

**PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2018 AND 2017**



McKONLY & ASBURY

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3-4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9-10
Notes to Financial Statements	11-16
SUPPLEMENTARY INFORMATION	
Supplementary Information Required by HUD	18-26
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	28
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 <i>Government Auditing Standards</i>	29-30
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	31-32
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Year Audit Findings	34
Certification of Officers	35
Managing Agent’s Certification	36

MEMBERS

AMERICAN AND PENNSYLVANIA
INSTITUTES OF CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Presbyterian Apartments, Inc.
Dillsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Presbyterian Apartments, Inc. (a nonprofit organization), HUD Project No. 034SH006, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MAILING ADDRESS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presbyterian Apartments, Inc. as of December 31, 2018 and 2017, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 18 to 26 is presented for 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* 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 March 13, 2019, on our consideration of Presbyterian Apartments, Inc.'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 Presbyterian Apartments, Inc.'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 Presbyterian Apartments, Inc.'s internal control over financial reporting and compliance.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 13, 2019

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS	2018	2017
Current Assets		
Cash	\$ 82,491	\$ 76,674
Accounts receivable - tenants (net of allowance for doubtful accounts of \$8,243 and \$5,997)	13,387	8,470
Accounts receivable - HUD	-	628
Accounts receivable - other	1,570	2,238
Prepaid expenses	14,398	13,289
Total current assets	<u>111,846</u>	<u>101,299</u>
Noncurrent Assets		
Restricted deposits and funded reserves		
Replacement reserve	408,468	416,344
Tenant security deposits	50,642	48,020
Total restricted deposits and funded reserves	<u>459,110</u>	<u>464,364</u>
Fixed Assets		
Land	183,519	183,519
Building and improvements	6,479,616	6,479,616
Furniture and equipment	812,514	713,743
Construction in progress	601,089	2,700
Total fixed assets	8,076,738	7,379,578
Less accumulated depreciation	<u>(5,879,193)</u>	<u>(5,735,264)</u>
Fixed assets - net	<u>2,197,545</u>	<u>1,644,314</u>
Total assets	<u>\$ 2,768,501</u>	<u>\$ 2,209,977</u>

The accompanying notes are an integral
part of these financial statements.

LIABILITIES AND NET ASSETS (DEFICIT)	2018	2017
Current Liabilities		
Accounts payable - operations	\$ 171,093	\$ 54,416
Accounts payable - related party	1,955,504	1,440,254
Accrued expenses		
Wages and vacation	-	937
Other	25	25
Current maturities of mortgage payable	2,118,904	95,017
Prepaid rent - tenant	7,893	13,463
Prepaid rent - HAP	1,276	326
Total current liabilities	<u>4,254,695</u>	<u>1,604,438</u>
Noncurrent Liabilities		
Tenant security deposits	53,611	49,289
Long-term liabilities - net of current maturities		
Mortgage payable	-	21,062
Flexible subsidy loan		
Loan payable	-	1,671,580
Accrued interest payable	-	409,054
Total noncurrent liabilities	<u>53,611</u>	<u>2,150,985</u>
Total liabilities	<u>4,308,306</u>	<u>3,755,423</u>
Net assets (deficit)		
Without Donor Restrictions	(1,545,715)	(1,551,396)
With Donor Restrictions	<u>5,910</u>	<u>5,950</u>
Total liabilities and net assets (deficit)	<u>\$ 2,768,501</u>	<u>\$ 2,209,977</u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rent	\$ 1,044,475	\$ -	\$ 1,044,475
Financial	189	-	189
Contributions	64,383	-	64,383
Other	12,888	-	12,888
Released from restrictions	40	(40)	-
Total revenue	1,121,975	(40)	1,121,935
Expenses			
Administrative	238,902	-	238,902
Utilities	256,630	-	256,630
Operating and maintenance	299,828	-	299,828
Taxes and insurance	105,885	-	105,885
Interest	19,470	-	19,470
Supportive services	51,650	-	51,650
Depreciation	143,929	-	143,929
Total expenses	1,116,294	-	1,116,294
Change in net assets (deficit)	5,681	(40)	5,641
Net Assets (Deficit) - Beginning	(1,551,396)	5,950	(1,545,446)
Net Assets (Deficit) - Ending	\$ (1,545,715)	\$ 5,910	\$ (1,539,805)

The accompanying notes are an integral
part of these financial statements.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rent	\$ 1,026,561	\$ -	\$ 1,026,561
Financial	183	-	183
Contributions	500	-	500
Other	8,153	-	8,153
Released from restrictions	191	(191)	-
Total revenue	1,035,588	(191)	1,035,397
Expenses			
Administrative	242,750	-	242,750
Utilities	231,753	-	231,753
Operating and maintenance	339,163	-	339,163
Taxes and insurance	115,059	-	115,059
Interest	22,415	-	22,415
Supportive services	49,247	-	49,247
Depreciation	130,924	-	130,924
Total expenses	1,131,311	-	1,131,311
Change in net assets (deficit)	(95,723)	(191)	(95,914)
Net Assets (Deficit) - Beginning	(1,455,673)	6,141	(1,449,532)
Net Assets (Deficit) - Ending	\$ (1,551,396)	\$ 5,950	\$ (1,545,446)

The accompanying notes are an integral
part of these financial statements.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Administrative	\$ 148,782	\$ 90,120	\$ 238,902
Utilities	256,630	-	256,630
Operating and maintenance	299,828	-	299,828
Taxes and insurance	105,885	-	105,885
Interest	19,470	-	19,470
Supportive services	51,650	-	51,650
Depreciation	<u>143,929</u>	<u>-</u>	<u>143,929</u>
Total expenses	<u>\$ 1,026,174</u>	<u>\$ 90,120</u>	<u>\$ 1,116,294</u>

The accompanying notes are an integral
part of these financial statements.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Administrative	\$ 158,028	\$ 84,722	\$ 242,750
Utilities	231,753	-	231,753
Operating and maintenance	339,163	-	339,163
Taxes and insurance	115,059	-	115,059
Interest	22,415	-	22,415
Supportive services	49,247	-	49,247
Depreciation	<u>130,924</u>	<u>-</u>	<u>130,924</u>
Total expenses	<u>\$ 1,046,589</u>	<u>\$ 84,722</u>	<u>\$ 1,131,311</u>

The accompanying notes are an integral
part of these financial statements.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from rentals	\$ 1,036,234	\$ 1,037,026
Interest received	72	67
Other cash received	77,271	8,653
Total receipts	<u>1,113,577</u>	<u>1,045,746</u>
Administrative	41,028	55,933
Utilities	239,070	235,700
Salaries and wages	11,176	207,888
Operating and maintenance	159,066	229,473
Property and liability insurance	43,348	41,644
Miscellaneous taxes and insurance	2,567	2,402
Tenant security deposits	(1,700)	(5,260)
Interest on mortgage	2,177	4,981
Total disbursements	<u>496,732</u>	<u>772,761</u>
Net cash provided by operating activities	616,845	272,985
Cash Flows from Investing Activities		
Net (deposits) withdrawals to replacement reserve	7,993	(59,319)
Cash paid for fixed assets	(524,497)	(104,989)
Net cash used in investing activities	(516,504)	(164,308)
Cash Flows from Financing Activities		
Principal payments on mortgage payable	(95,024)	(92,218)
Proceeds from AHP loan	500	-
Net cash used in financing activities	(94,524)	(92,218)
Net increase in cash	<u>5,817</u>	<u>16,459</u>
Cash		
Beginning	<u>76,674</u>	<u>60,215</u>
Ending	<u>\$ 82,491</u>	<u>\$ 76,674</u>

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENTS OF CASH FLOWS (Cont'd)

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 5,641	\$ (95,914)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for doubtful accounts	(2,246)	4,069
Interest earned on replacement reserve	(117)	(116)
Depreciation	143,929	130,924
(Increase) decrease in		
Accounts receivable - tenants	(2,671)	5,047
Accounts receivable - HUD	628	1,165
Accounts receivable - other	668	(1,530)
Prepaid expenses	(1,109)	(829)
Tenant security deposits	(2,622)	(4,941)
(Decrease) increase in		
Accounts payable - operations	24,906	(13,573)
Accounts payable - related party	434,358	236,998
Accrued expenses	(937)	(14,617)
Accrued interest	16,715	16,716
Prepaid rent - tenants	(5,570)	3,851
Prepaid rent - HAP	950	-
Tenant security deposits	4,322	5,735
Net cash provided by operating activities	\$ 616,845	\$ 272,985
Supplemental schedule of noncash investing activities		
Total additions to fixed assets	\$ 697,160	\$ 137,189
Decrease in accounts payable - operations	7,310	37,800
Increase in accounts payable - operations	(99,081)	(7,310)
Increase in accounts payable - related parties	(80,892)	(70,000)
Cash paid for fixed assets	\$ 524,497	\$ 97,679

The accompanying notes are an integral
part of these financial statements.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization: Presbyterian Apartments, Inc. (the "Organization") is a nonprofit organization that owns a housing development located in Harrisburg, Pennsylvania. Presbyterian Apartments (the "Project") contains 165 apartments, of which 29 apartments receive subsidies under Section 8 Housing Assistance payments agreement with the U. S. Department of Housing and Urban Development (HUD). The Project's mortgage was originally financed under HUD Section 202 and renovations have been financed through the HUD Flexible Subsidy Program.

PHI, doing business as Presbyterian Senior Living (PSL), is the parent of the Organization, and has approval rights for Board of Director appointments. PSL is a provider of senior care services, including housing, nursing, personal care, and day care in Pennsylvania, Maryland, Ohio and Delaware.

Cash Equivalents: For purposes of the statements of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2018 and 2017.

Financial Statement Presentation: The Organization follows the requirements of FASB Accounting Standards Codification (ASC) 958 *Not-for-profit Entities*, and the provisions of Accounting Standards Update 2016-14 *Not-For-profit Entities* (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. ASU 2016-14 requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Tenant Security Deposits: Tenant security deposits are held in a bank account in the name of the Organization.

Accounts Receivable: Tenant receivables are carried at original rental amount less an estimate made for doubtful receivables based on management's review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual tenant receivables and considering a tenant's financial condition, credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

A tenant receivable is considered to be past due based on how payments are received compared to the tenant's payment history. Interest is not generally charged on trade receivables.

Fixed Assets: Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the useful lives of the various assets; 5 to 45 years for building and improvements, and 5 to 10 years for furniture and equipment.

Impairment: The Organization reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred, based on the expected cash flows, a loss is recognized in the statements of activities.

Deferred Revenue: Any funds received by the Organization in advance of incurring eligible expenses are accounted for as deferred revenue in the statements of financial position.

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Net Asset Classifications: Net assets, revenues, and gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available to use in general operations and not subject to donor (or certain grantor restrictions).

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions may be temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both. Net assets with donor restrictions at December 31, 2018 and 2017, are restricted for an emergency fund for people served by the Organization.

Income Taxes: The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Organization adheres to the provisions of Financial Accounting Standards Board "FASB" Codification 740, Income Taxes. ASC 740 prescribes a comprehensive model for financial statement recognition, measurement, classification and disclosure of uncertain tax positions. The Organization has concluded that it does not have any uncertain tax positions that require recognition or disclosure in the financial statements. Management believes it is no longer subject to income tax examinations for years prior to 2015.

Revenue Recognition: Rental revenue is recognized on the accrual method. Accordingly, revenue is recognized as earned, and expenses are recognized as incurred. A monthly housing assistance payment is received from HUD for leases to qualifying low-income tenants.

Grant revenue is recognized to the extent that eligible costs are incurred.

Advertising Costs: The Organization expenses all advertising costs as incurred.

Functional Allocation of Expenses: The costs of providing the program and supporting service activities have been directly charged. Management and general costs primarily consist of management fees, audit expense, and miscellaneous administrative expenses.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Reclassification: Certain items in the 2017 financial statements have been reclassified to conform to the presentation of the 2018 financial statements. The Organization's 2017 expenses have been reclassified to be presented on the functional and natural classification basis on the statement of functional expenses for the year ended December 31, 2017.

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Recently Adopted Accounting Standards: In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and a number of additional disclosure requirements related to liquidity and availability of resources, expenses and investment return. This guidance was effective for the Organization on January 1, 2018, and was applied retrospectively. Total net assets did not change as a result of this new standard, however net assets are now reported as net assets with donor restrictions or without donor restrictions.

Recently Issued Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The pronouncement, and related subsequent pronouncements, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The changes become effective for the Organization on January 1, 2019. Management has not determined the impact of these changes on the Organization's financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash (Topic 230)*. The changes associated with this ASU include the requirement for amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The changes become effective for the Organization on January 1, 2019. Management has not determined the impact of these changes on the Organization's financial statements.

Subsequent Events: Management evaluated subsequent events through March 13, 2019, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The Organization has \$91,538 of financial assets available within one year of the December 31, 2018 statement of financial position date to meet cash needs for general expenditures consisting of cash of \$76,581 (\$82,491 reduced by \$5,910 restricted by donors) and accounts receivable of \$14,957. To help manage unanticipated liquidity needs, the Organization receives cash advances from PSL for operating expenses of the Project. See Note 6 for additional information.

Note 3. HUD-Restricted Deposits and Funded Reserves

Replacement Reserve: Under the regulatory agreement, the Organization is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. These deposits are held in separate accounts and generally are not available for operating purposes.

Residual Receipts Reserve: Surplus cash is calculated annually and must be deposited into the residual receipts account within 90 days after the end of each fiscal year. Use of these funds is contingent upon HUD's prior written approval. The Organization has not had surplus cash; therefore no residual receipts account has been established. No payments were due for 2018 or 2017.

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities

Long-term liabilities consist of the following at December 31, 2018 and 2017:

	2018	2017
Loans payable - HUD (A)	\$ 1,671,580	\$ 1,671,580
Accrued interest payable – HUD (A)	425,769	409,054
Mortgage payable – HUD (B)	21,055	116,079
AHP loan payable - First National Bank (C)	500	-
	2,118,904	2,196,713
Less current portion of long-term liabilities	(2,118,904)	(95,017)
Total long-term liabilities, net of current portion of long-term liabilities	\$ -	\$ 2,101,696

(A) This loan is made as part of the HUD flexible subsidy program. The flexible subsidy program provides funds for major repair and replacement expenditures. The terms of the loan is as follows:

- The entire principal balance is due upon the sale of the project building or upon full payment of the HUD mortgage. This provision makes this loan due on April 1, 2019. The Organization is currently working on a submission to HUD to request a deferral of the loan in which it would become due over the next 20 years installment payments. No agreement with HUD has been reached to date.
- Other principal payments can be made only from surplus cash with the written permission of the District Housing Commissioner of HUD.
- Simple interest at the rate of 1% per annum is payable at the time of principal payments. Interest has accrued since the note's inception.

(B) This mortgage payable as of December 31, 2018, represents a permanent building loan provided by HUD. The monthly installments of principal and interest are \$8,100. Interest is being charged at 3.0%. The mortgage note is secured by the apartment project and is due April 1, 2019.

(C) First National Bank has issued a loan to the Organization in the total amount of \$200,000 on June 22, 2018, through funds made available through the Federal Home Loan Bank of Pittsburgh Affordable Housing Program ("AHP"). The loan bears interest at a variable rate equal to one-month LIBOR. The loan is due on June 22, 2019.

The Organization incurred interest cost totaling \$19,470 and \$22,415 for the years ended December 31, 2018 and 2017. Interest costs totaling \$2,177 and \$4,981 were paid in 2018 and 2017.

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Note 5. Rent Increases

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

Note 6. Related Party Transactions

Some members of the Board of Directors of the Organization are also officers of PSL.

PSLHMC is the management agent. Management fees were calculated at 7.5% of revenues as specified on the management certification. Total management fees due to PSLHMC were \$78,159 and \$75,724, for the years ended December 31, 2018 and 2017, respectively. Unpaid management fees as of December 31, 2018 and 2017, are included in accounts payable – related party.

PSL and PSLHMC also advances cash to the project and pays expenses on behalf of the Organization and is reimbursed as funds allow. Total reimbursements due to PSL and PSLHMC as of December 31, 2018 and 2017, are included in accounts payable – related party.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017, are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Emergency fund	<u>\$ 5,910</u>	<u>\$ 5,950</u>

Note 8. Commercial Lease

The Organization has entered into multiple lease agreements to lease space to unrelated third parties that expire over the next five years.

The following is a schedule by years of future minimum rentals under the lease at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 23,279
2020	9,409
2021	5,439
2022	5,547
2023	<u>928</u>
	<u>\$ 44,602</u>

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO FINANCIAL STATEMENTS

Note 9. Current Vulnerability Due to Certain Concentrations

The Organization's primary asset is a 165 unit apartment project. The Organization's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Organization are subject to 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 for the related cost, including the additional administrative burden, to comply with a change.

**SUPPLEMENTARY INFORMATION
REQUIRED BY HUD**

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF FINANCIAL POSITION DATA

DECEMBER 31, 2018

Account Number	ASSETS		
	Current Assets		
1120	Cash - operations	\$	82,491
1130	Accounts receivable - tenants		13,387
1135	Accounts receivable - HUD		-
1140	Accounts receivable - other		1,570
1200	Prepaid expenses		14,398
1100T	Total current assets		<u>111,846</u>
	Restricted Deposits and Funded Reserves		
1191	Tenant deposits		50,642
1320	Replacement reserve		<u>408,468</u>
1300T	Total Restricted Deposits and Funded Reserves		<u>459,110</u>
	Fixed Assets		
1410	Land		183,519
1420	Building		6,479,616
1440	Building equipment		259,304
1450	Furniture for project - tenant use		97,403
1460	Furnishings		359,346
1465	Office furniture and equipment		87,175
1470	Maintenance equipment		9,286
1490	Construction in progress		<u>601,089</u>
1400T	Total fixed assets		<u>8,076,738</u>
1495	Less accumulated depreciation		<u>(5,879,193)</u>
1400N	Fixed assets - net		<u>2,197,545</u>
1000T	Total assets	\$	<u><u>2,768,501</u></u>

Account Number	LIABILITIES AND NET ASSETS (DEFICIT)	
	Current Liabilities	
2110	Accounts payable - operations	\$ 171,093
2110	Accounts payable - related party	1,955,504
2190	Accrued expenses	25
2170	Current maturities of mortgage payable	2,118,904
2210	Prepaid revenue	7,893
2210	Prepaid housing assistance payments	1,276
2122T	Total current liabilities	<u>4,254,695</u>
2191	Tenant deposits	<u>53,611</u>
	Long-term liabilities	
2325	Flexible subsidy loan payable	-
2330	Accrued interest payable - flexible subsidy loan payable	-
2300T	Total long-term liabilities	<u>-</u>
2000T	Total liabilities	<u>4,308,306</u>
	Net assets (deficit)	
3131	Without donor restrictions	(1,545,715)
3132	With donor restrictions	<u>5,910</u>
3130	Total net assets (deficit)	(1,539,805)
2033T	Total liabilities and net assets (deficit)	<u><u>\$ 2,768,501</u></u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF ACTIVITIES DATA

YEAR ENDED DECEMBER 31, 2018

Account Number			
	Revenue		
5120	Rent - gross potential	\$	969,627
5121	Tenant assistance payments		167,950
5140	Rent - commercial		25,500
5170	Parking spaces		9,720
5190	Miscellaneous rent revenue		34,618
5100T	Total rent revenue		<u>1,207,415</u>
5220	Vacancies - apartments		(161,027)
5250	Rent concessions		(1,913)
5152N	Net rental revenue		<u>1,044,475</u>
5410	Revenue from investments - operations		72
5440	Revenue from investments - replacement reserve		117
5400T	Total financial revenue		<u>189</u>
5910	Laundry and vending revenue		5,875
5970	Gifts		64,383
5990	Miscellaneous revenue		7,013
5900T	Total other revenue		<u>77,271</u>
5000T	Total revenue		<u>1,121,935</u>
	Expenses		
6210	Advertising		6,877
6311	Office expenses		27,978
6320	Management fee		78,159
6330	Manager salaries		87,873
6340	Legal expenses - project		535
6350	Audit expense		8,975
6370	Bad debt expense		17,392
6390	Miscellaneous administrative expense		11,113
6263T	Total administrative expenses		<u>238,902</u>
6450	Electricity		156,129
6451	Water		53,108
6452	Gas and steam		27,124
6453	Sewer		20,269
6263T	Total utilities expense		<u>256,630</u>

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF ACTIVITIES DATA (Cont'd)

YEAR ENDED DECEMBER 31, 2018

Account Number		
6510	Payroll	94,644
6515	Supplies	1,641
6520	Contracts	139,292
6525	Garbage and trash removal	24,431
6541	Repairs material	29,453
6546	Heating/cooling repairs and maintenance	1,744
6548	Snow removal	861
6560	Decorating contract	6,735
6570	Vehicle and maintenance equipment operations and repair	1,027
6550T	Total operating and maintenance expense	<u>299,828</u>
6710	Real estate taxes	2,567
6711	Payroll taxes	17,407
6720	Property and liability insurance	43,348
6722	Workmen's compensation	585
6723	Health insurance and other employee benefits	41,978
6700T	Total taxes and insurance	<u>105,885</u>
6820	Interest expense	18,892
6890	Miscellaneous financial expenses	578
6800T	Total financial expenses	<u>19,470</u>
6910	Payroll	45,025
6920	Supplies	6,625
6900T	Total supportive services	<u>51,650</u>
6000T	Total cost of operations before depreciation	<u>972,365</u>
5060T	Profit before depreciation	149,570
6600	Depreciation	143,929
5060N	Operating income	<u>5,641</u>
3247	Change in net assets without donor restrictions	5,681
3248	Change in net assets with donor restrictions	(40)
3250	Change in total net assets from operations	<u>\$ 5,641</u>
S1000-010	Total mortgage principal payments required during the year	<u>\$ 95,017</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	<u>\$ 60,375</u>
S1000-030	Replacement reserves, or residual receipts and releases which are included as expense items on this Profit and Loss statement	<u>\$ 10,870</u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF CASH FLOWS DATA

YEAR ENDED DECEMBER 31, 2018

Account Number		
	Cash Flows from Operating Activities	
S1200-010	Rental receipts	\$ 1,036,234
S1200-202	Interest receipts	72
S1200-030	Other operating receipts	77,271
S1200-040	Total receipts	<u>1,113,577</u>
S1200-050	Administrative	41,028
S1200-090	Utilities	239,070
S1200-100	Salaries and wages	11,176
S1200-110	Operating and maintenance	159,066
S1200-140	Property and liability insurance	43,348
S1200-150	Miscellaneous taxes and insurance	2,567
S1200-160	Tenant security deposits	(1,700)
S1200-180	Interest on mortgage	2,177
S1200-230	Total disbursements	<u>496,732</u>
S1200-240	Net cash provided by operating activities	616,845
	Cash Flows from Investing Activities	
S1200-250	Net deposits to reserve for replacement	7,993
S1200-330	Purchase of fixed assets	<u>(524,497)</u>
S1200-350	Net cash used in investing activities	(516,504)
	Cash Flows from Financing Activities	
S1200-360	Principal payments on mortgage payable	(95,024)
S1200-365	Proceeds from mortgages, loans, or notes payable	<u>500</u>
S1200-460	Net cash used in financing activities	(94,524)
S1200-470	Net increase in cash	5,817
	Cash	
S1200-480	Beginning	<u>76,674</u>
S1200T	Ending	<u><u>\$ 82,491</u></u>

(continued)

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

STATEMENT OF CASH FLOWS DATA (Cont'd)

YEAR ENDED DECEMBER 31, 2018

Account Number			
	Reconciliation of Changes in Net Assets to		
	Net Cash Provided by Operating Activities		
3250	Change in net assets	\$	5,641
	Adjustments to reconcile change in net assets to net cash provided by operating activities		
S1200-600	Change in allowance for doubtful accounts		(2,246)
S1200-600	Interest earned on replacement reserve		(117)
6600	Depreciation		143,929
	Changes in assets and liabilities:		
	(Increase) decrease in		
S1200-490	Accounts receivable - tenant		(2,671)
S1200-500	Accounts receivable - HUD		628
S1200-505	Contributions receivable		-
S1200-500	Accounts receivable - other		668
S1200-520	Prepaid expenses		(1,109)
S1200-530	Tenant security deposits		(2,622)
	(Decrease) increase in		
S1200-540	Accounts payable - operations		24,906
S1200-540	Accounts payable - related party		434,358
S1200-560	Accrued expenses		(937)
S1200-570	Accrued interest		16,715
S1200-580	Tenant security deposits		4,322
S1200-590	Prepaid revenue		(5,570)
S1200-590	Prepaid housing assistance payments		950
S1200-610	Net cash provided by operating activities	\$	616,845

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

SCHEDULE OF RESERVE FOR REPLACEMENT

YEAR ENDED DECEMBER 31, 2018

Account Number			
1320P	Balance - January 1, 2018	\$	416,344
1320DT	Monthly deposits		60,375
1320INT	Interest		117
			<u>476,836</u>
1320WT	Withdrawals - approved by HUD		<u>(68,368)</u>
1320	Balance - December 31, 2018	\$	<u><u>408,468</u></u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

COMPUTATION OF SURPLUS CASH - ANNUAL

YEAR ENDED DECEMBER 31, 2018

Account Number		
S1300-010	Cash	\$ 133,133
1135	Accounts receivable - HUD	<u>-</u>
S1300-040	Total cash	133,133
S1300-075	Accounts payable due within 30 days	2,126,597
S1300-100	Accrued expenses	25
2191	Tenant security deposits	53,611
2210	Prepaid housing assistance payments	1,276
2210	Prepaid rent	<u>7,893</u>
S1300-140	Total current obligations	<u>2,189,402</u>
S1300-150	Surplus cash (deficit)	<u><u>\$ (2,056,269)</u></u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

YEAR ENDED DECEMBER 31, 2018

Account Number		Beginning Balance	Additions	Disposals	Ending Balance
1410	Land	\$ 183,519	\$ -	\$ -	\$ 183,519
1420	Buildings	6,479,616	-	-	6,479,616
1440	Building equipment	194,782	64,521	-	259,303
1450	Furniture for project - tenant use	97,403	-	-	97,403
1460	Furnishings	325,097	34,250	-	359,347
1465	Office furniture and equipment	87,175	-	-	87,175
1470	Maintenance equipment	9,286	-	-	9,286
1490	Construction in progress	2,700	598,389	-	601,089
1400T	Total fixed assets	7,379,578	697,160	-	8,076,738
1495	Accumulated depreciation	5,735,264	143,929	-	5,879,193
1400N	Total net book value				<u><u>\$ 2,197,545</u></u>

Schedule of Additions to Furnishings

Description

Amount

Flooring and carpeting (multiple units)	\$ 30,242
Sink and faucets (6)	2,985
Carpet penthouse hallway	1,023
	<u>34,250</u>
	<u><u>\$ 34,250</u></u>

Schedule of Additions to Construction in Progress

Description

Amount

Windows	\$ 580,639
Engineer services	17,750
	<u>598,389</u>
	<u><u>\$ 598,389</u></u>

Schedule of Additions to Building Equipment

Description

Amount

Generator (2)	\$ 57,117
Lighting project	7,404
	<u>64,521</u>
	<u><u>\$ 64,521</u></u>

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Federal Grantor	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Supportive Housing for the Elderly (Section 202 Direct Loan)	14.157	Not available	\$ 116,079	\$ -
Operating Assistance for Troubled Multi-Family Housing Projects (Flexible Subsidy Fund)	14.164	Not available	1,671,580	-
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program				
Section 8 Moderate Rehabilitation	14.856	Not available	139,364	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers				
Passed-Through Harrisburg Housing Authority	14.871	119183	28,586	-
Total expenditures of federal awards			<u>\$ 1,955,609</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Presbyterian Apartments, Inc., Project No. 034SH006, under programs of the federal government for the year ended December 31, 2018. 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 Presbyterian Apartments, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Presbyterian Apartments, Inc.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. U.S. Department of Housing and Urban Development Loan Program

Presbyterian Apartments, Inc. has received U.S. Department of Housing and Urban Development direct loans. The loan balances outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Presbyterian Apartments, Inc. received no additional loans during the year. The balance of the loans outstanding at December 31, 2018, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at December 31, 2018</u>
14.164	Operating Assistance for Troubled Multi-Family Housing Projects (Flexible Subsidy Fund)	\$ 1,671,580
14.157	Supportive Housing for the Elderly (Section 202 Direct Loan)	21,055
		<u>\$ 1,692,635</u>

Note 4. Indirect Cost Rate

Presbyterian Apartments, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5. Federal Award Expenditures Passed through to Subrecipients

Presbyterian Apartments, Inc. did not pass through any federal awards to subrecipients during the year ended December 31, 2018.

MEMBERS

AMERICAN AND PENNSYLVANIA
INSTITUTES OF CERTIFIED PUBLIC
ACCOUNTANTS

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
Presbyterian Apartments, Inc.
Dillsburg, Pennsylvania

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 Presbyterian Apartments, Inc., HUD Project No. 034SH006, which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Presbyterian Apartments, Inc.'s internal control over financial reporting (internal control) to determine the 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 Presbyterian Apartments, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Presbyterian Apartments, Inc.'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 organization'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.

(continued)

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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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Presbyterian Apartments, Inc.'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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 13, 2019

MEMBERS

AMERICAN AND PENNSYLVANIA
INSTITUTES OF CERTIFIED PUBLIC
ACCOUNTANTS

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

The Board of Directors
Presbyterian Apartments, Inc.
Dillsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Presbyterian Apartments, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Presbyterian Apartments, Inc. major federal programs for the year ended December 31, 2018. Presbyterian Apartments, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Presbyterian Apartments, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Presbyterian Apartments, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(continued)

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Presbyterian Apartments, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Presbyterian Apartments, Inc. 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 December 31, 2018.

Report on Internal Control Over Compliance

Management of Presbyterian Apartments, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Presbyterian Apartments, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Presbyterian Apartments, Inc.'s 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 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 13, 2019

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Presbyterian Apartments, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements and reported in the 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*.
3. No instances of noncompliance material to the financial statements of Presbyterian Apartments, Inc., which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs and reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Presbyterian Apartments, Inc. expresses an unmodified opinion on all major programs.
6. There are no findings required to be reported in accordance with 2 CFR section 200.516 (a).
7. The programs tested as major programs were:

Operating Assistance for Troubled Multi-Family Housing Projects (Flexible Subsidy Fund)
(CFDA # 14.164)
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. Presbyterian Apartments, Inc. was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2018

None.

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006


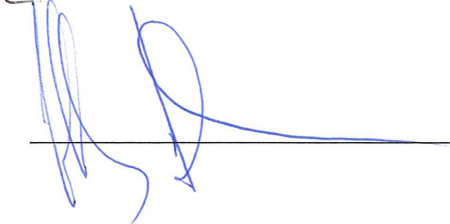
CERTIFICATION OF OFFICERS

YEAR ENDED DECEMBER 31, 2018

We hereby certify that we have read the foregoing financial statements and additional information of Presbyterian Apartments, Inc. and, to the best of our knowledge and belief, they are complete and accurate.

Corporate Officers

Date

March 13, 2019

March 13, 2019

PRESBYTERIAN APARTMENTS, INC.
PROJECT NO. 034SH006

MANAGING AGENT'S CERTIFICATION

YEAR ENDED DECEMBER 31, 2018

We hereby certify that we have read the foregoing financial statements and additional information of Presbyterian Apartments, Inc. and, to the best of our knowledge and belief, they are complete and accurate.



Presbyterian Senior Living

March 13, 2019
Date



Independent Member of:



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