

STRENGTHMATTERS®

COURSE TITLE: Strength Matters Boot Camp on Financial Reporting for Rental Housing Not-for-Profit Enterprises

DATES: Weekly, typically on Wednesdays, from May 15, 2024 through August 14, 2024.

Exceptions: Tuesday, June 11 and Tuesday, July 16.

No class the weeks of May 20 and July 1.

NEW: No class June 19.

TIMES: 1:00PM ET/10:00AM PT start time. End time varies by Module, each is 1.5-2 hours.

LOCATION: Virtual Classroom via Zoom

TRAINERS:

Rita B. Dela Cruz, CPA, CGMA, Partner, Lindquist, von Husen and Joyce LLP

Gayle Lacroix, CPA, Chief Financial Officer, Volunteers of America of Massachusetts

OVERALL COURSE LEARNING OBJECTIVES:

After completing this course, participants will be able to understand their role in an affordable housing project financed with Low-Income Housing Tax Credits. Participants should be able to identify financial structuring and reporting issues as they arise and research best practices for the structure, recording and financial reporting of transactions frequently encountered by affordable housing enterprises. The goal is to enable each participant to assist with the production of financial reports that are consistent with generally accepted accounting principles applied within this industry.

COURSE DESCRIPTION:

This course is designed to provide an overview of the accounting and financial reporting issues faced by a not-for-profit housing enterprise throughout the lifecycle of an affordable housing deal that is financed with Low-Income Housing Tax Credits. Anyone involved in a LIHTC deal, including the finance, development and asset management staff, as well as the audit and tax public accounting professionals, would benefit from this course. Professionals working in this field require industry-specific information on numerous topics. Financial staff need to understand the financial reporting requirements unique to each entity type, such as limited partnerships. Knowledge of the funding sources unique to the industry, such as LIHTC and other programs, is also needed. Project surplus cash calculations and the loan and regulatory agreements to be considered are important to understand as well. Using materials published by Strength Matters, participants will also focus on additional financial reporting issues that arise throughout the life cycle of an affordable housing property, from predevelopment through year 15 investor exits and beyond.

We will use several techniques to accomplish the goals of this 11-module course including lecture, group questions, individual reflection exercises, reading and case studies. The course will be presented by two instructors, consisting of a CPA who specialize in the affordable housing industry and the CFO of an affordable housing enterprise.

Field of Study: Accounting **Level:** Intermediate **Delivery Method:** Group Internet

Prerequisite: Experience with the accounting of not-for-profit rental housing owner or related service provider is helpful but not required.

Optional Advance Preparation: Review *Advance Prep_Affordable Housing Boot Camp* PDF.

Total CPE Credits Available: Up to 20 CPEs (see module list for CPEs per module). CPEs earned is dependent upon actual learning time for each module. Learning time can vary considerably, depending on participant questions.

CPA PARTICIPANTS SEEKING CONTINUING EDUCATION CREDITS (CPEs):

If you would like to receive a certificate of completion to document the CPEs earned for this course, **please LOG IN to the web classroom with your full name and email prior to the start of each module, AND complete all Polls presented throughout the course.** Polling question submission and attendance records will be used to verify full participation prior to issuing certificates of completion. **We recommend logging in at least 10 minutes prior the start of the session** to allow you time to work out any technical difficulties. It is imperative that participants be logged in prior to the scheduled start time in order to receive full credit.

Please contact Lindsay Wells at consult.lwells@gmail.com with questions about CPEs for this course.

ASYNCHRONOUS VIEWING & CPEs:

CPE credits are awarded for verified LIVE participation time only. Sessions will be recorded for asynchronous viewing, but only real-time participation in sessions counts toward CPE credits earned.

EARNING CPE CREDIT:

Credits are earned for actual learning time. Credits earned may differ slightly from those noted in the list of modules below. 50 minutes of live learning = 1 CPE. Partial credits may be earned after the first full CPE for a module. For example: Full participation in a 1.5-hour session with a 10-minute break earns 1.6 CPEs. A participant who leaves the session 10 minutes early will earn 1.2 CPEs. A participant who leaves halfway through a module – logging only 45 minutes in the session – will NOT be eligible to earn CPEs for that module.

Registration: The registration fee is \$775 per person. Registration is open at <https://strengthmatters.net/boot-camp-registration-2024-virtual-summer/>. The deadline for registration is Monday, May 13, 2024.

Changes, Cancellation, Refunds and Substitutions: Change requests and cancellations can be made by emailing info@strengthmatters.net.

Cancellations: The deadline to cancel and receive a full refund is Monday, May 13, 2024.

Substitutions: If you are not able to attend, you may send another staff person in your place. The deadline for substitutions is Monday, May 13, 2024.

Contact Information: For more information regarding policies, or to issue a complaint, please email Lindsay Wells at consult.lwells@gmail.com.



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MODULE LIST AND CORE COMPETENCIES

COURSE MODULES

Note: CPEs are earned for actual learning time and may differ from those below.

1. **May 15:** Identify the Deal, Grants & Contributions, Predevelopment Best Practices (2 hrs/1.8-2.0 CPEs)
2. **May 29:** Entity Formation and Deal Structure (1.5 hrs/1.2-1.6 CPEs)
3. **June 5:** Deal Structure, Deal Cycle & Participants, Qualified Allocation Plans, LIHTC calculations and the State Determination Letters (1.5 hrs/1.4-1.6 CPEs)
4. **June 11:** Financial Projections, Investor Letters of Intent (2 hrs/1.6-2.0 CPEs)

REVISION: NO CLASS JUNE 19

5. **June 26:** New Construction, Rehab & Funders Requisition (2 hrs/1.6-2.0 CPEs)
6. **July 10:** Cost Certifications & 8609's (2 hrs/1.6-2.0 CPEs)
7. **July 16:** Transition to Operations, Key Operating Documents (1.5 hrs/1.4-1.6 CPEs)
8. **July 24:** Operations Issues (1.5 hrs/1.6-1.8 CPEs)
9. **July 31:** Financial Statement Presentation & Intro to Surplus Cash (1.5 hrs/1.2-1.6 CPEs)
10. **Aug. 7:** Surplus Cash Case Studies (2 hrs/1.8-2.0 CPEs)
11. **Aug. 14:** Consolidation and Year 15 Issues (<2 hrs/1.6-1.8 CPEs)

CORE COMPETENCIES AND LEARNING OBJECTIVES:

Module 1: Identify the Deal, Grants & Contributions, Predevelopment Best Practices

Competency 1.1: Understand the types of revenue to be received by an organization prior to construction and how they are accounted for.

Learning Objective 1.1a: By the end of session day one, participant will correctly identify the difference between a contribution, loan, or grant.

Learning Objective 1.1b: By the end of session day one, participant will correctly explain how those revenue sources are accounted for by both not-for-profit and for-profit entities.

Competency 1.2: Identify best practices in financial reporting for new construction or occupied rehab.

Learning Objective 1.2: By the end of session day one, participant will be able to describe certain financial reporting best practices and the consequences when these practices are not adhered to.

Module 2: Entity Formation and Deal Structure

Competency 2.1: Identify the key elements of Not-for-Profit organizations, Limited Partnerships and Limited Liability Companies

Learning Objective 2.1: By the end of session day one, participant will be able to understand the key differences between Not-for-Profit organizations, Limited Partnerships and Limited

Competency 2.2: Apply understanding of housing ownership entity characteristics to financial accounting and reporting for both not-for-profit and for-profit affordable housing rental entities.

Learning Objective 2.2a: By the end of session day one, participant will correctly identify the entity types typically used to own affordable rental property.

Learning Objective 2.2b: By the end of session day one, participant will correctly identify the number of and purpose for the entities used to own affordable rental housing.

Module 3: Deal Structure, Deal Cycle & Participants, Qualified Allocation Plans, LIHTC calculations and the State Determination Letters

Competency 3.1: Identify and describe the numerous stakeholders in the development of a single affordable residential rental property.

Learning Objective 3.1a: By the end of session day one, participants will be able to identify the key stakeholders and the role that they play in the construction/development of an affordable residential rental property.

Learning Objective 3.1b: By the end of session day one, participant will understand the source of Low-Income Housing Tax Credits and the public policy message that the program communicates.

Learning Objective 3.1c: By the end of session day one, participant will be able to discuss other construction matters of interest to the finance and accounting staff.

Competency 3.2: Identify the purpose of a Qualified Allocation Plan by State Agencies

Learning Objective 3.2: Understand how a state Qualified Allocation Plan can be used to assist the organization in obtaining tax credits for its project

Competency 3: Identify the components of both the Acquisition and Rehab credit calculations and some of the key elements of organizing the finances of a deal.

Learning Objective 3.3a: By the end of the session, participants will understand the components of the low-income housing tax calculations

Learning Objective 3.3b: By the end of session, participant will be able to calculate both the Acquisition and Rehab Low Income Housing tax credit proceeds

Learning Objective 3.4: By the end of session day one, participant will be able to discuss other construction matters of interest to the finance and accounting staff.

Module 4: Financial Projections, Investor Letters of Intent

Competency 4.1: Understand the development and operating projections.

Learning Objective 4.1a: By the end of the session, participants will understand the

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components of the development cost projections.

Learning Objective 4.1b: By the end of session, participants will be able to identify the components of the operating cost projections.

Competency 4.2: Understand the fundamentals of the LIHTC credit calculations

Learning Objective 4.2: Participants will be able to prepare a simple LIHTC credit calculation

Competency 4.3: Understand the role of the investor

Learning Objective 4.3: By the end of session day one, participant will understand the criteria used to select an investor and understand what an investor is looking for before they make an investment through review of their projections.

Module 5: New Construction, Rehab & Funders Requisition

Competency 5.1: Understand the role that the financial staff play when requisitioning for construction funds and the characterization of the costs incurred along with other construction considerations.

Learning Objective 5.1: By the end of session, participants will be able to understand and prepare a requisition of funds for construction.

Module 6: Cost Certifications & 8609s

Competency 6.1: Identify and describe the purpose for a cost certification.

Learning Objective 6.1: By the end of session day two, participant will be able to prepare/review a cost certification.

Competency 6.2: Understand the use of Form 8609

Learning Objective 6.2: By the end of session, participants will be able to understand the purpose of the Form 8609 and the number of forms needed for each development project.

Module 7: Transition to Operations, Key Operating Documents

Competency 7.1: Play a role in managing the key financial reporting issues encountered once operations commence and the importance of understanding the key elements of the partnership agreement and other key documents.

Learning Objective 7.1a: By the end of the session, participants will be able to identify the key financial reporting issues encountered during operations and their role in their oversight.

Learning Objective 7.1b: By the end of the session, participants will understand the key sections of a partnership agreement or other deal agreements that will need to be understood by the financial accounting staff.

Module 8: Operations Issues

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Competency 8.1: Identify the key accounting issues to be considered throughout the year.

Learning Objective 8.1a: By the end of the session, participants will be able to identify several accounting issues to be managed throughout the year.

Learning Objective 8.1b: By the end of the session, participants will be able to identify the key agreements that contain the information needed to understand a number of operating issues, like debt service, reserves and cash distributions.

Module 9: Financial Statement Presentation & Intro to Surplus Cash

Competency 9.1: Identify financial statements prepared by a not-for-profit versus those of a residential limited partnership.

Learning Objective 9.1: By the end of the session, participants will be to explain the major differences between not-for-profit financial statements and residential partnership financial statement.

Module 10: Surplus Cash Case Studies

Competency 10.1: Understand and prepare the Surplus Cash Waterfall for an affordable housing property and its role in supporting the parent organization.

Learning Objective 10.1a: By the end of the session, participants will correctly identify which deal documents need to be considered when calculating surplus cash and to whom cash is distributed.

Learning Objective 10.1b: By the end of the session, participants will be able to calculate surplus cash and the distribution schedule.

Module 11: Consolidation and Year 15 Issues

Competency 11.1: Understand what consolidated/consolidating financials include.

Learning Objective 11.1a: By the end of the session, participants will be able to identify consolidated/consolidating financial statements.

Learning Objective 11.1b: By the end of the session, participants will be able to explain the purpose for eliminating entries.

Learning Objective 11.1c: By the end of the session, participants will be able to identify and explain what the non-controlling interest in the equity section is.

Competency 11.2: Understand what types of management analysis must be before the end of a tax credit compliance period and what entity formation is needed when re-syndicating.

Learning Objective 11.2a: By the end of the session, participants will be able to identify at least three key business terms to be considered before the end of a compliance period.

Learning Objective 11.2b: By the end of the session, participants will be able to explain the

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difference in the corporate structure for an original syndication versus a re-syndication.
