

Summary of Audit Results
December 31, 2023

1. Entities covered:

- a. Burr Oaks Senior Housing, LLC – managed by Horizon Management Services, Wells Fargo is the investor member
- b. Allied Drive Redevelopment, LLC – managed by Lutheran Social Services; NEF is the investor member
- c. Truax Park Phase 1 Redevelopment, LLC – managed by CDA; NEF is the investor member
- d. Truax Park Phase 2 Development, LLC - managed by CDA (there are 8 units managed by Porchlight); US Bank is the investor member
- e. Monona Shores - managed by Founders 3; a business-type activity-enterprise fund of the CDA
- f. CDA 95-1 - managed by Founders 3; a business-type activity-enterprise fund of the CDA
- g. Village on Park – managed by Founders 3; a business-type activity-enterprise fund of the CDA

2. Audited Financial Statements

A. Independent auditor's report

- a. Unmodified opinion

B. Review of financial statements and account balances:

	Burr Oaks	Allied Drive	Truax Park Phase 1	Truax Park Phase 2	Monona Shores	CDA 95-1	Village on Park
Total assets	\$4,993,240	\$5,236,678	\$8,753,834	\$7,166,224	\$3,464,180	\$1,158,308	\$27,124,896
Total liabilities	\$1,483,254	\$3,142,237	\$5,730,285	\$1,821,666	\$2,186,837	\$134,070	\$3,939,500
Total deferred inflow of resources	\$0	\$0	\$0	\$0	\$0	\$0	\$9,117,612
Total income	\$491,037	\$672,673	\$895,931	\$497,990	\$1,314,275	\$320,472	\$2,560,832
Total expenses	\$641,003	\$1,083,573	\$1,325,858	\$657,905	\$1,511,898	\$284,212	\$1,529,855
Transfer out	\$0	\$0	\$0	\$0	\$108,000	\$0	\$84,000
Net income (loss)	(\$149,966)	(\$410,900)	(\$429,927)	(\$159,915)	(\$305,623)	\$36,260	\$946,977

C. Footnotes to highlight:

- a. *Burr Oaks*: No major changes to the footnotes from prior year.
- b. *Allied Drive*: No major changes to the footnotes from prior year.
- c. *Truax Park Phase 1*: The most significant change to the footnotes from prior year is due to the implementation of the new credit loss standard. Note A reflects the necessary updates. In addition, Note J Involuntary Conversion was added in the prior year due to the damage done to the roof of one of the buildings in 2022. There were additional insurance proceeds received in 2023. Included in the income number above is a gain on involuntary conversion of \$136,747.
- d. *Truax Park Phase 2*: No major changes to the footnotes from prior year.
- e. *Monona Shores*: No major changes to the footnotes from prior year.
- f. *CDA 95-1*: No major changes to the footnotes from prior year.
- g. *Village on Park*: The most significant changes to the footnotes from prior year are due to the redevelopment activity (reconstruction of North Building, parking lot rebuild). The redevelopment activity is shown in Note C which reflects construction in progress of \$657,933 on December 31, 2023. Also, the income number above includes the TID reimbursement income of \$555,131 which is used to pay the development costs. Note F discloses the construction contract with regards to the parking lot structure as it is significant to the financial statements and occurred subsequent to December 31, 2023.

3. End of Audit Communication Letter

- a. Recommendations
 - i. Truax Park Phase 1: Similar recommendations/suggestions as prior year with regards to its account structure. No new recommendations/suggestions added in current year.
 - ii. Truax Park Phase 2: Similar recommendations/suggestions as prior year with regards to its account structure and surplus cash calculation. In addition, the tenants' security deposit was underfunded by \$15,109 (the liability was higher than the related cash account at 12/31/23). We recommend an additional deposit gets made into the cash account to make it equal to or more than the liability account.
 - iii. Monona Shores: The tenants' security deposit was underfunded by \$5,122 (the liability was higher than the related cash account at 12/31/23). We recommend an additional deposit gets made into the cash account to make it equal to or more than the liability account.
- b. Consideration of internal control and fraud and internal control communication
 - i. No material weaknesses or significant deficiencies.
- c. Corrected and uncorrected misstatements
 - i. There were no material audit journal entries.
 - ii. There were no uncorrected misstatements.
- b. No other audit findings and no difficulties encountered during audit.