



TP23-5001 Audit and Tax Preparation Assistance

ATTACHMENT A: SCOPE OF WORK

Touchstone Property Services (TPS), an instrumentality of the Cincinnati Metropolitan Housing Authority, is seeking proposals from qualified, Independent Public Accountant(s) with professional competence and experience to provide all assurance services to provide audit, cost certifications (form 8609), REAC filing - agreed upon procedures (AUP related following regulations consistent with HUD Public Housing), tax preparation services and related services.

1.0 Tax Services

TPS is seeking tax services for the following entities for calendar year ending December 31, DRAFT returns due to investing partner by **February 21st** and FINAL return due by **March 15th** of the following year (filing of extensions if unable to complete by the deadline for CMHA related party entities and the solicited entities below):

<u>Property</u>	<u>Ownership / Financing Type</u>
Lincoln view, Inc	CMHA GP/Managing Member**
Springdale Senior, LP (Baldwin Grove)	Tax credit financed partnership; investor left at 12/31/2022, so partnership now consists of 2 entities that are wholly-owned by CMHA
Reserve on South Martin, GP, Inc.	CMHA GP/Managing Member
Reserve on South Martin, LP	4% Bond Tax credit financed partnership
Cary Crossing Development Corporation	CMHA GP/Managing Member
Cary Crossing, LLC	9% Tax credit financed partnership
West Union Square Development Corporation	CMHA GP/Managing Member
West Union Square, LLC	9% Tax credit financed partnership
Sutter View Development Corporation	CMHA GP/Managing Member
Sutter View, LLC	4% Bond Tax credit financed partnership
Park Eden Apartments Development Corp.	CMHA GP/Managing Member
Park Eden Apartments, LLC	4% Bond Tax credit financed partnership
Pinecrest RAD Development Corp.	CMHA GP/Managing Member
Pinecrest RAD, LLC	4% Bond Tax credit financed partnership
Southwest Ohio Housing Development, Inc.	CMHA GP/Managing Member of Logan Commons, LLC
Logan Commons, LLC	9% Tax credit financed partnership (new construction) to close 9/2023



TP23-5001 Audit and Tax Preparation Assistance

Park Eden Evanston, LLC	CMHA Wholly-owned RAD conversion
Marianna Terrace Development Corp.	CMHA GP/Managing Member
Marianna Terrace, LLC	4% Bond Tax credit financed partnership
Riverview San Marco Development Corp	CMHA GP/Managing Member
Horizon Hills, LLC	CMHA Wholly-Owned
Riverview San Marco, LLC	4% Bond Tax credit financed partnership, including Historic Tax Credits; Partial year
Bennett Point, LLC	9% Tax credit financed partnership to be placed-in-service in calendar year 2023

Touchstone Property Services reserves the right to add or delete properties as needed.

**Note that this entity is only the GP/Managing Member of Springdale Sr, LP dba Baldwin Grove. This entity is also the Authority Ltd Partner for Lincoln I, II, III & VI.

1.1 Tax Services required:

- 1.1.1 Preparation of each Entity’s Federal, State and Local Tax Returns, including Schedule K for each partner
- 1.1.2 Preparation of General Partner’s (TPS) Federal, State and Local Tax Returns
- 1.1.3 Annual Certification of a Residential Project (IRS Form 8703)
- 1.1.4 Review of 7 Limited Partnership Tax Returns

2.0 Audit Services

TPS is seeking audit services for the following entities for the fiscal year ending December 31, DRAFT financials statements are due to the investing partners by February 21st the following year:

Springdale Senior Limited Partnership*	CMHA Sole Owner
Reserve on South Martin, LP	LIHTC property
Cary Crossing, LLC	LIHTC property
West Union Square, LLC	LIHTC property
Sutter View, LLC*	LIHTC property
Park Eden Apartments, LLC*	LIHTC property
Pinecrest RAD, LLC*	LIHTC property
Park Eden Evanston, LLC (dba The Evanston)*	CMHA Sole Owner
Bennett Point, LLC**	LIHTC property
Marianna Terrace, LLC**	LIHTC property

*Notates Audits requiring HUD A133 audits and REAC submission due 9 months after 12/31 year end, extension filing is needed.

**Notates HUD A133 audits, REAC submission and Stub year dual audit based on date of substantial completion, construction phase is still in process and dates are TBD and could flow through into the next year and not be applicable.

Touchstone Property Services reserves the right to add or delete properties as needed.

3.0 Audit Services required:

- 3.1** Audit the Balance Sheet with related Statement of Operations, Changes in Members' Equity, Statement of Cash Flows and computation of Excess cash as of year ending December 31
- 3.2** Preparation of footnotes accompanying the financial statements
- 3.3** Assist with drafting the final year-end Financial Statements
- 3.4** Provide Touchstone Management Services with an electronic copy of the final audit report
- 3.5** Provide Touchstone Management Services an electronic copy of all supporting documentation for auditor recommended adjusting journal entries
- 3.6** Prepare and timely submit HUD Multifamily reporting to FASSUB system (REAC), file extension if applicable
- 3.7** If applicable, provide or recommend double sided suggested journal entries related to the Project's final cost certifications, for both the Project (Instrumentality) and CMHA (Parent)
- 3.8** Provide the schedule of capital assets moved from Construction in Progress into fixed assets, used to assist in tieback to HUD reporting vs GASB reporting for capital assets placed in service
- 3.9** Calculation of LIHTC investing partner tax credits and an electronic copy containing supporting documentation and current IRS rulings for permanent file

4.0 General Conditions:

- 4.1 The auditor shall prepare the Audit Engagement Letter in accordance with the AICPA standards and Ohio state law. The Audit Engagement Letter shall include a clause that it is subject to the terms of the contract TP23-5001 and that the Engagement Letter shall fall in the order of precedence as set forth in Attachment C – General Terms and Conditions, Section 27.
- 4.2 The Audit will be conducted in accordance with GAAS and when applicable OMB Circular A133.
- 4.3 The Audit and Tax Returns shall conform to each LIHTC partnership’s requirements and timelines (as noted in section 1.0 above).
- 4.4 The Audit and Tax Returns shall be prepared by a Certified Public Accountant with proven experience with Public Housing Authorities, as well as auditing and tax return preparation for LIHTC partnerships.
- 4.5 Additional related services may be utilized.

5.0 TPS is also seeking accounting, tax preparation and/or cost certification services for entities listed below during the development period:

Marianna Terrace Development Corp.	CMHA GP/Managing Member
Marianna Terrace, LLC	Substantial Rehab--4% Bond Tax credit financed partnership
Bennett Point Development Corp	CMHA GP/Managing Member
Bennett Point, LLC	New Construction--9% Tax credit financed partnership
Riverview San Marco Development Corp.	CMHA GP/Managing Member
Riverview San Marco, LLC	Substantial Rehab--4% Bond Tax credit & Historical Tax Credit financed partnership
Beechwood RAD Development Corp.	CMHA GP/Managing Member
Beechwood RAD, LLC	Substantial Rehab--4% Bond Tax credit financed partnership
Southwest Ohio Housing Development, Inc.	CMHA GP/Managing Member
Logan Commons, LLC	New Construction--9% Tax credit financed partnership

Touchstone Property Services reserves the right to add or delete properties as needed.

Professional services of an independent Certified Public Accountant would include, but not be limited to:

- 5.1** Services needed to review financial assumptions in the Limited Partnership Agreement for explanation to the General Partner/Managing Member.
- 5.2** Prepare year-end tax returns during 24-month development period to begin 1st quarter 2023 with delivery of tax returns, including Schedule K for each partner, within required IRS and/or investing partner(s) operating agreement, noted in 1.0.
- 5.3** Preparation of General Partner/Managing Member's Federal, State and Local Tax Returns.
- 5.4** Services needed in determining whether the project has met the 50% test for 4% bond issuance in accordance with Internal Revenue Code Section 142(d).
- 5.5** Services needed in determining whether the project has met the 10% Test compliance and carryover allocation application.
- 5.6** Audit and preparation of OHFA Owner's Cost Certification forms, coordinating with information provided from Contractor's Cost Certification forms. All forms to be submitted to OCCH/OHFA through PIXUS and/or other electronic systems within OHFA required timelines.
- 5.7** Preparation and submission of IRS Form 8609 within OHFA and IRS required timelines. Submission to OCCH/OHFA includes through PIXUS and/or other electronic systems.
- 5.8** The reconciliation to the trial balances and entry needed to tie back to the cost certification for all capital assets, expenses, loan fees and debt.
- 5.9** Preparation of schedules for the investor and other funders demonstrating completion of project milestones. Such schedules could include:
 - Annual estimates of taxable income and tax credits as required under Limited Partnership Agreements.
 - Annual Net Cash Flow and Surplus Cash calculations required under Limited Partnership Agreements.
 - Tax credit adjuster calculations required under Limited Partnership Agreements, including periodic estimated calculations during development phase.
 - Eligible Basis calculations, including periodic estimated calculations during development phase.
- 5.10** Additional related services may be utilized.

Interim audits of entity before tax credits are delivered, but while project is in operations with partial vacancy during rehab

5.11 All development projects will be funded from multiple sources and professional services needed may also include additional cost certifications for funds received. At this time, planned sources of financing for the projects include:

- Multi-Family Bond Issuance Proceeds through IRS Section 142(d)
- FHA 221(d)4 Loan
- Seller Take-Back Financing
- Capital Funds
- General Partner Capital Contribution
- Deferred Developer Fee
- National Housing Trust Funds
- HOME Funds
- Federal Home Loan Bank Affordable Housing Program Funds
- 9% Low-Income Housing Tax Credits
- 4% Low-Income Housing Tax Credits
- Historic Tax Credits
- Federal and or State tax credits when applicable

6.0 Pool of Independent Public Accountants (“IPAs”)

6.1 TPS intends to use 4 or 5 IPAs to accomplish these Audit, Tax and Cost Certification Services with each IPA having 3 to 5 properties. The IPAs will be awarded properties to provide the services described in this Scope of Work for a maximum of a five-year term. The actual number of IPAs will depend on the number of qualified proposals received, with the goal of assigning 3-4 properties per IPA.

7.0 Performance Standards

- 7.1** For each day after the due date that the required documents (e.g. tax return, audits, and the cost certification) are not uploaded to OHFA PIXUS website, there will be a reduction in fees of \$100 per day, unless the delay is solely caused by TPS.
- 7.2** If the tax return is filed after the IRS due date or an extension is not filed timely, then the IPA is responsible for any penalty and interest incurred, unless the delay is solely caused by TPS.

8.0 The Authority’s Motto and Gold Performance Standards

In 2012, the Authority implemented its motto “Being an Asset to Hamilton County” in addition to establishing Gold Performance Standards which consist of the principles and values by which the Agency performs and how our partners, vendors, contractors and consultants are measured. The Gold Performance Standards are:

<i>Respect</i>	<i>Timely</i>	<i>Exceptional</i>	<i>Quality</i>
<i>Professionalism</i>	<i>Initiative</i>	<i>Excellent</i>	<i>Accurate</i>
<i>Integrity</i>	<i>Value</i>	<i>Creativity</i>	<i>Accountability</i>

It is the Authority's intent that the IPAs will also adhere to these standards.

9.0 Contract Terms

9.1 Contract Term

9.1.1 The Authority intends to enter into a five-year engagement, with the successful IPAs(s) awarded.

9.2 Indefinite Quantities Contract (IQC) CMHA does not guarantee any minimum or maximum amount of work as a result of any award ensuing from this RFP, but will reserve the right to award based on the number of qualified IPA proposers.

9.2.1 **Guaranteed Contract Minimum Amount and Not-to-exceed Maximum Amount:** As may be further detailed herein, as the ensuing contract will be an Indefinite Quantities Contract (IQC), which, pursuant to HUD regulation, requires CMHA to award the responsive and responsible contractor a Guaranteed Contract Minimum Amount (GCMA) and Not-to-exceed Maximum Contract Amount (NMCA) of work, those required minimum and maximum contract levels are: (a) GCMA: \$100; (b) NMCA: \$99,000 annually. TPS reserves the right to adjust these amounts, if in its best interest to do so, prior to contract approval.