



GRAND PRAIRIE HOUSING FINANCE CORPORATION
MOUNTAIN CREEK RETIREMENT LIVING, 3RD FLOOR
COMMUNITY ROOM, 2305 CORN VALLEY ROAD
TUESDAY, OCTOBER 25, 2022 AT 11:30 AM

AGENDA

The meeting will be held at Mountain Creek Retirement Living, 3rd Floor Community Room, 2305 Corn Valley Road, Grand Prairie, Texas. Citizens may speak for up to five minutes on any item on the agenda by completing and submitting a speaker card.

CALL TO ORDER

AGENDA ITEMS

1. MEETING MINUTES – SEPTEMBER 20, 2022 GPHFC
2. GPHFC FINANCIAL REPORTS – SEPTEMBER 2022
3. 2021 FINANCIAL REPORTS
4. 2022-2023 INSURANCE POLICIES
5. ASSET AND OPERATIONS

Cotton Creek Apartments

Willow Tree Apartments

Cotton Creek & Willow Tree Rehabilitation & Modernization

Mountain Creek Senior Living

CITIZEN COMMENTS

Citizens may speak during Citizen Comments for up to five minutes on any item not on the agenda by completing and submitting a speaker card.

EXECUTIVE SESSION

The Housing Finance Corporation may conduct a closed session pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A., to discuss any of the following:

- (1) Section 551.071 “Consultation with Attorney”
- (2) Section 551.072 “Deliberation Regarding Real Property”
- (3) Section 551.074 “Personnel Matters”
- (4) Section 551.087 “Deliberations Regarding Economic Development Negotiations.”

ADJOURNMENT

The Housing Finance Corporation meeting is accessible to people with disabilities. If you need assistance in participating in this meeting due to a disability as defined under the ADA, please call 972-237-8040 or email (lrbrooks@gptx.org) at least three (3) business days prior to the scheduled meeting to request an accommodation.

Certification

In accordance with Chapter 551, Subchapter C of the Government Code, V.T.C.A, the Housing Finance Corporation meeting agenda was prepared and posted on October 21, 2022.

A handwritten signature in cursive script that reads "Lolette Brooks". The signature is written in black ink and is positioned above a horizontal line.

Lolette Brooks, Executive Assistant

MINUTES OF MEETING
GRAND PRAIRIE HOUSING FINANCE CORPORATION
GRAND PRAIRIE, TEXAS
SEPTEMBER 20, 2022

The Grand Prairie Housing Finance Corporation (GPHFC) held its regular meeting at Mountain Creek Retirement Living. The following people were in attendance:

<u>BOARD MEMBERS PRESENT:</u>	<u>ATTENDANCE TYPE</u>	<u>CITY STAFF PRESENT:</u>	<u>Attendance Type</u>
Buddy White	In Person	Bill Hills	Virtual
Cole Humphreys	In Person	Esther Coleman	Virtual
Marshall Sutton	In Person		
Greg Giessner	In Person	<u>Others Present:</u>	
Zelda Freeman	Virtual	Doug Jackson	In Person
		Sean Jackson	Virtual
<u>Board Members Absent:</u>		Tina Porter	In Person
None		Tim Nelson	Virtual
		Claire Merritt	Virtual
		Mattye Jones, Esq.	In Person
		Ronald Bell	Virtual
		Kent Lyon	Virtual
		John Brewster	Virtual
		Spencer Rasmus	Virtual

I. Call to Order:

The meeting of the Board of Directors for the Grand Prairie Housing Finance Corporation was called to order by Mr. Buddy White at 11:45 a.m. The meeting was opened with prayer by Mr. Doug Jackson.

II. Acceptance of Minutes:

Mr. White requested that the Board Members review the Minutes for the Board Meeting held on August 16, 2022.

Motion to Approve: Cole Humphreys
Second by: Greg Giessner
Discussion: None
Motion Carried: Yes

III. Financial Statements

The Financial Statements for August were reviewed by Mr. Sutton.

Motion to Approve: Cole Humphreys
Second by: Greg Giessner
Discussion: None
Motion Carried: Yes

IV. Old Business: None

V. New Business: None

VI. GPHFC Asset Reports - Cotton Creek and Willow Tree

A. Review of Activities and Financial Statements for Cotton Creek Apartments:

Ms. Tina Porter reviewed the monthly Operating Reports for Cotton Creek Apartments and Willow Tree Apartments for the month of August 2022. A full and complete report was provided to the Board members in their Monthly Report package and summary of this report is attached and made a part of hereof. Video of the flood was shown during the meeting.

VII. Cotton Creek & Willow Tree Rehabilitation and Modernization Account:

A. Ms. Tina Porter reviewed the Schedule of Payments and Budget Comparison showing total expenses for the month.

VIII. Boys and Girls Club: None

IX. GPHFC Asset Report - Mountain Creek

A. Review of Activities and Financial Statements for Mountain Creek:

Mr. Doug Jackson reviewed the monthly Operating Report for Mountain Creek Retirement Living for the month of August 2022. Mr. Jackson reported the deficient balance and negative cash flow for Mountain Creek and the need of funds (\$133,000) from the board in order to continue to operate. Mr. Jackson reported the increase of rents on efficiencies and two (2) bedroom units have been made in hopes of pushing prospects into the one (1) bedroom units. A full and complete report was provided to the Board members in their Monthly Report package and summary of this report is attached and made a part of hereof.

Mr. Jackson advised the board of the issues with the current pendant system. The supplies are on backorder and we do not have a date as to when we might be able to obtain any new pendants. Also, there is an issue with the system itself holding information. The tech that has been out several times has stated the system is old (original) and needs to be updated. The cost for these systems is ranging in upwards of \$150,000.00. At this time we may have to do away with the pendant system and advise residents who wish to have a pendant obtain one through Life Alert.

Buddy White made a motion to approve the funding of \$133,000.00 to Mountain Creek Retirement Living to continue the day to day operations of the facility.

Motion to Approve: Buddy White
Second by: Marshall Sutton
Discussion: None
Motion Carried: Yes

- X. **Grand Prairie City Business:** Bill Hills advised the board of the City requiring all corporations return to in person meetings and allow no more online access. Mr. Jackson stated he would review the policy manual and update accordingly.

Matty Jones met with Megan and noted Housing Finance Corporations do not have to comply with the Open Meetings Act. GPHFC is currently in compliance with all rules set forth.

- XI. **Submission of a proposal by John Brewster, Director of Acquisitions for Lonestar Acquisition Group LLC, to enter into a venture with the Grand Prairie Housing Finance Corporation, using the Workforce Partnership concept, to acquire the Alta Grand Crossing Apartments in Grand Prairie, Texas.**

Mr. White advised Mr. Brewster that the Board had received the information regarding the proposed venture and would consider the proposal in the upcoming Executive Session.

Mr. White subsequently advised the board that the regular session of the meeting was closed at 1:12 p.m.

- XII. **Executive Session:**

Mr. White opened the Executive Session at 1:14 p.m.

Executive session meeting was closed at 1:45 p.m.

- XIII. **Reconvene GPHFC Meeting:**

Mr. White announced that the Directors of the Grand Prairie Housing Finance Corporation (GPHFC) had considered the proposal by Lonestar Acquisition Group LLC to enter into a Workforce Partnership in a joint venture arrangement as necessary to acquire the Alta Grand Crossing Apartments in Grand Prairie, Texas. After substantial analysis and deliberation, the GPHFC Board elected to decline this proposal.

Mr. White directed Doug Jackson to call Acquisition Group LLC advising them of the Board decision and follow up with a letter immediately thereafter.

- XIV. **Correspondence and Announcements:**

None

XV. Adjournment:

Mr. Buddy White noted with there being no additional business requiring the Board's attention, adjourned the meeting at 1:49 p.m.

Approved:	Approved:
By: _____ Date: _____	By: _____ Date: _____



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 10/25/2022
REQUESTER: Doug Jackson
PRESENTER: Buddy White
TITLE: REVIEW MEETING MINUTES – SEPTEMBER 20, 2022
RECOMMENDED ACTION: Approve



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 10/25/2022

REQUESTER: Doug Jackson

PRESENTER: Marshall Sutton

TITLE: REVIEW GPHFC FINANCIAL REPORTS – SEPTEMBER 2022

RECOMMENDED ACTION: None

MOUNTAIN CREEK RETIREMENT LIVING
FINANCIAL STATEMENTS
DECEMBER 31, 2021

CHARLES O. PAUL
CERTIFIED PUBLIC ACCOUNTANT

Item 3.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

Opinion

We have audited the accompanying financial statements of Mountain Creek Retirement Living, a project of Grand Prairie Housing Finance Corporations (The Project), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain Creek Retirement Living as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountain Creek Retirement Living and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Creek Retirement Living's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mountain Creek Retirement Living's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Creek Retirement Living's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



North Richland Hills, Texas
August 18, 2022

MOUNTAIN CREEK RETIREMENT LIVING
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 42,884
Prepaid expenses	21,684
Total Current Assets	<u>64,568</u>
RESTRICTED ASSETS:	
Cash held in trust for tenant security deposits	57,771
Senior Living Center bond funds held by trustee	1,209,497
Total Restricted Assets	<u>1,267,268</u>
CAPITAL ASSETS:	
Land	574,791
Equipment	123,369
Buildings and improvements	12,048,029
	<u>12,746,189</u>
Accumulated depreciation	(6,835,016)
Total Capital Assets	<u>5,911,173</u>
TOTAL ASSETS	<u>\$ 7,243,009</u>

<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Current portion of revenue bonds	\$ 315,000
Paycheck Protection Program note payable	398,749
Operating payables and accrued liabilities	148,941
Deferred revenue	39,687
Accrued interest - Revenue Bonds	245,869
Tenant security deposits	55,500
Total Current Liabilities	<u>1,203,746</u>
Senior Living Center Priority Lien Revenue Bonds	5,857,115
Senior Living Center Subordinate Lien Revenue Bonds	4,550,000
Advances from Grand Prairie Housing Finance Corporation	200,399
Senior Living Center developer loan and accrued interest	1,550,810
Total Long-Term Liabilities	<u>12,158,324</u>
TOTAL LIABILITIES	<u>13,362,070</u>

NET ASSETS	
Net Assets Without Donor Restrictions	<u>(6,119,061)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,243,009</u>

The notes to financial statements are an integral part of this statement.

MOUNTAIN CREEK RETIREMENT LIVING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

SENIOR LIVING CENTER OPERATIONS

Revenues from tenants	<u>\$ 2,473,131</u>
Salaries and benefits	1,053,197
Utilities	164,258
Operating and maintenance	487,185
Property & liability insurance	104,621
Property management fees	<u>148,386</u>
Total program expenses	1,957,647
Administrative expenses	<u>112,127</u>
	2,069,774
Income from operations before depreciation and amortization	403,357
Depreciation expense	<u>(418,107)</u>
OPERATING INCOME (LOSS)	<u>(14,750)</u>
NON-OPERATING REVENUES (EXPENSES)	
Forgiven debt - PPP note payable	119,096
Senior Living Center Bonds interest and fees	(511,956)
Senior Living Center Bonds developer loan interest	<u>(41,760)</u>
Non-operating revenues (expenses)	<u>(434,620)</u>
CHANGE IN NET ASSETS	(449,370)
NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year	<u>(5,669,691)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	<u><u>\$ (6,119,061)</u></u>

The notes to financial statements are an integral part of this statement.

MOUNTAIN CREEK RETIREMENT LIVING
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from apartment revenues	\$ 2,493,743
Cash paid to suppliers for good and services	(995,333)
Cash paid for salaries and benefits	(1,053,197)
Bond Interest paid	(508,981)
Tenant Security Deposits	<u>2,250</u>
Net cash provided by operating activities	<u>(61,518)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Bond principal payments	(295,000)
Paycheck Protection Program loan proceeds	398,749
Repayment of advance from Grand Prairie Housing Finance Corporation	(20,000)
Withdrawals from (additions to) Senior Living Center bond funds held in trust	<u>1,458</u>
Net cash provided by (used in) capital and related financing activities	<u>85,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES: -	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,689
CASH AND RESTRICTED CASH, beginning of year	<u>76,966</u>
CASH AND RESTRICTED CASH, end of year	<u>\$ 100,655</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (449,370)
Depreciation	418,107
Amorization of unamortized bond issuance costs	14,406
PPP note payable forgiven	(119,097)
Changes in operating assets and liabilities	
Decrease (increase) in prepaid expenses	(5,794)
Increase (decrease) in operating payables	27,038
Increase (decrease) in deferred revenue	17,864
Increase (decrease) in accrued interest	30,328
Increase (decrease) in tenant security deposit liability	<u>5,000</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (61,518)</u>
CASH	\$ 42,884
RESTRICTED CASH	<u>57,771</u>
	<u>\$ 100,655</u>

The notes to financial statements are an integral part of this statement.

MOUNTAIN CREEK RETIREMENT LIVING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION:

Mountain Creek Retirement Living (The Project) is a 124-unit independent senior retirement living center owned by Grand Prairie Housing Finance Corporation (a component unit of the City of Grand Prairie, Texas). The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES:

Basis of accounting - The Project maintains its records on the accrual basis of accounting.

Revenue recognition – Apartment units held for rent are generally leased for periods of one year or less. Revenues are recognized monthly over the lease terms.

Cash equivalents – The Project deems financial deposits that are available for general operating purpose with three months or less to maturity to be cash equivalents.

Capital Assets – Land, buildings and improvements are stated at cost, including donated capital assets for which a fair market value is considered cost at the time the donation is received. The buildings are depreciated using the straight-line method over estimated useful lives of 40 years. Improvements are depreciated using the straight-line method over estimated useful lives of 10 to 20 years. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of 5 to 7 years.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Matters - Neither The Project nor Grand Prairie Housing Finance Corporation are subject to income taxes.

Amortization – Bond issue costs are amortized over the life of the related debt which is 23.5 years.

Subsequent Events - Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition of disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosing in the accompanying notes. Management evaluated the activity of the project through April 9, 2021 (the date the financial statements were available to be issued).

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There are no temporarily or permanently restricted net assets at year end.

MOUNTAIN CREEK RETIREMENT LIVING
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LONG TERM DEBT:

Senior Living Center Revenue Bonds

In December 2003, GPHFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its Senior Living Center facility. Effective July 1, 2010, the bonds of the Senior Living Retirement Living were reissued in two series: \$8,630,000 in Senior Living Center Priority Lien Revenue Bonds with interest rates from 7.5% to 7.75% with principal payments beginning in January 2011 and continuing through January 2034. There is \$4,550,000 in Senior Living Center Subordinate Lien Revenue Bonds. Interest on the Subordinate Lien Revenue Bonds is from 7.5% to 7.75% but is payable only to the extent there is available cash flow. There is \$3,318,725 in contingent interest related to these bonds that has not been accrued on the financial statements as the conditions do not yet exist to indicate that the payment of this interest is probable.

The Trustee holds \$1,210,953 as a Debt Service Reserve and Bond Reserve funds. All these funds are invested in short term investment grade securities by the Trustee for the benefit of the project. The Bonds are non-recourse liabilities collateralized solely by the land, buildings and improvements with an aggregate cost basis (net of accumulated depreciation of \$6,416,909) of \$6,329,280.

Future Maturities of Principal and Interest –

Years Ending December 31,	Senior Living Center Priority Lien	
	Principal	Interest
2022	315,000	485,731
2023	340,000	460,738
2024	370,000	434,000
2025	400,000	404,550
2026	430,000	372,163
2027-2030	2,085,000	1,124,331
2031-2034	<u>2,405,000</u>	<u>384,206</u>
Total	\$6,345,000	<u>\$3,666,719</u>
Less unamortized debt issuance costs	<u>172,885</u>	
Net Senior Living Center Priority Lien Revenue Bonds	<u>\$6,172,115</u>	

The Senior Living Subordinate Lien series is not scheduled as it is not determinable if any payments on the series will be made.

Generally accepted accounting principles in the United States now requires that deferred debt issuance costs are now reported in the statement of financial position as a direct reduction from the face amount of debt. Previously, such costs were show as a deferred charge. Amortization of deferred debt issuance costs is reported as a component of interest expense.

MOUNTAIN CREEK RETIREMENT LIVING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – MANAGEMENT FEES:

The third-party property management company that operates the property receives a minimum fee of \$8,500 per month plus the excess of 6% of the gross income received, excluding security deposits, over \$8,500 which is payable only after provision has been made for certain debt service associated with The Project's outstanding bonds. The management company earned \$148,386 in management fees. Included in operating payables is \$29,386 of management fees related to the year ended December 31, 2021.

NOTE 5 – PROPERTY VALUATIONS

Management of Grand Prairie Housing Finance Corporation periodically reviews the estimated future cash flows valuation of its properties to determine whether there has been a long-term impairment in the value of its long-term assets. It is management's opinion that no such impairment has occurred with The Project's long-term assets.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

In 2020, The Project received a loan from Affiliated Bank in the amount of \$119,096 under the umbrella of the management company. The loan is under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 21, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. Application for forgiveness of this loan has been made and is pending approval. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan was forgiven in April 2021 and is included in the Statement of Activities as non-operating revenue.

In March 2021, The Project, under the umbrella of the management company received an additional \$398,749 with a second loan under the Paycheck Protection Program. The loan is subject to a note dated April 1, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The loan was forgiven in February 2022 and will be included on the Statement of Activities in that year.



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 10/25/2022
REQUESTER: Doug Jackson
PRESENTER: Marshall Sutton
TITLE: CONSIDER THE 2021 FINANCIAL REPORTS
RECOMMENDED ACTION: None

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Willow Tree Apartments, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Willow Tree Apartments as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Willow Tree Apartments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Willow Tree Apartments' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Willow Tree Apartments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Willow Tree Apartments' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages XX to YY is presented for the purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Willow Tree Apartments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Willow Tree Apartments' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Willow Tree Apartments' internal control over financial reporting and compliance.



North Richland Hills, Texas
September 27, 2022

WILLOW TREE APARTMENTS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets:

<u>Cash</u>	\$ 60,180
Prepaid insurance	19,681
	79,861

Total current assets

Restricted deposits:

Tenant security deposits held in trust	29,827
Replacement reserve held by mortgagee	80,444
	110,271

Total restricted deposits

Apartment property, at cost:

Land	606,830
Buildings and improvements	4,282,431
	4,889,261

Total costs

Less accumulated depreciation	2,162,061
	2,727,200

Apartment property, net of accumulated depreciation

Total Assets

\$ 2,917,332

LIABILITIES AND NET ASSETS

Current maturities of notes payable payable – operations	\$ 37,807
Accounts payable – operations	125,428
Tenant security deposits	25,535
	188,770

Total current liabilities

Long-term debt

1,019,658

Total liabilities

1,208,428

Net assets without donor restrictions

1,708,904

Total Liabilities and Net Assets

\$ 2,917,332

The notes to financial statements are an integral part of this statement.

WILLOW TREE APARTMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Amended

Revenues:	
Rental income	\$ 1,836,990
Other income from tenants	6,738
	<hr/>
Total revenues	1,843,728
	<hr/>
Operating expenses:	
Program services	
Utilities	348,531
Operating and maintenance	399,299
Insurance and employee benefits	178,431
Interest on note payable	44,576
Depreciation	279,555
	<hr/>
	1,250,392
	<hr/>
Management and general	
Management fees	92,186
Legal and professional	19,248
Salaries	193,769
Advertising	2,213
Fees to owner and City of Grand Prairie	88,808
Office expense	90,660
	<hr/>
	486,884
	<hr/>
Total operating expenses	1,250,392
	<hr/>
CHANGE IN NET ASSETS FROM OPERATIONS	106,452
NON-OPERATIONAL CHANGES IN NET ASSETS:	
Transfer from (to) related project for capital improvements	(110,000)
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF PERIOD	1,712,452
	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF PERIOD	\$ 1,708,904
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

Amended

WILLOW TREE APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental income received	\$ 1,836,990
Other income received from tenants	<u>6,738</u>
 Total receipts	 <u>1,843,728</u>
Administrative expenses paid	199,567
Management fee paid	93,258
Utilities paid	338,872
Salaries and wages paid	361,428
Operating and maintenance paid	231,640
Property insurance paid	104,028
Tenant security deposits	42
Miscellaneous taxes and insurance paid	80,234
Interest paid	<u>44,574</u>
 Total disbursements	 <u>1,453,643</u>
 Net cash provided by operating activities	 <u>390,085</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	<u>(235,738)</u>
 Net cash used in investing activities	 <u>(235,738)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on note payable	(37,517)
Transfer to related project for capital improvements	<u>(110,000)</u>
 Net cash used in financing activities	 <u>(147,517)</u>

NET INCREASE IN CASH	6,830
 CASH AND RESTRICTED CASH, beginning of period	 <u>148,711</u>
 CASH AND RESTRICTED, end of period	 <u>\$ 155,541</u>
 CASH	 \$ 60,180
RESTRICTED CASH	<u>110,271</u>
 Total cash	 <u>\$ 170,451</u>

The notes to financial statements are an integral part of this statement.

WILLOW TREE APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets from operations	\$ 106,452
Adjustment to reconcile change in net assets from operations to cash provided by operating activities:	
Depreciation	279,555
Add (deduct) changes in -	
Prepaid insurance	(5,831)
Accounts payable	11,276
Tenant security deposit liability	<u>1,967</u>
Net cash provided by operating activities	<u><u>\$ 393,419</u></u>

The notes to financial statements are an integral part of this statement.

WILLOW TREE APARTMENTS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PRESENTATION:

Willow Tree Apartments (the Project) is a 136-unit apartment community owned by Grand Prairie Housing Finance Corporation (GPHFC) (a component unit of the City of Grand Prairie, Texas). The Project receives financial assistance from the U.S. Department of Housing and Urban Development (HUD) through a Section 8 Housing Assistance Payments (HAP) contract which expires in 2030. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America.

The Project is subject to certain regulatory and restrictive covenant agreements in its HAP contract whereby 112 units may only be rented to very low income individuals and families. Residents must qualify as very low income tenants annually, and maximum rental rates charged for each unit are regulated by HUD. Allowable rental rates are generally market rents, but must be pre-approved by the Federal Housing Commissioner. A significant portion of the Project's rental income is received through Section 8 rent subsidies. Housing assistance payments are a major HUD program for the Project.

This Project and the Willow Tree Apartments (Willow Tree) were acquired from HUD by the City of Grand Prairie in January 1995 with a commitment to substantially rehabilitate the two projects into safe, affordable housing for qualifying residents of the City. The City then sold the two projects to GPHFC which operates the two projects under HAP contracts with cross-default provisions. The contracts allow funds from one project to be used by the other to achieve the purposes of the City's commitment.

In July 2001, the Project and Willow Tree began the development of the Willow Tree/Willow Tree Learning Center (the Learning Center) to provide a facility for education and recreation for residents of the two projects, and other charitable organizations with similar goals and commitments. The costs of the Learning Center are being shared 45% by the Willow Tree and 55% by The Project. The accompanying statement of financial position includes the Project's proportionate share of the land, buildings and improvements of the Learning Center and the related permanent financing note payable, and the accompanying statement of activities includes the Project's proportionate share of Program Expenses in the operating and maintenance category of expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES:

REVENUE RECOGNITION -

The apartment units are generally leased under operating leases of one year or less. Income is recognized monthly as earned. Advance rental payments and tenant security deposits are reflected as liabilities until earned or refunded. Under the HAP contract, the Project may not increase rents charged to tenants without HUD approval.

CASH -

For purposes of the statement of cash flows, management considers all unrestricted investments with original maturities of three months or less to be cash and cash equivalents.

TENANT SECURITY DEPOSITS -

The HAP contract between the Project and HUD requires the Project to maintain a separate bank account funded with cash at least equivalent to the tenant security deposit liability at all times during the year.

WILLOW TREE APARTMENTS
NOTES TO FINANCIAL STATEMENTS

DEPRECIATION -

The original building costs and the Learning Center are depreciated using the straight-line method and a life of 40 years. Rehabilitation costs (building improvements) are depreciated over a 10 year life using the straight-line method.

OPERATING EXPENSES -

The apartment units are constantly undergoing rehabilitation, repairs and replacements. The repair and rehabilitation costs that extend the life of the property are capitalized. The replacement costs are deducted as incurred. HUD controls a replacement reserve to which the Project remits funds monthly. The amount remitted is adjusted annually on the anniversary of the HAP contract. Periodically, the Project may submit draw requests for certain approved categories that are then funded back to the Project operating account. All operating expenses are reported in the month incurred.

INCOME TAX MATTERS -

Neither the Project nor GPHFC are subject to income taxes.

ESTIMATES -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS -

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition of disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosing in the accompanying notes. Management evaluated the activity of the project through the date of the report which is the date the financial statements were available to be issued and concluded that no events have occurred that would require recognition in the financial statements of disclosure in the notes to the financial statements.

NOTE 3 - NOTE PAYABLE:

The note payable in the accompanying statement of financial position represents the Project's 55% share of the permanent financing note for the Learning Center. The note is unsecured and backed by the full faith and credit of GPHFC. The note bears interest at 4.25% per annum and is payable in equal monthly installments of principal and interest at \$6,841 for the Project's share through September 21, 2040.

WILLOW TREE APARTMENTS
NOTES TO FINANCIAL STATEMENTS

The following table presents the principal and interest due in each of the next five years and thereafter of the project's long-term debt.

<u>Year Ending</u>	<u>Principal Due</u>	<u>Interest Due</u>
2022	37,807	44,284
2023	39,445	42,646
2024	41,155	40,936
2025	42,938	39,153
2026	44,700	37,292
2027-2040	851,420	274,542

NOTE 4 - RELATED PARTY TRANSACTIONS:

The City of Grand Prairie receives service fees for evaluating and certifying very low income housing applicants for the Project. The fee is based on 2.7% of HAP contract revenues. In 2021, the City earned \$33,496 and was paid \$33,633.

GPHFC receives an owner's asset management fee, as approved by HUD, based on 3% of collected revenues (excluding interest income), payable after the year end in which earned. In 2021, GPHFC earned a fee of \$55,312 and was paid \$54,295 for the prior year.

NOTE 5 – MANAGEMENT FEES:

The third-party property management company that operates the property receives a fee of 5% of collected revenues for these services and \$854 per month for bookkeeping services, paid monthly in arrears. The management company earned \$92,186 in management fees (cash paid: \$91,449) and \$10,248 in bookkeeping fees (cash paid: \$10,248) during the year, which is included in Administrative Expenses in the accompanying statement of activities.

The management company also manages the construction and rehabilitation projects at the property for a fee of 10% of contractor and supplier costs. In 2021, the management company earned, and was paid, \$21,431 for these services.

NOTE 6 - RESTRICTIONS ON CASH AND RESIDUAL RECEIPTS REQUIREMENT

The HAP contract between the Project and HUD prohibits the payment of distributions to GPHFC. The Project is required to deposit all Surplus Cash of the property into a residual receipts fund within 60 days after the end of each fiscal year. Disbursements from the residual receipts fund can only be made with HUD approval. There was no surplus cash at December 31, 2021.

See also

See also

SUPPLEMENTARY INFORMATION
REQUIRED BY HUD

See also

See also

See also

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

STATEMENT OF FINANCIAL POSITION DATA
December 31, 2021

<u>ACCT#</u>	<u>ASSETS</u>	
1120	Cash - operations	\$ 60,180
1200	Prepaid expenses	<u>19,681</u>
1100T	Total current assets	<u>79,861</u>
1191	Cash – Tenant security deposits held in trust	<u>29,827</u>
1320	Reserve for replacements held by mortgagee	<u>80,444</u>
1300T	Total deposits	<u>80,444</u>
1410	Land	606,830
1420	Buildings and improvements	<u>4,282,431</u>
1400T	Total property, at cost	4,889,261
1495	Less – accumulated depreciation	<u>2,162,061</u>
1400N	Total Property, net of accumulated depreciation	<u>2,727,200</u>
	Total assets	<u><u>\$ 2,917,332</u></u>

1420

1420

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

STATEMENT OF FINANCIAL POSITION DATA
December 31, 2021

<u>ACCT#</u>	<u>LIABILITIES</u>	
2110	Accounts payable- operations	\$ 116,478
2123	Accrued management fee payable	8,950
2174	Note payable – current portion	<u>37,807</u>
2122T	Total current liabilities	<u>163,235</u>
2191	Tenant security deposits	<u>25,535</u>
2324	Other loans and notes payable	<u>1,019,658</u>
2300T	Total long term liabilities	<u>1,019,658</u>
2000T	Total liabilities	<u>1,208,428</u>
3131	Unrestricted net assets	<u>1,708,904</u>
3130	Total net assets without donor restrictions	<u>1,708,904</u>
2033T	Total liabilities and net assets	<u><u>\$ 2,917,332</u></u>

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES:

<u>ACCT#</u>			
5120	Rent revenue – gross potential	\$ 675,705	
5121	Tenant assistance payments	<u>1,239,758</u>	
5100T	Total rent potential		\$ 1,915,463
5220	Vacancies - apartments	<u>78,473</u>	
5200T	Total vacancies		<u>78,473</u>
5152N	Net rental revenue		1,836,990
5910	Laundry and vending	46	
5920	Tenant charges	<u>6,692</u>	
5900T	Total other revenue		<u>6,738</u>
5000T	Total revenue		<u>1,843,728</u>

EXPENSES:

6210	Advertising and marketing	2,213	
6310	Office salaries	164,236	
6311	Office expenses	90,660	
6320	Management fee	92,186	
6330	Manager salary	29,533	
6340	Legal expense – project	1,250	
6350	Audit fees	7,750	
6351	Bookkeeping fees	10,248	
6390	Miscellaneous administrative expenses	88,808	
	6390-010 Description: Asset management fee to owner		
	6390-020 Amount: 55,312		
	6390-010 Description: Service fee to City of Grand Prairie		
	6390-020 Amount: 33,496		
6263T	Total administrative expenses		\$ 486,884

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

EXPENSES (Continued)			
<u>ACCT#</u>			
6450	Electricity	\$ 166,276	
6451	Water/sewer	<u>182,255</u>	
6400T	Total utilities expense		\$ 348,531
6510	Payroll	167,659	
6515	Supplies	79,481	
6520	Contracts	98,400	
6525	Garbage and trash removal	19,724	
6530	Security payroll/contract	12,250	
6590	Miscellaneous operating and maintenance expense	21,785	
	6590-010 Description: Educational and other resident programs		
	6590-020 Amount:	<u>21,785</u>	
6451			
6500T	Total operating and maintenance expenses		<u>399,299</u>
6720	Property and liability insurance	98,197	
6723	Health insurance and other employee benefits	<u>80,234</u>	
6700T	Total taxes and insurance		<u>178,431</u>
6830	Interest on note payable	44,576	
6800T	Total financial expenses		<u>44,576</u>
6451			
6000T	Total cost of operations before depreciation		<u>1,457,721</u>
5060T	Profit (loss) before depreciation		<u>386,007</u>
6600	Depreciation		<u>279,555</u>
5060N	Operationing profit or loss		106,452
3247	Change in net assets without donor restrictions from operations		106,452
3250	Change in total net assets from operations		\$ 106,452
6451			

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

S1000-010	Total mortgage principal payments required during the period	\$ 0
S1000-020	Total monthly deposits during the period into the replacement reserve	<u>\$ 53,224</u>
S1000-030	Replacement reserve releases which are included as expense items	<u>\$ 46,847</u>

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

EQUITY DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>		
S1100-060	Previous year net assets without donor restrictions	\$ 1,712,452
3247	Change in net assets without donor restrictions from operations	106,452
S1100-065	Other changes in net assets without donor restrictions	<u>(110,000)</u>
3131	Net assets without donor restrictions	<u>\$ 1,708,904</u>
S1100-050	Previous year total net assets	\$ 1,712,452
3250	Change in total net assets from operations	106,452
S1100-055	Other changes in net assets	<u>(110,000)</u>
S1100-056	Description: Transfer to related project for capital improvement	
S1100-057	Amount:	<u>(110,000)</u>
3130	Total net assets	<u>\$ 1,708,904</u>

S1100

S1100

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

CASH FLOW DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
S1200-010	Rental income received	\$ 1,836,990
S1200-030	Other income received from tenants	<u>6,738</u>
S1200-040	Total receipts	<u>1,843,728</u>
S1200-050	Administrative expenses paid	(199,567)
S1200-070	Management fee paid	(93,258)
S1200-090	Utilities paid	(338,872)
S1200-100	Salaries and wages paid	(361,428)
S1200-110	Operating and maintenance paid	(231,640)
S1200-140	Property insurance paid	(104,028)
S1200-150	Miscellaneous taxes and insurance paid	(80,234)
S1200-160	Tenant security deposits	(3,084)
S1200-190	Interest paid on note payable	<u>(44,574)</u>
S1200-230	Total disbursements	<u>(1,456,685)</u>
S1200-240	Net cash provided by operating activities	<u>387,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
S1200-250	Net (deposits) withdrawals from the reserve for replacement account	(5,155)
S1200-330	Net purchase of fixed assets	<u>(235,738)</u>
S1200-350	Net cash used in investing activities	<u>(240,893)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
S1200-370	Principal payments on loans or notes payable	(37,517)
S1200-450	Other financing activities	(110,000)
S1200-450	Description: Transfer to related project for capital improvements	
S1200-450	Amount: <u>(110,000)</u>	
S1200-460	Net cash provided by financing activities	(147,517)
S1200-470	Net increase in cash and cash equivalents	(1,367)
S1200-480	Beginning of period cash	<u>61,547</u>
S1200T	End of period cash	<u><u>\$ 60,180</u></u>

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

CASH FLOW DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

<u>ACCT#</u>		
3250	Change in net assets	\$ 106,452
6600	Depreciation	279,555
S1200-520	Decrease (increase) in prepaid expenses	(5,831)
S1200-530	Decrease (increase) in tenant security deposits held in trust	(5,155)
S1200-540	Increase (decrease) in accounts payable	11,276
S1200-580	Increase (decrease) in tenant security deposits	<u>1,967</u>
S1200-610	Net cash provided by operating activities	<u><u>388,264</u></u>

6600

6600

6600

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

FOOTNOTE DATA
DECEMBER 31, 2021

<u>ACCT#</u>		<u>Type in</u>	<u>Amount</u>
S3100-010	Organization and presentation note	Note (1) text	
S3100-020	Prior period adjustment note	Blank	
S3100-040	Summary of significant accounting policies note	Note (2) text	
S3100-050	Mortgages payable note	Blank	
S3100-120	Interest reduction payments from subsidy	Blank	
S3100-130	Notes Payable	Note (3) text	
<u>ACCT#</u> S3100-140	Creditor:	Susser Bank	
S3100-150	Purpose:	Refinance permanent financing for Learning Center	
S3100-160	Date incurred:	09/22/15	
S3100-170	Terms:	Payable in equal installments of \$8,567 Including interest at 4.25% through 09/21/2040	
S3100-180	Amount due:		1,057,465
S3100-185	Does the loan payable place a lien on project assets	No	<u> </u>
S3100-190	Total of notes/loans payable		<u>\$ 1,057,465</u>
S3100-200	Related party transactions note	Note (4) text	
S3100-210	Company name:	City of Grand Prairie, Texas	
<u>ACCT#</u> S3100-220	Amount received		<u>\$ 33,496</u>
S3100-210	Company name:	Grand Prairie Housing Finance Corporation	
S3100-220	Amount received		<u>\$ 55,312</u>
S3100-230	Management fee note	Note (5) text	
S3100-240	Additional notes	Note (6) text	

ACCT#

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

AUDITORS' REPORT DATA
DECEMBER 31, 2021

ACCT#

Report on the financial statements

S3400-020	Opinion	Unmodified
S3400-030	Opinion explanation	Blank
\$3400-050	Going concern	No

Report on supplemental data:

S3400-100	Opinion	Unmodified
S3400-110	Opinion explanation	Blank

Report on Compliance and on Internal Control over Financial Reporting:

S3500-020	Significant deficiencies indicator	No
S3500-030	Material weakness indicator	No
S3500-040	Material non-compliance indicator	No
S3500-045	Comments on internal control	Blank

Report on Compliance Applicable to Each Major Program and on Internal Control over Compliance

S3600-015	Opinion	Unmodified
S3600-020	Significant deficiencies indicator	No
S3600-030	Material weakness indicator	No
S3600-035	Comments on non-compliance	Copy in text on compliance

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

<u>ACCT#</u>		
S3700-010	Any audit findings disclosed that are required to be reported in Accordance with section 200.516 of OMB Uniform Guidance	No
S3700-020	Dollar threshold used to distinguish between type A and type B programs	\$750,000
S3700-030	Low-risk Auditee indicator:	Yes

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

RESERVE ACCOUNTS DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

ACCT#

SCHEDULE OF RESERVE FOR REPLACEMENT

1320P	Balance at beginning of period	\$ 74,063
1320DT	Total monthly deposits	53,224
1320WT	Approved withdrawals	<u>46,847</u>
1320	Balance at end of period	<u><u>\$ 80,440</u></u>
1320R	Deposits suspended or waived indicator	No

SCHEDULE OF RESIDUAL RECEIPTS

1340P	Balance at beginning of period	Leave blank
1340DT	Total deposits	
1340INT	Interest on residual receipts	<u> </u>
1340	Balance at end of period	<u><u> </u></u>

WILLOW TREE APARTMENTS
 HUD PROJECT NO. TX16-E000-013

COMPUTATION OF SURPLUS CASH - ANNUAL
 FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>			
S1300-010	Cash	<u>\$ 90,007</u>	
S1300-040	Total cash		90,007
	Current obligations:		
S1300-075	Accounts payable - 30 days	116,478	
S1300-100	Accrued expenses (not escrowed)	8,950	
2191	Tenant security deposit liability	<u>25,535</u>	
S1300-140	Less - Total current obligations		<u>150,963</u>
S1300-150	Surplus cash (deficiency)		<u>(60,956)</u>
S1300-210	Deposit due residual receipt		<u>-</u>

S1300-210

S1300-210

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2021

14300-210

<u>ACCT#</u>	(P) Beginning Balance	(AT) Additions	(DT) Deletions	Ending Balance
1410 Land	\$ 606,830			\$ 606,830
1420 Building and improvements	4,237,912	235,738	191,219	4,282,431
1400 Total fixed assets	<u>\$ 4,844,742</u>	<u>\$ 235,738</u>	<u>\$ 191,219</u>	<u>\$ 4,889,261</u>
	(P)	(6600)	(ADT)	
1495 Accumulated depreciation	<u>\$ 2,073,725</u>	<u>\$ 279,555</u>	<u>\$ 191,219</u>	<u>\$ 2,162,061</u>

Schedule of Additions and Deletions to Building

1400 1420A-010	Description: Rehabilitation of apartment units		
1420A-030	Amount:		<u>\$ 235,738</u>
1420D-010	Description: Disposition of fully depreciated costs		
1420D-030	Amount:		<u>\$ 191,219</u>

1400 470

1400 370

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

DATA COLLECTION & CERTIFICATION DATA
DECEMBER 31, 2021

ACCT#

Schedule of Expenditures of Federal Awards:

S3300-500	Total federal awards expended	\$1,239,758
S3300-020	Program number	1
S3300-030	Name of federal agency	U.S. Department of HUD
S3300-040	Name of federal program	Section 8 Housing Assistance Payments
S3300-050	CFDA Number	14.195
S3300-080	Federal awards expended	\$1,239,758
S3300-150	Opinion	Unmodified
S3300-510	Note to the schedule	Copy in text from Page 25

Certification of Owner:

S2900-010 Narrative Copy in text from Page 32

S2900-020	Name of signatory #1	Buddy White
S2900-025	Title of certifying official	President
S2900-030	Name of signatory #2	Greg Geisner, Asst. Treasurer
S2900-040	Auditee telephone number	817-572-0949
S2900-050	Date of certification	09/05/2021
S2900-080	Auditee name	Grand Prairie Housing Finance Corporation
S2900-090	Auditee street address - Line 1	P.O. Box 532758
S2900-100	Auditee street address - Line 2	
S2900-110	Auditee city	Grand Prairie
S2900-120	Auditee state	Texas
S2900-130	Auditee ZIP code	75053
S2900-140	Auditee ZIP code extension	2758
S2900-150	Auditee contact name	S. Douglas Jackson
S2900-160	Auditee contact title	Manager
S2900-170	Auditee contact fax number	817-572-0854
S2900-180	Auditee contact email	dj@jacksonproperty.com

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

DATA COLLECTION & CERTIFICATION DATA
DECEMBER 31, 2021

ACCT#

Certification of Management Agent:

S3000-010	Narrative	Copy in text from page 33
S3000-020	Name of managing agent	Jackson Consulting Company, Inc.
S3000-030	Name of signatory	S. Douglas Jackson, President
S3000-040	Managing agent TIN (Employer Identification number)	75-1821772
S3000-050	Property manager	Tina Porter

Auditors' Transmittal Letter:

S3200-005	Audit firm ID (UII)	80931
S3200-010	Audit firm	Charles O. Paul, CPA
S3200-020	Lead auditor first name	Charles
S3200-030	Lead auditor middle name	O.
S3200-040	Lead auditor last name	Paul
S3200-045	Auditor contact title	Partner
S3200-050	Auditor street address – Line 1	7408 Continental Trail
S3200-060	Auditor street address – Line 2	
S3200-070	Auditor city	North Richland Hills
S3200-080	Auditor state	Texas
S3200-090	Auditor zip code	76182
S3200-100	Auditor zip code extension	8703
S3200-110	Telephone number	817-498-0884
S3200-120	Audit firm TIN	75-2849913
S3200-130	Date of Independent Auditor's Report	09/27/2022
S3200-140	Auditor contact fax number	817-605-0074
S3200-150	Auditor contact e-mail	Charles@CharlesPaulCPA.com

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S Department of Housing and Urban Development Section 8 Housing Assistance Payments	14.195	<u>\$1,239,758</u>
Total		<u>\$1,236,758</u>

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Willow Tree Apartments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Willow Tree Apartments.

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

*INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Willow Tree Apartments, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Willow Tree Apartments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willow Tree Apartments' internal control. Accordingly, we do not express an opinion on the effectiveness of Willow Tree Apartments' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Willow Tree Apartments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



North Richland Hills, Texas
September 27, 2022

CHARLES O. PAUL
CERTIFIED PUBLIC ACCOUNTANT

Item 3.

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

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Willow Tree Apartments' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Willow Tree Apartments' major federal programs for the year ended December 31, 2021. Willow Tree Apartments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Willow Tree Apartments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Willow Tree Apartments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Willow Tree Apartments' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Willow Tree Apartments' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Willow Tree Apartments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Willow Tree Apartments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Willow Tree Apartments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Willow Tree Apartments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Willow Tree Apartments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



North Richland Hills, Texas
September 27, 2022

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Willow Tree Apartments as of and for the year ended December 31, 2021.
2. No material weaknesses were identified during the audit of the above-described financial statements.
3. No instances of noncompliance material to the financial statements of Willow Tree Apartments were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal awards program for Willow Tree Apartments expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for Willow Tree Apartments reported in this schedule – Surplus Cash.
7. The programs tested as major programs include:

Section 8 Housing Assistance Payments CFDA No 14.195
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Willow Tree Apartments qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

<u>ACCT#</u>	Contact Person First Name:	Stephen
S3800-160	Contact Person Middle Initial:	D
S3800-170	Contact Person Last Name:	Jackson
S3800-180		

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

PREVIOUS AUDIT FINDINGS

NONE

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

CERTIFICATION OF OWNER
DECEMBER 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplementary information of Willow Tree Apartments and, to the best of my knowledge and belief, the same is complete and accurate.

WILLOW TREE APARTMENTS
By: Grand Prairie Housing Finance Corporation, its owner

By: Buddy White, President

Date

By: Greg Geisner Asst. Treasurer

Date

Auditee Telephone Number (817) 572-0949

WILLOW TREE APARTMENTS
HUD PROJECT NO. TX16-E000-013

MANAGING AGENT'S CERTIFICATE
DECEMBER 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplementary information of Willow Tree Apartments and, to the best of my knowledge and belief, the same is complete and accurate.

Jackson Consulting Company, Inc.
75-1821772

By: S. Douglas Jackson, Managing Agent

Date

Property Manager: Tina Porter

By: S

By: S

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cotton Creek Apartments, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cotton Creek Apartments as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cotton Creek Apartments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cotton Creek Apartments' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cotton Creek Apartments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cotton Creek Apartments' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages XX to YY is presented for the purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Cotton Creek Apartments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cotton Creek Apartments' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cotton Creek Apartments' internal control over financial reporting and compliance.

Clayton O. Paul

North Richland Hills, Texas
September 27, 2022

COTTON CREEK APARTMENTS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets:	
Cash	\$ 49,741
Prepaid insurance	16,106
	<hr/>
Total current assets	65,847
	<hr/>
Restricted deposits:	
Tenant security deposits held in trust	27,520
Replacement reserve held by mortgagee	74,697
	<hr/>
Total restricted deposits	102,217
	<hr/>
Apartment property, at cost:	
Land	431,230
Buildings and improvements	4,850,147
	<hr/>
Total costs	5,281,377
Less accumulated depreciation	2,603,261
	<hr/>
Apartment property, net of accumulated depreciation	2,678,116
	<hr/>
Total Assets	<u>\$ 2,846,180</u>

LIABILITIES AND NET ASSETS

Current maturities of notes payable payable – operations	\$ 30,933
Accounts payable – operations	103,155
Tenant security deposits	20,205
	<hr/>
Total current liabilities	154,293
	<hr/>
Long-term debt	835,668
	<hr/>
Total liabilities	989,961
	<hr/>
Net assets without donor restrictions	1,856,219
	<hr/>
Total Liabilities and Net Assets	<u>\$ 2,846,180</u>

The notes to financial statements are an integral part of this statement.

COTTON CREEK APARTMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues:	
Rental income	\$ 1,552,084
Other income from tenants	<u>6,331</u>
Total revenues	<u>1,558,415</u>
Operating expenses:	
Program services	
Utilities	332,231
Operating and maintenance	383,460
Insurance and employee benefits	144,315
Interest on note payable	37,517
Depreciation	<u>359,223</u>
	<u>1,256,746</u>
Management and general	
Management fees	77,921
Legal and professional	17,365
Salaries	166,679
Advertising	2,491
Fees to Owner and City of Grand Prairie	77,761
Office expense	<u>89,241</u>
	<u>431,458</u>
Total operating expenses	<u>1,688,204</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(129,789)
NON-OPERATIONAL CHANGES IN NET ASSETS:	
Transfer from related project for capital improvements	110,000
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF PERIOD	<u>1,876,008</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF PERIOD	<u><u>\$ 1,856,219</u></u>

The notes to financial statements are an integral part of this statement.

COTTON CREEK APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental income received	\$ 1,552,084
Other income received from tenants	6,331
	<u>1,558,415</u>
Total receipts	1,558,415
Administrative expenses paid	185,841
Management fee paid	77,636
Utilities paid	326,710
Salaries and wages paid	345,215
Operating and maintenance paid	204,924
Property insurance paid	93,211
Tenant security deposits	(1,633)
Miscellaneous taxes and insurance paid	55,875
Interest paid	37,518
	<u>1,325,297</u>
Total disbursements	1,325,297
Net cash provided by operating activities	<u>233,118</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	<u>(302,690)</u>
Net cash used in investing activities	<u>(302,690)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on note payable	(29,648)
Transfer from related project for capital improvements	<u>110,000</u>
Net cash used in financing activities	<u>80,352</u>

NET INCREASE IN CASH	10,780
CASH AND RESTRICTED CASH, beginning of period	<u>138,625</u>
CASH AND RESTRICTED CASH, end of period	<u>\$ 149,405</u>
CASH	\$ 49,741
RESTRICTED CASH	<u>102,217</u>
CASH AND RESTRICTED CASH	<u>\$ 151,958</u>

The notes to financial statements are an integral part of this statement.

COTTON CREEK APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets from operations	\$ (129,789)
Adjustment to reconcile change in net assets from operations to cash provided by operating activities:	
Depreciation	359,223
Add (deduct) changes in -	
Prepaid insurance	(4,771)
Tenant security deposits held in trust	(4,431)
Accounts payable	6,822
Tenant security deposit liability	<u>(592)</u>
Net cash provided by operating activities	<u><u>\$ 226,462</u></u>

STATEMENT OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

None

The notes to financial statements are an integral part of this statement.

COTTON CREEK APARTMENTS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PRESENTATION:

Cotton Creek Apartments (the Project) is a 112-unit apartment community owned by Grand Prairie Housing Finance Corporation (GPHFC) (a component unit of the City of Grand Prairie, Texas). The Project receives financial assistance from the U.S. Department of Housing and Urban Development (HUD) through a Section 8 Housing Assistance Payments (HAP) contract which expires in 2030. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America.

The Project is subject to certain regulatory and restrictive covenant agreements in its HAP contract whereby all 112 units may only be rented to very low income individuals and families. Residents must qualify as very low income tenants annually, and maximum rental rates charged for each unit are regulated by HUD. Allowable rental rates are generally market rents, but must be pre-approved by the Federal Housing Commissioner. A significant portion of the Project's rental income is received through Section 8 rent subsidies. Housing assistance payments are a major HUD program for the Project.

This Project and the Willow Tree Apartments (Willow Tree) were acquired from HUD by the City of Grand Prairie in January 1995 with a commitment to substantially rehabilitate the two projects into safe, affordable housing for qualifying residents of the City. The City then sold the two projects to GPHFC which operates the two projects under HAP contracts with cross-default provisions. The contracts allow funds from one project to be used by the other to achieve the purposes of the City's commitment.

In July 2001, the Project and Willow Tree began the development of the Cotton Creek/Willow Tree Learning Center (the Learning Center) to provide a facility for education and recreation for residents of the two projects, and other charitable organizations with similar goals and commitments. The costs of the Learning Center are being shared 45% by the Project and 55% by Willow Tree. The accompanying statement of financial position includes the Project's proportionate share of the land, buildings and improvements of the Learning Center and the related permanent financing note payable, and the accompanying statement of activities includes the Project's proportionate share of Program Expenses in the operating and maintenance category of expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES:

REVENUE RECOGNITION -

The apartment units are generally leased under operating leases of one year or less. Income is recognized monthly as earned. Advance rental payments and tenant security deposits are reflected as liabilities until earned or refunded. Under the HAP contract, the Project may not increase rents charged to tenants without HUD approval.

CASH -

For purposes of the statement of cash flows, management considers all unrestricted investments with original maturities of three months or less to be cash and cash equivalents.

TENANT SECURITY DEPOSITS -

The HAP contract between the Project and HUD requires the Project to maintain a separate bank account funded with cash at least equivalent to the tenant security deposit liability at all times during the year.

COTTON CREEK APARTMENTS
NOTES TO FINANCIAL STATEMENTS

DEPRECIATION -

The original building costs and the Learning Center are depreciated using the straight-line method and a life of 40 years. Rehabilitation costs (building improvements) are depreciated over a 10 year life using the straight-line method.

OPERATING EXPENSES -

The apartment units are constantly undergoing rehabilitation, repairs and replacements. The repair and rehabilitation costs that extend the life of the property are capitalized. The replacement costs are deducted as incurred. HUD controls a replacement reserve to which the Project remits funds monthly. The amount remitted is adjusted annually on the anniversary of the HAP contract. Periodically, the Project may submit draw requests for certain approved categories that are then funded back to the Project operating account. All operating expenses are reported in the month incurred.

INCOME TAX MATTERS -

Neither the Project nor GPHFC are subject to income taxes. ESTIMATES -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS -

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosing in the accompanying notes. Management evaluated the activity of the project through the date of this report, (the date the financial statements were available to be issued) and concluded that no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 3 - NOTE PAYABLE:

The note payable in the accompanying statement of financial position represents the Project's 45% share of the permanent financing note for the Learning Center. The note is unsecured and backed by the full faith and credit of GPHFC. The note bears interest at 4.25% per annum and is payable in equal monthly installments of principal and interest at \$5,597 for the Project's share through September 21, 2040.

COTTON CREEK APARTMENTS
NOTES TO FINANCIAL STATEMENTS

The following table presents the principal and interest due in each of the next five years and thereafter. The maturities schedule reflects the refinance agreement discussed below.

<u>Year Ending</u>	<u>Principal Due</u>	<u>Interest Due</u>
2022	30,933	36,233
2023	32,273	34,892
2024	33,672	33,493
2025	35,131	32,034
2026	36,654	30,512
2027-2040	697,938	224,626

NOTE 4 - RELATED PARTY TRANSACTIONS:

The City of Grand Prairie receives service fees for evaluating and certifying very low income housing applicants for the Project. The fee is based on 2.7% of HAP contract revenues. In 2021, the City earned \$31,009 and was paid \$30,687.

GPHFC receives an owner's asset management fee, as approved by HUD, based on 3% of collected revenues (excluding interest income), payable after the year end in which earned. In 2021, GPHFC earned a fee of \$46,752 and was paid \$46,057 for the prior year.

NOTE 5 – MANGEMENT FEES:

The third-party property management company that operates the property receives a fee of 5% of collected revenues for these services and \$746 per month for bookkeeping services, paid monthly in arrears. The management company earned \$77,921 in management fees (cash paid: \$77,637) and \$8,952 in bookkeeping fees (cash paid: \$8,952) during the year, which is included in Administrative Expenses in the accompanying statement of activities.

The management company also manages the construction and rehabilitation projects at the property for a fee of 10% of contractor and supplier costs. In 2021, the management company earned, and was paid, \$27,517 for these services.

NOTE 6 - RESTRICTIONS ON CASH AND RESIDUAL RECEIPTS REQUIREMENT:

The HAP contract between the Project and HUD prohibits the payment of distributions to GPHFC. The Project is required to deposit all Surplus Cash of the property into a residual receipts fund within 60 days after the end of each fiscal year. Disbursements from the residual receipts fund can only be made with HUD approval. There is no surplus cash at December 31, 2021.

These are

These are

SUPPLEMENTARY INFORMATION
REQUIRED BY HUD

These are

These are

These are

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

STATEMENT OF FINANCIAL POSITION DATA
DECEMBER 31, 2021

<u>ACCT#</u>	<u>ASSETS</u>	
1120	Cash - operations	\$ 49,741
1200	Prepaid expenses	<u>16,106</u>
1100T	Total current assets	<u>65,847</u>
1191	Cash – Tenant security deposits held in trust	<u>27,520</u>
1320	Reserve for replacements held by mortgagee	<u>74,697</u>
1300T	Total deposits	<u>74,697</u>
1410	Land	431,230
1420	Buildings and improvements	<u>4,850,147</u>
1400T	Total property, at cost	5,281,377
1495	Less – accumulated depreciation	<u>2,603,261</u>
1400N	Total Property, net of accumulated depreciation	<u>2,678,116</u>
	Total assets	<u>\$ 2,846,180</u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

STATEMENT OF FINANCIAL POSITION DATA
DECEMBER 31, 2021

<u>ACCT#</u>	<u>LIABILITIES</u>		
2110	Accounts payable- operations		\$ 95,634
2123	Accrued management fee payable		7,173
2174	Note payable – current portion		30,933
2190	Miscellaneous current liabilities		<u>348</u>
	2190-010 Description: Unclaimed property		
	2190-020 Amount:	<u>348</u>	
2122T	Total current liabilities		<u>134,088</u>
2191	Tenant security deposits		<u>20,205</u>
ACCT# 2324	Other loans and notes payable		<u>835,668</u>
2300T	Total long term liabilities		<u>835,668</u>
2000T	Total liabilities		<u>989,961</u>
3131	Net assets without donor restrictions		<u>1,856,219</u>
3130	Total net assets		<u>1,856,219</u>
ACCT# 2033T	Total liabilities and net assets		<u>\$ 2,846,180</u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES:

<u>ACCT#</u>			
5120	Rent revenue – gross potential	\$ 452,438	
5121	Tenant assistance payments	1,148,623	
5100T	Total rent potential		\$ 1,601,061
5220	Vacancies - apartments	48,977	
5200T	Total vacancies		48,977
5152N	Net rental revenue		1,552,084
5910	Laundry and vending	68	
5920	Tenant charges	6,263	
5900T	Total other revenue		6,331
5000T	Total revenue		1,558,415

EXPENSES:

6210	Advertising and marketing	2,491	
6310	Office salaries	127,698	
6311	Office expenses	89,241	
6320	Management fee	77,921	
6330	Manager salary	38,981	
6340	Legal expense – project	663	
6350	Audit fees	7,750	
6351	Bookkeeping fees	8,952	
6390	Miscellaneous administrative expenses	77,761	
	6390-010 Description: Asset management fee to owner		
	6390-020 Amount: 46,752		
6210	6390-010 Description: Service fee to City of Grand Prairie		
	6390-020 Amount: 31,009		
6263T	Total administrative expenses		\$ 431,458

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

EXPENSES (Continued)			
<u>ACCT#</u>			
6450	Electricity	\$ 92,557	
6451	Water/sewer	190,489	
6452	Gas	<u>49,185</u>	
6400T	Total utilities expense		\$ 332,231
6510	Payroll	178,536	
6515	Supplies	81,093	
6520	Contracts	72,801	
6525	Garbage and trash removal	19,490	
6530	Security payroll/contract	12,250	
6590	Miscellaneous operating and maintenance expense	19,290	
	6590-010 Description: Educational and other resident programs		
	6590-020 Amount:	<u>19,290</u>	
6500T	Total operating and maintenance expenses		<u>383,460</u>
6720	Property and liability insurance	88,440	
6723	Health insurance and other employee benefits	<u>55,875</u>	
6700T	Total taxes and insurance		<u>144,315</u>
6830	Interest on note payable	37,517	
6800T	Total financial expenses		<u>37,517</u>
6000T	Total cost of operations before depreciation		<u>1,328,981</u>
5060T	Profit (loss) before depreciation		<u>229,434</u>
6600	Depreciation		<u>359,223</u>
5060N	Operating profit or loss		(129,789)
3247	Change in net assets without donor restrictions		(129,789)
3250	Change in total net assets from operations		\$ (129,789)

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

S1000-010	Total mortgage principal payments required during the period	<u>\$ -</u>
S1000-020	Total monthly deposits during the period into the replacement reserve	<u>\$ 49,458</u>
S1000-030	Replacement reserve releases which are included as expense items	<u>\$ 43,555</u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

EQUITY DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>		
S1100-060	Previous year net assets without donor restrictions	\$ 1,876,008
3247	Change in net assets without donor restrictions from operations	(129,789)
S1100-065	Other changes in net assets without donor restrictions	<u>110,000</u>
3131	net assets without donor restrictions	<u><u>\$ 1,856,219</u></u>
S1100-050	Previous year total net assets without donor restrictions	\$ 1,876,008
3250	Change in total net assets from operations	(129,789)
³²⁴⁷ S1100-055	Other changes in net assets without donor restrictions	<u>110,000</u>
S1100-056	Description: Transfer from related project for capital improvement	
S1100-057	Amount:	<u>110,000</u>
3130	Total net assets	<u><u>\$ 1,856,219</u></u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

CASH FLOW DATA
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
S1200-010	Rental income received	\$ 1,552,084
S1200-030	Other income received from tenants	<u>6,331</u>
S1200-040	Total receipts	<u>1,558,415</u>
S1200-050	Administrative expenses paid	(185,841)
S1200-070	Management fee paid	(77,636)
S1200-090	Utilities paid	(326,710)
S1200-100	Salaries and wages paid	(345,215)
S1200-110	Operating and maintenance paid	(204,924)
S1200-140	Property insurance paid	(93,211)
S1200-150	Miscellaneous taxes and insurance paid	(55,875)
S1200-160	Tenant security deposits	(5,023)
S1200-190	Interest paid on note payable	<u>(37,518)</u>
S1200-230	Total disbursements	<u>(1,331,953)</u>
S1200-240	Net cash provided by operating activities	<u>226,462</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
S1200-250	Net (deposits) withdrawals from the reserve for replacement account	(5,903)
S1200-330	Net purchase of fixed assets	<u>(302,691)</u>
S1200-350	Net cash used in investing activities	<u>(308,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
S1200-370	Principal payments on loans or notes payable	(29,648)
S1200-450	Other financing activities	110,000
S1200-450	Description: Transfer from related project for capital improvements	
S1200-450	Amount:	<u>110,000</u>
S1200-460	Net cash provided by financing activities	80,352
S1200-470	Net increase in cash and cash equivalents	(1,780)
S1200-480	Beginning of period cash	<u>51,521</u>
S1200T	End of period cash	<u>\$ 49,741</u>

COTTON CREEK APARTMENTS
 HUD PROJECT NO. TX16-E000-051

CASH FLOW DATA
 FOR THE YEAR ENDED DECEMBER 31, 2021

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
 PROVIDED BY OPERATING ACTIVITIES

<u>ACCT#</u>		
3250	Change in net assets	\$ (129,789)
6600	Depreciation	359,223
S1200-520	Decrease (increase) in prepaid expenses	(4,771)
S1200-530	Decrease (increase) in tenant security deposits held in trust	(4,431)
S1200-540	Increase (decrease) in accounts payable	6,822
S1200-580	Increase (decrease) in tenant security deposits	<u>(592)</u>
S1200-610	Net cash provided by operating activities	<u><u>226,462</u></u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

FOOTNOTE DATA
DECEMBER 31, 2021

<u>ACCT#</u>		<u>Type in</u>	<u>Amount</u>
S3100-010	Organization and presentation note	Note (1) text	
S3100-020	Prior period adjustment note	Blank	
S3100-040	Summary of significant accounting policies note	Note (2) text	
S3100-050	Mortgages payable note	Blank	
S3100-120	Interest reduction payments from subsidy	Blank	
S3100-130	Notes Payable	Note (3) text	
S3100-140	Creditor:	Affiliated Bank	
S3100-150	Purpose:	Refinance of permanent financing for Learning Center	
S3100-160	Date incurred:	09/22/2015	
S3100-170	Terms:	Payable in equal installments of \$5,557 Including interest at 4.25% through 09/21/2040	
S3100-180	Amount due:		866,601
S3100-185	Does the loan payable place a lien on project assets	No	<u> </u>
S3100-190	Total of notes/loans payable		<u>\$ 866,601</u>
S3100-200	Related party transactions note	Note (4) text	
S3100-210	Company name:	City of Grand Prairie, Texas	
S3100-220	Amount received		<u>\$ 31,009</u>
S3100-210	Company name:	Grand Prairie Housing Finance Corporation	
S3100-220	Amount received		<u>\$ 46,752</u>
S3100-230	Management fee note	Note (5) text	
S3100-240	Additional notes	Note (6) text	

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

AUDITORS' REPORT DATA
DECEMBER 31, 2021

ACCT#

Report on the financial statements

S3400-020	Opinion	Unmodified
S3400-030	Opinion explanation	Blank
S3400-050	Going concern	No

Report on supplemental data:

S3400-100	Opinion	Unmodified
S3400-110	Opinion explanation	Blank

Report on Compliance and on Internal Control over Financial Reporting:

S3500-020	Significant deficiencies indicator	No
S3500-030	Material weakness indicator	No
S3500-040	Material non-compliance indicator	No
S3500-045	Comments on internal control	Copy text from pages 26-27

Report on Compliance Applicable to Each Major Program and on Internal Control over Compliance

S3600-015	Opinion	Unmodified
S3600-020	Significant deficiencies indicator	No
S3600-030	Material weakness indicator	No
S3600-035	Comments on non-compliance	Copy text from pages 28-29

COTTON CREEK APARTMENTS
 HUD PROJECT NO. TX16-E000-051

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2021

<u>ACCT#</u>		
S3700-010	Any audit findings disclosed that are required to be reported in Accordance with section 200.516 of OMB Uniform Guidance	No
S3700-020	Dollar threshold used to distinguish between type A and type B programs	\$750,000
S3700-030	Low-risk Auditee indicator:	Yes

Continued on Page 30

COTTON CREEK APARTMENTS
 HUD PROJECT NO. TX16-E000-051

RESERVE ACCOUNTS DATA
 FOR THE YEAR ENDED DECEMBER 31, 2021

ACCT#

SCHEDULE OF RESERVE FOR REPLACEMENT

1320P	Balance at beginning of period	\$ 68,794
1320DT	Total monthly deposits	49,458
1320WT	Approved withdrawals	<u>43,555</u>
1320	Balance at end of period	<u><u>\$ 74,697</u></u>
1320R	Deposits suspended or waived indicator	No

SCHEDULE OF RESIDUAL RECEIPTS

1340P	Balance at beginning of period	Leave blank
1340DT	Total deposits	
1340INT	Interest on residual receipts	<u> </u>
1340	Balance at end of period	<u><u> </u></u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

COMPUTATION OF SURPLUS CASH - ANNUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ACCT#</u>			
S1300-010	Cash	<u>\$ 77,261</u>	
S1300-040	Total cash		77,261
	Current obligations:		
S1300-075	Accounts payable - 30 days	95,634	
S1300-100	Accrued expenses (not escrowed)	7,173	
2191	Tenant security deposit liability	<u>20,205</u>	
S1300-140	Less - Total current obligations		<u>123,012</u>
S1300-150	Surplus cash (deficiency)		<u><u>(45,751)</u></u>
S1300-210	Deposit due residual receipt		<u><u>-</u></u>

S1300-010

S1300-010

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2021

S13306-030

<u>ACCT#</u>	(P) Beginning Balance	(AT) Additions	(DT) Deletions	Ending Balance
1410 Land	\$ 431,230			\$ 431,230
1420 Building and improvements	4,623,454	302,691	75,998	4,850,147
1400 Total fixed assets	<u>\$ 5,054,684</u>	<u>\$ 302,691</u>	<u>\$ 75,998</u>	<u>\$ 5,281,377</u>
	(P)	(6600)	(ADT)	
1495 Accumulated depreciation	<u>\$ 2,320,036</u>	<u>\$ 359,223</u>	<u>\$ 75,998</u>	<u>\$ 2,603,261</u>

Schedule of Additions and Deletions to Building

1420A-010	Description: Rehabilitation of apartment units	
1420A-030	Amount:	<u>\$ 302,691</u>
1420D-010	Description: Disposition of fully depreciated costs	
1420D-030	Amount:	<u>\$ 75,998</u>

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

DATA COLLECTION & CERTIFICATION DATA
DECEMBER 31, 2021

ACCT#

Schedule of Expenditures of Federal Awards:

S3300-500	Total federal awards expended	\$1,148,623
S3300-020	Program number	1
S3300-030	Name of federal agency	U.S. Department of HUD
S3300-040	Name of federal program	Section 8 Housing Assistance Payments
S3300-050	CFDA Number	14.195
S3300-080	Federal awards expended	\$1,148,623
S3300-150	Opinion	Unmodified
S3300-510	Note to the schedule	Copy in text from Page 25

Certification of Owner:

S2900-010 Narrative Copy in text from Page 32

S2900-020	Name of signatory #1	Buddy White
S2900-025	Title of certifying official	President
S2900-030	Name of signatory #2	Greg Geisner, Asst. Treasurer
S2900-040	Auditee telephone number	817-572-0949
S2900-050	Date of certification	09/30/2022
S2900-080	Auditee name	Grand Prairie Housing Finance Corporation
S2900-090	Auditee street address - Line 1	P.O. Box 532758
S2900-100	Auditee street address - Line 2	
S2900-110	Auditee city	Grand Prairie
S2900-120	Auditee state	Texas
S2900-130	Auditee ZIP code	75053
S2900-140	Auditee ZIP code extension	2758
S2900-150	Auditee contact name	S. Douglas Jackson
S2900-160	Auditee contact title	Manager
S2900-170	Auditee contact fax number	817-572-0854
S2900-180	Auditee contact email	dj@jacksonproperty.com

SECRET

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

DATA COLLECTION & CERTIFICATION DATA
DECEMBER 31, 2021

ACCT#

Certification of Management Agent:

S3000-010	Narrative	Copy in text from page 33
S3000-020	Name of managing agent	Jackson Consulting Company, Inc.
S3000-030	Name of signatory	S. Douglas Jackson, President
S3000-040	Managing agent TIN (Employer Identification number)	75-1821772
S3000-050	Property manager	Tina Porter

Auditors' Transmittal Letter:

S3200-005	Audit firm ID (UII)	80931
S3200-010	Audit firm	Charles O. Paul, CPA
S3200-020	Lead auditor first name	Charles
S3200-030	Lead auditor middle name	O.
S3200-040	Lead auditor last name	Paul
S3200-045	Auditor contact title	Partner
S3200-050	Auditor street address – Line 1	7408 Continental Trail
S3200-060	Auditor street address – Line 2	
S3200-070	Auditor city	North Richland Hills
S3200-080	Auditor state	Texas
S3200-090	Auditor zip code	76182
S3200-100	Auditor zip code extension	1703
S3200-110	Telephone number	817-498-0884
S3200-120	Audit firm TIN	75-2849913
S3200-130	Date of Independent Auditor's Report	September 27, 2022
S3200-150	Auditor contact e-mail	Charles@CharlesPaulCPA.com

COTTON CREEK APARTMENTS
 HUD PROJECT NO. TX16-E000-051

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 DECEMBER 31, 2021

	CFDA	Federal
<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development Section 8 Housing Assistance Payments	14.195	<u>\$ 1,148,623</u>
Total		<u>\$ 1,148,623</u>

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cotton Creek Apartments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cotton Creek Apartments.

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cotton Creek Apartments, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cotton Creek Apartments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cotton Creek Apartments' internal control. Accordingly, we do not express an opinion on the effectiveness of Cotton Creek Apartments' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cotton Creek Apartments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles O. Paul

North Richland Hills, Texas
September 27, 2022

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

To the Board of Directors of
Grand Prairie Housing Finance Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cotton Creek Apartments' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cotton Creek Apartments' major federal programs for the year ended December 31, 2021. Cotton Creek Apartments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cotton Creek Apartments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cotton Creek Apartments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cotton Creek Apartments' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cotton Creek Apartments' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cotton Creek Apartments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cotton Creek Apartments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cotton Creek Apartments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cotton Creek Apartments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cotton Creek Apartments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clayton O. Paul

North Richland Hills, Texas
September 27, 2022

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Cotton Creek Apartments as of and for the year ended December 31, 2021.
2. No material weaknesses were identified during the audit of the above-described financial statements.
3. No instances of noncompliance material to the financial statements of Cotton Creek Apartments were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal awards program for Cotton Creek Apartments expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for Cotton Creek Apartments reported in this schedule – None
7. The programs tested as major programs include:

Section 8 Housing Assistance Payments CFDA No 14.195
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Cotton Creek Apartments qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

<u>ACCT#</u>		
S3800-160	Contact Person First Name:	Stephen
S3800-170	Contact Person Middle Initial:	D
S3800-180	Contact Person Last Name:	Jackson

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

PREVIOUS AUDIT FINDINGS

NONE

PREVIOUS

PREVIOUS

PREVIOUS

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

CERTIFICATION OF OWNER
DECEMBER 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplementary information of Cotton Creek Apartments and, to the best of my knowledge and belief, the same is complete and accurate.

COTTON CREEK APARTMENTS

By: Grand Prairie Housing Finance Corporation, its owner

By: Buddy White, President

09/30/2022

Date

By: Greg Geisner, Asst. Treasurer

Auditee Telephone Number (817) 572-0949

COTTON CREEK APARTMENTS
HUD PROJECT NO. TX16-E000-051

MANAGING AGENT'S CERTIFICATE
DECEMBER 31, 2021

I hereby certify that I have examined the accompanying financial statements and supplementary information of Cotton Creek Apartments and, to the best of my knowledge and belief, the same is complete and accurate.

Jackson Consulting Company, Inc.
75-1821772

By: S. Douglas Jackson, Managing Agent

09/30/2022
Date

Property Manager: Tina Porter

GRAND PRAIRIE HOUSING FINANCE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Draft Only

GRAND PRAIRIE HOUSING FINANCE CORPORATION
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Draft Only

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884

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P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Grand Prairie Housing Finance Corporation

Opinion

We have audited the accompanying financial statements of Grand Prairie Housing Finance Corporation ("GPHFC"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Prairie Housing Finance Corporation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Prairie Housing Finance Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Prairie Housing Finance Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

or events

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Prairie Housing Finance Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Prairie Housing Finance Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of GPHFC's management. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Charles O. Paul, CPA
North Richland Hills, Texas
October 8, 2022

GRAND PRAIRIE HOUSING FINANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Prairie Housing Finance Corporation ("GPHFC"), we offer readers of GPHFC's financial statements this narrative overview and analysis of the financial activities of GPHFC for the years ended December 31, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- Assets totaling \$13,621,596 were exceeded by liabilities of \$15,430,881 resulting in net position of (\$1,809,285) at December 31, 2021. Assets totaling \$13,981,887 were exceeded by liabilities of \$15,415,401 resulting in net position of (\$1,433,514) at December 31, 2020.
- Cash and cash equivalents at December 31, 2021 and 2020 were \$767,880 and \$653,769, respectively.
- During 2021, GPHFC reported operating revenues of \$5,875,274. A decrease of \$66,444 over 2020.
- In 2021, total operating expenses before depreciation were \$4,672,319 which is a increase of 18,322 from 2020.
- Net position decreased by \$375,771 in 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to be an introduction to GPHFC's basic financial statements. The statements and information are designed to provide readers with an overview of GPHFC's financial activities during the year and its financial position at the end of the year in a manner similar to private sector businesses. The basic statements and support information are briefly described below.

- **Statement of Net Position** – presents categories and amounts of current assets, current liabilities, restricted assets being held for specific purposes, capital assets used in the activities of GPHFC and long-term debt associated with owning the capital assets; all resulting in the determination of total net position.
- **Statement of Revenues, Expenses and Changes in Net Position** – presents amounts earned from GPHFC's various resources and activities less the costs associated with those resources and activities, all of which make up the annual change in net position.
- **Statement of Cash Flows** – presents the cash received from GPHFC's various resources and activities less the cash expended on those various resources and activities, all of which make up the annual cash and cash equivalents held by GPHFC.
- **Notes to the financial statements-** presents additional information on GPHFC's assets, liabilities, revenues, expenses, accounting policies, reporting procedures

and other information pertinent to a complete understanding of GPHFC's financial activities.

FINANCIAL ANALYSIS

Over time, changes in the net position are an indicator of whether GPHFC's financial health is improving or deteriorating. Assets were exceeded by liabilities by \$1,809,285 and \$1,433,514 at the close of the fiscal years ending December 31, 2021 and 2020, respectively.

Net Position – December 31, 2021 and 2020

Description	2021	2020	Net Change
Current Assets	\$ 825,351	\$ 694,848	\$ 130,503
Restricted Assets	1,479,756	1,452,092	27,664
Capital Assets	11,316,489	11,834,947	(518,458)
Total Assets	13,621,596	13,981,887	(360,291)
Current Liabilities	1,444,745	1,086,004	358,741
Long-Term Liabilities	13,986,136	14,329,397	(343,261)
Total Liabilities	15,430,881	15,415,401	15,480
Total Net Position	<u>\$(1,809,285)</u>	<u>\$(1,433,514)</u>	<u>\$ (375,771)</u>

Net Asset Categories – December 31, 2021

Description	Amount
Invested in Capital Assets	\$ (1,843,890)
Restricted Assets	169,019
Unrestricted	<u>(134,414)</u>
Total Net Position	<u>\$ (1,809,285)</u>

The bulk of GPHFC'S net position is invested in its capital assets, and related restricted assets, to provide facilities to support its primary purpose of providing clean, safe, affordable housing for residents of the City of Grand Prairie who are in need.

Changes in Net Position – Years Ended December 31, 2021 and 2020

Description	2021	2020	Net Change
Operating Revenues	\$ 5,880,774	\$ 5,941,718	\$ (60,944)
Operating Expenses	<u>5,837,497</u>	<u>5,803,243</u>	<u>34,254</u>
Operating income	43,277	138,475	(95,198)
Non-Operating (expense)	<u>(419,048)</u>	<u>(558,792)</u>	<u>139,744</u>
Change in Net Position	<u>\$ (375,771)</u>	<u>\$ (420,317)</u>	<u>\$ 44,546</u>

Operating revenues and expenses changed in 2021 primarily due to rental increases at the apartments and increased vacancies at the Senior Living Center in 2021. Operating expenses increased primarily because of increased operating costs of the Organization's apartment operations. Non-operating expense decreased in 2021 because of declining interest costs on the indebtedness of the Senior Living Center.

BUDGETS

The board of directors works with its apartment property management companies to adopt a monthly operating budget for each upcoming fiscal year. Projected cash flow from these operations is then applied to an annual rehabilitation budget for the apartments and program costs (including interest expense) for the Cotton Creek and Willow Tree Learning Center, which is supported by the apartment projects. The Senior Living Center was completed in February 2005. Their budgets and actual revenue and expenses are reviewed at periodic board meetings to ensure that these sources and uses of funds are being properly monitored.

CAPITAL ASSETS

Description	2021	2020	Net Change
Land	\$ 1,612,851	\$ 1,612,851	\$ -
Apartment buildings and Improvements	9,132,578	8,807,770	324,808
Senior Living Center	<u>12,171,398</u>	<u>12,171,398</u>	<u>-</u>
Total Cost of Capital Assets	22,916,827	22,592,019	324,808
Less accumulated depreciation	<u>11,600,338</u>	<u>11,334,649</u>	<u>265,689</u>
Net Costs of Capital Assets	<u>\$11,316,489</u>	<u>\$11,257,370</u>	<u>\$ 59,119</u>

Capital asset additions relate primarily to the continued rehabilitation of Cotton Creek and Willow Tree Apartments less a current year write off of fully depreciated improvements.

LONG-TERM DEBT

GPHFC has a general obligation note payable to a bank, which was used to construct the Cotton Creek and Willow Tree Learning Center. The loan bears interest at 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

In December 2003, GPHFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its Senior Living Center facility. The Bonds bear interest rates from 7.50% to 7.75% (depending on longevity). Beginning January 1, 2011, semi-annual retirements of the Bonds began and continues through January 1, 2034. The Trustee holds \$1,209,497 as a Debt Service Reserve and Bond Reserve funds. All these funds are invested in short term investment grade securities by the Trustee for the benefit of the project.

CONTACTING GPHFC

This financial report is designed to provide a general overview of GPHFC's finances for all those with an interest, and to demonstrate its accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Grand Prairie Housing Finance Corporation
C/O Executive Director
PO Box 532758
Grand Prairie, Texas 75053-2758

GRAND PRAIRIE HOUSING FINANCE CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 767,880	\$ 653,769
Prepaid expenses	57,471	41,079
Total Current Assets	<u>825,351</u>	<u>694,848</u>
RESTRICTED ASSETS:		
Cash held in trust for tenant security deposits	115,118	98,282
Replacement reserves held in trust	155,141	142,857
Senior Living Center bond funds held by trustee	1,209,497	1,210,953
Total Restricted Assets	<u>1,479,756</u>	<u>1,452,092</u>
CAPITAL ASSETS:		
Land	1,612,851	1,612,851
Buildings and improvements - Apartments	9,132,578	8,861,368
Buildings and improvements - Senior Living Center	12,171,398	12,171,398
	<u>22,916,827</u>	<u>22,645,617</u>
Accumulated depreciation	(11,600,338)	(10,810,670)
Total Capital Assets	<u>11,316,489</u>	<u>11,834,947</u>
TOTAL ASSETS	<u>\$13,621,596</u>	<u>\$13,981,887</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Operating payables	\$ 275,460	\$ 232,033
Paycheck Protection Program note payable	398,749	119,096
Accrued interest - Revenue Bonds	245,869	257,300
Tenant Security Deposits	101,240	94,867
Deferred revenue	39,687	21,823
Current portions of long term debt		
Senior Living Center Revenue Bonds	315,000	295,000
Learning Center note payable	68,740	65,885
Total Current Liabilities	<u>1,444,745</u>	<u>1,086,004</u>
LONG-TERM DEBT		
Senior Living Center Revenue Bonds	10,580,000	10,895,000
Senior Living Center developer loan and accrued interest	1,550,810	1,509,051
Learning Center note payable	1,855,326	1,925,346
Total Long Term Debt	<u>13,986,136</u>	<u>14,329,397</u>
TOTAL LIABILITIES	<u>15,430,881</u>	<u>15,415,401</u>
NET POSITION		
Invested in capital assets, net of related liabilities	(1,843,890)	(1,644,382)
Restricted assets, net of related liabilities	169,019	146,272
Unrestricted	(134,414)	64,596
Total net position	<u>(1,809,285)</u>	<u>(1,433,514)</u>
TOTAL LIABILITIES AND NET POSITION	<u>13,621,596</u>	<u>13,981,887</u>

The notes to financial statements are an integral part of this statement.

GRAND PRAIRIE HOUSING FINANCE CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
APARTMENT AND SENIOR LIVING CENTER OPERATIONS		
Revenues from tenants	\$ 5,875,274	\$ 5,941,718
Salaries and benefits	1,895,949	2,066,811
Utilities	845,020	840,165
Operating and maintenance	923,749	759,359
Property & liability insurance	291,258	264,572
Property management fees	318,493	322,916
Other administrative expenses	397,850	400,174
	<u>4,672,319</u>	<u>4,653,997</u>
Income from apartment operations before depreciation	1,202,955	1,287,721
APARTMENT Depreciation expense	<u>(1,056,885)</u>	<u>(1,021,146)</u>
Income (loss) from apartment operations	<u>146,070</u>	<u>266,575</u>
OTHER OPERATIONS		
Bond issuer redemption, inducement fees and other income	5,500	-
Learning Center interest expense on note payable	(82,093)	(86,109)
Assistance to the Senior Living Center	(20,000)	(27,458)
Administrative expenses of governmental unit	(6,200)	(14,533)
	<u>(102,793)</u>	<u>(128,100)</u>
Income (loss) from other operations	<u>(102,793)</u>	<u>(128,100)</u>
APARTMENT OPERATING INCOME (LOSS)	<u>43,277</u>	<u>138,475</u>
NON-OPERATING REVENUES (EXPENSES)		
PPP note payable forgiven	119,096	
Interest income	1,166	2,606
Senior Living Center Bonds interest and fees	(497,550)	(519,638)
Senior Living Center Bonds developer loan interest	(41,760)	(41,760)
	<u>(419,048)</u>	<u>(558,792)</u>
Non-operating revenues (expenses)	<u>(419,048)</u>	<u>(558,792)</u>
CHANGE IN NET POSITION	(375,771)	(420,317)
NET POSITION - beginning of year	<u>(1,433,514)</u>	<u>(1,013,197)</u>
NET POSITION - end of year	<u><u>\$(1,809,285)</u></u>	<u><u>\$(1,433,514)</u></u>

The notes to financial statements are an integral part of this statement.

GRAND PRAIRIE HOUSING FINANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from apartment revenues	\$ 5,898,483	\$ 5,939,801
Cash received from housing assistance activities	5,500	-
Cash paid to suppliers for good and services	(2,873,436)	(2,617,272)
Cash paid for salaries and benefits	<u>(1,895,949)</u>	<u>(2,066,811)</u>
Net cash provided by (used in) operating activities	<u>1,134,598</u>	<u>1,255,718</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Paycheck Protection Program note proceeds	<u>398,749</u>	<u>119,096</u>
Net cash provided by (used in) noncapital financing activities	<u>398,749</u>	<u>119,096</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Property additions	(538,428)	(443,569)
Senior Living Center Bonds principal payments	(295,000)	(265,000)
Senior Living Center Bonds interest expense and fees paid	(508,981)	(529,838)
Principal paid on Learning Center note payable	<u>(67,165)</u>	<u>(63,148)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,409,574)</u>	<u>(1,301,555)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	1,166	2,606
Withdrawals from (additions to) replacement reserves held in trust	(12,284)	(2,582)
Withdrawals from (additions to) Senior Living Center bond funds held in trust	<u>1,456</u>	<u>4,144</u>
	<u>(9,662)</u>	<u>4,168</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>114,111</u>	<u>77,427</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>653,769</u>	<u>576,342</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 767,880</u>	<u>\$ 653,769</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 43,277	\$ 138,475
Depreciation and amortization	1,056,885	1,021,146
Changes in operating assets and liabilities		
Decrease (increase) in cash held in trust for tenant deposits	(16,836)	4,007
Decrease (increase) in prepaid expenses	(16,392)	(3,405)
Increase (decrease) in operating payables	43,427	71,582
Increase (decrease) in deferred revenue	17,864	21,823
Increase (decrease) in tenant security deposits	<u>6,373</u>	<u>2,090</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,134,598</u>	<u>\$ 1,255,718</u>

The notes to financial statements are an integral part of this statement.

**GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS**

(1) ORGANIZATION AND PRESENTATION

Grand Prairie Housing Finance Corporation (“GPHFC”) was organized in 1980 by the City of Grand Prairie under the Texas Housing Finance Corporation Act. The mission of GPHFC is to serve as a catalyst to provide qualifying residents of the City with affordable housing by providing financing alternatives to facilitate the development of quality, safe and affordable housing for the community and social services programs necessary to support residents of GPHFC’s apartment properties and other qualifying citizens of the City. GPHFC is a component unit of the City of Grand Prairie, Texas. These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting - GPHFC maintains its records on the accrual basis of accounting prescribed by the Governmental Accounting Standards Board.

Revenue recognition – Apartment units held for rent are generally leased for periods of one year or less. Revenues are recognized monthly over the lease terms. Grant income is reported when the grant is issued and all significant requirements imposed on GPHFC for receipt of the grant are performed. No grants were awarded in 2021 or 2020.

Cash equivalents – GPHFC deems financial deposits that are available for general operating purpose with six months or less to maturity to be cash equivalents.

Capital Assets – Land, buildings and improvements are stated at cost, including donated capital assets for which a fair market value is considered cost at the time the donation is received. The buildings are depreciated using the straight-line method over estimated useful lives of 40 years. Improvements are depreciated using the straight-line method over estimated useful lives of 10 to 20 years. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of 5 to 7 years.

Accounting Estimates – the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition of disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosing in the accompanying notes. Management evaluated the

GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

activity of the Organization through the date of the report (the date the financial statements were available to be issued) and concluded that no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

(3) RESTRICTED ASSETS

Cash Held in Trust for Tenant Security Deposits – tenant security deposits received from residents at the apartment projects owned by GPHFC are required to be held in a separate bank account in the name of the project by the US Department of Housing and Urban Development under its Housing Assistance Payments contract with GPHFC. The deposits are disbursed to tenants or to the project operating account within 30 days of the related tenant's departure, depending on the amount to be refunded or forfeited, respectively. Refundable security deposits from residents in the Senior Living Center are also held in a separate bank account until refunded or forfeited.

Replacement Reserves Held in Trust - The HAP contract described in the preceding paragraph also requires GPHFC to set aside funds from operations of the apartment projects for non-routine significant repairs and replacements. The deposits are adjusted annually as of March 1st based on cost of living adjustments. Following is a table of activity in these accounts.

Description	2021	2020
Balance, beginning of year	\$ 142,857	\$ 140,275
Deposits added	102,684	100,279
Approved withdrawals	(90,400)	(97,697)
Balance, end of year	<u>\$ 155,141</u>	<u>\$ 142,857</u>

Senior Living Center Bond Funds Held by Trustee – In connection with the issuance of the Senior Living Center revenue bonds in December 2003, the proceeds were designated for various uses during the construction and thereafter. The Bond Trustee (a nationally recognized bank) retains the excess proceeds not used for issuance cost and holds them until disbursed for their intended purposes. The excess proceeds are invested in short term investment grade securities. Interest earned on the securities is reported by GPHFC, but the proceeds are retained by the trustee until certain events occur under the trust indenture which would allow excess bond proceeds and interest be released to GPHFC.

(4) CAPITAL ASSETS

Following is an analysis of the activity in the capital assets account for the years ended December 31, 2021 and 2020.

GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

	Beginning Balances	Additions	Retirements	Ending Balances
Year Ended December 31, 2021				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Apartment Building	8,861,368	538,427	267,217	9,132,578
Senior Living Center	12,171,398	-	-	12,171,398
Total Capital Assets	<u>22,645,617</u>	<u>538,427</u>	<u>267,217</u>	<u>22,916,827</u>
Less accumulated depreciation	<u>10,810,670</u>	<u>1,056,885</u>	<u>267,217</u>	<u>11,600,338</u>
Net Capital Assets	<u>\$11,834,947</u>	<u>\$ (518,458)</u>	<u>\$ -</u>	<u>\$11,316,489</u>
Year Ended December 31, 2020				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Apartment Building	8,914,966	443,569	497,167	8,861,368
Senior Living Center	12,171,398	-	-	12,171,398
Total Capital Assets	<u>22,699,215</u>	<u>443,569</u>	<u>497,167</u>	<u>22,645,617</u>
Less accumulated depreciation	<u>10,286,691</u>	<u>1,021,146</u>	<u>497,167</u>	<u>10,810,670</u>
Net Capital Assets	<u>\$12,412,524</u>	<u>\$ (577,577)</u>	<u>\$ -</u>	<u>\$11,834,947</u>

(5) LONG TERM DEBT:

Learning Center Note Payable –

GPHFC has a general obligation note payable to a bank, which was used to construct the Cotton Creek and Willow Tree Learning Center. The loan bears interest at 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

Senior Living Center Revenue Bonds

In December 2003, GPHFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its Senior Living Center facility. The Bonds bear interest rates from 7.50% to 7.75% (depending on longevity. Beginning January 1, 2011, semi-annual retirements of the Bonds began and continues through January 1, 2034.

GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Effective July 1, 2010, the bonds of the Senior Living Center were reissued in two series: \$8,630,000 in Senior Living Center Priority Lien Revenue Bonds and \$4,550,000 in Senior Living Center Subordinate Lien Revenue Bonds. The Subordinate Lien Revenue Bonds are payable as cash flow allows. The future maturities schedule below reflects the revised payment requirements. Additionally, the reissuance of the debt had the effect of making a significant portion of future debt payments dependent upon cash flow provided by the Senior Living Center. Management believes that the restructured debt will fully afford the organization the opportunity to realize the investment that it has made in constructing and running the Senior Living Center.

Future Maturities of Principal and Interest –

Years Ending December 31,	Learning Center		Senior Living Center Priority Ln	
	Principal	Interest	Principal	Interest
2022	68,740	80,517	315,000	485,731
2023	71,718	77,538	340,000	460,738
2024	74,827	74,429	370,000	434,000
2025	78,069	71,187	400,000	404,550
2026	81,354	67,902	430,000	372,163
2027-2031	463,377	282,907	2,085,000	1,124,331
2032-2036	572,873	173,409	2,405,000	384,206
2037-2040	513,108	42,852	-	-
	<u>\$1,924,066</u>	<u>\$ 870,741</u>	<u>\$6,345,000</u>	<u>\$3,665,719</u>

The Senior Living Center Subordinate bonds are not scheduled above as their payments are contingent upon cash flow and payment amounts and periods are uncertain.

The Trustee holds \$1,209,497 as a Debt Service Reserve and Bond Reserve funds. All these funds are invested in short term investment grade securities by the Trustee for the benefit of the project. The Bonds are non-recourse liabilities collateralized solely by the land, buildings and improvements with an aggregate cost basis (net of accumulated depreciation of \$5,911,173) of \$5,911,173.

Senior Living Center Developer Loan

On December 1, 2003, Covenant Group of Texas, Inc., the company that designed and built the Senior Living Center (the developer), loaned GPHFC \$500,000 to establish an operating deficit reserve with the trustee for the Independent Senior Living Center revenue bonds. An additional \$250,000 was advanced to the Senior Living Center in July 2006 along with the final \$85,191 payment for construction. The loan bears interest at 5%

**GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS**

and interest and principal are paid solely from the excess cash flow from the project released by the Trustee under the terms of the Trust Indenture. The loan and accrued interest are classified as long-term debt since the repayment terms are unscheduled.

(7) HUD COMPLIANCE AND RESTRICTIONS

Cotton Creek and Willow Tree Apartments (the Projects) contain 248 apartment units owned by GPHFC. The Projects receive financial assistance from the US Department of Housing and Urban Development (HUD) through Section 8 Housing Assistance Payments (HAP) contracts, which expire February 28, 2030. The contracts are normally renewable, subject to HUD approval.

The projects are subject to certain regulatory and restrictive covenant agreements in the HAP contracts whereby 224 units may only be rented to very low income individuals and families. Residents must qualify as very low-income tenants at least annually, and maximum rental rates charged for each unit are regulated by HUD. Allowable rental rates are generally market rents, but must be pre-approved by the Federal Housing Commissioner. A significant portion of the Projects' rental income is received through Section 8 rent subsidies. Housing Assistance Payments are a major HUD program for the Projects.

HAP contracts between the projects and HUD for the payment of distributions to GPHFC. The Projects are required to deposit all surplus cash and property into a residual receipts fund within 60 days after the end of each fiscal year. Disbursements from the residual receipts fund can only be made with HUD approval.

(8) RELATED PARTY TRANSACTIONS

The City of Grand Prairie receives service fees for evaluating and certifying very low-income housing applicants for the Projects. The fee is based on 2.7% of HAP contract revenues. In 2021 and 2020, the City earned, and was paid, \$64,505 and \$64,083 respectively.

(9) CONTRACTS AND CONTINGENCIES

GPHFC has a property management, contractor supervision and bookkeeping contract with Jackson Property Company and its related companies, an unrelated third party. The company earned property management fees of \$319,493 and \$330,537 in years 2021 and 2020, respectively; contractor supervision fees of \$48,948 and \$40,324 in years 2021 and 2020, respectively; and bookkeeping fees of \$19,200 in each of the years 2021 and 2020.

**GRAND PRAIRIE HOUSING FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS**

(10) PAYCHECK PROTECTION PROGRAM LOAN

The Senior Living Center received a loan from Affiliated Bank in the amount of \$119,096 under the umbrella of the management company. The loan is under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 21, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. Application for forgiveness of this loan has been made and was approved in 2021. Forgiveness of this note has been shown as non-operating revenues on the statement of revenues, expenses and changed in net position

In March 2021, The Senior Living Center, under the umbrella of the management company, received an additional \$398,750 with a second loan under the Paycheck Protection Program. The loan is subject to a note dated April 1, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The note was forgiven in February 2022 and will be shown as non-operating revenues in 2022.



Insurance Proposal



Prepared for:

**Grand Prairie Housing
Finance Corp**

Mitchell Jennings
Bond Producer/Financial Analyst

500 W. 13th Street
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Explanations are in general terms and do not change or replace the terms or conditions of the policies.



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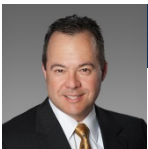
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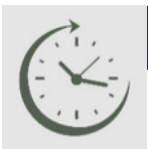
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Claims Reporting

Available 24/7 at (844) 857-5899
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This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all terms and conditions or exclusions of each proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all terms, exclusions and conditions of such proposed policy(ies). All coverages, coverage forms, rates, rating procedures, rating plans, deductibles and other provisions will apply in conformance with those used by the various Insurance Companies and authorized by the State Regulatory Authorities. Any provision contained herein which conflicts with State Regulations will be amended as required to conform.

Higginbotham receives a commission based on a percentage of the premium from insurance companies for placement of insurance and service of our clients. Higginbotham may be eligible for additional compensation, bonuses or awards based on volume and profitability of business placed with some insurance providers.



PREMIUM SUMMARY - COMPARISON

Item 4.

Coverage	Renewal		Expiring	
	Exposure	Premium	Exposure	Premium
Primary Property	Primary \$10,000,000 Per Occurrence Total Building Value: \$36,425,400 Total BPP Value: \$1,025,000 Total Rental Value: \$4,819,576 Total Other Value: \$524,000 Total Insured Value: \$42,793,976 Deductibles: Per Location, Per Occurrence \$25,000 AOP, 3% of TIV Wind/Hail	\$215,620.88	Total Building Value: \$30,568,875 Total BPP Value: \$1,025,000 Total Rental Value: \$4,819,576 Total Other Value: \$524,000 Total Insured Value: \$36,937,451 Deductibles: Per Location, Per Occurrence \$25,000 AOP, 2% of TIV Wind/Hail	\$215,034.71
Excess Property	Excess of \$10,000,000 \$32,793,976 Per Occurrence Total Insured Value: \$42,793,976 Deductibles: As Per Primary	\$40,396.13	N/A	N/A
Equipment Breakdown	Total Limit Per Breakdown: \$42,269,976 Property Damage: \$37,450,400 Business Income: \$4,819,576 Property Damage Deductible: \$10,000 Business Income Deductible: 24 Hours	\$1,754.00	N/A	N/A
Terrorism	Total Building Value: \$36,425,400 Total BPP Value: \$1,025,000 Total Rental Value: \$4,819,576 Total Other Value: \$524,000 Total Insured Value: \$42,793,976 Deductible: \$25,000 Per Occurrence	\$3,255.11	N/A	N/A
Total		\$261,026.12		\$215,034.71

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PREMIUM SUMMARY - COMPARISON

Item 4.

MOUNTAIN CREEK RETIREMENT LIVING

Coverage	Renewal		Expiring	
	Exposure	Premium	Exposure	Premium
Auto (Allmerica)	Symbol 7, 8, 9 Limit: \$1,000,000 2 Vehicles	\$10,398.00	Symbol 7, 8, 9 Limit: \$1,000,000 2 Vehicles	\$9,544.00
General Liability/ Professional Liability (AIX Specialty)	Each Occurrence Limit: \$1,000,000 Aggregate Limit: \$3,000,000 Professional Liability Each Incident: \$1,000,000 Professional Liability Aggregate: \$3,000,000 Rating Basis: 124 Licensed Beds	\$13,893.12 <i>Excluding TRIA</i>	Each Occurrence Limit: \$1,000,000 Aggregate Limit: \$3,000,000 Professional Liability Each Incident: \$1,000,000 Professional Liability Aggregate: \$3,000,000 Rating Basis: 124 Licensed Beds	\$13,096.74 <i>Excluding TRIA</i>
Excess Liability (AIX Specialty)	Per Occurrence Limit: \$5,000,000 Aggregate Limit: \$5,000,000	\$24,727.37 <i>Excluding TRIA</i>	Per Occurrence Limit: \$5,000,000 Aggregate Limit: \$5,000,000	\$20,885.32 <i>Excluding TRIA</i>
Total		\$49,018.49		\$43,526.06

COTTON CREEK & WILLOW TREE

Coverage	Renewal		Expiring	
	Exposure	Premium	Exposure	Premium
General Liability (Admiral)	Per Occurrence Limit: \$1,000,000 Aggregate Limit: \$2,000,000 Total Apartments: 248 Deductible: \$5,000 Per Claim	\$19,731.14 <i>Excluding TRIA</i>	Per Occurrence Limit: \$1,000,000 Aggregate Limit: \$2,000,000 Total Apartments: 248 Deductible: \$5,000 Per Claim	\$17,732.33 <i>Excluding TRIA</i>
Excess Liability (Admiral)	Per Occurrence Limit: \$5,000,000 Aggregate Limit: \$5,000,000	\$15,258.20 <i>Excluding TRIA</i>	Per Occurrence Limit: \$5,000,000 Aggregate Limit: \$5,000,000	\$12,937.26 <i>Excluding TRIA</i>
Total		\$34,989.34		\$30,669.59

GRAND TOTAL

\$345,033.95

\$289,230.36

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CARRIER Landmark American Insurance Company
BEST’S RATING A+ (Superior) XIV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Primary Property

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Willow Tree Apartments
- Mountain Creek Retirement Living
- Cotton Creek Apartments

PERILS INSURED

- Special Excluding Flood & Earth Movement
- Excluding Earth Movement Sprinkler Leakage
 - .Excluding Mechanical Breakdown

COVERAGES

- Building
- Personal Property
- Business Income with Extra Expense including “Rental Value”
- Extended Period of Indemnity (90 Days)
- Ordinance or Law – Coverage A (Including in Building Limit
- Ordinance of law – Coverage B & C (Combined)

PROPERTY LIMITS

- \$10,000,000 Per Occurrence, subject to conditions of the Scheduled Limit of Liability with Proportional Value Form



SCHEDULED LIMITS

Coverage	Limit
Buildings	\$36,425,400
Business Personal Property	\$1,025,000
Other	\$524,000
Business Income and Extra Expense	\$4,819,576
Total Insured Value	\$42,793,976

PROPERTY COVERED AND AMOUNTS

Location			Coverage	Limit
1	1	Willow Tree Apartments 1802 Robinson Road Grand Prairie, TX 75051	Building	\$14,518,500
			BPP	\$50,000
			Other	\$200,000
			Rental Income	\$1,580,448
			Total Insured Value	\$16,348,948
2	1	Mountaiin Creek Retirement Living 2305 Corn Valley Road Grand Prairie, TX 75051	Building	\$11,780,000
			BPP	\$900,000
			Other	\$224,000
			Rental Income	\$1,975,000
			Total Insured Value	\$14,879,000
3	1	Cotton Creek Apartments 801 Skyline; 1005 S. Belt Line Grand Prairie, TX 75051	Building	\$10,126,900
			BPP	\$75,000
			Other	\$100,000
			Rental Income	\$1,264,128
			Total Insured Value	\$11,566,028

SUBLIMITS

Coverage	Limit
Ordinance or Law – Coverage B & C (Combined) – Per Occurrence	\$500,000

Sublimits are part of, not in addition to, the Property Limit(s) shown above.

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



DEDUCTIBLES

Note: Per occurrence unless stated otherwise.

- **All Covered Perils** - \$25,000 Per Occurrence (Property Damage), subject to 3 Day (or 72 hour) waiting period for Time Element; waiting period does not apply to Extra Expense, *Except*
- **Windstorm or Hail** – 3% Per Building, subject to a minimum of \$25,000 Per Occurrence (Property Damage & Time Element)

CO-INSURANCE

- Waived

VALUATION

- Replacement Cost
- BI Actual Loss
- Actual Cash Value on Roofs 12 years Old or Older at Time of Loss
- Excluding Cosmetic Damage to Roof Surfacing

WARRANTS: NO ALUMUMINUM WIRING

Failure to maintain warranted condition shall result in the following Cause(s) of Loss being excluded: FIRE

SUBJECT TO: Satisfactory Inspection

NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Appraisal Clause Amendment
- Asbestos Exclusion
- Cyber, Electronic Data and Systems Exclusion
- Exclusion – Marijuana
- Exclusion of Pathogenic or Poisonous Biological or Chemical Materials
- Limitations on Coverage for Roof Surfacing
- Scheduled Limit of Liability with Proportional Value
- Texas Important Notice
- Windstorm or Hail Loss Conditions

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PREMIUM

\$	205,000.00	Premium (Minimum & Deposit)*
\$	500.00	Policy Fee (Fully Earned)
\$	9,966.75	Surplus Lines Tax
\$	154.13	Stamping Fee
\$	215,620.88	Total

****Terrorism Coverage may be purchased for \$7,175 additional premium plus applicable taxes & fees****

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

Note

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as a surplus lines coverage pursuant to the Texas Insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the property and casualty insurance guaranty association created under Texas Insurance Code § 462. Texas Insurance Code § 225.004, requires payment of 4.85 percent tax on gross premium.}

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



CARRIER Homeland Insurance Company of New York
BEST'S RATING A+ (Superior) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Excess Property

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Willow Tree Apartments
- Mountain Creek Retirement Living
- Cotton Creek Apartments

PERILS INSURED

- Direct Physical Loss or Damage; Excluding Flood and Earthquake

ITEMS OF INSURANCE COVERED:

Real Property; Business Personal Property; Business Income; Other as shown in the reported values provided by the Insured at the inception of this Policy or added by endorsement during the period of this Policy

EXCESS LIMIT OF LIABILITY

- \$32,793,976 Per Occurrence

ATTACHMENT POINT

- \$10,000,000 Per Occurrence

SUBLIMITS

- As provided by the Primary Policy Form

REPORTED VALUES

- \$42,793,976

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



SCHEDULED LIMITS

Coverage	Limit
Buildings	\$36,425,400
Business Personal Property	\$1,025,000
Other	\$524,000
Business Income and Extra Expense	\$4,819,576
Total Insured Value	\$42,793,976

PROPERTY COVERED AND AMOUNTS

Location			Coverage	Limit
1	1	Willow Tree Apartments 1802 Robinson Road Grand Prairie, TX 75051	Building	\$14,518,500
			BPP	\$50,000
			Other	\$200,000
			Rental Income	\$1,580,448
			Total Insured Value	\$16,348,948
2	1	Mountaiin Creek Retirement Living 2305 Corn Valley Road Grand Prairie, TX 75051	Building	\$11,780,000
			BPP	\$900,000
			Other	\$224,000
			Rental Income	\$1,975,000
			Total Insured Value	\$14,879,000
3	1	Cotton Creek Apartments 801 Skyline; 1005 S. Belt Line Grand Prairie, TX 75051	Building	\$10,126,900
			BPP	\$75,000
			Other	\$100,000
			Rental Income	\$1,264,128
			Total Insured Value	\$11,566,028

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



DEDUCTIBLES

Note: Per occurrence unless stated otherwise.

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CO-INSURANCE

- Waived

VALUATION

- Replacement Cost
- BI Actual Loss
- Actual Cash Value on Roofs 12 years Old or Older at Time of Loss
- Excluding Cosmetic Damage to Roof Surfacing

WARRANTS: NO ALUMUMINUM WIRING

Failure to maintain warranted condition shall result in the following Cause(s) of Loss being excluded: FIRE

SUBJECT TO: Satisfactory Inspection

MINIMUM EARNED PREMIUM: 35%

EXCLUSIONS

- Earth Movement
- Earthquake
- Cyber Vandalism / Denial of Service Attack
- Fungus, Wet Rot, Dry Rot, virus or Bacteria
- Equipment Breakdown
- Asbestos Removal
- Water
- Flood
- Costs, Expenses, Fines or Penalties Incurred by Order of Authority
- Nuclear Hazard
- Chemical or Biological Materials
- Terrorism
- Electronic Data
- Ordinance or Law
- Contaminants or Pollutants

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Excess Property Policy Declarations
- Excess Property Policy – Following Form
- Excess Property Conditions
- Additional Interests Endorsement
- Aluminum Wiring Coverage Limitation
- Claim Reporting Options
- Exterior Insulation and Finish Systems (EIFS) Limitation
- Loss Occurrence Limit of Liability – Reported Value
- Ordinance or Law Exclusion
- Permission to Add Locations
- Protective Safeguards Endorsement
- Service of Suit Endorsement
- US Treasury OFAC Advisory Notice
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- Exclusion of Certified Acts of Terrorism
- Required State amendatory endorsements and notices
- Texas State Notice
- Texas Complaint Notice

PREMIUM

\$	38,500.00	Premium (Minimum & Deposit)*
\$	0.00	Policy Fee (Fully Earned)
\$	1,867.25	Surplus Lines Tax
\$	28.88	Stamping Fee
\$	<u>40,396.13</u>	Total

****Terrorism Coverage may be purchased for \$3,850 additional premium plus applicable taxes & fees****

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



Note

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CARRIER The Travelers Property Casualty Company Of America
BEST’S RATING A++ (Superior) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Equipment Breakdown

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Willow Tree Apartments
- Mountain Creek Retirement Living
- Cotton Creek Apartments

COVERAGE OPTIONS AND DESCRIPTIONS

Insures losses to covered property caused by the breakdown of covered equipment.

<i>Comprehensive Coverage Including Production Equipment</i>	Limit
Total Limit per Breakdown	\$42,269,976
Property Damage Limit, Per Accident (PD)	\$37,450,400
Business Income Limit (BI)	\$4,819,576
Coinsurance Percentage	100%
Extra Expense Coverage Extension (EE)	Included w/BI
Spoilage Damage Coverage Extension (SD)	\$25,000
Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period)	24 Hours
Civil Authority Coverage Extension	Covered
“Dependent Property” Coverage Extension	Not Covered
“Dependent Property” Locations	Not Covered
“Electronic Data” or “Media” Stored at “Covered Premises”	\$25,000
“Electronic Data” or “Media” Stored with “Electronic Data Storage Provider”	Included
Errors and Omissions Coverage Extension	\$25,000
Expediting Expense Coverage Extension	\$25,000
Extended Period of Restoration Coverage Extension	30 Days
“Fungus”, Wet Rot and Dry Rot Coverage Extension	
1. Property Damage	\$15,000
2. Business Income or Extra Expense	30 Days
Green Enhancements Coverage Extension Property Damage % Factor	5%

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



EQUIPMENT BREAKDOWN

Item 4.

Property Damage Additional Costs Limit of Insurance	\$25,000
Business Income or Extra Expense Additional # of Days	30 Days
Ingress or Egress Coverage Extension	1 Day
Newly Acquired Locations Coverage Extension	\$1,000,000
Number of Days of Coverage	90 Days
Ordinance or Law (including Demolition & Increased Cost of Construction) Coverage Extension Undamaged Property	\$25,000
Demolition	Included
Increased Cost of Construction	Included
Sump Pump Overflow Coverage Extension	\$5,000
Hazardous Substance Limitation	\$25,000
Refrigerant Contamination Limitation	\$25,000
Water Damage Limitation	\$25,000
Drying Out Limit of Insurance	Included with PD Limit

DEDUCTIBLES

Coverage	Deductible
Combined Deductible	Not Covered
Property Damage (PD)	\$10,000
Business Income (BI)	24 Hours
Extra Expense (EE)	Included with Business Income
Spoilage Damage (SD)	\$10,000
Utility Interruption – Time Element (UI-TE)	24 Hours
“Dependent Property”	Not Covered
Refrigerant Contaminant	\$10,000

SPECIAL PROVISIONS

PROVISION	Limit
Electronic Vandalism Exclusion EB T4 47	Included
Joint Loss Agreement	Included
New Generation	Included
Repair or Replacement	Included
Specified Perils Elimination Endorsement EB T3 18 02 19	Included

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



CANCELLATION

Number of Days for Notice of Cancellation: 60 Days

Except: 10 Days for Non-payment of premium

ANNUAL PREMIUM

\$1,754.00

CARRIER Certain Underwriters at Lloyds, London
BEST'S RATING A (Excellent) XV
POLICY PERIOD 10/01/2022 – 10/01/2023
COVERAGE Terrorism

NAMED INSURED

- Grand Prairie Housing Finance Corp

LIMITS OF LIABILITY

Coverage	Limit
Total Insured Values	\$42,793,976
Property Damage Values	\$36,949,400
Business Interruption Values	\$4,819,576
Contents Values	\$1,025,000

ADDITIONAL COVERAGE

Coverage	Limit
Acquisition – 120 consecutive days	12.5% of Values Declared
Debris Removal – Each Loss Occurrence	\$100,000
Demolition & Increased Cost of Construction – Each Loss Occurrence	\$100,000
Expert Fees – Each Loss Occurrence	\$100,000
Threat or Hoax – Each Loss Occurrence	\$100,000

Explanations are in general terms and do not change or replace the terms or conditions of the policies.

EXTENSIONS & SUB-LIMITS OF LIABILITY

	Coverage	Limit
A	Active Assailant Event – Each Loss Occurrence	\$1,000,000
B	Business Interruption – Each Loss Occurrence	Included
C	Contingent Time Element (first tier only) – Each Loss Occurrence	\$250,000
D	Extended Period of Liability – Included	90 Consecutive Days
E	Extra Expense – Each Loss Occurrence	\$250,000
F	Rental Insurance – Each Loss Occurrence	\$250,000
G	Service Interruption – Each Loss Occurrence	\$250,000

DEDUCTIBLES

- \$25,000 Per Occurrence

PREMIUM

\$	3,102.32	Premium (Minimum & Deposit)*
\$	0.00	Policy Fee (Fully Earned)
\$	150.46	Surplus Lines Tax
\$	2.33	Stamping Fee
\$	<u>3,255.11</u>	Total

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

Note

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as a surplus lines coverage pursuant to the Texas Insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the property and casualty insurance guaranty association created under Texas Insurance Code § 462. Texas Insurance Code § 225.004, requires payment of 4.85 percent tax on gross premium.

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



CARRIER Allmerica Financial Benefit Insurance Company
BEST'S RATING A (Excellent) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Mountain Creek Automobile

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Mountain Creek Retirement Living

Basic Coverage Form for insuring commercial automobile exposures. Your Automobile Policy does not provide coverage for Cellular Telephones or for Mobile Sound Equipment, such as C.B. Radios, unless the coverage is added by special endorsement.

Liability	Limit
<u>Combined Liability</u> Scheduled Autos, Hired Autos, Non-Owned Autos Symbol 7, 8 & 9	\$1,000,000
<u>Personal Injury Protection</u> Scheduled Autos	\$2,500
<u>Medical Payments</u>	\$5,000
<u>Uninsured/Underinsured Motorists</u> Scheduled Autos	\$1,000,000 Each Accident

Physical Damage	Deductible
<u>Comprehensive</u> Actual Cash Value Scheduled Autos Only	\$1,000
<u>Collision</u> Actual Cash Value Scheduled Autos Only	\$1,000



Physical Damage	Deductible
Hired Car Physical Damage Comprehensive Deductible* Collision Deductible*	No Coverage

**Deductibles apply "per Auto" unless stated otherwise*

AUTOMOBILE SCHEDULE

Note: Coverage(s) vary by vehicle. Only coverages notated by "X" or Deductible amount apply.

	Vehicle	VIN	Liab	PIP	MP	UM	Comp. Deductible	Collision Deductible
1	2011 Ford Crown	2FABP7EV0BX132848	X	X	X	X	\$1,000	\$1,000
2	2004 Ford Econoline	1FDXE45S64HB27047	X	X	X	X	\$1,000	\$1,000

DRIVER SCHEDULE

Name	Date of Birth	Drivers License #	State
Ronnie Bailey	03/07/1974	02818545	TX
Heather Merrifield	04/13/1977	01152568	TX
<u>Marta Renee Long</u>	03/28/1955	34168018	TX
<u>Rosa Castaneda</u>	04/30/1972	10032740	TX
<u>Stacey Renee Kauppi</u>	12/14/1972	35636002	TX
<u>Donna McFarland</u>	06/11/1963	02713103	TX



AUTO BROADENING ENDORSEMENT

Covered	Limit
Employee-Hired "Autos	Included
Broadened Named Insured	Included
Employees as Insured	Included
Supplementary Payments	Included
Bail Bonds	\$2,500
Loss of Earnings Due to Hearings at Our Requests	\$500
Amended Fellow Employee Exclusion	Included
Expense of Returning Stolen Auto	Included
Sign Coverage	\$2,000
Glass Breakage Deductible Waived if Repaired	Included
Transportation Expense due to Theft of Auto	\$50 per Day/\$1,000 Max
Hired Auto Physical Damage	\$50,000
Audio, Visual & Electronic Equipment Coverage	\$500 Max
Rental Reimbursement and material Transfer Expense	60 Days / \$3,000 Max
Airbag Coverage	Included
Auto Loan Physical Damage Extension	Included
Unintentional Failure to Disclose Hazards	Included
Bodily Injury Redefined	Included

NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

PREMIUM

\$10,398.00



CARRIER Admiral Insurance Company
BEST’S RATING A+ (Superior) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Cotton Creek & Willow Tree General Liability

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Cotton Creek Apartments
- Willow Tree Apartments

Public liability (not Auto, Employers' or Other Specific Liability Type) for Bodily Injury and Property Damage claims arising from business operations for which you are legally liable.

BUSINESS/SERVICE: SUBSIDIZED APARTMENTS INCLUDING 1 POOL AND 2 PLAYGROUNDS

LIMITS OF LIABILITY

Coverage	Limit
Each Occurrence Limit	\$1,000,000
General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$2,000,000
Personal/Advertising Injury	\$1,000,000
Damage to Premises Rented to You	\$50,000
Medical Payments (Per Person)	\$5,000
Hired & Non-Owned Auto	\$1,000,000
Assault and Battery Each Event	\$350,000
Assault and Battery Aggregate	\$350,000

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



BASIS OF PREMIUM

Class Code	Description	Basis	Exposure
60010	Apartments	Per Unit	248

DEDUCTIBLE

- \$5,000 Per Claim – BI/PD/PI/AI combined, including LAE

NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Cover Jacket – Admiral Insurance Company
- Texas Complaint Notice
- Common Policy Declarations
- Commercial General Liability Coverage Part Declarations
- Claim Reporting Notice Address Information
- Guaranty Fund Nonparticipation Notice
- Commercial General Liability Coverage Form
- Additional Insured – Owners, Lessees or Contractors – Scheduled Person or Organization (Blanket – where required by written contract prior to occurrence or loss. See specimen form for complete wording)
- Exclusion – Access or Disclosure of Confidential or Personal Information and Data-Related Liability – with Limited Bodily Injury Exception
- Communicable Disease Exclusion
- Total Pollution Exclusion Endorsement
- Exclusion of Certified Acts of Terrorism and Exclusion of Other Acts of Terrorism Committed Outside the United States
- Amendment of Insured Contract Definition
- Limited Coverage for Designated Unmanned Aircraft
- Common Policy Conditions
- Nuclear Energy Liability Exclusion Endorsement
- Additional Conditions Named Insured’s Duties with Respect to Contractors (Independent Contractors must Maintain Minimum 1/2/1 Limits)
- Cross Liability Exclusion
- Bodily Injury Redefined
- Designated Location(s) General Aggregate Limit (Capped at \$5,000,000)
- Sexual Abuse Event Limited Coverage
- Minimum Premium and Minimum Retained Premium Amendatory Endorsement
- Deductible Liability Insurance
- Injury to Independent Contractors Exclusion
- Canine Liability Exclusion (Absolute)
- Exclusionary Joint Form – Asbestos, lead, Microorganisms, Silica & EMR

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



- Limitation of Coverage to Designated Premises
- Assault or Battery Event – Limited Coverage (CGL Coverage Form)
- Specified Operation Exclusion
- Special Exclusions – Joint Form (Occurrence)
- Hired Auto and Non-Owned Auto Liability
- Condominium Conversion Exclusion
- Intellectual Property Exclusion (Amended Definition of Personal and Advertising Injury)
- Engineered nanoparticles Exclusion (Absolute)
- Premium Basis (Units)
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- Carbon Monoxide Exclusion
- Service of Suit

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PREMIUM

\$	18,350.00	Premium (Minimum & Deposit)*
\$	455.00	Policy Fee (Fully Earned)
\$	912.04	Surplus Lines Tax
\$	14.10	Stamping Fee
<hr/>		
\$	19,731.14	Total, Subject to Audit for Final Premium Determination

****Terrorism Coverage may be purchased for \$1,625 additional premium plus applicable fees & taxes****

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

Note

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Explanations are in general terms and do not change or replace the terms or conditions of the policies.



CARRIER Admiral Insurance Company
BEST’S RATING A+ (Excellent) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Cotton Creek & Willow Tree Excess Liability

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Cotton Creek Apartments
- Willow Tree Apartments

Provides excess liability over scheduled primary liability policies, or self-insured retention.

LIMITS OF LIABILITY

Coverage	Limit
Each Occurrence	\$5,000,000
Aggregate	\$5,000,000
Self-Insured Retention	\$0

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



UNDERLYING INSURANCE REQUIRED

General Liability		
Policy	Coverage	Limit
Carrier Name: Admiral Insurance Company Dates of Coverage: 10/1/2022 - 10/1/2023	Each Occurrence	\$1,000,000
	General Aggregate	\$2,000,000
	Products – Completed Operations Aggregate	\$2,000,000
	Personal and Advertising Injury – Each Offense	\$1,000,000

Automobile Liability		
Policy	Coverage	Limit
Carrier Name: Admiral Insurance Company Dates of Coverage: 10/1/2022 - 10/1/2023	Hired Auto & Non-Owned Auto Liability – Each Occurrence	\$1,000,000
	Hired auto & Non-Owned Auto Liability – Aggregate	\$2,000,000

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Cover Jacket Admiral Excess
- Texas Complaint Notice
- Excess Liability Policy Declarations
- Excess Schedule of “Underlying Insurance”
- Claim Reporting Notice Address Information
- Guaranty Fund Nonparticipation Notice
- Commercial Excess Liability Coverage Form
- Conditional Exclusion of Terrorism Related to Disposition of Federal Terrorism Risk Insurance Act
- Communicable Disease Exclusion
- Service of Suit

PREMIUM

\$	14,142.00	Premium (Minimum & Deposit)*
\$	400.00	Policy Fee (Fully Earned)
\$	705.29	Surplus Lines Tax
\$	10.91	Stamping Fee
\$	15,258.20	Total

****Terrorism Coverage may be purchased for \$1,625 additional premium plus applicable fees & taxes****

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

Note

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Explanations are in general terms and do not change or replace the terms or conditions of the policies.



CARRIER AIX Specialty Insurance Company
BEST’S RATING A (Excellent) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Mountain Creek General Liability

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Mountain Creek Retirement Living

Public liability (not Auto, Employers' or Other Specific Liability Type) for Bodily Injury and Property Damage claims arising from business operations for which you are legally liable.

PRIMARY LAYER COVERAGES

ELDERCARE PROFESSIONAL LIABILITY

Coverage	Limit
Each Incident Limit/Aggregate Limit	\$1,000,000/\$3,000,000
Deductible	\$0
Retroactive Date	See Schedule
Supplementary Payments	Will not reduce the limits of liability

ELDERCARE GENERAL LIABILITY

Coverage	Limit
Each Occurrence Limit/General Aggregate Limit	\$1,000,000/\$3,000,000
Products/Completed Operations Aggregate Limit	\$3,000,000
Personal & Advertising Injury Limit	\$1,000,000
Damage to Premises Rented to You Limit	\$100,000
Medical Expense Limit	\$5,000
Deductible	Not Applicable
Retroactive Date	See Schedule
Supplementary Payments	Will not reduce the limits of liability

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PHYSICAL ABUSE, SEXUAL MISCONDUCT OR SEXUAL MOLESTATION LIABILITY COVERAGE

Coverage	Limit
Aggregate Limit	\$3,000,000
Each Occurrence Limit	\$1,000,000
	Included within GL (not a separate sublimit)

ADMINISTRATIVE DEFENSE COVERAGE

Coverage	Limit
Each Action Limit	\$25,000
Aggregate Limit	\$25,000

HIPAA REGULATORY DEFENSE COVERAGE

Coverage	Limit
Each Proceeding Limit	\$25,000
Aggregate Limit	\$25,000

EMERGENCY EVENT PUBLIC RELATIONS EXPENSE COVERAGE

Coverage	Limit
Each Public Relations Incident Limit	\$25,000
Aggregate Limit	\$25,000

EMERGENCY EVACUATION EXPENSE COVERAGE

Coverage	Limit
Each Incident Limit	\$25,000
Aggregate Limit	\$25,000

BASIS OF PREMIUM

Loc	Basis	Exposure
1 – 2305 Corn Valley Road; Grand Prairie, TX 75051	Licensed Beds	124

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Eldercare Additional Policy Conditions
- Respirable Dust Exclusion
- Supplementary Payments – Incident Investigation Expenses Endorsement
- Supplementary Payments – Emergency Evacuation Expenses Endorsement
- Asbestos Liability Exclusion
- Lead Poisoning Liability Exclusion
- Silica or Silica-Related Dust Exclusion
- Texas Surplus Lines Policyholder Notice
- Texas Surplus Lines and Claims-made Policyholder Notice
- Texas Asbestos, Lead and Silica Exclusion Policyholder Notice
- Nuclear Energy Liability Exclusion Endorsement
- Texas Changes – Cancellation and Nonrenewal
- Texas Policyholder Notice
- Named Insured Schedule
- Customer Notice of Privacy Policy and Producer Compensation Practices Disclosures
- Service of Suit Clause
- Common Policy Condition
- Eldercare Professional Liability Coverage Form
- Texas Physical Abuse, Sexual Misconduct or Sexual Molestation Amendatory Endorsement
- Amendment of Definition of Damages
- Administrative Defense Coverage Form
- HIPAA Regulatory Defense Coverage Form
- Emergency Event Public Relations Expenses Coverage Form
- Texas Professional Liability Amendatory Endorsement
- Texas Physical Abuse, Sexual Misconduct and Sexual Molestation Coverage Endorsement (Combined Limits) – Occurrence
- Texas Eldercare General Liability Amendatory Endorsement
- Disclosure Pursuant to Terrorism Risk Insurance Act
- Additional Insured – Limited to Designated Operations – General Liability
- Texas Commercial General Liability Broadening Endorsement – Eldercare (Occurrence)
- Commercial General Liability Coverage Form
- Total Pollution Exclusion with a Building Heating, Cooling and Dehumidifying Equipment Exception
- Cap on Losses from Certified Acts of Terrorism
- Exclusion of Punitive Damages Related to a Certified Act of Terrorism

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PREMIUM

\$	12,991.00	Premium (Minimum & Deposit)*
\$	250.00	Policy Fee (Fully Earned)
\$	642.19	Surplus Lines Tax
\$	9.93	Stamping Fee
<hr/>		
\$	13,893.12	Total, Subject to Audit for Final Premium Determination

****Terrorism Coverage may be purchased for \$75 additional premium plus applicable fees & taxes****

**Premium shown is both a deposit and minimum premium for the full policy term. At the close of the audit period, the company will compute the earned premium for the policy period. If earned premium is more than above total premium, notice of the amount by which it exceeds will be sent to the first Named Insured as additional premium. If earned premium is less than the total premium, the total premium will apply as the minimum premium, with no return premium payment to you.*

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Explanations are in general terms and do not change or replace the terms or conditions of the policies.



MOUNTAIN CREEK EXCESS LIABILITY

CARRIER AIX Specialty Insurance Company
BEST’S RATING A (Excellent) XV
POLICY PERIOD 10/1/2022 - 10/1/2023
COVERAGE Mountain Creek Excess Liability

NAMED INSURED

- Grand Prairie Housing Finance Corp
- Mountain Creek Retirement Living

Provides excess liability over scheduled primary liability policies, or self-insured retention.

LIMITS OF LIABILITY

Coverage	Limit
Each Occurrence	\$5,000,000
Aggregate	\$5,000,000
Self-Insured Retention	\$2,500

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



UNDERLYING INSURANCE REQUIRED

General Liability		
Policy	Coverage	Limit
Carrier Name: AIX Specialty Insurance Company Policy #: L1D H057163 03 Dates of Coverage: 10/1/2022 - 10/1/2023	Each Occurrence	\$1,000,000
	General Aggregate	\$3,000,000
	Products/Completed Operations Aggregate	\$3,000,000
	Personal and Advertising Injury	\$1,000,000
	Damage to Premises Rented to You	\$100,000
	Eldercare Professional Liability Each Incident	\$1,000,000
	Eldercare Professional Liability Aggregate	\$3,000,000

Automobile Liability		
Policy	Coverage	Limit
Carrier Name: Allmerica Financial Benefit Insurance Company Policy #: AWD-H057178-03 Dates of Coverage: 10/1/2022 - 10/1/2023	Combined Liability Limit, Each Accident (Bodily Injury and Property Damage)	\$1,000,000

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



NOTABLE ENDORSEMENTS

Note: Refer to policy for complete list.

- Exclusion – Lead Poisoning Liability
- Exclusion – Asbestos Liability
- Exclusion – Silica Liability
- Anti-Stacking Endorsement
- Eldercare Additional Policy Conditions – Commercial Excess
- Respirable Dust Exclusion
- Texas Surplus Lines Notice
- Texas Asbestos, Lead and Silica Exclusion Policyholder Notice
- Texas Changes – Cancellation and Nonrenewal
- Exclusion – Fungi or Microbes
- Texas Policyholder Notice – Complaint Dispute AIX Specialty
- Notice – Offer of Terrorism Coverage
- Notice – Disclosure of Premium Acceptance of Coverage
- Disclosure Pursuant to Terrorism Risk Insurance Act
- Customer Notice of Privacy Policy and Producer Compensation Practices Disclosures
- TX Physical Abuse, Sexual Misconduct or Sexual Molestation Liability coverage – Combined Limits of Insurance (Occurrence) – Commercial Excess Liability
- Service of Suit Clause
- Commercial Excess Liability Coverage Form
- Nuclear Energy Liability Exclusion Endorsement
- Total Pollution Exclusion with Exception for Building, Heating, Cooling or Dehumidifying Equipment and a Hostile Fire Exception
- Exclusion – Communicable Disease
- Cap on Losses from Certified Acts of Terrorism
- Exclusion of Punitive Damages Related to a Certified Act of Terrorism

PREMIUM

\$	23,417.00	Premium (Minimum & Deposit)*
\$	150.00	Policy Fee (Fully Earned)
\$	1,143.00	Surplus Lines Tax
\$	17.67	Stamping Fee
\$	24,727.67	Total

*****Terrorism Coverage may be purchased for \$75 additional premium plus applicable fees & taxes*****

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



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Note

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MOUNTAIN CREEK EXCESS LIABILITY

Item 4.

Explanations are in general terms and do not change or replace the terms or conditions of the policies.



PROPERTY & CASUALTY COMMON INSURANCE COVERAGE RECOMMENDATIONS

- Property Coverages
- Liability Coverages
- Cyber / Identity Theft / Crime
- Automobile Coverage
- Workers' Compensation Coverages
- Umbrella
- Directors & Officers Liability / Employment Practices / Fiduciary
- Foreign Coverages

BOND RECOMMENDATIONS

- Contract
- Court
- Fidelity
- Financial Institution
- License & Permit
- Probate
- Public Official
- Surety

EMPLOYEE BENEFITS RECOMMENDATIONS

- HR Services
- Group Medical
- Group Dental
- Group Life and Accidental Death & Dismemberment
- Long Term Care
- Section 125 Cafeteria Plans
- Short Term Disability
- Vision
- Individual Medical/Dental

LIFE DEPARTMENT RECOMMENDATIONS

- Business Planning
- Estate Planning

RETIREMENT PLAN SERVICES RECOMMENDATIONS

- Qualified Plans
- Non-Qualified Plans

PERSONAL LINES INSURANCE RECOMMENDATIONS

- Automobile
- Home
- Flood/Earthquake
- Umbrella
- Farm & Ranch
- Watercraft/Recreational Vehicles
- Personal Articles Floater



INSURANCE CERTIFICATE MANAGEMENT RECOMMENDATIONS

CertCon Services (an affiliate of Higginbotham)

- Reviews Certificates of Insurance to ensure that the requirements in Master Service Agreements, leases, subcontracts and other agreements are met
- Provides web access to the compliance status of any vendor, tenant or subcontractor
- Controls insurance costs by avoiding unnecessary claims payments under the policy
- Helps reduce premiums and keeps clients insurable

Certificate Processing

- Helps to implement industry-specific agreements
- Requests and receives certificates from vendors, tenants, subcontractors, suppliers and others
- Analyzes certificates for compliance with agreements
- Mails or emails non-compliance reports requesting corrections
- Monitors expiration dates and requests renewal certificates
- Re-analyzes certificates upon renewal of insurance
- Updates clients of the insurance status (e.g. compliance standing, contract information, requirements, etc.) via website login



CertCon Services Contact

Rick Carson, Director of Operations
817-810-0870
rcarson@certcon.com



RISK MANAGEMENT INFORMATION SYSTEMS

MyWavePortal®

MyWave is a personalized Web site that allows you to click, connect and communicate with Higginbotham. It's designed to offer you time-saving resources that build convenience into managing your everyday work tasks—whether you want to collaborate with our agency online, quickly access timely news, information and resources, or connect with more than 100,000 peers in your industry.

- Collaboration Center
- Survey Benchmarking
- Community

MyWaveRM®

Whether you're looking for flyers to help support your employee safety programs or searching for Workers' Compensation information, MyWave's Risk Management Center combines efficiency with user-friendly tools and resources you will use time and time again.

- Safetyzone
- Documents on Command
- Resources
- Online Services

MyWaveOSHA®

To help you simplify and manage your OSHA reporting, we've gathered the occupational safety resources you need into one easily-accessible spot, with functionality and content designed to help you efficiently meet your OSHA reporting needs.

- Local and Resourceful
- OSHA Log Forms
- Reports and Analyses
- FAQs

SUCCEED RISK MANAGEMENT CENTER™

The Risk Management Center is a repository of tools that empowers you to proactively manage your risk exposures and reduce claims, losses and associated costs. Too, importing your claims data into the Center reveals the root causes of your losses through vivid reports. This information assists in determining the effectiveness of your overall property and casualty insurance programs and provides vital information for making loss control and risk management program changes. Nearly every exhibit contains brilliant charts to make the data easier to comprehend.

- Online Training Library
- Incident Tracking/Trending and Claims Reporting
- Employee Training Management
- Safety Data Sheet Management
- Behavior Based Safety Track
- Job Description Track
- Certificate of Insurance Management



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 10/25/2022

REQUESTER: Doug Jackson

PRESENTER: Greg Giessner

TITLE: CONSIDER 2022-2023 INSURANCE POLICIES

RECOMMENDED ACTION: None

GPHFC 2022-2023 Insurance Premiums

Apartments			
Property Insurance			
Primary \$10mm	215,620.88		
\$32.8mm XS \$10mm	40,396.13		215,034.71
Terrorism	3,225.11		
Equipment Breakdown	1,754.00		
Total Property Insurance	260,996.12		215,034.71
General Liability Insurance			
Cotton Creek & Willow Tree	19,731.14		17,732.33
Mountain Creek	13,893.12		13,096.74
Total General Liability Insurance	33,624.26		30,829.07
Mountain Creek Auto Insurance	10,398.00		9,544.00
\$5mm Umbrella Insurance			
Cotton Creek & Willow Tree	15,258.20		12,937.26
Mountain Creek	24,727.67		20,885.32
Total \$5mm Umbrella Insurance	39,985.87		33,822.58
Total Apartments Insurance	345,004.25		289,230.36
Learning Center Insurance			
Property	9,132.00		9,033.00
General Liability	1,356.68		1,292.67
\$1mm Umbrella	708.25		708.25
Total Learning Center Insurance	11,196.93		11,033.92
Total GPHFC Insurance Premiums	356,201.18		300,264.28

|



Insurance Proposal



Prepared for:

**Grand Prairie Housing
Finance Corp. – Learning
Center**

500 W. 13th Street
Fort Worth, TX 76102
(817) 336-2377 | www.higginbotham.com



Core Service Team		
Mitchell Jennings, CLCS, EVP <i>Habitation Program</i>	(817) 347-7060	mjennings@higginbotham.net
William Blanchard <i>Account Manager</i>	(817) 347-6805	wblanchard@higginbotham.net
Kristin Price, CISR <i>Account Manager</i>	(817) 349-2287	KPrice@higginbotham.net
Raelyn Brannan <i>Commercial Service Representative</i>	(817) 349-2315	rbrannan@higginbotham.net



This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all terms and conditions or exclusions of each proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all terms, exclusions and conditions of such proposed policy(ies). All coverages, coverage forms, rates, rating procedures, rating plans, deductibles and other provisions will apply in conformance with those used by the various Insurance Companies and authorized by the State Regulatory Authorities. Any provision contained herein which conflicts with State Regulations will be amended as required to conform.

Higginbotham receives a commission based on a percentage of the premium from insurance companies for placement of insurance and service of our clients. Higginbotham may be eligible for additional compensation, bonuses or awards based on volume and profitability of business placed with some insurance providers.



PREMIUM SUMMARY - COMPARISON

Item 4.

Coverage	Renewal		Expiring	
	Exposure	Premium	Exposure	Premium
Property <i>(Nationwide automatic renewal)</i>	Building Value: \$3,688,500 Contents Value: \$23,500 Coinsurance: 80% AOP Deductible: \$5,000 W/H Deductible: 2%	\$9,132.00	Building Value: \$3,383,900 Contents Value: \$23,400 Coinsurance: 80% AOP Deductible: \$5,000 W/H Deductible: 2%	\$9,033.00
General Liability	General Aggregate: \$2,000,000 Products/Completed Ops: \$2,000,000 Personal & Advertising Injury: \$1,000,000 Each Occurrence: \$1,000,000 Damage to Premises Rented to You: \$100,000 Medical Expenses Limit: \$5,000 Hired & Non-Owned Auto: \$1,000,000 Deductible: \$500 Rating Basis: Building or Premises – LRO – Other than NFP: Area 23,236	\$1,356.68	General Aggregate: \$2,000,000 Products/Completed Ops: \$2,000,000 Personal & Advertising Injury: \$1,000,000 Each Occurrence: \$1,000,000 Damage to Premises Rented to You: \$100,000 Medical Expenses Limit: \$5,000 Hired & Non-Owned Auto: \$1,000,000 Deductible: \$500 Rating Basis: Building or Premises – LRO – Other than NFP: Area 23,236	\$1,292.67
Excess Liability	Occurrence Limit: \$1,000,000 Aggregate Limit: \$1,000,000 Excess of Primary Insurance	\$708.25	Occurrence Limit: \$1,000,000 Aggregate Limit: \$1,000,000 Excess of Primary Insurance	\$708.25
Total		\$11,196.93		\$11,033.92

COMPANY BILL PAYMENT OPTIONS

Property – Nationwide – Direct Bill – (monthly service charge may apply)

PAY ON-LINE

<https://higginbotham.epaypolicy.com>

Note

* Coverage(s) premiums written on a Company Bill basis are the sole responsibility of the insured. Premiums will be billed directly from the insurance carrier with no premium payment reminders provided by Higginbotham.



PROPERTY



NATIONWIDE
ONE WEST NATIONWIDE BLVD
COLUMBUS, OH 43215-2220
1-877 On Your Side
1 (877) 669-6877

Nationwide®

COMMERCIAL PORTFOLIO ACP 3009892521

ACCOUNT NUMBER

ACP 3009892521

BILLING ACCOUNT NUMBER

342338745

GRAND PRAIRIE HOUSING FINANCE
PO BOX 170967
ARLINGTON, TX 76003-0967

PLEASE KEEP THIS FOR YOUR RECORDS

We are pleased to serve your business insurance needs. Our company is committed to providing you high quality insurance protection and superior service.

If you should have any questions about your insurance portfolio or if you wish to make a change to your policy, please contact your agent.

IMPORTANT INFORMATION ABOUT YOUR POLICY

Please spend a few minutes to read and understand your policy. Some items to which you should pay special attention are as follows:

- **Special Required State Notices.** These notices, when included, point out specific items concerning your policy. We urge you to read them.
- **Declarations Page.** This shows such information as your name, address, the coverages provided, the policy term, policy limits, list of coverages forms, premium amounts, and other individualized information.
- **Coverage and Endorsement Forms.** This is the section of your policy which provides policy and coverage information. Please read it carefully.

39767000719013



Your Commercial Insurance Portfolio

Courtesy of:

Agency: HIGGINBOTHAM INS AGENCY INC
 Agency Number: 27556
 Region Code: 046
 Agency Address: 500 W 13TH ST STE 250
 FORT WORTH, TX 76102-4656
 Agency Phone Number: (817) 336-2377

INSURED COPY

TX 27556

Nationwide Mutual Insurance Company and Affiliated Companies, One Nationwide Plaza, Columbus, Ohio 43215-2220.
nationwide.com. Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2017 Nationwide



Nationwide®

NATIONWIDE
ONE WEST NATIONWIDE BLVD
COLUMBUS, OH 43215-2220
1-877 On Your Side
1 (877) 669-6877

COMMERCIAL PACKAGE SUMMARY

PRINTED 07-28-2022

Account Number: ACP 3009892521
Named Insured: GRAND PRAIRIE HOUSING FINANCE
Mailing Address: PO BOX 170967
ARLINGTON, TX 76003-0967
Agency: HIGGINBOTHAM INS AGENCY INC
Agency Number: 27556
Region Code: 046
Agency Address: 500 W 13TH ST STE 250
FORT WORTH, TX 76102-4656
Agency Phone Number: (817) 336-2377



Premiums/Fees

Total Account Premium \$9,132.00

Line of Business	Premium
Commercial Property	\$9,132.00

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TX 27556

Not a bill. Your bill is sent separately.

This Commercial Package is a portfolio of individual policies which serves to combine various insurance coverages written under a group of separate contracts of insurance.



NATIONWIDE INSURANCE COMPANY OF FLORIDA
ONE WEST NATIONWIDE BLVD
COLUMBUS, OH 43215-2220
1-877 On Your Side
1 (877) 669-6877

Nationwide®

RENEWAL

**COMMERCIAL PROPERTY
COMMON DECLARATIONS**

Policy Number: ACP CP013039892521
Named Insured: GRAND PRAIRIE HOUSING FINANCE
Mailing Address: PO BOX 170967
ARLINGTON, TX 76003-0967
Agency: HIGGINBOTHAM INS.AGENCY INC
Address: 500 W 13TH ST STE 250
FORT WORTH, TX 76102-4656
Agency Phone: (817) 336-2377
Policy Period: Effective From 10-01-2022 To 10-01-2023
12:01 AM Standard Time at the
insured's mailing address.
The Insured is a(n): Corporation



Premium/Fees

Total Annual Premium	\$9,132.00
Total Policy Premium	\$9,132.00

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You may access your policy and any applicable endorsements any time at www.nationwide.com.



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Nationwide®

COMMERCIAL PROPERTY

SCHEDULE(S)

Policy Number: ACP CP013039892521	Policy Period: From 10-01-2022 To 10-01-2023
-----------------------------------	--

SCHEDULE OF NAMED INSUREDS

Named Insured	Type of Entity
GRAND PRAIRIE HOUSING FINANCE	Corporation

SCHEDULE OF LOCATIONS

Location	Location ID	Location Address
001		1000 ENTERPRISE ST, GRAND PRAIRIE, TX 75051-3954

Policy Summary

Coverage	Premium
Policywide Coverages	\$1,327.00
1:1000 ENTERPRISE ST, GRAND PRAIRIE, TX	\$7,805.00
Policy Summary Total	\$9,132.00





Nationwide®

COMMERCIAL PROPERTY

SCHEDULE(S)

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

FORMS AND ENDORSEMENTS SUMMARY

Form Number	Title
CPDS01 01 21	Commercial Property Declarations
IL 00 17 11 98	Common Policy Conditions
IL 09 52 01 15	Cap On Losses From Certified Acts Of Terrorism
IL 09 85 01 15	Disclosure Pursuant To Terrorism Risk Insurance Act
IL 09 95 01 07	Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)
IL N 102 09 19	Texas Flood Insurance Disclosure Notice
CP 00 10 10 12	Building And Personal Property Coverage Form
CP 00 90 07 88	Commercial Property Conditions
CP 01 40 07 06	Exclusion Of Loss Due To Virus Or Bacteria
CP 01 42 03 12	Texas Changes
CP 01 47 11 00	Texas Changes - Condominium Additional Provisions
CP 01 63 10 05	Texas - Modified Limitations On Fungus, Wet Rot, Dry Rot And Bacteria
CP 02 02 12 19	Texas Changes - Cancellation And Nonrenewal
CP 03 21 10 12	Windstorm Or Hail Percentage Deductible
CP 04 11 09 17	Protective Safeguards
CP 10 30 09 17	Causes Of Loss - Special Form
CP 10 34 10 12	Exclusion Of Loss Due To By-Products Of Production Or Processing Operations (Rental Properties)
CP 12 11 09 17	Burglary And Robbery Protective Safeguards
CP 12 72 12 98	Texas Changes - Joint Or Disputed Loss Agreement
CP 99 03 12 19	Cannabis Exclusion
NCP 71 17 09 17	Equipment Breakdown Coverage (Including Electronic Circuitry Impairment)
NCP 71 23 10 21	Property Amendatory Endorsement - Texas
NCP 71 32 08 21	Commercial Property Gold Protection Plus Endorsement
NCP 72 91 09 17	Texas Equipment Breakdown Changes
NCP 73 91 04 21	Named Insureds Endorsement

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Nationwide®

COMMERCIAL PROPERTY

SCHEDULE(S)

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

IMPORTANT NOTICES

Form Number	Title
NI5034 01 22	Commercial Property Transfer of Your Policy within Nationwide Insurance
NI0062 01 21	Notice of Terrorism Insurance Coverage
NI0018 01 17	Flood Insurance Notice
NI0096 05 20	Texas Loss Control Services
NI0035 01 17	Data Breach & Identity Recovery Services
NI0082 07 17	Protective Safeguard Endorsement Advisory Notice To Policyholders
NI5033 02 20	Notice to Policyholders - Cannabis Exclusions





Nationwide®

COMMERCIAL PROPERTY

PROPERTY DECLARATIONS

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

Location 001:

Location Address: 1000 ENTERPRISE ST
GRAND PRAIRIE, TX 75051-3954

WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "SELECTED".

Location 001/Building 001:

Unique ID: 001

Construction Type: Masonry Non-Combustible
- Other Than Reinforced -
Light Steel

Class Description: Auditoriums and Halls

Property Coverage for this location is subject to the Structure Building Deductible shown below unless otherwise stated in the policy.

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Building Coverages	Deductible	Limit	Premium
Structure Building	\$5,000	\$3,688,500	\$7,693.00
Windstorm or Hail Deductible	2%		
Theft Deductible	\$5,000		
Valuation	Replacement Cost		
Cause of Loss	Special		
Coinsurance	80%		
Mortgagee Clause		Selected	
Burglary And Robbery Protective Safeguards		See Endorsement	
Additional Requirements Description.			
Exclusion Of Loss Due To By-Products Of Production Or Processing Operations (Rental Properties)	Selected		
Joint Or Disputed Loss Agreement		Selected	
Protective Safeguards		See Endorsement	
Cannabis Exclusion	Selected		



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COMMERCIAL PROPERTY

PROPERTY DECLARATIONS

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

Building 001 - Occupancy 001:

Class Description: Auditoriums and Halls

Personal Property - All Personal Property 001:

Personal Property Coverages	Deductible	Limit	Premium
Personal Property	\$5,000	\$23,500	\$112.00
Windstorm or Hail Deductible	2%		
Theft Deductible	\$5,000		
Cause of Loss	Special		
Valuation	Replacement Cost		
Coinsurance	80%		
Cannabis Exclusion	Selected		





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COMMERCIAL PROPERTY

PROPERTY DECLARATIONS

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

Policywide Coverages: Coverages are applicable to all Locations

Policywide Coverages	Deductible	Limit	Premium
Property Protection Plus Coverage			\$441.00
Type	Gold		
Equipment Breakdown Coverage		See Endorsement	\$631.00
Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)	Selected		
Expense Constant			\$255.00

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TX 27556



Nationwide®

COMMERCIAL PROPERTY

PROPERTY DECLARATIONS

Policy Number: ACP CP013039892521

Policy Period: From 10-01-2022 To 10-01-2023

COMMERCIAL PROPERTY SCHEDULE OF MORTGAGEES

MORTGAGEE INFORMATION

Location Number	Building Number	Name	Loan Number	Address
001	001	SUSSER BANK		PO BOX 25048, ARLINGTON, TX, 76003-0000

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its Secretary and President

Dennis J. [Signature]

Mark A. Buer

Secretary

President





GENERAL LIABILITY



RT Specialty
10415 MORADO CIR
Austin, TX 78759
Jack Barfield
512-675-4406

Insurance Proposal

Cost Summary

General Liability Premium	\$1,143.00
Policy Fee	\$150.00
TX Surplus Lines Tax	\$62.71
TX Stamp Fee	\$0.97

Total Policy Cost **\$1,356.68**

Minimum Earned

Note: There may be a minimum earned on this policy. Please refer to the carrier quote for more details on the minimum earned percentage.

Disclosures

In the process of reviewing and attempting to place insurance for your client, we may perform any number of tasks that may or may not include: the review and assessment of your application, losses and risk profile, communicating with various insurance carriers or their representatives, risk analysis, policy or coverage comparison, inspections, reviewing coverage terms offered, policy issuance and servicing of the policy post binding. We may charge a fee for these services in addition to any commission that may be payable to us by the Insurance Carrier with whom we bind your client's business.

Any fees charged are fully earned at inception of the policy and will not be returned unless required by applicable law. Fees may be applicable to any transaction requiring additional premium including audits and endorsements as well as new and renewal policies. All fees will be itemized separate from premium in our quotes. Insureds are under no obligation to purchase insurance proposed by us including a fee and insurance carriers are under no obligation to bind any insurance proposed in our Quotes. The fees we charge are not required by state law or the insurance carrier.

RT Specialty is a division of RSG Specialty, LLC. RSG Specialty, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty, LLC. In California: RSG Specialty Insurance Services, LLC (License # 0G97516).



RT Specialty
10415 MORADO CIR
Austin, TX 78759
Jack Barfield
512-675-4406

Item 4.

Insurance Proposal

Subjectivities

- Signed and completed Acord Application or equivalent
- Signed TRIA form if insured is accepting or rejecting terrorism coverage
- This quote is subject to receiving currently valued, acceptable loss runs for 2017-2020

The Subjectivities outlined above are required prior to binding. Please forward all requested information with your bind request. No coverage is considered bound until confirmed in writing and all subjectivities have been addressed.

Conditions

- 25% minimum premium earned at inception.

Note that if we do not receive the required information as outlined above, we will be unable to issue a binder if requested.

Remarks

quote based on expiring



Mesa Underwriters Specialty Insurance Company

A.M. Best Rating: A XIV

Quote #: REN-MQ02377653-000

Application #:

Expiring Policy #: MP0042032003898

Policy #:

Prepared By: Fallon Connor

Effective Date: 10/01/2022

Expiration Date: 10/01/2023

Date: 08/25/2022
Tax State: TX

Applicant Name:

GRAND PRAIRIE HOUSING FINANCE CORP; COTTON CREEK & WILLOW TREE LEARNING CENTER

Mailing Address: 1000 ENTERPRISE ST
City: GRAND PRAIRIE

State: TX Zip: 75051

Retail Agent:

Agency Name: 42032-R-T Specialty, LLC

Estimated Premiums	Total
General Liability	\$1,143.00
Premium Total:	\$1,143.00
Taxes and Fees	\$0.00
TRIA	
Quote Total:	\$1,143.00
Minimum Earned	25%

This indication is valid for 30 days and is not to be construed as a binder of insurance.

General Liability

\$2,000,000	General Aggregate Limit (Other than Products/Completed Limit)
\$2,000,000	Products/Completed Operations Aggregate Limit
\$1,000,000	Personal & Advertising Injury Limit
\$1,000,000	Each Occurrence Limit
\$100,000	Damage to Premises Rented to you Limit (Any 1 Premises)
\$5,000	Medical Expenses Limit (Any 1 Person) unless amended
\$500	Deductible Amount

Location: 001

Territory: 2

Building 1000 ENTERPRISE ST
GRAND PRAIRIE, TX 75051

General Liability Coverage:

Class Code	Class Description	Exposure Basis	Final Rate Premises	Final Rate Products	Exposure	Premium
61217	Building or Premises - Bank or office - Merc or Mfg.-Maintained by insured - LRO other than NFP	Area	25.51	0.00	23,236	\$593.00
11111	Waiver of Subrogation	Each	50.00	0.00	1	\$50.00

General Liability Optional LOB Level Coverage:

Coverage	Class Code	Deductible	Occurrence Limit	Aggregate Limit	Employee Limit	Claim Limit	Premium
Hired Car	22003						\$250
Non-Owned Auto	22003						\$250
Additional Insured - Mortgagee, Assignee or Receiver	21019						N/C

Forms

Common

IL 00 17 11 98	COMMON POLICY CONDITIONS
ILN 001 09 03	FRAUD STATEMENT
ILN 178 03 13	TX CLAIM NOTICE
MUS 01 01 10001 0321	POLICY JACKET
MUS 01 01 10002 1116	COMMON POLICY DECLARATION
MUS 01 01 10003 1013	SCHEDULE OF FORMS & ENDORSEMENTS
MUS 01 01 10007 1013	MINIMUM EARNED PREMIUM ENDORSEMENT
MUS 01 01 10014 0420	TX COMPLAINT NOTICE
MUS 01 01 10038 1013	TX SERVICE OF SUIT
MUS 01 01 10043 1013	PRIVACY NOTICE

MUS 01 01 TRIA 0115

TRIA COVERAGE ACCEPT-REJCT FORM

General Liability

CG 00 01 04 13

COMMERCIAL GENERAL LIABILITY COVG FORM

CG 20 18 04 13

AI - MORTGAGEE, ASSIGNEE, OR RECEIVER

CG 21 06 05 14

EXCL - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR
PERSONAL INFORMATION AND DATA-RELATED LIABILITY -
WITH LIMITED BODILY INJ

CG 21 32 05 09

EXCL - COMMUNICABLE DISEASE

CG 21 44 04 17

LIMITATION OF COVG TO DESIGNATED PREMISES OR
PROJECT

CG 21 47 12 07

EMPLOYMENT-RELATED PRACTICES EXCLUSION

CG 21 55 09 99

EXCL - TOTAL POLLUTION EXCLUSION WITH A HOSTILE
FIRE EXCEPTION

CG 21 67 12 04

EXCL - FUNGI OR BACTERIA

CG 21 73 01 15

EXCL OF CERTIFIED ACTS OF TERRORISM

CG 21 96 03 05

EXCL - SILICA OR SILICA-RELATED DUST

CG 24 26 04 13

AMENDMENT OF INSURED CONTRACT DEFINITION

IL 00 21 09 08

NUCLEAR ENERGY LIABILITY EXCL ENDT

MUS 01 01 20001 0417

GENERAL LIABILITY COVERAGE PART DECLARATIONS

MUS 01 01 20004 0916

LIABILITY DEDUCTIBLE

MUS 01 01 20058 0816

EXCL - LEAD CONTAMINATION

MUS 01 01 20073 1013

HIRED AND NONOWNED AUTO

MUS 01 01 20080 0816

EXCL - EARTH MOVEMENT

MUS 01 01 20082 0816

EXCL - ASBESTOS

MUS 01 01 20084 0816

NON-STACKING OF LIMITS ENDORSEMENT

MUS 01 01 20094 1021

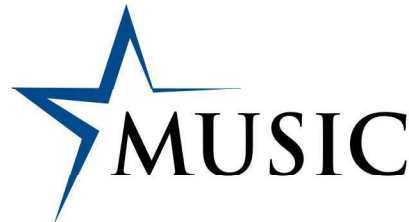
AMENDMENT OF CONDITIONS - PREMIUM AUDIT

MUS 01 01 20112 1013

EXCL - OCCUPATIONAL DISEASE

MUS 01 01 20139 0617

EXCL - INFRINGEMENT OF INTELLECTUAL PROPERTY



**IMPORTANT INFORMATION
POLICYHOLDER DISCLOSURE**

NOTICE OF INSURANCE COVERAGE FOR ACTS OF TERRORISM

You are hereby notified that under the Terrorism Risk Insurance Act, as amended you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

PLEASE SELECT ONE OF THE FOLLOWING TO EITHER ACCEPT OR REJECT TERRORISM INSURANCE COVERAGE:

- I hereby elect to purchase terrorism coverage for a prospective premium of \$_____
- I hereby decline to purchase coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

_____	MESA Underwriters Specialty Insurance Company
Policyholder/Applicant's Signature	Insurance Company
_____	_____
Print Name	Policy Number / Quote Number

Date	

Please return the original form to us through your agent. We recommend that you keep a copy of this notice for your records.



EXCESS LIABILITY



RT Specialty
10415 MORADO CIR
Austin, TX 78759
Jack Barfield
512-675-4406

Insurance Proposal

Cost Summary

Excess Liability Premium	\$500.00
TX Surplus Lines Tax	\$32.74
TX Stamp Fee	\$0.51
Policy Fee	\$175.00

Total Policy Cost **\$708.25**

Minimum Earned

Note: There may be a minimum earned on this policy. Please refer to the carrier quote for more details on the minimum earned percentage.

Disclosures

In the process of reviewing and attempting to place insurance for your client, we may perform any number of tasks that may or may not include: the review and assessment of your application, losses and risk profile, communicating with various insurance carriers or their representatives, risk analysis, policy or coverage comparison, inspections, reviewing coverage terms offered, policy issuance and servicing of the policy post binding. We may charge a fee for these services in addition to any commission that may be payable to us by the Insurance Carrier with whom we bind your client's business.

Any fees charged are fully earned at inception of the policy and will not be returned unless required by applicable law. Fees may be applicable to any transaction requiring additional premium including audits and endorsements as well as new and renewal policies. All fees will be itemized separate from premium in our quotes. Insureds are under no obligation to purchase insurance proposed by us including a fee and insurance carriers are under no obligation to bind any insurance proposed in our Quotes. The fees we charge are not required by state law or the insurance carrier.

RT Specialty is a division of RSG Specialty, LLC. RSG Specialty, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty, LLC. In California: RSG Specialty Insurance Services, LLC (License # 0G97516).



RT Specialty
10415 MORADO CIR
Austin, TX 78759
Jack Barfield
512-675-4406

Item 4.

Insurance Proposal

Subjectivities

- Signed and completed Acord Application or equivalent
- Signed TRIA form if insured is accepting or rejecting terrorism coverage
- This quote is subject to receiving currently valued, acceptable underlying GL loss runs for 2017-2020

The Subjectivities outlined above are required prior to binding. Please forward all requested information with your bind request. No coverage is considered bound until confirmed in writing and all subjectivities have been addressed.

Conditions

- 25% minimum premium earned at inception.

Note that if we do not receive the required information as outlined above, we will be unable to issue a binder if requested.



August 25, 2022

Fallon Connor
RT Specialty, LLC
10415 Morado Circle Suite 150, Building 2
Austin, TX 78759
fallon.connor@rtspecialty.com

Quote Summary

Based on the information provided, we are pleased to offer the following quote with Evanston Insurance Company. Evanston Insurance Company is a surplus lines insurer currently rated A XV by A.M. Best.

These terms are valid for thirty days from the date on this letter. Our quotation may differ from the terms requested in the submission. Please review our quotation carefully.

Named insured: GRAND PRAIRIE HOUSING FINANCE CORP; COTTON CREEK & WILLOW TREE LEARNING CENTER
Mailing Address: C/O JACKSON PROPERTY CO.,
P.O. BOX 170967
ARLINGTON, TX 76003
Transaction number: 5115499
Renewal of: EZXS3061421
Company: Evanston Insurance Company
Term quoted: 10/01/2022 to 10/01/2023 (These dates may be amended at time of binding.)

Governing Class: ISO Code: 61217
Description: Buildings or Premises - bank or office - mercantile or manufacturing - maintained by the insured (Lessor's risk only) (For-Profit)
Premium base: Area
Exposure amount: 23,236
Primary state: TX
Audit basis: Flat



Excess Liability Coverage

Limits of Insurance

\$1,000,000 Occurrence / \$1,000,000 Aggregate, excess of primary insurance (see schedule)

Premium Summary

Excess Liability Premium \$500 MP

Total Excess Liability Premium (25% minimum earned) **\$500 MP**

Terrorism

The Terrorism Risk Insurance Act (TRIA), as amended, requires insurance companies to offer limited terrorism coverage.

Additional Premium for Terrorism: A charge of 3% will be added for any risk electing Terrorism coverage. If purchased, MAUB 1696 and MUB TERR-2 will be removed and MAUB 1292, MAUB 1697 and MUB TERR-1 will be added.

Total amount due \$500.00

This quote is subject to the following:

- Receipt of current completed, signed, and dated ACORD application, and any applicable signed and dated supplemental applications. If the primary carrier did not provide a supplemental application, a Markel application may be available in the Forms & Apps area of Markel Online.
- Receipt of a copy of the underlying binders and/or policies within 30 days of binding confirming that minimum underlying limit requirements have been met.
- Receipt of 3 years of currently valued insurance company loss runs within 30 days of binding coverage.
- A signed copy of the Terrorism disclosure, MKL Terr 4, is required to bind.



Forms and Endorsements

<u>MJIL 1000 08 10</u>	Policy Jacket (Evanston)
<u>MPIL 1007 01 20</u>	Privacy Notice
<u>MPIL 1009-TX 05 20</u>	Texas Important Notice
<u>MPIL 1010-TX 05 10</u>	Texas Surplus Lines Notice
<u>MPIL 1041 02 20</u>	How To Report A Claim
<u>MPIL 1083 04 15</u>	U.S. Treasury Department's Office Of Foreign Assets Control (OFAC) Advisory Notice To Policyholders
<u>MADUB 1000 04 17</u>	Commercial Excess Liability Policy Declarations
<u>MDIL 1001 08 11</u>	Forms Schedule
<u>MEIL 1200 02 20</u>	Service Of Suit
<u>MEIL 1225 10 11</u>	Change - Civil Union
<u>MIL 1214 09 17</u>	Trade Or Economic Sanctions
<u>MADUB 1003 04 17</u>	Schedule Of Underlying Insurance
<u>MAUB 0001 01 15</u>	Commercial Excess Liability Policy
<u>MAUB 1243 04 17</u>	Unimpaired Aggregate Limit
<u>MAUB 1255 01 15</u>	Non-Drop Down Provision
<u>MAUB 1264 04 17</u>	25% Minimum Earned Premium (Excess)
<u>MAUB 1308 01 15</u>	Exclusion - Breach Of Contract
<u>MAUB 1309 03 20</u>	Exclusion - Communicable Disease
<u>MAUB 1310 04 17</u>	Exclusion - Prior Incidents And Prior Construction Defects
<u>MAUB 1312 01 15</u>	Exclusion - Residential Work Or Project - Specified States
<u>MAUB 1338 01 15</u>	Exclusion - Aircraft Products and Grounding
<u>MAUB 1355 01 15</u>	Exclusion - Nuclear Energy Liability
<u>MAUB 1384 01 15</u>	Exclusion - Employment-Related Practices
<u>MAUB 1386 01 15</u>	Exclusion - ERISA
<u>MAUB 1391 01 15</u>	Exclusion - Computer Related And Other Electronic Problems
<u>MAUB 1406-TX 04 17</u>	Texas Changes - Notice Requirements
<u>MAUB 1506 01 15</u>	Intellectual Property Rights Following Form
<u>MAUB 1543 04 17</u>	Personal And Advertising Injury Aggregate Limit Of Insurance
<u>MAUB 1600 10 20</u>	Exclusion - Cyber Incident, Data Compromise, And Violation Of Statutes Related To Personal Information
<u>MAUB 1615 01 15</u>	Exclusion - Damage To Property
<u>MAUB 1617 01 15</u>	Exclusion - Recall Of Products, Work Or Impaired Property
<u>MAUB 1618 04 17</u>	Exclusion - Sublimited Underlying Coverage
<u>MAUB 1621 01 15</u>	Exclusion - Recording And Distribution Of Material Or Information In Violation Of Law
<u>MAUB 1638 01 15</u>	Exclusion - Fungi Or Bacteria
<u>MAUB 1642 01 15</u>	Exclusion - Lead
<u>MAUB 1663 01 15</u>	Exclusion - Professional Services
<u>MAUB 1665 01 15</u>	Exclusion - Auto No-Fault And Similar Laws
<u>MAUB 1666 01 15</u>	Exclusion - War Liability
<u>MAUB 1678 01 15</u>	Exclusion - Pollution



[MAUB 1696 01 15](#)

[MAUB 1804 01 15](#)

[MAUB 1813 01 15](#)

[MAUB 1822 04 17](#)

[MAUB 1843 04 17](#)

[MUB Terr-2 01 15](#)

Exclusion Of Certified Acts Of Terrorism

Exclusion - Silica Or Mixed Dust

Exclusion - Asbestos

Exclusion - Unmanned Aircraft

Exclusion - Cross Suits

Confirmation Of Exclusion Of Certified Acts Of Terrorism Coverage -
Terrorism Risk Insurance Act



Schedule of Underlying Coverage

Commercial General Liability

Carrier	Mesa Underwriters Specialty Insurance Company	
Policy Period:	10/01/2022 to 10/01/2023	
Limits	\$1,000,000	Per Occurrence
	\$2,000,000	General Aggregate
	\$2,000,000	Products/Completed Operations Aggregate
	\$1,000,000	Personal and advertising injury

Hired and Non Owned Liability

Carrier	Mesa Underwriters Specialty Insurance Company	
Policy Period:	10/01/2022 to 10/01/2023	
Limit	Included_GL	Combined Single Limit



EVANSTON INSURANCE COMPANY POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Date: August 25, 2022

Policyholder/Applicant Name: GRAND PRAIRIE HOUSING FINANCE CORP; COTTON CREEK & WILLOW TREE LEARNING CENTER

Policy Number (if applicable):

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*. The term “act of terrorism” means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE
PLEASE “X” ONE OF THE BOXES BELOW AND TAKE THE ACTION INDICATED.

<input type="checkbox"/>	I hereby elect to purchase terrorism coverage for a prospective premium of \$ <u>15.00</u>
<input type="checkbox"/>	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant Signature

Print Name

Date



PROPERTY & CASUALTY COMMON INSURANCE COVERAGE RECOMMENDATIONS

- Property Coverages
- Liability Coverages
- Cyber / Identity Theft / Crime
- Automobile Coverage
- Workers' Compensation Coverages
- Umbrella
- Directors & Officers Liability / Employment Practices / Fiduciary
- Foreign Coverages

BOND RECOMMENDATIONS

- Contract
- Court
- Fidelity
- Financial Institution
- License & Permit
- Probate
- Public Official
- Surety

EMPLOYEE BENEFITS RECOMMENDATIONS

- HR Services
- Group Medical
- Group Dental
- Group Life and Accidental Death & Dismemberment
- Long Term Care
- Section 125 Cafeteria Plans
- Short Term Disability
- Vision
- Individual Medical/Dental

LIFE DEPARTMENT RECOMMENDATIONS

- Business Planning
- Estate Planning

RETIREMENT PLAN SERVICES RECOMMENDATIONS

- Qualified Plans
- Non-Qualified Plans

PERSONAL LINES INSURANCE RECOMMENDATIONS

- Automobile
- Home
- Flood/Earthquake
- Umbrella
- Farm & Ranch
- Watercraft/Recreational Vehicles
- Personal Articles Floater



INSURANCE CERTIFICATE MANAGEMENT RECOMMENDATIONS

CertCon Services (an affiliate of Higginbotham)

- Reviews Certificates of Insurance to ensure that the requirements in Master Service Agreements, leases, subcontracts and other agreements are met
- Provides web access to the compliance status of any vendor, tenant or subcontractor
- Controls insurance costs by avoiding unnecessary claims payments under the policy
- Helps reduce premiums and keeps clients insurable

Certificate Processing

- Helps to implement industry-specific agreements
- Requests and receives certificates from vendors, tenants, subcontractors, suppliers and others
- Analyzes certificates for compliance with agreements
- Mails or emails non-compliance reports requesting corrections
- Monitors expiration dates and requests renewal certificates
- Re-analyzes certificates upon renewal of insurance
- Updates clients of the insurance status (e.g. compliance standing, contract information, requirements, etc.) via website login



CertCon Services Contact

Rick Carson, Director of Operations
817-810-0870
rcarson@certcon.com



RISK MANAGEMENT INFORMATION SYSTEMS

MyWavePortal®

MyWave is a personalized Web site that allows you to click, connect and communicate with Higginbotham. It's designed to offer you time-saving resources that build convenience into managing your everyday work tasks—whether you want to collaborate with our agency online, quickly access timely news, information and resources, or connect with more than 100,000 peers in your industry.

- Collaboration Center
- Survey Benchmarking
- Community

MyWaveRM®

Whether you're looking for flyers to help support your employee safety programs or searching for Workers' Compensation information, MyWave's Risk Management Center combines efficiency with user-friendly tools and resources you will use time and time again.

- Safetyzone
- Documents on Command
- Resources
- Online Services

MyWaveOSHA®

To help you simplify and manage your OSHA reporting, we've gathered the occupational safety resources you need into one easily-accessible spot, with functionality and content designed to help you efficiently meet your OSHA reporting needs.

- Local and Resourceful
- OSHA Log Forms
- Reports and Analyses
- FAQs

SUCCEED RISK MANAGEMENT CENTER™

The Risk Management Center is a repository of tools that empowers you to proactively manage your risk exposures and reduce claims, losses and associated costs. Too, importing your claims data into the Center reveals the root causes of your losses through vivid reports. This information assists in determining the effectiveness of your overall property and casualty insurance programs and provides vital information for making loss control and risk management program changes. Nearly every exhibit contains brilliant charts to make the data easier to comprehend.

- Online Training Library
- Incident Tracking/Trending and Claims Reporting
- Employee Training Management
- Safety Data Sheet Management
- Behavior Based Safety Track
- Job Description Track
- Certificate of Insurance Management



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 10/25/2022

REQUESTER: Doug Jackson

PRESENTER: Sean Jackson

TITLE: ASSET AND OPERATIONS

Cotton Creek Apartments

Willow Tree Apartments

Cotton Creek & Willow Tree Rehabilitation & Modernization

Mountain Creek Senior Living

RECOMMENDED ACTION: None
