

**COMMUNITY
HOUSING
RESOURCES, INC.
(A BLENDED
COMPONENT UNIT OF
MINNEAPOLIS PUBLIC
HOUSING AUTHORITY)**

Financial Statements

December 31, 2022

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**Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)**

ORGANIZATION

December 31, 2022

Board of Directors

		<u>Term Expires</u>
Tom Hoch	Chair	December 31, 2023
Abdi Warsame	Director and President	Indefinite
Andrea Brennan	Director	December 31, 2022
Mikkel Beckmen	Director	December 31, 2023
Abdullahi Isse	Director	December 31, 2023
Cara Letofsky	Director	December 31, 2022
Tamir Mohamud	Director	December 31, 2023
James Rosenbaum	Director	December 31, 2023
Tessa Wetjen	Director	December 31, 2022
Faith Xiong	Director	December 31, 2023



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Housing Resources, Inc.
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Housing Resources, Inc. ("CHR"), a blended component unit of the Minneapolis Public Housing Authority (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise CHR's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHR, as of December 31, 2022, and the changes in financial position and its cash flows thereof 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 CHR, 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 these 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 CHR's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 judgement 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 CHR'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 judgement, there are conditions or events considered in the aggregate, that raise substantial doubt about CHR'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.

Other Matters

Management has omitted Management's Discussion and Analysis for CHR that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Although the Management Discussion and Analysis for CHR has been omitted in this report, CHR is a blended component unit of the Authority. As a blended-component unit of the Authority, CHR's financial results are incorporated into the Authority's financial statements, which include the Management's Discussion and analysis. Please refer to the Authority's financial statements for the year ending December 31, 2022 for analysis and further information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of CHR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CHR's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CHR's internal control and compliance.

May 31, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Community Housing Resources
(A Blended Component Unit of Minneapolis Public Housing Authority)

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 3,253,021
Cash and cash equivalents - restricted	224,885
Tenant accounts receivables, net	166,230
Ground lease receivable	1,438
Prepaid expenses	426,158
Total current assets	<u>4,071,732</u>

NONCURRENT ASSETS

Ground lease receivable	1,155,977
Capital assets, net	<u>38,341,462</u>
Total noncurrent assets	<u>39,497,439</u>
Total assets	<u>43,569,171</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	111,349
Unearned revenue	40,706
Tenant security deposits	223,770
Due to the Authority	1,875,644
Due to other governments	101,186
Total current liabilities	<u>2,352,655</u>

NONCURRENT LIABILITIES

Unclaimed funds	<u>1,115</u>
Total liabilities	<u>2,353,770</u>

DEFERRED INFLOW OF RESOURCES

Ground lease to related party	<u>1,147,021</u>
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NET POSITION

Net investment in capital assets	38,341,462
Unrestricted	<u>1,726,918</u>
Total net position	<u>\$ 40,068,380</u>

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

Community Housing Resources
(A Blended Component Unit of Minneapolis Public Housing Authority)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2022

OPERATING REVENUES

Rental revenue, net	\$ 13,853,865
Other operating revenue	235,242
Total operating revenues	<u>14,089,107</u>

OPERATING EXPENSES

Administration	2,603,946
Tenant services	53,326
Utilities	2,576,035
Maintenance	5,958,950
General	782,214
Depreciation	<u>1,332,368</u>
Total operating expenses	<u>13,306,839</u>

OPERATING INCOME

782,268

NONOPERATING REVENUES (EXPENSES)

Interest income	7,448
Loss on disposal of fixed assets	<u>(37,279)</u>
Total nonoperating revenues (expenses)	<u>(29,831)</u>

CHANGE IN NET POSITION BEFORE TRANSFERS

752,437

Transfers to the Authority	<u>(53,784)</u>
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CHANGE IN NET POSITION

698,653

Total net position - beginning	<u>39,369,727</u>
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Total net position - ending	<u><u>\$ 40,068,380</u></u>
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The accompanying notes are an integral part of these financial statements.

**Community Housing Resources
(A Blended Component Unit of Minneapolis Public Housing Authority)**

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Collections from tenants	\$ 13,656,606
Collections from other sources	3,687,870
Payments to suppliers	<u>(11,804,365)</u>
Net cash provided by operating activities	<u>5,540,111</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES**

Transfers to the Authority	(53,784)
Purchase of property and equipment	<u>(3,388,954)</u>
Net cash used in capital and related financing activities	<u>(3,442,738)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>7,448</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

	2,104,821
Cash and cash equivalents at beginning of the year	<u>1,373,085</u>

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

<u><u>\$ 3,477,906</u></u>

AS PRESENTED ON THE STATEMENT OF NET POSITION

Cash and cash equivalents - unrestricted	\$ 3,253,021
Cash and cash equivalents - restricted	<u>224,885</u>
	<u><u>\$ 3,477,906</u></u>

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

Community Housing Resources
(A Blended Component Unit of Minneapolis Public Housing Authority)

STATEMENT OF CASH FLOWS (continued)

For the year ended December 31, 2022

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 782,268
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,332,368
Provision for change in allowance for doubtful accounts	65,521
(Increase) decrease in assets:	
Tenant accounts receivables, net	(97,304)
Ground lease receivable	(1,157,415)
Prepaid expenses	(38,520)
Due from the Authority	3,462,017
Increase (decrease) in liabilities:	
Accounts payable	110,979
Unearned revenue	(161,219)
Tenant security deposits	(4,257)
Due to the Authority	174,028
Due to other governments	(76,381)
Unclaimed funds	1,005
Deferred inflows - ground lease	<u>1,147,021</u>
Net cash provided by operating activities	<u><u>\$ 5,540,111</u></u>

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

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Community Housing Resources, Inc. ("CHR") is a nonprofit corporation created by Minneapolis Public Housing Authority (the "Authority") on June 18, 2001. The primary purpose of CHR is to support the Authority in the development and operation of affordable housing.

CHR is governed by a ten-member Board of Directors, which consists of those persons serving as members of the Board of Commissioners of the Authority and the Executive Director of the Authority. The Board is organized with a chair and a president. The chair is the person who serves as the Chair of the Board of Commissioners of the Authority, and the president is the person who serves as the Executive Director of the Authority.

CHR is a blended component unit of the Authority and is included in the Authority's annual financial report for the year ended December 31, 2022. The Authority provides staffing and administrative services for CHR in accordance with an operating agreement.

2. Measurement focus and basis of accounting

The financial statements of CHR have been prepared in accordance with accounting principles generally accepted in the United States of America. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net position and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector; therefore, this fund is maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Revenues and Expenses*, and related guidance, tenant revenue is reported net of accounts estimated to be written-off in the amount of \$65,521.

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Assets, liabilities, deferred inflows of resources, and net position

a. Cash and cash equivalents

For financial statement purposes cash and cash equivalents are considered to be cash in banks and money market funds, with original maturities of three months or less.

b. Tenant account receivables

Tenant account receivables consist of revenues earned during the fiscal year and not yet received net of an associated allowance for doubtful accounts, if any. As of December 31, 2022, there is an allowance for uncollectible amounts of \$166,753. Allowances are determined by management based on periodic aging of tenant accounts receivable and based on management's prior experience with similar accounts.

c. Due from/to the Authority

Amount due from the Authority typically consist of payments for tenant revenues from CHR's properties. Amounts due to the Authority consist of payments for property management, maintenance, and administration to operate CHR and CHR's properties.

d. Ground leases receivable

Under GASB Statement No. 87, *Leases*, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. Management only reevaluates its determination if the terms and conditions of the contract are changed. Finance leases are included in ground lease receivable and deferred inflows of resources on CHR's balance sheet.

e. Capital assets

CHR's policy is to capitalize assets with a value in excess of \$2,500 and a useful life of at least two years. CHR capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Assets, liabilities, deferred inflows of resources, and net position (continued)

e. Capital assets (continued)

Depreciation has been determined using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	20 - 39 years
Furniture and equipment	3 - 7 years

f. Impairment of long-lived assets

CHR evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment has occurred. If CHR determines that a long-lived asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in CHR's financial statements. Management has determined that there were no impairments as of December 31, 2022.

g. Deferred inflows of resources

Deferred inflows of resources consist of a ground lease with a related party (see Note B-3).

h. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of December 31, 2022, is classified into three components of net position.

i). Net investment in capital assets

This component consists of capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

ii). Restricted net position

This category consists of components of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)**

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Assets, liabilities, deferred inflows of resources, and net position (continued)

h. Net position (continued)

iii). Unrestricted net position

This component includes all of the remaining net position that does not meet the definition of the other two components.

4. Income taxes

CHR is exempt from income tax under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3) and is classified other than a private foundation. Therefore, no provision or liability for income taxes has been included in the financial statements.

CHR accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are “more likely than not” to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken. In evaluating CHR’s tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. CHR believes their estimates are appropriate based on current facts and circumstances.

CHR’s income tax filings are subject to audit by various taxing authorities. CHR is no longer subject to income tax examinations by tax authorities for years before 2019.

5. Use of estimates

The preparation of financial statements in accordance 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.

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Standards that were adopted

In June 2017, GASB issued Statement No. 87, *Leases*, that requires lessors to recognize most leases on their balance sheet related to the rights and obligations created by those leases. The accounting treatment for finance leases and lessors remains relatively unchanged. The accounting standards update also requires additional qualitative and quantitative disclosures related to the nature, timing and uncertainty of cash flows arising from leases. CHR adopted the standard using the effective date method on January 1, 2022.

7. Impact of recently issued accounting policies

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for the CHR's December 31, 2023 fiscal year end.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the CHR's December 31, 2024 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the CHR's financial statements.

NOTE B - DETAILED NOTES

1. Cash and cash equivalents

As of December 31, 2022, CHR's unrestricted cash and cash equivalents totaled \$3,253,021. As of December 31, 2022, CHR's restricted cash and cash equivalents totaled \$224,885 and consisted of \$223,770 of tenant security deposits and \$1,115 of unclaimed funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, CHR's deposits may not be returned. CHR maintains cash and cash equivalent balances in financial institutions that are insured by the Federal Depository Insurance Corporation for up to \$250,000. As of December 31, 2022, none of CHR's total cash bank balance was exposed to custodial credit risk, as all were either insured or collateralized.

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE B - DETAILED NOTES (continued)

2. Capital assets, net

A summary of changes in CHR's capital assets are as follows:

	Balance at January 1, 2022	Transfers in/ Additions	Transfers out/ Deletions	Balance at December 31, 2022
Non-depreciable				
Land	\$ 11,681,637	\$ -	\$ -	\$ 11,681,637
Construction in progress	3,937,140	3,338,880	(3,937,140)	3,338,880
Total non-depreciable	15,618,777	3,338,880	(3,937,140)	15,020,517
Depreciated				
Buildings and improvements	71,474,676	3,937,140	(108,700)	75,303,116
Furniture and equipment	806,947	50,074	(61,393)	795,628
Total depreciated	72,281,623	3,987,214	(170,093)	76,098,744
Total capital assets	87,900,400	7,326,094	(4,107,233)	91,119,261
Less accumulated depreciation				
Buildings and improvements	(50,877,736)	(1,297,749)	71,421	(52,104,064)
Furniture and equipment	(700,509)	(34,619)	61,393	(673,735)
Total accumulated depreciation	(51,578,245)	(1,332,368)	132,814	(52,777,799)
Capital assets, net	<u>\$ 36,322,155</u>	<u>\$ 5,993,726</u>	<u>\$ (3,974,419)</u>	<u>\$ 38,341,462</u>

3. Ground lease receivable

On November 22, 2022, CHR, an entity related through the lessor, entered into a 65 year ground lease with Family Housing Resources, LP ("FHR"). The ground lease requires an annual payment of base rent of \$50,000, which includes interest at 3.8%, which shall be paid from and to the extent of available cash flow of FHR.

Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

NOTE B - DETAILED NOTES (continued)

4. Ground lease receivable

Future minimum lease payments are as follows:

<u>December 31,</u>	<u>Amount</u>
2023	\$ 1,438
2024	46,251
2025	46,265
2026	46,279
2027	46,294
2028-2032	231,709
2033-2037	232,174
2038-2042	232,738
2043-2047	233,423
2048-2052	234,254
2053-2057	235,263
2058-2062	236,487
2063-2067	237,973
2068-2072	239,776
2073-2077	241,965
2078-2082	244,622
2083-2087	292,646
	<u>\$ 3,079,557</u>

As of December 31, 2022, land leased to FHR had a historical cost of \$1,149,966.

5. Commitments and contingencies

CHR may be party to various pending or threatened legal actions in the normal course of operations. As of the date of this report, management is not aware of any such instances associated with CHR.

6. Subsequent events

CHR has evaluated subsequent events through May 31, 2023, the date that the financial statements were available to be issued, and noted no significant items to be disclosed.



**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**

Board of Directors
Community Housing Resources, Inc.
Minneapolis, Minnesota

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 Community Housing Resources, Inc. ("CHR"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise CHR's basic financial statements, and have issued our report thereon dated May 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CHR's internal control over financial reporting (internal control) as a basis for designing 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 CHR's internal control. Accordingly, we do not express an opinion on the effectiveness of CHR's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CHR'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CHR's financial statements are free of 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 financial statement. 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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the CHR failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the CHR's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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 CHR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CHR's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

May 31, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Community Housing Resources, Inc.
(A Blended Component Unit of Minneapolis Public Housing Authority)**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended December 31, 2022

2021-001 Bank Reconciliation

Condition: CHR 2021 bank reconciliations were not performed in a timely fashion, and there was no formal review performed on them.

Management Response: Staff will improve on the timeliness of completion and secondary approvals.

Status: Cleared during the current year.