



# STRENGTH MATTERS

## Boot Camp on Financial Reporting for Rental Housing Nonprofit Enterprises

### Module 11: Consolidation and Year 15 Issues

**Wednesday, August 18, 2021**  
**1:00 – 3:00 PM Eastern**



# Meet the Presenters

**Gayle H. LaCroix, CPA**

Chief Financial Officer

Roxbury Tenants of Harvard Association, Inc.



**Rita B. Dela Cruz, CPA, CGMA**

Partner

Lindquist, von Husen & Joyce LLP



# CPE Credit Requirements

- We use polls and the Zoom attendance record to verify participation throughout the session.
- **Participants seeking CPE credits must:**
  - Participate fully in the learning activities and submit ALL polls throughout the course.
  - Log in to each session with first name, last name and email before the scheduled start time.
  - Request a certificate via the final evaluation or email.
- **If you plan to petition your state board of accountancy for CPE credits, please submit ALL polls, including the final evaluation.**



Certificates will be sent after the final session. For more information on CPE credits, **contact Lindsay Wells at [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com)**.

# Getting Started

- If you have a technical issue, including issues with Polls, please contact the Host via **Chat**.
- Please use the **Chat** feature to submit all content questions.
- We will pause for questions during the presentation.
- Participants will be muted during the course presentation. Participant breakout rooms offer small group discussion with audio and video sharing.

## **Module 11: Consolidation and Year 15 Issues** ***120 min/2.0 CPEs***

- See CPE Summary handout for **Core Competencies and Learning Objectives.**

### **Module 11 Materials**

***Please have your Handouts  
PDF available for reference.***

1. Mission Central Corporation Financial Statement Excerpts
2. Organizational Chart – Resyndication

## Topics covered to date

- Module 1
  - Identify the Deal; Grants, Contributions & Exchange Transactions; Predevelopment Best Practices
- Module 2
  - Entity Formation and Deal Structure
- Module 3
  - Deal Structure, Deal Cycle & Participants, QAP, LIHTC calculations and the State Determination Letters
- Module 4
  - Financial Projections, Investor Letters of Intent
- Module 5
  - New Construction, Rehab & Funders Requisition
- Module 6
  - Cost Certifications & 8609's

## **Topics covered to date (continued)**

- Module 7
  - Transition to Operations, Key Operating Documents
- Module 8
  - Operations Issues
- Module 9
  - Financial Statement Presentation & Intro to Surplus Cash
- Module 10
  - Surplus Cash Case Studies

# **Module 11: Consolidation and Year 15 Issues**

Topics for this session:

- Consolidation
- Best practices
- Year 15
- Resyndication



## **Class Participant Introductions**

*Please share the following in your **Breakout Room***

*In 60 seconds or less...*

**Please share:**

- **your name**
- **where you work**
- **your organizational role**

# Consolidation

## Poll 1

1. Consolidated financial statements are prepared to present the complete financial position of an organization that includes all subsidiaries.
  - A. False
  - B. True

# Consolidation

- View of a single entity
- Common control
- Elimination entries
- Non-controlling interests

# Consolidation

## Poll 2

1. Eliminating Entries are used:
  - A. To remove activity between the parent company and unrelated parties
  - B. To remove activity between the parent company and related parties
  - C. Both A and B above

# Consolidation Best Practices

- Establish one-to-one affiliated account matching
  - Each specific asset account should agree to a specific liability account
- Denote affiliated accounts with unique identifier in chart of accounts
  - for example ending in “-001”
- Determine whether one accounting group is responsible for recording items on both sides
  - for example accrued interest on affiliated debt; property management fees
- Reconcile affiliate accounts across the entire portfolio more than once a year
- Establish accounting entity in accounting system to post eliminating entries

# Consolidation

- Statement of Financial Position (Balance Sheet)
- Statement of Changes in Net Assets (Income Statement)
- Statement of Functional Expense
- Statement of Net Assets

# Consolidation

## Poll 3

1. Statement of Functional Expense is meant to show the Agency's expenses by:
  - A. Type of Natural Expense (what the funds were spent on)
  - B. Type of Program (what the funds were spent for)
  - C. Parent/Subsidiary
  - D. A & B
  - E. All of the above

# Break

- We will take a 10-minute break.
- Remain logged in during the break.
- Please return promptly.
  - This is especially important for participants seeking CPEs so that you may receive full credit.



## Checking In

### Poll 4

*Please use the **Zoom Chat** to share what has been most helpful.*

1. Have you learned anything today that you already know will directly impact your work?
  - A. Yes, definitely.
  - B. Maybe.
  - C. No, definitely not.
  - D. Not sure.

## Year 15

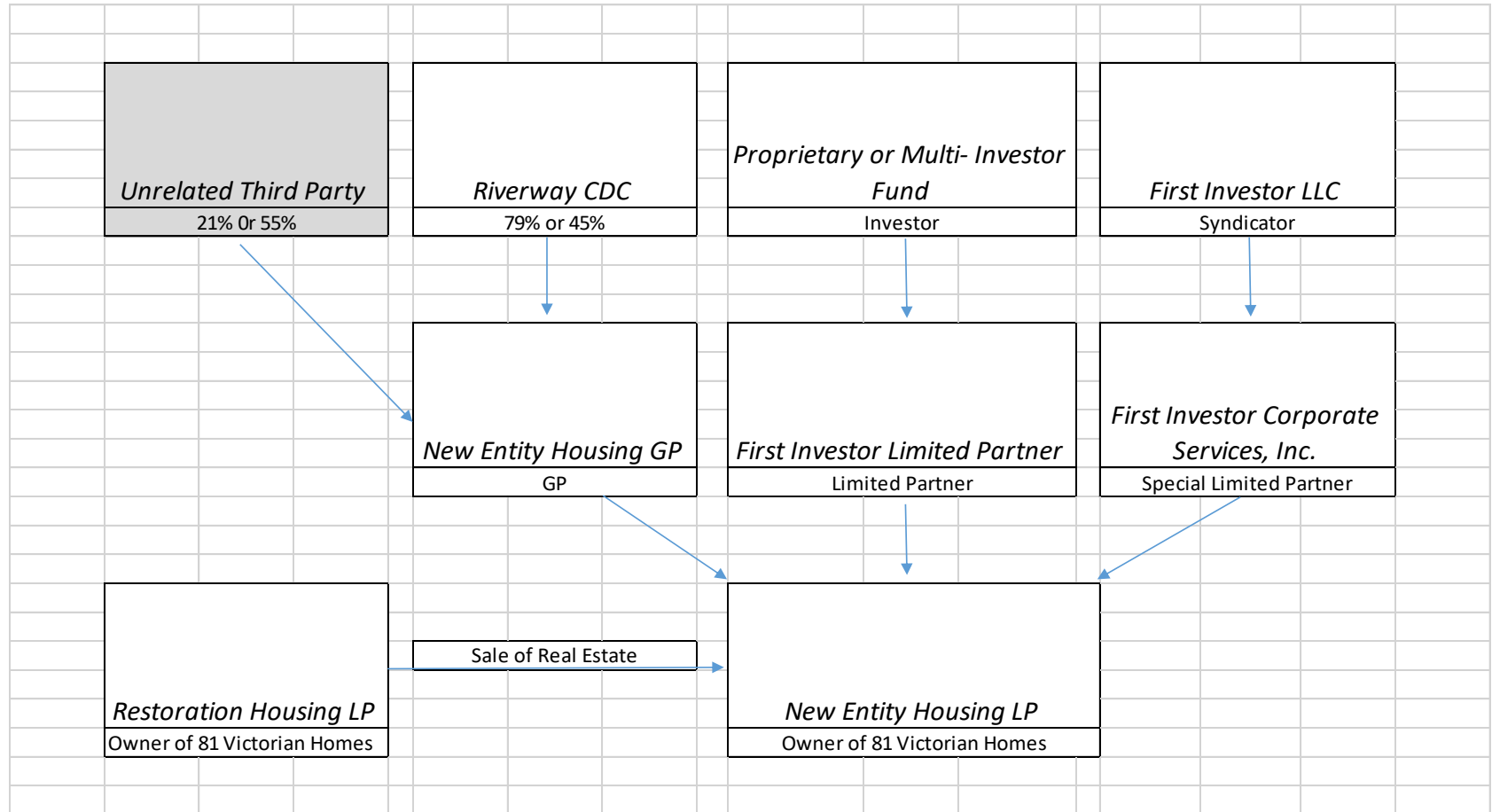
- Typical buy-out structures
  - A new limited partner (controlled by the GP) buys out the investor's interest and the partnership continues (no change in title or loans)
  - The partnership sells the property to a new affiliate (a new partnership or LLC)
- Impact of reserve balances on buyout price
- Accounting for property transferred to a controlled entity
  - No Step up in basis for GAAP purposes
- Importance of planning for the transaction early
  - Make a plan in year 10 based on your rights under the option agreement

## Year 15

### Poll 5

1. When should you begin to think about the year 10 or year 15 exit?
  - A. When you are negotiating with the investor before the partnership agreement is signed
  - B. About half-way through the tax credit period
  - C. A year before the exit

# Year 15 and Resyndication



## Year 15

### Poll 6

You have completed the class!!!!

1. Would you recommend this class to others in your organization?
  - A. Yes, definitely
  - B. Maybe, it depends
  - C. No

# QUESTIONS?

- Please use the **Zoom Chat** to submit questions.
- Instructors will remain on the line to answer remaining questions.

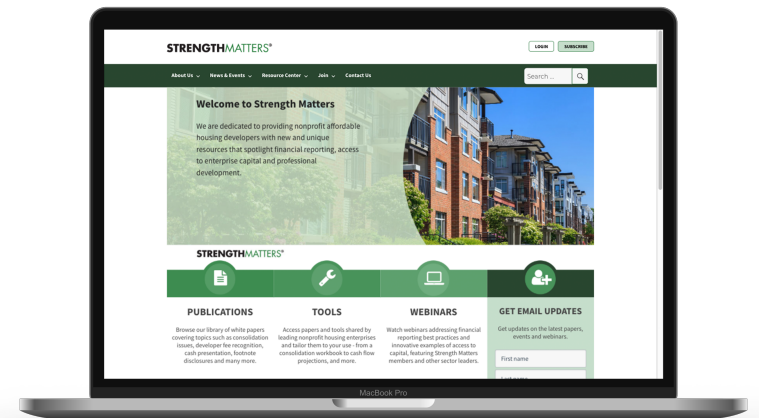
**This is the FINAL session. Congratulations on completing this course!**

# EVALUATION POLL & CPE REQUEST

**Your feedback is important to us!**

- ✓ Please complete the evaluation poll.
- ✓ You may **request CPE credit** via this poll.
- ✓ Email [info@strengthmatters.net](mailto:info@strengthmatters.net) with any questions or concerns.

Visit [www.strengthmatters.net](http://www.strengthmatters.net) to subscribe and access resources.



# CONTACT INFORMATION

**Gayle H. Lacroix**

[ghlacroix@roxburytenants.org](mailto:ghlacroix@roxburytenants.org)

617-232-4306 ext.108

**Scott Seamands**

[sseamands@lvhj.com](mailto:sseamands@lvhj.com)

415-905-5408

**Lindsay Wells**

*(CPE credit contact)*

[consult.lwells@gmail.com](mailto:consult.lwells@gmail.com)



Visit [www.strengthmatters.net](http://www.strengthmatters.net) for more resources, and become a member today!

