
**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

dba ROANOKE COMMONS AND CLUB PLAZA APARTMENTS

HUD PROJECT NO. 053-11193

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2023 AND 2022

The following draft has been provided to management to assist in its review and is intended to be used for discussion purposes only. Please contact your Dauby O'Connor & Zaleski, LLC representative to discuss any questions or comments on this draft. Upon receipt of the final report, please destroy all copies of this draft.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Roanoke Housing Development Corporation
(A North Carolina Not-For-Profit Corporation)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Roanoke Housing Development Corporation, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of profit and (loss) - changes in net assets, changes in net assets, and cash flows for the years 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 Roanoke Housing Development Corporation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Roanoke Housing Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Roanoke Housing Development Corporation adopted the Leases topic of the FASB ASC 842 during the year ended June 30, 2023. Our opinion is not modified with respect to that matter.

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 Roanoke Housing Development Corporation'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 Roanoke Housing Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roanoke Housing Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis as required by the *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* ("CFR") 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 August 4, 2023, on our consideration of Roanoke Housing Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roanoke Housing Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Housing Development Corporation's internal control over financial reporting and compliance.

August 4, 2023
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents		
Cash - operations	\$ 28,419	\$ 20,548
Resident security deposits	22,539	20,202
Escrow deposits	13,429	14,585
Reserve for replacements	622,769	596,535
Debt service escrow	61,771	56,102
Residual receipts reserve	16,340	16,332
	<u>765,267</u>	<u>724,304</u>
Total cash and cash equivalents	765,267	724,304
Accounts receivable, residents	309	-
Accounts receivable - HUD	-	1,061
Accounts receivable - other	2,795	1,686
Prepaid expenses	19,415	13,462
	<u>787,786</u>	<u>740,513</u>
Total current assets	787,786	740,513
Property and equipment		
Land and land improvements	285,665	285,665
Buildings and improvements	1,971,043	1,961,279
Building equipment	2,414	2,414
Furniture for community/resident use	34,810	34,810
Office furniture and equipment	8,984	8,984
Maintenance equipment	2,304	2,304
	<u>2,305,220</u>	<u>2,295,456</u>
Less: Accumulated depreciation	<u>(1,563,128)</u>	<u>(1,520,831)</u>
	<u>742,092</u>	<u>774,625</u>
Total property and equipment	742,092	774,625
Total assets	<u>\$ 1,529,878</u>	<u>\$ 1,515,138</u>

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable - operations	\$ 17,453	\$ 5,610
Accounts payable - HUD	621	-
Accrued wages payable	1,525	3,427
Accrued payroll taxes payable	191	330
Accrued management fee payable	3,209	3,171
Accrued interest on mortgage note payable	9,651	9,940
Current maturities of mortgage note payable	62,204	58,659
Residual receipts available for recapture	18	18
Prepaid revenue	11	1,058
	<u>94,883</u>	<u>82,213</u>
Deposits liabilities		
Resident security deposits	<u>22,016</u>	<u>20,202</u>
Long term liabilities		
Mortgage note payable, net of current maturities	1,900,793	1,962,987
Less: unamortized debt issuance costs	<u>(53,967)</u>	<u>(58,116)</u>
	<u>1,846,826</u>	<u>1,904,871</u>
Total liabilities	1,963,725	2,007,286
Net assets without donor restrictions	<u>(433,847)</u>	<u>(492,148)</u>
Total liabilities and net assets	<u>\$ 1,529,878</u>	<u>\$ 1,515,138</u>

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF PROFIT AND (LOSS) - CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

		2023	2022
Rental revenue	Rent revenue - gross potential	\$ 209,923	\$ 190,950
	Tenant assistance payments	393,032	400,078
	Rent revenue - stores and commercial		
	Garage and parking spaces		
	Flexible subsidy revenue		
	Miscellaneous rent revenue		
	Excess rent		
	Rent revenue/insurance		
	Special claims revenue	1,670	1,853
	Retained excess income		
	Lease revenue (nursing home or section 232-B&C or AL)		
	Total rent revenue potential at 100% occupancy	\$ 604,625	\$ 592,881
Vacancies	Apartments	(4,665)	(3,757)
	Stores and commercial	()	()
	Rental concessions	()	()
	Garage and parking spaces	()	()
	Miscellaneous	()	()
	Total vacancies	(4,665)	(3,757)
	Net rental revenue rent revenue less vacancies	\$ 599,960	\$ 589,124
	Nursing homes and other elderly care revenues	\$ -	\$ -
Financial revenue	Financial revenue - project operations	\$	\$
	Revenue from investments - residual receipts	8	5
	Revenue from investments - reserve for replacements	287	175
	Revenue from investments - miscellaneous	1,442	8
	Total financial revenue	\$ 1,737	\$ 188
Other revenue	Laundry and vending revenue	\$ 2,031	\$ 1,788
	Tenant charges	937	4,572
	Interest reduction payments revenue		
	Expiration of gift donor restrictions		
	Gifts		
	Miscellaneous revenue	37	30
	Total other revenue	\$ 3,005	\$ 6,390
	Total revenue	\$ 604,702	\$ 595,702
Admin. expenses	Conventions and meetings	\$ 1,185	\$ 1,280
	Management consultants	1,625	
	Advertising and marketing	199	884
	Other renting expenses	212	400
	Office salaries	8,752	7,947
	Office expenses	18,834	16,186
	Office or model apartment rent		
	Management fee	37,637	37,053
	Manager or superintendent salaries	37,148	42,940
	Administrative rent free unit		
	Legal expenses (project)		
	Audit expenses	5,750	5,260
	Bookkeeping fees/accounting services	273	246
	Bad debts		1,825
	Miscellaneous administrative expenses	3,809	3,211
	Total administrative expenses	\$ 115,424	\$ 117,232
Utilities expenses	Fuel oil/coal	\$	\$
	Electricity	8,036	7,518
	Water	3,987	3,287
	Gas	837	821
	Sewer	5,892	5,113
	Total utilities expense	\$ 18,752	\$ 16,739

See notes to financial statements

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF PROFIT AND (LOSS) - CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022**

		2023	2022
Operating and maint. expenses	Payroll	\$ 12,886	\$ 26,629
	Supplies	33,097	25,546
	Contracts	75,048	70,075
	Operating and maintenance rent free unit		
	Garbage and trash removal	15,111	14,589
	Security payroll/contract		330
	Security rent free unit		
	Heating/cooling repairs and maintenance	15,884	8,904
	Snow removal		
	Vehicle and maint. equipment operation and repairs	17	49
	Lease expense		
	Miscellaneous operating and maintenance expenses	3,701	8,790
	Total operating and maintenance expenses	\$ 155,744	\$ 154,912
Taxes and insurance	Real estate taxes	\$	\$
	Payroll taxes (project's share)	3,967	5,364
	Property and liability insurance (hazard)	17,910	14,747
	Fidelity bond insurance	209	99
	Workmen's compensation	887	1,154
	Health insurance and other employee benefits	5,736	6,082
	Miscellaneous taxes, licenses, permits and insurance		
Total taxes and insurance	\$ 28,709	\$ 27,446	
Financial expenses	Interest on first mortgage (or bonds) payable	\$ 121,569	\$ 124,937
	Interest on other mortgages		
	Interest on notes payable (long-term)		
	Interest on notes payable (short-term)		
	Interest on capital recovery payment (M2M)		
	Mortgage insurance premium/service charge	8,955	9,212
	Miscellaneous financial expenses		
Total financial expenses	\$ 130,524	\$ 134,149	
	Nursing homes and other elderly care expenses	\$ 48,750	\$ 44,926
	Total cost of operations before depreciation	\$ 497,903	\$ 495,404
	Profit (loss) before depreciation	\$ 106,799	\$ 100,298
	Depreciation	\$ 48,498	\$ 58,911
	Amortization	\$	\$
	Operating profit or (loss)	\$ 58,301	\$ 41,387
Entity income and expenses	Entity revenue	\$	\$
	Officer's salaries		
	Incentive performance fee (M2M)		
	Legal expenses		
	Federal, state, and other income taxes		
	Interest on notes payable		
	Interest on mortgage payable		
	Other expenses		
	Total net entity (income) expense	\$ -	\$ -
Change in net assets from operations	Total change in net assets from operations	\$ 58,301	\$ 41,387
	Change in net assets without donor restrictions	\$ 58,301	\$ 41,387
	Change in net assets with donor restrictions	\$ -	\$ -
	Change in total net assets from operations	\$ 58,301	\$ 41,387

See notes to financial statements

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)****STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022**

Balance, July 1, 2021	\$ (533,535)
Change in net assets - without donor restrictions	<u>41,387</u>
Balance, June 30, 2022	(492,148)
Change in net assets - without donor restrictions	<u>58,301</u>
Balance, June 30, 2023	<u>\$ (433,847)</u>

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities		
Revenue:		
Rental income	\$ 600,286	\$ 587,036
Financial	1,737	188
Other income	3,005	6,390
	<u>605,028</u>	<u>593,614</u>
Total revenue	605,028	593,614
Expenditures:		
Administrative	(75,764)	(74,311)
Management fee	(37,599)	(36,938)
Utilities	(18,004)	(16,739)
Salaries and wages	(60,688)	(76,065)
Operating and maintenance	(136,669)	(124,222)
Property insurance	(23,907)	(25,192)
Miscellaneous taxes and insurance	(10,938)	(12,593)
Resident security deposits	1,814	801
Interest on mortgage note payable	(117,709)	(121,060)
Mortgage insurance premium	(8,911)	(9,172)
	<u>(488,375)</u>	<u>(495,491)</u>
Total expenditures	(488,375)	(495,491)
Net cash provided by (used in) operating activities	116,653	98,123
Cash flow from investing activities		
Purchase of property and equipment	(17,041)	(11,535)
Net cash provided by (used in) investing activities	(17,041)	(11,535)
Cash flow from financing activities		
Principal payments on mortgage note payable	(58,649)	(55,296)
Net cash provided by (used in) financing activities	(58,649)	(55,296)
Net change in cash and cash equivalents	40,963	31,292
Cash and cash equivalents at beginning of period	724,304	693,012
Cash and cash equivalents at end of period	\$ 765,267	\$ 724,304

See notes to financial statements

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)****NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022****NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****ORGANIZATION**

Roanoke Housing Development Corporation (a North Carolina Not-For-Profit Corporation) (the "Corporation") was organized to construct, own and operate a 33-unit apartment community in Raleigh, North Carolina, known as Roanoke Commons (the "Community"), pursuant to Section 202 of the Housing Act of 1959, as amended. Effective July 18, 2006, the original mortgage was refinanced under Section 207, pursuant to Section 223(f) of the National Housing Act, as amended. The Community consists of 32 units under the housing assistance payments contract ("HAP Contract") and one non-revenue producing unit. The Corporation has entered into the standard Federal Housing Administration ("FHA") regulatory agreement (the "Regulatory Agreement") governing the operation of the Community with the FHA section of the Department of Housing and Urban Development ("HUD"). The Corporation leases apartment units to low income families (or persons) in the normal course of business. The terms of the leases are generally one year.

Effective July 18, 2006, the Corporation combined with Club Plaza Apartments, an affiliated not-for-profit Corporation. Club Plaza Apartments owned and operated a 32 unit apartment community. Club Plaza Apartments entered into a regulatory and loan agreement in accordance with Section 202 of the National Housing Act. All assets, liabilities and net assets were contributed at the book value which approximated fair value.

The Corporation has entered into a HAP Contract with HUD. The current HAP Contract expires on January 10, 2035. The HAP Contract is a rent assistance program for low-income families (or persons) as provided by the Section 8 Program of the United States Housing Act of 1937, as amended. Eligible low-income residents pay 30% of their income as rent, while HUD pays the difference between this rental amount and "contract rent" (as defined). The Corporation can request from HUD an amount equal to 80% of contract rent during periods that the unit is vacant if certain conditions are met, but not to exceed 60 days. Claims must be submitted within 180 days of the date the unit was available for occupancy, and should be submitted only after the claim period has ended.

The HAP Contract, among other items, prohibits the sale, assignment, conveyance or transfer of the HAP Contract on all or any part of the Community without the prior consent of HUD.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation of the financial statements**

The primary intent of the financial statements is for the U.S. Office of Management and Budget. The financial statements will also be used by HUD; therefore, the presentation and account descriptions have been established to conform to their reporting guidelines. In addition, the financial statements are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 958-205. This statement established standards for external financial reporting for Not-for-Profit Organizations.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)****NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022****Basis of preparation of the financial statements**

The Not-for-Profit Entities Presentation of Financial Statements topic of the FASB ASC primarily affects the display of the financial statements and requires that the amounts for each of two classes of net assets - with or without donor restrictions - be displayed in an aggregate statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of changes in net assets. All assets held by the Corporation at June 30, 2023 and 2022 are classified as without donor restrictions.

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Corporation. All revenue and expenses relates to the operating costs of the multi-family Communities except for Administrative Expenses in the Statements of Profit and (Loss) - Changes in Net Assets are deemed program expenses. All administrative expenses represent supporting services.

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

New accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, which requires the lessee to recognize assets and corresponding lease liabilities on the Statements of Financial Position. The standard was effective for year-ends beginning for the Corporation on July 1, 2022. The adoption of the lease standard did not have a material impact on the financial statements.

Cash

For the Statements of Cash Flows, all unrestricted investments with original maturities of three months or less are cash. As of June 30, 2023 and 2022, cash consists of unrestricted checking and savings accounts and a petty cash account.

Resident receivable and bad debt policy

Resident rent charges for the current month are due on the first of the month. Residents who are evicted or move-out are charged with damages or cleaning fees, if applicable. Resident receivables consist of amounts due for rental income or the charges for damages and cleaning fees. The Corporation does not accrue interest on the resident receivable balances.

Resident receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the financial statements for the years ended June 30, 2023 and 2022. Bad debts expensed for the years ended June 30, 2023 and 2022 totaled \$0 and \$1,825, respectively.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022****Property and equipment**

Depreciation of property and equipment, stated at cost, is computed primarily using the straight-line method over the estimated useful lives of the assets ranging from 3 - 50 years. Costs that are deemed to increase the useful life of the property or equipment are capitalized. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts, and any resulting gain or loss is included in operations.

The Corporation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the years ended June 30, 2023 and 2022.

Debt issuance costs

The Corporation is subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended June 30, 2023 and 2022.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the residents of the Community are operating leases under FASB ASC 842 and are not within the scope of FASB ASU 2014-09.

Advertising costs

Advertising costs are expensed as incurred and are included in Advertising and Marketing in the Statements of Profit and (Loss) - Changes in Net Assets.

Property taxes

The Corporation has received an exemption from real and personal property taxes.

Concentration of credit risk

The Corporation deposits its cash in financial institutions. At times, deposits may exceed federally insured limits. The Corporation has not experienced any losses in such accounts.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)****NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

The rental income from the HAP Contract totaled \$394,702 and \$401,931 or 66% and 68% of the net rental income for the years ended June 30, 2023 and 2022, respectively. The HAP Contract is subject to annual appropriations to HUD from Congress.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related cost, including the additional administrative burden, if any, to comply with a change.

Use of estimates in the preparation of financial statements

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

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10, which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The Fair Value Measurement did not have a material impact on the Corporation's financial statements for the years ended June 30, 2023 and 2022.

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as an other than private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. Generally, the Federal and State tax returns were subject to examinations from the three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Subsequent events

Management performed an evaluation of the Corporation's activity through August 4, 2023, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2-MORTGAGE NOTE

On July 13, 2006, the Corporation entered into a mortgage note provided by Walker & Dunlop, Inc. pursuant to the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act, as amended. The original amount of the note was \$2,608,100. The note provides, among other things, for:

- a. a term of 34 years and 11 months ending August 1, 2041;
- b. an interest rate of 5.9%;
- c. monthly principal and interest payments of \$14,696.38;
- d. monthly deposits to a reserve fund for replacing assets of the Community;
- e. monthly deposits to a debt reserve savings escrow; and
- f. an initial deposit of \$619,405 to a repair escrow.

During the years ended June 30, 2023 and 2022, interest expensed was \$117,420 and \$120,788, respectively. At June 30, 2023 and 2022, accrued interest was \$9,651 and \$9,940, respectively.

Annual principal payments for each of the next five years and thereafter are approximately as follows:

2024	\$	62,204
2025		65,975
2026		69,974
2027		74,216
2028		78,715
Thereafter		<u>1,611,913</u>
		1,962,997
Unamortized debt issuance costs		<u>(53,967)</u>
		<u>\$ 1,909,030</u>

Financing costs of \$124,464 are being amortized over a period of 30 years using the straight-line method. Amortization expense for the years ended June 30, 2023 and 2022 totaled \$4,149 and \$4,149, respectively. At June 30, 2023 and 2022, accumulated amortization was \$70,497 and \$66,348, respectively.

Pursuant to the terms of the Regulatory Agreement, the Corporation is required to make monthly deposits to a debt service escrow in the amount of \$352.26. This fund is under the control of HUD and held by the Mortgagor separate from other HUD required reserves. Disbursements from such fund may only be made after receiving the written consent of the Secretary of HUD.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Balance, beginning	\$ 56,102	\$ 51,867
Deposits	4,227	4,227
Interest income	<u>1,442</u>	<u>8</u>
Balance, ending	<u>\$ 61,771</u>	<u>\$ 56,102</u>

The liability of the Corporation under the mortgage note is limited to the underlying value of the property and equipment collateral in addition to other amounts on deposit.

NOTE 3-CASH DISTRIBUTIONS, RESIDUAL RECEIPTS, RESERVE FOR REPLACEMENTS FUND AND LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Pursuant to the terms of the Regulatory Agreement, no cash distributions may be made to non-profit owners, nor can they incur obligations on behalf of the Community, to themselves or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or any of their nominees without prior written approval of HUD. Residual receipts ("Surplus Cash") as defined by HUD, existing at the end of the fiscal year must be deposited in a residual receipts fund in the name of the Corporation. The residual receipts fund is an asset of the Corporation held under HUD control. Withdrawals from the residual receipts fund may only be made with the approval of HUD for Community purposes, including reduction of housing assistance payments. Upon termination of the Regulatory Agreement, any excess funds in residual receipts must be remitted to HUD.

During the years ended June 30, 2023 and 2022, no amount was required to be deposited, and no amount was withdrawn from the residual receipts fund. At June 30, 2023 and 2022, there was a balance of \$16,340 and \$16,332 in the residual receipts fund, respectively.

In accordance with the HAP Contract, if HUD determines at any time that property funds are more than the amount needed for property operations, reserve requirements and permitted distributions, HUD may require excess to be placed in an account to be used to reduce HAP payments or for other property purposes. Upon termination of the Contract, any excess funds must be remitted to HUD.

Pursuant to the terms of the Regulatory Agreement, the Corporation is required to make monthly deposits to the reserve for replacements fund. This fund is under the control of HUD. Disbursements from such fund may only be made for the purpose of effecting replacement of structural elements and mechanical equipment of the Community and after receiving the written consent of the Secretary of HUD. At June 30, 2023 and 2022, the balance in the reserve for replacements account was \$622,769 and \$596,535, respectively.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)****NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022****Liquidity and availability of financial assets**

The Corporation's liquidity and availability of cash flow is limited to surplus cash as defined by HUD. The Corporation manages its liquidity by completing annual operating budgets that provide sufficient funds for general expenditures in meeting liabilities and other obligations as they become due and maintains a reserve for replacements, residual receipts and debt service escrow that may be drawn upon as needed during the year to manage cash flow and make necessary repairs to the Community with approval from HUD. The Corporation's cash and cash equivalents is available within one year of the statement of financial position date to meet cash needs for general expenditures.

NOTE 4-MANAGEMENT AGREEMENT

The Community is managed by Community Management Corporation (the "Agent"). In accordance with the HUD-approved management agent certification, the Corporation pays an annual management fee of 6.27% of residential and miscellaneous income collected. During the years ended June 30, 2023 and 2022, the total management fees earned were \$37,637 and \$37,053, respectively. At June 30, 2023 and 2022, \$3,209 and \$3,171 remained payable, respectively.

In accordance with HUD regulations, the Agent is also entitled to be reimbursed for actual costs incurred for front-line management activities performed at the central office (as these activities are defined by HUD). The Agent has determined that the costs for these services are at or below the market for comparable services, and that the costs on a centralized basis paid are at or below the cost to provide comparable services on-site.

NOTE 5-COMMITMENTS AND CONTINGENCIES**Residual receipts fund**

In accordance with the Regulatory Agreement, if HUD determines at any time that Community funds are more than the amount needed for Community operations, reserve requirements and permitted distributions, HUD may require excess to be placed in an account to be used to reduce HAP payments or for other Community purposes. Upon termination of the HAP Contract, any excess funds must be remitted to HUD. Residual receipt fund balances in excess of \$250 per unit must be applied on a monthly basis to reduce the monthly housing assistance payments, and continue until the residual receipts fund reaches the retained balance of \$250 per unit. The excess of \$250 per unit is reflected in residual receipts available for recapture on the Statements of Financial Position. During the years ended June 30, 2023 and 2022, there was no loss due to recapture of residual receipts. At June 30, 2023 and 2022, \$18 and \$18 remain available for recapture, respectively.

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTARY INFORMATION
ACCOMPANYING INFORMATION REQUIRED BY HUD
YEAR ENDED JUNE 30, 2023

Reserve for replacements

In accordance with provisions of the Regulatory Agreement, cash is held to be used for replacing assets with the approval of HUD.

Balance, July 1, 2022	\$	596,535
Monthly deposits		25,947
Interest		287
Approved withdrawals		-
		<hr/>
Balance, June 30, 2023	\$	622,769
		<hr/> <hr/>

Residual receipts

In accordance with provisions of the Regulatory Agreement, cash and investments are held to be used as allowed by HUD.

Balance, July 1, 2022	\$	16,332
Required deposit		-
Interest		8
Approved withdrawals		-
		<hr/>
Balance, June 30, 2023	\$	16,340
		<hr/> <hr/>

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**SUPPLEMENTARY INFORMATION
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS
JUNE 30, 2023**

Part A - Compute Surplus Cash		
1. Cash	\$ 50,958	
2. Accounts Receivable - HUD	\$	
3. Other	\$	
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 50,958
Current Obligations		
4. Accrued Mortgage (or Bond) Interest Payable	\$ 9,651	
5. Delinquent Mortgage (or Bond) Principal Payments	\$	
6. Delinquent Deposits to Reserve for Replacements	\$	
7. Accounts Payable (due Within 30 days)	\$ 18,074	
8. Loans and Notes Payable (due Within 30 days)	\$	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$	
10. Accrued Expenses (not Escrowed)	\$ 4,925	
11. Prepaid Revenue	\$ 11	
12. Resident/Patient Deposits Held in Trust	\$ 22,016	
13. Other Current Obligations	\$	
(b) Less Total Current Obligations (Add Lines 4 Through 13)		\$ 54,677
(c) Surplus Cash (Deficiency) (Line (a) Minus Line (b))		\$ (3,719)
PART B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
1. Surplus Cash		\$ -
Limited Dividend Projects		
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	
2c. Distributions and Entity Expenses Paid During Fiscal Period Covered	\$	
3. Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$ -	
4. Amount Available for Distribution During Next Fiscal Period		\$ -
Mark to Market Projects		
5. Incentive Performance Fee Payable	\$	
6. Percentage Surplus Cash Split		
7. Surplus Cash Available for Second Mortgage Payments	\$	
8. Surplus Cash Available for Distribution		\$ -
9. Deposit Due Residual Receipts		\$ -

BALANCE SHEET DATA				
SUPPLEMENTARY INFORMATION				
Organization Name Roanoke Housing Development Corporation			FHA/Contract Number See cover page	
Reporting from: July 1, 2022				
Reporting to: June 30, 2023				
ASSETS				
Acct No.	Description of Account			
1120	Cash - Operations		28,419	
1121	Construction Cash Account		-	
1125	Cash - Entity		-	
1130	Tenant/Member Accounts Receivable (Coops)	309		
1131	Allowance for Doubtful Accounts	-		
1130N	Net Tenant Accounts Receivable		309	
1135	Accounts Receivable - HUD		-	
1137	Medicare/Medicaid/Other Insurance Receivable		-	
1138	Allowance for Doubtful Accounts (Medicare/Medicaid/Other Insurance Receivable)	-		
1137N	Net Medicare/Medicaid/Other Insurance Receivable		-	
1140	Accounts and Notes Receivable - Operations		2,795	
1145	Accounts and Notes Receivable - Entity		-	
1160	Accounts Receivable - Interest		-	
1165	Interest Reduction Payment Receivable		-	
1170	Short Term Investments - Operations		-	
1175	Short Term Investments - Entity		-	
1180	Inventory		-	
1190	Miscellaneous Current Assets		-	
1200	Prepaid Expenses		19,415	
1100T	Total Current Assets			50,938
1191	Tenant/Patient Deposits Held in Trust			22,539
1310	Escrow Deposits		13,429	
1320	Replacement Reserve		622,769	
1330	Other Reserves		61,771	
1340	Residual Receipts Reserve		16,340	
1355	Bond Reserves		-	
1367	Sinking Fund		-	
1381	Management Improvement and Operating Plan		-	
1300T	Total Deposits			714,309
1410	Land		285,665	
1420	Buildings		1,971,043	
1440	Building Equipment (Portable)		2,414	
1450	Furniture for Project/Tenant Use		34,810	
1460	Furnishings		-	
1465	Office Furniture and Equipment		8,984	
1470	Maintenance Equipment		2,304	
1480	Motor Vehicles		-	
1490	Miscellaneous Fixed Assets		-	
1400T	Total Fixed Assets			2,305,220
1495	Accumulated Depreciation		1,563,128	
1400N	Net Fixed Assets			742,092
1510	Investments - Operations		-	
1515	Investments - Entity		-	
1525	Cash Restricted for Long-term Investment		-	
1590	Miscellaneous Other Assets		-	
1500T	Total Other Assets			-
1000T	Total Assets			\$ 1,529,878

LIABILITIES			
2105	Bank Overdraft - Operations		-
2110	Accounts Payable - Operations		17,453
2111	Accounts Payable - Construction/Development		-
2112	Accounts Payable - Project Improvement Items		-
2113	Accounts Payable - Entity		-
2114	Incentive Performance Fee Payable		-
2115	Accounts Payable - 236 Excess Income due HUD		-
2116	Accounts Payable - Section 8 & Other		621
2120	Accrued Wages Payable		1,525
2121	Accrued Payroll Taxes Payable		191
2123	Accrued Management Fee Payable		3,209
2125	Accrued Lease Payments Payable		-
2130	Accrued Interest Payable - Section 236		-
2131	Accrued Interest Payable - First Mortgage (or Bonds)		9,651
2132	Accrued Interest Payable - Other Mortgages		-
2133	Accrued Interest Payable - Other Loans and Notes (Surplus Cash)		-
2134	Accrued Interest Payable - Other Loans and Notes		-
2135	Accrued Interest Payable - Flexible Subsidy Loan		-
2136	Accrued Interest Payable - Capital Improvements Loan		-
2137	Accrued Interest Payable - Operating Loss Loan		-
2139	Accrued Interest Payable - Capital Recovery Payment (M2M)		-
2150	Accrued Property Taxes		-
2160	Notes Payable (Short-term)		-
2170	Mortgage(or Bonds) Payable - First Mortgage(Bonds) (Short Term)		62,204
2172	Other Mortgages Payable (Short Term)		-
2173	Other Loans and Notes Payable - Surplus Cash (Short Term)		-
2174	Other Loans and Notes (Short Term)		-
2175	Flexible Subsidy Loan Payable (Short Term)		-
2176	Capital Improvement Loan Payable (Short Term)		-
2177	Operating Loss Loan Payable (Short Term)		-
2179	Capital Recovery Payment Payable (Short Term - M2M)		-
2180	Utility Allowances		-
2190	Miscellaneous Current Liabilities		18
2210	Prepaid Revenue		11
2122T	Total Current Liabilities		94,883
2191	Tenant/Patient Deposits Held In Trust (Contra)		22,016
2305	Accounts Payable - Entity (Long Term)		-
2306	Accrued Lease Payments Payable - Long Term		-
2310	Notes Payable (Long-Term)		-
2311	Notes Payable - Surplus Cash		-
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)		1,900,793
2322	Other Mortgages Payable (Long Term)		-
2323	Other Loans and Notes Payable - Surplus Cash		-
2324	Other Loans and Notes Payable		-
2325	Flexible Subsidy Loan Payable		-
2326	Capital Improvement Loan Payable		-
2327	Operating Loss Loan Payable		-
2329	Capital Recovery Payment (M2M)		-
2330	Interest on Loans or Notes Payable (Long Term)		-
2331	Accrued Interest Other Mortgages Payable (Long Term)		-
2332	Accrued Interest Notes Payable (Surplus Cash) (Long Term)		-
2340	Debt Issuance Costs		53,967
2390	Miscellaneous Long Term Liabilities		-
2300T	Total Long Term Liabilities		1,846,826
2000T	Total Liabilities		\$ 1,963,725
NET ASSETS			
3131	Net Assets Without Donor Restrictions		(433,847)
3133	Net Assets With Donor Restrictions		-
3130	Total Net Assets		(433,847)
2033T	Total Liabilities and Equity/Net Assets		\$ 1,529,878

PROFIT AND LOSS DATA			
SUPPLEMENTARY INFORMATION			
Organization Name		FHA/Contract Number	
Roanoke Housing Development Corporation		See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
Acct No.	Description of Account		
Rent Revenue			
5120	Rent Revenue - Gross Potential	209,923	
5121	Tenant Assistance Payments	393,032	
5140	Rent Revenue - Stores and Commercial	-	
5170	Garage and Parking Spaces	-	
5180	Flexible Subsidy Revenue	-	
5190	Miscellaneous Rent Revenue	-	
5191	Excess Rent	-	
5192	Rent Revenue/Insurance	-	
5193	Special Claims Revenue	1,670	
5194	Retained Excess Income	-	
5195	Lease Revenue (Nursing Home or Section 232 - B&C or AL)	-	
5100T	Total Rent Revenue		604,625
Vacancies			
5220	Apartments	4,665	
5240	Stores and Commercial	-	
5250	Rental Concessions	-	
5270	Garage and Parking Space	-	
5290	Miscellaneous	-	
5200T	Total Vacancies		4,665
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)		599,960
5300 Revenue			
5300	Nursing Homes/ Assisted Living/Board & Care/Other Elderly Care/Coop/ and Other Revenues		-
Financial Revenue			
5410	Financial Revenue - Project Operation	-	
5430	Revenue from Investments - Residual Receipts	8	
5440	Revenue from Investments - Replacement Reserve	287	
5490	Revenue from Investments - Miscellaneous	1,442	
5400T	Total Financial Revenue		1,737
Other Revenue			
5910	Laundry and Vending Revenue	2,031	
5920	Tenant Charges	937	
5945	Interest Reduction Payments Revenue	-	
5560	Expiration of Gift Donor Restrictions	-	
5970	Gifts	-	
5990	Miscellaneous Revenue	37	
5900T	Total Other Revenue		3,005
5000T	Total Revenue		604,702
Administrative Expenses			
6203	Conventions and Meetings	1,185	
6204	Management Consultants	1,625	
6210	Advertising and Marketing	199	
6250	Other Renting Expenses	212	
6310	Office Salaries	8,752	
6311	Office Expenses	18,834	
6312	Office or Model Apartment Rent	-	
6320	Management Fee	37,637	
6330	Manager or Superintendent Salaries	37,148	
6331	Administrative Rent Free Unit	-	
6340	Legal Expense - Project	-	
6350	Audit Expense	5,750	
6351	Bookkeeping Fees/Accounting Services	273	
6370	Bad Debts	-	
6390	Miscellaneous Administrative Expenses	3,809	
6263T	Total Administrative Expenses		115,424
Utilities Expenses			
6420	Fuel Oil/Coal	-	
6450	Electricity	8,036	
6451	Water	3,987	
6452	Gas	837	
6453	Sewer	5,892	
6400T	Total Utilities Expense		18,752

Operating & Maintenance Expenses		
6510	Payroll	12,886
6515	Supplies	33,097
6520	Contracts	75,048
6521	Operating and Maintenance Rent Free Unit	-
6525	Garbage and Trash Removal	15,111
6530	Security Payroll/Contract	-
6531	Security Rent Free Unit	-
6546	Heating/Cooling Repairs and Maintenance	15,884
6548	Snow Removal	-
6570	Vehicle and Maintenance Equipment Operation and Repairs	17
6580	Lease Expense	-
6590	Miscellaneous Operating and Maintenance Expenses	3,701
6500T	Total Operating and Maintenance Expense	155,744
Taxes & Insurance		
6710	Real Estate Taxes	-
6711	Payroll Taxes (Project's Share)	3,967
6720	Property & Liability Insurance (Hazard)	17,910
6721	Fidelity Bond Insurance	209
6722	Workmen's Compensation	887
6723	Health Insurance and Other Employee Benefits	5,736
6790	Miscellaneous Taxes, Licenses, Permits and Insurance	-
6700T	Total Taxes and Insurance	28,709
Financial Expenses		
6820	Interest on First Mortgage (or Bonds) Payable	121,569
6825	Interest on Other Mortgages	-
6830	Interest on Notes Payable (Long Term)	-
6840	Interest on Notes Payable (Short Term)	-
6845	Interest on Capital Recovery Payment (M2M)	-
6850	Mortgage Insurance Premium/ Service Charge	8,955
6890	Miscellaneous Financial Expenses	-
6800T	Total Financial Expenses	130,524
6900 Expenses		
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	48,750
Operating Results		
6000T	Total Cost of Operations before Depreciation	497,903
5060T	Profit (Loss) before Depreciation	106,799
6600	Depreciation Expenses	48,498
6610	Amortization Expense	-
5060N	Operating Profit or (Loss)	58,301
Corporate or Mortgagor Revenue/Expenses		
7105	Entity Revenue	-
7110	Officer's Salaries	-
7115	Incentive Performance Fee	-
7120	Legal Expenses	-
7130	Federal, State, and Other Income Taxes	-
7141	Interest on Notes Payable	-
7142	Interest on Mortgage Payable	-
7190	Other Expenses	-
7100T	Net Entity Expenses	-
Change in Net Assets from Operations		
3247	Change in Net Assets Without Donor Restrictions	58,301
3249	Change in Net Assets With Donor Restrictions	-
3250	Change in Total Net Assets from Operations	58,301
Part II		
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	\$ 58,649
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	\$ 25,947
S1000-030	Replacement Reserves, or Residual Receipts and 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.	\$ -

EQUITY DATA SUPPLEMENTARY INFORMATION			
Organization Name		FHA/Contract Number	
Roanoke Housing Development Corporation		See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
Acct No.	Description of Account		
S1100-060	Previous Year Net Assets Without Donor Restrictions	(492,148)	
3247	Change in Net Assets Without Donor Restrictions	58,301	
S1100-065	Other Changes in Net Assets Without Donor Restrictions	-	
3131	Net Assets Without Donor Restrictions		(433,847)
S1100-080	Previous Year Net Assets With Donor Restrictions	-	
3249	Change in Net Assets With Donor Restrictions	-	
S1100-085	Other Changes in Net Assets With Donor Restrictions	-	
3133	Net Assets With Donor Restrictions		-
S1100-050	Previous Year Total Net Assets	(492,148)	
3250	Change in Total Net Assets from Operations	58,301	
S1100-055	Other Changes in Total Net Assets	-	
3130	Total Net Assets		(433,847)

CASH FLOW DATA			
SUPPLEMENTARY INFORMATION			
Organization Name		FHA/Contract Number	
Roanoke Housing Development Corporation		See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
Acct No.	Description of Account		
Cash Flow from Operating Activities			
S1200-010	Rental Receipts	600,286	
S1200-020	Interest Receipts	1,737	
S1200-025	Gifts	-	
S1200-030	Other Operating Receipts	3,005	
S1200-035	Entity/Construction Receipts	-	
S1200-040	Total Receipts		605,028
S1200-050	Administrative	(75,764)	
S1200-070	Management Fee	(37,599)	
S1200-090	Utilities	(18,004)	
S1200-100	Salaries and Wages	(60,688)	
S1200-110	Operating and Maintenance	(136,669)	
S1200-115	Lease Payments	-	
S1200-120	Real Estate Taxes	-	
S1200-140	Property Insurance	(23,907)	
S1200-150	Miscellaneous Taxes and Insurance	(10,938)	
S1200-160	Tenant Security Deposits	(523)	
S1200-170	Other Operating Expenses	-	
S1200-180	Interest on Mortgages	(117,709)	
S1200-181	Interest Payments - Second Mortgage	-	
S1200-182	Interest Payments - Third Mortgage	-	
S1200-190	Interest on Notes Payable	-	
S1200-200	Interest on Capital Recovery Payment	-	
S1200-210	Mortgage Insurance Premium (MIP)	(8,911)	
S1200-220	Miscellaneous Financial	-	
S1200-223	Entity - Incentive Performance Fee	-	
S1200-225	Entity/Construction Disbursements	-	
S1200-230	Total Disbursements		(490,712)
S1200-240	Net Cash provided by (used in) Operating Activities		114,316
Cash Flow from Investing Activities			
S1200-245	Net Deposits to the Mortgage Escrow account	1,156	
S1200-250	Net Deposits to the Reserve for Replacement account	(26,234)	
S1200-255	Net Deposits to Other Reserves	(5,669)	
S1200-260	Net Deposits to the Residual Receipts account	(8)	
S1200-300	Net Deposits to the Management Improvement and Operating Plan	-	
S1200-310	Net Deposits to the Long Term Investment account	-	
S1200-330	Net Purchase of Fixed Assets	(17,041)	
S1200-340	Other Investing Activities	-	
S1200-345	Entity/Construction Investing Activities	-	
S1200-350	Net Cash provided by (used in) Investing Activities		(47,796)

Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage (or Bonds)	(58,649)
S1200-361	Principal Payments - Second Mortgage	-
S1200-362	Principal Payments - Third Mortgage	-
S1200-365	Proceeds from Mortgages, Loans or Notes Payable	-
S1200-370	Principal Payments on Loans or Notes Payable	-
S1200-385	Proceeds from Flexible Subsidy Loans	-
S1200-390	Flexible Subsidy Loan principal payments	-
S1200-395	Proceeds from Capital Improvement Loans	-
S1200-400	Principal payments on Capital Improvement Loan Payable	-
S1200-405	Proceeds from Operating Loss Loans	-
S1200-410	Principal payments on Operating Loss Loan Payable	-
S1200-413	Proceeds from Capital Recovery Payment	-
S1200-417	Principal Payments on Capital Recovery Payment	-
S1200-420	Distributions	-
S1200-430	Contributions	-
S1200-450	Other Financing Activities	-
S1200-455	Entity/Construction Financing Activities	-
S1200-460	Net Cash provided by (used in) Financing Activities	(58,649)
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	7,871
Cash and Cash Equivalents		
S1200-480	Beginning of Period Cash	20,548
S1200T	End of Period Cash	\$ 28,419
S1200-620	Comments	
	--	

DETAIL OF ACCOUNTS SUPPLEMENTARY INFORMATION			
Organization Name		FHA/Contract Number	
Roanoke Housing Development Corporation		See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
Acct No.	Detail Description		
Balance Sheet Data			
1140	Accounts and Notes Receivable - Operations		
	Sales tax refund	2,795	
		-	
		-	
		-	
		-	
		-	
		-	
1140	Total Accounts and Notes Receivable - Operations		2,795
1145	Accounts and Notes Receivable - Entity		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
1145	Total Accounts and Notes Receivable - Entity		-
1190	Miscellaneous Current Assets		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
1190	Total Miscellaneous Current Assets		-
1330	Other Reserves		
	Debt service escrow	61,771	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
1330	Total Other Reserves		61,771
1590	Miscellaneous Other Assets		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
1590	Total Miscellaneous Other Assets		-

2132	Accrued Interest Payable - Other Mortgages		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2132	Total Accrued Interest Payable - Other Mortgages		-
2172	Other Mortgages Payable (Short Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2172	Total Other Mortgages Payable (Short Term)		-
2190	Miscellaneous Current Liabilities		
	Residual receipts available for recapture	18	
		-	
		-	
		-	
		-	
		-	
		-	
2190	Total Miscellaneous Current Liabilities		18
2322	Other Mortgages Payable (Long Term)		
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2322	Total Other Mortgages Payable (Long Term)		-
2331	Accrued interest Other Mortgages Payable (Long Term)		
	First Mortgage	-	
	Second Mortgage	-	
	Third Mortgage	-	
	Fourth Mortgage	-	
	Fifth Mortgage	-	
2331	Total Accrued interest Other Mortgages Payable (Long Term)		-
2390	Miscellaneous Long-term Liabilities		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
2390	Total Miscellaneous Long-term Liabilities		-
Profit and Loss Data			
5190	Miscellaneous Rent Revenue		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
5190	Total Miscellaneous Rent Revenue		-

5290	Miscellaneous		
			-
			-
			-
			-
			-
			-
			-
5290	Total Miscellaneous		-
5490	Revenue from Investments - Miscellaneous		
	Debt service escrow interest income	1,442	
			-
			-
			-
			-
			-
5490	Total Revenue from Investments - Miscellaneous		1,442
5990	Miscellaneous Revenue		
	Vendor refunds	37	
			-
			-
			-
			-
			-
			-
5990	Total Miscellaneous Revenue		37
6390	Miscellaneous Administrative Expenses		
	Employee mileage reimbursement	1,930	
	Key attendant	960	
	Bank fees	579	
	Other administrative expenses	340	
			-
			-
			-
			-
6390	Total Miscellaneous Administrative Expenses		3,809
6590	Miscellaneous Operating and Maintenance Expenses		
	Fire protection	2,127	
	Loss on disposal of fixed assets	1,076	
	Maintenance equipment purchases and rentals	498	
			-
			-
			-
			-
6590	Total Miscellaneous Operating and Maintenance Expenses		3,701
6790	Miscellaneous Taxes, Licenses, Permits and Insurance		
			-
			-
			-
			-
			-
			-
			-
6790	Total Miscellaneous Taxes, Licenses, Permits and Insurance		-

6890	Miscellaneous Financial Expenses		
		-	
		-	
		-	
		-	
		-	
6890	Total Miscellaneous Financial Expenses		-
7190	Other Expenses		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
7190	Total Other Expenses		-
Equity Data			
S1100-055	Other Changes in Total Net Assets		
		-	
		-	
		-	
		-	
S1100-055	Total Other Changes in Total Net Assets		-
Cash Flow Data			
S1200-035	Entity/Construction Receipts		
		-	
		-	
		-	
		-	
		-	
S1200-035	Total Entity/Construction Receipts		-
S1200-225	Entity/Construction Disbursements		
		-	
		-	
		-	
		-	
		-	
		-	
S1200-225	Total Entity/Construction Disbursements		-
S1200-255	Net Deposits to Other Reserves		
	Net change in debt service escrow	(5,669)	
		-	
		-	
		-	
S1200-255	Total Net Deposits to Other Reserves		(5,669)
S1200-340	Other Investing Activities		
		-	
		-	
		-	
		-	
S1200-340	Total Other Investing Activities		-

S1200-345	Entity/Construction Investing Activities		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
S1200-345	Total Entity/Construction Investing Activities		-
S1200-450	Other Financing Activities		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
S1200-450	Total Other Financing Activities		-
S1200-455	Entity/Construction Financing Activities		
		-	
		-	
		-	
		-	
		-	
		-	
		-	
S1200-455	Total Entity/Construction Financing Activities		-

SCHEDULE OF REQUIRED RESERVES SUPPLEMENTARY INFORMATION			
Organization Name Roanoke Housing Development Corporation		FHA/Contract Number See cover page	
Reporting from: July 1, 2022 Reporting to: June 30, 2023			
SCHEDULE OF RESERVE FOR REPLACEMENT			
Acct No.	Description of Account		
1320P	Balance at Beginning of Year		596,535
1320DT	Total Monthly Deposits	25,947	
1320ODT	Other Deposits	-	
1320INT	Interest on Replacement Reserve Accounts	287	
1320RGL	Realized Gain or (Loss)	-	
1320UGL	Unrealized Gain or (Loss)	-	
1320WT	Approved Withdrawals	-	
1320OWT	Other Withdrawals	-	
1320	Balance at End of Year		622,769
1320R	Deposits suspended or waived indicator		No
Reserve for Replacements Details			
1320ODT	Other Deposits		
		-	
		-	
		-	
		-	
1320ODT	Total Other Deposits		-
1320OWT	Other Withdrawals		
		-	
		-	
		-	
		-	
1320OWT	Total Other Withdrawals		-
SCHEDULE OF RESIDUAL RECEIPTS			
1340P	Balance at Beginning of Year		16,332
1340DT	Total Deposits	-	
1340ODT	Other Deposits	-	
1340INT	Interest on Residual Receipts Accounts	8	
1340RGL	Realized Gain or (Loss)	-	
1340UGL	Unrealized Gain or (Loss)	-	
1340WT	Approved Withdrawals	-	
1340OWT	Other Withdrawals	-	
1340	Balance at End of Year		16,340
Residual Receipts Details			
1340ODT	Other Deposits		
		-	
		-	
		-	
		-	
1340ODT	Total Other Deposits		-
1340OWT	Other Withdrawals		
		-	
		-	
		-	
		-	
1340OWT	Total Other Withdrawals		-

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS SUPPLEMENTARY INFORMATION			
Organization Name Roanoke Housing Development Corporation		FHA/Contract Number See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS			
Acct No.	Description of Account		
S1300-010	Cash	50,958	
1135	Tenant subsidy due for period covered by financial statement	-	
S1300-030	Other	-	
S1300-040	Total Cash		50,958
S1300-050	Accrued Mortgage Interest Payable	9,651	
S1300-060	Delinquent Mortgage Principal Payments	-	
S1300-070	Delinquent Deposits to Reserve for Replacements	-	
S1300-075	Accounts Payable (due within 30 days)	18,074	
S1300-080	Loans and Notes Payable (due within 30 days)	-	
S1300-090	Deficient Tax Insurance or MIP Escrow Deposits	-	
S1300-100	Accrued Expenses [not escrowed]	4,925	
2210	Prepaid Revenue	11	
2191	Tenant Security Deposits Liability	22,016	
S1300-110	Other Current Obligations	-	
S1300-140	Total Current Obligations		54,677
S1300-150	Surplus Cash (Deficiency)		(3,719)
S1300-160	Annual Distribution earned during fiscal period covered by the statement	-	
S1300-170	Distribution Accrued and Unpaid as of the end of the prior fiscal period	-	
S1300-180	Distributions and Entity Expenses paid during fiscal period covered by statement	-	
S1300-190	Distribution Earned but Unpaid	-	
S1300-200	Amount Available for Distribution During Next Fiscal Period		-
S1300-203	Incentive Performance Fee Payable (M2M)	-	
S1300-204	Percentage Surplus Cash Split (M2M)	0%	
S1300-205	Surplus Cash Available for Second Mortgage Payments (M2M)	-	
S1300-206	Surplus Cash Available for Distribution (M2M)		-
S1300-210	Deposit Due Residual Receipts		-
Surplus Cash Details (Annual)			
S1300-030	Other Cash		
		-	
		-	
		-	
		-	
		-	
S1300-030	Total Other Cash		-
S1300-110	Other Current Obligations		
		-	
		-	
		-	
		-	
		-	
S1300-110	Total Other Current Obligations		-

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS SUPPLEMENTARY INFORMATION			
Organization Name		FHA/Contract Number	
Roanoke Housing Development Corporation		See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS			
Acct No.	Description of Account		
1410P	Beginning Balance for 1410		285,665
1410AT	Additions for 1410	-	
1410DT	Deductions for 1410	-	
1410	Land		285,665
1420P	Beginning Balance for 1420		1,961,279
1420AT	Additions for 1420	17,041	
1420DT	Deductions for 1420	(7,277)	
1420	Buildings		1,971,043
1440P	Beginning Balance for 1440		2,414
1440AT	Additions for 1440	-	
1440DT	Deductions for 1440	-	
1440	Building Equipment (Portable)		2,414
1450P	Beginning Balance for 1450		34,810
1450AT	Additions for 1450	-	
1450DT	Deductions for 1450	-	
1450	Furniture for Project/Tenant Use		34,810
1460P	Beginning Balance for 1460		-
1460AT	Additions for 1460	-	
1460DT	Deductions for 1460	-	
1460	Furnishings		-
1465P	Beginning Balance for 1465		8,984
1465AT	Additions for 1465	-	
1465DT	Deductions for 1465	-	
1465	Office Furniture and Equipment		8,984
1470P	Beginning Balance for 1470		2,304
1470AT	Additions for 1470	-	
1470DT	Deductions for 1470	-	
1470	Maintenance Equipment		2,304
1480P	Beginning Balance for 1480		-
1480AT	Additions for 1480	-	
1480DT	Deductions for 1480	-	
1480	Motor Vehicles		-
1490P	Beginning Balance for 1490		-
1490AT	Additions for 1490	-	
1490DT	Deductions for 1490	-	
1490	Miscellaneous Fixed Assets		-
1400PT	Total Beginning Balance for Fixed Assets		2,295,456
1400AT	Total Asset Additions	17,041	
1400DT	Total Asset Deductions	(7,277)	
1400T	Total Fixed Assets		2,305,220
1495P	Beginning Balance for Accumulated Depreciation		1,520,831
6600	Total Provisions	48,498	
1400ADT	Total Accumulated Depreciation from Disposed Assets	6,201	
1495	Ending Balance for Accumulated Depreciation		1,563,128
1400N	Total Net Book Value		742,092

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS SUPPLEMENTARY INFORMATION			
Organization Name Roanoke Housing Development Corporation		FHA/Contract Number See cover page	
Reporting from: July 1, 2022			
Reporting to: June 30, 2023			
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS			
Acct No.	Description of Account		
Fixed Asset Details			
1410AT		-	
1410DT		-	
1420AT	HVAC, water line	17,041	
1420DT	HVAC, water line	(7,277)	
1440AT		-	
1440DT		-	
1450AT		-	
1450DT		-	
1460AT		-	
1460DT		-	
1465AT		-	
1465DT		-	
1470AT		-	
1470DT		-	
1480AT		-	
1480DT		-	
1490AT		-	
1490DT		-	

ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
YEAR ENDED JUNE 30, 2023

	ASSETS			
	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
Land and land improvements	\$ 285,665	\$ -	\$ -	\$ 285,665
Buildings and improvements	1,961,279	17,041 ⁽¹⁾	(7,277) ⁽²⁾	1,971,043
Building equipment	2,414	-	-	2,414
Furniture for community/resident use	34,810	-	-	34,810
Office furniture and equipment	8,984	-	-	8,984
Maintenance equipment	2,304	-	-	2,304
	<u>\$ 2,295,456</u>	<u>\$ 17,041</u>	<u>\$ (7,277)</u>	<u>\$ 2,305,220</u>
Accumulated depreciation	<u>\$ 1,520,831</u>	<u>\$ 48,498</u>	<u>\$ (6,201)</u>	<u>\$ 1,563,128</u>
Net book value				<u>\$ 742,092</u>

Additions:

(1) HVAC, water line

Deletions

(2) HVAC, water line

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

U.S. Department of Housing and Urban Development

Mortgage Insurance for the Purchase or Refinancing of Existing
Multifamily Housing Projects - (Assistance Listing No. 14.155)

- Balance of mortgage note payable as of July 1, 2022, under Section 207 pursuant to Section 223(f) of the National Housing Act	\$ 2,021,646
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Section 8 Housing Assistance Payments Program (Assistance Listing No. 14.195)	<u>394,702</u>
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	<u><u>\$ 2,416,348</u></u>
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Notes to the Schedule of Expenditures of Federal Awards

Note 1: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: The Corporation has elected to not use the 10% de minimis cost rate.

Note 3: The balance of the HUD Section 207 pursuant to Section 223(f) mortgage note payable at June 30, 2023 is \$1,962,997.



**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 of
Roanoke Housing Development Corporation
(A North Carolina Not-For-Profit Corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Roanoke Housing Development Corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of profit and (loss) - changes in net assets, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 4, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Roanoke Housing Development Corporation
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roanoke Housing Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control 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.

August 4, 2023
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Roanoke Housing Development Corporation
(A North Carolina Not-For-Profit Corporation)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Roanoke Housing Development Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Roanoke Housing Development Corporation's major federal programs for the year ended June 30, 2023. Roanoke Housing Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Roanoke Housing Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Roanoke Housing Development Corporation 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 Roanoke Housing Development Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roanoke Housing Development Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Roanoke Housing Development Corporation'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 Roanoke Housing Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Roanoke Housing Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Roanoke Housing Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

Roanoke Housing Development Corporation
Page 3

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.

Purpose of This Report

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.

August 4, 2023
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualifies as a low-risk auditee? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) yes no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.155	Mortgage Insurance for Purchase or Refinancing of Existing Multifamily Housing Projects

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section II-Financial Statement Findings

Our audit disclosed no findings or questioned costs that are required to be reported.

Section III-Federal Award Findings and Questioned Costs

Our audit disclosed no findings or questioned costs that are required to be reported.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023**

Name of auditee: Roanoke Housing Development Corporation

HUD auditee identification number: 053-11193

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Year ended June 30, 2023

CAP prepared by

Name: Laura Grimes

Position: Accounting Manager

Telephone number: 336-231-8134

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no open findings or questioned costs from the prior audit report.

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**MANAGEMENT AGENT CERTIFICATION
YEAR ENDED JUNE 30, 2023**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Roanoke Housing Development Corporation, and to the best of our knowledge and belief, the same are complete and accurate.

(Signature of Management Agent's Representative)

David C. Eagan, President
(Title)

Community Management Corporation
(Management Agent's Name)

August 4, 2023
Date

56-1010128
Managing Agent I.D. Number

**ROANOKE HOUSING DEVELOPMENT CORPORATION
(A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION)**

**CERTIFICATION OF OFFICERS
YEAR ENDED JUNE 30, 2023**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Roanoke Housing Development Corporation, and to the best of our knowledge and belief, the same are complete and accurate.

Officers:

(Signature of Officer)

(Print Name of Officer)

President

(Title of Certifying Official)

August 4, 2023

Date

(Signature of Officer)

(Print Name of Officer)

(Title of Certifying Official)

August 4, 2023

Date