

## **Public Notice**

In accordance with the Statutes of the State of Illinois and the Ordinances of the City of Highland Park, a **Regular Meeting** of the City of Highland Park Housing Commission, the Peers Housing Association, Walnut Housing Association, Ravinia Housing Association and Sunset Woods Association will be held at the hour of **6:30 P.M. on Wednesday, December 7, 2016 at City Hall, 1707 St. Johns Avenue, Highland Park, Illinois**. The Meeting will be held in the **Pre-Session Room** on the second floor.

City of Highland Park  
Housing Commission  
Wednesday, December 7, 2016, at 6:30 p.m.  
**AGENDA**

- I. Call to order**
- II. Roll Call**
- III. Business from the Public (Citizens Wishing to Be Heard Regarding Items not on the Agenda)**
- IV. Approval of Regular Meeting Minutes**
- V. Scheduled Business**
  1. Items for Omnibus Vote Consideration
    - Payment of Invoices
    - Ratification of Payments
  2. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
    - Consideration of November Management Reports for Peers, Walnut, and Ravinia
    - Update on Capital projects
    - Housing Trust Fund financials
    - Sunset Woods Financials
    - Other Sunset Woods business
  3. Review of auditor bid proposals
  4. Update on development proposals
    - 515 -555 Roger Williams
- VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**
- VII. Other Business**
- VIII. Adjournment**



# EVERGREEN

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566 West Lake Street, Suite 400  
Chicago, IL 60661-1414

www.evergreen-housing.com  
Phone: 312-234-9400  
Fax: 312-382-3220

### MEMORANDUM

TO: Highland Park Housing Commission

*Polly Kuehl*

FROM: Polly Kuehl & Brent Norvik

*Brent Norvik*

RE: **November Management Report / October Financial Statements**

At Peers, the plumbing project is almost complete. The concrete has been poured over the floor, and the carpeting should be reinstalled shortly. There were very few complaints from the residents, and overall the project went well. At Walnut, the heating system for the common areas has been repaired. During the time the heater was down, there was very little issue with the building remaining warm, thanks to the warmer weather, and the heat being on in the units. The approved 2017 budgets for both Peers and Walnut have been sent to IHDA.

#### **Frank B. Peers**

**Occupancy:** Peers currently has 4 vacant units, and is at 96% occupancy. 3 of the vacant units have move ins scheduled for the month of Decemeber. The fourth vacant unit was the result of a cancelled move in. We are going back to the waitlist to fill it.

**Physical:** Regular maintenance work orders and preventative tasks were completed during the month of November. The work on the first floor plumbing issue has been completed.

**Social Programs:** Catholic Charities was present on 11/15 to help people sign up for various programs. Lily the therapy dog was at Peers on 11/15. The Thanksgiving luncheon was catered by Hel's Kitchen on 11/16. Catholic Charities commodities will be distributed on 11/30.

**Financial:** Net Operating Income (NOI) for October was negative to budget at (\$12,680). YTD NOI is negative to budget at (\$24,443). Cash carryover is \$37,414.

**Income** – Income for the month of October was negative to budget at (\$5,757).

**Expenses** – Expense line items that were significantly negative to budget include:

- Telephone (#6360) – Reflects the cost of some September invoices paid in October (\$960.75)
- Computer Supplies Data Processing (#6390-0002) – Variance reflects payments for tech support for computers. (\$411)
- Tenant Retention (#6395) Reflects the cost of three resident events. (\$722)
- Travel and Expense Reimbursement (#6431) Manager and tech reimbursement for mileage and out of pocket expenses. (\$539)

- Janitor and Cleaning Supplies (#6515) Variance reflects cost of cleaning supply orders from Septemeber that were paid in October. (\$453)
- Grounds Contractor (#6537) Variance reflects the cost of fall cleanup and dead tree removal. (\$950)
- Elevator Contractor (#6545) Variance reflects the cost of maintenance being done on the elevators at Peers.
- Dorcorating (Tenant Pntg-Cycle Turnover) (#6560) Variance reflects the cost of major repairs for turning over units that were occupied for many years. (\$5,225)
- Fire Protection (#6582) Variance reflects the cost of the annual fire pump test. (\$1,064)

### **Walnut Place**

**Occupancy:** Walnut is at 100% occupancy.

**Physical:** Regular maintenance work orders and preventative tasks were performed during November. The building's common area heating unit has been repaired.

**Social Programs:** The Thanksgiving luncheon was catered by Hel's Kitchen on 11/16. Catholic Charities commodities will be distributed on 11/30.

**Financial:** Net Operating Income (NOI) for October was negative to budget by (\$5,666). The YTD NOI is positive to budget by \$30,863. Cash carryover is \$11,009.

**Income** - Income for the month of October was negative to budget by (\$3,913). This is mainly due to the grant money budgeted monthly, but being paid in a lump sum.

**Expenses** – Expense line items that were significantly negative to budget include:

- Telephone (#6360) – Variance reflects bills from September paid in October (\$590)
- Legal Expense Project (#6340) – Variance reflects the cost of an eviction. (\$475)
- Misc Admin Expenses (#6390) – Variance reflects AP bill payments and payroll costs (\$1,013)
- Computer Supplies / Data Processing (#6390) Reflects the cost of computer software support/repair (\$411)
- Tenant Retention (#6395) Reflects the cost of 3 resident events. (\$375)
- Travel and Expense Reimbursement (#6431) Reflects the cost of reimbursing the Manager and Maintenance tech for mileage and out of pocket expenses. (\$539)
- Elevator Contractor (Annual Maintenance) (#6551) Reflects the cost of annual maintenance on the elevators at Walnut.

- Decorating (Tenant Pntg Turnover) (#6560) Reflects the cost of turning over units that required additional repairs due to length of occupancy. (\$2,390)

### **Ravinia Housing**

**Occupancy:** Ravinia is 100% occupied.

**Physical:** Regular maintenance work orders and preventative tasks were performed during November.

**Financial:** Net Operating Income (NOI) for October was negative to budget by (\$4771). YTD NOI is positive to budget by \$16,981. Cash carryover is \$11,266.

**Income** –Income is positive to budget at \$36.

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Supplies (6311) – Variance reflects the cost of phone bills from September and October, paid in September. (\$862)
- Janitorial and Cleaning Supplies (#6515) Reflects the cost of restocking of cleaning supplies. (\$496)
- Misc Repair Contractors (#6520)- Variance reflects the cost fire alarm panel repair, supply orders, and boiler repairs. (\$4,023)

## Accounts Receivable Up-Date

November 2016

### Frank B. Peers

Tenant A/R increased from \$2,237 at the end of October to \$2,259 at the end of November. The breakdown is as follows:

Current	\$	35
30 Days	\$	376
60 Days	\$	
90+ Days	\$	1,859
Prepaid	\$	(11)

Subsidy A/R decreased from (\$3,755) at the end of October to (\$1,873) at the end of November. The breakdown is as follows:

Current	\$	2839
30 Days	\$	949
60 Days	\$	298
90+ Days	\$	
Prepaid	\$	(5959)

### Walnut Place

Tenant A/R decreased from \$19,175 at the end of October to \$19,435 at the end of November. The breakdown is as follows:

Current	\$	719
30 Days	\$	706
60 Days	\$	1225
90+ Days	\$	18,208
Prepaid	\$	(1,423)

Subsidy A/R decreased from \$673 at the end of October to (\$834) at the end of November. The breakdown is as follows:

Current	\$	2,883
30 Days	\$	1319
60 Days	\$	
90+ Days	\$	0
Prepaid	\$	(5,036)

**Ravinia Housing**

Tenant A/R decreased from \$22,661 at the end of October to \$22,258 at the end of November. The breakdown is as follows:

Current	\$ 1,178
30 Days	\$ 1,196
60 Days	\$ 1,090
90+ Days	\$ 19,994
Prepaid	\$ (1,200)

Subsidy A/R increased from (\$1,256) at the end of October to (\$2,185) at the end of November. The breakdown is as follows:

Current	\$ 2,212
30 Days	\$ 0
60 Days	\$ 0
90+ Days	\$ 0
Prepaid	\$ (4,397)

# FRANK B. PEERS HOUSING

## Balance Sheet

Month Ending 10/31/16

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	37,414.54
1130-0000 - Tenant/member accounts receivable	2,252.73
1131-0000 - Accounts receivable - subsidy	2,519.00
1240-0000 - Prepaid property and liability insurance	24,760.61
Total Current Assets	<u>67,246.88</u>

#### Other Assets

1192-0000 - Tenant Sec Dep	22,130.91
1310-0000 - Real estate tax escrow	95,385.66
1311-0000 - Insurance escrow	8,245.81
1330-0000 - Debt Service Escrow	138,936.44
1320 - Replacement Reserve	223,085.76
1340 - Residual Receipt	17,531.09
Total Other Assets	<u>505,315.67</u>

#### Fixed Assets

1420-0000 - Building	1,843,785.15
1420-0001 - Building Improvements	165,020.52
1430-0000 - Land Improvements	1,621,801.79
1450-0000 - Furniture for project/tenant use	574,009.36
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(3,574,707.19)
1498-0000 - Current F/A	24,889.36
Total Fixed Assets	<u>827,017.76</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(81,426.22)
Total Financing Costs	<u>110,972.63</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	45,067.91
1702-0000 - Partnership MM	2,054,288.04
1703-0000 - Partnership Receivable	267,013.69
Total Partnership Assets	<u>2,366,369.64</u>

### Total Assets

3,876,922.58

# FRANK B. PEERS HOUSING

## Balance Sheet

Month Ending 10/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	20,831.13
2114-0000 - 401K Payable	23.33
2120-0000 - Accrued wages and p/r taxes payable	5,256.93
2150-0000 - Accrued property taxes	98,229.07
2180-0000 - Misc current liabilities	7,765.51
<b>Total Current Liabilities</b>	<u>132,105.97</u>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	31.00
2191-0000 - Security deposits-residential	17,318.00
2191-0001 - Pet Deposit	595.00
2210-0000 - Prepaid Rent	6.00
2211-0000 - Prepaid HUD	7,254.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,354,805.17
<b>Total Non-Current Liabilities</b>	<u>3,670,009.17</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	2,370,233.54
3111-0000 - Contributions - Current Year	5,982.00
3209-0000 - Prior Year Retained Earnings	(2,447,481.63)
3210-0000 - Retained earnings	139,477.16
Current YTD Earnings	6,596.37
<b>Total Owner's Equity</b>	<u>74,807.44</u>

### **Total Liability & Owner Equity**

**3,876,922.58**

# FRANK B. PEERS HOUSING Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
<b>GROSS OPERATING INCOME</b>						
<b>RESIDENTIAL RENTAL INCOME</b>						
5120-0000 - Apartment rent	23,319.00	20,236.00	204,144.00	202,121.00	2,023.00	242,593.00
5121-0000 - Tenant assistant payments	64,973.00	68,955.00	678,776.00	687,542.00	(8,766.00)	825,452.00
5140-0000 - Commercial base rent	60.00	60.00	600.00	600.00	0.00	720.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>88,352.00</b>	<b>89,251.00</b>	<b>883,520.00</b>	<b>890,263.00</b>	<b>(6,743.00)</b>	<b>1,068,765.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>						
5220-0000 - Vacancy loss - apartments	(5,405.00)	(1,000.00)	(24,698.00)	(10,000.00)	(14,698.00)	(12,000.00)
5221-0000 - Non-Revenue Units	(1,309.00)	(1,304.00)	(13,090.00)	(13,023.00)	(67.00)	(15,631.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(6,714.00)</b>	<b>(2,304.00)</b>	<b>(37,788.00)</b>	<b>(23,023.00)</b>	<b>(14,765.00)</b>	<b>(27,631.00)</b>
<b>OTHER INCOME</b>						
5910-0000 - Laundry income	0.00	450.00	801.25	1,800.00	(998.75)	1,800.00
5922-0000 - Late fees	34.00	9.00	85.00	90.00	(5.00)	108.00
5938-0000 - Cleaning Fee/Turnover	0.00	0.00	130.00	0.00	130.00	0.00
5945-0000 - Damages	0.00	10.00	750.00	150.00	600.00	180.00
5990-0000 - Misc other income	7.00	20.00	125.66	200.00	(74.34)	240.00
5413-0000 - Interest income - escrow	0.00	0.00	676.35	3.00	673.35	4.00
<b>TOTAL OTHER INCOME</b>	<b>41.00</b>	<b>489.00</b>	<b>2,568.26</b>	<b>2,243.00</b>	<b>325.26</b>	<b>2,332.00</b>
<b>GROSS OPERATING INCOME</b>	<b>81,679.00</b>	<b>87,436.00</b>	<b>848,300.26</b>	<b>869,483.00</b>	<b>(21,182.74)</b>	<b>1,043,466.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>						
6211-0000 - Marketing/Promotions	0.00	590.00	801.30	5,900.00	5,098.70	7,080.00
6213-0000 - Employee Recruitment	0.00	42.00	61.69	420.00	358.31	504.00
6253-0000 - Credit Report Fees	0.00	28.00	84.00	322.00	238.00	378.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>660.00</b>	<b>946.99</b>	<b>6,642.00</b>	<b>5,695.01</b>	<b>7,962.00</b>
<b>ADMINISTRATIVE EXPENSE</b>						
6311-0000 - Office supplies	230.05	425.00	4,375.31	4,250.00	(125.31)	5,100.00
6316-0000 - Office Equipment	379.65	250.00	2,513.14	2,500.00	(13.14)	3,000.00
6320-0000 - Management fee	4,239.19	4,506.00	43,939.85	45,060.00	1,120.15	54,072.00
6340-0000 - Legal Expense - Project	0.00	367.00	0.00	3,670.00	3,670.00	4,404.00
6350-0000 - Audit Expense	0.00	0.00	14,700.00	14,200.00	(500.00)	14,200.00
6360-0000 - Telephone	1,860.75	900.00	13,349.84	9,000.00	(4,349.84)	10,800.00
6360-0001 - Answering Service/Pagers	33.00	44.00	372.00	440.00	68.00	528.00
6365-0000 - Training & Education Expense	6.74	75.00	1,054.65	750.00	(304.65)	900.00
6370-0000 - Bad debts	0.00	0.00	122.00	0.00	(122.00)	0.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	2,000.00	2,000.00	2,000.00
6390-0000 - Misc administrative expenses	349.01	200.00	6,035.33	2,000.00	(4,035.33)	2,400.00
6390-0002 - Computer Supplies/Data Processing	590.71	180.00	3,351.90	1,800.00	(1,551.90)	2,160.00
6395-0000 - Tenant Refention	1,222.09	500.00	7,385.81	5,000.00	(2,385.81)	7,000.00
6431-0000 - Travel & Expense Reimbursement	708.65	170.00	2,645.35	1,700.00	(945.35)	2,040.00
6851-0000 - Bank Service Fees	0.00	3.00	30.00	11.00	(19.00)	14.00
6860-0000 - Security Deposit Interest	(0.46)	0.00	(4.34)	0.00	4.34	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>9,619.38</b>	<b>7,620.00</b>	<b>99,870.84</b>	<b>92,381.00</b>	<b>(7,489.84)</b>	<b>108,618.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>						
6310-0000 - Office salaries	4,978.18	4,917.00	57,724.89	53,930.00	(3,794.89)	63,764.00

# FRANK B. PEERS HOUSING Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
6510-0000 - Janitor and cleaning payroll	1,197.00	1,541.00	13,413.34	16,862.00	3,448.66	19,944.00
6540-0000 - Repairs payroll	4,069.28	4,482.00	43,887.21	48,874.00	4,986.79	57,838.00
6900-0000 - Social Service Coordinator	833.33	850.00	5,843.09	8,500.00	2,656.91	10,200.00
6715-0000 - Payroll Taxes	783.80	766.00	11,043.85	10,716.00	(327.85)	12,322.00
6722-0000 - Workers compensation	261.24	411.00	2,375.47	3,996.00	1,620.53	4,818.00
6723-0000 - Employee Health Ins/Other Benefits	719.50	461.00	5,881.36	4,658.00	(1,223.36)	5,580.00
6724-0000 - Union Benefits	1,811.84	1,468.00	14,041.76	14,680.00	638.24	17,616.00
6726-0001 - Contingency	0.00	0.00	2,950.00	2,140.00	(810.00)	3,186.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>14,654.17</b>	<b>14,896.00</b>	<b>157,160.97</b>	<b>164,356.00</b>	<b>7,195.03</b>	<b>195,268.00</b>
<b>OPERATING EXPENSES</b>						
6515-0000 - Janitors and cleaning supplies	853.34	400.00	5,430.13	4,000.00	(1,430.13)	4,800.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	1,280.00	1,280.00	1,280.00
6519-0000 - Exterminating Contract	0.00	120.00	660.00	1,960.00	1,300.00	2,200.00
6525-0000 - Rubbish removal	394.00	360.00	3,990.00	3,600.00	(390.00)	4,320.00
6530-0000 - Security Contract	0.00	0.00	162.00	243.00	81.00	324.00
<b>TOTAL OPERATING EXPENSES</b>	<b>1,247.34</b>	<b>880.00</b>	<b>10,242.13</b>	<b>11,083.00</b>	<b>840.87</b>	<b>12,924.00</b>
<b>UTILITIES</b>						
6450-0000 - Electricity	1,259.80	1,850.00	17,180.82	18,500.00	1,319.18	22,200.00
6451-0000 - Water	1,184.60	1,425.00	15,039.06	14,250.00	(789.06)	17,100.00
6452-0000 - Gas	784.53	2,084.00	14,826.92	20,840.00	6,013.08	25,008.00
<b>TOTAL UTILITIES</b>	<b>3,228.93</b>	<b>5,359.00</b>	<b>47,046.80</b>	<b>53,590.00</b>	<b>6,543.20</b>	<b>64,308.00</b>
<b>MAINTENANCE EXPENSES</b>						
6536-0000 - Ground supplies	716.01	0.00	716.01	0.00	(716.01)	0.00
6537-0000 - Grounds Contractor (Landscaper)	2,650.00	1,700.00	12,424.00	9,900.00	(2,524.00)	10,550.00
6541-0000 - Repair materials (general supplies)	14.51	60.00	1,542.99	600.00	(942.99)	720.00
6541-0001 - Appliance Parts	0.00	35.00	1,531.13	350.00	(1,181.13)	420.00
6541-0002 - Plumbing Supplies	127.60	110.00	2,794.62	1,100.00	(1,694.62)	1,320.00
6541-0003 - Electrical Supplies	198.00	75.00	656.94	750.00	93.06	900.00
6541-0004 - Heating/Cooling Supplies	16.45	50.00	16.45	500.00	483.55	600.00
6541-0005 - Hand Tools	0.00	0.00	70.13	0.00	(70.13)	0.00
6541-0007 - Safety Equipment	0.00	0.00	46.46	400.00	353.54	400.00
6541-0008 - Flooring/Tile Supplies (i.e. VCT)	0.00	35.00	0.00	350.00	350.00	420.00
6541-0009 - Window Supplies	388.52	125.00	885.18	1,250.00	364.82	1,500.00
6541-0010 - Carpentry/Hardware	43.91	70.00	289.57	700.00	410.43	840.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	660.78	0.00	2,950.72	1,923.00	(1,027.72)	2,564.00
6546-0000 - Heating/Cooling Contractor	696.00	500.00	8,803.07	5,000.00	(3,803.07)	6,000.00
6548-0000 - Snow removal	0.00	0.00	2,375.00	6,700.00	4,325.00	8,700.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	300.00	850.00	3,000.00	2,150.00	3,600.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	6,075.00	850.00	25,226.00	8,500.00	(16,726.00)	10,200.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	2,000.00	877.28	2,000.00	1,122.72	2,000.00
6564-0001 - Painting Supplies	0.00	150.00	0.00	1,500.00	1,500.00	1,800.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	1,500.00
6582-0000 - Fire Protection	1,063.75	0.00	1,063.75	0.00	(1,063.75)	0.00
6582-0001 - Fire Safety Equipment	0.00	40.00	0.00	400.00	400.00	480.00
6591-0000 - Electrical Repairs	0.00	50.00	4,616.68	500.00	(4,116.68)	600.00
6592-0000 - Boiler Repairs	0.00	50.00	1,198.11	500.00	(698.11)	600.00
6594-0000 - Carpentry Repairs	330.00	90.00	1,585.16	900.00	(685.16)	1,080.00

**FRANK B. PEERS HOUSING  
Actual vs Budget Accrual Operating Statement**

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
6595-0000 - Plumbing Repairs	1,957.00	500.00	16,276.95	5,000.00	(11,276.95)	6,000.00
6596-0000 - Floor Repairs/Cleaning	109.00	800.00	1,809.00	900.00	(909.00)	900.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>15,046.53</b>	<b>7,590.00</b>	<b>88,605.20</b>	<b>52,723.00</b>	<b>(35,882.20)</b>	<b>63,694.00</b>
<b>TAXES AND INSURANCE</b>	<b>10,874.00</b>	<b>10,874.00</b>	<b>88,223.81</b>	<b>108,740.00</b>	<b>20,516.19</b>	<b>130,488.00</b>
6710-0000 - Real estate taxes	2,751.17	2,619.00	26,001.18	25,322.00	(679.18)	30,560.00
6720-0000 - Property and liability insurance	13,625.17	13,493.00	114,224.99	134,062.00	19,837.01	161,048.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>57,421.52</b>	<b>50,498.00</b>	<b>518,097.92</b>	<b>514,837.00</b>	<b>(3,260.92)</b>	<b>613,822.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>24,257.48</b>	<b>36,938.00</b>	<b>330,202.34</b>	<b>354,646.00</b>	<b>(24,443.66)</b>	<b>429,644.00</b>
<b>NET OPERATING INCOME (LOSS)</b>						
<b>FINANCIAL EXPENSES</b>						
6820-0000 - Mortgage interest	17,749.14	17,749.00	180,264.91	180,265.00	0.09	215,574.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>17,749.14</b>	<b>17,749.00</b>	<b>180,264.91</b>	<b>180,265.00</b>	<b>0.09</b>	<b>215,574.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>6,508.34</b>	<b>19,189.00</b>	<b>149,937.43</b>	<b>174,381.00</b>	<b>(24,443.57)</b>	<b>214,070.00</b>
Partnership Income						
8005-0000 - Mortgage Entity Income	88.03	0.00	2,473.10	0.00	2,473.10	0.00
8010-0000 - Other Entity Expense	0.00	0.00	(6,337.00)	0.00	(6,337.00)	0.00
Total Partnership Activity	88.03	0.00	(3,863.90)	0.00	(3,863.90)	0.00
<b>NET INCOME (LOSS)</b>	<b>6,596.37</b>	<b>19,189.00</b>	<b>146,073.53</b>	<b>174,381.00</b>	<b>(28,307.47)</b>	<b>214,070.00</b>
Cash Flow - Financing Activities						
7104-0000 - Replacement Reserve	15,600.06	1,700.00	17,300.06	17,000.00	(300.06)	20,400.00
7108-0000 - Mortgage Payable (long term)	12,738.40	12,738.00	124,610.49	124,609.00	(1.49)	150,274.00
Total Cash Flow - Financing Activities	28,338.46	14,438.00	141,910.55	141,609.00	(301.55)	170,674.00
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>						
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	(635,000.00)	(635,000.00)	(655,000.00)
6991-0000 - Capital expenditures	4,140.00	3,750.00	10,592.06	37,500.00	26,907.94	45,000.00
6991-0002 - Windows	0.00	0.00	0.00	600,000.00	600,000.00	600,000.00
6991-0016 - Concrete Repairs	0.00	500.00	0.00	5,000.00	5,000.00	6,000.00
6993-0000 - Appliance Replacement	0.00	0.00	624.00	0.00	(624.00)	0.00
6993-0003 - A/C Replacements	0.00	250.00	2,179.20	2,500.00	320.80	3,000.00
6994-0000 - Carpet & tile	806.50	600.00	11,494.10	6,000.00	(5,494.10)	7,200.00
6995-0000 - Draperies and Blinds	0.00	1,000.00	0.00	10,000.00	10,000.00	12,000.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>4,946.50</b>	<b>6,100.00</b>	<b>24,889.36</b>	<b>26,000.00</b>	<b>1,110.64</b>	<b>18,200.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>(26,688.59)</b>	<b>(1,349.00)</b>	<b>(20,726.38)</b>	<b>6,772.00</b>	<b>(27,498.38)</b>	<b>25,196.00</b>

Frank B. Peers Capital Improvements Up-Date 10/31/2016									
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Complete Operations	\$ Actual Reserves Spent	Replacement Reserve Request Date
Window updates		TBD	\$ 600,000.00		\$4,632 contributed				
Capital Expenditures		TBD	\$ 45,000.00				\$ 10,954.00		
A/C Replacements		TBD	\$ 3,000.00				2,706		
Carpet and tile		TBD	\$ 7,200.00				\$ 10,967.00		
Concrete Repairs		TBD							
Draperies and Blinds		TBD		\$ 12,000.00			\$ 624.00		
Appliance Replacemet									
Windows from Partnership Funds									
<u>Reserves 2016 Cash Flow</u>									
Reserves Starting January 1, 2016			\$ 207,213						
2016 Annual Deposit to Reserves			\$ 20,400						
Expected Use of Reserves (\$) 2016		Total	\$ (10,200)	\$ 12,000.00			\$ 25,251.00	-	
IHDA Reserves									
Balance expected at the start of 2017			\$ 217,413						

# WALNUT PLACE

## Balance Sheet

Month Ending 10/31/16

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	11,009.77
1121-0002 - Cash - Srvc Coordinator	693.84
1130-0000 - Tenant/member accounts receivable	20,858.64
1131-0000 - Accounts receivable - subsidy	5,188.00
1240-0000 - Prepaid property and liability insurance	26,588.35
<b>Total Current Assets</b>	<b>65,238.60</b>

#### Other Assets

1192-0000 - Tenant Sec Dep	25,256.69
1310-0000 - Real estate tax escrow	140,334.35
1311-0000 - Insurance escrow	8,692.70
1330-0000 - Debt Service Escrow	82,241.37
1320 - Replacement Reserve	122,813.26
1340 - Residual Receipt	27,130.83
<b>Total Other Assets</b>	<b>406,469.20</b>

#### Fixed Assets

1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1420-0001 - Building Improvements	204,681.22
1430-0000 - Land Improvements	321,376.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	447,466.03
1497-0000 - Site improvements	4,550.00
4120-0000 - Accum depr - buildings	(3,656,798.74)
1498-0000 - Current F/A	20,244.36
<b>Total Fixed Assets</b>	<b>822,792.43</b>

#### Financing Costs

1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(65,465.51)
<b>Total Financing Costs</b>	<b>109,347.52</b>

#### Partnership Assets

1701-0000 - Cash - Partnership	104,804.91
<b>Total Partnership Assets</b>	<b>104,804.91</b>

### **Total Assets**

**1,508,652.66**

# WALNUT PLACE

## Balance Sheet

Month Ending 10/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	8,920.69
2114-0000 - 401K Payable	0.12
2120-0000 - Accrued wages and p/r taxes payable	5,256.93
2150-0000 - Accrued property taxes	104,841.70
2180-0000 - Misc current liabilities	7,397.59
<b>Total Current Liabilities</b>	<u>126,417.03</u>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	303.00
2191-0000 - Security deposits-residential	19,472.00
2191-0001 - Pet Deposit	1,275.00
2210-0000 - Prepaid Rent	1,683.01
2211-0000 - Prepaid HUD	4,768.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	209,107.00
2320-0000 - Mortgage Payable (long term)	1,310,274.15
<b>Total Non-Current Liabilities</b>	<u>4,092,882.16</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	104,382.98
3209-0000 - Prior Year Retained Earnings	(3,052,320.28)
3210-0000 - Retained earnings	219,522.89
Current YTD Earnings	17,767.88
<b>Total Owner's Equity</b>	<u>(2,710,646.53)</u>

### **Total Liability & Owner Equity**

**1,508,652.66**

# WALNUT PLACE

## Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
<b>GROSS OPERATING INCOME</b>						
RESIDENTIAL RENTAL INCOME						
5120-0000 - Apartment rent	22,187.00	24,570.00	230,356.00	243,060.00	(12,704.00)	292,200.00
5121-0000 - Tenant assistant payments	69,085.00	67,502.00	670,396.00	659,292.00	11,104.00	794,296.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>91,272.00</b>	<b>92,072.00</b>	<b>900,752.00</b>	<b>902,352.00</b>	<b>(1,600.00)</b>	<b>1,086,496.00</b>
VACANCIES & ADJUSTMENTS						
5220-0000 - Vacancy loss - apartments	(1,055.00)	(1,307.00)	(21,295.00)	(13,070.00)	(8,225.00)	(15,684.00)
5221-0000 - Non-Revenue Units	(1,329.00)	(1,325.00)	(13,114.00)	(13,106.00)	(8.00)	(15,756.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(2,384.00)</b>	<b>(2,632.00)</b>	<b>(34,409.00)</b>	<b>(26,176.00)</b>	<b>(8,233.00)</b>	<b>(31,440.00)</b>
<b>OTHER INCOME</b>						
5910-0000 - Laundry income	0.00	0.00	1,648.00	2,650.00	(1,002.00)	3,180.00
5920-0000 - Nsf check fee	0.00	0.00	25.00	25.00	0.00	25.00
5922-0000 - Late fees	0.00	20.00	94.00	200.00	(106.00)	240.00
5938-0000 - Cleaning Fee/Turnover	0.00	0.00	1,725.00	80.00	1,645.00	120.00
5940-0000 - Forfeited Tenant Security Deposits	0.00	0.00	444.00	0.00	444.00	0.00
5945-0000 - Damages	0.00	20.00	0.00	150.00	(150.00)	180.00
5990-0000 - Misc other income	27.00	50.00	718.73	150.00	568.73	150.00
5411-0000 - Grant Monies Income	0.00	3,298.00	35,005.93	32,980.00	2,025.93	39,576.00
5413-0000 - Interest income - escrow	0.00	0.00	548.88	4.00	544.88	5.00
<b>TOTAL OTHER INCOME</b>	<b>27.00</b>	<b>3,388.00</b>	<b>40,209.54</b>	<b>36,239.00</b>	<b>3,970.54</b>	<b>43,476.00</b>
<b>GROSS OPERATING INCOME</b>	<b>88,915.00</b>	<b>92,828.00</b>	<b>906,552.54</b>	<b>912,415.00</b>	<b>(5,862.46)</b>	<b>1,098,532.00</b>
ADVERTISING & RENTING EXPENSE						
6211-0000 - Marketing/Promotions	0.00	0.00	623.30	0.00	(623.30)	0.00
6253-0000 - Credit Report Fees	28.00	54.00	98.00	410.00	312.00	466.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>28.00</b>	<b>54.00</b>	<b>721.30</b>	<b>410.00</b>	<b>(311.30)</b>	<b>466.00</b>
ADMINISTRATIVE EXPENSE						
6311-0000 - Office supplies	230.11	425.00	4,520.14	4,250.00	(270.14)	5,100.00
6316-0000 - Office Equipment	379.64	250.00	2,513.08	2,500.00	(13.08)	3,000.00
6320-0000 - Management fee	4,546.78	4,559.00	45,103.54	45,166.00	62.46	54,284.00
6340-0000 - Legal Expense - Project	475.00	0.00	3,575.00	2,400.00	(1,175.00)	2,400.00
6350-0000 - Audit Expense	0.00	0.00	0.00	0.00	0.00	14,000.00
6360-0000 - Telephone	1,490.41	900.00	11,500.62	9,000.00	(2,500.62)	10,800.00
6360-0001 - Answering Service/ Pagers	33.00	44.00	297.00	440.00	143.00	528.00
6365-0000 - Training & Education Expense	6.74	0.00	622.08	0.00	(622.08)	0.00
6370-0000 - Bad debts	6.00	0.00	55.00	0.00	(55.00)	1,307.00
6380-0000 - Consulting/study costs	0.00	0.00	500.00	2,000.00	1,500.00	2,000.00
6390-0000 - Misc administrative expenses	349.01	200.00	6,291.63	1,840.00	(4,451.63)	2,240.00
6390-0002 - Computer Supplies/Data Processing	590.71	180.00	2,488.14	1,900.00	(588.14)	2,260.00
6395-0000 - Tenant Retention	875.49	500.00	4,596.40	5,000.00	403.60	7,000.00
6431-0000 - Travel & Expense Reimbursement	708.64	170.00	2,487.36	1,700.00	(787.36)	2,040.00
6851-0000 - Bank Service Fees	0.00	5.00	4.50	10.00	5.50	10.00
6860-0000 - Security Deposit Interest	(0.73)	(1.00)	40.38	(2.00)	(42.38)	(4.00)
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>9,690.80</b>	<b>7,232.00</b>	<b>84,594.87</b>	<b>76,204.00</b>	<b>(8,390.87)</b>	<b>106,965.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>						

# WALNUT PLACE

## Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
6310-0000 - Office salaries	4,978.18	4,917.00	57,900.82	53,930.00	(3,970.82)	63,764.00
6510-0000 - Janitor and cleaning payroll	1,197.00	1,211.00	13,582.30	13,250.00	(332.30)	15,672.00
6540-0000 - Repairs payroll	4,069.28	4,398.00	43,548.81	48,034.00	4,485.19	56,830.00
6900-0000 - Social Service Coordinator	2,805.00	3,298.00	34,701.36	32,980.00	(1,721.36)	39,576.00
6715-0000 - Payroll Taxes	783.80	742.00	10,779.41	10,349.00	(430.41)	11,907.00
6722-0000 - Workers compensation	261.24	411.00	2,398.28	3,996.00	1,597.72	4,818.00
6723-0000 - Employee Health Ins/Other Benefits	719.50	461.00	6,166.29	4,658.00	(1,508.29)	5,580.00
6724-0000 - Union Benefits	1,358.88	1,347.00	13,588.80	13,470.00	(118.80)	16,164.00
6726-0001 - Contingency	0.00	0.00	500.00	1,936.00	1,436.00	2,970.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>16,172.88</b>	<b>16,785.00</b>	<b>183,166.07</b>	<b>182,603.00</b>	<b>(563.07)</b>	<b>217,281.00</b>
<b>OPERATING EXPENSES</b>						
6515-0000 - Janitors and cleaning supplies	686.13	380.00	3,946.82	3,800.00	(146.82)	4,560.00
6519-0000 - Exterminating Contract	0.00	100.00	630.00	1,800.00	1,170.00	2,000.00
6525-0000 - Rubbish removal	394.00	360.00	3,977.50	3,600.00	(377.50)	4,320.00
6530-0000 - Security Contract	0.00	0.00	249.08	243.00	(6.08)	324.00
<b>TOTAL OPERATING EXPENSES</b>	<b>1,080.13</b>	<b>840.00</b>	<b>8,803.40</b>	<b>9,443.00</b>	<b>639.60</b>	<b>11,204.00</b>
<b>UTILITIES</b>						
6450-0000 - Electricity	1,061.05	1,300.00	12,467.04	13,000.00	532.96	15,600.00
6451-0000 - Water	132.45	625.00	6,630.12	6,250.00	(380.12)	7,500.00
6452-0000 - Gas	840.62	1,475.00	15,091.36	14,750.00	(341.36)	17,700.00
<b>TOTAL UTILITIES</b>	<b>2,034.12</b>	<b>3,400.00</b>	<b>34,188.52</b>	<b>34,000.00</b>	<b>(188.52)</b>	<b>40,800.00</b>
<b>MAINTENANCE EXPENSES</b>						
6537-0000 - Grounds Contractor (Landscaper)	700.00	1,300.00	9,360.00	8,100.00	(1,260.00)	8,800.00
6541-0000 - Repair materials (general supplies)	0.00	60.00	231.79	600.00	368.21	720.00
6541-0001 - Appliance Parts	0.00	35.00	638.19	350.00	(288.19)	420.00
6541-0002 - Plumbing Supplies	98.58	110.00	405.60	1,100.00	694.40	1,320.00
6541-0003 - Electrical Supplies	398.40	75.00	500.97	750.00	249.03	900.00
6541-0004 - Heating/Cooling Supplies	0.00	50.00	0.00	500.00	500.00	600.00
6541-0005 - Hand Tools	0.00	0.00	8.98	0.00	(8.98)	0.00
6541-0007 - Safety Equipment	0.00	60.00	0.00	600.00	600.00	720.00
6541-0008 - Flooring/Tile Supplies (i.e.VCT)	0.00	35.00	0.00	350.00	350.00	420.00
6541-0009 - Window Supplies	0.00	125.00	0.00	1,250.00	1,250.00	1,500.00
6541-0010 - Carpentry/Hardware	0.00	70.00	827.08	700.00	(127.08)	840.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	795.78	0.00	2,213.86	1,975.00	(238.86)	2,630.00
6546-0000 - Heating/Cooling Contractor	597.00	500.00	4,855.00	5,000.00	145.00	6,000.00
6548-0000 - Snow removal	0.00	0.00	3,650.00	11,000.00	7,350.00	12,000.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	300.00	0.00	3,000.00	3,000.00	3,600.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	3,780.00	850.00	12,675.00	8,500.00	(4,175.00)	10,200.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	2,000.00	0.00	2,000.00	2,000.00	2,000.00
6564-0001 - Painting Supplies	0.00	75.00	0.00	750.00	750.00	900.00
6591-0000 - Window Washing	0.00	0.00	0.00	1,280.00	1,280.00	2,130.00
6592-0001 - Fire Protection	0.00	150.00	3,118.31	1,500.00	(1,618.31)	1,800.00
6591-0000 - Electrical Repairs	281.35	120.00	2,380.16	1,200.00	(1,180.16)	1,440.00
6592-0000 - Boiler Repairs	0.00	100.00	517.00	1,000.00	483.00	1,200.00
6594-0000 - Carpentry Repairs	330.00	85.00	1,105.73	850.00	(255.73)	1,020.00
6595-0000 - Plumbing Repairs	598.00	475.00	10,520.54	4,750.00	(5,770.54)	5,700.00

# WALNUT PLACE

## Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
6595-0000 - Floor Repairs/Cleaning	189.00	0.00	1,484.00	0.00	(1,484.00)	600.00
6598-0000 - Roof Repairs	0.00	167.00	2,350.00	1,670.00	(680.00)	2,004.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>7,768.11</b>	<b>6,862.00</b>	<b>56,842.21</b>	<b>58,895.00</b>	<b>2,052.79</b>	<b>69,584.00</b>
<b>TAXES AND INSURANCE</b>						
6710-0000 - Real estate taxes	12,735.00	12,735.00	83,405.05	127,350.00	43,944.95	152,820.00
6720-0000 - Property and liability insurance	2,954.26	2,802.00	27,539.77	27,082.00	(457.77)	32,686.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>15,689.26</b>	<b>15,537.00</b>	<b>110,944.82</b>	<b>154,432.00</b>	<b>43,487.18</b>	<b>185,506.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>52,463.30</b>	<b>50,710.00</b>	<b>479,281.19</b>	<b>515,987.00</b>	<b>36,725.81</b>	<b>631,806.00</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>36,451.70</b>	<b>42,118.00</b>	<b>427,291.35</b>	<b>396,428.00</b>	<b>30,863.35</b>	<b>466,726.00</b>
<b>FINANCIAL EXPENSES</b>						
6820-0000 - Mortgage interest	18,690.94	18,691.00	190,060.62	190,240.00	179.38	227,408.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>18,690.94</b>	<b>18,691.00</b>	<b>190,060.62</b>	<b>190,240.00</b>	<b>179.38</b>	<b>227,408.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>17,760.76</b>	<b>23,427.00</b>	<b>237,230.73</b>	<b>206,188.00</b>	<b>31,042.73</b>	<b>239,318.00</b>
Partnership Income						
8005-0000 - Mortgage Entity Income	7.12	0.00	70.04	0.00	70.04	0.00
8010-0000 - Other Entity Expense	0.00	0.00	(10.00)	0.00	(10.00)	0.00
Total Partnership Activity	<b>7.12</b>	<b>0.00</b>	<b>60.04</b>	<b>0.00</b>	<b>60.04</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>17,767.88</b>	<b>23,427.00</b>	<b>237,290.77</b>	<b>206,188.00</b>	<b>31,102.77</b>	<b>239,318.00</b>
Cash Flow - Financing Activities						
7104-0000 - Replacement Reserve	1,833.00	1,833.00	18,330.56	18,333.00	2.44	22,000.00
7108-0000 - Mortgage Payable (long term)	14,796.01	14,796.00	144,808.88	144,809.00	0.12	174,615.00
Total Cash Flow - Financing Activities	<b>16,629.01</b>	<b>16,629.00</b>	<b>163,139.44</b>	<b>163,142.00</b>	<b>2.56</b>	<b>196,615.00</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>						
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	(5,000.00)	0.00	5,000.00	0.00
6991-0000 - Capital expenditures	0.00	0.00	11,370.06	8,000.00	(3,370.06)	8,000.00
6993-0000 - Appliance Replacement	0.00	600.00	1,129.00	3,000.00	1,871.00	3,000.00
6993-0003 - A/C Replacements	0.00	0.00	2,905.60	3,600.00	694.40	3,600.00
6994-0000 - Carpet & tile	0.00	1,200.00	4,839.70	12,000.00	7,160.30	14,400.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>0.00</b>	<b>1,800.00</b>	<b>15,244.36</b>	<b>26,600.00</b>	<b>11,355.64</b>	<b>29,000.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>1,138.87</b>	<b>4,998.00</b>	<b>58,906.97</b>	<b>16,446.00</b>	<b>42,460.97</b>	<b>13,703.00</b>



# RAVINIA HOUSING

## Balance Sheet

Month Ending 10/31/16

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	11,266.71
1130-0000 - Tenant/member accounts receivable	23,751.45
1130-1000 - Allowance for Doubtful Accounts	(19,948.30)
1131-0000 - Accounts receivable - subsidy	1,784.00
1240-0000 - Prepaid property and liability insurance	9,764.35
1250-0000 - Prepaid Mortgage Insurance	575.08
Total Current Assets	<u>27,343.29</u>

#### Other Assets

1192-0000 - Tenant Sec Dep	6,894.08
1310-0000 - Real estate tax escrow	3,720.81
1311-0000 - Insurance escrow	4,575.40
1312-0000 - Mortgage Insurance Escrow	1,147.29
1320 - Replacement Reserve	368,586.21
Total Other Assets	<u>384,923.79</u>

#### Fixed Assets

1420-0000 - Building	1,062,791.20
1420-0001 - Building Improvements	200,692.41
1430-0000 - Land Improvements	355,339.84
1450-0000 - Furniture for project/tenant use	297,692.93
1497-0000 - Site improvements	193,982.00
4120-0000 - Accum depr - buildings	(1,444,352.46)
1498-0000 - Current F/A	18,255.41
Total Fixed Assets	<u>684,401.33</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	62,658.71
1999-0000 - Accum Amort - Bond Costs	(8,182.30)
Total Financing Costs	<u>54,476.41</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	84,832.71
1702-1000 - Partnership F/A	62,063.00
1703-0000 - Partnership Receivable	11,730.00
Total Partnership Assets	<u>158,625.71</u>

#### Total Assets

1,309,770.53

# RAVINIA HOUSING

## Balance Sheet

Month Ending 10/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	7,548.29
2114-0000 - 401K Payable	30.36
2120-0000 - Accrued wages and p/r taxes payable	1,433.69
2131-0001 - Accrued Interest - 2nd Note	56,068.32
2139-0001 - Accrued Interest - Capital Recovery Payment	15,253.00
2150-0000 - Accrued property taxes	22,957.16
2180-0000 - Misc current liabilities	2,295.29
2180-1000 - Prepaid Insurance Claim	1,528.51
<b>Total Current Liabilities</b>	<b>107,114.62</b>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	247.00
2191-0000 - Security deposits-residential	6,641.19
2210-0000 - Prepaid Rent	1,091.00
2211-0000 - Prepaid HUD	3,046.00
2310-1000 - Notes Payable - (Long Term)	62,062.71
2320-1000 - Mortgage payable - 2nd note	712,929.63
2320-0000 - Mortgage Payable (long term)	382,393.71
<b>Total Non-Current Liabilities</b>	<b>1,168,411.24</b>

#### Owner's Equity

3100-0000 - Limited Partners Equity	98,828.78
3209-0000 - Prior Year Retained Earnings	(116,848.75)
3210-0000 - Retained earnings	50,172.51
Current YTD Earnings	2,092.13
<b>Total Owner's Equity</b>	<b>34,244.67</b>

### **Total Liability & Owner Equity**

**1,309,770.53**

# RAVINIA HOUSING

## Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
<b>GROSS OPERATING INCOME</b>						
<b>RESIDENTIAL RENTAL INCOME</b>						
5120-0000 - Apartment rent	6,666.00	8,745.00	59,445.00	86,710.00	104,200.00	
5121-0000 - Tenant assistant payments	16,204.00	14,386.00	168,912.00	142,184.00	170,956.00	
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>22,870.00</b>	<b>23,131.00</b>	<b>228,357.00</b>	<b>228,894.00</b>	<b>275,156.00</b>	
			(2,079.00)	(27,265.00)	(27,265.00)	
			1,818.00	26,728.00	26,728.00	
			(261.00)	(537.00)	(537.00)	
<b>VACANCIES &amp; ADJUSTMENTS</b>						
5220-0000 - Vacancy loss - apartments	(427.00)	(700.00)	(427.00)	(7,000.00)	(8,400.00)	
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(427.00)</b>	<b>(700.00)</b>	<b>(427.00)</b>	<b>(7,000.00)</b>	<b>(8,400.00)</b>	
			273.00	6,573.00	6,573.00	
			(427.00)	(7,000.00)	(8,400.00)	
<b>OTHER INCOME</b>						
5920-0000 - Nsf check fee	0.00	0.00	0.00	50.00	50.00	
5922-0000 - Late fees	49.00	30.00	232.00	250.00	300.00	
5938-0000 - Cleaning Fee/Turnover	50.00	0.00	50.00	0.00	0.00	
5945-0000 - Damages	0.00	30.00	0.00	300.00	360.00	
5990-0000 - Misc other Income	0.00	0.00	101.00	0.00	0.00	
5413-0000 - Interest income - escrow	9.54	24.00	115.49	240.00	288.00	
<b>TOTAL OTHER INCOME</b>	<b>108.54</b>	<b>84.00</b>	<b>498.49</b>	<b>840.00</b>	<b>998.00</b>	
			24.54	(341.51)	(341.51)	
			84.00	998.00	998.00	
<b>GROSS OPERATING INCOME</b>	<b>22,551.54</b>	<b>22,515.00</b>	<b>228,428.49</b>	<b>222,734.00</b>	<b>267,754.00</b>	
			36.54	5,694.49	5,694.49	
<b>ADVERTISING &amp; RENTING EXPENSE</b>						
6211-0000 - Marketing/Promotions	0.00	0.00	282.90	0.00	0.00	
6250-0000 - Renting expenses	0.00	53.00	14.00	530.00	636.00	
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>53.00</b>	<b>296.90</b>	<b>530.00</b>	<b>636.00</b>	
			53.00	233.10	233.10	
			53.00	530.00	636.00	
<b>ADMINISTRATIVE EXPENSE</b>						
6311-0000 - Office supplies	1,137.34	275.00	7,273.75	2,750.00	3,300.00	
6320-0000 - Management fee	861.31	900.00	8,765.59	9,000.00	10,800.00	
6320-0970 - Asset Management Fee	0.00	0.00	3,022.36	0.00	0.00	
6340-0000 - Legal Expense - Project	0.00	525.00	3,000.00	5,250.00	6,300.00	
6350-0000 - Audit Expense	0.00	460.00	5,500.00	4,600.00	5,520.00	
6365-0000 - Training & Education Expense	1.83	15.00	169.65	150.00	180.00	
6370-0000 - Bad debts	0.00	250.00	0.00	2,500.00	3,000.00	
6380-0000 - Consulting/study costs	0.00	0.00	0.00	2,000.00	2,000.00	
6390-0000 - Misc administrative expenses	367.32	100.00	4,185.72	1,540.00	1,740.00	
6390-0002 - Computer Supplies/Data Processing	194.70	81.00	965.05	810.00	972.00	
6860-0000 - Security Deposit Interest	(0.13)	0.00	(1.68)	0.00	0.00	
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>2,562.37</b>	<b>2,606.00</b>	<b>32,880.44</b>	<b>28,600.00</b>	<b>33,812.00</b>	
			43.63	(4,280.44)	(4,280.44)	
			2,606.00	28,600.00	33,812.00	
<b>PAYROLL &amp; RELATED COSTS</b>						
6330-0000 - Manager Salary	526.14	600.00	5,787.54	6,600.00	7,836.00	
6310-0000 - Office salaries	831.53	741.00	10,324.34	8,198.00	9,698.00	
6510-0000 - Janitor and cleaning payroll	1,436.26	1,249.00	15,539.60	13,610.00	16,186.00	
6540-0000 - Repairs payroll	0.00	0.00	313.00	0.00	0.00	
6715-0000 - Payroll Taxes	213.75	177.00	2,957.75	2,432.00	2,798.00	
6722-0000 - Workers compensation	71.26	130.00	380.10	1,258.00	1,518.00	
6723-0000 - Employee Health Ins/Other Benefits	196.24	143.00	1,592.64	1,456.00	1,742.00	
6724-0000 - Union Benefits	370.59	244.00	3,705.90	2,440.00	2,928.00	
			(126.59)	(1,265.90)	(1,265.90)	
			370.59	2,440.00	2,928.00	
			244.00	2,440.00	2,928.00	
			143.00	1,456.00	1,742.00	
			1,592.64	1,456.00	1,742.00	
			380.10	1,258.00	1,518.00	
			2,957.75	2,432.00	2,798.00	
			313.00	0.00	0.00	
			15,539.60	13,610.00	16,186.00	
			10,324.34	8,198.00	9,698.00	
			5,787.54	6,600.00	7,836.00	
			73.86	812.46	812.46	
			(90.53)	(2,126.34)	(2,126.34)	
			(187.26)	(1,929.60)	(1,929.60)	
			0.00	(313.00)	0.00	
			(36.75)	(525.75)	(525.75)	
			58.74	877.90	877.90	
			(53.24)	(136.64)	(136.64)	
			(126.59)	(1,265.90)	(1,265.90)	

# RAVINIA HOUSING

## Actual vs Budget Accrual Operating Statement

	Month Ending 10/31/16		Year To Date 10/31/16		Year Ending 12/31/16	
	Actual	Budget	Actual	Budget	Actual	Annual Budget
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	3,645.77	3,284.00	40,600.87	35,994.00	(4,606.87)	42,706.00
<b>OPERATING EXPENSES</b>						
6515-0000 - Janitors and cleaning supplies	609.07	114.00	2,757.99	1,140.00	(1,617.99)	1,368.00
6520-0000 - Miscellaneous Repair Contractors	7,123.01	3,100.00	49,710.14	31,000.00	(18,710.14)	37,200.00
6525-0000 - Rubbish removal	393.00	500.00	4,005.00	5,000.00	995.00	6,000.00
<b>TOTAL OPERATING EXPENSES</b>	8,125.08	3,714.00	56,473.13	37,140.00	(19,333.13)	44,568.00
<b>UTILITIES</b>						
6450-0000 - Electricity	196.20	240.00	2,286.27	2,400.00	113.73	2,880.00
6451-0000 - Water	360.30	97.00	593.94	970.00	376.06	1,164.00
6452-0000 - Gas	37.23	167.00	37.23	1,670.00	1,632.77	2,004.00
<b>TOTAL UTILITIES</b>	593.73	504.00	2,917.44	5,040.00	2,122.56	6,048.00
<b>TAXES AND INSURANCE</b>						
6710-0000 - Real estate taxes	4,220.00	4,220.00	4,630.55	42,200.00	37,569.45	50,640.00
6720-0000 - Property and liability insurance	1,084.93	1,043.00	10,490.56	10,080.00	(410.56)	12,166.00
<b>TOTAL TAXES AND INSURANCE</b>	5,304.93	5,263.00	15,121.11	52,280.00	37,158.89	62,806.00
<b>TOTAL OPERATING EXPENSES</b>	20,231.88	15,424.00	148,289.89	159,584.00	11,294.11	190,576.00
<b>NET OPERATING INCOME (LOSS)</b>	2,319.66	7,091.00	80,138.60	63,150.00	16,988.60	77,178.00
<b>FINANCIAL EXPENSES</b>						
6820-0000 - Mortgage interest	2,919.25	2,919.00	29,305.06	29,305.00	(0.06)	35,136.00
6850-0000 - Mortgage Service Fee	143.77	154.00	1,443.62	1,526.00	82.38	1,834.00
<b>TOTAL FINANCIAL EXPENSES</b>	3,063.02	3,073.00	30,748.68	30,831.00	82.32	36,970.00
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	(743.36)	4,018.00	49,389.92	32,319.00	17,070.92	40,208.00
Partnership Income						
8005-0000 - Mortgage Entity Income	3,028.09	0.00	3,077.32	0.00	3,077.32	0.00
8010-0000 - Other Entity Expense	(192.60)	0.00	(202.60)	0.00	(202.60)	0.00
Total Partnership Activity	2,835.49	0.00	2,874.72	0.00	2,874.72	0.00
<b>NET INCOME (LOSS)</b>	2,092.13	4,018.00	52,264.64	32,319.00	19,945.64	40,208.00
Cash Flow - Financing Activities						
7104-0000 - Replacement Reserve	1,551.37	1,435.00	13,853.20	14,078.00	224.80	16,948.00
7108-0000 - Mortgage Payable (long term)	673.84	674.00	6,626.20	6,626.00	(0.20)	7,981.00
Total Cash Flow - Financing Activities	2,225.21	2,109.00	20,479.40	20,704.00	224.60	24,929.00
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>						
7105-0000 - Replacement Reserve Reimbursement	0.00	(1,000.00)	(32,801.08)	(11,500.00)	21,301.08	(14,000.00)
6991-0000 - Capital expenditures	0.00	0.00	14,516.95	0.00	(14,516.95)	0.00
6993-0000 - Appliance Replacement	565.00	0.00	3,738.46	1,500.00	(2,238.46)	2,000.00
6994-0000 - Carpet & tile	0.00	1,000.00	0.00	10,000.00	10,000.00	12,000.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	565.00	0.00	(14,545.67)	0.00	14,545.67	0.00
<b>NET GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	(698.08)	1,909.00	46,330.91	11,615.00	34,715.91	15,279.00



Highland Park Housing Commission - Cash Fund Balances as of 10/31/16						
	Frank B. Peers	Walnut Place	Ravinia Housing	12 Rental Units	2 Rental Units	Total
<b>Management Funds:</b>						
Checking	37,415.00	11,010.00	11,227.00	87,676.00	42,863.00	130,539.00
Security Deposit	22,132.00	25,257.00	6,894.00	2,863.00	2,232.00	12,847.00
Replacement Reserve	223,086.00	122,813.00	368,586.00	-	-	
Residual Receipts	17,531.00	27,131.00	-	-	-	
Operating Reserve	-	-	-	9,214.00		9,214.00
Construction Escrow			16.00			
<b>Total Management Funds</b>	<b>300,164.00</b>	<b>186,211.00</b>	<b>386,723.00</b>	<b>110,368.00</b>	<b>45,095.00</b>	<b>152,600.00</b>
<b>Association Funds:</b>						
Assn Money Mkt Ckg		104,804.00	84,833.00	105,163.00		105,163.00
Assn MaxSafe Money Market	1,036,550.00					
Assn Small Business Ckg	45,068.00			13,204.00		13,204.00
Association CDs						
CD # 1- matures 1/7/2017	508,914.00					
CD # 2 - matures 10/7/2016	508,824.00					
<b>Total Association Funds</b>	<b>2,099,356.00</b>	<b>104,804.00</b>	<b>84,833.00</b>	<b>118,367.00</b>		<b>118,367.00</b>
<b>Total Mgmt &amp; Assn Funds</b>	<b>2,399,520.00</b>	<b>291,015.00</b>	<b>471,556.00</b>	<b>228,735.00</b>	<b>45,095.00</b>	<b>270,967.00</b>
Association Receivables (Liability)						
1) Due from Hsg. Trst. Fd 277 GB	7,492.00					
2) Due from Hsg. Trst Fd. Emerg.	689.00					
3) Due from Sunset Woods / (Due to Peers)	258,832.00			(258,832.00)		

# Housing Trust Fund

Fiscal Year 2016

January 1 - December 31 - Unaudited

**Unaudited**  
Through 10/31/2016

Beginning Balance, Jan 1, 2016 - Audited \$747,173

Revenue:

Demolition Tax	106,672
Demolition Permits	15,261
Interest Revenue	4,786
Contributions/Donations/Other	0
Proceeds of Ceding Volume Cap	0
	<hr/>
	126,718
	<hr/>

Expenditures:

staff salary	19,484
CPAH grants	220,000
	<hr/>
	(239,483)
Program Costs	<hr/>
	(239,483)

Ending Balance 

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\$634,408

SWA 2 Rental  
Balance Sheet  
October 31, 2016

ASSETS

Current Assets		
FBHP Checking	\$	42,863.34
FBHP Security Dep Savings		2,231.80
Financing Costs		<u>8,135.00</u>
Total Current Assets		53,230.14
Property and Equipment		
Building Unit 231		135,000.32
Building Unit 319		134,999.62
Accum Dep Building		(56,850.86)
Accum Amort Fees		<u>(678.00)</u>
Total Property and Equipment		212,471.08
Other Assets		
Total Other Assets		<u>0.00</u>
Total Assets		<u><u>\$ 265,701.22</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Due to Peers Housing Assn	\$	258,832.40
Accrued RE Tax		6,434.84
Security Deposits		<u>2,123.00</u>
Total Current Liabilities		267,390.24
Long-Term Liabilities		
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		267,390.24
Capital		
Equity-Retained Earnings		(7,565.50)
Net Income		<u>5,876.48</u>
Total Capital		<u>(1,689.02)</u>
Total Liabilities & Capital		<u><u>\$ 265,701.22</u></u>

SWA 2 Rental  
Income Statement  
Compared with Budget  
For the Ten Months Ending October 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
<b>Revenues</b>						
Rents	\$ 3,278.00	1,911.00	1,367.00 \$	21,774.00 \$	19,106.00	2,668.00
Interest Income	0.00	0.00	0.00	2.52	0.00	2.52
<b>Total Revenues</b>	<b>3,278.00</b>	<b>1,911.00</b>	<b>1,367.00</b>	<b>21,776.52</b>	<b>19,106.00</b>	<b>2,670.52</b>
<b>Cost of Sales</b>						
Total Cost of Sales	0.00	0.00	0.00	0.00	0.00	0.00
<b>Gross Profit</b>	<b>3,278.00</b>	<b>1,911.00</b>	<b>1,367.00</b>	<b>21,776.52</b>	<b>19,106.00</b>	<b>2,670.52</b>
<b>Expenses</b>						
Office Supplies	0.00	4.00	(4.00)	0.00	41.00	(41.00)
Management Fee	72.80	124.00	(51.20)	1,618.54	1,240.00	378.54
Software/Data Processing	4.52	0.00	4.52	39.84	0.00	39.84
Heating & Air	0.00	42.00	(42.00)	291.50	416.00	(124.50)
Supplies	0.00	9.00	(9.00)	81.05	82.00	(0.95)
Maintenance	0.00	42.00	(42.00)	0.00	416.00	(416.00)
Condo Asst Rental Units	672.74	626.00	46.74	6,887.43	6,260.00	627.43
Cable TV	100.00	90.00	10.00	900.00	900.00	0.00
Real Estate tax expense	0.00	566.66	(566.66)	6,079.68	5,666.68	413.00
Bank Service Charges	0.00	0.00	0.00	2.00	0.00	2.00
Bldg Insurance	0.00	34.00	(34.00)	0.00	332.00	(332.00)
<b>Total Expenses</b>	<b>850.06</b>	<b>1,537.66</b>	<b>(687.60)</b>	<b>15,900.04</b>	<b>15,353.68</b>	<b>546.36</b>
<b>Net Income</b>	<b>\$ 2,427.94</b>	<b>\$ 373.34</b>	<b>\$ 2,054.60</b>	<b>\$ 5,876.48</b>	<b>\$ 3,752.32</b>	<b>\$ 2,124.16</b>

SWA 2 Rental  
 Account Register  
 For the Period From Oct 1, 2016 to Oct 31, 2016  
 1103M14 - FBHP Checking

Filter Criteria includes: Report order is by Date.

Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
			Beginning Balance			40,435.40
10/4/16	SWA Rent 10.4.16	Other	SWA Rent 10.4.16	1,079.00		41,514.40
10/17/16	Onesite1610	Other	Onesite Fees		4.52	41,509.88
10/19/16	1198	Withdrawal	Housing Opportunity Developmen		72.80	41,437.08
10/20/16	1199	Withdrawal	Sunset Woods Condominium Assoc		772.74	40,664.34
10/28/16	SWA Rent 10.28.16	Other	SWA Rent 10.28.16	2,199.00		42,863.34
			Total	3,278.00	850.06	

Sunset Woods Rental

RENT ROLL DETAIL

11/8/2016 2:35:51 PM

As of Date: 10/31/2016

Parameters: Property - ALL; Unit Designation - ALL; Subjournal - ALL; Sort By - Unit; Display - Market

Unit	Floor Plan	SQFT	Unit/Lease Status	Move-In	Dep On Hand	Balance	Total Charges	RENT
1-231	2BR x 2BA	850	Occupied	08/01/2011	1033.00	-1079.00	1079.00	1079.00
1-319	2BR x 2BA	850	Occupied	05/01/2011	1090.00	-1120.00	1120.00	1120.00
<b>TOTAL</b>					2,123.00		2,199.00	2,199.00

Sunset Woods Housing 12  
Balance Sheet  
October 31, 2016

ASSETS

Current Assets		
FBHP General Checking	\$ 87,675.77	
FBHP Security Dep. Savings	10,615.74	
FBHP Savings	9,214.70	
Tax Reserve	2,863.79	
Accounts Receivable	912.00	
A/R, Transfers	<u>20.00</u>	
 Total Current Assets		 111,302.00
Property and Equipment		
Building	1,552,988.40	
Appliances	474.17	
Accum Dep Building	<u>(341,105.14)</u>	
 Total Property and Equipment		 1,212,357.43
Other Assets		
 Total Other Assets		 <u>0.00</u>
 Total Assets		 <u>\$ 1,323,659.43</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accrued RE Tax	\$ 12,784.40	
Security Deposits	<u>9,505.00</u>	
 Total Current Liabilities		 22,289.40
Long-Term Liabilities		
Notes Payable, Lake Co	72,231.18	
Notes Payable, FBHP	407,966.63	
Notes Payable, IHDA	<u>135,919.60</u>	
 Total Long-Term Liabilities		 <u>616,117.41</u>
 Total Liabilities		 638,406.81
Capital		
Equity-Retained Earnings	659,758.91	
Net Income	<u>25,493.71</u>	
 Total Capital		 <u>685,252.62</u>
 Total Liabilities & Capital		 <u>\$ 1,323,659.43</u>

Sunset Woods Housing 12  
Income Statement  
Compared with Budget  
For the Ten Months Ending October 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
<b>Revenues</b>						
Rents	\$ 9,803.00	\$ 8,924.33	\$ 878.67	\$ 99,346.93	\$ 89,243.30	\$ 10,103.63
Late & NSF Fees	0.00	0.00	0.00	37.00	0.00	37.00
Misc. Income	0.00	0.00	0.00	341.00	0.00	341.00
Interest Income	0.00	0.00	0.00	52.02	0.00	52.02
Vacancy	0.00	0.00	0.00	(154.93)	0.00	(154.93)
<b>Total Revenues</b>	<b>9,803.00</b>	<b>8,924.33</b>	<b>878.67</b>	<b>99,622.02</b>	<b>89,243.30</b>	<b>10,378.72</b>
<b>Cost of Sales</b>						
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>9,803.00</b>	<b>8,924.33</b>	<b>878.67</b>	<b>99,622.02</b>	<b>89,243.30</b>	<b>10,378.72</b>
<b>Expenses</b>						
Office Supplies	35.55	10.00	25.55	314.09	82.00	232.09
Management Fee	583.83	580.08	3.75	6,576.75	5,800.80	775.95
Credit Ck Fees	0.00	4.00	(4.00)	20.95	40.00	(19.05)
Government Fees	0.00	96.00	(96.00)	0.00	958.00	(958.00)
Software/Data Processing	27.12	0.00	27.12	259.87	0.00	259.87
Carpet Cleaning	0.00	83.00	(83.00)	0.00	834.00	(834.00)
Heating & Air	284.00	42.00	242.00	1,266.00	416.00	850.00
Electrical & Plumbing Maint	0.00	42.00	(42.00)	340.00	416.00	(76.00)
Painting & Decorating	0.00	100.00	(100.00)	530.00	1,000.00	(470.00)
Appliance Repairs	0.00	66.67	(66.67)	0.00	666.70	(666.70)
Supplies Assn	105.14	0.00	105.14	105.14	0.00	105.14
Supplies	0.00	66.67	(66.67)	2,175.14	666.70	1,508.44
Carpet	0.00	0.00	0.00	855.10	0.00	855.10
Maintenance	0.00	100.00	(100.00)	(455.27)	1,000.00	(1,455.27)
Electricity	0.00	0.00	0.00	287.95	0.00	287.95
Condo Assessment Rental Units	2,756.60	2,564.00	192.60	29,809.50	25,640.00	4,169.50
Cable TV	600.00	540.00	60.00	4,800.00	5,400.00	(600.00)
Real Estate tax expense	0.00	1,167.00	(1,167.00)	11,462.04	11,666.00	(203.96)
Loan Interest	1,619.51	2,500.00	(880.49)	15,781.05	25,000.00	(9,218.95)
BlMg Insurance	0.00	216.00	(216.00)	0.00	2,166.00	(2,166.00)
<b>Total Expenses</b>	<b>6,011.75</b>	<b>8,177.42</b>	<b>(2,165.67)</b>	<b>74,128.31</b>	<b>81,752.20</b>	<b>(7,623.89)</b>
<b>Net Income</b>	<b>\$ 3,791.25</b>	<b>\$ 746.91</b>	<b>\$ 3,044.34</b>	<b>\$ 25,493.71</b>	<b>\$ 7,491.10</b>	<b>\$ 18,002.61</b>

Sunset Woods Housing 12

Account Register

For the Period From Oct 1, 2016 to Oct 31, 2016

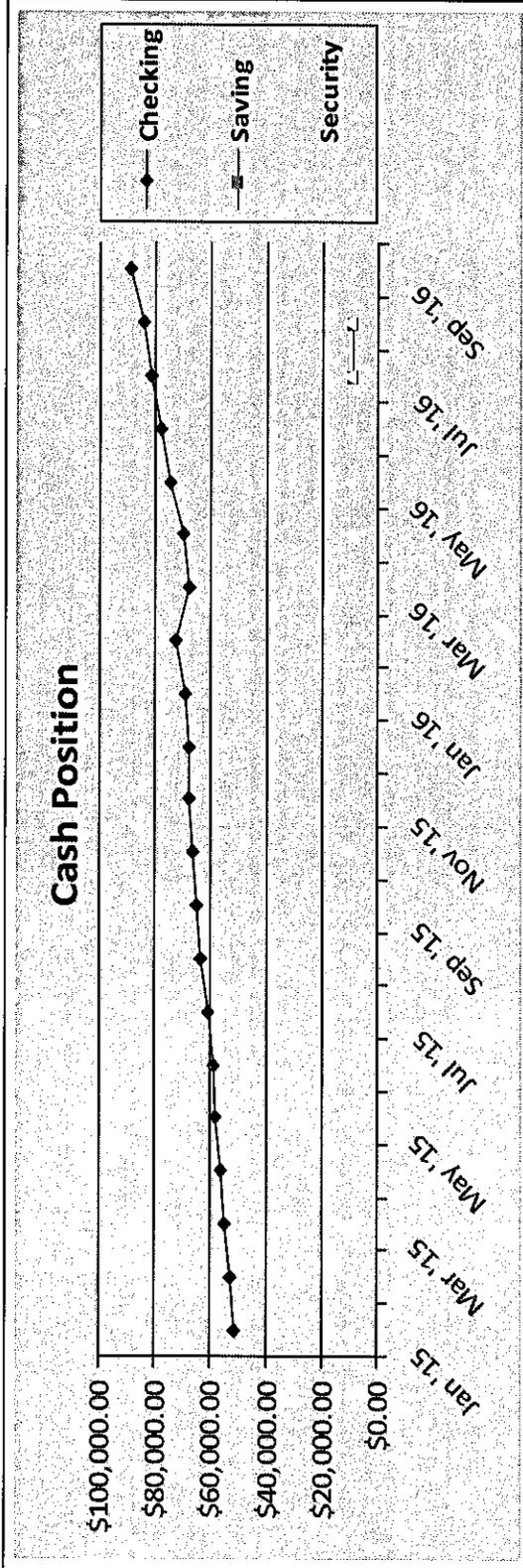
1103M13 - FBHP General Checking

Filter Criteria includes: Report order is by Date.

Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
10/1/16	IHDA1610	Other	Beginning Balance			85,566.01
10/1/16	ddl610	Other	ihda/auto pymt		100.00	85,466.01
10/4/16	Sunset Rent 10.4.16	Other	HAPPD	3,615.00		89,081.01
10/5/16	RP1610	Other	Sunset Rent 10.4.16	3,012.00		92,093.01
10/7/16	Sunset Rent 10.7.16	Other	rent - naesa, tiersky	610.00		92,703.01
10/17/16	Onesitel610	Other	Sunset Rent 10.7.16	659.00		93,362.01
10/17/16	Sunset Rent 10.17.16	Other	Onesite Fees		27.12	93,334.89
10/19/16	1720	Withdrawal	Sunset Rent 10.17.16	885.00		94,219.89
10/20/16	1719	Withdrawal	Housing Opportunity Dev. Corp.		724.52	93,495.37
10/20/16	1719V	Withdrawal	Sunset Woods Condominium Assoc		3,356.40	90,138.97
10/25/16	1722	Withdrawal	Sunset Woods Condominium Assoc		-3,356.40	93,495.37
10/26/16	1721	Withdrawal	Sunset Woods Condominium Assoc		3,356.60	90,138.77
10/26/16	loan16	Other	AA Service Co. Heating & Cooli		284.00	89,854.77
10/28/16	Sunset Rent 10.28.16	Other	FBHP/auto pymt		3,201.00	86,653.77
			Sunset Rent 10.28.16	1,022.00		87,675.77
Total				9,803.00	7,693.24	

Sunset Woods -October 31, 2016

Ending balance checking	\$90,294
Ending balance Security Deposits	\$10,610
Ending Balance Savings	\$9,209
<b>TOTAL</b>	<b>\$110,113</b>



Sunset Woods

RENT ROLL DETAIL

11/8/2016 2:27:19 PM

As of Date: 10/31/2016

Parameters: Property - ALL; Unit Designation - ALL; Subjournal - ALL; Sort By - Unit; Display - Market + Addl.

Unit	Floor Plan	SQFT	Unit/Lease Status	Move-In	Dep On Hand	Balance	Total Charges	RENT	SUBRENT
1-103	1BR x 1BA	600	Occupied	09/01/2013	1104.00	0.00	854.00	343.00	511.00
1-112	1BR x 1BA	600	Occupied	04/08/2016	471.00	-738.00	685.00	685.00	0.00
1-203	1BR x 1BA	600	Occupied	10/15/2002	785.00	0.00	664.00	232.00	432.00
1-212	1BR x 1BA	600	Occupied	06/01/2006	835.00	5.00	854.00	444.00	410.00
1-214	1BR x 1BA	600	Occupied	01/01/2013	850.00	-284.00	854.00	284.00	570.00
1-216	1BR x 1BA	600	Occupied	10/15/2002	785.00	0.00	664.00	349.00	315.00
1-237	2BR x 2BA	730	Occupied	09/01/2002	750.00	15.00	880.00	880.00	0.00
1-303	1BR x 1BA	600	Occupied	01/01/2013	785.00	0.00	1576.00	1576.00	0.00
1-312	1BR x 1BA	600	Occupied	04/01/2010	800.00	0.00	854.00	213.00	641.00
1-314	1BR x 1BA	600	Occupied	06/10/2011	866.00	6.00	664.00	427.00	237.00
1-316	1BR x 1BA	600	Occupied	07/01/2009	800.00	0.00	665.00	166.00	499.00
1-337	2BR x 2BA	730	Occupied	01/01/2013	690.00	0.00	880.00	880.00	0.00
<b>TOTAL</b>							<b>10,094.00</b>	<b>6,479.00</b>	<b>3,615.00</b>



# City of Highland Park

Planning Division

TO: Housing Commission  
FROM: Charmain Later, Senior Planner  
RE: Insurance Requirements for IHDA Projects  
DATE: December 1, 2016

The Illinois Housing Development Authority (IHDA) recently issued Management Bulletin # 465 regarding new insurance policy requirements for IHDA financed developments. The requirements are applicable to all developments which are accepted by IHDA and will continue until IHDA is no longer involved in the property. This directly affects the fourteen units at Sunset Woods owned by the Housing Commission. The insurance policies for Walnut, Ravinia, and Peers are compliant with the exception that the carrier does not have the ability to list IHDA as a Joint Loss Payee for Employee Dishonesty/Fidelity coverage. However, IHDA is listed as a Loss Payee and Mortgagee. Bulletin # 465 is attached for your review.

I requested the insurance carrier review the current insurance policy for Sunset Woods in light of the new IHDA requirements. She provided the attached findings and a quote to add the coverage needed to comply with these IHDA requirements. The total amount that will be needed to increase the current insurance coverage to meet IHDA's policy requirements will be \$1,755. She also stated that the Sunset Woods Association, as a unit owner, is an Insured under the Condominium Association's master insurance policy, however IHDA would not be an Additional Insured or Mortgagee under that policy.

Does the Commission want staff to contact IHDA to see if these requirements can be covered by the Condo Association's coverage, provided they have the \$5,000,000 Umbrella Coverage and the Automobile Liability coverage?

I have attached the current certificate of liability insurance, a summary of coverage for Sunset Woods Association and a copy of the fidelity coverage carried by HODC. Please review the attached materials in preparation for discussion at the December 7, 2016 meeting. If you have any questions, please feel free to contact me directly.

#### Attachments:

- ✓ IHDA Bulletin # 465 – Insurance Requirements for IHDA Properties – Renewals
- ✓ Certificate of Liability Insurance for Sunset Woods Association – Commercial General
- ✓ Summary of Insurance Policy for Sunset Woods Commercial General
- ✓ Summary email from Nancy Fletcher regarding deficiencies in current policy
- ✓ Umbrella Quote
- ✓ Certificate of Insurance for Fidelity Coverage for HODC



**MANAGEMENT BULLETIN #465**

Date November 30, 2016  
To IHDA Financed Properties  
From Michael Ansani  
Risk Compliance Manager

**Re Insurance Requirements for IHDA Projects – Renewals**

The following insurance requirements shall apply for the property owner on all developments financed by the Illinois Housing Development Authority (“IHDA”). *The insurance coverage outlined below represents the minimum requirements for IHDA developments. If, in the opinion of IHDA, the development is such so as to produce a greater than normal exposure, additional coverage or higher limits may be required.*

The requirements are applicable to all developments which are accepted by IHDA and continue until IHDA is no longer involved with the property. Evidence of coverage prior to the commencement of any operations covered by such policies must be submitted to and approved by IHDA prior to initial closings and prior to every renewal thereof. All communication should be direct to:

[Insurance@ihda.org](mailto:Insurance@ihda.org)  
Illinois Housing Development Authority  
111 East Wacker Drive, Suite 1000  
Chicago, IL 60601

**General Requirements:**

All insurers affording coverage shown on documentation shall include the full, complete, specific name of the insurance company affording coverage – (do NOT show only the “group” name such as “Chubb Insurance” or “Travelers Insurance”)

1. All insurers must have, at a minimum, an AM Best Company rating of A VII
2. All insurers must have, at a minimum, a Standard & Poor’s rating of A

3. In the event a development does not have sufficient insurance coverage or coverage has lapsed, IHDA reserves the right to obtain coverage at the Owner's expense.
4. Certificates evidencing coverage in force shall be provided for each policy prior to policy expiration showing Illinois Housing Development Authority at the above address as certificate holder
5. Certificate should include all appropriate information for coverage, policy effective date, policy expiration date, policy numbers, policy limits and deductible, etc.
6. Certificates shall reference the IHDA project name and IHDA loan number on each certificate; if multiple projects are included, all project names and project numbers should be included on supplemental page(s).
7. Such insurance shall not be cancelled, allowed to expire or change in any manner that will reduce coverage without 30 days prior written notice to the Illinois Housing Development Authority at the address above shown
8. IHDA reserves the right to directly contact any insurer and or insurance agent to independently verify coverage evidenced.
9. Any deviations in coverage shall be at the discretion of IHDA

**Property Insurance Requirements:**

1. Prior to termination of Builder's Risk coverage, the following shall be submitted to IHDA:
  - a. Permission to Occupy or Certificate of Occupancy
  - b. A copy of the property insurance policy covering the project
  - c. Evidence of Property Insurance (preferably, a fully completed Acord 28) shall be submitted covering the project properties.
2. The following shall be so noted on the initial documentation and renewal documentation:
  - a. Illinois Housing Development shall be included as a Mortgagee
  - b. Named insured shall include the property owner (complete ownership entity name)
3. Coverage shall include (and shall be so noted on the insurance documentation):
  - a. Valuation should be Replacement Cost
  - b. Building Values should represent 100% Replacement Cost and reviewed annually by the property owner
  - c. No coinsurance - co-insurance shall be waived and so noted on the insurance documentation
  - d. Form shall be "All Risk" or "Special" perils (the equivalent of "All Risk") including Backup of Sewer and Drains. Boiler & Machinery, Equipment Breakdown shall be included if the property contains high-pressure fired vessels, electrical panels and/or HVAC. (The coverage documentation shall include appropriate reference to this provision.)
  - e. Rental value/business income in an amount equal to 100% of the anticipated annual **GROSS** rental income on the buildings and reviewed annually by the property owner and the Authority
  - f. If the owner has elected to obtain a blanket policy covering several developments, specific statements of value will be required for each development and is to be included with the renewal documentation along with the IHDA project name and IHDA project number for each project
  - g. The amount of deductible shall be shown and shall not exceed \$10,000 for any one loss. All losses not reimbursed by insurance shall be absorbed by the property owner.

- h. Building values and rental value shall be reviewed by the property owner and IHDA on an annual basis. Necessary amendments in the amount of coverage will be made effective on each anniversary of the policy
- i. Coverage shall include the following at full Replacement Cost value if required because of the location of the property and/or required by IHDA:
  - i. Mine Subsidence
  - ii. Flood
  - iii. Earthquake and/or Earth Movement

IHDA may require that the property owner furnish additional insurance, at the property owner's expense, for any hazards involved in the property which, in the opinion of IHDA, at any time appears to require such special insurance.

**Commercial General Liability Insurance Requirements:**

- 1. Minimum Coverage Limits:
  - a. \$1,000,000 Each Occurrence
  - b. \$ 100,000 Damage to Rented Premises
  - c. \$ 5,000 Medical Expense
  - d. \$1,000,000 Personal & Advertising Injury
  - e. \$2,000,000 General Aggregate
  - f. \$1,000,000 Products – Completed Operations
- 2. The Illinois Housing Development Authority shall be an Additional Insured and so noted on the documentation

**Comprehensive Automobile Liability Requirements:**

Minimum \$1,000,000 Combined Single Limit including all automobiles, owned, non-owned, and hired.

**Umbrella Liability Insurance Requirements:**

The owner shall provide evidence of umbrella liability coverage with minimum limits of \$5,000,000 per occurrence and aggregate over underlying coverage.

**Crime/Fidelity/Employee Dishonesty Liability Insurance Requirements:**

Documentation of evidence of Crime/Employee Dishonesty coverage on behalf of the Property Manager (Insured) in an amount equal to AT LEAST three (3) month's rental value (based on ANNUAL GROSS RENTAL INCOME) including Illinois Housing Development Authority as Certificate Holder AND Joint Loss Payee. The coverage shall include a two (2) year discovery period and be so noted on the documentation provided. If more than one development is to be covered by the policy/bond, it will be allowed ONLY when ALL of the covered developments are IHDA financed and shall be noted on the documentation provided.



SUNSE-1

OP ID: NF

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/30/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> NFP P & C Services, Inc. Co #2091 500 West Madison St., Ste 2760 Chicago, IL 60661 Michael L. Schwartz	<b>CONTACT NAME:</b> Nancy Fletcher <b>PHONE (A/C No. Ext):</b> 312-630-0800 <b>FAX (A/C No):</b> 312-759-4444 <b>E-MAIL ADDRESS:</b> nancy.fletcher@nfp.com														
<b>INSURED</b> Sunset Woods Association Housing Opportunity Dev. Corp. 2001 Wakegan Rd. Techny, IL 60082	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">INSURER(S) AFFORDING COVERAGE</th> <th style="width: 20%;">NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Penn Star Insurance Co.</td> <td></td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Penn Star Insurance Co.		INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A : Penn Star Insurance Co.															
INSURER B :															
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			PAV0091381	10/01/2016	10/01/2017	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>100,000</b> MED EXP (Any one person) \$ <b>5,000</b> PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COMP/OP AGG \$ <b>Incl.</b> \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED      RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE      OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	<b>Property Special</b>			PAV0091381	10/01/2016	10/01/2017	<b>Building</b> <b>70,000</b> <b>BI/EE</b> <b>70,000</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

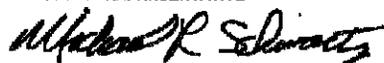
remises Insured: 891 Central Avenue, Highland Park, IL  
 Units 103, 112, 203, 212, 214, 216, 237, 303, 312, 314,  
 316, 337, 319, & 231 Certificate Holder is Mortgagee and Additional Insured  
 with respect to Premises Insured. \$5,000 per unit Betterments and  
 Improvements /\$5,000 Business Income Limit

**CERTIFICATE HOLDER****CANCELLATION**

Illinois Housing Development  
 Authority, ATIMA  
 401 N Michigan Ave. Ste 900  
 Chicago, IL 60611

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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# SUNSET WOODS ASSOCIATION

DESCRIPTION	2016-2017
<b>Policy</b>  Insurance Company AMB Ultimate Parent A.M. Best's Financial Strength Rating Financial Size Category Policy Number Effective Date Expiration Date	Penn Star Insurance Company Global Indemnity plc A (Excellent) XI (\$750 Million to \$1 Billion) PAV0091381 October 1, 2016 October 1, 2017
<b>Named Insured</b>  Sunset Woods Association c/o Housing Opportunity Development Corp. 2001 Waukegan Road, Box 480 Techny, IL 60082	
<b>Premises</b>  1) 891 Central Avenue Units: 103, 112, 203, 212, 214, 216, 237, 303, 312, 314, 316, 337, 319, 231 Highland Park, IL 60035	
<b>Additional Insured</b>  Highland Park Housing Commission Illinois Housing Development Authority Lake County Department of Planning Federal Home Loan Bank	
<b>Mortgagees</b>  1) First Bank of Highland Park 1835 First St.- Highland Park, IL 60035  2) Illinois Housing Development Authority 401 N. Michigan Avenue #900 - Chicago, IL 60611  3) Lake County Department of Planning 18 N. County Street, 6th Floor - Waukegan, IL 60085  4) Federal Home Loan Bank 111 E. Wacker Drive - Chicago, IL 60601	
<b>Coverage</b>  <b>Betterments and Improvements</b> Limit Total Limit per Unit Perils Insured Valuation Coinsurance Deductible Equipment Breakdown Coverage  <b>Business Income/Extra Expense</b> Limit Total Limit per Unit Perils Insured Valuation Coinsurance Deductible	\$70,000 \$5,000 Special Including Theft ACV 90% Coinsurance Clause Applies \$500 Included  \$70,000 \$5,000 Special Including Theft N/A 80% Coinsurance Clause Applies 72 Hour Waiting Period

# SUNSET WOODS ASSOCIATION

DESCRIPTION	2016-2017
<b>Coverage (Cont.)</b>	
<b>Protective Safeguards Endorsement</b> Vacant Areas are Locked and Secured Functioning Smoke Detectors Must Be in All Habitational Units & Common Hallways & Tested Every Six Months  <b>Medical Expense</b> Limit	Included Included  \$5,000
<b>General Liability</b>	
Each Occurrence Personal Injury and Advertising Injury General Aggregate Products and Completed Operations Fire Legal Liability Form  Deductible Exclusions	\$1,000,000 \$1,000,000 \$2,000,000 Included \$100,000 Commercial General Liability Occurrence \$250 Designated Premises Limitation; Known injury or damage; Lead; <b>NOTE:</b> please refer to policy for additional limitations and exclusions.
<b>Premium</b>	
Annual Premium Surplus Lines Tax Stamping Fee Municipal Tax Agency Fee Policy Fee <b>Total Policy Premium</b>  * 25% Minimum Earned Premium	\$2,379 \$83 \$5 \$10 \$100 \$200 <b>\$2,777</b>
<b>Disclaimer</b>	
This Summary of Insurance is prepared for convenient reference purposes only, and presents only a descriptive general overview of policy protection. It is not a part of, or a substitute for the policy wording, terms and conditions. In order to accurately determine the applicability of coverage, the scope of insurance protection, or the entire set of pertinent terms, the actual policy and endorsements thereto must always be consulted.	

## Later, Charmain

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**From:** Fletcher, Nancy <nancy.fletcher@nfp.com>  
**Sent:** Thursday, December 01, 2016 11:27 AM  
**To:** Later, Charmain; rkoenig@hodc.org  
**Subject:** RE: Management Bulletin #465 - Insurance Requirements for IHDA Projects - Renewals  
**Attachments:** Quote \$5mill Umbrella Liability.pdf

Hi Charmain,

I am forwarding a quotation for a \$5,000,000 Umbrella Liability insurance policy for the Sunset Woods Association. The annual premium would be \$1,605. Also, adding Non-Owned/Hired Automobile Liability insurance coverage to the Association's Commercial Package insurance policy would be \$150 plus 3.7% tax. The Commercial Package carrier is willing to delete the 90% coinsurance requirements and that endorsement is currently in process. In summary:

1. The policy does have a 90% coinsurance requirement. 3.c. requires no coinsurance. – Carrier will remove coinsurance clause
2. The policy does not provide Automobile Liability coverage – coverage can be added for \$150 plus 3.7% tax.
3. The policy does not provide \$5,000,000 Umbrella Liability coverage – quotation attached - \$1,605 annual premium
4. The policy does not provide Employee Dishonesty Coverage – coverage is carried by property manager

Please let me know if we should add the Umbrella Liability policy and endorse the Commercial Package insurance policy with the Non-Owned/Hired Automobile Liability coverage.

Thank you,  
Nancy

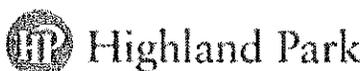
**Nancy Fletcher**  
NFP  
T: 312-630-0844

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**From:** Later, Charmain [mailto:clater@cityhpil.com]  
**Sent:** Wednesday, November 30, 2016 10:55 AM  
**To:** rkoenig@hodc.org  
**Cc:** Fletcher, Nancy  
**Subject:** RE: Management Bulletin #465 - Insurance Requirements for IHDA Projects - Renewals

My guess is that it is sufficient.

**Charmain Later**  
Senior Planner



Department of Community Development  
Planning Division

**Umbrella Quote**

**Atten:** Nancy Fletcher  
**Email:** nancy@schwartzinsurance.com  
**Company:** NFP Property and Casualty Services, Inc.

**Date:** 12-01-2016

**Regarding:** **Sunset Woods Association**

**DBA:**  
**Mailing Address:** 2001 Waukegan Rd.  
TECHNY, IL 60082

**Effective Date:** 12-01-2016 **Expiration Date:** 12-01-2017

**Reference Number:** S000222253

Dear Nancy,

Based upon the application received and the exposure information attached, we are pleased to offer you the following for the captioned Named Insured.

Please contact us immediately if you note any discrepancy in the information to follow.

<b>Umbrella:</b>	<b>Lead Carrier: Great American Alliance Ins Co</b>	<b>A.M. Best Rating: A+ XIII</b>
<b>Umbrella Limit: \$5,000,000</b>	<b>Crisis Response Limit: \$150,000</b>	
<b>Term Premium:</b>	\$1,155.00	
<b>Fees:</b>	\$450.00	
<b>State Surcharges and/or Taxes:</b>	\$0.00	
<b>Total Cost:</b>	<b>\$1,605.00</b>	

\*Any person, who knowingly and with intent to defraud any insurance company or other person, file an application for insurance of state of claim containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material hereto, commits a fraudulent act, which is a crime, and my subject such person to criminal and civil penalties.

This Quote is valid for 90 days or until the proposed effective date, whichever comes first. Please refer questions or send binding instructions to Service and Underwriting Team (service@distinguished.com or 8883554626)

**Bind Order**

If there are no material changes to the exposure as shown in the Quote, email your Bind Order request directly to [BindOrder@distinguished.com](mailto:BindOrder@distinguished.com). Include the above Quote Number in your email.

Coverage is not considered bound until confirmation is received from our office via the Policy and the Invoice. Refer to the policy contract for specifics regarding terms, conditions and exclusions

Please see attached:

- Umbrella coverage highlights, location schedule and Schedule of Additional Interests

## Umbrella Coverage Highlights

### IMPORTANT COVERAGE NOTES:

- Coverage is limited to **Sunset Woods Association**, as a member of Distinguished Properties Umbrella Managers, Inc. Risk Purchasing Group, and where applicable, those entities listed on the Other Named Insureds Schedule attached hereto.
- Uninsured/Underinsured Motorist coverage is excluded, unless required by law. If any insured owns/leases vehicles and desires this coverage, contact your account representative to request an alternative quote. The additional cost for UM/UIM is estimated at \$1,100 per million.
- Review this proposal carefully as insurance is only afforded per our Purchasing Group Master Policy as outlined herein. The terms and conditions may vary from those in the application/specifications. **In the event of a conflict between this proposal and the actual policy or policies, the provisions of the actual policies will govern.**
- Coverage is limited to real estate risks only and covers exposures usual and customary to the ownership, and/or management. Risks with structural/ground up construction, and/or real estate development operations are not eligible for our purchasing group. As respects commercial properties, coverage is limited to the lessor's risk ownership exposure only.
- Insurance is afforded for designated premises and specified named insureds. Newly acquired locations must meet our Program's eligibility requirements and must be reported to our office prior to their desired effective date. Coverage cannot be backdated. Please submit our Application and any required Supplemental Applications. All Applications can be found on our website [www.distinguished.com](http://www.distinguished.com). Any change requests submitted is not bound unless written confirmation is received from our office.
- **THIS PROPOSAL IS VALID FOR 90 DAYS OR UNTIL THE PROPOSED EFFECTIVE DATE, WHICHEVER COMES FIRST.**

**Master Policy Named Insured:** Distinguished Properties Umbrella Managers, Inc., A Purchasing Group and its members.

**Lead Carrier:** Great American Alliance Insurance Company (Admitted)

**Lead Policy Form:** Great American Protector Commercial Umbrella GAI 6002 04/10 (a specimen policy available upon request)

**Excess Carrier(s):** See Participating Insurance Carrier Schedule. Each insurance company issues its own form and may not follow form.

**Insuring Agreements:** Umbrella and Excess Liability (Following Form except as specified in the policy terms and conditions)

**Self Insured Retention:** None

**Forms & Endorsements:** *Including but not limited to the following, please refer to the policy for full list.*

The Protector Commercial Umbrella Coverage Form - GAI 6002 04/10 including, but not limited to: Auto Liability – Following Form; Amendment of Insuring Agreement – Known Injury or Damage; Unintentional Errors or Omissions; Contractual Liability - Following Form; No Fault, Uninsured Motorist or Underinsured Motorist Exclusion; Maintenance of Underlying Insurance.	
Schedule A – Schedule of Underlying Insurance	Named Insured Endorsement (Purchasing Group wording)
Limitation of Coverage to Specified Locations Endorsement	*Risk Purchasing Group Endorsement
Crisis Response Coverage Endorsement	Underlying Claims-Made Coverage Form
Limitation of Coverage for Underlying Sublimits	Personal Injury – Following Form
Advertising Injury – Following Form	Directors and Officers Liability – Following Form
Punitive or Exemplary Damages – Following Form	Employee Benefit Liability – Following Form
Amendment of Liquor Liability Exclusion	Professional Liability Exclusion
Fungi, Mold or Spores Exclusion (Except NY)	Non-Business Activities Exclusion
**Exclusion – Liability Arising out of Lead	Intellectual Property Exclusion
Amendment of Pollution Exclusion – Exception for Named Peril of Hostile Fire; Building Heating, Cooling and Dehumidifying Equipment and Water Heating Equipment	Silica or Related Dust Exclusion
Broad Named Insured	Supplementary Payments – Interest
Exclusion – Access or Disclosure of Confidential or Personal Information and Data-Related Liability – Limited Bodily Injury Exception Not Included	Cap on Losses from Certified Acts of Terrorism
Exclusion- Nuclear, Biological, or Chemical	Act of Terrorism Retained Limit
Exclusion of Punitive Damages Related to a Certified Act of Terrorism	In Witness Clause
<b>*Risk Purchasing Group Endorsement, including but not limited to:</b>	
Application of Limits of Liability for Purchasing Group Members	Real Property Construction or Development Exclusion
Earthquake or Flood Coverage Omission Exclusion	Builder, Developer or Sponsor Wrongful Act Exclusion
Swimming Pool Fencing Conditional Exclusion	Care, Custody, or Control Exclusion - Real & Personal Property Exclusion with Garakagekeepers Legal Liability Exception
Discrimination against Non-Employees Follow Form	Application of the Coverage Period for Purchasing Group Members
Amendments Attached to Certificate of Coverage	
**Exclusion – Liability Arising out of Lead: New York Only - Lead buy-back option for the limit you've selected is available - contact your underwriter for more information.	
**Exclusion – Liability Arising out of Lead: New York Only - Lead buy-back option for the limit you've selected is available - contact your underwriter for more information.	



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## Umbrella Coverage Highlights

### Schedule of Eligible Underlying Insurance: (These are Minimum Underlying Limits required)

<b>Commercial General Liability (CGL):</b>	\$1,000,000 Per Occurrence \$2,000,000 General Aggregate (per location) including Products/Completed Operations \$1,000,000 Personal & Advertising Injury
<b>Commercial Auto Liability (AL):</b>	\$1,000,000 Combined Single Limit
<b>Employer's Liability (EL):</b>	\$500,000 Each Accident \$500,000 Each Policy \$500,000 Each Employee
<b>Employee Benefits Liability (EBL):</b>	\$1,000,000 Each Occurrence (Occurrence Form) or Each Claim (Claims Made Form) \$1,000,000 Aggregate
<b>Directors &amp; Officers Liability (D&amp;O) – (Not for Profit Community Associations Only):</b> *See Requirements Below	\$1,000,000 Each Claim (Indemnity) \$1,000,000 Each Claim (Defense) \$1,000,000 Aggregate each Association OR \$2,000,000 Each Claim (Defense inside the limit) \$2,000,000 Aggregate each Association (\$1MM Aggregate per Association with Defense inside the limit is acceptable in NY & NJ when approved by an Underwriter)
<b>Garagekeepers Legal Liability (GKLL):</b>	\$1,000,000 Each Occurrence \$1,000,000 Aggregate

All primary insurers must have an AM Best rating of A-VI or better. However, we will provide coverage over Employers Liability placed with certified state funds and/or carriers with an AM Best Rating of B++ VI or better.

\* Endorsement form Directors & Officers Liability on the Commercial General Liability policy is eligible only if the D&O coverage has its own separate unimpeded limit.

\* Underlying Directors and Officers Liability must include Duty to Defend wording.

\* Granite State Form 101140 (04/09) is acceptable only when written in conjunction with the DPG City Homes Program.

\* New Hampshire Form NH74321 (9/99) is acceptable only when written in conjunction with the DPG New York Brick & Brownstone Program.

- It is warranted by the Purchasing Group Member and/or their producer that the underlying insurance meets or exceeds the above minimum requirements.
- It is warranted by Purchasing Group Member and/or their producer that all underlying insurers have an AM Best rating of A- VI or better at the time the underlying insurance became effective and when it is renewed or replaced. However, we will provide coverage over Employers Liability placed with **Certified** State Funds, and/or carriers with AM Best Rating of B+++ VI or better.
- Supplemental Payments (defense cost) must apply outside the limit. An additional limit of \$1Mil for defense cost is acceptable for D&O Liability.
- The minimum \$2Mil CGL General Aggregate Limit must apply per Location when there are multiple locations in a single primary policy.

### Cancellation Provisions:

Ten (10) Days for non-payment of premium/fees  
Cancellation or Non-Renewal - as per State requirements

## Participating Insurance Carrier Schedule

The actual insurers vary depending on the Limit of Liability selected.  
**This proposal is based on a Limit of Liability of \$5,000,000**  
 You may request a quote for an alternative Optional Limit shown below  
 The maximum Limit of Liability available is **\$200,000,000**.

**SCHEDULE OF MINIMUM PREMIUMS BY LIMIT:**

Return Premiums due to changes in exposure and/or changes to the schedule of locations are subject to the following Minimum Premiums - **DO NOT MISTAKE THESE FIGURES FOR AN ACTUAL QUOTE.**

Optional Limits of Liab.	Limit per Carrier/Layer	Insurer for each Layer	Minimum Premium PUD	Minimum Premium All Other	AM Best Rating as of 7/1/14
\$1,000,000 or	\$1,000,000 Per Occurrence/Aggregate	Great American Alliance Ins. Co. (Admitted)	\$450	\$775	A+ (XIII)
\$2,000,000 or	\$2,000,000 Per Occurrence/Aggregate	Great American Alliance Ins. Co. (Admitted)	\$575	\$1,000	A+ (XIII)
\$5,000,000 or	\$5,000,000 Per Occurrence/Aggregate	Great American Alliance Ins. Co. (Admitted)	\$710	\$1,155	A+ (XIII)
\$10,000,000 or	\$10,000,000 Per Occurrence/Aggregate	Great American Alliance Ins. Co. (Admitted)	\$1,105	\$1,495	A+ (XIII)
\$15,000,000	\$5,000,000 Per Occurrence/Aggregate Excess of \$10,000,000	Ironshore Indemnity Co. (Admitted)	\$1,340	\$1,810	A+ (XIII)
					A (XIV)
\$25,000,000	\$15,000,000 Per Occurrence/Aggregate Excess of \$10,000,000	Ironshore Indemnity Co. (Admitted)	\$1,575	\$2,230	A+ (XIII)
					A (XIV)
\$50,000,000 (Includes above \$25Mil)	\$25,000,000 Per Occurrence/Aggregate excess of \$25Mil	United States Fire Co. (Admitted)	\$2,150	\$2,810	A (XIII)
\$100,000,000 (Includes above layers)	\$25,000,000 Per Occurrence/Aggregate part of \$50Mil excess of \$50Mil	Ohio Casualty Ins. Co. (Admitted)	\$2,730	\$3,385	A (XV)
		Allied World National Assurance Co. or Allied World Assurance Co (CA, DE & NY) or Darwin National Assurance Co. (CO, ME, NC, WI, WY)			A (XV)
\$200,000,000 (Includes above layers)	\$25,000,000 Per Occurrence/Aggregate excess of \$100,000,000	Great American Alliance Ins. Co.	\$3,310	\$3,965	A+ (XIII)
	\$25,000,000 Per Occurrence/Aggregate excess of \$125,000,000	Westchester Fire Ins. Co.			A+ (XV)
	\$25,000,000 Per Occurrence/Aggregate excess Part of \$50Mil excess of \$150,000,000	Ironshore Indemnity Inc.			A (XIV)
	\$25,000,000 Per Occurrence/Aggregate excess Part of \$50Mil excess	Ohio Casualty Ins. Co			A (XV)

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	of \$150,000,000				
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Each insurance company issues its own form and may not follow form with respect to certain terms and conditions.  
\$1MM and \$2MM options are only available for Community Associations or risks written in conjunction with our "City Homes"  
and "Brick & Brownstones" programs.

## **Binding Information/Loss Control/Claims Information**

### **BINDING AND PAYMENT INFORMATION**

- To bind insurance you must email your bind order directly to your account representative. You must submit this Bind Order **prior to Effective Date for insurance to take effect**. If we do not receive written instructions prior to Effective Date, insurance will not take effect.
- Upon receipt of these instructions we will confirm that insurance is bound by faxing/emailing a Binder and Invoice. Insurance should not be considered bound until you receive written confirmation.
- **Billing Plan: Agency Bill - Payment must be received in our office within 30 days of the effective date in order to maintain continuous coverage and avoid a Notice of Cancellation.**

### **LOSS CONTROL & INSPECTION PROCESS: WHAT CAN YOU EXPECT?**

#### **What do we inspect?**

- All properties for which write the property and/or primary liability coverage.

#### **What do we look for?**

- Verification of exposure and protection or life safety information.
- Verification of a well maintained property with owners and tenants that care.

#### **How do we get the information we need?**

- By a physical inspection of the premises within 60 days of binding, and possibly a telephone interview with the owner or property manager.

#### **What happens after we inspect?**

- We send Loss Control Recommendation(s), if any, with an accompanying letter outlining three possible results of the inspection and summarizing the requirements for each: (1) An Ineligible Risk (2) Essential Recommendation(s) (3) Risk Improvement Recommendation(s).
- In addition, changes to the risk description and/or exposure information revealed from the inspection may result in a change in premium and/or a requirement for an improvement of the premises to conform to the information that was originally submitted to us, and/or a requirement to remove hazards that increase the property's exposure to loss. Cancellation of coverage may result if compliance with recommendations is not achieved or if the information differs materially from the original submission.

#### **Why do we inspect?**

- To correct hazards that cause claims. Controlling claims costs allows for premium stability so that the cost of insurance remains affordable.
- To confirm exposure information so that we are charging the correct premium and that the property meets our program eligibility requirements.
- To assist our Insureds in protecting the safety and well being of their occupants.

### **CERTIFICATE OF INSURANCE:**

- It is expected that all commercial tenants, 3<sup>rd</sup> party vendors, contractors and subcontractors of the owner, operator and/or manager be required by lease/contract to provide the Insured with certificates of insurance evidencing insurance coverage naming the owner as Additional Insured. The lease/contract must also contain a hold harmless agreement in favor of the owner.

### **CLAIMS AND RISK MANAGEMENT INFORMATION:**

- We encourage you to visit our website at [www.distinguished.com](http://www.distinguished.com) for important and useful information on a variety of topics including: What to do when you have a claim, Incident Reporting, Risk Management Tips.
- Information can be accessed from the Claims Menu on our Website (click "Claims" on the home page).

THIS PARTICIPATION AGREEMENT AND DISCLOSURE STATEMENT MUST BE PROVIDED BY YOU TO THE INSURED PRIOR TO BINDING ANY COVERAGE.

## **PARTICIPATION AGREEMENT AND DISCLOSURE STATEMENT**

Distinguished Properties Umbrella Managers Inc. ("Purchasing Group") is a purchasing group as defined in the federal Risk Retention Act Amendments of 1986, and is organized under the laws of the state of Delaware. Purchasing Group, through its authorized brokers, is authorized to purchase insurance for its members (apartments, condominium(s), cooperatives, homeowner associations, office buildings, strip shopping centers, stand-alone retail and light industrial and museums, together with various interest holders). Purchasing Group's retained broker purchases master policies of insurance on behalf of its members in the Purchasing Group. The cost of obtaining these policies includes premiums, commissions paid to agents or brokers, fees to third-party claims adjusters and claims payment services, and general administration fees and expenses, including fees paid to Distinguished Programs Manager, which performs various services, including clerical, accounting and statistical services. Purchasing Group's officers or designees may at their discretion allocate such costs associated with obtaining and administering these policies among the members of the Purchasing Group. All such premiums, commission, fees and expenses are non-auditable. By accepting the insurance offered in the Proposal for Insurance, incorporated into this document by reference, the entity(s) identified in the "Named Insured" Proposal schedule (hereafter, "Member") becomes a Member of Purchasing Group and agrees to participate in the insurance program offered by Purchasing Group through its authorized insurance broker.

Member hereby acknowledges that the cost to Purchasing Group for securing the insurance policies on behalf of its members includes the premiums, commissions, and the administrative and management fees and expenses referred to above ("Program Costs"). Member (i) understands that the quoted amount payable by the Member includes its share of these Program Costs, as allocated by Purchasing Group's officers or designees, and (ii) agrees to pay its share of these Program Costs, included in the quotation, as a condition of membership in Distinguished Properties Umbrella Managers Inc. Member further acknowledges that the Program Costs may also include taxes and fees assessed by individual states.

As a member of Purchasing Group, Member shall be entitled to participate in the insurance program offered by Purchasing Group, through its authorized broker, and shall have an opportunity with all other members to apply for and purchase insurance coverages offered on behalf of Purchasing Group. Except as otherwise specified in this document, Member shall have no rights regarding the general governance of Purchasing Group and shall not have or succeed to any voting rights with respect to the corporate affairs of Purchasing Group.

## Commercial Umbrella and Excess Liability Insurance Schedule of Locations

Issue Date: 12-01-2016

Attached to and forming part of Certificate of Coverage Number:

**S000222253**

For Distinguished Properties Umbrella Managers, Inc. Purchasing Group Member:

**Sunset Woods Association**

Coverage Effective Date: 12-01-2016

Coverage Expiration Date: 12-01-2017

Location No.	Bldg No.	Covered As Part of Building Number	Address and Description		
1	708929	708929	891 Central Avenue, Various units, HIGHLAND PARK, IL 60035		
<b>Construction</b>	<b>Occupancy</b>	<b># Hab Units</b>			<b>Comml Sq Ft</b>
0	Condo	14			
<b>No of Floors**</b>	<b>Parking Sq Ft</b>	<b># Pools</b>			<b>Vacant Land Acres</b>
3	N/A	0			
Location No.	Bldg No.	Covered As Part of Building Number	Address and Description		
	708932	708932			
<b>Construction</b>	<b>Occupancy</b>	<b># Hab Units</b>			<b>Comml Sq Ft</b>
<b>No of Floors**</b>	<b>Parking Sq Ft</b>	<b># Pools</b>			<b>Vacant Land Acres</b>
	N/A				
Location No.	Bldg No.	Covered As Part of Building Number	Address and Description		
<b>Construction</b>	<b>Occupancy</b>	<b># Hab Units</b>			<b>Comml Sq Ft</b>
<b>No of Floors**</b>	<b>Parking Sq Ft</b>	<b># Pools</b>			<b>Vacant Land Acres</b>
	N/A				

Number of	Private	0	Pick Up/Light	0	Medium	0
Vehicles	Passenger:		Truck:		Truck:	
Scheduled:	Van:	0	Heavy Truck:	0		

\*Separate location records on this schedule may not constitute a separate limit of insurance. All record ID's which are part of the same record are considered to be one location

\*\*Of Tallest Building at Location

**Optional Insured Signature Page**

**Lead Name Insured:** Sunset Woods Association

**Insured Mailing Address:** 2001 Waukegan Rd.,                      TECHNY                      IL                      60082

**Proposed Effective Date:** 12/01/2016                      **Proposed Expiration Date:** 12/01/2017

**Applicant's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name & Title:** \_\_\_\_\_



# CERTIFICATE OF LIABILITY INSURANCE

HOUSI-2

OP ID: CL

DATE (MM/DD/YYYY)  
07/21/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Bradish Associates Ltd. 215 N. Arlington Heights Road Arlington Heights, IL 60004 Ryan Delp	<b>CONTACT NAME:</b> RYAN DELP <b>PHONE (A/C, No, Ext):</b> 847-259-2400 <b>E-MAIL ADDRESS:</b> rdelp@bradish.com	<b>FAX (A/C, No):</b> 847-259-0400
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> HOUSING OPPORTUNITY DEVELOPMENT CORPORATION 2001 WAUKEGAN RD. PO BOX 480 Techny, IL 60082	<b>INSURER A : GREAT AMERICAN INSURANCE</b>	
	<b>INSURER B :</b>	
	<b>INSURER C :</b>	
	<b>INSURER D :</b>	
	<b>INSURER E :</b>	
	<b>INSURER F :</b>	

**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

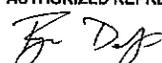
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE EACH OCCURRENCE \$ AGGREGATE \$ \$
	<input type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
<b>A</b>	<b>CRIME</b>			<b>PAC 3151131</b>	<b>04/29/2016</b>	<b>04/29/2017</b>	<b>BLKT 165,000</b> <b>EMP DISH \$1000 DED</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**LOCATION: 891 CENTRAL, HIGHLAND PARK, ILLINOIS**

**CERTIFICATE HOLDER****CANCELLATION**

<b>ILLHO20</b>  <b>ILLINOIS HOUSING DEVELOPMENT AUTHORITY</b> <b>401 N MICHIGAN AVE, SUITE 700</b> <b>CHICAGO, IL 60611</b>	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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# City of Highland Park

Planning Division

TO: Housing Commission  
FROM: Charmain Later, Senior Planner  
RE: Bid Proposals for Sunset Woods Auditor  
DATE: December 1, 2016

Please find enclosed proposals to provide audit services for the Sunset Wood Association. The firms that responded are:

- ✓ Ostrow, Reisin, Berk & Abrams, LTD.
- ✓ FLS Group, LLC
- ✓ Novogradac & Co.
- ✓ Email from Karlin, Kerschner, Sharpe & Company, LLP declining to submit
- ✓ Manning Silverman Contract renewal

Note that Manning Silverman amended their contract renewal to provide the audit by April 1, 2017 if they receive the necessary documents from HODC and the City's accountant by January 9, 2017. (See attached email.)

If the Commission selects a firm at the December 7, 2016 meeting, the contract will go to the City Council meeting in January for approval.

Please contact me directly if you have any questions or require further information.

November 28, 2016

Board of Directors, Sunset Woods Association  
c/o Mr. Richard Koenig  
2001 Waukegan Road  
P.O. Box 480  
Techy, IL 60082

Dear Mr. Koenig:

On behalf of Ostrow Reisin Berk & Abrams, Ltd. (ORBA), we would like to thank you for the opportunity to submit a proposal to provide audit and tax services to Sunset Woods Association (the Association). Based on our conversations with you, our review of the financial documents you shared with us and our experience serving organizations similar in size and scope to the Association, we are confident that we can meet your needs.

We understand that it is important to have an accountant that you trust and a firm that is proactive, attentive and affordable. ORBA offers clients the best of both worlds: We have the capabilities and service offerings of a large accounting firm with global resources. But true to our roots, we have remained a local firm offering the attentive, personal service and partner and manager involvement that you would receive from a smaller firm.

The ORBA team is proactive and will always look for ways to help the Association operate more efficiently and effectively. We add value by developing and nurturing our relationship with you, as well as addressing any issues that may arise. We take great pride and effort in growing with our clients and will offer best practice recommendations throughout our engagement.

### **Firm Background Information**

Consistently ranked as one of the top accounting firms in Chicago, ORBA is a locally-based, full-service certified public accounting, tax and business consulting firm where individuals, businesses and not-for-profit organizations come to build meaningful relationships with experienced, proactive business and tax advisors. The firm is structured into four primary practice areas: Audit, tax, consulting and accounting services. ORBA focuses on seven key industry sectors: Not-for-profit, legal and professional service firms, health care, manufacturing and distribution, real estate, restaurants and wealth management. Located in the NBC Tower in downtown Chicago, ORBA was founded in 1977 and has grown to more than 135 employees over the past 39 years. What distinguishes ORBA from our peers are the connections our clients develop with knowledgeable individuals, supported by the resources, people and expertise available within our firm.

### **Not-For-Profit Group**

The Not-For-Profit Group has become a significant part of the firm's practice since the firm was founded. The Not-For-Profit Group has worked diligently to build a strong reputation within the industry. Presently, three directors and more than 45 professional staff members spend a significant amount of their time servicing clients in this area. ORBA's not-for-profit clients account for approximately 15% of the firm's overall practice.

With more than 200 not-for-profit audit, tax and accounting services-only clients, ORBA offers a blend of experience working with many different types of organizations, including private, religious and charter schools, civic and social service agencies, associations, public and private foundations, charitable and membership organizations, and museums and cultural organizations. Serving a broad range of not-for-profit clients, we can provide the Association with superior guidance and best practices based on our experience working with clients of similar size and type.

### **Additional Qualifications and Statement of Independence**

- ORBA is a member in good standing with the American Institute of Certified Public Accountants and the Illinois CPA Society.
- ORBA is a member of the AICPA Governmental Audit Quality Center, which provides guidance and regulations to CPA firms that serve not-for-profit organizations.
- ORBA is independent with respect to the Association.
- In its last peer review, ORBA received a "PASS" rating. A copy of the letters from our peer review firm and the AICPA informing us that our report has been accepted are available on request.

### **Staff Training and Development**

ORBA has committed significant resources to training. Our directors and professional staff must renew their CPA designation every three years by meeting strict training and professional requirements. All professionals are required annually to complete a minimum of 40 hours of Continuing Professional Education courses. Each professional has the ability to pursue courses in their areas of interest and expertise in order to further strengthen their performance on engagements. ORBA also sponsors many in-house technical training sessions for our staff throughout the year. If appropriate and useful, we would be pleased to invite staff of the Association to these sessions as well.

### **Staff Continuity and Retention**

We have a very dedicated and loyal staff, many of whom have been with us since they started their careers in public accounting. In fact, ORBA has been named one of Chicago's Top Workplaces for the past seven years by the *Chicago Tribune*.

Staff continuity is critical to the success of any project. The Association will observe firsthand our strong commitment to service and staff continuity and retention. We strive to maintain the same personnel on an engagement each year to maintain efficiency and to ensure that we do not need to relearn specific client procedures. Our clients have found that this approach helps to foster long-term connections and eliminates relearning time and additional expenses that other firms may experience when they rotate engagement staff from year to year.



ORBA is structured to allow the most senior professionals in the firm to serve as the primary contacts for all client questions and issues. Because of their heavy involvement, your engagement team will get regular support at the highest levels of our firm. The director, manager, senior and staff assigned to your engagement will work closely with you throughout the year.

### **Services to be Performed**

#### **Audit Services**

- The ORBA team will conduct an audit of the financial statements of the Association for the year ended December 31, 2016. The audit will be conducted under auditing standards generally accepted in the United States of America.
- We will prepare a management recommendation letter which will report any significant deficiencies and/or material weaknesses in internal controls, if any, noted during our audit. Further, we will provide suggested recommendations for any issues that may come to our attention during the audit, which will help improve the accounting procedures and operating efficiencies of the Association.
- We will present a draft of the audited financial statements to management and the Board of Directors for review and approval, if desired.

### **Tax (Information Return) Services**

We will prepare Form 990 for the year ended December 31, 2016, drafts of which will first be presented to management and the Board of Directors for review and approval.

### **Advisory Services**

We will encourage you, your staff and the Board of Directors to contact us throughout the year for guidance on any questions related to financial accounting, reporting and tax issues. We will take the time to understand your organization, its financial goals, the complexity of the issues and the dynamics involved. At ORBA, we believe that we can provide the Association with an honest assessment and sound business advice.

### **Value-Added Services**

ORBA will provide ongoing value-added, educational opportunities to the Association. These initiatives are just a few of the ways we will keep the Association informed of current developments:

- We take great pride in having a client base that is well educated. We will advise the Association on a regular and timely basis regarding new accounting standards, changes in reporting requirements, tax law changes and other significant issues that may impact the Association.
- Our goal is to help better inform our clients, whether it is with accounting rules and regulations, reporting issues or overall best practices. ORBA's Not-For-Profit Group regularly hosts seminars that may be of specific interest to the Shriver Center. Past seminars have included: *What Board Members Should Understand About Financial Statements; How to Better Prepare for Your Audit; Understanding Form 990; Training Your NFP Board; Understanding the Health Care Act's Impact on Not-For-Profit Organizations; Developing Your Organization's Planned Giving Approach; Revenue Recognition; Cybersecurity and Does Your Not-For-Profit Organization Have the Right Insurance?* **Please join us for our upcoming seminar, Developing Your Organization's Planned Giving Approach, Part II, on December 15, 2016. Visit [www.orba.com](http://www.orba.com) to register.**
- In addition, we notify our clients on accounting-related continuing education courses that we think may be of interest to them. Recent examples include: Illinois CPA Society (ILCPAS) sessions on *Fundraising Rules and Regulations, Accounting and Auditing Update, Uniform Guidance Update*, and annual ILCPAS' Not-For-Profit conferences.
- We offer access to our not-for-profit industry blog, which includes articles on topics of interest to our not-for-profit clients. We invite you to review posts and subscribe to the blog at [www.orbablog.com](http://www.orbablog.com).

### **Streamlined Audit Approach**

The most important, first step of our audit is to learn and understand all facets of the operations of the Association. This includes historical information, systems, personnel, culture and your goals. The ORBA team will take the time to become familiar with your specific needs, which enhances our ability to advise you in many areas. By gaining an understanding of your systems, as well as your specific mission and goals, the ORBA team can become proactive advisors and use our unique capabilities to offer customized solutions and assist you in achieving your goals. We will also be better able to analyze the operations of the Association and provide added value to you throughout our relationship.

Our approach is efficient, cost-effective and leads to minimal disruption to your personnel's daily activities. We utilize our "phase" methodology in which we first analyze and obtain an understanding of your system and develop an assessment of the significant issues you face. Based on this analysis, we focus on these areas, thus streamlining our audit approach to ensure timely and efficient completion of necessary work. This phase methodology is the backbone of our value-added audit approach. With thorough planning before performing the work, we eliminate unnecessary work and concentrate on those areas in which we can add value. Although we are fully capable of providing you with an audit opinion on the financial statements, our goal is to provide you with information to aid in your continued development and advancement. Such information includes suggestions for strengthening or implementing internal controls, improving efficiency or effectiveness of operations and ideas to keep costs down.

## Proposed Timelines and Fees

We expect fieldwork to last approximately two days. Assuming that no unexpected issues or problems arise, we would expect to issue a draft of the financial statements and the management recommendation letter within three weeks of the end of fieldwork. Information returns will be prepared and drafts delivered shortly after the financial statements are finalized. We are pleased to offer two fee estimate options for the audit and tax services for the year ended December 31, 2016:

Estimated Fees/Timeline	Fee
<b>Option 1:</b> Fieldwork commencing in February 2017 and final financial statements issued by April 1, 2017	<b>\$11,000</b>
<b>Option 2:</b> Fieldwork commencing in May 2017 and final financial statements issued by July 1, 2017	<b>\$ 9,350</b>

Our proposed fee options are based on our current understanding of the scope of services and the anticipated time for our team of professionals to complete the engagement in a thorough, high-quality and time efficient manner. The proposed fees also include all out-of-pocket expenses, including the preparation and production of copies of the financial statements and related reports.

We expect there will be cost overruns in the first year of the engagement. We consider this cost to be an investment in our relationship and will not bill the Association for planned cost overruns, nor will we issue any surprise billings. However, if significant additional time is necessary due to assumptions that were not met, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs.

We do not bill extra for occasional questions. If we are asked to get involved in a matter or consult on a project that is outside of the scope of the audit or tax services we are providing, we will discuss the additional work and fee estimate with you.

Our proposed fees are based on the expectation that the Association will prepare certain requested schedules for the audit and tax (information) returns. We will provide the Association with a document request checklist to use in order to prepare for the audit fieldwork and information return preparation. By doing so, we anticipate that this will maximize efficiencies and minimize the need for the Association staff time during the audit.

## The ORBA Difference

By focusing on providing value to our clients, we have developed specific service lines and areas of expertise that we believe will provide great benefit to the Association during our engagement. We concentrate on any issues that arise and help assess methods in which required tasks might be performed more efficiently and effectively. We will work with you on the issues that need to be addressed and offer a range of suggestions on how to improve them. At ORBA, we think opportunities often come from taking a new look at old problems. We can bring you a fresh perspective — a trusted advisor's point of view that can help you uncover competitive opportunities in critical areas. We believe that our financial consulting skills have tremendous payback potential.

Our goal is to become one of your most trusted business advisors. Based on our experience and commitments to you, we will continually strive to add value to our ongoing relationship. We are available to provide you with insight regarding important decisions. As a client of our firm, your satisfaction is of the utmost importance and we believe that selecting ORBA is the best decision you can make.

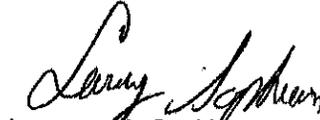
Board of Directors, Sunset Woods Association  
c/o Mr. Richard Koenig  
November 28, 2016  
Page Four

ORBA seeks to grow a long-term, mutually beneficial relationship with the Association. Whether it is our demonstrated expertise, our high director and manager involvement or staff continuity, we are confident that we are the best choice to handle the audit and tax services for Sunset Woods Association. Should you have any questions as you review this proposal letter, please do not hesitate to contact us at 312.670.7444. We look forward to speaking with you soon and taking the next steps in working together.

Sincerely,



Charles J. Burke



Laurence A. Sophian

Proposal to Provide  
Annual Audit, Tax Preparation  
and Consulting Services  
for  
Sunset Woods Association

FLS Group, LLC  
Bruce C. Schiff  
4709 W. Golf Rd., Ste. 200  
Skokie, IL 60076  
847-972-5988  
bruce.schiff@flsgroupllc.com

November 22, 2016

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November 22, 2016

Sunset Woods Association  
Attn: Board of Directors  
c/o Housing Opportunity Development Corporation  
2001 Waukegan Road, P.O. Box 480  
Techney, IL 60082

Re: Request for Proposal for Annual Auditing, Tax Preparation and Consulting Services

To the Board of Directors, Sunset Woods Association:

FLS Group, LLC ("FLS") is pleased to submit our proposal to provide financial audit, tax and consulting services to Sunset Woods Association.

We understand that Sunset Woods Association is requesting a proposal for the audit of its financial statements for a one year ending December 31, 2016. The audit is to be performed in accordance with generally accepted accounting principles (GAAP), and generally accepted auditing standards (GAAS).

We believe we are well qualified to provide the services you have requested based on our prominent position in the affordable housing industry. We are also committed to complete the work by April 1, 2017. This proposal will provide you with a general overview of FLS; detail of our experience in the affordable housing industry; our services, and an introduction to the selected engagement team.

Bruce C. Schiff will be the primary liaisons and the representative of FLS to this solicitation to bind the firm in contract.

Thank you for the opportunity to present our proposal. If there is any additional information that may assist your selection process, please do not hesitate to contact me. We look forward to building a relationship with you.

Sincerely,

FLS GROUP, LLC



Bruce C. Schiff, CPA  
Principal  
FEIN: 27-0515957

**SCOPE OF WORK**

We will audit the financial statements of Sunset Woods Association for one year ending December 31, 2016. The audit will be performed in accordance with the auditing standards generally accepted in the United States of America. We will also prepare the tax filings for the organization.

We will provide a management letter to Sunset Woods Association at the conclusion of the audit. This letter will set out a range of matters that we consider need the attention of the Board of Directors/Finance Committee.

**PRESENTATION OF FINANCIAL STATEMENTS**

We believe that the financial statements should reflect the true value of the organization. The financial statements should tell the corporate story in a shared and therefore meaningful language others can understand.

**CAPABILITIES AND ADEQUACY OF STAFF**

Our members do not just sell an engagement and walk away; they actively engage themselves in planning, resolving accounting issues, and developing recommendations to improve processes within the organization. Our engagement plan includes a high concentration of member and manager time, allowing us to add value to the engagement by identifying opportunities to improve internal controls and potential operating efficiencies. Thus, each client is served by a team of professionals, led by a member, whose depth of knowledge is specific to your needs.

Using our team approach, we create a non-disruptive and efficient environment by staffing engagements with the highest possible level of professionals. Our staffing methodology results in: committed client service, an effective and efficient process and long-term staffing continuity. Each team member is actively involved in performing the services outlined in your engagement, building a valuable relationship with you.

The engagement team will be headed by Bruce Schiff (Engagement Principal), Moarij Khan (Co-Engagement Principal), Catherine Eusebio (Audit Manager) and Fransiscus Ong (Tax Manager). Assisting them will be various Senior Associates and Staff Associates will be added on an as needed basis. These team members are all experienced in providing auditing and consulting services to organizations similar to Sunset Woods Association. The Members will ultimately be responsible for the direct supervision of all professional staff and administrative staff assigned to the engagement. Member and Manager time is almost 40% of the audit time. The Members are actively involved in the entire audit process.

We understand that the client's staff time is valuable as they have to assist in the audit process and keep up with their day to day work. We will try to work around the client's staff schedule with the least disruption to day-to-day operations. We will make optimum use of the computer resources of Sunset Woods Association to facilitate the audit.

**WORK PLAN**

The audit work is done in two phases; interim phase and final phase. We usually perform the interim audit work in June. The goal is to perform as much audit work as possible during the interim phase to meet the delivery dates. During the interim we do the following:

- We will evaluate Sunset Woods Association's internal control structure to determine the extent to which selected control environment factors, accounting system methods and records, and policies and procedures promoted and encouraged compliance with applicable laws, regulations and other guidelines: the economic and efficient operation of the organization; the reliability of financial records; and the safe guarding of assets
- Understand the policies, procedures and internal controls
- Perform fraud work as required by SAS #99
- Select samples and perform testing
- Develop expectations
- Perform preliminary analytical procedures
- Perform compliance procedures and discuss the possible instances of non-compliance and possible resolution before the fiscal year end
- Discuss with management the possible questioned costs/findings and/or management letter comments
- Prepare confirmations
- Scan the general ledger for related party transactions, unauthorized distributions and any unusual transactions
- Perform journal entry testing
- Determine the major and non-major programs
- Review the grant agreements/documents and summarize the compliance requirements
- Sample selection for the testing of compliance requirements as required by the compliance supplement and grant agreements

During the final phase we perform the final analytical procedures, compare the expectations to the final analytical procedures and close the loop and complete the audit, audit the management prepared financial statements, prepare draft tax returns, send drafts to the client and schedule an exit conference with the appropriate client personnel. At this time we will discuss with the client personnel, possible dates to present the financial statements to the Finance/Audit Committee or the Board of Directors.

We will discuss any findings/reportable conditions with the appropriate client personnel and assist to resolve them. After discussions with the client personnel we will issue a management letter with recommendations and suggestions for improvement. We will work towards adding value to the client through discussions and constructive suggestions.

All audits will be completed following the audit programs and checklists of Thomson Reuters PPC tools.

Upon approval of the financial statements by the Finance/Audit Committee or the Board of Directors, we will issue the final audits and management letters. We will also discuss the recommendations to resolve the questioned costs/findings and/or management letter comments and will assist the client personnel on an as needed basis.

If we are selected, we will immediately conduct an entrance conference, begin planning for the audit and start the preliminary phase of the audit. Then as soon as the books are closed for the year end, we will begin the final phase of the audit work and complete the audits with the dates specified by Sunset Woods Association.

In subsequent years we will have the entrance conference in October to plan the audit and complete the preliminary phase of audit work by the middle of November. The final phase of the audit will begin as soon as the books are closed.

All the services performed under this RFP will be monitored and supervised by the engagement principals, and coordinated with the Sunset Woods Association staff. Our engagement team and Sunset Woods Association will work in tandem to ensure that the work is done correctly and completed on schedule.

#### **FIRM'S QUALIFICATIONS AND EXPERIENCE**

- FLS currently has 40 staff members and is increasing in size. Our professional staff team has a heavy concentration in the affordable housing industry.
- FLS provides audit and tax services to approximately 230 LIHTC projects.
- All professional staff has governmental work experience.
- The annual gross revenues of our firm are estimated to be \$4,000,000.
- FLS is located in Skokie, Illinois, a northwest suburb of Chicago. The firm's main phone number is 773-777-4445.
- We will assign experienced staff members appropriate to each task mentioned in the RFP. The number of staff assigned, will depend upon the size and complexity of the entity.
- All professional staff members have more than the required CPE hours in the field of governmental accounting and auditing. The professional staff members meet the GAO "Yellow Book" CPE requirements.

- If selected, we will provide a schedule evidencing the CPE hours for the members of the team.
- We are committed to quality, and all the work is performed by trained and experienced staff. The work of the staff is reviewed by the managers and partners. As an added assurance to delivering a quality product, the audits are reviewed by the quality assurance partner.
- Our firm is not debarred from entering into contracts with HUD-funded agencies of the State of Illinois.
- Our firm has no disciplinary actions pending with any regulatory agency.
- There are no law suits pending against the firm.
- Minority member represents 20% of the ownership interest and the firm has 39% and 33% of female and minority representation respectively.

#### **GOVERNMENT COMPLIANCE EXPERIENCE**

FLS Group, LLC has particular expertise auditing nonprofit entities receiving federal funds, as well as community development and block grants. We routinely participate in internal and external practice peer reviews every three years. Every FLS Group, LLC audit professional receives specialized audit training to meet the continued professional education requirements of government auditing standards. Annually we perform financial, compliance and performance audits in accordance with generally accepted auditing standards and guidelines set forth by: American Institute of Certified Public Accountants; Office of Inspector General Generally Accepted Government Standards Board and Federal Accounting Standards Advisory Board. FLS Group, LLC prides itself on success and efficiency in audits of entities receiving government grants, awards, contracts and other assistance.

FLS Group, LLC performs tests of controls to evaluate the effectiveness and operation of internal control policies and procedures relevant to the prevention and detection of material noncompliance with specific program requirements, general program requirements, and requirements governing claims for advances and reimbursements and amounts claimed under direct and/or indirect federal awards. Our audits are relied upon as an independent assessment of the performance of an organizations, program, or activity, contributing to the government's evaluation and assessment of public accountability and facilitate corrective action.

#### **MANAGEMENT LETTER**

We understand the importance of timing and content of communications with the Finance Committee/Board of Directors of Sunset Woods Association about our observation of its operations during the audit, significant findings noted, and suggestions and recommendations made by us.

We will provide a management letter to Sunset Woods Association at the conclusion of the audit. This letter will set out a range of matters that we consider need the attention of the Board of Directors/Finance Committee.

From time to time we will evaluate the adequacy of the two-way communication between us and those charged with governance.

Potentially, there will be two types of communication between us and those charged with governance as follows:

SAS #114 Communication - This will include (1) an overview of the planned scope and timing of the audit, and (2) representations we will be requesting from management. Other items to be communicated by us in this letter include management's judgments, and accounting estimates, audit adjustments, and uncorrected misstatements. Through this letter we will also communicate information regarding any new accounting policies adopted by the council, any disagreements with management, major issues discussed prior to the audit, and difficulties encountered in the audit.

SAS #115 Letter - This letter communicates the internal control related matters identified in an audit. This letter will highlight the existence of control deficiency or deficiencies, significant deficiency or deficiencies, and material weaknesses identified in the audit.

### **QUALITY CONTROL**

Quality control standards established by the American Institute of Certified Public Accountants (SQCS No. 7) require public accounting firms to have a system of quality control over their accounting and auditing practices. FLS's quality control system complies with those standards, and is functioning effectively. Those standards and requirements, and therefore our quality control system, addresses the following elements:

- Leadership responsibilities for quality within the Firm (the "tone at the top")
- Ethical requirements (including independence, integrity, and objectivity)
- Acceptance and continuance of client relationships and specific engagements
- Human resources (including personnel management and learning and education)
- Engagement Performance
- Monitoring

### **INDEPENDENCE**

FLS has an effective system to monitor the independence of the Firm overall and individual professionals within the firm. Our independence policy is readily available to our staff and is enforced through periodic training. Annual and semi-annual independence confirmations are obtained from all personnel of the firm and reviewed by the managing member.

### **ADDITIONAL INFORMATION**

Bruce will be available for regular meetings with the Finance committee and/or Board of Directors, as necessary.

Bruce and the team as outlined will be in contact with the client personnel year round for any help and assistance.

**WORK PAPER RETENTION AND ACCESS**

All working papers and reports will be retained for a period as required by the Board of Directors. Access to the work papers will be made available to the client personnel upon request.

**ADDITIONAL QUALIFICATIONS AND EXPERIENCE OF THE FIRM**

**AFFORDABLE HOUSING SERVICES**

By continually meeting the needs of real estate developers, owners, investors, lenders, syndicators, governmental housing authorities and nonprofit organizations, FLS has built a reputation as a leader in affordable housing services. In working with our professionals, you will benefit from the value and responsiveness that our industry experience provides.

**LOW-INCOME HOUSING TAX CREDIT SERVICES (LIHTC)**

FLS professionals have vast experience in helping professionals optimize financial returns through the use of LIHTCs. Developers, owners, investors and others involved in affordable housing turn to FLS for specialized advice in areas such as strategic assessments, transaction structuring, compliance, application preparation, financial calculations and projections. The result is an affordable housing deal that is completed quickly, with maximum financial return delivered to each business partner.

- Preparation or review of applications for allocations of 9% tax credit in conformance with each state's qualified allocation plan
- Application pre-scoring to optimize likelihood of obtaining tax credits
- Certification for carryover allocation (10% test)
- Placed-in-service cost certification
- Tax-exempt bond application preparation
- Audit and tax return services
- Financial forecasts and projections
- Transaction structuring and real estate advisory services
- Year 15 analysis, including evaluation of options and strategies for stakeholders
- Evaluate the treatment of Move To Work Program funds, HOME, federal grants, and below-market financing
- Develop transaction structure to meet 50% test for tax-exempt bond financed tax credit deals
- Establishment of price and timing of equity contributions and analyzing reasonableness of fee arrangements

- Analysis of the impact of a tax-exempt organization's involvement
- Analysis of the propriety of partnership allocations according to IRS Code Sections 704 and 752
- Compliance advisory
- Assistance with tenant non-compliance issues

### **TRANSACTION STRUCTURING AND REAL ESTATE ADVISORY SERVICES**

Our professionals bring extensive LIHTC and HTC experience in structuring transactions and financing to mitigating risk, meeting stringent allocation rules, and complying with regulatory requirements. We develop complex transaction structures, including debt and equity financing, and provide strategic advice on proposed transactions.

Developing, investing and lending in today's real estate market, requires the ability to blend experience from multiple areas, including construction management, financing and compliance with federal housing regulations. Developers, lenders investors and mezzanine finance providers each fit into a refined, interactive mix of interests necessary to achieve success in real estate transactions or developments. Structuring the right transaction can enhance your company's growth, competitiveness, and profitability. With our insight and experience, FLS transaction structuring and real estate advisory specialists add value through a broad array of services. From helping structure the deal to advising on leveraging general business and tax advantages, our goal is to help you structure the best possible transaction.

### **FINANCIAL ADVISORY SERVICES**

Owners who are seeking construction financing, permanent loans or funding from governmental sources routinely seek financial advisory services from FLS. These services include application preparation and financial feasibility analysis.

### **KNOWLEDGE OF HUD PROGRAMS**

The collective experience of the accounting and real estate professionals at FLS makes the firm one of the best knowledge pools of affordable housing professionals. FLS advises clients from every possible perspective - developers, managers, service providers, public housing authorities, state housing finance agencies, lenders and investors, buyers and sellers. Our expertise includes financial projections, development finance, mortgage insurance, internal controls, audit and tax issues all related to making affordable housing financially feasible and successful.

### **COST CERTIFICATION SERVICES**

The cost certification process requires the specialized knowledge and experience the FLS team brings to each engagement. We have extensive experience with HUD, state housing tax credit agencies, and the National Park Service, and we understand that today's complex regulatory requirements, deadlines, and certifications make it critical to address all the details and nothing is overlooked. Owners, developers, lenders, investors, among others, look to FLS to understand the technical rules and provide valuable advice. Our specialists can work with you to avoid such issues as mortgage and equity reductions, loans not closing on time, compliance issues and regulatory agreements. To deal with these kinds of issues, specialized knowledge is required. Working with FLS personnel, you do not just receive a prepared cost certification. You benefit from guidance and insight throughout the process.

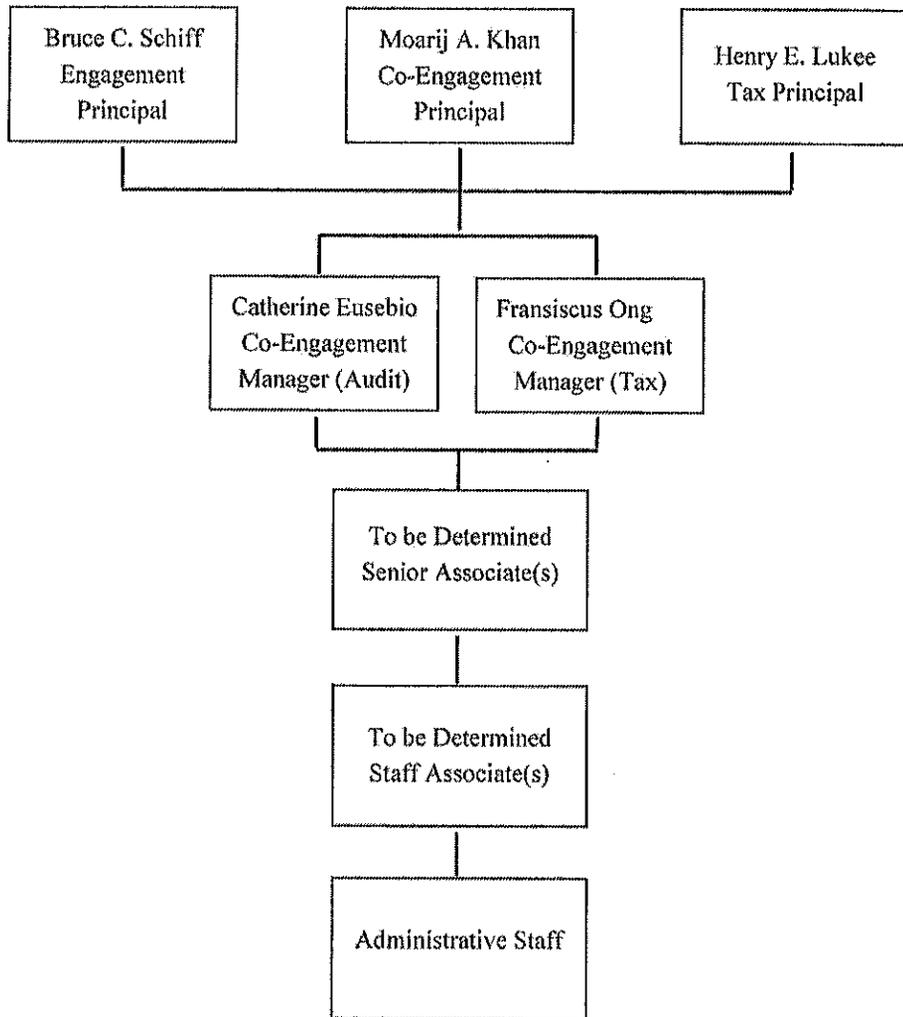
### **MULTI-FAMILY HOUSING TAX CREDIT AND TAX-EXEMPT BOND SERVICES**

Obtaining financing for affordable multifamily housing is often a difficult and highly complex process involving multiple governmental agencies and financial institutions. As such, applying for a housing tax credit allocation, requesting an allocation of tax-exempt bond issuing authority, and determining the most advantageous financial structuring are complicated tasks. They require skillful attention to detail as well as an in-depth knowledge of the administration of housing tax credit and tax exempt bond programs.

FLS has extensive experience in guiding the clients through the complexities of multifamily housing financing, and can help make your vision a profitable reality. Our professionals analyze your objectives as part of the overall process designed to develop winning approaches, maximize your awards, and anticipate any issues and address them upfront. You will benefit from the firm's experience as well as knowledge base in housing tax credit and tax-exempt bond services that include strategic assessments.

**STAFF QUALIFICATIONS AND EXPERIENCE**

Organizational Chart



**PERSONNEL RESUMES**

**Bruce C. Schiff, CPA  
Engagement Principal**

Bruce C. Schiff, has more than 30 years of experience in the field of affordable housing finance, in particular the Section 42 Low Income Housing Tax Credit (LIHTC) program. Throughout his career Mr. Schiff has routinely advised and assisted developers, managers, equity investors, and public and private lenders in the financing and management of federally assisted affordable housing. His extensive experience includes providing audit, tax, project review and management consulting expertise to major LIHTC syndicated investors, not-for-profit organizations, limited partnerships, and property management clients. In addition, Mr. Schiff has been instrumental in structuring the financing of a large number of successfully implemented affordable housing projects throughout the country. He has worked with numerous HUD and other federal and state housing programs, including: HOME; Sections 8, 202, 221(d)(3), 221(d)(4), 223(F), 236; and the Rural Development program; LIHTC; state tax exempt bonds and other IHDA loan programs. Mr. Schiff has experience with a broad variety of entities including the Chicago Department of Planning and Economic Development, Illinois Housing Development Authority, The Chicago Housing Authority and Housing Authority of Cook County.

Mr. Schiff is on the Board of Directors and the past President of the Illinois Housing Council, Inc. a non-profit association created to help and promote the development of affordable housing in Illinois. He has spoken at the annual housing conference "Current Challenges in Affordable Housing." He has been a guest lecturer on affordable housing and tax credits for the American Institute of Certified Public Accountants (AICPA), the Illinois Society of Certified Public Accountants, and the American Bar Association (ABA) Conference on Affordable Housing.

Mr. Schiff holds a Bachelor of Science degree in Accountancy from the University of Illinois and a Master of Taxation from DePaul University.

**Moarij A. Khan, CPA**  
**Lead Relationship and Engagement Principal**

Moarij has more than 25 years of experience providing audit, tax and management advisory services to LIHTC project partnerships, developers and property management firms, nonprofit organizations and the affordable housing industry. He represents clients both locally and nationally. His clients include nonprofit housing organizations, social organizations, HUD projects, LIHTC project partnerships, property management companies, developers, investors and housing authorities. Moarij has provided training seminars on various issues relating to housing, not-for-profit organizations HUD projects, Yellow Book.

Moarij has experience in affordable housing finance, in particular tax exempt bond transactions, private activity bond transactions, utilization of HOME funds and various other state and local funding programs. He has been involved in structuring/restructuring affordable housing deals throughout the country. Such structurings/restructurings of deals involved financing programs under HOME, Section 202, 223 (F), 221 (d)(3), 223 (d)(4), and Section 236 of the National Housing Act. He has also been involved in Section 236 decoupling and refinancing of Section 202 projects. His financing, and deal structuring/restructuring experience includes working with Cook County Housing Development Corporation/Cook County Housing Authority, Chicago Housing Authority, Housing Authority of South Bend, Indiana Gary Housing Authority and Illinois Housing Development Authority.

Moarij has spoken at national conferences on various financing and deal structuring mechanisms which include Section 202 refinancing and Section 236 decoupling.

Moarij is responsible for all aspects of audit and management advisory service engagements including the planning and coordination with the client's finance and management personnel, and internally at FLS. He has extensive technical and practical knowledge of generally accepted accounting principles (GAAP), generally accepted auditing standards (GAAS), generally accepted government auditing standards (GAGAS), and OMB Circular A-133. Moarij has performed operational reviews for nonprofit organizations, assisted with developing accounting and business activity processes and procedures. Moarij has experience with a broad variety of entities in addition to the audits of LIHTC projects including, the National Equity Fund, Inc. (largest nonprofit syndicator of low income housing tax credits); Affordable Housing Corporation of Lake County, Illinois; Interfaith Housing and Development Corporation; Vision House, Inc.; Evanston Housing Coalition; Center on Halsted; Aids Living Remembrance Project; Metropolitan Pier and Exposition Authority of Illinois, (McCormick Place); Elgin Academy; Office of the State Appellate Defender, State of Illinois; Brighton Park Neighborhood Council; Infant Welfare Society of Evanston; Voice of the People of Uptown, Inc.; Elgin Academy, Day Care action Council of Illinois, Inc; Broadway Area Community Development Corporation; Lakeview Towers Residents Association; and a HUD nonprofit corporation.

Moarij is an advisor to the Board of Directors of the Lake County Residential Development Corporation and has also served on the transition team for the Clerk of the Circuit Court of Cook County. He is also a frequent speaker on issues related to nonprofits, Yellow Book, HUD and LIHTC project partnerships. Moarij has assisted U. S. Department of Housing and Urban Development in revising the most recent version of the Consolidated Audit Guide for Multifamily Programs (Chapter 3).

B. A. Governor's State University, Illinois

**REFERENCES**

***Interfaith Housing Development Corporation***

Perry Vietti  
219 West Chicago Avenue  
4<sup>th</sup> Floor  
Chicago, IL 60654  
312-274-8200

Partner in charge: Bruce C. Schiff

Consolidated audit of the financial statements of IHDC, cost certifications, 501(c)(3) A-133 compliance, LIHTC project partnership audits and consulting, 10% carry over letters, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

***Alden Foundation***

Beth Demes  
4200 West Peterson Avenue  
Chicago, IL 60646  
773 724 6374

Partner in charge: Bruce C. Schiff and Moarij Khan

Consolidated audit of the annual financial statements, cost certifications, project partnership audits, 501(c)(3) A-133 compliance, HUD project audits and consulting, mortgagors cost certifications, 10% carryover letters, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

***Brinshore Development, Inc.***

David Brint  
666 Dundee Rd., Suite 1102  
Northbrook, IL 60062  
487-562-9400

Partners in charge: Bruce C. Schiff and Moarij A. Khan

Consolidated audit of the annual financial statements, cost certifications, project partnership audits, HUD project audits and consulting, mortgagors cost certifications, 10% carry over letters, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

***Holsten Real Estate Development***

Peter Holsten  
1333 N. Kingsbury, Suite 307  
Chicago, IL 60622  
312-337-5339

Partners in charge: Bruce C. Schiff and Moarij A. Khan

Consolidated audit of the annual financial statements, cost certifications, project partnership audits, HUD project audits, mortgagors cost certifications, HOPE VI consulting, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

***Realty & Mortgage Company***

Leonard Grandsart  
Vice President Finance  
1509 West Berwyn Avenue  
Chicago, IL 60659  
773-989-8000

Partner in charge: Moarij A. Khan

Cost certifications, project partnership audits, HUD project audits (for profit and not for profit) and consulting, mortgagors cost certifications, 10% carry over letters, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

***Chicago Housing Authority***

Kari Saba  
60 E. Van Buren  
Chicago, IL 60605  
312-742-8500

Partner in charge: Bruce C. Schiff

Cost certifications, project partnership audits, HOPE VI consulting, deal structuring, project partnership and general partner entities' tax returns, and financial advisory services.

**PROPOSED FEES**

We are committed to providing superior services at fair, reasonable, and competitive fees to Sunset Woods Association. While we are confident that our fees are very competitive; if your decision comes down to a question of fees, we welcome the opportunity to discuss the issues with you.

Our billing rates vary from \$180 to \$350 per hour.

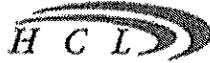
- Staff \$180 per hour
- Managers \$200 per hour
- Principals \$350 per hour

The proposed fees are inclusive of direct expenses, for the work products and deliverables as outlined in this proposal. This estimate is based on Sunset Woods Association's assistance in preparing our standard client schedules in closing the books and records, and providing other customary assistance. Our fees include only those services specifically described. Appearances before government organizations, such as the Internal Revenue Service or other regulatory bodies, arising from this engagement will be billed separately. Significant time incurred for other services or tax consulting requested by management will be billed at our standard hourly rates.

These fees do not take into account significant changes in your organization, and are based on the assistance of your management in preparing standard work paper schedules and providing other customary assistance. We have a reputation of investing in our clients. Our proposed fees anticipate continued investment in Sunset Woods Association, which includes time we have budgeted to keep you informed of industry changes and to ensure that we stay current with your operations. We will absorb any cost overruns resulting from inaccurate estimates or inefficiencies on our part.

<u>Entity</u>	<u>Description of Services</u>	<u>2016 Year End</u>
Sunset Woods Association	Preparation of Audit and Tax Returns Meetings with Board of of Directors and Finance Committee as needed	\$ 9,500.00 Included

PEER REVIEW



HORWICH COLEMAN LEVIN, LLC

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE - SUITE 1500  
CHICAGO, ILLINOIS 60606-4477  
(312) 341-0100  
FAX: (312) 341-0155  
www.horwich.com

System Review Report

April 24, 2014

To the Members of FLS Group, LLC  
and the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of FLS Group, LLC (the firm) in effect for the year ended October 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance herewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included an audit performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of FLS Group, LLC in effect for the year ended October 31, 2013 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. FLS Group, LLC has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Horwich Coleman Levin, LLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Horwich Coleman Levin, LLC  
Certified Public Accountants

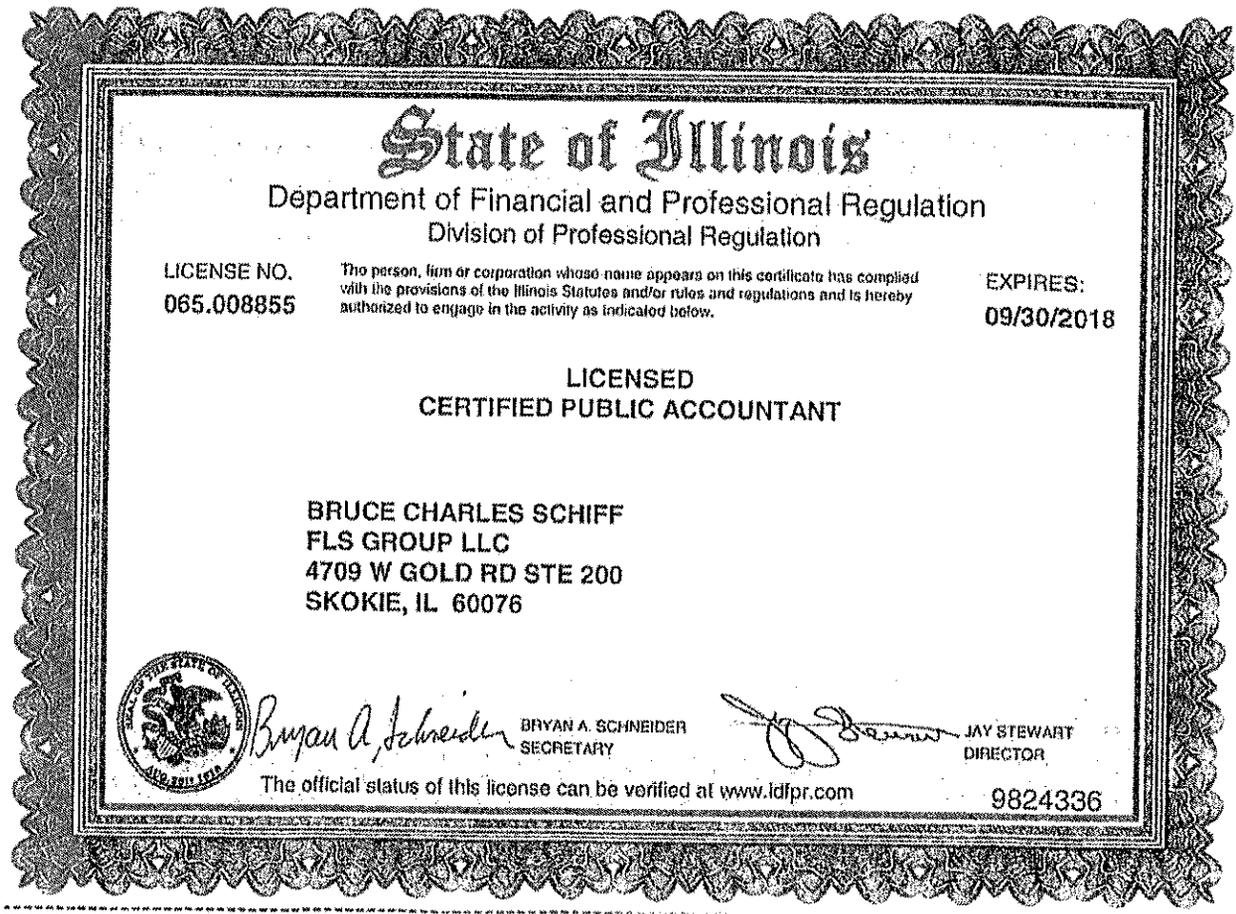
**CONTINUING PROFESSIONAL EDUCATION (CPE)**

We have a comprehensive CPE program for professional development. All members of our staff have the required CPE hours. When selected we will provide you with a schedule of CPE hours for all the team members.

**FIRM REGISTRATION AND LICENSE**



**FIRM REGISTRATION AND LICENSE (CONTINUED)**



**FIRM REGISTRATION AND LICENSE (CONTINUED)**



Cut on Dotted Line ✂

## **STANDARD FIRM'S POLICIES AND PROCEDURES**

### **Entrance and Exit Conferences**

The first thing that we do in the preliminary phase is to have a meeting with the appropriate client personnel. In this meeting we discuss the policies, procedures, software used and the reports the software is capable of generating. In this meeting we obtain an understanding of the job descriptions of various client personnel so we can appropriately plan the audit work. We regard this meeting as the entrance conference as this helps us to obtain an understanding of the client's business and there is partner involvement in this meeting.

At the end of the engagement we have an exit conference with the appropriate client personnel. This is also headed by the engagement partner. The exit conference is in addition to the Finance Committee and/or the Board meeting where we present the audits and management letters.

### **Issuing Management Letters**

It is our policy to issue management letter(s) at the end of the audit. The comments in the management letter are discussed with client personnel on an ongoing basis so there are no surprises. We make this process a constructive and value added service to the client. After reviewing and discussing the comments in the management letter we present the draft with suggestions to the Finance/Audit committee and/or the Board.

### **Communicating Weaknesses in the Accounting and Internal Control Systems**

During the audit engagement we may discover deficiencies related to the client's internal controls over financial reporting. We communicate, in writing, any noted significant deficiencies or material weaknesses in internal control related to financial reporting to management and those charged with governance.

### **Management Letter Follow Up**

Our job is not done with the issuance of the final management letter. We work with the client personnel in implementing the suggestions and recommendations to the weaknesses and deficiencies noted in the management letter. Our goal is to help the client to resolve these issues as soon as possible so these weaknesses and deficiencies are not reported in the next year.



**NOVOGRADAC  
& COMPANY** LLP®  
CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2016

Mr. Richard Koenig  
Housing Opportunity Development Corporation  
2001 Waukegan Road  
Northbrook, IL 60062

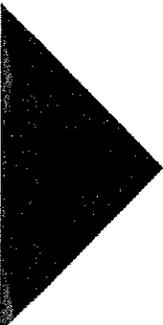
Re: Sunset Woods Association

Dear Richard,

I would like to thank you for the opportunity for us to provide a fee quote for the 2016 audit and tax return services for Sunset Woods Association. We understand that the audit and tax delivery deadline is April 1, 2017. We would anticipate the preliminary work to begin in December 2016 and the yearend work to start in early March 2017. We feel comfortable the deadline will be met. Our fee for the 2016 audit and tax returns would be \$7,300.

Sincerely,

Mark Mischke



**NOVOGRADAC & COMPANY** LLP

**P** 312.809.7053  
**W** [www.novoco.com](http://www.novoco.com)

**OFFICE** 318 West Adams Street  
Chicago, Illinois 60606

## Later, Charmain

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**From:** rkoenig@hodc.org  
**Sent:** Thursday, December 01, 2016 10:58 AM  
**To:** Later, Charmain  
**Subject:** FW: Sunset Woods Audit

Charmain: FYI below is a letter from another firm about the audit; they are declining to submit a response since they cannot meet the timeframe.

Richard

---

**From:** Daniel D Perna [mailto:dperna@kkscpa.com]  
**Sent:** Thursday, December 1, 2016 11:51 AM  
**To:** rkoenig@hodc.org  
**Subject:** RE: Sunset Woods Audit

Hello Richard,

Thank you for the opportunity to submit a proposal for the audit and tax return for your organization, however after discussing it with my partner Sue Romanoski, we don't believe that we would be able to complete the engagement by April 1<sup>st</sup>. Therefore we will not be submitting a proposal.

Thank you again,  
Dan Perna

---

Daniel D. Perna, CPA  
Karlin, Kerschner, Sharpe & Company, LLP  
666 Dundee Road, Suite 1802  
Northbrook, IL 60062-2733  
847-272-6050 ext. 24  
847-272-6056 Fax  
[dperna@kkscpa.com](mailto:dperna@kkscpa.com)

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Any accounting, business or tax advice contained in this communication, including attachments and enclosures, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Karlin, Kerschner, Sharpe & Co., LLP would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

The information in this electronic mail is intended for the named recipients only. It may contain confidential matter. If you have received this electronic mail in error, please notify the sender immediately by replying to this electronic e-mail or by calling (847)272-6050. Please do not disclose the contents to anyone. Thank you.

## Later, Charmain

---

**From:** Later, Charmain  
**Sent:** Tuesday, November 29, 2016 12:45 PM  
**To:** Charles Adler (cfalaw@att.net); Doug Ross (doug@rossfinancial.net); David T. Meek (david@beckergurian.com); LauraSaret@gmail.com; kaltman.mary@gmail.com; Lisa Oldham (lisa.oldham@nm.org); joseph adler; Holleman, Michelle; Jack Foster  
**Cc:** Awsumb, Drew  
**Subject:** Bid Proposals for Sunset Woods Audit  
**Attachments:** Revised Three Year Engagement Letter Manning Silverman.pdf; FLS Audit Proposal Sunset Woods 2016.pdf; Novograda Audit Proposal.pdf; RFP LETTER 2016 11 28 Sunset Woods Association.pdf

Dear Commissioners,

Please find attached three proposals collected by HODC for audit services for Sunset Woods. I have attached a link to Novogradac as their proposal did not include information about their company. Also, one other firm (KKS & Co., LLC) was contacted but declined to submit a proposal.

I wanted to get these to you so that you have time to review prior to the December meeting. I have also attached a copy of Manning Silverman's contract renewal and below is an email from Marshal Samuels regarding an amendment to their proposal.

Please keep in mind that regardless if the Manning Silverman contract is renewed or a new auditor is selected, the contract will have to go to City Council for approval.

<https://www.novoco.com/company>

Charmain,

Richard Koenig had asked me if I were interested in providing you with a proposal for the audit of SWA, including the requested delivery date of April 1. The previously provided engagement proposal letter has a delivery date of April 15, and I would be willing to change that to April 1, providing that the needed financial information and documentation to be received from Leon at HODC and Sharon Klibanow is in our hands no later than Monday, January 9.

Please consider this email an amendment to our existing engagement letter; thank you for the opportunity to continue to provide audit services to the City of Highland Park.

Marshall

**Marshall Samuels, CPA**  
[msamuels@manningsilverman.com](mailto:msamuels@manningsilverman.com)  
847.459.8850 – fax 847.537.8954  
175 Olde Half Day Road, Suite 290  
Lincolnshire, IL 60069  
[www.manningsilverman.com](http://www.manningsilverman.com)



CERTIFIED PUBLIC ACCOUNTANTS

175 Olde Half Day Rd, Suite 290  
Lincolnshire, IL 60069  
P: (847) 459-8850  
F: (847) 537-8954  
[www.manningsilverman.com](http://www.manningsilverman.com)

October 25, 2016

Ms. Charmain Later, Senior Planner  
Sunset Woods Association c/o City of Highland Park  
1150 Half Day Road  
Highland Park, Illinois 60035

Dear Ms. Later:

We are pleased to confirm our revised understanding of the services we are to provide for Sunset Woods Association ("Association") for the years ended December 31, 2016, 2017 and 2018. This letter is a successor to and amends and extends the terms of our letter dated February 23, 2015 to reflect the management decision made after that date to segregate the specific assets, liabilities, revenues and expenses of Association unrelated to IHDA Project No. HTF-1213 (Sunset Woods Housing) from the audited financial statements of Housing to be presented to the Illinois Housing Development Authority.

We will audit the financial statements of Sunset Woods Housing (IHDA Project NO. HTF-1213), owned by Association, which statements comprise the statement(s) of financial position as of December 31, 2016, 2017 and 2018, the related statements of activities, functional expenses, and cash flows for the respective years then ended, and the related notes to the respective years' financial statements.

We will also, however, prepare Association's federal and state tax information returns for the years ended December 31, 2016, 2017 and 2018, which returns will include, in addition, Association's assets, liabilities, revenues and expenses excluded from the audit report.

#### **Audit Objective**

The objective of each of our audits is the expression of an opinion about whether Housing's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion each year. We will issue a written report upon completion of each of our audits of Housing's financial statements. Each report will be addressed to the Board of Directors of Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If any of our opinions is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete an audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Wayne E. Silverman, Registered Representative. Securities offered through Cetera Financial Specialists LLC, member FINRA/SIPC.  
Advisory services offered through Cetera Investment Advisors LCC. Cetera entities are under separate ownership from any other entity.

### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from Housing's attorneys as part of each year's engagement, and they may bill you for responding to this inquiry. At the conclusion of each year's audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, each audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. We will plan and perform each audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Housing or to acts by management or employees acting on behalf of Housing.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though each audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to each of the respective periods covered by our audits and does not extend to any later periods for which we are not engaged as auditors.

Each audit will include obtaining an understanding of Housing and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during each audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Management Responsibilities**

You agree to assume all management responsibilities for the tax services and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within Housing from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting each year's financial statements to correct material misstatements and confirming to us in the respective year's management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting Housing involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting Housing received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring Housing complies with applicable laws and regulations.

### **Engagement Administration, Fees, and Other**

We understand that your employees or independent contractors retained by Association will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Wayne E. Silverman is the engagement partner and is responsible for supervising the engagement and signing each report or authorizing another individual to sign it. We expect to begin our audit for the year 2016 on approximately February 15, 2017 and to complete your information returns and issue our report no later than April 15, 2017. These dates presume that all bookkeeping and accounting records for Housing performed by Housing Opportunity Development Corporation and for Association by Sharon Klibanow, are available in advance of those dates. For subsequent years, we expect similar dates and time periods to be in effect, with the same presumptive limiting condition. Delays in record-keeping will delay in the starts and completions of the respective audits.

Our fees for these services (for 2015, the \$6,200 fee was unchanged from the prior year even though the scope of the work had changed, of which \$5,000 was for the audit of Housing and \$1,200 for the tax returns of Association), will be as follows, with \$1,200 of each year's fee allocated to the preparation of tax returns for Association and the balance for the audit of Housing:

- For 2016, \$7,000
- For 2017, \$7,300
- For 2018, \$7,600

You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc.

These revised fee estimates are based on the changes in reporting entities previously discussed with you, anticipated cooperation from your personnel/independent contractors and the assumption that unexpected circumstances will not be encountered during the respective year's engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement as revised. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Wayne E. Silverman  
Manning Silverman & Company

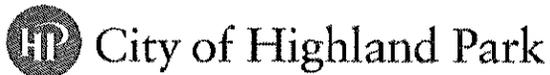
RESPONSE:

This letter correctly sets forth the understanding of Sunset Woods Association:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# City of Highland Park

## Community Development - Planning Division

TO: Joel Fontane, Director Community Development  
FROM: Charmain Later, Senior Planner  
RE: Housing Commission Request for Exemption from Chapter 154 --Rental Registration

### REQUESTED ACTION:

At their October 5, 2016 meeting, the Housing Commission voted unanimously to direct staff to prepare a letter requesting the Housing Commission and its affected affiliated Housing Associations be exempt from City Code Chapter 154 - Registration and Safety Requirement for Certain Rental Property.

### BACKGROUND:

Chapter 154 requires that all the owners of a Regulated Rental Dwelling must register the Regulated Rental Dwelling Unit with the City Clerk. A Regulated Rental Dwelling is defined in the Code as:

“A dwelling unit that is (1) located either within a single family residential structure, or within a multiple family residential structure and having a unique method of ingress and egress between the Dwelling Unit and an adjacent right-of-way or parking area; and (2) lease to, or occupied by, any person other than an Owner thereof.”

The Ravinia Housing Association and the Walnut Housing Association both own/manage properties that meet this definition and are therefore are subject to yearly registration. In total, the two associations have 29 Regulated Rental Dwelling units. The annual registration fee is \$30 per unit; therefore, the two housing associations pay a combined \$870 annually to register the units with the City.

In addition to education and outreach regarding code and safety issues, the primary purpose of the rental registration program is to require that residential rental properties provide contact information regarding ownership and for a party that is authorized and readily available, to rectify code violations, if any. Given the Association’s oversight and the City’s management of the contract for property management for these properties, the registration required by Chapter 154 is unnecessary.

Fiscal Impact: This change will reduce the revenue collected from registrations by \$870. Last year the City collected a total of \$19,400 in FY-2015 in rental registration fees.

### RECOMMENDATION:

The Housing Commission requests and recommends, that Chapter 154 of the City Code of Ordinances be amended to exempt the Housing Commission and its affected affiliate housing associations, specifically those being the Walnut Housing Association and the Ravinia Housing Association, from the Rental Registration program and payment of all registration fees.