

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
Lexington, Nebraska

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

Independent Auditor's Report

To the Board of Directors
NAF Senior Housing, Inc.
Lexington, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 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 NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013'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 NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013'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 accompanying supplementary information as identified in the table of contents is presented for the purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

on the effectiveness of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013'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 NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control over financial reporting and compliance.

Niewedde & Wiens, CPAs

York, Nebraska
December 7, 2022

FINANCIAL STATEMENTS

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS:

CURRENT ASSETS

Cash and cash equivalents, unrestricted	\$	8,922
Cash and cash equivalents, restricted		69,450
Accounts receivable - Other		9,682
Prepaid expenses		<u>1,454</u>
TOTAL CURRENT ASSETS		<u>89,508</u>

NONCURRENT ASSETS

Land		26,944
Buildings		902,052
Equipment		<u>2,411</u>
TOTAL FIXED ASSETS		<u>931,407</u>
Accumulated depreciation		<u>439,328</u>
NET FIXED ASSETS		<u>492,079</u>
TOTAL NONCURRENT ASSETS		<u>492,079</u>
TOTAL ASSETS	\$	<u><u>581,587</u></u>

LIABILITIES AND NET ASSETS (DEFICIT):

CURRENT LIABILITIES

Accounts payable	\$	2,396
Accounts payable - HUD, excess residual receipts		14
Prepaid revenue		1,258
Tenant security deposits		<u>4,424</u>
TOTAL CURRENT LIABILITIES		<u>8,092</u>

NONCURRENT LIABILITIES

Mortgage payable		<u>908,900</u>
TOTAL NONCURRENT LIABILITIES		<u>908,900</u>
TOTAL LIABILITIES		<u>916,992</u>

NET ASSETS:

Without donor restrictions		(335,405)
With donor restrictions		<u>-</u>
TOTAL NET ASSETS		<u>(335,405)</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>581,587</u></u>

NAF SENIOR HOUSING, INC.
 EASTLAWN EAST - HUD PROJECT NO. 103-EE013
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
INCOME			
Rent income	\$ 82,064	\$ -	\$ 82,064
COVID-19 Supplemental Payments	4,765	-	4,765
Other tenant charges	1,930	-	1,930
Interest income	13	-	13
TOTAL OPERATING REVENUES AND OTHER SUPPORT	88,772	-	88,772
OPERATING EXPENSES:			
Project Services			
Administration	21,641	-	21,641
Utilities	21,418	-	21,418
Operating and maintenance	14,539	-	14,539
Taxes and insurance	6,537	-	6,537
Depreciation	20,450	-	20,450
TOTAL OPERATING EXPENSES	84,585	-	84,585
CHANGES IN NET ASSETS	4,187	-	4,187
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	(339,592)	-	(339,592)
NET ASSETS AT END OF YEAR	\$ (335,405)	\$ -	\$ (335,405)

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 93,810
COVID-19 Supplemental Payments	4,765
Interest receipts	13
Other operating receipts	<u>1,930</u>
	100,518
Administrative	(15,736)
Management fee	(6,596)
Utilities	(22,208)
Operating and maintenance	(16,505)
Property insurance	(6,244)
Tenant security deposits	<u>332</u>
	<u>(66,957)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(7,745)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(7,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Excess payments to the Housing Authority of the City of Lexington, Nebraska	(9,682)
Repayment of advances from Housing Authority of the City of Lexington, Nebraska	<u>(14,385)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(24,067)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,749
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>76,623</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 78,372</u>

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - ORGANIZATION

The Project is an 18-unit apartment project for the elderly located in Lexington, Nebraska. Legal title to the Project is held by NAF Senior Housing, Inc., a nonprofit corporation. The Project is operated under the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The Project's major program is its Section 202 Capital Advance.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accounts of the Project are organized and presented in accordance with Statement of Financial Accounting Standards (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Project is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Project is required to present a statement of cash flows.

Basis of Accounting

The accounts of the Project are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions

Contributions received are recorded without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Leases

All leases the Project has are with a term of 12 months or less, a lessee so management has elected to not recognize lease assets and lease liabilities. All leases are for provided rental services and are one year leases.

Income Taxes

Neither the Project nor its nonprofit corporate owner are subject to income taxes.

Distributions

The Project's regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers or directors.

Estimates

The preparation of general-purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Project has no cash equivalents at June 30, 2022.

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Restricted cash and cash equivalents

In accordance with the Regulatory Agreement with HUD, the Project is required to maintain a tenant security deposit trust account. The amount must at all times be equal to or exceed the aggregate of all outstanding obligations to tenants for refundable security deposits. The tenant security deposits fund consists of cash.

The replacement reserve consists of deposits by the Project to offset specific expenses and to replace structural elements and mechanical equipment upon consent of HUD. The Project is required to deposit \$368.14 monthly to the replacement reserve. The replacement reserve fund consists of cash.

The residual receipt reserve represents surplus cash at fiscal years that is required to be deposited in the account. Any use is subject to the approval from HUD. The Project is allowed to accumulate up to \$4,500 in the account. Once above that, at the next PRAC contract renewal, the Project is required to remit the excess funds to HUD.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of June 30, 2022. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

Impairment of Long-Lived Assets

The organization reviews long lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Functional Allocation of Expenses

Expenses incurred in connection with project operations and expenses made for corporate (mortgagor entity) purposes are solely for Program Services.

Depreciation

Property and equipment are depreciated using the straight-line method. The Project generally capitalized assets with a cost of \$1,000 or more and over a one year of life or group purchases of like-kind items over \$5,000. Estimated useful lives are as follows:

Buildings and improvements	15 - 40 years
Equipment	5 – 10 years

Classification of Net Assets

Net assets of the Project are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Project. Certain restrictions may be need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise unless specifically required to be included in donor-restricted net assets by the do not or by applicable state law.

The Project does not interpret the guidance in the standard to include amounts restricted by HUD as donor-restricted. The project believes that these amounts do not meet the spirit of the standard for such a classification or is there any industry standard indicating that others will treat these assets as donor-restricted.

All net assets of the Project at June 30, 2022 were considered to be net assets without donor restriction at June 30, 2022.

Revenue Recognition

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

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

NOTE C – LIQUIDITY

At June 30, 2022, the Project has \$18,604 available to meet needs for general expenditures consisting of cash of \$8,922 and accounts receivables from the Housing Authority of the City of Lexington, Nebraska of \$9,682. These funds are available to meet the cash needs of the project in the next 12 months. In addition, the Project may maintain funds in a reserve for replacement or residual receipts. These funds are used for the benefit of the tenants and/or Project and are required by HUD. The funds may be withdrawn only with the approval of HUD. Such funds are not considered by the Project to have donor-restrictions.

NOTE D – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The Project had unrestricted cash and cash equivalents of \$8,922 at June 30, 2022.

The Project had \$4,424 of cash and cash equivalents restricted for tenant security deposit liabilities.

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE D – CASH, CASH EQUIVALENTS AND RESTRICTED CASH (CONT'D)

The Project had \$4,514 of cash and cash equivalents restricted for residual receipts. Under the regulatory agreement, the Project is required to set aside surplus that may be used for other project expenditures as approved by HUD.

The Project had \$58,052 of cash and cash equivalents restricted for replacement reserves. Under the regulatory agreement, the Project is required to set aside specified amounts for the replacement of property and other project expenditures as approved by HUD.

The Project had \$2,460 of cash and cash equivalents restricted for future insurance premium payments.

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

Cash and cash equivalents	\$	8,922
Restricted cash and cash equivalents		<u>69,450</u>
Total Cash, Cash Equivalents and Restricted Cash	\$	<u><u>78,372</u></u>

NOTE E – ACCOUNTS RECEIVABLE / RELATED PARTY TRANSACTIONS

The Project has historically had significant payables to the Housing Authority of the City of Lexington, Nebraska that date back several years. The Housing Authority provides management services to the Project. In the course of repaying these items during the current year, the Project overpaid in error the Housing Authority of the City of Lexington, Nebraska \$7,946.55. The overpayment will be corrected in the subsequent year.

The Project had additional receivables from the Housing Authority of the City of Lexington, Nebraska of \$1,735.62. The Housing Authority accepts credit card payments online that are paid to a centralized account and then transferred to the applicable projects in the subsequent month and the \$1,735.62 represents those payments that were transferred to the Project after June 30, 2022.

NOTE F - MORTGAGE PAYABLE

The mortgage payable as of June 30, 2022, represents a capital advance provided by HUD for the development of the project. The capital advance shall bear no interest and is not required to be repaid so long as the housing remains available to eligible very low income households for a period of 40 years and in accordance with Section 202. The capital advance is secured by a mortgage on the said property.

NOTE G - NET ASSETS

All net assets were not subject to donor-imposed restrictions. Accordingly, all other net assets are accounted for as net assets without donor restrictions.

NAF SENIOR HOUSING, INC.
 EASTLAWN EAST – HUD PROJECT NO. 103-EE013
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE H – LAND, BUILDING AND EQUIPMENT

A summary of land, building and equipment at June 30, 2022 is as follows:

Assets	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 26,944	\$ -	\$ -	\$ 26,944
Building	894,307	7,745	-	902,052
Building equipment	2,411	-	-	2,411
TOTAL	<u>\$ 923,662</u>	<u>\$ 7,745</u>	<u>\$ -</u>	<u>\$ 931,407</u>
<u>Accumulated depreciation</u>				
Building	418,456	20,209	-	438,665
Building equipment	422	241	-	663
TOTAL	<u>\$ 418,878</u>	<u>\$ 20,450</u>	<u>\$ -</u>	<u>\$ 439,328</u>

NOTE I - RENT INCREASES

Under the regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

NOTE J – MANAGEMENT FEE

The Project pays a management fee of \$34 per occupied unit to the Housing Authority of the City of Lexington, Nebraska.

NOTE K – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Project's sole asset is a 18-unit apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local 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 of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with change.

NOTE L– SUBSEQUENT EVENTS

Management has evaluated that other than described in the paragraph below, no subsequent events that need to be disclosed through December 7, 2022. This was the date the financial statements were available to be issued.

NAF SENIOR HOUSING, INC.
 EASTLAWN EAST – HUD PROJECT NO. 103-EE013
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE M – FUNCTIONAL EXPENSES

The Project provides low-income housing to its tenants. The cost of providing program services and supporting activities has been summarized on a functional basis in the table below. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. There are no functional expenses that require allocation between activities.

	Program Services Rental Operations	Supporting Activities Management and General	Total Expenses
Management fees	\$ -	\$ 5,100	\$ 5,100
Office expense	8,516	-	8,516
Advertising	736	-	736
Legal	361	-	361
Accounting	-	2,227	2,227
Audit	-	3,800	3,800
Bad debt	900	-	900
Utilities	21,418	-	21,418
Maintenance supplies	624	-	624
Maintenance contract costs	13,916	-	13,916
Insurance and taxes	6,537	-	6,537
Depreciation	20,450	-	20,450
Entity expenses	-	-	-
Totals	\$ <u>73,459</u>	\$ <u>11,127</u>	\$ <u>84,586</u>

NOTE N – SPECIAL CLAIMS REVENUE – COVID 19 SUPPLMENTAL PAYMENTS

During the year ended June 30, 2022, the Project received \$4,765 of COVID-19 Supplemental Payments (CSP). Of this, \$2,885 was used for internet infrastructure and \$1,880 was used for cleaning services.

SUPPLEMENTAL INFORMATION

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
SCHEDULE OF BALANCE SHEET DATA
June 30, 2022

Account No.			
	ASSETS		
	CURRENT ASSETS		
1120	Cash - operations	\$	8,922
1140	Accounts and notes receivable - operations		9,682
1200	Prepaid expenses		1,454
1100T		TOTAL CURRENT ASSETS	20,058
1191	TENANT DEPOSITS HELD IN TRUST		4,424
	RESTRICTED DEPOSITS		
1310	Escrow deposits		2,460
1320	Replacement reserve		58,052
1340	Residual receipts		4,514
1300T		TOTAL DEPOSITS	65,026
	PROPERTY AND EQUIPMENT		
1410	Land		26,944
1420	Building		902,052
1440	Building equipment		2,411
1400T		TOTAL FIXED ASSETS	931,407
1495	Accumulated depreciation		439,328
1400N		NET FIXED ASSETS	492,079
1000T		TOTAL ASSETS	581,587
	LIABILITIES AND NET ASSETS (DEFICIT)		
	CURRENT LIABILITIES		
2110	Accounts payable - 30 days		2,396
2190	Miscellaneous current liability		14
2210	Prepaid revenue		1,258
2122T		TOTAL CURRENT LIABILITIES	3,668
2191	TENANT SECURITY DEPOSITS		4,424
2320	MORTGAGE PAYABLE		908,900
2000T		TOTAL LIABILITIES	916,992
	NET ASSETS (DEFICIT)		
3131	Net assets without donor restrictions		(335,405)
3133	Net assets with donor restrictions		-
3130		TOTAL NET ASSETS	(335,405)
2033T		TOTAL LIABILITIES AND NET ASSETS (DEFICIT) \$	581,587

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
SCHEDULE OF PROFIT AND LOSS DATA
Year Ended June 30, 2022

Account No.		
	REVENUES	
5120	Rent revenue - gross potential	\$ 82,657
5121	Tenant assistance payments	34,055
5193	Special claims revenue	4,765
5100T	TOTAL RENT REVENUE	121,477
5220	Vacancies - apartments	34,648
5152N	NET RENTAL REVENUE	86,829
5410	Financial revenue - project operations	1
5440	Revenue from investments - reserve from replacements	12
5400T	TOTAL FINANCIAL REVENUE	13
5910	Laundry and vending revenue	1,060
5920	Tenant charges	870
5900T	TOTAL OTHER REVENUE	1,930
5000T	TOTAL REVENUE	88,772
	EXPENSES	
6210	Advertising	736
6311	Office expense	8,517
6320	Management fee	5,100
6340	Legal	361
6350	Audit expense	3,800
6351	Bookkeeping	2,227
6370	Bad debt	900
6263T	TOTAL ADMINISTRATION EXPENSES	21,641
6450	Electricity	16,398
6451	Water	5,020
6400T	TOTAL UTILITIES EXPENSE	21,418
6515	Supplies	624
6520	Contracts	12,100
6525	Garbage removal	616
6546	Heating/cooling repairs and maintenance	1,199
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	14,539
6720	Property and liability insurance	6,537
6700T	TOTAL TAXES AND INSURANCE	\$ 6,537

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
SCHEDULE OF PROFIT AND LOSS DATA (Continued)
Year Ended June 30, 2022

Account No.		
6820	Interest on mortgage payable	\$ -
6800T	TOTAL FINANCIAL EXPENSES	-
6000T	TOTAL COST OF OPERATIONS BEFORE DEPRECIATION	<u>64,135</u>
5060T	PROFIT (LOSS) BEFORE DEPRECIATION	24,637
6600	Depreciation expense	<u>20,450</u>
5060N	OPERATING PROFIT OR (LOSS)	<u>\$ 4,187</u>
7190	Other expenses	\$ -
7100T	Net Entity Expense	<u>\$ -</u>
	CHANGE IN NET ASSETS FROM OPERATIONS	
3247	Change in net assets without donor restrictions	4,187
3249	Change in net assets with donor restrictions	-
3250	CHANGE IN NET ASSETS FROM OPERATIONS	<u>\$ 4,187</u>
S1000-010	Total mortgage principal payments required during the year.	-
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by regulatory agreement	4,418
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement.	-
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement	-

NAF SENIOR HOUSING, INC.
 EASTLAWN EAST - HUD PROJECT NO. 103-EE013
 SCHEDULE OF EQUITY DATA
 Year Ended June 30, 2022

S1100-060	Previous Year Net Assets Without Donor Restrictions	\$ (339,592)
3247	Changes in Net Assets Without Donor Restrictions	4,187
S1100-065	Other Changes in Net Assets Without Donor Restrictions	-
3131	Net Assets Without Donor Restrictions	<u>\$ (335,405)</u>
S1100-080	Previous Year Net Assets With Donor Restrictions	\$ -
3249	Changes in Net Assets With Donor Restrictions	-
S1100-085	Other Changes in Net Assets With Donor Restrictions	-
3133	Net Assets With Donor Restrictions	<u>\$ -</u>
S1100-050	Previous Year Total Net Assets	\$ (339,592)
3250	Changes in Total Net Assets From Operations	4,187
S1100-055	Other Changes In Total Net Assets	-
3130	Total Net Assets	<u>\$ (335,405)</u>

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
STATEMENT OF CASH FLOWS DATA
Year Ended June 30, 2022

Account No.			
	CASH FLOWS FROM OPERATING ACTIVITIES		
S1200-010	Rental receipts	\$	93,810
S1200-020	Interest receipts		13
S1200-030	Other operating receipts		6,695
S1200-040		TOTAL RECEIPTS	100,518
S1200-050	Administrative		(15,736)
S1200-070	Management fee		(6,596)
S1200-090	Utilities		(22,208)
S1200-110	Operating and maintenance		(16,505)
S1200-140	Property insurance		(6,244)
S1200-230		TOTAL DISBURSEMENTS	(67,289)
		NET CASH PROVIDED BY OPERATING ACTIVITIES	33,229
	CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-245	Net deposits to other reserves		1,252
S1200-250	Net deposits to replacement reserve deposits		1,782
S1200-330	Net purchase of fixed assets		(7,745)
S1200-350		NET CASH USED IN INVESTING ACTIVITIES	(4,711)
	CASH FLOWS FROM FINANCING ACTIVITIES		
S1200-450	Other financing activities		(24,067)
		NET CASH USED IN FINANCING ACTIVITIES	(24,067)
S1200-470		NET DECREASE IN CASH AND CASH EQUIVALENTS	4,451
S1200-480	Cash - beginning of period		4,471
S1200T		CASH - END OF PERIOD \$	8,922

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT NO. 103-EE013
HUD REQUIRED SUPPLEMENTAL DATA
Year Ended June 30, 2022

COMPUTATION OF SURPLUS CASH-ANNUAL

Cash		\$	8,922
Accounts receivable - HUD			-
Cash - tenant security deposits			4,424
	Total Cash		<u>13,346</u>
Current Obligations			
Accounts payable - 30 days			2,396
Accrued expenses			14
Other loans and notes			-
Prepaid revenue			1,258
Tenant security deposits			4,424
	TOTAL CURRENT OBLIGATIONS		<u>8,092</u>
	SURPLUS CASH (DEFICIENCY)	\$	<u><u>5,254</u></u>

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

	<u>Assets</u>	Beginning Balance	Additions	Deductions	Ending Balance
1410	Land	\$ 26,944	\$ -	\$ -	\$ 26,944
1420	Building	894,307	7,745	-	902,052
1440	Building equipment	2,411	-	-	2,411
	TOTAL	<u>\$ 923,662</u>	<u>\$ 7,745</u>	<u>\$ -</u>	<u>\$ 931,407</u>
	<u>Accumulated depreciation</u>				
	Building	418,456	20,209	-	438,665
	Building equipment	422	241	-	663
	TOTAL	<u>\$ 418,878</u>	<u>\$ 20,450</u>	<u>\$ -</u>	<u>\$ 439,328</u>
				Net Book Value	<u>\$ 492,079</u>

SCHEDULE OF RESERVE FOR REPLACEMENTS

Balance at beginning of year		\$	59,834
Total monthly deposits			4,418
Interest			12
HUD approved withdrawals			(6,212)
Balance at end of year		\$	<u>58,052</u>

SCHEDULE OF RESIDUAL RECEIPTS

Balance at beginning of year		\$	4,514
Total deposits			-
Approved withdrawals			-
Interest			-
Balance at end of year		\$	<u>4,514</u>

NAF SENIOR HOUSING, INC.
 EASTLAWN EAST - HUD PROJECT NO. 103-EE013
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2022

Federal Grantor/Program Title	Assistance Listing	Federal Expenditures
U.S. Department of Housing and Urban Development		
Section 202 Capital Advance		
Rental Assistance	14.157	\$ 942,955
COVID-19 Supplemental Payments		4,765
		<u>\$ 947,720</u>

Notes to the Schedule

1. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of NAF Senior Housing, Inc., Eastlawn East - HUD Project No. 103-EE013 and is presented on the 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
2. The outstanding balance of the Section 202 Capital Advance Program mortgage at June 30, 2022 was \$908,900.
3. The entity did not elect to use the 10% de minimus cost rate as covered in § 200.414 Indirect (F&A) costs.

SINGLE AUDIT SECTION

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

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

To the Board of Directors
NAF Senior Housing, Inc.
Lexington, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NAF Senior Housing, Inc., Eastlawn East - HUD Project No. 103-EE013, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control. Accordingly, we do not express an opinion on the effectiveness of the NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013'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*.

NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's response to the finding identified in our audit and described in the accompanying corrective action plan. The NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
December 7, 2022

**Independent Auditor's Report on Compliance For Each Major Federal Program; Report on
Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
NAF Senior Housing, Inc.
Lexington, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's major federal programs for the year ended June 30, 2022. NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Niewedde & Wiens, CPAs

York, Nebraska
December 7, 2022

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

The audit report for the year ended June 30, 2021 contained one finding and no questioned costs. The status of the finding is as follows:

Section II:

Finding 2021-001: Repeated as Finding 2022-001.

Section III:

None

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I - Summary of Auditors Results:

- We issued an unmodified opinion on the financial statements of the NAF Senior Housing, Inc., Eastlawn East – HUD Project No. 103-EE013 for the fiscal year ended June 30, 2022.

Financial Statements:

- The results of our audit procedures disclosed one material weakness and no significant deficiencies in internal control over financial reporting for the fiscal year ended June 30, 2022. The material weakness is reported as Finding 2022-001.
- No instances of noncompliance which are material to the financial statements for the fiscal year ended June 30, 2022 were noted.

Federal Awards:

- We issued an unmodified opinion on compliance for major programs for the fiscal year ended June 30, 2022.
- The results of our audit procedures disclosed no material weaknesses and no significant deficiencies in internal control over major programs for the fiscal year ended June 30, 2022.
- The results of our audit procedures disclosed no audit findings that are required to be reported under code § .516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The programs identified and audited as major are as follows: Section 202 Capital Advance Program.
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended June 30, 2022, the NAF Senior Housing, Inc., Eastlawn East – HUD Project No. 103-EE013 did not qualify as a low-risk auditee.

NAF SENIOR HOUSING, INC.
EASTLAWN EAST – HUD PROJECT NO. 103-EE013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
Year Ended June 30, 2022

Section II - Financial Statement Findings:

**Finding 2022-001: Ineffective Oversight over Account Balances/Application of Generally Accepted Accounting Principles
Material Weakness**

Criteria: The Project should have proper procedures in place to ensure accounting records are reported on the accrual basis of accounting and the fiscal year end and should have procedures to reconcile the reported figures to ensure they are correct.

Condition: The Project is required to report its financial information in accordance with generally accepted accounting principles. We noted the following instances of where those principles were not followed:

- The Project was approved for COVID-19 Supplemental Payments (CSP) of \$4,765 for expenses that occurred during the year ended June 30, 2022, however, the related revenue was incorrectly reported as housing assistance payment revenue.
- The Project has historically had a large payable to the Housing Authority of the City of Lexington, Nebraska for services rendered that covered years of service. The Project has been repaying the Housing Authority back as cash flow allowed but the Project was using an old worksheet to track the payables that did not include several payments so the Project continue to make additional payments even after the full balance was paid which resulted in the Project overpaying and now having a receivable from the Housing Authority of \$7,946.55.

Cause: The Project did not have procedures in place to review its financial records to ensure their completeness and accurateness. Further, the Project was not accurately monitoring balances as reported on the general ledger to ensure only actual payables were reimbursed.

Effect or Potential Effect: Prior to adjustments made during the audit process, the financial records were materially misstated for the purposes of reporting within the Project's financial statements. Further, the Project had over reimbursed the Housing Authority for management services.

Recommendation: When unusual transactions occur such as the CSP funds, the Project needs to communicate with its fee accountant so that the accounting for this activity is correct. This should be reviewed by the Authority to ensure it was accounted for correctly.

For the over reimbursement, the Project should adjust future payments until the funds are recouped or have the Housing Authority reimburse the funds.

View of the Responsible Officials of the Auditee: The auditee's management agrees with the finding but can not reasonably adopt internal control procedures to correct the material weakness.

Section III - Federal Award Findings and Questioned Costs:

None

The Housing Authority of the City of Lexington Nebraska

609 E 3rd Street
Lexington NE 68850
308.324.4633 Phone
308.324.4360 Fax
711 National Relay Number TTY
www.lexhousing.com

Derek Haines Executive Director

November 10, 2022

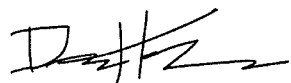
The Housing Authority of the City of Lexington Executive Director Derek Haines agrees with the finding as stated in the NAF Sr. Housing Eastlawn East Year End June 30, 2022 Audit.

Finding 2022-001: Ineffective Oversight over Account Balances/Application of Generally Accepted Accounting Principles.

The project was approved for COVID 19 Supplemental Payments (CSP) of \$4,765 for expenses that occurred during the fiscal year. This revenue was incorrectly reported as housing assistance payment. Upon notification of the finding, the Authority has created a spreadsheet to include any income items that are different from rents and rental supplements. Beginning in October 2022 this information is communicated with the fee accountant monthly and the fee accountant monthly reports are to be reviewed for accuracy.

The project has historically had a large payable to the Housing Authority of the City of Lexington, Nebraska for services rendered that covered years of service. The project has been repaying the Authority back as cash flows allowed. The Authority has used an outdated spreadsheet resulting in an overpayment of \$7,946.55. Upon notification of the finding, the Authority has determined that indeed an overpayment did occur. The Authority has reimbursed the project for the overpayment in the amount of \$7,946.55. The reimbursement for this overpayment was deposited into the project account on October 5, 2022.

Lexington Housing Authority



Derek Haines
Executive Director

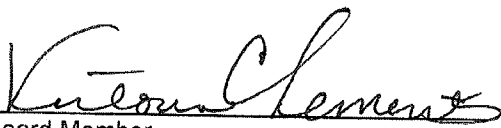


OTHER INFORMATION

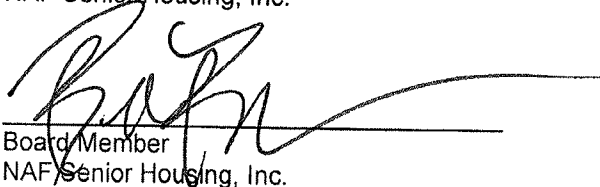
NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT 103-EE013
Year Ended June 30, 2022

CERTIFICATE OF PROJECT OWNER

We hereby certify that we have examined the accompanying Financial Statements and Supplemental Data of NAF Senior Housing, Inc., Eastlawn East, HUD Project No. 103-EE013 and, to the best of our knowledge and belief, the same is complete and accurate.



Board Member
NAF Senior Housing, Inc.



Board Member
NAF Senior Housing, Inc.

11-16-2022


Date

Employer's Identification Number 47-0798800

NAF SENIOR HOUSING, INC.
EASTLAWN EAST - HUD PROJECT 103-EE013
Year Ended June 30, 2022

MANAGEMENT AGENT'S CERTIFICATION

We hereby certify that we have examined the accompanying Financial Statements and Supplemental Data of NAF Senior Housing, Inc., Eastlawn East, HUD Project No. 103-EE013 and, to the best of our knowledge and belief, the same is complete and accurate.


Derek Haines, Project Manager
Housing Authority of the City of Lexington, Nebraska

11-16-2022
Date

Employer's Identification Number 47-0482346

AGREED-UPON PROCEDURE

Randal D. Niewedde, CPA
 Jeffrey J. Wiens, CPA

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
 NAF Senior Housing, Inc.
 Lexington, Nebraska

We have performed the procedure described in the second paragraph of this report on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 is responsible for the accuracy and completeness of the electronic submission.

NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Additionally, the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown the chart below.

UFRS Rule Information	Hard Copy Documents	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Financial Data Templates (i.e., Supplemental Schedules)	Agrees
Surplus Cash (S1300 series of accounts) Note: Cooperatives are exempt	Financial Data Templates (i.e., Computation of Surplus Cash, Distributions and Residual Receipts (Annual))	Agrees
Footnotes (S3100 series of accounts)	Footnotes to Audited Basic Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements, Compliance, and Internal Control	Agrees
Type of Opinion on Financial Data Templates (i.e., Supplemental Data) (account S3400-100)	Auditor's Supplemental Report on Financial Data Templates	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	Agrees

We were engaged by NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards

established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 as of and for the year ended June 30, 2022, and have issued our reports thereon dated December 7, 2022. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated December 7, 2022, was expressed in relation to the basic financial statements of NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013 taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from NAF Senior Housing, Inc., Eastlawn East -HUD Project No. 103-EE013. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
December 7, 2022