

## Case Study- UAD

- What does the 2001 CSC show?
- What does the 2002 Cash Flow show?
- What do the 2002 Notes show about the General Partner?
- Was there an unauthorized distribution?

**Computation of Surplus Cash, Distributions and Residual Receipts (Annual)**

Project Name:

Date From: Jan. 1, 2001  
Date To: Dec. 31, 2001

Sub. Type: AUD-2000.04 (Non-coop)  
FYE: Dec 31, 2001

FHA Number:

Cash		Amount
Cash		\$133782
<b>Total Cash</b>		<b>\$133782</b>
Current Obligations		Amount
Accrued Mortgage (or Bond) Interest Payable		\$30084
Accounts Payable - 30 days		\$23461
Accrued Expenses [not escrowed]		\$18528
Prepaid Revenue		\$234
Tenant Security Deposits Liability		\$115693
<b>Total Current Obligations</b>		<b>\$188000</b>
Surplus Cash (Deficiency)		\$(54218)
Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
Surplus Cash (Deficiency)		\$(54218)
Limited Dividend Projects		Amount
Annual Distribution earned during fiscal period covered by the statement		\$200000
Distributions and Entity Expenses paid during fiscal period covered by statement		\$200000
Distribution Earned but Unpaid		\$0
Amount Available for distribution during next fiscal period		\$0
Deposit Due Residual Receipts		\$0

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## Statement of Cash Flows

Project Name:

Date From: Jan. 1, 2002

Sub. Type: AUD-2000.04 (Non-coop)

FHA  
SOA: 232/223(1)

Date To: Dec. 31, 2002

FYE: Dec 31, 2002

Cash Flows from Operating Activities	
Rental Receipts	\$1338275
Interest Receipts	\$4046
Other Operating Receipts	\$190253
<b>Total Receipts</b>	<b>\$1532574</b>
Administrative	\$(31382)
Management Fee	\$(85188)
Utilities	\$(63893)
Salaries and Wages	\$(362245)
Operating and Maintenance	\$(168867)
Real Estate Taxes	\$(62001)
Property Insurance	\$(19210)
Miscellaneous Taxes and Insurance	\$(74942)
Interest on First Mortgage	\$(368912)
Interest on Notes Payable	\$(15246)
Mortgage Insurance Premium (MIP)	\$(22403)
<b>Total Disbursements</b>	<b>\$(1274289)</b>
<b>Net Cash provided by (used in) Operating Activities</b>	<b>\$258285</b>
Cash Flows from Investing Activities	
Net Deposits to the Mortgage Escrow account	\$13183
Net Deposits to the Reserve for Replacement account	\$(3832)
Net Purchase of Fixed Assets	\$(19269)
Other Investing Activities	\$(40803)
<b>Net Cash used in Investing Activities</b>	<b>\$(50721)</b>
Cash Flows from Financing Activities	
Principal Payments - First Mortgage (or Bonds)	\$(26186)
Principal Payments on Loans or Notes Payable	\$(8428)
Distributions	\$(80000)
<b>Net Cash used in Financing Activities</b>	<b>\$(114614)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>\$92950</b>
Cash and Cash Equivalents	
Beginning of Period Cash	\$17782
End of Period Cash	\$110732
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in)	

Note 5: Note Payable Note	
Note payable to general partner for operation loan.	
Creditor	GENERAL PARTNER
Purpose	OPERATIONS
Date Incurred	Jul 27, 2000
Terms	DUE IN AUGUST 2010
Amount Due	\$301203
Total of Notes Payable	\$301203

## Case Study- UAL

- Court Apartments 12/31/03
- Ignore the auditor finding
- The unauthorized loan flag was caused by several receivables and other asset accounts
- Determine who owes the money and where it should be referred

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financial assessment subsystem - multifamily (fass-mf)

**Compliance Flags**

Project Name: [REDACTED] URT APTS  
 FHA Number: [REDACTED]  
 SOA: 236(j)(1)  
 Refer: [REDACTED]  
 Referred: [REDACTED]  
 User: [REDACTED]

Sub. Type: AUD-2000.04 (Non-coop)  
 Date From: Jan. 1, 2003  
 Date To: Dec. 31, 2003  
 FYE: Dec. 31, 2003

Date/Time: Jul. 29, 2004 9:43AM

Compliance Check	EC Referral	System Generated	Auditor Generated	Not Assessed	Manager/Analyst Recommendations			
					Accept	Upgrade to EC	Downgrade to MFH	Downgrade to None
Other Auditor Findings			X					
Unauthorized Loans from Project Funds		X						

**No. of Compliance Flags: 2**

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<b>Statement of Financial Position (Balance Sheet)</b>		
<b>Project Name:</b> [REDACTED] COURT APTS	<b>Sub. Type:</b> AUD-2000.04 (Non-coop)	
<b>FHA Number:</b> [REDACTED]	<b>Date From:</b> Jan. 1, 2003	
<b>SOA:</b> 236(j)(1)	<b>Date To:</b> Dec. 31, 2003	
	<b>FYE:</b> Dec 31, 2003	
<b>Assets</b>		
<b>Account</b>	<b>Current Assets</b>	<b>Amount</b>
1120	Cash - Operations	\$224607
1125	Cash - Entity	\$66
1130	Tenant/Member Accounts Receivable (Coops)	\$13917
	<b>Net Tenant Accounts Receivable</b>	\$13917
1135	Accounts Receivable - HUD	\$5000
1140	Accounts and Notes Receivable - Operations	\$500
1145	Accounts and Notes Receivable - Entity	\$33651
1165	Interest Reduction Payment Receivable	\$4274
1190	Miscellaneous Current Assets	\$18801
1200	Miscellaneous Prepaid Expenses	\$77033
	<b>Total Current Assets</b>	\$377849
<b>Account</b>	<b>Deposits Held in Trust</b>	<b>Amount</b>
1191	Tenant/Patient Deposits Held in Trust	\$52258
<b>Account</b>	<b>Funded Reserves</b>	<b>Amount</b>
1310	Escrow Deposits	\$217758
1320	Replacement Reserve	\$739602
1330	Other Reserves	\$8569
1340	Residual Receipts Reserve	\$1606
	<b>Total Deposits</b>	\$967535
<b>Account</b>	<b>Fixed Assets</b>	<b>Amount</b>
1410	Land	\$823782
1420	Buildings	\$6005309
1440	Building Equipment (Portable)	\$809182
1460	Furnishings	\$1114
1465	Office Furniture and Equipment	\$18021
1480	Motor Vehicles	\$17990
	<b>Total Fixed Assets</b>	\$7675398
1495	Accumulated Depreciation	\$4996196

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<b>Net Fixed Assets</b>		\$2679202
<b>Account</b>	<b>Other Assets</b>	<b>Amount</b>
1590	Miscellaneous Other Assets	\$220100
<b>Total Other Assets</b>		\$220100
<b>Total Assets</b>		\$4296944
<b>Liabilities</b>		
<b>Account</b>	<b>Current Liabilities</b>	<b>Amount</b>
2110	Accounts Payable - Operations	\$254796
2113	Accounts Payable - Entity	\$73790
2120	Accrued Wages Payable	\$81627
2123	Accrued Management Fee Payable	\$123081
2170	Mortgage (or Bonds) Payable - First Mortgage (or Bonds) (Short Term)	\$158847
<b>Account</b>	<b>Prepaid Revenues</b>	<b>Amount</b>
2210	Prepaid Revenue	\$14488
<b>Total Current Liabilities</b>		\$706629
<b>Account</b>	<b>Deposits Liabilities</b>	<b>Amount</b>
2191	Tenant/Patient Deposits Held In Trust (Contra)	\$51268
<b>Account</b>	<b>Long Term Liabilities</b>	<b>Amount</b>
2320	Mortgage Payable (or Bonds) - First Mortgage (or Bonds)	\$1788456
2323	Other Loans and Notes Payable - Surplus Cash	\$2982470
2324	Other Loans and Notes Payable	\$4314
<b>Total Long Term Liabilities</b>		\$4775240
<b>Total Liabilities</b>		\$5533137
<b>Account</b>	<b>Partners' Equity</b>	<b>Amount</b>
3130	<b>Total Equity</b>	\$(1236193)
<b>Total Liabilities and Equity</b>		\$4296944

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<b>Miscellaneous Details for Account 1140</b>	
Project Name: [REDACTED] DURT APTS	Sub. Type: AUD-2000.04 (Non-coop)
FHA Number: [REDACTED]	Date From: Jan. 1, 2003
SOA: 236(j)(1)	Date To: Dec. 31, 2003
	FYE: Dec 31, 2003
Description	Amount
Ancillary Services	\$500

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### Miscellaneous Details for Account 1145

Project Name: [REDACTED] COURT APTS  
FHA Number: [REDACTED]  
SOA: 236(j)(1)

Sub. Type: AUD-2000.04 (Non-coop)  
Date From: Jan. 1, 2003  
Date To: Dec. 31, 2003  
FYE: Dec 31, 2003

Description	Amount
Sate income tax withholding - Partners	\$33651

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**Miscellaneous Details for Account 1190**

Project Name: [REDACTED] COURT APTS  
FHA Number: [REDACTED]  
SOA: 236(j)(1)

Sub. Type: AUD-2000.04 (Non-coop)  
Date From: Jan. 1, 2003  
Date To: Dec. 31, 2003  
FYE: Dec 31, 2003

Description	Amount
Prepaid buyer's access	\$1690
Prepaid utility deposits	\$17111

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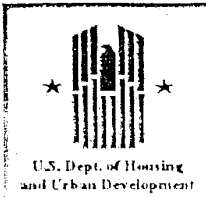
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## Case Study- Mortgage & Reserve for Replacement

- Is Reserve for Replacement Flag Valid?
- Is Failure to Make Mortgage Payments Flag Valid?
- What else do you see?
- No evidence in REMS of a HUD-approved workout agreement



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**Compliance Flags**

Project Name: **EMBASSY APARTMENTS**  
 FHA Number: [REDACTED]  
 Referred to: [REDACTED]  
 Referred by: [REDACTED]  
 User: [REDACTED]

Sub. Type: **AUD-2000.04 (Non-coop)**  
 Date From: **Jan. 1, 2001**  
 Date To: **Dec. 31, 2001**  
 FYE: **Dec. 31, 2001**

Date/Time: **May. 3, 2002 10:33AM**

Compliance Check	EC Referral	System Generated	Auditor Generated	Not Assessed	Manager/Analyst Recommendations			
					Accept	Upgrade to EC	Downgrade to MFH	Downgrade to None
Replacement Reserve (deposits)		X						
Failure to Make Mortgage Payments	X	X						
Unauthorized Distribution of Project Funds		X						

**No. of Compliance Flags: 3**

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# Statement of Financial Position (Balance Sheet)

Project Name: EMBASSY APARTMENTS  
 FIA Number: [REDACTED]

Date From: Jan. 1, 2001  
 Date To: Dec. 31, 2001

Sub. Type: AUD-2000.04  
 FYE: Dec 31, 2001

Assets		
Account	Current Assets	Amount
1120	Cash - Operations	\$4077
1130	Tenant/Member Accounts Receivable (Coops)	\$19891
1131	Allowance for Doubtful Accounts	\$2744
	Net Tenant Accounts Receivable	\$17147
1200	Miscellaneous Prepaid Expenses	\$31315
	<b>Total Current Assets</b>	<b>\$52539</b>
Account	Deposits Held in Trust	Amount
1191	Tenant/Patient Deposits Held in Trust	\$12577
Account	Funded Reserves	Amount
1310	Escrow Deposits	\$3207
1320	Replacement Reserve	\$51840
	<b>Total Deposits</b>	<b>\$55047</b>
Account	Fixed Assets	Amount
1410	Land	\$50959
1420	Buildings	\$2155618
	<b>Total Fixed Assets</b>	<b>\$2206577</b>
1495	Accumulated Depreciation	\$1968554
	<b>Net Fixed Assets</b>	<b>\$238023</b>
Account	Other Assets	Amount
1520	Intangible Assets	\$26935
1590	Miscellaneous Other Assets	\$57396
	<b>Total Other Assets</b>	<b>\$84331</b>
	<b>Total Assets</b>	<b>\$442517</b>
Liabilities		
Account	Current Liabilities	Amount
2110	Accounts Payable - Operations	\$24591
2131	Accrued Interest Payable - First Mortgage (or Bonds)	\$69402
2170	Mortgage (or Bonds) Payable - First Mortgage (or Bonds) (Short Term)	\$95221
Account	Prepaid Revenues	Amount
2210	Prepaid Revenue	\$2908
	<b>Total Current Liabilities</b>	<b>\$192122</b>
Account	Deposits Liabilities	Amount

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2191	Tenant/Patient Deposits Held In Trust (Contra)	\$12577
<b>Account</b>	<b>Long Term Liabilities</b>	<b>Amount</b>
2320	Mortgage Payable (or Bonds) - First Mortgage (or Bonds)	\$1204575
2324	Other Loans and Notes Payable	\$127889
	<b>Total Long Term Liabilities</b>	<b>\$1332464</b>
	<b>Total Liabilities</b>	<b>\$1537163</b>
<b>Account</b>	<b>Partners' Equity</b>	<b>Amount</b>
3130	Total Equity	<u>\$(1094646)</u>
	<b>Total Liabilities and Equity</b>	<b>\$442517</b>

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# Statement of Profit and Loss

Project Name: EMBASSY APARTMENTS  
 FHA Number: [REDACTED]

Date From: Jan. 1, 2001  
 Date To: Dec. 31, 2001

Sub. Type: AUD-2000.04  
 FYE: Dec 31, 2001

## Part I

Account	Rent Revenue	Value
5120	Rent Revenue - Gross Potential	\$449635
5121	Tenant Assistance Payments	\$280611
	<b>Total Rent Revenue</b>	<b>\$730246</b>
Account	Vacancies	Value
5220	Apartments	\$59770
	<b>Total Vacancies</b>	<b>\$59770</b>
	<b>Net Rental Revenue (Rent Revenue Less Vacancies)</b>	<b>\$660476</b>
Account	Nursing Home Revenues	Value
Account	Financial Revenue	Value
5410	Financial Revenue - Project Operations	\$885
5440	Revenue from Investments - Replacement Reserve	\$2662
	<b>Total Financial Revenue</b>	<b>\$3547</b>
Account	Other Revenue	Value
5910	Laundry and Vending Revenue	\$1300
	<b>Total Other Revenue</b>	<b>\$1300</b>
	<b>Total Revenue</b>	<b>\$665323</b>
Account	Administrative Expenses	Value
6204	Management Consultants	\$9114
6311	Office Expenses	\$1702
6320	Management Fee	\$63700
6331	Administrative Rent Free Unit	\$6000
6340	Legal Expense - Project	\$15670
6350	Audit Expense	\$7700
6370	Bad Debts	\$6666
	<b>Total Administrative Expenses</b>	<b>\$110552</b>
Account	Utilities Expense	Value
6420	Fuel Oil/Coal	\$7140
6450	Electricity	\$14447
6452	Gas	\$80505
6453	Sewer	\$34206
	<b>Total Utilities Expense</b>	<b>\$136298</b>
Account	Operating & Maintenance Expense	Value

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6510	Payroll	\$104900
6515	Supplies	\$21667
6520	Contracts	\$123144
6530	Security Payroll/Contract	\$1705
6546	Heating/Cooling Repairs and Maintenance	\$3088
	<b>Total Operating and Maintenance Expenses</b>	<b>\$254504</b>
<b>Account</b>		
	<b>Taxes &amp; Insurance</b>	<b>Value</b>
6710	Real Estate Taxes	\$5982
6711	Payroll Taxes (Project's Share)	\$15725
6720	Property & Liability Insurance (Hazard)	\$14160
6722	Workmen's Compensation	\$3140
6723	Health Insurance and Other Employee Benefits	\$10552
6790	Miscellaneous Taxes, Licenses, Permits and Insurance	\$982
	<b>Total Taxes and Insurance</b>	<b>\$50541</b>
<b>Account</b>		
	<b>Financial Expenses</b>	<b>Value</b>
6820	Interest on Mortgage (or Bonds) Payable	\$119787
6850	Mortgage Insurance Premium/ Service Charge	\$6447
	<b>Total Financial Expenses</b>	<b>\$126234</b>
<b>Account</b>		
	<b>Nursing Home Expenses</b>	<b>Value</b>
<b>Account</b>		
	<b>Operating Results</b>	<b>Value</b>
	<b>Total Cost of Operations before Depreciation</b>	<b>\$678129</b>
	<b>Profit (Loss) before Depreciation</b>	<b>\$(12806)</b>
6600	Depreciation Expenses	\$5627
6610	Amortization Expense	\$1847
	<b>Operating Profit or (Loss)</b>	<b>\$(20280)</b>
<b>Account</b>		
	<b>Corporate or Mortgagor Revenue and Expenses</b>	<b>Value</b>
3250	Profit or Loss (Net Income or Loss)	\$(20280)
<b>Part II</b>		
	<b>Description</b>	<b>Amount</b>
	Total mortgage principal payments required during the audit year [12 monthly payments]. This applies to all direct loans and HUD-held and fully insured first mortgages.	\$59238
	Total of 12 monthly deposits in the audit year into the Replacement Reserve account, as required by the Regulatory Agreement, even if payments may be temporarily suspended or reduced.	\$23064
	Replacement Reserves, or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	\$0
	Project Improvement Reserve releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.	\$0

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**Statement of Cash Flows**Project Name: EMBASSY APARTMENTS  
FHA Number: [REDACTED]Date From: Jan. 1, 2001  
Date To: Dec. 31, 2001Sub. Type: AUD-2000.04  
FYE: Dec 31, 2001

<b>Cash Flows from Operating Activities</b>	
Rental Receipts	\$657240
Interest Receipts	\$3546
Other Operating Receipts	\$1300
Total Receipts	\$662086
Administrative	\$(36132)
Management Fee	\$(68600)
Utilities	\$(140162)
Salaries and Wages	\$(104900)
Operating and Maintenance	\$(180047)
Property Insurance	\$(16500)
Miscellaneous Taxes and Insurance	\$(3140)
Interest on First Mortgage	\$(60572)
Mortgage Insurance Premium (MIP)	\$(6174)
Total Disbursements	\$(616227)
<b>Net Cash provided by (used in) Operating Activities</b>	<b>\$45859</b>
<b>Cash Flows from Investing Activities</b>	
Net Deposits to the Mortgage Escrow account	\$32921
Net Deposits to the Reserve for Replacement account	\$46806
Net Purchase of Fixed Assets	\$(91500)
<b>Net Cash used in Investing Activities</b>	<b>\$(11773)</b>
<b>Cash Flows from Financing Activities</b>	
Principal Payments - First Mortgage (or Bonds)	\$(28940)
Principal Payments on Loans or Notes Payable	\$(3300)
<b>Net Cash used in Financing Activities</b>	<b>\$(32240)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>\$1846</b>
<b>Cash and Cash Equivalents</b>	
Beginning of Period Cash	\$2231
End of Period Cash	\$4077
<b>Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used In) Operating Activities</b>	
Change in Unrestricted Net Assets	\$(20280)
<b>Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used In) Operating Activities</b>	<b>Amount</b>
Depreciation Expenses	\$5627
Amortization Expense	\$1847

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Decrease (increase) in Tenant/Member Accounts Receivable	\$7644
Decrease (increase) in Prepaid Expenses	\$(3851)
Decrease (increase) in Entity/Construction Asset accounts	\$3300
Increase (decrease) in Accrued Liabilities	\$(9428)
Increase (decrease) in Accrued Interest Payable	\$59215
Increase (decrease) in Prepaid Revenue	\$3
Other adjustments to reconcile net profit (loss) to Net Cash provided by (used in) Operating Activities	\$1782
Net Cash provided by (used in) Operating Activities	\$45859
<u>Comments Submitted With the Statement of Cash Flows</u>	

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## Notes to the Financial Statement

Project Name: EMBASSY APARTMENTS

Date From: Jan. 1, 2001

Sub. Type: AUD-2000.04

FHA Number: [REDACTED]

Date To: Dec. 31, 2001

FYE: Dec 31, 2001

### Note 1. Organization and Presentation Note

The partnership is organized as a limited partnership formed to acquire interest in real property located in Brooklyn, New York, and to construct and operate thereon an apartment complex of 83 units, under Section 221(d)(4) of the National Housing Act. Such projects are regulated by HUD as to rent charges and operating methods. The regulatory agreement limits annual distributions of net operating receipts to surplus cash available at the end of each year.

### Note 2. Prior Period Adjustment Note

### Note 3. Summary of Significant Accounting Policies Note

The following significant accounting policies have been followed in the preparation of the financial statements: Depreciation on building and improvements is provided using the straight-line method over 15 years for financial statement purposes. For income tax purposes, depreciation is provided using a five-year, straight-line method (Section 167 (K) for the rehabilitation costs of \$1,478,254, the maximum allowed; other building and improvements costs are depreciated using the ACRS for low-income housing. Mortgage related costs consist of fees for obtaining the HUD insured mortgage loan and GNMA discount, and are being amortized over the life of the mortgage loan. Income or loss of the partnership is allocated 1% to the general partners and 99% to the limited partners. No income tax provision is required in the financial statements since income or loss of the partnership is reported by the respective partners on their income tax returns.

### Note 4. Mortgages Payable Note

The mortgage note dated August 1, 1986 in the amount of \$1,780,000 bears interest at a blended constant annual rate of 9.2%, and is payable in monthly installments of \$14,380.27 for the first 228 months and \$12,063.41 for the remaining 132 months. The final payment is due August 1, 2016. The apartment project is pledged as collateral for the note. The partnership is in arrears as to debt service, mortgage escrows and replacement reserve payments: Mortgage Interest \$59,215 Principal Repayments 30,297 Mortgage Escrow Deposits 26,766 Replacement Reserve Deposits 11,532 Total arrearage \$127,810 Management represented that because the transfers of mortgage administration from NYSHFA (2000) to NYCHPD were inadequately prepared, the partnership was inappropriately invoiced or not at all. Subsequently, in 2002, but effectively at December 31, 2001 administration was transferred to NYCHDC. The latter agency experienced great difficulty in ascertaining the balances of the mortgages, the escrows and the replacement reserves. As a consequence, they asserted that all of the needed funds from the replacement reserves were not obtained: only \$61,000 of the \$82,000 in roof replacement costs were returned to operations. Additionally, approximately \$80,000 in upgrading the building was paid from operations. The upgrades, refurbishing and roof replacement were mandated by a Comprehensive Needs Analysis (CNA). Management has asserted that it expected to be current with regard to all debt service payments and deposits by July, 2002. The project has been paying two debt service payments per month since March, 2002 to accomplish this. The original mortgage note is shared by the Department of Housing Preservation and Development of the City of New York (HPD) and the New York State Housing Finance Agency (HFA) as follows: HPD (34%) \$ 597,968 HFA (66%) 1,182,032 \$1,780,000

Principal Payments in the next 12 months - Year 1	\$95221
Principal Payments in the next 12 months - Year 2	\$71155
Principal Payments in the next 12 months - Year 3	\$77984
Principal Payments in the next 12 months - Year 4	\$73916
Principal Payments in the next 12 months - Year 5	\$56817
Principal Payments remaining after Year 5	\$924703

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**Note 5. Note Payable Note**

Loans payable to the managing general partner consist of cash flow advances. During 2000, an additional \$25,100 was advanced to the project of which \$3,300 was repaid in 2001.

Creditor

Purpose CASH FLOW ADVANCES

Date Incurred Dec 31, 1990

Terms INTEREST DEFERRED...

Amount Due \$127889

Total of Notes Payable \$127889

**Note 6. Related Party Transactions Note**

Management Corp. which manages the project. Is 100% owned by the managing general partner of the partnership. Management Corp.

Company Name

Amount Received \$109048

**Note 7. Management Fee Note**

**Note 8. Additional Note**

The project's liability for real estate taxes is abated under its exemption under J51 of the New York City tax laws. The latest invoice reflected a liability for the 2001-2002 period of \$8,712 after abatements, which was accrued. However, there remains in dispute \$99,146 in taxes and interest. Management expects to win this dispute.

VACANCY LOSSES The project has experienced significantly higher than normal vacancy losses principally due to the deterioration of a number of units, attributable to prior tenants. During 2001, there were \$69,770 in such losses. Management expects that the extensive refurbishing of the apartments and the general upgrading of the building will result in a significant decrease in such losses.

Management intends to operate the asset at least during its depreciable life. Total undiscounted future cash flows expected from operating the asset during that period exceed its carrying amount, and there is no reason for management to believe that disposal of the asset would result in a net cash outflow.

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**Computation of Surplus Cash, Distributions and Residual Receipts (Annual)**

Project Name: EMBASSY APARTMENTS    Date From: Jan. 1, 2001    Sub. Type: AUD-2000.04  
 FHA Number: [REDACTED]    Date To: Dec. 31, 2001    FYE: Dec 31, 2001

Report Type: Computation of Surplus Cash (Annual)

**Part A - Compute Surplus Cash**

Cash	Amount
Cash	\$16654
<b>Total Cash</b>	<b>\$16654</b>

Current Obligations	Amount
Accrued Mortgage (or Bond) Interest Payable	\$69402
Delinquent Mortgage (or Bond) Principal Payments	\$30297
Delinquent Deposits to Reserve for Replacements	\$11532
Deficient Tax Insurance or MIP Escrow Deposits	\$26766
Accrued Expenses [not escrowed]	\$24591
Prepaid Revenue	\$2908
Tenant Security Deposits Liability	\$12577
<b>Total Current Obligations</b>	<b>\$178073</b>
<b>Surplus Cash (Deficiency)</b>	<b>\$(161419)</b>

**Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts**

<b>Surplus Cash (Deficiency)</b>	<b>\$(161419)</b>
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Limited Dividend Projects	Amount
<b>Amount Available for distribution during next fiscal period</b>	<b>\$0</b>

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**Schedule of Reserve for Replacements**

Project Name: **EMBASSY APARTMENTS** | Date From: **Jan. 1, 2001** | Sub. Type: **AUD-2000.04 (Non-coop)**  
 FHA Number: **[REDACTED]** | Date To: **Dec. 31, 2001** | FYE: **Dec 31, 2001**

Report Type: Reserve for Replacements

Description	Amount
Balance at Beginning of Year	\$98646
Total Monthly Deposits	\$11532
Interest on Replacement Reserve Accounts	\$2662
Approved Withdrawals	\$61000
Balance at End of Year, Confirmed by Mortgagee	\$51840
Deposits Suspended or Waived Indicator	No

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## Statement of Financial Position (Balance Sheet)

**Project Name:** EMBASSY APARTMENTS      **Date From:** Jan. 1, 2000      **Sub. Type:** AUD-2000.04  
**FHA Number:** [REDACTED]      **Date To:** Dec. 31, 2000      **FYE:** Dec 31, 2000

Assets		
Account	Current Assets	Amount
1120	Cash - Operations	\$2231
1130	Tenant/Member Accounts Receivable (Coops)	\$27535
1131	Allowance for Doubtful Accounts	\$2744
	Net Tenant Accounts Receivable	\$24791
1200	Miscellaneous Prepaid Expenses	\$27464
	<b>Total Current Assets</b>	<b>\$54486</b>
Account	Deposits Held in Trust	Amount
1191	Tenant/Patient Deposits Held in Trust:	\$10573
Account	Funded Reserves	Amount
1310	Escrow Deposits	\$36129
1320	Replacement Reserve	\$98646
	<b>Total Deposits</b>	<b>\$134775</b>
Account	<u>Fixed Assets</u>	Amount
1410	Land	\$50959
1420	Buildings	\$2064118
	<b>Total Fixed Assets</b>	<b>\$2115077</b>
1495	Accumulated Depreciation	\$1962927
	<b>Net Fixed Assets</b>	<b>\$152150</b>
Account	Other Assets	Amount
1520	Intangible Assets	\$28782
1590	Miscellaneous Other Assets	\$60696
	<b>Total Other Assets</b>	<b>\$89478</b>
	<b>Total Assets</b>	<b>\$441462</b>
Liabilities		
Account	Current Liabilities	Amount
2110	Accounts Payable - Operations	\$31289
2131	Accrued Interest Payable - First Mortgage (or Bonds)	\$10187
2150	Accrued Property Taxes	\$2730
2170	Mortgage (or Bonds) Payable - First Mortgage (or Bonds) (Short Term)	\$59238
Account	Prepaid Revenues	Amount
2210	Prepaid Revenue	\$2905
	<b>Total Current Liabilities</b>	<b>\$106349</b>

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Account	Deposits Liabilities	Amount
2191	Tenant/Patient Deposits Held In Trust (Contra)	\$8791
Account	Long Term Liabilities	Amount
2320	Mortgage Payable (or Bonds) - First Mortgage (or Bonds)	\$1269499
2324	Other Loans and Notes Payable	\$131189
	Total Long Term Liabilities	\$1400688
	Total Liabilities	\$1515828
Account	Partners' Equity	Amount
3130	Total Equity	<u>\$(1074366)</u>
	Total Liabilities and Equity	\$441462

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**Computation of Surplus Cash, Distributions and Residual Receipts (Annual)**

Project Name: EMBASSY APARTMENTS    Date From: Jan. 1, 2000    Sub. Type: AUD-2000.04  
 FHA Number:                                      Date To: Dec. 31, 2000    FYE: Dec 31, 2000

Report Type: Computation of Surplus Cash (Annual)

Part A - Compute Surplus Cash

Cash	Amount
Cash	\$12804
Total Cash	\$12804

Current Obligations	Amount
Accrued Mortgage (or Bond) Interest Payable	\$10187
Accrued Expenses [not escrowed]	\$34019
Prepaid Revenue	\$2905
Tenant Security Deposits Liability	\$8791
Total Current Obligations	\$55902
Surplus Cash (Deficiency)	\$(43098)

Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts

Surplus Cash (Deficiency)	\$(43098)
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Limited Dividend Projects	Amount
Amount Available for distribution during next fiscal period	\$0
Deposit Due Residual Receipts	\$0

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