

BURLINGTON HOUSING AUTHORITY

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

Mailing: PO Box 2380, Burlington NC 27216-2380

Phone (336) 229 7119 Fax (336) 226-9365

REQUEST FOR PROPOSALS:

INDEPENDENT AUDITOR SERVICES

July 5, 2024



REQUEST FOR PROPOSAL-INDEPENDENT AUDITOR SERVICES

July 5, 2024

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

Each Proposer should submit an original and one (1) copy of its Proposal to Burlington Housing Authority, Attention: Veronica Revels, CEO, 133 N. Ireland Street, P. O. 2380, Burlington, NC 27216-2380. **Proposals will be accepted until 2:00 pm Friday, August 16, 2024.** Electronic, faxed or e-mail proposals will not be accepted. Any Proposals received after the specified time and date will not be considered. **Proposals must be clearly marked – “Request for Proposals – Independent Audit Services”**

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

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

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

Type of Audit

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

The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards, as amended; Government Auditing Standards, issued by the Comptroller General of the United States; Uniform Guidance in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's basic financial statements prepared in accordance with GAAP..

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

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

Audit Period and Type of Contract

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

October 1, 2023 to September 30, 2024
October 1, 2024 to September 30, 2025
October 1, 2025 to September 30, 2026 one-year renewal option
October 1, 2026 to September 30, 2027 one-year renewal option
October 1, 2027 to September 30, 2028 one-year renewal option

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

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

BHA's current auditor is **Bernard Robinson & Co, CPA** who has served BHA for the past five years.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards, as amended; *Government Auditing Standards*, issued by the Comptroller General of the United States; Uniform Guidance in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's basic financial statements prepared in accordance with GAAP.

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

Interim deadlines

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

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

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

By **June 1st**, the audit shall be completed and auditor available to present the report to the Board of Commissioners at the **June 5, 2025 noon board meeting**. The reports rendered to the Local Government Commission (LGC), the Federal Audit Clearing House, and HUD nine months following the fiscal year end (September 30). **The auditor shall be responsible for completion and IPA approval of the audited FDS and required attachments submitted electronically to HUD by June 30th.**

Ten (10) copies of each audit report, management letter, and other applicable reports must be supplied to the Board of Commissioners within the time frame cited above. An electronic copy must also be provided. If a meeting with the Board of Commissioners is requested prior to commencing the audit, the auditor will attend at no additional expense. In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission (LGC) and the required number of copies with the Data Collection Form to the Federal Audit Clearinghouse.

Questions and Additional Information

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

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

Payment of Audit Fees

Payment will be made for the total fee after presentation to the Board of Commissioners and submission of the audited FDS to HUD's REAC, Clearinghouse and 990s. Payables are processed on 8th, 15th and 30/31st.

Proposal Evaluation

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

Evaluation Factors

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

- Mandatory Requirements (10 points)
 - a. The audit firm is independent and licensed to practice in North Carolina.
 - b. Staff has maintained CPE requirements.
 - c. Firm is not currently being censored by HUD or its REAC.
 - d. The audit firm submits a copy of their most recent peer review and has a record of quality audit work.
 - e. References from at least 3 other current or recent PHA audit clients (comparable size of the Authority) including contact person, contact information (telephone/email) and services provided. Include RAD converted clients.

- Technical Capabilities (25 points)
 - a. Staffing on key positions, method of assigning work, and procedures for maintaining level of service

- Demonstrated Experience (25 points)
 - a. Past experience and performance with similar engagements and experience of site auditors conducting Multifamily and RAD converted housing audits as verified by reference checks or other reasons

- Audit Approach (30 points)
 - a. Work plan, time and staff onsite, electronic capabilities, responsiveness and availability

- Fees for service (10 points): Price of services will not be the sole determining factor

The evaluation and selection of an audit firm will be based on the information submitted in the audit firm's proposal, references obtained, and any required on-site visits or oral presentations.

Failure to respond to each of the requirements in the RFP may be the basis for rejecting a proposal.

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

Withdrawal of Proposals: Proposals may be withdrawn by written request prior to the deadline set for acceptance of proposals. Proposals may not be revoked or withdrawn after the time set for opening of proposals (8/16/24) and shall remain open for acceptance for a period of ninety (90) days following such time.

Proposal Format & Submission Requirements:

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

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

I. Additional Information

1. Describe the firm's Statement of Policy and Procedures regarding Independence under the current Government Auditing Standards (Yellow Book). Provide a copy of the firm's Statement of Policy and Procedures.
2. Describe any regulatory action taken by any oversight body against the proposing audit organization.

II. Insurance

1. The Auditor shall furnish the PHA with certificates of insurance showing evidence of all appropriate and applicable insurance coverage carried by the firm or individual, including policy coverage periods.
2. Workers' Compensation
3. Professional liability insurance

III. Audit Approach and Cost should include the following:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling. Please indicate how many tenant files will be selected for a major program under the sampling guidelines.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in a management letter, if necessary.
6. A summary of the number and type of audit findings the firm has discovered in first year audits of housing authorities.
7. A description of typical difficulties in first year audits of housing authorities.
8. Please list any other information the firm may wish to provide.
9. Specify the fixed costs using the provided format below for the audit year October 1, 2023 to September 30, 2024 **and** the additional four years.

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

	Audit Year	Audit Fee
Firm-Fix Fee	Annual Audit FY 2024	\$
Firm-Fix Fee	Annual Audit FY 2025	\$
Firm-Fix Fee	Annual Audit FY 2026	\$
Firm-Fix Fee	Annual Audit FY 2027	\$
Firm-Fix Fee	Annual Audit FY 2028	\$
Preparation of 990	BHI and FBASHF (SBTH)	\$

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

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

IV. Evidence of Non-Debarred or Suspended

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

Description of the Burlington Housing Authority and Its Accounting System

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

The Scope of Auditing Services being requested will pertain to all of the programs owned and/or managed by the Housing Authority shall be conducted in accordance with generally accepted governmental auditing standards (including, but not limited to RAD PBRA, RAD PBV, Section 8 New Construction, Section 202) and its nonprofit instrumentalities.

Program/Audit Listing:

<u>Program/Audit Name</u>	<u>Property Type</u>	<u>CFDA #</u>	<u>Unit Count</u>
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Burlington Housing Authority			0 units
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Grants awarded –

FSS Coordinator		(14.896)	
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CDBG FY 23-24		(14.218)	
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NCHFA Sharp Program Grant

FY2024 EDI Community Project Funding (CPF) Grantee		B-24-CP-NC-1326	
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**Burlington Housing Authority, Management Agent-
Separate audits**

Owner, Burlington Homes, Inc.

(Burlington Homes property) Section 8 New Construction	(14.195)	100 units
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Elderly

Mortgage Insurance for Rental & Cooperative Hsg 221d4 MF	(14.135)	
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Grants awarded –

Service Coordinator in MF Housing	(14.191)	
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Auditor Prepare IRS 990

Owner, First Baptist Apple Street Housing Foundation

(Spencer Brown Thomas Homes property) Section 202	(14.195)	40 units
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Elderly

Mortgage Insurance for Refi of Existing MF	(14.135)	
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Auditor Prepare IRS 990

Owner, BDC Investment Communities (BDCIC) formerly public housing

RAD PBRA Scattered sites		297 units
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RAD PBV administered by Asheboro Housing Authority		71 units
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**Burlington Development Corporation A (501(c) 3 nonprofit instrumentality of
Burlington Housing Authority**

Separate audit

Fee Accountant will Prepare IRS 990

A copy of the Schedule of Expenditures of Federal Awards and a copy of the Schedule of Findings and Questioned Costs for the year ended September 30, 2023, are enclosed with this RFP for all programs.

Accounting Records

The Authority maintains all its accounting records for the programs listed above in the accounting department located at 133 N. Ireland St., Burlington, NC. It prepares and maintains the tenant accounting, occupancy records and financial records processed and maintained by using Scott Accounting (SACS) software and books closed monthly and year end by our Fee Accountant, Barfield & Kinkead, LLC CPAs. We also use Laserfiche Document Management System.

Contact information:

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

Phone: (336) 229-7119
Fax: (336) 226-9365
Email: vreveles@burlingtonha.org

See Attachments:

- Evidence of Non-Debarred or Suspended Certification
- Schedule of Expenditures of Federal Awards and a copy of the Schedule of Findings and Questioned Costs for the year ended September 30, 2023
 - Burlington Housing Authority
 - Burlington Homes, Inc.
 - First Baptist Apple Street Housing Foundation d/b/a Spencer Brown Thomas Homes

BURLINGTON HOUSING AUTHORITY
BURLINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Federal Assistance Listing Number	Program or Award Amount	Disbursements or Expenditures
		<u>Amount</u>	<u>Expenditures</u>
FEDERAL GRANTOR			
U.S. Department of HUD			
Direct Programs:			
Public and Indian Housing			
Operating Subsidies			
NC066-00000122D	14.850	\$ 917,985	\$ 233,542
NC066-00000123D	14.850	\$ 751,546	614,901
NC066-00000222D	14.850	\$ 1,035,781	263,507
NC066-00000223D	14.850	\$ 821,717	672,314
			<u>1,784,264</u>
Public Housing Capital Fund			
NC19P066501-19	14.872	\$ 915,712	28,622
NC19P066501-19E	14.872	\$ 250,000	250,000
NC19P066501-20	14.872	\$ 989,121	421,605
NC19P066501-21	14.872	\$ 1,046,446	905,107
NC19P066501-22	14.872	\$ 1,307,233	1,133,562
NC19P066501-23	14.872	\$ 1,311,139	1,307,025
			<u>4,045,921</u>
Community Development Block Grant, Through City of Burlington, Planning & Community Development Burlington Development Corporation			
FY 22-23 Funding Agreement	14.218	\$ 25,000	25,000
FY 23-24 Funding Agreement	14.218	\$ 18,330	18,330
			<u>43,330</u>
Family Self-Sufficiency Program			
FSS22NC4637	14.896	\$ 66,349	8,587
FSS23NC5034	14.896	\$ 70,851	46,430
			<u>55,017</u>
Service Coordinators in Multi-Family Housing			
MFSC210018		\$ 281,036	39,505
			<u>39,505</u>
TOTAL			<u>\$ 5,968,036</u>

BURLINGTON HOUSING AUTHORITY
BURLINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

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

BURLINGTON HOMES, INC.
 BURLINGTON HOMES
 FHA PROJECT NUMBER 053-36360
 HUD PROJECT NUMBER NC1900003019
 BURLINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Federal Assistance Listing Number	Program or Award Amount	Federal Expenditures
FEDERAL GRANTOR			
U.S. Department of HUD			
Direct Programs:			
Section 8 Project Based Cluster			
Housing Assistance			
Payments Program:			
Housing Assistance Payments			
NC190003019			
	14.195	\$ 457,926	457,926
			457,926
Mortgage Insurance for Rental and Cooperative Housing			
221(d)(4) Multifamily			
053-36360			
	14.135	\$ 5,327,363	5,327,363
		TOTAL	\$ 5,785,289

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corporation under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

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

Note 4 – Loan Balances

Expenditures of Federal Awards related to outstanding loans:

Balance at loans from previous years	\$ 5,327,363
Principal payments	(86,933)
	\$ 5,240,430

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 Burlington Homes, Inc.'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 Burlington Homes, Inc.'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 Burlington Homes, Inc.'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 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.

Bernard Robinson & Company, P.C.

Greensboro, North Carolina
May 14, 2024

BURLINGTON HOMES, INC.
 BURLINGTON HOMES
 FHA PROJECT NUMBER 053-36360
 HUD PROJECT NUMBER NC1900003019
 BURLINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Federal Assistance Listing Number	Program or Award Amount	Federal Expenditures
FEDERAL GRANTOR			
U.S. Department of HUD			
Direct Programs:			
Housing Voucher Cluster			
Housing Assistance			
Payments Program:			
Housing Assistance Payments			
NC190003019	14.195	\$ 457,926	457,926
Mortgage Insurance for Rental and Cooperative Housing			
221(d)(4) Multifamily			
053-36360	14.135	\$ 5,327,363	5,327,363
TOTAL			\$ 5,785,289

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corporation under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

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

Note 4 – Loan Balances

Expenditures of Federal Awards related to outstanding loans:

Balance at loans from previous years	\$ 5,327,363
Principal payments	(86,933)
	\$ 5,240,430

FIRST BAPTIST APPLE STREET HOUSING FOUNDATION
 SPENCER BROWN THOMAS HOMES
 FHA PROJECT NUMBER 053-36388
 HUD PROJECT NUMBER NC19T841027
 BURLINGTON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Federal Assistance Listing Number	Program or Award Amount	Federal Expenditures
FEDERAL GRANTOR			
U.S. Department of HUD			
Direct Programs:			
Housing Voucher Cluster			
Housing Assistance			
Payments Program:			
Housing Assistance Payments			
NC19T841027			
	14.195	\$ 207,780	207,780
Mortgage Insurance for the Purchase or			
Refinance of Existing Multifamily Housing Projects			
053-36388			
	14.135	\$ 2,442,080	2,442,080
		TOTAL	\$ 2,649,860

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

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

Note 4 – Loan Balances

	221(a)(7)
Expenditures of Federal Awards related to outstanding loans:	
Balance at loans from previous years	\$ 2,442,081
Principal payments	(44,959)
	\$ 2,397,122

Items required to be reported under 2 CFR section 200.515(d):

Section I - Summary of Auditor's Results

Financial Statements

- | | | |
|-------|---|------------------------------------|
| (i) | Type of auditor's report issued: | Unmodified |
| (ii) | Internal control over financial reporting: | |
| | (a) Material weakness(es) identified? | _____ yes <u> X </u> no |
| | (b) Significant deficiency(ies) identified? | _____ yes <u> X </u> none reported |
| (iii) | Noncompliance material to financial statements noted? | _____ yes <u> X </u> no |

Federal Awards

- | | | |
|-------|--|-------------------------|
| (i) | Internal control over major programs: | |
| | (a) Material weakness(es) identified | _____ yes <u> X </u> no |
| | (b) Significant deficiency(ies) identified? | _____ yes <u> X </u> no |
| (ii) | Type of auditor's report issued on compliance for major programs: | Unmodified |
| (iii) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | _____ yes <u> X </u> no |
| (iv) | Identification of major programs: | |

Assistance Listing Number(s)
14.135

Name of Federal Program
Mortgage Insurance Rental and Cooperative Housing for Moderate Income Families and Elderly, Market Interest Rate (Section 221d(4) Multifamily - Market Rate Housing)

- | | | |
|------|--|-------------------------|
| (v) | Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| (vi) | Auditee qualified as low-risk auditee? | <u> X </u> yes _____ no |

Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:

Findings and Questioned Costs
None reported

Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:

Findings and Questioned Costs
None reported

FIRST BAPTIST APPLE STREET HOUSING FOUNDATION
d/b/a SPENCER BROWN THOMAS HOMES
FHA PROJECT NUMBER 053-36388
Summary Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended September 30, 2023

None