



## FINANCIAL STATEMENT REQUIREMENTS

WHEDA requires annual delivery of audited financial statements for **most** WHEDA-financed projects. The audit must be performed by an independent accountant, signed by the owner and management agent, and submitted to WHEDA within 60 days of fiscal year end (FYE). Submission should be done through each project's Procorem Workcenter. For more details, refer to Addendum A below (Audited and Reviewed Statement Requirements).

**All** projects are required to complete the Standardized Financial Template and submit within 60 days of their FYE. The most recent version of WHEDA's Standardized Financial Template can be downloaded here: <https://www.wheda.com/developers-and-property-managers/forms-manuals-and-resources/asset-management-forms>

Below is a list of projects that **may** be eligible for an ongoing audit waiver along with the type of financial report required in lieu of an audit. Examples of exceptions to the ongoing audit waiver include loans with a "Watch" status and those serviced by WHEDA on behalf of 3<sup>rd</sup> parties. Contact your assigned Portfolio Risk Officer with questions on eligibility and waiver approval.

Type of Project	Requirement
Projects without Section 8 assistance, no HTC (Housing Tax Credits) no Housing Trust Funds or HTC past initial 15-year compliance period <b>and</b> aggregate WHEDA loan balance between \$500,000 - \$10,000,000.	Reviewed Financial Statement
Projects with American Recovery and Reinvestment Act awards (TCAP) past initial 15-year compliance period.	Reviewed Financial Statement
Projects with American Rescue Plan Act awards past initial 15-year compliance period.	Reviewed Financial Statement
Projects without Section 8 assistance, no HTC, no Housing Trust Funds or HTC past initial 15- year compliance period <b>and</b> aggregate WHEDA loan balance of less than \$500,000.	Standardized Financial Template

## **ADDENDUM A**

### **AUDITED AND REVIEWED STATEMENT REQUIREMENTS**

The audit and reviewed statement must be performed in accordance with Generally Accepted Accounting Principles (GAAP), issued by the Comptroller General of the United States. In addition, the audit must be prepared in accordance with generally accepted auditing standards (GAAS), issued by the American Institute of Certified Public Accountants (AICPA).

The audit or reviewed statement must:

- Be performed by an independent certified public accountant (CPA);
- Include the name and contact information of the lead CPA responsible for the preparation of the report;
- Be signed by both the owner and management agent;
- Provide a management letter of comments and recommendations, if any.

#### **The below entity types will need to adhere to additional specific audit requirements:**

- For-profit entities receiving Section 8 Assistance Payments: refer to HUD's CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS HANDBOOK 2000.4
- Non-profit organizations receiving Section 8 Assistance Payments, Public Housing Authorities and State or Local Governments are typically subject to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) for new awards and additional funding to existing awards made after December 26, 2014 (existing awards should follow OMB Circular A-133). They should provide an organizational audit with all supplementary data on a project-specific basis.

#### **Supporting Data to be Included in all Audited or Reviewed Statements:**

- I. Itemized Accounts and Notes Receivable other than from tenants. WHEDA requires any amount due from WHEDA or a similar entity to be identified separately. *(Please include Section 8 special claims and reserve releases reimbursed the following year for expenses incurred in the reporting year)*
- II. A Schedule of Delinquent Tenant Accounts Receivable.
- III. Any amounts distributed to partners.
- IV. A list of all non-WHEDA held deposit accounts.
- V. Related party transactions.
- VI. Calculation of Preservation Fee, if applicable.
- VII. Computation of Surplus Cash, if applicable. (See addendum B).
- VIII. WHEDA Standardized Financial Template

## **ADDENDUM B**

### **COMPUTATION OF SURPLUS CASH**

This calculation is required for projects with surplus cash notes payable to WHEDA or projects with a required remittance of surplus cash funds. WHEDA reserves the right to discuss distributions in the event of an operating deficit or a debt coverage ratio under 1.0.

**Please note:** Projects required by HUD to compute surplus cash may use HUD's form in lieu of the calculation below.

**+ CURRENT ASSETS (A)**

Line 1: Project Cash

Line 2: *MEMO ONLY*: Tenant Security Deposits

Line 3: Accounts Receivable due from WHEDA

Line 4: Other Accounts Receivable (due within 30 days)

Line 5: Real Estate Taxes

**TOTAL CURRENT ASSETS**

**- CURRENT LIABILITIES (B)**

Line 6: Accounts Payable (due within 30 days only)

Line 7: Accounts Payable due to WHEDA

Line 8: Mortgage Interest Payable

Line 9: Prepaid Rent from Tenants

Line 10: Accrued Expenses

Line 11: Accrued Real Estate Taxes

Line 12: *MEMO ONLY* - Tenant Security Deposits

**TOTAL CURRENT LIABILITIES**

**= SURPLUS CASH**

**Instructions for computing Surplus Cash  
(the corresponding accounts can be found on the Balance Sheet )**

Line 1	<i>Account 1120.01 and 1170.11. Do not include partnership cash or tenant security deposits.</i>
Line 2 & Line 12	<i>Account 1191.01 and 2191.01 respectively. Include Tenant Security Deposits as a Memo Item only. The asset account must always equal or exceed the liability account, including accrued interest, if any. If this is not the case, an Account Payable due to the under-funding should be established and included in the computation of Surplus Cash.</i>
Line 3	<i>Account 1140.91. Include amounts related to replacement reserve draw requests for items paid from project funds and approved by WHEDA but not reimbursed prior to FYE.</i>
Line 4	<i>Account 1140.01. Other Accounts Receivable (due within 30 days)</i>
Line 5 & Line 11	<i>Account 1310.22 and 2150.11 respectively. Real Estate Escrow and Accrued Property Tax.</i>
Line 6	<i>Account 2110.91. Accounts Payable within 30 days.</i>
Line 7	<i>Account 2115.21 and 2190.01</i>
Line 8	<i>Account 2130.01 and 2130.31.</i>
Line 9	<i>Account 2210.01. Prepaid rent revenue from tenants.</i>
Line 10	<i>Account 2120.01, 2120.11, and 2120.31. All other accrued expenses.</i>