

**COMMUNITY HOUSING
SERVICES AGENCY, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023

COMMUNITY HOUSING SERVICES AGENCY, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Housing Services Agency, Inc.
Savannah, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Community Housing Services Agency, Inc.** (the "Agency"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 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 the Agency 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 the 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 the Agency'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 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 the Agency'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 the Agency'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.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis ("MD&A") that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 combining statements as listed in the table of contents and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position of the Agency as of and for the year ended December 31, 2023, and have issued our report thereon dated April 8, 2024, which contained an unmodified opinion on the respective financial statements of the Agency.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024, on our consideration of the Agency'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 the Agency'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 the Agency's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
April 8, 2024

BASIC FINANCIAL STATEMENTS

COMMUNITY HOUSING SERVICES AGENCY, INC.

STATEMENT OF NET POSITION DECEMBER 31, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	13,757,974
Accrued interest receivable		6,133
Current portion of loans receivable		528,187
Real estate held for sale		3,629,460
Total current assets		<u>17,921,754</u>

Noncurrent assets:

Lease assets, net		27,029
Loans receivable, net of allowance		3,495,881
Total noncurrent assets		<u>3,522,910</u>
Total assets	\$	<u>21,444,664</u>

LIABILITIES AND NET POSITION

Liabilities

Current liabilities:

Accounts payable	\$	20,957
Current portion of leases payable		4,625
Current portion of notes payable		320,000
Total current liabilities		<u>345,582</u>

Long-term liabilities

Leases payable		21,698
Notes payable		822,348
Total long-term liabilities		<u>844,046</u>
Total liabilities		<u>1,189,628</u>

Net Position

Unrestricted		20,255,036
Total liabilities and net position	\$	<u>21,444,664</u>

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

COMMUNITY HOUSING SERVICES AGENCY, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

Operating revenues:	
Contributions and grants	\$ 6,338,162
Interest, late charges and other fees on loans	80,934
Gain (loss) on sale of real estate	261,413
Other	262,336
Total operating revenues	<u>6,942,845</u>
Operating expenses:	
Salaries and benefits	360,463
City of Savannah in-kind	169,636
Administrative expenses	136,189
Operating expenses	1,781,041
Interest expense on loans	10,082
Amortization expense	3,770
Total operating expenses	<u>2,461,181</u>
Operating income	<u>4,481,664</u>
Nonoperating revenues (expenses):	
Interest income	619,748
Interest expense	(1,147)
Total nonoperating revenues (expenses)	<u>618,601</u>
Change in net position	<u>5,100,265</u>
Net position, beginning of year	<u>15,154,771</u>
Net position, end of year	<u>\$ 20,255,036</u>

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

COMMUNITY HOUSING SERVICES AGENCY, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Program income	\$ 6,943,185
Salaries and benefits	(360,463)
City of Savannah in-kind	(169,636)
Administrative expenses	(136,189)
Operating expenses	(1,783,255)
Proceeds from property sales	2,180,790
Property purchases	(4,225,196)
Loans receivable (payments)	(793,475)
Notes receivable (payments)	421,915
Loans proceeds (payments), net	(251,660)
Net cash provided by (used in) operating activities	<u>1,826,016</u>
Cash flows from capital and related financing activities:	
Principal payments on lease payable	(4,284)
Interest paid	(1,147)
Net cash provided by (used in) capital and related financing activities	<u>(5,431)</u>
Cash flows from investing activities:	
Interest income	619,748
Net cash provided by (used in) investing activities	<u>619,748</u>
Change in cash and cash equivalents	2,440,333
Cash and cash equivalents, beginning of year	<u>11,317,641</u>
Cash and cash equivalents, end of year	<u>\$ 13,757,974</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 4,481,664</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization	3,770
Changes in assets and liabilities:	
Decrease in receivables and other assets	340
Increase in loan receivables	(804,016)
Decrease in note receivable	421,915
Increase in property held for resale	(2,044,406)
Increase in accounts payable and other liabilities	7,868
Decrease in loans payable	(241,119)
Total adjustments	<u>(2,655,648)</u>
Net cash provided by operating activities	<u>\$ 1,826,016</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

COMMUNITY HOUSING SERVICES AGENCY, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Community Housing Services Agency, Inc. (the “Agency”) was incorporated by the State of Georgia on May 19, 1989, and began operation on January 1, 1990. The Agency is governed by a Board of Directors. As a Community Development Financial Institution (“CDFI”), and administrators of the Savannah Affordable Housing Fund (“SAHF”), CHSA provides financing and technical assistance to individuals and businesses. CHSA is focused on creating, improving, and retaining real estate – workforce and affordable housing, in minority, low income, and disinvested communities in Chatham County.

As part of the Agency, the SAHF is an innovative and meaningful way for banks, businesses, non-profits and local governments to expand housing opportunities for Savannah’s modest-wage workforce and seniors. The SAHF was established in 2012 by the City of Savannah at the urging of StepUp Savannah with support from the Savannah Economic Development Authority, the Savannah Area Chamber of Commerce and other business and community leaders. It helps Savannah address its local housing needs and opportunities. It also helps leverage significant private investments. The Agency has administered the SAHF since its inception. On June 13, 2022, the City of Savannah and the Agency entered into a formal memorandum of understanding for the SAHF. For reporting purposes, SAHF is included with the Agency.

CHSA Development, Inc. (the “Subsidiary”)

The CHSA Development, Inc. (the “Subsidiary”) was incorporated by the State of Georgia on August 28, 1991, and began operation on January 1, 1992. The Subsidiary is governed by a Board of Directors. The purpose of the Subsidiary is to consult, buy, construct and operate apartment houses, office buildings and buildings and structures of all kinds in furtherance of the prevention of blight and deterioration, and the promotion of economic reinvestment, development and revitalization within neighborhoods of Savannah, Georgia. The Subsidiary is considered a blended component unit of the Community Housing Services, Inc. due to the five board members for the Subsidiary are also on the Community Housing Services, Inc. Board of Directors.

The financial statements of the Agency have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The accounts of the Agency are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The assets, liabilities and net position of the Agency are reported in one self-balancing operating fund, which includes restricted and unrestricted resources representing the portion of expendable funds that are available for support of Agency operations. Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Agency has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred inflows of resources.

C. Other Accounting Policies

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that owned the assets. Ordinary income from investments, receivables and the like is accounted for in the fund owning the assets.

D. Donated Services

The Agency reported \$169,636 of donated services from the City of Savannah (the "City") in the form of accounting services, facilities, and staffing. Additionally, a substantial number of volunteers donate significant amounts of their time in the Agency's program services. This donated time has not been reflected in the accompanying financial statements as there is no objective basis available to measure the value of such services.

E. Real Estate Held for Resale

Real estate held for resale is stated at cost. Gains or losses are recognized when the sale of the real estate is finalized.

F. Revenue Recognition

The Agency follows the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Leases

The Agency is a lessee for noncancellable leases of property. The Agency recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The Agency recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Agency determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 2. CASH AND INVESTMENTS

Unrestricted

A majority of the Agency's cash is held in the City of Savannah's Investment Fund. Due to the large amounts of cash invested by the City, a better rate of return is attainable, so the pooling provides a better rate of return for the Agency. The City's bank accounts were appropriately collateralized. Also, the City donates accounting services to the Agency.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 2023, receivables reported in the Statement of Net Position are comprised of \$6,133 of interest receivable.

NOTE 4. LOANS RECEIVABLE

As of December 31, 2023, the Agency had mortgage agreements with varying terms that had been finalized and are classified below as mortgage loans receivable. The balance of mortgage loans receivable at December 31, 2023 is as follows:

	CHSA, Inc.	Savannah Affordable Housing Fund
Short-term	\$ 327,935	\$ 200,252
Long-term	2,568,536	1,522,863
	2,896,471	1,723,115
Allowance for doubtful loans	(295,141)	(300,377)
Total loans receivable	\$ 2,601,330	\$ 1,422,738

NOTE 5. LEASE ASSETS

Leased asset activity for the fiscal year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Remeasurements	Ending Balance
Lease assets, being amortized:					
Property	\$ 34,569	\$ -	\$ -	\$ -	\$ 34,569
Total	34,569	-	-	-	34,569
Less accumulated amortization for:					
Property	(3,770)	(3,770)	-	-	(7,540)
Total	(3,770)	(3,770)	-	-	(7,540)
Total lease assets, being amortized, net	\$ 30,799	\$ (3,770)	\$ -	\$ -	\$ 27,029

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

A. Notes Payable – CHSA, Inc.

The Agency has a note payable due to the City of Savannah at December 31, 2023 in the amount of \$60,000. The loan bears a 0% interest and is due in 2025.

B. Notes Payable and Interfund Loans (Long-Term) – CHSA Development, Inc.

There are outstanding loans obtained from the Mayor and Alderman of the City of Savannah. The proceeds of such loans were used to purchase land and for construction of residential real property to be held for sale. The loans bear 0% interest and are due within 12 months of the loan agreements or when the property is sold.

The following is a summary of the foregoing notes payable as of December 31, 2023:

Mayor and Aldermen of the City of Savannah				
0% interest rate due December 31, 2024		\$		320,000
Development loans payable				762,348
Total		\$		1,082,348

C. Lease Liability

The Agency has entered into lease agreements for leasing property. The lease have been recorded at the present value of the future minimum lease payments as of the date the lease for property began. The Agency uses the implicit interest rate of 6% to compute the net present value. Lease terms on the lease is 5 years with the option to renew for two additional five-year terms.

A summary of lease liability activity for the Agency for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	\$ 30,607	\$ -	\$ 4,284	\$ 26,323	\$ 4,625
Total	\$ 30,607	\$ -	\$ 4,284	\$ 26,323	\$ 4,625

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

C. Lease Liability (Continued)

The balance of the lease liability at December 31, 2023 is as follows:

Current portion of lease liability	\$	4,625
Long-term portion of lease liability		<u>21,698</u>
Total	\$	<u><u>26,323</u></u>

Lease payments maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,625	\$ 969	\$ 5,594
2025	4,984	777	5,761
2026	5,363	571	5,934
2027	5,706	349	6,055
2028	5,645	111	5,756
	<u>\$ 26,323</u>	<u>\$ 2,777</u>	<u>\$ 29,100</u>

NOTE 7. INCOME TAXES

The Agency is exempt from federal income tax under Section 501 (a) of the Internal Revenue Code as a Publicly Supported organization as described in Section (c) (3).

It is the Agency's policy to account for any uncertainties in income tax law in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Agency recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more likely than not to be sustained. Management has evaluated the Agency's tax positions and concluded that the Agency has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment of the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements. The Agency files a 990 Return of Organization Exempt from Income Tax.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8. REVENUES AND SUPPORT

Government contributions and grants are reported on the financial statements as combined revenues. The following is a breakdown of contributed cash by contributor.

	CHSA, Inc.	Savannah Affordable Housing Fund	CHSA Development, Inc.	Total
City of Savannah loan grant	\$ 60,000	\$ -	\$ -	\$ 60,000
City of Savannah ("SAHF")	-	2,000,000	-	2,000,000
Contributions by banks	184,000	-	-	184,000
CDBG Grant Revenue	49,749	-	-	49,749
CDBG CV Grant Revenue	-	-	1,865,228	1,865,228
Donations from Private	12,104	168,151	-	180,255
Program Income	30,032	-	-	30,032
HOME Contributions	-	-	22,850	22,850
Fee income	82,226	-	-	82,226
Other contributions	58,236	1,412,099	-	1,470,335
Total	<u>\$ 476,347</u>	<u>\$ 3,580,250</u>	<u>\$ 1,888,078</u>	<u>\$ 5,944,675</u>

NOTE 9. INTERNAL TRANSFERS

Interfund transfers as of December 31, 2023 are as follows:

	CHSA, Inc.	CHSA Development, Inc.
Transfer - administrative expenses	\$ 112,851	\$ (112,851)
	<u>\$ 112,851</u>	<u>\$ (112,851)</u>

NOTE 10. CONTINGENT LIABILITIES

Grants

The Agency receives a number of grants which are subject to program compliance audits by the grantors. Noncompliance with the terms and provisions of these grant agreements could result in contingent liabilities to the grantor agencies.

Grants from the Federal Government to the Agency did exceed \$750,000 for the year ended December 31, 2023, thus a Single Audit is required.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11. SUBSEQUENT EVENTS

The Agency has evaluated events and transactions that occurred between December 31, 2023 and April 8, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING SERVICES AGENCY, INC.

COMBINING STATEMENT OF NET POSITION DECEMBER 31, 2023

	CHSA, Inc.	Savannah Affordable Housing Fund	Total CHSA, Inc.	CHSA Development, Inc.	2023 Total	2022 Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,810,107	\$ 11,234,516	\$ 13,044,623	\$ 713,351	\$ 13,757,974	\$ 11,317,641
Accrued interest receivable	6,133	-	6,133	-	6,133	6,473
Current portion of loans receivable	327,935	200,252	528,187	-	528,187	333,060
Current portion of notes receivable	-	-	-	-	-	421,915
Real estate held for sale	-	-	-	3,629,460	3,629,460	1,585,054
Total current assets	2,144,175	11,434,768	13,578,943	4,342,811	17,921,754	13,664,143
Noncurrent assets						
Lease assets, net	-	-	-	27,029	27,029	30,799
Loans receivable, net of allowance	2,273,395	1,222,486	3,495,881	-	3,495,881	2,886,992
Total noncurrent assets	2,273,395	1,222,486	3,495,881	27,029	3,522,910	2,917,791
Total assets	\$ 4,417,570	\$ 12,657,254	\$ 17,074,824	\$ 4,369,840	\$ 21,444,664	\$ 16,581,934
LIABILITIES AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	\$ 17,558	\$ -	\$ 17,558	\$ 3,399	\$ 20,957	\$ 13,089
Current portion of leases payable	-	-	-	4,625	4,625	4,284
Current portion of notes payable	-	-	-	320,000	320,000	421,915
Total current liabilities	17,558	-	17,558	328,024	345,582	439,288
Long-term liabilities:						
Leases payable	-	-	-	21,698	21,698	26,323
Notes payable	60,000	-	60,000	762,348	822,348	961,552
Total long-term liabilities	60,000	-	60,000	784,046	844,046	987,875
Total liabilities	77,558	-	77,558	1,112,070	1,189,628	1,427,163
Net Position						
Unrestricted	4,340,012	12,657,254	16,997,266	3,257,770	20,255,036	15,154,771
Total liabilities and net position	\$ 4,417,570	\$ 12,657,254	\$ 17,074,824	\$ 4,369,840	\$ 21,444,664	\$ 16,581,934

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

COMMUNITY HOUSING SERVICES AGENCY, INC.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>CHSA</u>	<u>Savannah Affordable Housing Fund</u>	<u>Total CHSA, Inc.</u>	<u>CHSA Development, Inc.</u>	<u>2023 Total</u>	<u>2022 Total</u>
Operating revenues:						
Contributions and grants	\$ 869,833	\$ 3,580,250	\$ 4,450,083	\$ 1,888,079	\$ 6,338,162	\$ 11,747,585
Interest, late charges and other fees on loans	80,934	-	80,934	-	80,934	92,109
Gain (loss) on sale of real estate	-	-	-	261,413	261,413	(296,286)
Miscellaneous	127,336	-	127,336	135,000	262,336	9,200
Total operating revenues	<u>1,078,103</u>	<u>3,580,250</u>	<u>4,658,353</u>	<u>2,284,492</u>	<u>6,942,845</u>	<u>11,552,608</u>
Operating expenses:						
Salaries and benefits	360,463	-	360,463	-	360,463	166,872
City of Savannah in-kind	169,636	-	169,636	-	169,636	151,415
Administrative expenses	136,189	-	136,189	-	136,189	70,234
Operating expenses	192,533	1,581,350	1,773,883	7,158	1,781,041	1,712,119
Interest expense on loans	10,082	-	10,082	-	10,082	34,442
Amortization expense	-	-	-	3,770	3,770	3,770
Total operating expenses	<u>868,903</u>	<u>1,581,350</u>	<u>2,450,253</u>	<u>10,928</u>	<u>2,461,181</u>	<u>2,138,852</u>
Operating income	<u>209,200</u>	<u>1,998,900</u>	<u>2,208,100</u>	<u>2,273,564</u>	<u>4,481,664</u>	<u>9,413,756</u>
Non-operating revenues (expenses):						
Interest income	86,281	513,013	599,294	20,454	619,748	160,040
Interest expense	-	-	-	(1,147)	(1,147)	(1,311)
Total non-operating revenues, net	<u>86,281</u>	<u>513,013</u>	<u>599,294</u>	<u>19,307</u>	<u>618,601</u>	<u>158,729</u>
Interfund transfers	112,851	-	112,851	(112,851)	-	-
Net income	<u>408,332</u>	<u>2,511,913</u>	<u>2,920,245</u>	<u>2,180,020</u>	<u>5,100,265</u>	<u>9,572,485</u>
Net position, beginning of year	<u>3,931,680</u>	<u>10,145,341</u>	<u>14,077,021</u>	<u>1,077,750</u>	<u>15,154,771</u>	<u>5,582,286</u>
Net position, end of year	<u>\$ 4,340,012</u>	<u>\$ 12,657,254</u>	<u>\$ 16,997,266</u>	<u>\$ 3,257,770</u>	<u>\$ 20,255,036</u>	<u>\$ 15,154,771</u>

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

COMMUNITY HOUSING SERVICES AGENCY, INC.

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>CHSA, Inc.</u>	<u>Savannah Affordable Housing Fund</u>	<u>Total CHSA, Inc.</u>	<u>CHSA Development, Inc.</u>	<u>Total</u>
Cash flows from operating activities:					
Program income	\$ 1,078,443	\$ 3,580,250	\$ 4,658,693	\$ 2,284,492	\$ 6,943,185
Salaries and benefits	(360,463)	-	(360,463)	-	(360,463)
City of Savannah in-kind	(169,636)	-	(169,636)	-	(169,636)
Administrative expenses	(136,189)	-	(136,189)	-	(136,189)
Operating expenses	(195,748)	(1,581,350)	(1,777,098)	(6,157)	(1,783,255)
Proceeds from property sales	-	-	-	2,180,790	2,180,790
Property purchases	-	-	-	(4,225,196)	(4,225,196)
Loans receivable (payments)	-	(793,475)	(793,475)	-	(793,475)
Notes receivable (payments)	-	421,915	421,915	-	421,915
Loan proceeds (payments), net	(372,456)	-	(372,456)	120,796	(251,660)
Net cash provided by (used in) operating activities	<u>(156,049)</u>	<u>1,627,340</u>	<u>1,471,291</u>	<u>354,725</u>	<u>1,826,016</u>
Cash flows from noncapital financing activities:					
Interfund transfers	112,851	-	112,851	(112,851)	-
Net cash provided by (used in) investing activities	<u>112,851</u>	<u>-</u>	<u>112,851</u>	<u>(112,851)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Principal payments on lease payable	-	-	-	(4,284)	(4,284)
Interest paid	-	-	-	(1,147)	(1,147)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,431)</u>	<u>(5,431)</u>
Cash flows from investing activities:					
Interest income	86,281	513,013	599,294	20,454	619,748
Net cash provided by investing activities	<u>86,281</u>	<u>513,013</u>	<u>599,294</u>	<u>20,454</u>	<u>619,748</u>
Change in cash and cash equivalents	43,083	2,140,353	2,183,436	256,897	2,440,333
Cash and cash equivalents, beginning of year	1,767,024	9,094,163	10,861,187	456,454	11,317,641
Cash and cash equivalents, end of year	<u>\$ 1,810,107</u>	<u>\$ 11,234,516</u>	<u>\$ 13,044,623</u>	<u>\$ 713,351</u>	<u>\$ 13,757,974</u>
Reconciliation of operating income to net cash provided (used in) operating activities:					
Operating income	\$ 209,200	\$ 1,998,900	\$ 2,208,100	\$ 2,273,564	\$ 4,481,664
Adjustments to reconcile operating income to net cash provided (used in) operating activities:					
Amortization	-	-	-	3,770	3,770
Changes in assets and liabilities:					
Decrease in receivables	340	-	340	-	340
Increase in loan receivables	(10,541)	(793,475)	(804,016)	-	(804,016)
Decrease in note receivables	-	421,915	421,915	-	421,915
Increase in property held for resale	-	-	-	(2,044,406)	(2,044,406)
Increase in accounts payable and other liabilities	6,867	-	6,867	1,001	7,868
Increase (decrease) in loans payable	(361,915)	-	(361,915)	120,796	(241,119)
Total adjustments	<u>(365,249)</u>	<u>(371,560)</u>	<u>(736,809)</u>	<u>(1,918,839)</u>	<u>(2,655,648)</u>
Net cash provided (used in) operating activities	<u>\$ (156,049)</u>	<u>\$ 1,627,340</u>	<u>\$ 1,471,291</u>	<u>\$ 354,725</u>	<u>\$ 1,826,016</u>

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



**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
Community Housing Services Agency, Inc.
Savannah, Georgia**

We have audited, 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, the financial statements of the Community Housing Services Agency, Inc. (the "Agency") as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 statements. 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

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
April 8, 2024



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

**To the Board of Directors
Community Housing Services Agency, Inc.
Savannah, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the financial statements of the Community Housing Services Agency, Inc. (the "Agency") 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 the Agency's major federal program for the year ended December 31, 2023. The Agency's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

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 the Agency 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 the Agency's 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 the Agency's federal program.

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 the Agency's 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 the Agency's compliance with the requirements of the 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 the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's 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 the Agency's 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 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
April 8, 2024

COMMUNITY HOUSING SERVICES AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass Through Program Title	Assistance Listing Number	Grant ID Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Passed through City of Savannah				
CDBG - Small Cities Program Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 1,818,879	\$ -
Total U.S. Department of Housing and Urban Development			1,818,879	-
Total Expenditures of Federal Awards			\$ 1,818,879	\$ -

COMMUNITY HOUSING SERVICES AGENCY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Community Housing Services Agency, Inc. (the "Agency") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. NON-CASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of non-cash assistance during the year. There were also no loans or loan guarantees outstanding at year-end.

NOTE 3. DE MINIMIS INDIRECT COST RATE

The Agency did not use the 10% de minimis indirect cost rate.

NOTE 4. SUBRECIPIENTS

The Agency did not pass through any grant funds to subrecipients for the year ended December 31, 2023.

COMMUNITY HOUSING SERVICES AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECMEBER 31, 2023

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP. Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major program:

AL Number

14.218

Name of Federal Program or Cluster

**U.S. Department of Housing and
Urban Development**
Community Development Block
Grant

Dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Auditee qualified as a low-risk auditee? Yes No

COMMUNITY HOUSING SERVICES AGENCY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS**

None reported.