

**Independence Square, Inc.
(A Nonprofit Corporation)
(Independence Square)
HUD Project No. 115-EH088
San Antonio, Texas**

Financial Statements
and Supplemental Information

June 30, 2023

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

CONTENTS
June 30, 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	5
Statement of Cash Flows	6
Notes to the Financial Statements	8
Supplemental Information	13



Independent Auditors' Report

To the Directors
Independence Square, Inc.
(Independence Square)

Opinion

We have audited the accompanying financial statements of Independence Square, Inc. (Independence Square) (the "Project"), (A Nonprofit Corporation), which comprise the statement of financial position as of June 30, 2023, 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 Independence Square as of June 30, 2023, and the results of its operations 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 Independence Square 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 Independence Square'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, including omissions, 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 Independence Square'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 Independence Square'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.

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 13 to 18 is presented for the 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.

Maddox & Associates, APC

Baton Rouge, Louisiana
August 21, 2023

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Statement of Financial Position
June 30, 2023

ASSETS

CURRENT ASSETS

Cash-Operations	\$	3,335
Tenant Accounts Receivable		1,290
Accounts Receivable-HUD		21
Prepaid Expenses		12,340
Total Current Assets		<u>16,986</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust	2,913
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Replacement Reserve	<u>63,519</u>
Total Restricted Deposits	63,519

FIXED ASSETS

Land	41,835
Buildings	524,564
Building Equipment-Portable	35,938
Furniture for Project/Tenant Use	18,206
Furnishings	16,251
Motor Vehicles	10,428
Miscellaneous Fixed Assets	<u>20,046</u>
Total Fixed Assets	667,268
Less Accumulated Depreciation	<u>463,806</u>
Net Fixed Assets	<u>203,462</u>

TOTAL ASSETS

\$	<u><u>286,880</u></u>
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Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Statement of Financial Position
June 30, 2023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable-Operations	\$	4,945
Accrued Wages Payable		988
Accrued Management Fee Payable		905
Accrued Interest Payable-First Mortgage		861
Mortgage Payable-First Mortgage (short-term)		34,959
Prepaid Revenue		443
Total Current Liabilities		<u>43,101</u>

DEPOSITS HELD IN TRUST-FUNDED

Tenant Security Deposits Held in Trust (contra)	2,913
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LONG-TERM LIABILITIES

Mortgage Payable-First Mortgage	<u>76,750</u>
Total Long-Term Liabilities	<u>76,750</u>

Total Liabilities	122,764
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NET ASSETS

Without Donor Restrictions	<u>164,116</u>
Total Net Assets	<u>164,116</u>

TOTAL LIABILITIES AND NET ASSETS

\$	<u><u>286,880</u></u>
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Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Statement of Activities
For the Year Ended June 30, 2023

REVENUES:

Rent	\$ 226,633
Financial	520
Other	<u>259</u>
Total Revenue	227,412

EXPENSES:

Project Services	
Administrative	62,002
Utilities	25,149
Operating and Maintenance	28,788
Taxes and Insurance	18,090
Financial	11,707
Depreciation	<u>31,602</u>
Total Project Service Expenses	177,338
Support Services-Management and General	
Administrative	<u>24,334</u>
Total Support Service Expenses	<u>24,334</u>
Total Expenses	201,672
Gain on Retention of Residual Receipts	<u>7,000</u>
Change in Net Assets Without Donor Restrictions	32,740
Net Assets, Beginning of Period	<u>131,376</u>
NET ASSETS, END OF PERIOD	<u><u>\$ 164,116</u></u>

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Rental Receipts	\$ 199,687
Interest Receipts	520
Other Receipts	259
Total Receipts	<u>200,466</u>
Administrative	(18,656)
Management Fees	(11,743)
Utilities	(24,548)
Salaries and Wages	(37,168)
Operating and Maintenance	(22,638)
Property Insurance	(15,893)
Miscellaneous Taxes and Insurance	(11,411)
Tenant Security Deposits	(692)
Interest on Mortgage	(11,953)
Total Disbursements	<u>(154,702)</u>
Net Cash Provided by Operating Activities	<u>45,764</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Purchase of Fixed Assets	<u>(2,950)</u>
Net Cash Used in Investing Activities	<u>(2,950)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Mortgage Principal Payments	<u>(31,890)</u>
Net Cash Used in Financing Activities	<u>(31,890)</u>

Change in Cash, Cash Equivalents, and Restricted Cash	10,924
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CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Beginning of Period	<u>58,843</u>
End of Period	<u><u>\$ 69,767</u></u>

(continued)

See accompanying notes to the financial statements.

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Statement of Cash Flows (continued)
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	32,740
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation Expense		31,602
Gain on Retention of Residual Receipts		(7,000)
Decrease (Increase) in:		
Tenant Accounts Receivable		79
Accounts Receivable-Other		(21)
Prepaid Expenses		(12,340)
Increase (Decrease) in:		
Accounts Payable		1,955
Accrued Liabilities		(306)
Accrued Interest Payable		(246)
Tenants Security Deposits Held in Trust		(692)
Prepaid Revenue		(7)
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>45,764</u>

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Notes to the Financial Statements
June 30, 2023

1. Organization and Summary of Significant Accounting Policies

The Project is a 9-unit apartment project for adults with developmental (intellectual) disabilities located in San Antonio, Texas. The project is a non-profit corporation organized on June 21, 1983 under the laws of the State of Texas. Construction of the Project was completed on May 23, 1986 and the Project began collecting rents July 1986. The Project is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Independence Square, Inc., a corporation sponsored by Mission Road Developmental Center, holds legal title to the Project. The accompanying financial statements include only the assets and related liabilities of Independence Square.

The Project also is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Project's rental income is received from HUD. The project has eight units under the HAP Agreement that HUD is allowing two tenants to occupy at the same time. Under the agreement, the Project may not increase rents charged to tenants without HUD approval.

The Project's regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers and directors.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including August 21, 2023, which is the date the financial statements were issued.

Revenue Recognition: The Project's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The Project records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 Housing Assistance Payments Contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference from the calculated subsidy and the contract rent is paid by the HUD. The current contract expires on May 31, 2026.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Project believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Project on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet, and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Notes to the Financial Statements (continued)
June 30, 2023

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among project services and supporting services. Expenses allocated to supporting services include conventions and meetings, management fee, audit expense, and bookkeeping fees. All supporting service expenses were allocated at 100%.

Cash, Cash Equivalents, and Restricted Cash: For the purposes of the Statement of Cash Flows, the Project considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Concentration of Credit Risk: The project maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The project has not experienced any losses in such accounts.

Allowance for Uncollectible Receivables: Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation: The Project's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided by the straight-line method over the estimated useful life of the asset.

Buildings	40 years
Land and Building Improvements	7-15 years
Furniture, Fixtures, and Equipment	5-7 years
Motor Vehicles	5 years

Impairment of Long-Lived Assets: The Project reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There is no impairment loss recognized for the period ending June 30, 2023.

Other Liabilities: Accrued expenses for compensated absences, vacations, and sick pay are not shown due to the fact that amount of the liability cannot be reasonably estimated. It is the Project's policy to expense these items when they are incurred.

Interest Expense: The Project has expensed all interest and none has been capitalized.

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Notes to the Financial Statements (continued)
June 30, 2023

Income Taxes: Neither the Project nor its nonprofit corporate owner is subject to federal income taxes under IRC 501(C)(3). The Project files information returns in the U.S. federal jurisdiction. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. There are no interest and penalties related to income taxes recognized in the statement of activities. The Project has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

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 certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic Concentrations: The Project's primary asset is its 9-unit apartment project. The Project's operations are concentrated in the multifamily housing real estate market. In addition, the Project operates in a regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

2. Mortgage Payable

The mortgage note, insured by the Federal Housing Administration, is payable over 40 years in monthly installments, including principal and interest of \$3,654 at 9.25%. All interest is charged to expense. This note is secured by a mortgage on the real estate and improvements thereon. The maturity date is May 1, 2026.

Maturities of the mortgage note payments for the next five years and thereafter are:

Fiscal year ending June 30, 2024	\$	34,959
2025		38,333
2026		38,417
2027		0
2028		0
Remaining Balance		0
	\$	<u>111,709</u>

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Notes to the Financial Statements (continued)
June 30, 2023

3. Related Party-Identity of Interest

Related Party: Mission Road Developmental Center
Relationship: Sponsor
Transactions: Property, Liability, Automotive Insurance, and Reimbursable Expenses
Amount paid for services: \$23,573
Amount payable at June 30, 2023: None

During the year, the Project prepaid Mission Road Developmental Center for insurance premiums in the amount of \$8,500 and lawn service in the amount of \$3,840.

4. Management Fee

The Project has contracted with RC Management, Inc. to provide management services. The charges for these services are based upon a management agreement. The charges are 3.75% of collected rental income and \$11 per unit, per month in special add-on fees. For the period ended June 30, 2023, management fees charged amounted to \$5,287. The balance owed RC Management, Inc. at June 30, 2023 is \$905.

Until December 31, 2022, the Project contracted with Suzanne Smith Management Company to provide management services. The charges for these services were based upon a management agreement. The charges are 7.50% of collected rental income. For the period ended June 30, 2023, management fees charged amounted to \$7,361. There is no balance owed Suzanne Smith Management Company at June 30, 2023.

5. Restricted Funds

Under the Regulatory Agreement, the Project is required to establish and maintain a replacement reserve account for the replacement of property and other project expenditures as approved by HUD. The Project is also required to complete a computation of surplus cash. Surplus cash is the cash remaining after all expenses of the project are paid less current obligations of the current reporting period. If surplus cash exists, the Project is required to deposit surplus cash into the replacement reserve account within 60 days of the Project's year-end. Restricted funds are held in separate accounts and generally are not available for operating purposes.

6. Cash, Cash Equivalents, and Restricted Cash

In accordance with Accounting Standards Update (ASU) 2016-18, "Restricted Cash", the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the amounts presented in the statement of cash flows:

	Beginning of Period	End of Period
Cash-Operations	\$ 12,323	\$ 3,335
Tenant Security Deposits Held in Trust	3,605	2,913
Escrow Deposits	605	0
Replacement Reserve	40,159	63,519
Residual Receipts Reserve	2,151	0
	<u>\$ 58,843</u>	<u>\$ 69,767</u>

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Notes to the Financial Statements (continued)
June 30, 2023

7. Net Assets Without Donor Restrictions

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions. There are no self-imposed limits on net assets.

8. Liquidity and Availability

The Project's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consists of operating cash and accounts receivable. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

The Project manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can be easily predicted since they are comprised mostly of rent and subsidy receipts. Cash outflows are planned accordingly so as not to exceed those expected inflows. A minimal amount of excess cash is on hand in the event of unexpected outflows. In addition, the Organization maintains funds in a reserve for replacement for planned property improvements and may be used only with the approval of HUD.

9. Residual Receipts Contingency

Regulations require the return of residual receipts to HUD unless the funds are authorized by HUD to be retained by the Project for possible future uses. The use of these funds is contingent upon HUD's prior written approval. HUD authorized the recapture of residual receipt balances in excess of \$250 per unit ("retained balance") through the Project's Section 8 Contract. There is no residual receipts account at June 30, 2023.

10. Accounts Receivable from HUD

"Accounts Receivable-HUD" includes \$21 in miscellaneous voucher adjustments.

SUPPLEMENTAL INFORMATION

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD
June 30, 2023

Financial Statement Data:

Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash-Operations	3,335
1130	Tenant Accounts Receivable	1,290
1135	Accounts Receivable-HUD	21
1200	Prepaid Expenses	12,340
1100T	Total Current Assets	16,986
1191	Tenant Security Deposits Held in Trust	2,913
1320	Replacement Reserve	63,519
1300T	Total Deposits	63,519
1410	Land	41,835
1420	Buildings	524,564
1440	Building Equipment-Portable	35,938
1450	Furniture for Project/Tenant Use	18,206
1460	Furnishings	16,251
1480	Motor Vehicles	10,428
1490	Miscellaneous Fixed Assets	20,046
1400T	Total Fixed Assets	667,268
1495	Less Accumulated Depreciation	463,806
1400N	Net Fixed Assets	203,462
1000T	Total Assets	286,880
Liabilities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts Payable-Operations	4,945
2120	Accrued Wages Payable	988
2123	Accrued Management Fee Payable	905
2131	Accrued Interest Payable-First Mortgage	861
2170	Mortgage Payable-First Mortgage (short-term)	34,959
2210	Prepaid Revenue	443
2122T	Total Current Liabilities	43,101
2191	Tenant Security Deposits Held in Trust (contra)	2,913
2320	Mortgage Payable-First Mortgage	76,750
2300T	Total Long-Term Liabilities	76,750
2000T	Total Liabilities	122,764
Net Assets		
<u>Account</u>	<u>Description</u>	<u>Value</u>
3131	Without Donor Restrictions	164,116
3130	Total Net Assets	164,116
2033T	Total Liabilities and Equity/Net Assets	286,880
Rent Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	101,918

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD (continued)
June 30, 2023

5121	Tenant Assistance Payments	141,055
5100T	Total Rent Revenue	242,973

Vacancies		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	16,340
5200T	Total Vacancies	16,340
5152N	Net Rental Revenue	226,633

Financial Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5440	Revenue from Investments-Replacement Reserve	520
5400T	Total Financial Revenue	520

Other Revenue		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	259
5990-020	Gain on Retention of Excess Residual Receipts	7,000
5990	Miscellaneous Revenue	7,000
5900T	Total Other Revenue	7,259
5000T	Total Revenue	234,412

Administrative Expenses		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	2,012
6250	Other Renting Expenses	512
6310	Office Salaries	10,040
6311	Office Expense	6,497
6320	Management Fee	12,648
6330	Manager or Superintendent Salaries	17,651
6331	Administrative Rent Free Unit	26,997
6350	Audit Expense	5,240
6351	Bookkeeping Fees/Accounting Services	4,434
6390	Miscellaneous Administrative Expenses	305
6263T	Total Administrative Expenses	86,336

Utilities Expense		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6450	Electricity	12,556
6451	Water	7,066
6453	Sewer	5,527
6400T	Total Utilities Expense	25,149

Operating & Maintenance Expenses		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	8,980
6515	Supplies	1,837
6520	Contracts	16,995
6525	Garbage and Trash Removal	976
6500T	Total Operating and Maintenance Expenses	28,788

Taxes & Insurance		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6711	Payroll Taxes	3,692

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD (continued)
June 30, 2023

6720	Property and Liability Insurance	7,393
6722	Workmen's Compensation	1,059
6723	Health Insurance and Other Employee Benefits	5,946
6700T	Total Taxes and Insurance	18,090

Financial Expenses

<u>Account</u>	<u>Description</u>	<u>Value</u>
6820	Interest on Mortgage (or Bonds) Payable	11,707
6800T	Total Financial Expenses	11,707

Operating Results

<u>Account</u>	<u>Description</u>	<u>Value</u>
6000T	Total Cost of Operations Before Depreciation and Amortization	170,070
5060T	Profit (Loss) Before Depreciation and Amortization	64,342
6600	Depreciation Expenses	31,602
5060N	Operating Profit or (Loss)	32,740

Change in Net Assets from Operations

<u>Account</u>	<u>Description</u>	<u>Value</u>
3247	Change in Net Assets Without Donor Restrictions	32,740
3250	Change in Total Net Assets from Operations	32,740

Part II

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans and HUD-held and HUD-insured first mortgages.	31,890
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	13,599
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	0
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy program that are included as expense items on this Profit and Loss statement.	0

Equity Data

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1100-060	Previous Year Net Assets Without Donor Restrictions	131,376
3247	Change in Net Assets Without Donor Restrictions from Operations	32,740
3131	Net Assets Without Donor Restrictions	164,116
S1100-050	Previous Year Total Net Assets	131,376
3250	Change in Total Net Assets from Operations	32,740
3130	Total Net Assets	164,116

Cash Flow from Operating Activities

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-010	Rental Receipts	199,687
S1200-020	Interest Receipts	520
S1200-030	Other Receipts	259
S1200-040	Total Receipts	200,466
S1200-050	Administrative	(18,656)

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD (continued)
June 30, 2023

S1200-070	Management Fees	(11,743)
S1200-090	Utilities	(24,548)
S1200-100	Salaries and Wages	(37,168)
S1200-110	Operating and Maintenance	(22,638)
S1200-140	Property Insurance	(15,893)
S1200-150	Miscellaneous Taxes and Insurance	(11,411)
S1200-180	Interest on Mortgage	(11,953)
S1200-230	Total Disbursements	(154,010)
S1200-240	Net Cash Provided by (Used in) Operating Activities	46,456

Cash Flow from Investing Activities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-245	Net Deposits to the Mortgage Escrow Account	605
S1200-250	Net Deposits to the Replacement Reserve Account	(23,360)
S1200-260	Net Deposits to the Residual Receipts Account	2,151
S1200-330	Net Purchase of Fixed Assets	(2,950)
S1200-350	Net Cash Provided by (Used in) Investing Activities	(23,554)

Cash Flow from Financing Activities		
<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-360	Principal Payments-First Mortgage (or Bonds)	(31,890)
S1200-460	Net Cash Provided by (Used in) Financing Activities	(31,890)
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	(8,988)

Cash and Cash Equivalents		
<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	12,323
S1200T	End of Period	3,335

Reserve for Replacements:

In accordance with the provisions of the Regulatory Agreement, restricted cash is to be used for replacement of property and various other uses, with the approval of HUD as follows:

Balance, June 30, 2022	\$	40,159
Total Monthly Deposits		13,599
Investment Income		520
Other Deposits-Surplus Cash		7,099
Other Deposits-Transfer from Residual Receipts Account		2,151
Approved Withdrawals		0
Other Withdrawals-Service Charges		(9)
Balance, June 30, 2023	\$	63,519

Deposits Suspended or Waived

No

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD (continued)
June 30, 2023

Residual Receipts Reserve:

Balance, June 30, 2022	\$ 2,151
Total Required Deposit	0
Investment Income	0
Approved Withdrawals	0
Other Withdrawals-Transfer to Replacement Reserve Account	(2,151)
Balance, June 30, 2023	\$ 0

Computation of Surplus Cash, Distributions, and Residual Receipts-Annual

Cash	\$ 6,248
Tenant Subsidy Due for Period Covered by Financial Statement	21
Total Cash	\$ 6,269
Accrued Mortgage Interest Payable	861
Accounts Payable-30 Days	4,945
Accrued Expenses [not escrowed]	1,893
Prepaid Revenue	443
Tenant Security Deposits Liability	2,913
Total Current Obligations	11,055
Surplus Cash (Deficiency)	\$ (4,786)

Schedule of Fixed Assets Accounts-Detail

	Beginning			Ending
	Balance	Additions	Deductions	Balance
Land	\$ 41,835	\$ 0	\$ 0	\$ 41,835
Buildings	520,092	4,472	0	524,564
Building Equipment-Portable	35,938	0	0	35,938
Furniture for Project/Tenant Use	18,206	0	0	18,206
Furnishings	16,251	0	0	16,251
Motor Vehicles	10,428	0	0	10,428
Miscellaneous Fixed Assets	20,046	0	0	20,046
Total	\$ 662,796	\$ 4,472	\$ 0	667,268
Accumulated Depreciation	\$ 432,204	\$ 31,602	\$ 0	463,806
Net Book Value				\$ 203,462
Description				Additions (Deductions)
2 Water Heaters				\$ 2,950
Fire Panel				1,522

Independence Square, Inc.
(Independence Square)
HUD Project No. 115-EH088

Supplementary Data Required by HUD (continued)
June 30, 2023

Certifying Officers:

Knox Pitts, President
Carol White, Secretary
TIN: 74-2291607
Phone: (210) 531-0577
Certification Date: August 21, 2023

Certifying Management Agent:

RC Management, Inc.
John Mckee, Secretary
TIN: 74-1671920