

BURLINGTON HOUSING AUTHORITY

133 N. Ireland St. • Burlington, North Carolina 27217

Mailing: PO Box 2380, Burlington NC 27216-2380

Phone (336) 226-8421 x 203 Fax (336) 226-9365

REQUEST FOR PROPOSALS:

INDEPENDENT AUDITOR SERVICES

July 26, 2019



REQUEST FOR PROPOSAL-INDEPENDENT AUDITOR SERVICES

July 26, 2019

The Burlington Housing Authority (hereinafter called the “Authority”) invites qualified independent auditors to submit a proposal to provide auditing services. The auditor must have sufficient governmental accounting and auditing experience in performing an audit in accordance with the requirements of the U. S. Department of Housing and Urban Development (HUD) and specifications outlined in this Request for Proposal (RFP).

Each Proposer should submit an original and two (2) copies of its Proposal to Burlington Housing Authority, Attention: Veronica Revels, Executive Director, 133 N. Ireland Street, P. O. 2380, Burlington, NC 27216-2380. **Proposals will be accepted until 2:00 pm Friday, August 23, 2019.** Electronic, faxed or e-mail proposals will not be accepted. Any Proposals received after the specified time and date will not be considered. **Proposals must be clearly marked – “Request for Proposals – Independent Audit Services”**

There is no expressed or implied obligation for the Authority to reimburse firms for any expenses incurred in preparing proposals in response to this request. By submission of a Proposal the Contractor agrees, if its Proposal is accepted, to enter into a contract with the Authority to complete all work as specified or indicated in the contract documents for the contract price and within the contract time indicated in the attached RFP. The Proposers further accept all of the terms and conditions of the RFP. The proposer consents to personal jurisdiction and venue in a state court of competent jurisdiction in Alamance County, North Carolina.

Proposals should be prepared in accordance with instructions contained within the RFP and shall remain valid for 90 days. Proposals shall be evaluated by the Authority as stated in the evaluation factors noted in the RFP. Oral presentations, if deemed necessary by the Authority, will be scheduled at a mutually agreeable date and time. The Authority reserves the right to request additional information concerning any and/or all Proposals submitted. **NOTE: The Authority reserves the right to reject any or all proposals if such action is in the best interest of the Authority and to waive any and all informalities and minor irregularities. The Authority reserves the right to cancel this solicitation for any reason it deems is in the best interest of the Authority.**

The Authority's Executive Director may be contacted only to clarify questions concerning this RFP.

Type of Audit

The audit will encompass a financial and compliance examination of the Authority's basic financial statements, supplementary information, and housing operations in accordance with the laws and/or regulations of the State of North Carolina and the U.S. Department of Housing and Urban Development (HUD). These laws and regulations include requirements for the minimum scope of the audit.

The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards, as amended; *Government Auditing Standards*; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the current provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and all other applicable laws and regulations, as amended.

The financial audit opinion will cover the financial statements for the Authority's enterprise funds and its blended component units. The audited FDS will present the Authority's enterprise funds and each of its component units in separately identifiable columns. However, the basic financial statements prepared by the auditor will present consolidated financial information.

The supplemental information, as required, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. An opinion will not be given on the Management Discussion and Analysis (MD&A).

Audit Period and Type of Contract

The Authority intends to continue the relationship with the independent auditor for no less than two years with three one-year extensions for a possible five-year period to include the following fiscal years:

October 1, 2018 to September 3, 2019
October 1, 2019 to September 30, 2020
October 1, 2020 to September 30, 2021 one-year renewal option
October 1, 2021 to September 30, 2022 one-year renewal option
October 1, 2022 to September 30, 2023 one-year renewal option

The Authority contemplates the award of a firm fixed price contract resulting from this solicitation. The term of this contract shall be two (2) years from date of award with three additional one-year renewal options. The contract may be renewed for three additional one-year periods by mutual consent of both parties up to a total contract maximum term of five (5) years.

NOTE: The Housing Authority intends to apply by the end of 2019 for RAD and the structure of programs would change to FHA and possibly LIHTC. Therefore, the auditor must be experienced with HUD's Multi-family Program including those that have converted via HUD's RAD program; the needs and relevant HUD and REAC (including HUD's FASSUB system); Low Housing Tax Credits and REAC requirements in future years.

The contract will be subject to termination upon one hundred twenty (120) days advance notice by either party. In the event that the Proposer to which the contract is awarded does not execute a contract within thirty (30) days after such award, the Authority may give notice to such Proposer of intent to award the contract to the next ranked Proposer or to call for new proposals.

BHA's current auditor is Charles Blackwell, CPA who has served BHA for the past fourteen years.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards, as amended; *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's basic financial statements prepared in accordance with GAAP.

The Authority will be responsible for the preparation of the MD&A, the basic financial statements and footnotes to the financial statements, and supplementary information. The Authority will prepare and make available to the auditor the year-end closing package. In addition, the Authority's staff will make additional documentation available with upon requests.

Interim deadlines

By **January 15th** or earlier, the Authority's Executive Director shall receive a written communication from the audit firm listing the staff assigned to the audit that year. Additionally, the Authority shall receive a listing of requested copies and data needed for the auditor's records and documentation prior to the start of fieldwork. The Authority's staff will be available to provide additional information during fieldwork; however, the Authority's staff shall require ample time to prepare copies and data before the start of fieldwork

By **March 1st or earlier**, the Authority shall receive from the audit firm a mutually-agreeable date for the audit field work to begin.

By **May 15th** at the latest, the auditor shall submit a draft of the audit report to be reviewed in detail by the Executive Director and Fee Accountant. This draft should be submitted to Burlington Housing Authority in time to allow ample review and corrections.

By **June 1st**, the audit shall be completed and auditor available to present the report to the Board of Commissioners at the **June 4, 2020 noon board meeting**. The reports rendered to the Local Government Commission (LGC), the Federal Audit Clearing House, and HUD nine months following the fiscal year end (September 30). **The auditor shall be responsible for completion and IPA approval of the audited FDS and required attachments submitted electronically to HUD by June 30th.**

Twelve (12) copies of each audit report, management letter, and other applicable reports must be supplied to the Board of Commissioners within the time frame cited above. An electronic copy must also be provided. If a meeting with the Board of Commissioners is requested the auditor will attend at no additional expense. In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission (LGC) and the required number of copies with the Data Collection Form to the Federal Audit Clearinghouse.

Questions and Additional Information

Any questions pertaining to this RFP must be received in writing and directed and addressed to Veronica Revels, Executive Director, Burlington Housing Authority, 133 N. Ireland St., PO Box 2380, Burlington, NC 27216-2380, or by email at vrevels@burlingtonha.org. Copies of all inquiries and BHA responses will be sent to all proposers who received a copy of this RFP from the Authority.

Copies of any written addenda to this RFP will be provided to all proposers who receive a copy of this RFP from the Authority no later than five days prior to the Proposal submission date and all such addenda shall become part of this RFP.

Payment of Audit Fees

Payment will be made for the total fee after presentation to the Board of Commissioners and submission of the audited FDS to HUD's REAC. Payables run on 8th, 15th and 30/31st.

Proposal Evaluation

The Authority's Evaluation Committee will evaluate the auditor/firm on experience, educational and technical qualifications based on the following criteria:

Evaluation Factors

The following factors will be used to evaluate RFP responses as described below. Specific evaluation criteria to evaluate the technical qualifications of each proposer and their degree of importance/relative weight are as follows:

- Mandatory Requirements (10 points)
 - a. The audit firm is independent and licensed to practice in North Carolina.
 - b. Staff has maintained CPE requirements.
 - c. Firm is not currently being censored by HUD or its REAC.
 - d. The audit firm submits a copy of their most recent peer review and has a record of quality audit work.
 - e. References from at least 3 other current or recent PHA audit clients (comparable size of the Authority) including contact person, contact information (telephone/email) and services provided.
- Technical Capabilities (25 points)
 - a. Staffing on key positions, method of assigning work, and procedures for maintaining level of service
- Demonstrated Experience (25 points)
 - a. Past experience and performance with similar engagements and experience of site auditors conducting public housing audits as verified by reference checks or other reasons
- Audit Approach (30 points)
 - a. Work plan, time and staff onsite, electronic capabilities, responsiveness and availability
- Fees for service (10 points): Price of services will not be the sole determining factor

The evaluation and selection of an audit firm will be based on the information submitted in the audit firm's proposal, references obtained, and any required on-site visits or oral presentations. Failure to respond to each of the requirements in the RFP may be the basis for rejecting a proposal.

The Authority reserves the right to conduct “Best and Final” negotiations, if needed, with proposers determined to have a reasonable chance of being selected for contract award based on evaluation factors.

Withdrawal of Proposals: Proposals may be withdrawn by written request prior to the deadline set for acceptance of proposals. Proposals may not be revoked or withdrawn after the time set for opening of proposals (8/23/19) and shall remain open for acceptance for a period of ninety (90) days following such time.

Proposal Format & Submission Requirements:

The following information shall be provided by all proposers and submitted in the order and format shown below. Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents may disqualify the proposal.

1. Indicate the number of people (by level) that will handle the audit. List the minimum education and experience required for audit fieldwork staff, and indicate how often audit fieldwork staff will change (e.g. each year, every two years, etc.)
2. Indicate the experience of the proposer in providing additional services to housing authority clients by listing the name of each housing authority, the type(s) of service performed, and the year(s) of engagement.
3. Describe your audit organization’s participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm’s current peer review.
4. Describe the professional experience in housing authority audits of each person who could be assigned to the Authority’s audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time personnel will be on site.
5. Describe the relevant educational background of each person who could be assigned to the Authority’s audit. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
6. Describe the professional experience of each person who could be assigned to the Authority’s audit in auditing relevant government organizations, programs, activities, or functions.
7. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

I. Additional Information

1 Describe the firm's Statement of Policy and Procedures regarding Independence under the current Government Auditing Standards (Yellow Book). Provide a copy of the firm's Statement of Policy and Procedures.

2 Describe any regulatory action taken by any oversight body against the proposing audit organization.

II. Insurance

a. The Auditor shall furnish the PHA with certificates of insurance showing evidence of all appropriate and applicable insurance coverage carried by the firm or individual, including policy coverage periods.

1. Workers' Compensation

2. Professional liability insurance

III. Audit Approach and Cost should include the following:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling. Please indicate how many LRPB and/or PBRA tenant files will be selected for a major program under the sampling guidelines.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in a management letter, if necessary.
6. A summary of the number and type of audit findings the firm has discovered in first year audits of housing authorities.
7. A description of typical difficulties in first year audits of housing authorities.
8. Please list any other information the firm may wish to provide.
9. Specify the fixed costs using the provided format below for the audit year October 1, 2018 to September 30, 2019 and the additional four years.

The proposer must include a firm-fixed fee for the proposal work for each fiscal year (FY). The proposed fees submitted are inclusive of all necessary cost to provide the proposed services, including, but not limited to: employee costs and benefits; clerical support; overhead; profit; supplies; materials; licensing; insurance; travel expenses; etc.

	Audit Year	Audit Fee
Firm-Fix Fee	Annual Audit FY 2019	\$
Firm-Fix Fee	Annual Audit FY 2020	\$
Firm-Fix Fee	Annual Audit FY 2021	\$
Firm-Fix Fee	Annual Audit FY 2022	\$
Firm-Fix Fee	Annual Audit FY 2023	\$

The contract also requires that you retain the audit working papers to which BHA or other governmental units may have access for a period of five years. These working papers will also be made available to successor auditors should your firm not be the successful bidder in future years. Additional information that we believe may assist you in the preparation of the audit proposal is enclosed.

All firms shall provide a signed and notarized statement ensuring that no member, officer, or delegate to the Congress of the United States of America or Commissioner shall be admitted to any share or part of this contract or to any benefit to arise there from; but this provision shall not be construed to extend to this contract, if made with a corporation, for its general benefit. No members, officers, or employees of the Authority, no member of the governing body in which the Authority was activated, and no other public official of such locality or localities who exercise any functions or responsibilities with respect to the project, shall during his tenure, or for one year thereafter, have an interest, direct or indirect, in this contract or the proceeds thereof.

IV. Evidence of Non-Debarred or Suspended

Form HUD-2992: Certification Regarding Debarment and Suspension certifying that the firm is not debarred, suspended or otherwise prohibited from providing services by a Federal, State or Local agency.

Description of the Burlington Housing Authority and Its Accounting System

Burlington Housing Authority is a corporate body politic organized under the Housing Authorities Law, Chapter 131E-19, General Statutes of the State of North Carolina.

The Scope of Auditing Services being requested will pertain to all of the programs owned and/or managed by the Housing Authority (including, but not limited to Public Housing, Section 8 Project Based Rental Assistance Program and Capital Fund Program) and shall be conducted in accordance with generally accepted governmental auditing standards.

Program/Audit Listing:

<u>Program/Audit Name</u>	<u>Property Type</u>	<u>CFDA #</u>	<u>Unit Count</u>
Burlington Housing Authority	Public Housing	(14.850a)	369 units
Grants awarded –			
FSS Coordinator		(14.877)	
Retired Senior Volunteer Program (RSVP)		(94.002)	
Service Coordinator in MF Housing		(14.191)	
Capital Funds – 2017, 2018, 2019		(14.872)	

**Burlington Housing Authority, Management Agent-
Separate audits**

Owner, Burlington Homes, Inc.

(Burlington Homes property)	Section 8 PBRA	(14.182)	100 units
Elderly			
Auditor Prepare IRS 990			

Owner, First Baptist Apple Street Housing Foundation

(Spencer Brown Thomas Homes property)	Section 202	(14.135,14.151)	40 units
Elderly			
Auditor Prepare IRS 990			

**Burlington Development Corporation (501(c) 3 non profit instrumentality of Burlington
Housing Authority)**

Grants awarded:

CoC SNAP HOMELESS GRANTS (HOPE & STEPS) (14.267)

A copy of the Schedule of Expenditures of Federal Awards and a copy of the Schedule of Findings and Questioned Costs for the year ended September 30, 2018, are enclosed with this RFP for all programs.

Accounting Records

The Authority maintains all its accounting records for the programs listed above in the accounting department located at 133 N. Ireland St., Burlington, NC. It prepares and maintains the tenant accounting, occupancy records and financial records processed and maintained by using Scott Accounting (SACS) software and books closed monthly and year end by our Fee Accountant, James E. Kinkead, PC.

Contact information:

Veronica Revels, Executive Director
Burlington Housing Authority
133 N. Ireland Street
PO Box 2380
Burlington, NC 27216-2380

Phone: (336) 226-8421, ext. 203

Fax: (336) 226-9365

Email: vrevels@burlingtonha.org

See Attachments:

- Form HUD-2992:
- Schedule of Expenditures of Federal Awards and a copy of the Schedule of Findings and Questioned Costs for the year ended September 30, 2018
 - Burlington Housing Authority
 - Burlington Homes, Inc.
 - First Baptist Apple Street Housing Foundation d/b/a Spencer Brown Thomas Homes

ATTACHMENTS

Certification Regarding Debarment and Suspension

U.S. Department of Housing
and Urban Development

Certification A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals;
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency;
 - b. Have not within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.
2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Instructions for Certification (A)

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of these regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines this eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

Certification B: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Instructions for Certification (B)

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of these regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph (5) of these instructions, if a participant in a lower covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies including suspension and/or debarment.

Applicant		Date
Signature of Authorized Certifying Official		Title

BURLINGTON HOUSING AUTHORITY
Burlington, North Carolina

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018

Section II - Financial Statement Findings:

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE

SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2018

NONE

BURLINGTON HOUSING AUTHORITY
Burlington, North Carolina

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

<u>Grantor/Program Title</u>	<u>Type</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HUD:			
Low Rent Public Housing	A	14.850a	\$ 1,550,725
Public Housing Capital Fund Program (CFP)	B	14.872	493,586
Resident Opportunity and Supportive Services	B	14.870	15,902
Public Housing Family Self Sufficiency under ROSS	B	14.877	65,918
Section 8 New Construction Program	B	14.182	433,101
Continuum of Care- Special Needs Assessment Program (SNAP)	B	14.267	132,851
Service Coordinators in Multi-Family Housing	B	14.191	69,150
Mortgage Insurance for Rental and Cooperative Housing 221 (d) (3) Multifamily 053-36169	A	14.135	5,398,674
Total HUD- Direct			<u>8,159,907</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE:			
Retired and Senior Volunteer Program	B	94.002	74,992
Total Indirect			<u>74,992</u>
Total Federal Financial Expenditures			<u>\$ 8,234,899</u>

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Burlington Housing Authority and is presented on the GASB 34 full accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUBRECIPIENTS:

The Burlington Housing Authority provided no federal awards to subrecipients during the fiscal year ended September 30, 2018.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Burlington Housing Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2018.
- The Burlington Housing Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2018.

NOTES D - LOAN BALANCES

Expenditure of Federal Awards related to outstanding loans:	
Balance of loans from previous years	\$ 5,398,674
Principal payments, current year	(46,642)
Balance as of September 30, 2018	<u>\$ 5,352,032</u>

See auditor's report.

BURLINGTON HOMES, INC.

HUD Project Numbers 053-36169/ NC 19-0003-019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2018

Section II - Financial Statement Findings:

NONE

Section III - Federal Awards Findings and Questioned Costs:

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NONE

BURLINGTON HOMES, INC.
 HUD Project Numbers 053-36169/NC 19-0003-019

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

<u>Grantor/Program Title</u>	<u>Type</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HUD:			
Mortgage insurance for Rental and Cooperative Housing 221 (d) (4) Multifamily 053-36169	A	14.135	\$ 5,398,674
Section 8 HAP: New Construction/ Substantial Rehab Rehabilitation NC19-0003-019	B	14.195	433,100
TOTAL FEDERAL FINANCIAL AWARDS			\$ 5,831,774

Note 1 – Basis of Presentation

The accompanying schedule of expenditure of federal awards (the “Schedule”) includes the federal grant activity of the Authority under programs of the federal government for the year ended September 30, 2018. 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 the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

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 the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Authority is not reimbursed for indirect costs under any of its federal Awards and does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance or any other indirect cost rate.

Note 4 – Loan Balances

Expenditure of Federal Awards related to outstanding loans:

Balance of loans from previous year	\$5,398,674
Principle payments	<u>(46,642)</u>
Balance as of September 30, 2017	<u>\$5,352,032</u>

FIRST BAPTIST APPLE STREET HOUSING FOUNDATION
d/b/a Spencer Brown Thomas Homes
HUD Project No. 05336188

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018

Section II - Financial Statement Findings:

NONE

Section III - Federal Awards Findings and Questioned Costs:

NONE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NONE

FIRST BAPTIST APPLE STREET HOUSING FOUNDATION
d/b/a Spencer Brown Thomas Homes
HUD Project No. 05336188
Schedule of Federal Expenditures
September 30, 2018

<u>Grantor/Program Title</u>	<u>Type</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF HUD:			
Mortgage Insurance Rental and Cooperative Housing for Moderate Income Families and Elderly, Market Interest Rate	A	14.135	\$ 1,790,804 (A)
Supplemental Loan Insurance for Multifamily Rental Housing 241 (a) Multifamily 053-10034	B	14,151	661,972 (A)
Section 8 New Construction/ Substantial Rehabilitation	B	14.195	<u>212,069</u>
TOTAL FEDERAL FINANCIAL AWARDS			<u>\$ 2,664,845</u>

(A) Beginning of year outstanding balance on HUD-insured mortgage.

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the First Baptist Apple Street Housing Foundation and is presented on full accrual basis of accounting. 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 the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 - SUBRECIPIENTS:

The Foundation provided no federal awards to sub-recipients during the fiscal year ended September 30, 2018.

NOTE 3 - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

The Foundation received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2018.

The Foundation had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2018.

See auditor's report.