Note 6 - Statement of cash flows**

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

Cash	\$ 1,211,613
Tenant deposits	<u>40,486</u>
Total cash and restricted cash shown in the statement of cash flows	<u><u>\$ 1,252,099</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.

**Note 7 - Real estate tax exemption**

The property has been granted a partial exemption from real estate taxes under section 577 of the Private Housing Finance Law by resolution of the City Council of New York. The exemption shall continue for as long as the housing assistance payment contract remains in effect. Under the terms of the exemption, the property is subject to annual shelter rent payments, which are assessed based on a percentage of contract rents.

**Note 8 - Grant revenue**

The Partnership was awarded a service coordinator grant from HUD to use toward payment of the service coordinator's salary, benefits, and other administrative costs. The Partnership reimburses JASA with the grant. The Partnership received and recognized grant revenue of \$84,683 for the year ended June 30, 2024. Grant expense for the year ended June 30, 2024 was \$84,683.

**Note 9 - Housing assistance payment contract agreements**

HUD has contracted with the Partnership pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Partnership on behalf of qualified tenants. The agreement expires June 30, 2041.

The Partnership also participates in housing choice voucher programs, through which individual tenant vouchers are accepted.

Total revenue earned from these programs and agreements during the year ended June 30, 2024 was \$3,120,090.

**Note 10 - Concentration of credit risk**

The Partnership maintains its cash balances in several accounts in one bank. At times, these balances may exceed the federal insurance limits; however, the Partnership 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 balances as of June 30, 2024.

**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

**Notes to Financial Statements**  
**June 30, 2024**

**Note 11 - Current vulnerability due to certain concentrations**

The Partnership's principal asset is a 152-unit apartment project. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership 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.

**Note 12 - Hurricane Sandy**

In 2013, the former owner of the Project received a grant from the Fund for the City of New York in the amount of \$50,000, the remaining balance of which was transferred to the Partnership upon acquisition in 2021. 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 \$39,877 and is included in cash - entity on the accompanying balance sheet.

**Note 13 - Contingency**

Pursuant to the Partnership's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Partnership 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 14 - Construction contracts**

As of June 30, 2024, the Partnership has entered into multiple construction contracts with different contractors, all of which are unrelated third parties, in the amount of \$3,576,041, which is inclusive of all change orders, for construction services in connection with the Project. As of June 30, 2024, \$3,460,344 has been incurred and is included in rental property, of which \$0 remains payable.

**Note 15 - Subsequent events**

Events that occur after the balance sheet 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 balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through September 26, 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**

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

**Balance Sheet Data  
June 30, 2024**

<u>Account No.</u>	<u>Assets</u>		
<b>Current assets</b>			
1120	Cash - operations		\$ 942,825
1125	Cash - entity		268,788
1130	Tenant accounts receivable	\$ 252,991	
1131	Allowance for doubtful accounts	<u>(104,577)</u>	
1130N	Net tenants accounts receivable		148,414
1135	Accounts receivable - HUD		45,212
1140	Accounts and notes receivable - operations		11,455
1200	Prepaid expenses		<u>188,888</u>
1100T	Total current assets		1,605,582
<b>Deposits held in trust - funded</b>			
1191	Tenant deposits		40,486
<b>Restricted deposits and funded reserves</b>			
1310	Escrow deposits	585,829	
1320	Reserve for replacements	2,461,496	
1330	Other reserves	<u>1,356,309</u>	
1300T	Total deposits		4,403,634
<b>Rental property</b>			
1410	Land	35,000	
1420	Buildings	6,070,851	
1440	Building equipment - portable	114,737	
1490	Miscellaneous fixed assets	<u>747,751</u>	
1400T	Total fixed assets	6,968,339	
1495	Less accumulated depreciation	<u>(1,006,563)</u>	
1400N	Net fixed assets		<u>5,961,776</u>
1000T	Total assets		<u><u>\$ 12,011,478</u></u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

**Balance Sheet Data  
June 30, 2024**

<u>Account No.</u>	<u>Liabilities and Partners' Equity (Deficit)</u>	
<b>Current liabilities</b>		
2110	Accounts payable - operations	\$ 231,504
2120	Accrued wages payable	118,622
2121	Accrued payroll taxes payable	43,911
2123	Accrued management fee payable	18,095
2131	Accrued interest payable - first mortgage	46,530
2150	Accrued property taxes payable	19,020
2170	Mortgage payable - first mortgage (short-term)	460,706
2190	Miscellaneous current liabilities	34,796
2210	Prepaid revenue	<u>21,703</u>
2122T	Total current liabilities	994,887
<b>Deposits liability</b>		
2191	Tenant deposits held in trust (contra)	35,188
<b>Long-term liabilities</b>		
2320	Mortgage payable - first mortgage	<u>\$ 20,721,572</u>
2300T	Total long-term liabilities	<u>20,721,572</u>
2000T	Total liabilities	21,751,647
3130	Partners' equity (deficit)	<u>(9,740,169)</u>
2033T	Total liabilities and partners' equity (deficit)	<u><u>\$ 12,011,478</u></u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

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

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 618,430	
5121	Tenant assistance payments	3,120,090	
5170	Garage and parking spaces	<u>2,278</u>	
5100T	Total rental revenue		\$ 3,740,798
Vacancies			
5220	Apartments	<u>(12,347)</u>	
5200T	Total vacancies		<u>(12,347)</u>
5152N	Net rental revenue		3,728,451
Financial revenue			
5440	Revenue from investments - replacement reserve	<u>1,474</u>	
5400T	Total financial revenue		1,474
Other revenue			
5910	Laundry and vending	12,208	
5920	Tenant charges	647	
5990	Miscellaneous revenue	<u>84,683</u>	
5900T	Total other revenue		<u>97,538</u>
5000T	Total revenue		<u>3,827,463</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

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

Account No.

Administrative expenses		
6210	Advertising and marketing	166
6250	Other renting expenses	6,952
6310	Office salaries	246,243
6311	Office expenses	30,721
6320	Management fee	162,630
6330	Manager or superintendent salaries	100,570
6331	Administrative rent free unit	21,972
6340	Legal expense - project	9,340
6350	Auditing expense	12,350
6351	Bookkeeping fees/accounting services	<u>49,192</u>
6263T	Total administrative expenses	640,136
Utilities expense		
6450	Electricity	45,765
6451	Water	17,983
6452	Gas	52,414
6453	Sewer	<u>39,302</u>
6400T	Total utilities expense	155,464
Operating and maintenance expenses		
6510	Payroll	157,852
6515	Supplies	40,558
6520	Contracts	225,566
6546	Heating/cooling repairs and maintenance	20,877
6570	Vehicle and maintenance equipment operation and repairs	9,904
6590	Miscellaneous operating and maintenance expenses	<u>20,290</u>
6500T	Total operating and maintenance expenses	475,047



**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

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

<u>Account No.</u>			
Taxes and insurance			
6710	Real estate taxes	388,197	
6711	Payroll taxes	39,636	
6720	Property and liability insurance	243,286	
6722	Workmen's compensation	7,456	
6723	Health insurance and other employee benefits	271,554	
6790	Miscellaneous taxes, licenses, permits and insurance	7,690	
		<hr/>	
6700T	Total taxes and insurance		957,819
Financial expenses			
6820	Interest on first mortgage payable	568,306	
6850	Mortgage insurance premium/service charge	49,512	
6890	Miscellaneous financial expenses	1,620	
		<hr/>	
6800T	Total financial expenses		<hr/> 619,438
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		<hr/> 156,718
6000T	Total cost of operations before depreciation		<hr/> 3,004,622
5060T	Income (loss) before depreciation		<hr/> 822,841
Depreciation			
6600	Depreciation expense	298,065	
		<hr/>	
	Total depreciation		<hr/> 298,065
5060N	Operating income (loss)		<hr/> 524,776
	Total expenses		<hr/> 3,302,687
3250	Net income (loss)		<hr/> <hr/> \$ 524,776

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

**Statement of Operations 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>\$ 448,850</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>\$ 38,000</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.	<u>\$ -</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

**Statement of Partners' Equity (Deficit) Data  
Year Ended June 30, 2024**

<u>Account No.</u>		<u>General partner</u>	<u>Limited partner</u>	<u>Total</u>
S1100-010	Partners' equity (deficit) June 30, 2023	\$ (6,964,146)	\$ 42	\$ (6,964,104)
S1200-420	Distributions	(3,300,841)	-	(3,300,841)
3250	Net income (loss)	<u>524,724</u>	<u>52</u>	<u>524,776</u>
3130	Partners' equity (deficit) June 30, 2024	<u>\$ (9,740,263)</u>	<u>\$ 94</u>	<u>\$ (9,740,169)</u>
	Partners' percentage of income (losses)	<u>99.99%</u>	<u>0.01%</u>	<u>100.00%</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**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	\$ 3,915,404
S1200-020	Interest receipts	1,474
S1200-030	Other operating receipts	<u>97,538</u>
S1200-040	Total receipts	<u>4,014,416</u>
S1200-050	Administrative expenses paid	(113,507)
S1200-070	Management fees paid	(197,439)
S1200-090	Utilities paid	(187,643)
S1200-100	Salaries and wages paid	(535,781)
S1200-110	Operating and maintenance paid	(252,049)
S1200-120	Real estate taxes paid	(373,476)
S1200-140	Property insurance paid	(243,286)
S1200-150	Miscellaneous taxes and insurance paid	(7,690)
S1200-160	Net tenant security deposits received (paid)	(24)
S1200-170	Other operating expenses paid	(477,361)
S1200-180	Interest paid on first mortgage	(563,739)
S1200-210	Mortgage insurance premium paid	(49,512)
S1200-220	Miscellaneous financial expenses paid	<u>(1,620)</u>
S1200-230	Total disbursements	<u>(3,003,127)</u>
S1200-240	Net cash provided by operating activities	<u>1,011,289</u>
	Cash flows from investing activities	
S1200-245	Net deposits to mortgage escrows	(214,275)
S1200-250	Net withdrawals from reserve for replacements	152,166
S1200-330	Net purchases of fixed assets	<u>(770,215)</u>
S1200-350	Net cash used in investing activities	<u>(832,324)</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

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

<u>Account No.</u>		
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(448,850)
S1200-420	Distributions to partners	<u>(3,300,841)</u>
S1200-460	Net cash used in financing activities	<u>(3,749,691)</u>
S1200-470	Net decrease in cash	(3,570,726)
S1200-480	Cash, beginning	<u>4,782,339</u>
S1200T	Cash, end	<u><u>\$ 1,211,613</u></u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Supplementary Information**

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

<u>Account No.</u>		
	Reconciliation of net income (loss) to net cash provided by operating activities	
3250	Net income (loss)	<u>\$ 524,776</u>
	Adjustments to reconcile net income (loss) to net cash provided by operating activities	
6600	Depreciation	298,065
S1200-486	Amortization of debt issuance costs	5,541
	Changes in asset and liability accounts	
	(Increase) decrease in assets	
S1200-490	Tenant accounts receivable	(119,253)
S1200-500	Accounts receivable - other	339,630
S1200-520	Prepaid expenses	(4,299)
S1200-530	Tenant security deposits funded	(1,247)
	Increase (decrease) in liabilities	
S1200-540	Accounts payable	60,019
S1200-560	Accrued liabilities	(48,902)
S1200-570	Accrued interest payable	(974)
S1200-580	Tenant security deposits held in trust	1,223
S1200-590	Prepaid revenue	(11,452)
S1200-600	Other adjustments (include detail)	
S1200-601	Due to JASA	<u>\$ (31,838)</u>
		<u>(31,838)</u>
	Total adjustments	<u>486,513</u>
S1200-610	Net cash provided by operating activities	<u>\$ 1,011,289</u>
S1200-620	Comments	
	Increase in rental property included in accounts payable - operations	<u>\$ 11,659</u>

Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472

Supplementary Information  
Year Ended June 30, 2024

**Reserve for Replacements**

<u>Account No.</u>		
1320P	Balance at June 30, 2023	\$ 2,613,662
1320DT	Total monthly deposits	38,000
1320INT	Interest income	1,474
1320WT	Approved withdrawals	<u>(191,640)</u>
1320	Balance at June 30, 2024	<u><u>\$ 2,461,496</u></u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**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)	\$ 983,311
1135	Accounts receivable - HUD	<u>45,212</u>
S1300-040	Total cash	<u>1,028,523</u>
S1300-050	Accrued mortgage interest payable	46,530
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	231,504
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)	234,444
2210	Prepaid revenue (Account 2210)	21,703
2191	Tenant security deposits liability (Account 2191)	35,188
S1300-110	Other current obligations (describe in detail)	
S1300-120	Mortgage principal	\$ 37,936
S1300-120	Replacement reserve deposit	3,167
S1300-120	Tax and insurance escrow deposit	61,112
S1300-120	MIP escrow deposit	<u>4,484</u>
		<u>106,699</u>
S1300-140	Less total current obligations	<u>676,068</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 352,455</u>
S1300-200	Amount available for distribution during next fiscal period	<u>\$ 352,455</u>



**Seagirt Senior Housing L.P.**  
**HUD Project No.: 012-11472**

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

**Changes in Fixed Asset Accounts**

	Assets			Balance 6/30/24
	Balance 6/30/23	Additions	Deletions	
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Buildings	5,674,217	396,634	-	6,070,851
Building equipment - portable	88,231	26,506	-	114,737
Miscellaneous fixed assets	747,751	-	-	747,751
	<u>\$ 6,545,199</u>	<u>\$ 423,140</u>	<u>\$ -</u>	<u>\$ 6,968,339</u>
Accumulated depreciation	<u>\$ 708,498</u>	<u>\$ 298,065</u>	<u>\$ -</u>	<u>\$ 1,006,563</u>
Total net book value				<u>\$ 5,961,776</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

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

Fixed Asset Detail

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
Building improvements	<u>\$ 396,634</u>

Additions to Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Building equipment	<u>\$ 26,506</u>

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

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

**Detail of Accounts - Balance Sheet**

Accounts and Notes Receivable - Operations (Account No. 1140)

Other	
HPD subsidy receivable	\$ 11,455

Other Reserves (Account No. 1330)

Operating deficit reserve	\$ 191,640
Debt savings reserve	1,164,669

\$ 1,356,309

Miscellaneous Current Liabilities (Account No. 2190)

Due to JASA	\$ 34,796
-------------	-----------

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

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

**Detail of Accounts - Statement of Operations**

Miscellaneous Other Revenue (Account No. 5990)

HUD service coordinator revenue \$ 84,683

Nursing Home/Assisted Living/Board and Care/Other Elderly Care  
Expenses (Account No. 6900)

6990 Other service expenses \$ 156,718

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**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 fees	\$ 197,439
S3100-210	JHM - Bookkeeping fees	49,192
S3100-210	JASA - Service coordinator	<u>156,718</u>
		<u>\$ 403,349</u>

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 General Partner  
Seagirt Senior Housing L.P.

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 Seagirt Senior Housing L.P., which comprise the balance sheet as of June 30, 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated September 26, 2024.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Seagirt Senior Housing L.P.'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 Seagirt Senior Housing L.P.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Seagirt Senior Housing L.P.'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 Seagirt Senior Housing L.P.'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  
September 26, 2024

Independent Auditor's Report on Compliance for Each Major HUD  
 Program and Report on Internal Control over Compliance Required by the  
*Consolidated Audit Guide for Audits of HUD Programs*

To the General Partner  
 Seagirt Senior Housing L.P.

Report on Compliance for Each Major HUD Program

*Opinion on Each Major HUD Program*

We have audited Seagirt Senior Housing L.P.'s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on each of Seagirt Senior Housing L.P.'s major U.S. Department of Housing and Urban Development ("HUD") programs for the year ended June 30, 2024. Seagirt Senior Housing L.P.'s major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 8 Housing Assistance Payment Contract	Fair Housing and Nondiscrimination; Reserve for Replacements; Distributions to Owners; Equity Skimming; Cash Receipts; Cash Disbursements; Tenant Leasing and Eligibility; Extremely Low-Income Families; Security Deposits; Management Functions; Unauthorized Ownership Changes; Unauthorized Project Loans.
Section 223(f) Refinancing with Substantial Rehabilitation	Fair Housing and Nondiscrimination, Mortgage Loan Status, Reserve for Replacements, Distributions to Owners, Equity Skimming, Cash Receipts, Cash Disbursements, Tenant Application, Eligibility, and Recertification, Tenant Security Deposits, Management Functions, Unauthorized Changes of Ownership/Acquisition of Liabilities and Unauthorized Loans of Project Funds.

In our opinion, Seagirt Senior Housing L.P. 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 HUD programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major HUD 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 Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Seagirt Senior Housing L.P. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of Seagirt Senior Housing L.P.'s compliance.

#### *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, regulations, rules, and provisions of contracts or and grant agreements applicable to its HUD 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 Seagirt Senior Housing L.P.'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 Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for 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 Seagirt Senior Housing L.P.'s compliance with the requirements of each major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, 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 Seagirt Senior Housing L.P.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Seagirt Senior Housing L.P.'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 Guide, but not for the purpose of expressing an opinion on the effectiveness of Seagirt Senior Housing L.P.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD 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 HUD 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 HUD 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 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, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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



New York, New York  
September 26, 2024

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

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

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Seagirt Senior Housing L.P.  
HUD Project No.: 012-11472**

**Schedule of Status of Prior Audit Findings,  
Questioned Costs and Recommendations  
June 30, 2024**

1. Audit Report, dated February 13, 2024 for the year ended June 30, 2023, issued by CohnReznick LLP.

**Finding 2023-1**

The accounting records required numerous material adjustments to be proposed and recorded in order for the financial statements to be fairly presented in accordance with generally accepted accounting principles in the United States of America.

**Status**

Resolved.

2. NSPIRE Inspection Report issued on June 6, 2024 by HUD reflected a final inspection score of 100.
3. There were no letters or reports issued by HUD management during the period covered by this audit.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**