

**The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)  
(Rebekah Baines Johnson Center)  
HUD Project No. TX59M000075  
Austin, Texas**

Financial Statements  
and Supplemental Information

December 31, 2022



**MADDOX & ASSOCIATES, APC**

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To the Department of Housing  
and Urban Development

Attached is the financial report of The Austin Geriatric Center, Inc., (A Nonprofit Corporation), (Rebekah Baines Johnson Center), HUD Project No. TX59M000075 for the year ended December 31, 2022.

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*Maddox & Associates, APC*

March 26, 2023

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

CONTENTS

December 31, 2022

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities	6
Statement of Cash Flows	7
Notes to the Financial Statements	9
Supplementary Information Required by HUD	17
Schedule of Expenditures of Federal Awards	22
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	25
Schedule of Findings and Questioned Costs	28
Summary Schedule of Prior Audit Findings	29
Corrective Action Plan	30
Certification of Officers	31
Management Agent's Certification	32
Independent Accountants' Report on Applying Agreed-Upon Procedures	33



## **Independent Auditors' Report**

To the Directors  
The Austin Geriatric Center, Inc.  
(Rebekah Baines Johnson Center)

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Austin Geriatric Center, Inc. (Rebekah Baines Johnson Center), (the "Project"), which comprise the statement of financial position as of December 31, 2022, 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 present fairly, in all material respects, the financial position of Rebekah Baines Johnson Center as of December 31, 2022, and the changes in its net assets 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 and the standards applicable to financial audits contained 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 Rebekah Baines Johnson Center 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 Rebekah Baines Johnson Center'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 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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center'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 17 to 21 is presented for the purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2023 on our consideration of Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center's internal control over financial reporting and compliance.



Baton Rouge, Louisiana  
March 26, 2023

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)  
(Rebekah Baines Johnson Center)  
HUD Project No. TX59M000075  
Statement of Financial Position  
December 31, 2022

**ASSETS**

**CURRENT ASSETS**

Cash-Operations	\$ 8,062,326
Construction Cash Account	13,766
Accounts and Notes Receivable-Operations	177,907
Prepaid Expenses	19,836
<b>Total Current Assets</b>	<b>8,273,835</b>

**DEPOSITS HELD IN TRUST-FUNDED**

Tenant Security Deposits Held in Trust	39,163
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**RESTRICTED DEPOSITS AND FUNDED RESERVES**

Escrow Held by Title Company	393,734
<b>Total Restricted Deposits</b>	<b>393,734</b>

**LONG-LIVED AND OTHER ASSETS HELD FOR SALE**

3,343,799

**OTHER ASSETS**

Investment in AGC RBJ MM LLC (Notes 4 and 13)	6,304,755
Note Receivable-AGC RBJ LLC (Note 7)	6,479,000
Note Receivable-AGC RBJ LLC (Note 6)	8,400,000
Interest Receivable-AGC RBJ LLC (Note 6)	588,449
<b>Total Other Assets</b>	<b>21,772,204</b>

**TOTAL ASSETS**

**\$ 33,822,735**

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Statement of Financial Position  
December 31, 2022

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable-Operations	\$ 3,986
Other Loans and Notes (short-term)	6,479,000
Total Current Liabilities	<u>6,482,986</u>

**DEPOSITS HELD IN TRUST-FUNDED**

Tenant Security Deposits Held in Trust (contra)	<u>25,200</u>
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Total Liabilities 6,508,186

**NET ASSETS**

Without Donor Restrictions	<u>27,314,549</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 33,822,735



The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Statement of Activities  
For the Year Ended December 31, 2022

**REVENUES:**

Rent-Tenants	\$ 942,074
Rent-Commercial	13,922
Service Coordinator Revenue	86,229
Financial	53,825
Other	675,263

Total Revenue 1,771,313

**EXPENSES:**

Project Services	
Administrative	306,510
Utilities	347,912
Operating and Maintenance	248,266
Taxes and Insurance	159,589
Service Coordinator Expenses	120,708
Depreciation	34,599
Total Project Service Expenses	1,217,584

Support Services-Management and General

Administrative	91,337
Total Support Service Expenses	91,337

Total Expenses 1,308,921

Change in Net Assets Without Donor Restrictions 462,392

Net Assets, Beginning of Period 26,852,157

**NET ASSETS, END OF PERIOD \$ 27,314,549**

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Statement of Cash Flows  
For the Year Ended December 31, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Rental Receipts	\$ 874,833
Interest Receipts	53,825
Gifts	5,300
Other Receipts	451,011
Total Receipts	<u>1,384,969</u>
Administrative	(149,476)
Management Fees	(53,627)
Utilities	(375,388)
Salaries and Wages	(241,820)
Operating and Maintenance	(98,554)
Property Insurance	(89,950)
Miscellaneous Taxes and Insurance	(48,607)
Tenant Security Deposits	(13,750)
Other Operating Expenses	(131,899)
Total Disbursements	<u>(1,203,071)</u>
Net Cash Provided by Operating Activities	181,898

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Purchase of Fixed Assets	<u>(335,974)</u>
Net Cash Used in Investing Activities	(335,974)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

	<u>0</u>
Change in Cash, Cash Equivalents, and Restricted Cash	(154,076)

**CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:**

Beginning of Period	<u>8,663,065</u>
End of Period	<u>\$ 8,508,989</u>

(continued)

See accompanying notes to the financial statements.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Statement of Cash Flows (continued)  
For the Year Ended December 31, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$	462,392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense		34,599
Decrease (Increase) in:		
Tenant Accounts Receivable		60,012
Accounts Receivable-Other		(87,656)
Accrued Receivable		(219,231)
Prepaid Expenses		33,829
Increase (Decrease) in:		
Accounts Payable		(45,067)
Accrued Liabilities		(7,384)
Tenants Security Deposits Held in Trust		(13,750)
Prepaid Revenue		(35,846)
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>181,898</u>

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements  
December 31, 2022

## 1. **Organization and Summary of Significant Accounting Policies**

The Project is a 250-unit 16 story apartment tower (sometimes referred to as the “Tower Apartments”) for the elderly located in Austin, Texas. The Project 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 accompanying financial statements include only the assets and related liabilities of The Austin Geriatric Center, Inc. (“AGC”).

In 2018, AGC filed a condominium declaration (the “Master Condominium Declaration”) with respect to all of the approximately 17 acres of land owned by it. Four (4) condominium units were created by the Master Condominium Declaration, with each unit covering a specific portion of the 17 acres tract. The Tower Apartments are located on one of the condominium units (“Unit A”).

Subsequently, AGC filed a subcondominium declaration with respect to which it divided Master Unit A into two (2) subunits. Units A-1 (the “Wrap Subunit”) and Unit A-2 (the “Tower Subunit”). The Tower Apartments are located on the Tower Subunit, and AGC owns that unit.

On June 29, 2018, AGC entered into a Master Development Agreement Project Supplement (the “Third Party Sale Agreement”) providing for the sale by AGC of three (3) of the condominium lots (not including any part of Unit A) created by the Master Condominium Declaration (the “Market Rate Subunits”) to a third party developer. Land sales for two of the three Market Rate Subunits (referred to in the Third Party Sale Agreement as the “South Market Tract” and the “Mixed Use Tract”) were executed in 2019. The land sale for the third Market Rate Subunits (referred to in the Third Party Sale Agreement as the “North Market Tract”) was executed in 2020. See Note 4 for the details.

In addition to the sale of the Market Rate Subunits in accordance with the Third Party Sale Agreement, on September 15, 2018, AGC (as “Seller”) and AGC RBJ, LLC, an entity in which, as of such date, a wholly owned subsidiary of AGC was the sole member, (as “Buyer”) entered into an Agreement of Purchase and Sale (the “Wrap Subunit Sale Agreement”) pursuant to which AGC agreed to sell the Wrap Subunit to AGC RBJ, LLC for the purpose of constructing approximately 279 additional affordable housing units (the “Wrap Apartments”) for senior people on the Wrap Subunit. The Wrap Subunit Sale Agreement was amended three times throughout 2018 and 2019, with a final purchase price for the Wrap Subunit of \$8,000,000. See Note 4 for the details.

Effective September 9, 2020, AGC (as “Seller”) and AGC RBJ II, LLC, an entity in which a wholly owned subsidiary of Seller is the sole member, (as “Buyer”) entered into an Agreement of Purchase and Sale (the “Tower Sales Agreement”) pursuant to which AGC agreed to sell the Tower Apartments and its land to AGC RBJ II, LLC. The Tower Sales Agreement specifies a purchase price for the Tower Apartments of \$10,000,000; provided, however, that the purchase price may be adjusted prior to closing of the sale based on a range of factors. The closing date is expected to occur in July 2023.

Based on the Third Party Sale Agreement and the Wrap Subunit Sale Agreement, fixed assets and construction in progress as of December 31, 2022 are classified as “Assets Held for Sale” on the Statement of Financial Position. See additional information in Note 14.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

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 March 26, 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 March 31, 2040.

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.

*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, legal expense, 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. AGC has \$3,886,870 and \$3,801,299 cash at risk in excess of the \$250,000 FDIC guarantee at Prosperity Bank and Frost Bank, respectively. AGC has not experienced any losses in such accounts.

The Austin Geriatric Center, Inc.  
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HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

*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:* AGC'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	5-33 years
Furniture, Fixtures, and Equipment	3-20 years

*Impairment of Long-Lived Assets:* AGC 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 December 31, 2022.

*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 AGC's policy to expense these items when they are incurred.

*Interest Expense:* AGC has expensed all interest and none has been capitalized.

*Income Taxes:* AGC is a nonprofit corporation and is not subject to federal income taxes under IRC 501(C)(3). AGC 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. AGC has not taken any tax positions that would significantly increase or decrease any unrecognized tax benefit within twelve months of the reporting date.

*Contributions:* AGC reports contributions of cash and other assets as with or without donor restrictions depending on if there are stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

AGC reports contributions of fixed assets as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, AGC reports expirations of donor restrictions when the contributed or acquired long-lived assets are placed in service.

*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:* AGC's primary asset is its 250-unit Tower Apartments. AGC's operations are concentrated in the multifamily housing real estate market. In addition, AGC operates in a regulated environment. The operations of AGC 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. Net Assets**

AGC classifies net assets into two categories: without donor restrictions and with donor restrictions. All net assets are considered to be without donor restrictions unless specifically restricted by the donor or by law. Net assets with donor restrictions include contributions with temporary, donor-imposed time or purpose restrictions. Net assets with donor restrictions become unrestricted and are reported in the statement of activities as net assets released from donor restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

At December 31, 2021, there were no net assets with donor restrictions. During the year, the Project did not receive any donations with restrictions. As of December 31, 2022, there are no net assets with donor restrictions.

**3. Management Fee**

AGC has contracted with DMA Properties, LLC to provide management services. The charges for these services are based upon a management agreement. The charges for the subsidized units are 4.15% of collected rental income not to exceed \$45 per unit, per month. The charges for all other units are 6.00% of collected rental income. For the period ended December 31, 2022, management fees charged amounted to \$46,243. There is no balance owed DMA Properties, LLC at December 31, 2022.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

**4. Land Sales**

The following contains the details of the three land sales that AGC made during 2019 and the one land sale made during 2020:

<u>Description</u>	<u>Acreage:</u>	<u>Buyer:</u>	<u>Date:</u>	<u>Purchase Price:</u>	<u>Cost Basis:</u>	<u>Expenses:</u>	<u>Gain:</u>
South Market	4.1494	Hatchery Development, LLC	1/11/2019	\$ 8,133,652	\$ 114,865	\$ 32,437	\$ 7,986,350
Mixed Use	2.7583	Hatchery Phase II, LP	6/25/2019	\$ 2,000,000	\$ 76,356	\$ 10,794	\$ 1,912,850
Unit A-1	3.2455	AGC RBJ, LLC	10/25/2019	\$ 8,000,000	\$ 89,843	\$ 0	\$ 7,910,157
North Market	4.4082	Hatchery Development, LLC	10/15/2020	\$ 8,000,000	\$ 122,029	\$ 3,940,060	\$ 3,937,911

At closing of the Unit A-1 transfer, AGC RBJ, LLC acquired Unit A-1 from AGC for a value of \$8,000,000, which was reflected in the Third Amendment to Purchase and Sale Agreement dated October 23, 2019 as (i) a capital contribution of \$6,304,755 from AGC to AGC RBJ MM, LLC and then a capital contribution of \$6,304,755 from AGC RBJ MM, LLC to AGC RBJ, LLC; and (ii) the value received by AGC attributable to AGC RBJ, LLC's construction of the Common Elements under the Master Condominium Declaration.

**5. 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:

	<u>Beginning of Period</u>	<u>End of Period</u>
Cash-Operations	\$ 8,137,619	\$ 8,062,326
Construction Cash Account	48,979	13,766
Tenant Security Deposits Held in Trust	38,951	39,163
Escrow Held by Title Company	437,516	393,734
	<u>\$ 8,663,065</u>	<u>\$ 8,508,989</u>

**6. Note Receivable**

On October 31, 2019, AGC RBJ, LLC entered into a promissory note with AGC for \$8,400,000 pursuant to which AGC advanced \$3,531,292 to AGC RBJ, LLC in 2019, and paid certain expenses of AGC RBJ, LLC in 2019 in the amount of \$1,368,708. The note bears interest of 2.50%, compounded annually, and matures October 31, 2049. During 2020, AGC advanced to AGC RBJ, LLC an additional \$3,500,000. During 2022, AGC earned \$219,231 in interest on the promissory note. At December 31, 2022, the principal and interest balance owed AGC was \$8,400,000 and \$588,449, respectively. These amounts are displayed under other assets on the statement of financial position.



The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

**7. Austin Housing Finance Corporation Note Payable**

On July 19, 2018, AGC entered into a non-interest-bearing note (the "AHFC Note") payable to Austin Housing Finance Corporation (AHFC) for \$6,479,000 relating to Unit A (which included the Wrap Subunit and the Tower Subunit). This note was secured by a deed of trust on Unit A.

On October 25, 2019, the AHFC Note was amended and restated to relate to only the Wrap Subunit, and the deed of trust was amended to encumber only the Wrap Subunit. The Tower Subunit is no longer encumbered by the lien under the AHFC Note but remains subject to income restrictions pursuant to an Amended and Restated Restrictive Covenant Running with the Land. At the same time that the AHFC Note was amended and restated, AGC loaned the proceeds evidenced by the AHFC Note to AGC RBJ, LLC, for which AGC RBJ, LLC issued a collateral promissory note in the face amount of \$6,479,000 to AGC (the "Collateral Note") also dated October 25, 2019. AGC entered into a Collateral Assignment of Note and Liens assigning the Collateral Note to AHFC as security for AGC's obligations under the AHFC Note. Both the AHFC Note and the Collateral Note mature forty years after the City of Austin issues a certificate of occupancy for the apartments to be developed on the Wrap Subunit, and assuming that AGC complies with the Loan Agreement (as defined in the AHFC Note), the AHFC Note will be forgiven at maturity. In contrast, the Collateral Note will require payment in full at maturity. As of December 31, 2022, the balance AGC RBJ, LLC owes AGC under the Collateral Note was \$6,479,000. This amount is displayed under other assets on the statement of financial position.

**8. Commitments**

During the year ended December 31, 2013, AGC entered into an Exclusive Negotiation Agreement (ENA) with an unrelated party, Cesar Chavez Lakeview Village, LLC (the Developer), so that AGC and Developer could negotiate exclusively for a period of time to determine whether they could mutually agree upon the terms of a Master Development Agreement (an "MDA"). The terms of the ENA called for the Developer to pay a \$100,000 deposit to AGC to be used to pay third party costs (including but not limited to top costs of legal counsel and project management) necessary to facilitate the proposed redevelopment as well as negotiation and execution of the ENA and the MDA in an amount of no more than \$15,000 per month.

On July 1, 2014 AGC and the Developer entered into an MDA, the purpose of which is to build the Wrap Apartments, renovate the Tower Apartments, and redevelop property in accordance with a Strategic Master Plan adopted by AGC on October 31, 2011.

On October 25, 2022, AGC entered into a construction contract with Bartlett Cocke Construction in the amount of \$2,602,893 to complete demolition and abatement of the Tower Apartments.

**9. Liquidity and Availability**

AGC'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 escrows. 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.

AGC 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. Excess cash is on hand in the event of unexpected outflows.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

**10. Commercial Rental Revenue**

AGC leases space on the roof of the Tower Apartments to Verizon Wireless under a cancellable lease agreement which requires annual payments of \$16,496 (renewable extensions every five years) and is included in commercial rent revenue on the statement of activities.

On August 5, 2022, AGC entered into a sixty-three month sublease agreement with WellMed Medical Management, Inc., to rent space on the first floor of the Lady Bird Condominium building. The rent payments were forgiven for the first six months.

Future minimum rentals under the leases for the next five years are:

Fiscal year ending December 31, 2023	\$	108,125
2024		118,423
2025		120,461
2026		114,293
2027		89,838
Remaining Balance		0
	\$	<u>551,140</u>

**11. Risk and Uncertainties**

During a prior year, in order to minimize the cost and disruption to tenants associated with eventual relocation to the new housing units built in the Wrap Subunit, management decided not to seek to re-lease the unsubsidized Tower Apartments in the event of vacancy. Management plans to utilize its existing excess operating cash to supplement the lost rental receipts during the building renovation process.

**12. Accounts and Notes Receivable-Operations**

Accounts and Notes Receivable-Operations includes \$86,229 in service coordinator grant subsidy due from HUD, \$81,300 in developer fees receivable, and \$10,378 for invoices to be reimbursed.

**13. Investment in AGC RBJ MM LLC**

The capital contribution credit from the "Unit A-1" land sale referenced in Note 4 is presented as "Investment in AGC RBJ MM LLC" on the statement of financial position. AGC is the sole owner of AGC RBJ MM LLC, which is the managing member of the buyer, AGC RBJ LLC. The capital contribution credit was received in lieu of cash consideration for the value of the land.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Notes to the Financial Statements (continued)  
December 31, 2022

**14. Long-Lived and Other Assets Held For Sale**

In light of the 2019 and 2020 land sales (see Note 4) and the anticipated sale of the Wrap Subunit and the Tower Subunit, fixed assets and construction in progress are shown as long-lived and other assets held for sale on the statement of financial position. The carrying amounts of the major classes of assets shown as long-lived and other assets held for sale are as follows:

Land	\$	73,507
Buildings		5,466,346
Office Furniture and Equipment		19,795
Maintenance Equipment		34,705
Miscellaneous Fixed Assets		421,079
Total Fixed Assets		<u>6,015,432</u>
Less Accumulated Depreciation		<u>5,447,879</u>
Net Fixed Assets		567,553
Construction in Progress		<u>2,776,246</u>
Net Fixed Assets and Construction in Progress	\$	<u><u>3,343,799</u></u>

**15. Risks and Uncertainties**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Project's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

**16. Company Structure and Nature of Operations**

HUD approved the pass-through of Section 8 leases for the residents whose rents are HUD subsidized. Beginning in May 2022, all tenants were moved from the Tower Apartments to the Lady Bird Condominium building. The Tower Apartments are currently vacant so Bartlett Cocke Construction can complete the demolition and abatement work as previously stated in Note 8.

As previously discussed in Notes 1 and 14 of the financial statements, AGC is under contract to sell all of its remaining rental real estate to an entity in which a subsidiary of AGC is the managing member. The sale is currently expected to occur in July 2023. Once the transaction closes, management expects the nature and structure of AGC's operations to significantly change. AGC operations will no longer consist of the direct provision of affordable housing at the Tower Apartments or the Wrap Apartments. Instead, AGC will be operated exclusively for the benefit of, to support, to perform the functions of, and to carry out the charitable purposes of its affiliated entities. Future operating activities may include one or more of the following: (a) holding and servicing of financial instruments generated by rental real estate activities of its affiliated entities, (b) investments in and/or the development, operations and management of other affordable housing projects, and (c) providing financial guarantees for real estate transactions entered into by its affiliates.

## **SUPPLEMENTAL INFORMATION**

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Supplementary Information Required by HUD  
December 31, 2022

**Financial Statement Data:**

<b>Assets</b>		
<b>Account</b>	<b>Description</b>	<b>Value</b>
1120	Cash-Operations	8,062,326
1121	Construction Cash Account	13,766
1140-020	Service Coordinator Grant Receivable-HUD	86,229
1140-020	Developer Fees Receivable	81,300
1140-020	Invoices to be Reimbursed	10,378
1140	Accounts and Notes Receivable-Operations	177,907
1200	Prepaid Expenses	19,836
<b>1100T</b>	<b>Total Current Assets</b>	<b>8,273,835</b>
1191	Tenant Security Deposits Held in Trust	39,163
1330	Other Reserve	393,734
<b>1300T</b>	<b>Total Deposits</b>	<b>393,734</b>
1410	Land	73,507
1420	Buildings	5,466,346
1465	Office Furniture and Equipment	19,795
1470	Maintenance Equipment	34,705
1490	Miscellaneous Fixed Assets	421,079
<b>1400T</b>	<b>Total Fixed Assets</b>	<b>6,015,432</b>
1495	Less Accumulated Depreciation	5,447,879
<b>1400N</b>	<b>Net Fixed Assets</b>	<b>567,553</b>
1590-020	Construction in Progress	2,776,246
1590-020	Investment in AGC RBJ MM LLC	6,304,755
1590-020	Note Receivable-AGC RBJ LLC	14,879,000
1590-020	Interest Receivable-AGC RBJ LLC	588,449
1590	Miscellaneous Other Assets	24,548,450
<b>1500T</b>	<b>Total Other Assets</b>	<b>24,548,450</b>
<b>1000T</b>	<b>Total Assets</b>	<b>33,822,735</b>
<b>Liabilities</b>		
<b>Account</b>	<b>Description</b>	<b>Value</b>
2110	Accounts Payable-Operations	3,986
2174	Other Loans and Notes (short-term)	6,479,000
<b>2122T</b>	<b>Total Current Liabilities</b>	<b>6,482,986</b>
2191	Tenant Security Deposits Held in Trust (contra)	25,200
<b>2000T</b>	<b>Total Liabilities</b>	<b>6,508,186</b>
<b>Net Assets</b>		
<b>Account</b>	<b>Description</b>	<b>Value</b>
3131	Without Donor Restrictions	27,314,549
<b>3130</b>	<b>Total Net Assets</b>	<b>27,314,549</b>
<b>2033T</b>	<b>Total Liabilities and Equity/Net Assets</b>	<b>33,822,735</b>

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Supplementary Data Required by HUD (continued)  
December 31, 2022

<b>Rent Revenue</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5120	Rent Revenue-Gross Potential	2,453,504
5121	Tenant Assistance Payments	1,018,808
5140	Rent Revenue-Stores and Commercial	13,922
<b>5100T</b>	<b>Total Rent Revenue</b>	<b>3,486,234</b>

<b>Vacancies</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5220	Apartments	2,530,238
<b>5200T</b>	<b>Total Vacancies</b>	<b>2,530,238</b>
<b>5152N</b>	<b>Net Rental Revenue</b>	<b>955,996</b>

<b>5300 Revenue</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5300	Other Elderly Care Revenue-Service Coordinator	86,229

<b>Financial Revenue</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5410	Financial Revenue-Project Operations	51,436
5490	Revenue from Investments-Miscellaneous	2,389
<b>5400T</b>	<b>Total Financial Revenue</b>	<b>53,825</b>

<b>Other Revenue</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
5910	Laundry and Vending Revenue	2,165
5920	Tenant Charges	9,221
5970	Gifts	5,300
5990-020	Interest Revenue from Note Receivable	219,231
5990-020	Developer Fees	439,346
5990	Miscellaneous Revenue	658,577
<b>5900T</b>	<b>Total Other Revenue</b>	<b>675,263</b>
<b>5000T</b>	<b>Total Revenue</b>	<b>1,771,313</b>

<b>Administrative Expenses</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6203	Conventions and Meetings	797
6250	Other Renting Expenses	5,090
6311	Office Expense	86,690
6320	Management Fee	46,243
6330	Manager or Superintendent Salaries	84,485
6340	Legal Expense-Project	9,585
6350	Audit Expense	13,710
6351	Bookkeeping Fees/Accounting Services	21,002
6370	Bad Debts	105,329
6390	Miscellaneous Administrative Expenses	24,916
<b>6263T</b>	<b>Total Administrative Expenses</b>	<b>397,847</b>

<b>Utilities Expense</b>		
<u>Account</u>	<u>Description</u>	<u>Value</u>
6450	Electricity	134,125
6451	Water	205,554

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Supplementary Data Required by HUD (continued)  
December 31, 2022

6452	Gas	8,233
<b>6400T</b>	<b>Total Utilities Expense</b>	<b>347,912</b>

**Operating & Maintenance Expenses**

<u>Account</u>	<u>Description</u>	<u>Value</u>
6510	Payroll	151,077
6515	Supplies	390
6520	Contracts	60,749
6525	Garbage and Trash Removal	35,030
6546	Heating/Cooling Repairs and Maintenance	1,020
<b>6500T</b>	<b>Total Operating and Maintenance Expenses</b>	<b>248,266</b>

**Taxes & Insurance**

<u>Account</u>	<u>Description</u>	<u>Value</u>
6711	Payroll Taxes	20,899
6720	Property and Liability Insurance	111,030
6722	Workmen's Compensation	3,759
6723	Health Insurance and Other Employee Benefits	23,901
<b>6700T</b>	<b>Total Taxes and Insurance</b>	<b>159,589</b>

**6900 Expenses**

<u>Account</u>	<u>Description</u>	<u>Value</u>
6900	Other Elderly Care Expenses-Service Coordinator	120,708

**Operating Results**

<u>Account</u>	<u>Description</u>	<u>Value</u>
<b>6000T</b>	<b>Total Cost of Operations Before Depreciation and Amortization</b>	<b>1,274,322</b>
<b>5060T</b>	<b>Profit (Loss) Before Depreciation and Amortization</b>	<b>496,991</b>
6600	Depreciation Expenses	34,599
<b>5060N</b>	<b>Operating Profit or (Loss)</b>	<b>462,392</b>

**Change in Net Assets from Operations**

<u>Account</u>	<u>Description</u>	<u>Value</u>
3247	Change in Net Assets Without Donor Restrictions	462,392
<b>3250</b>	<b>Change in Total Net Assets from Operations</b>	<b>462,392</b>

**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.	0
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.	0
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>
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The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Supplementary Data Required by HUD (continued)  
December 31, 2022

S1100-060	Previous Year Net Assets Without Donor Restrictions	26,852,157
3247	Change in Net Assets Without Donor Restrictions from Operations	462,392
3131	Net Assets Without Donor Restrictions	27,314,549
S1100-050	Previous Year Total Net Assets	26,852,157
3250	Change in Total Net Assets from Operations	462,392
<b>3130</b>	<b>Total Net Assets</b>	<b>27,314,549</b>

**Cash Flow from Operating Activities**

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-010	Rental Receipts	874,833
S1200-020	Interest Receipts	53,825
S1200-025	Gifts	5,300
S1200-030	Other Receipts	451,011
<b>S1200-040</b>	<b>Total Receipts</b>	<b>1,384,969</b>
S1200-050	Administrative	(149,476)
S1200-070	Management Fees	(53,627)
S1200-090	Utilities	(375,388)
S1200-100	Salaries and Wages	(241,820)
S1200-110	Operating and Maintenance	(98,554)
S1200-140	Property Insurance	(89,950)
S1200-150	Miscellaneous Taxes and Insurance	(48,607)
S1200-160	Tenant Security Deposits	(13,962)
S1200-170	Other Operating Expenses	(131,899)
<b>S1200-230</b>	<b>Total Disbursements</b>	<b>(1,203,283)</b>
<b>S1200-240</b>	<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>181,686</b>

**Cash Flow from Investing Activities**

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-255	Net Deposits to the Other Reserve Account	43,782
S1200-330	Net Purchase of Fixed Assets	(335,974)
<b>S1200-350</b>	<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(292,192)</b>
<b>S1200-470</b>	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(110,506)</b>

**Cash and Cash Equivalents**

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1200-480	Beginning of Period	8,186,598
<b>S1200T</b>	<b>End of Period</b>	<b>8,076,092</b>



The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Supplementary Data Required by HUD (continued)  
December 31, 2022

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

Cash	\$ 8,101,489
Total Cash	<u>8,101,489</u>
Accounts Payable-30 Days	3,986
Tenant Security Deposits Liability	<u>25,200</u>
Total Current Obligations	<u>29,186</u>
Surplus Cash (Deficiency)	<u><u>\$ 8,072,303</u></u>

Note: Due to technical limitations of REAC software, the electronic submission shows a value of \$8,072,303 in Account S1300-210 (Deposit Due Residual Receipts). The Project was released from its obligation to make deposits to or maintain the residual receipts account upon its release from the HUD regulatory agreement by HUD in the year ended December 31, 2013.

**Schedule of Fixed Assets Accounts-Detail:**

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 73,507	\$ 0	\$ 0	\$ 73,507
Buildings	5,466,346	0	0	5,466,346
Office Furniture and Equipment	19,795	0	0	19,795
Maintenance Equipment	34,705	0	0	34,705
Miscellaneous Fixed Assets	339,544	81,535	0	421,079
Total	<u>\$ 5,933,897</u>	<u>\$ 81,535</u>	<u>\$ 0</u>	<u>6,015,432</u>
Accumulated Depreciation	<u>\$ 5,413,280</u>	<u>\$ 34,599</u>	<u>\$ 0</u>	<u>5,447,879</u>
Net Book Value				<u><u>\$ 567,553</u></u>

<u>Description</u>	<u>Additions (Deductions)</u>
Predevelopment Costs	\$ 81,535

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Schedule of Expenditures of Federal Awards  
December 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development Section 8 Housing Assistance Payments Program</u>	14.195	\$ 1,018,808
<u>U.S. Department of Housing and Urban Development Multifamily Housing Service Coordinator</u>	14.191	\$ 86,229
<b>Total Expenditures of Federal Awards</b>		<u>\$ 1,105,037</u>

Basis of Presentation: The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Austin Geriatric Center, Inc., (A Nonprofit Corporation), (Rebekah Baines Johnson Center), HUD Project No. TX59M000075, and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *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.

Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Project has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**Independent Auditors' 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 Directors  
The Austin Geriatric Center, Inc.  
(Rebekah Baines Johnson Center)

We have audited, in accordance with the 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 Rebekah Baines Johnson Center, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center's financial statements are free from 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**

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

Maddox & Associates, APC

Baton Rouge, Louisiana  
March 26, 2023



**Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by the Uniform Guidance**

To the Directors  
The Austin Geriatric Center, Inc.  
(Rebekah Baines Johnson Center)

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Rebekah Baines Johnson Center's 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 each of Rebekah Baines Johnson Center's major federal programs for the year ended December 31, 2022. Rebekah Baines Johnson Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rebekah Baines Johnson Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***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 Rebekah Baines Johnson Center 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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center's federal programs.

## ***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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center's compliance with the requirements of each 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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center'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 Rebekah Baines Johnson Center'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 a 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.



Baton Rouge, Louisiana  
March 26, 2023

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Rebekah Baines Johnson Center were prepared in accordance with GAAP.
2. Material weaknesses were not identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Rebekah Baines Johnson Center were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Rebekah Baines Johnson Center expresses an unmodified opinion.
6. The audit disclosed no findings required to be reported.
7. The programs tested as major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Section 8 Housing Assistance Payments	14.195

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. Rebekah Baines Johnson Center was determined to be a low-risk auditee.

**Findings-Financial Statement Audit**

None

**Findings and Questioned Costs-Major Federal Award Programs Audit**

None



**The Austin Geriatric Center, Inc.  
21 Waller Street  
Austin, TX 78702  
(512) 476-6051**

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Summary Schedule of Prior Audit Findings

There are no open findings from the prior audit report.

**The Austin Geriatric Center, Inc.  
21 Waller Street  
Austin, TX 78702  
(512) 476-6051**

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Corrective Action Plan

No matters were reported for the current period audit. There are no unresolved findings from prior year audits.

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Certification of Officers

We hereby certify that we have examined the accompanying financial statements and supplemental data of The Austin Geriatric Center, Inc., (A Nonprofit Corporation), (Rebekah Baines Johnson Center), HUD Project No. TX59M000075 as of December 31, 2022, and, to the best of our knowledge and belief, the same are accurate and complete.

Signature: \_\_\_\_\_

Clarke Heidrick, Chairman of the Board and President  
The Austin Geriatric Center, Inc.  
March 26, 2023

Signature: \_\_\_\_\_

Rosie Mendoza, Treasurer  
The Austin Geriatric Center, Inc.  
March 26, 2023

Employer Identification Number: 23-7033859

The Austin Geriatric Center, Inc.  
(A Nonprofit Corporation)

(Rebekah Baines Johnson Center)

HUD Project No. TX59M000075

Management Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplemental data of The Austin Geriatric Center, Inc., (A Nonprofit Corporation), (Rebekah Baines Johnson Center), HUD Project No. TX59M000075 as of December 31, 2022, and, to the best of my knowledge and belief, the same are accurate and complete.

Signature: \_\_\_\_\_

Diana McIver, President  
DMA Properties, LLC  
Employer ID #: 02-0556727  
March 26, 2023

## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Directors  
The Austin Geriatric Center, Inc.  
(Rebekah Baines Johnson Center)

We have performed the procedure described in the second paragraph of this report on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Rebekah Baines Johnson Center is responsible for the accuracy and completeness of the electronic submission.

Rebekah Baines Johnson Center has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Additionally, the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged by Rebekah Baines Johnson Center to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Rebekah Baines Johnson Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by Rebekah Baines Johnson Center as of and for the year ended December 31, 2022, and have issued our reports thereon dated March 26, 2023. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated March 26, 2023, was expressed in relation to the basic financial statements of Rebekah Baines Johnson Center taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from Rebekah Baines Johnson Center. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Maddox & Associates, APC

March 30, 2023

**Attachment to Independent Accountants' Report on Applying Agreed-Upon Procedures**

<u>UFRS Rule Information</u>	<u>Hard Copy Document(s)</u>	<u>Findings</u>
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Financial Data Templates (i.e., Supplemental Schedules)	Agrees
Surplus Cash (S1300 series of accounts)	Financial Data Templates (i.e., Computation of Surplus Cash, Distributions and Residual Receipts (Annual))	Agrees
Footnotes (S3100 series of accounts)	Footnotes to Audited Basic Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements and Compliance and Internal Control	Agrees
Type of Opinion on Financial Data Templates (i.e., Supplemental Data) (account number S3400-100)	Auditor's Supplemental Report on Financial Data Templates	Agrees
Auditor Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	Agrees