Chapter 4: Financial Statements

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4

Financial Statements

The **Financial Statements** page displays annual financial statements for owners and lessees from the Financial Assessment Subsystem (FASS), which is a part of the Real Estate Assessment Center (REAC). From the **Owners AFS List** and the **Lessee AFS List**, a user can access detailed annual financial data. Authorized users can access an annual financial statement in REAC from the **Owner Annual Statement Detail** page.

Contract Administrators have view only access to financial statement pages.

Objectives:

By the end of this chapter, you will be able to:

- View weather an AFS is required
- View fiscal year end date and narratives
- View owner and lessee information
- View annual financial statements from FASS

4.1 Owner AFS List

The **Owner AFS List** page is the default that displays after you have selected Financial Statements from the sidebar. This page displays summary information concerning annual financial statements received and reviewed by FASS, for an owner. Most of this information is contained in the *Annual Financial Statements from FASS* table. The status of property referrals from FASS are displayed in this table as active or inactive. The system automatically closes related DEC referrals and cancels related project actions if the FASS AFS that was created becomes inactive. Each annual financial statement listed in the *Annual Financial Statements from FASS* table accesses a corresponding detail page for that particular annual financial statement.

FASS can archive a Financial Statement submission in **iREMS**. When this is done, any related referral is closed and the related project action becomes inactive. However, there are times where FASS needs to un-archive the submission. **iREMS** will allow FASS to un-archive the submission and reopen any related project action and DEC referral if they are not closed by the user.

When a project action, created by FASS, of either AFS Letter Sent to Owner& Response Due or AFS Submission (Good) Received by FASS & no Response Due is closed online, **iREMS** will also close the related financial statement.

Accessing the Financial Statements Page:

To access the **Financial Statement** page you must first click select a specific property. Once you have selected a property, the **Property Attributes** page displays. From the **Property Attributes** page you can select the *Financial Statement* link from the *iREMS* sidebar. (See Chapter 3: Portfolio/Dashboard or Chapter 2. Getting Started for detailed information.)

Note: The Property Header located at the top of the page, displays the Property ID, Name, Contract/FHA#, Active Status, Watch List, Troubled Status and DEC Status. This Header will appear on most of the pages in iREMS. There is also a search feature in the header that allows the user to select a different property without having to return to the Portfolio/Dashboard to make the change.

A	S List AFS L	ee .ist Detail As	FASS sessment 🎒									
	Owner Annual Financial Statement											
	Current Owner Financial Statement Required: Yes Owner Fiscal Year End Date: (mm/dd) 12/31											
1	Annual Financial Statements from FASS											
	Due Date	TIN	Non-Filer Email Sent	Date Received	Number of Compliance Flags - Assessed	Performance Value/Color	Date FASS Letter Sent	Response Due Date	Referred To	Response Received Date	<u>Closed</u> Date	
16	03/31/2013	Unknown									04/17/2013	
	Submission	Status: Active	e	Submission	Туре:			Submission F	Æ:			
	03/31/2012	391380721	04/10/2012								06/06/2012	
	Submission	Status:		Submission	Туре:			Submission F	/E: 12/31/20	11		
	03/31/2012	Unknown									05/11/2012	
	Submission	Status: Active	e	Submission	Туре:			Submission FY	/E:			
11	04/30/2011	391380721	02/11/2012									
	Submission	Status:		Submission	Туре:			Submission F	/E: 12/31/20	10		
	Owner/Field Office Contact Narrative: Financial											
	owner s	ummary	Narradive: A		anciai Statement							

Figure 4-1. Owner AFS List

Note: To activate the landscape format for printing the Annual Financial Statements from FASS: Click on **File** and select "Page Setup". The **Page Setup** box displays. Click on the "Landscape" option and click on **OK**. Click on the **Printer icon** on the top of the Owner AFS List screen. The **Print request** box displays. Click on **Print** and the report will print in landscape format.

4.2 Lessee AFS List

The Lessee Annual Financial Statement List page displays a list of annual financial statements received and reviewed by FASS, for a Lessee. Summary information concerning the annual financial statements is contained in the *Annual Financial Statements from FASS* table on this page. The status of property referrals from FASS is automatically displayed in this table as active or inactive, and the system automatically closes related DEC referrals and cancels related project actions if the FASS AFS that was created becomes inactive. Additional information is available on the Lessee Annual Financial Statement Detail page, which is accessed through highlighting an annual financial statement in the *Annual Financial Statements from FASS* table.

To view information on the Lessee Annual Financial Statement page:

1. From the Owner AFS List page, click on the Lessee AFS List tab and the Lessee Annual Financial Statement page displays.

Owner Lesse AFS List AFS L	ee F ist Detail Asse	ASS ssment 🚑	nent						
Current Lessee Fis	ssee Financia cal Year End	I Statement F Date: (mm/dd)	Required:						
Due Date TIN	Non-Filer Email Sent	Date Received	Number of Compliance Flags - Assessed	Performance Value/Color	Date FASS Letter Sent	Response Due Date	Referred To	Response Received Date	Closed Date
Lessee S	Summary N	arrative: A	nnual Financial State	ment					

Figure 4-2. Lessee AFS List

- 2. View the information.
- 3. Click on another tab or sidebar option to exit this page.

Note: To activate the landscape format for printing the Annual Financial Statements from FASS: Click on File and select "Page Setup". The Page Setup box displays. Click on the "Landscape" option and click on OK. Click on the Printer icon on the top of the Owner AFS List screen. The Print request box displays. Click on Print and the report will print in landscape format.

Each AFS in the *Annual Financial Statements from FASS* table accesses a corresponding detail page for that particular annual financial statement. The **Lessee Annual Financial Statement Detail** page (see Detail section 4.3) also contains a button that accesses the related project actions that were automatically created in association with an annual financial statement review, if applicable.

4.3 Detail

The **Detail** tab is shared by both the **Owner Annual Financial Statement** and the **Lessee Annual Financial Statement** pages. To view detailed information on an annual financial statement you must select the AFS from the list on either page. Once an AFS is selected either the **Owner Annual Financial Statement Detail** page displays or the **Lessee Annual Financial Statement Detail** page displays. If no annual financial statement is selected and you click on the **Detail** tab, the default is the most recent annual financial statement for the owner.

Both the **Owner Annual Financial Statement Detail** page and the **Lessee Annual Financial Statement Detail** pages contain a **Related Project Actions** button that accesses the related project actions that were automatically created in association with an annual financial statement review.

To access the Owner Annual Financial Statement Detail page:

1. From the **Owner AFS List**, highlight and click on a row and the **Owner Annual Financial Statement Detail** page displays.

Owner Lessee FASS AFS List AFS List Detail Assessment	
Owner Annual Financial Statement Detail	
Related Project Actions	
TIN:	202626756
Submission FYE:	12/31/2008
Submission Type:	AUD-A133 (Non-coop)
Date Due:	09/30/2009
Extended Due Date (if Applicable):	
Date Received:	09/30/2010
Number of Compliance Flags - Assessed:	1
Number of Compliance Flags - Not Assessed:	0
Reason Compliance Not Assessed by FASS:	
(if Applicable)	
Performance Value:	Not Assessed
Performance Color:	
Reason Performance Not Assessed by FASS:	Not Assessed: Non-Insured Property
(if Applicable)	
Number of Management Conditions:	0
Management Conditions Description (if Applicable)):
Date FASS Letter Sent:	10/08/2010
Response Due Date:	11/07/2010
Referred To (MFH, DEC or OHP):	MFH
Date Referred:	10/08/2010
Date Reviewed (MFH, DEC of OHP if Applicable):	Antivo
Submission Status:	Active
Plan Required:	
Plan Approved:	
Closed Date:	
Non-Filer Email Date:	03/18/2010
Non-Filer DEC Referral Date:	
Comments:	

Figure 4-3. Owner Annual Financial Statement Detail (Lessee view is almost identical)

- 2. View the data.
- 3. Click on another tab to view additional information.

4.3.1 Overdue Detail

If an annual financial statement is overdue, the AFS link on the **Owner Annual Financial Statement** or the **Lessee Annual Financial Statement** page will open the **Overdue Annual Financial Statement Detail** page. If the AFS was filed, whether on time or after the overdue notice, the annual financial statement link will continue to open the **Owner or the Lessee Annual Financial Statement Detail** page.

To access the Overdue Annual Financial Statement Detail page:

1. From the **Owner Annual Financial Statement** page or the **Lessee Annual Financial Statement** page, click on the annual financial statement link and the **Overdue Annual Financial Statement Detail** page displays.

Owner Lessee FAX AFS List AFS List Detail Asses	SS sment 🚑
Owner AFS Overdue	Detail
TIN:	391380721
AFS Fiscal Year End:	12/31/2011
AFS Due Date:	03/31/2012
Non-Filer Email Date:	04/10/2012
Non-Filer DEC Referral Da	te: 05/11/2012

Figure 4-4. Owner AFS Overdue Detail

- 2. View the data.
- 3. Click on the **Owner Financial Statement** tab to return to the **Annual Financial Statement** page.

4.3.2 Project Actions

Project actions are automatically created from FASS as notification that an AFS action has been taken or is required. You can view these project actions by clicking on the **Related Project Actions** button on the **Owner Annual Financial Statement Detail** page or the **Lessee Annual Financial Statement Detail** page. Once you click on the button, related **Project Actions List** page displays, under the Workload Management sidebar, with a list of all project actions. See *chapter 14, Workload Management*, for a detailed description of this page.

			Fi	Pr	oject Actions 1 < Previous	to 1 of 1 Next > Last			
	Action	Responsible Person	Role	Type of Plan	Start Date	Target Completion Date	Amended Target Date	Closed Date	Related Referra
1	AFS Overdue: DEC Review Required		EAN	E	08/10/2006	09/09/2006		10/30/2006	3

Figure 4-5. Project Action List page

The following project actions can be created either by FASS data or by **iREMS** users. The type of action generated is based on the FASS assessment results.

• AFS Submission (Good) Received by REAC and No Response Due

- Critical Data Missing
- AFS DEC Administrative Review Required
- AFS Letter Sent to Owner and Response Due
- AFS Owner Response Received and HUD Follow-up Required
- AFS Over due: DEC Review Required

When either the AFS Letter Sent to Owner and Response Due or AFS Submission (Good) Received by FASS & No Response Due is closed online, iREMS will also close the related financial statement.

4.3.3 Project Action Detail

The **Project Action Detail** page displays detailed information on a project action. To view this information a project action must be selected from the **Project Action List** page. This page displays the following information:

Project Action List Detail Assignments	
Action Entered Date:	07/29/2011
Action Type:	Asset Management Activities
Current Action:	Management Review Sent to Owner & Response Due
Action Group:	Housing Program 💌
Type of Plan:	×
Action Start Date:	04/21/2011
Person/Role Responsible for Action:	JEANNE A HUISMAN - Role: PM
Target Completion Date:	05/21/2011
Amended Target Date:	
Date Amended:	
EC Concurrence:	○ Yes
EC Concurrence Date:	
Closed Date:	05/30/2011
Reason for Closure:	Completed 💌
Estimate of Hours Spent on Activity:	0
Further Action Required (Another Pro	ject Action is Needed): 🔿 Yes 💿 No
Comments:	
Management Review Detail page	

Figure 4-6. Project Action Detail

Automated project actions display the following data:

- Action Date: Set to the current date
- Action Type: "Financial Activities"
- Action: This displays the appropriate action, listed above

- Action Group: Set to "Housing Program" except for the action "AFS DEC Administrative Review Required." In this case, set to "DEC Program."
- Responsible Party: Set to the first PM assigned to the property. For "DEC Program," set to the first enforcement analyst assigned to the property.
- Start Date: Set to the current date or determined by information in FASS.
- Comments: Comments are generated to indicate that a project action is an automated action and to identify the iREMS/FASS interface and the action created.

As long as the Further Action Required indicator on the Project Actions page is not set to "Yes," once you enter and save the closed date on the Project Actions page, the Response Received Date and Closed Date on the Annual Financial Statement page will be set to the same date.

However, if the Further Action Required indicator on the "AFS Letter Sent to Owner and Response Due" project action is set to "Yes," then only the Response Received Date will be set and a new project action, "AFS Owner Response Received and HUD Follow-up Required," will be created once the closed date is entered and saved.

If the property is under the jurisdiction of the DEC, and a 'Critical Data Missing" action was created by the iREMS/FASS interface to notify MFH of the problem, then a new project action needs to be created once the "Critical Data Missing" action is closed, by setting the Further Action Required indicator to "Yes." The project action created by selecting this indicator is "AFS DEC Administrative Review Required." This project action may also be automatically created if a property is referred to the DEC by REAC, or if the DEC has jurisdiction over a property and REAC does not close the AFS in order to allow the DEC to close it out.

- Note: If the property is not under the jurisdiction of the DEC, do not set the Further Action Required indicator to "Yes." The only automated project action created by this indicator on Critical Data Missing project actions is the "AFS DEC Administrative Review Required."
- Note: When a FASS status is changed to "Inactive," the related project action and referral are also changed to inactive. However, if the project action and the referral of the inactive FASS submission have been worked and closed, REMS will leave the referral closed and will not change the status to inactive.

X Note: When a closed date is entered for the project action "AFS Letter Sent to Owner and Response Due," and "AFS Overdue: DEC Review Required" the system will automatically update the Closed Date column in the Annual Financial Statements from FASS table on the Annual Financial Statement page.

4.4 FASS Assessment

The Financial Assessment Subsystem (FASS) in REAC has the complete and detailed annual financial statement for a property. By accessing the **FASS** Assessment tab authorized **iREMS** users are able to access and view *compliance flags, performance indicators*, or an electronically filed *annual financial statement*. However, no changes can be made to the financial statement.

The following links on the FASS Assessment page access the following information:

AFS	Accesses the corresponding annual financial statement in FASS.
Compliance Flags	Accesses the Compliance Flags page in FASS. The Compliance Flags page displays compliance checks that failed Enforcement Center (EC) or Multifamily (MFH) thresholds or were generated as "Not Assessed" for a selected property.
Letter	Accesses the letter to the program participant.
Performance Indicators	Accesses the Performance Indicators page, which displays only the performance indicators applicable to an AFS data submission. If an AFS data submission was not assessed, individual performance indicators will not display.

Note: Selecting the FASS Assessment tab and any of the links at the bottom of the page will take you out of the **iREMS** application. Any issues or concerns related to the FASS application should be directed to REAC. Once you have viewed the information in FASS, you can return to **iREMS** by clicking on any of the other tabs or sidebar options.

The **FASS** Assessment page displays the *Compliance Flags* table in FASS. The *Compliance Flags* table displays compliance checks that failed Enforcement Center (EC) or Multifamily (MFH) thresholds or were generated as "Not Assessed" for a selected property.

To view the AFS:

An electronically submitted Annual Financial Statement that is in FASS can be viewed by selecting the AFS link on the **FASS Assessment** page. However, this is a view only page and no changes can be made to the financial statement.

1. From the **AFS Owner** page click on the *FASS Assessment tab* and the **FASS Assessment** page displays with the *AFS* link open.

X Note: You must have authorization to access FASS through your user ID. See your security administrator for access rights.

Owner Lessee AFS List AFS List Detail	FASS Assessment	FASS Admin Rec	quests 🖨			
	Help	Email	Secure Systems	HUBseh	HUD Homopage	î
U.S. Dept. of Handing and Urban Development	financi	al assessn	nent subsysten	n - multifamily (fass⊣	mf)	
Annual Financial	Statemen	t				
Project Name: FRIENDS FHA Number: 062EH192 SOA: 202	HIP HALL 2		Sub. Type: OC Date From: Oc Date To: Sen. 3	>=500K (Non-coop) rt. 1 , 2004 30. 2005		
554.202			FYE: Sep 30,2	005		
	Please Se	lect a Forr	n/Schedule: E	Balance Sheet	GO	
Return to iREMS Compl	iance Perfor	nance Lette	r AFS <u>Comment</u>	<u>ts</u>		
		REAC F	Institut Accounter for	FHAMP Boaring		
		Connets or (untine <u>+kLAC Tech</u>	tial Assistance Center>		~

Figure 4-7. FASS Annual Financial Statement

- 2. View the information.
- 3. Click on any of the **iREMS Financial Statement** tabs or any of the links on the bottom of the page to view additional financial information.

To view Compliance Flags:

1. From the **AFS** page, click on the *Compliance link* at the bottom of the page and the Compliance Flag table displays.

Owner Lessee FS List AFS List Detail	FASS Assessme	FAS Admin Re	S equests 🖨					
d.b	Help	Email	Secure System	e.	HUDW	nh	HUD Hersepage	
* financial assessment subsystem - multifamily (fass-mf) U.S. Dept. of Hunder and Urban Development								
Compliance Flag. Project Name: FRIEND FHA Number: 062EH19 SOA: 202 Referred to: MPH Referred to: FASS	S SHIP HALL 2			Sub. Type: Date From Date To: S FYE: Sep.	: OC>=500 :: Oct. 1, 20 ep. 30, 200 30, 2005	0K (Non-coo 004 05	9)	
User:				Date/Time				
a r a 1	EC	System	Auditor	Not		Manager/Analyst Recommendations		
Compliance Check	Referral	Generated	Generated	Assessed	Accept	Upgrade to EC	Downgrade to MFH	Downgrade to None
Residual Receipts (deposits)		х						
		No	of Complia	nce Flags:	1			
Return to iREMS Compliance Performance Letter AFS Comments								
		REAC	Protected Access	ont for FRAME	Brachad			
		Connets o	Questions <u>+324</u>	C Technical Acc	lance Center	2		

Figure 4-8. Compliance Flags

- 2. View data.
- 3. Click on any of the **iREMS Financial Statement** tabs or any of the links on the bottom of the page to view additional financial information.

To view performance indicators:

The Performance Indicators page displays only the performance indicators applicable to an AFS data submission. If an AFS data submission was not assessed, individual performance indicators will not display.

1. From the **FASS Assessment** page, click on the *Performance* link under the *Compliance Flag* table. The FASS system displays.

Note: You must have authorization to access FASS through your user ID. See your security administrator for access rights.



Figure 4-9. FASS Performance Indicators

- 2. View the information.
- 3. Click on any of the **iREMS Financial Statement** tabs or any of the links on the bottom of the page to view additional financial information.

X Note: Project managers can link to FASS to view the FASS letter after the referral has been closed and returned to HUB.

To view FASS Letters:

The FASS letters

1. From the **FASS Assessment** page, click on the *Letter* link under the *Compliance Flag* table. The FASS system displays.

Counter Lauren FAGL FAGL FAGL
The Loss beau and the Loss beau and the High High High and
* financial assessment subsystem - multilamity (lass mt)
Lother Project Vanne: FHERMORNER HALL. Fills, Tape: OCDOBEC(Film scorp) Fills, Tape: OCDOBEC(Film scorp) State Films: Unit 1, 2004 State Films: Unit 1, 2004 Films: State Films: State
To (+ mail):
Nubject: Initial HUD Accessment of Electronic Dubmission of Annual Parascial Information Paras Letters News. 01001/00004
nground@matcha org
FREEDOWER HALL, DIC. 101 Coloress Blvd MCOFTGOMERY, AL 36109
SUBJECT - Initial HUD Assessment of Electronic Submission of Annual Financial Information for 042221192 PRIEMDURIP HALL Deporting Period Endong Date - Dep 30 2005
Dear Program Participant
NOTICE If you received the ADJEDIMENT REDULTS for the subject propert via e-mail, thanks you for longing your e-mail address up-to-date However, if you received this notice by ways of U. E. mail, it is because the e-mail correspondence was extracted to REAC as UNDERIVIE/ABLE. Your coordinator's e-mail address in Becare Connections may be model and medie to be thereford for accuracy or corrected in Une Maintenance.
Bystens Coordinatory are responsible for updating their e-mail address when changing interset providers and assuming that the mailton associated with their e-mail address is maintained to a t-mail course atom can be delowered. This enables thereby communication with HUD.
The Department of Heuring and Udvan Development (HUD) Erad Estate Anternation of Heuring (EEA/C) conducted a review of the induced financial intancentation order to determine if the owner is complying with fielderal larve, regulations, and HUD contracts. The HEAC compliance review is denoted into two arrays 1) and the fieldings of the transmitting of the Department for the transmitting and the and reported within the analytic of the DEAC fielding and solution of an excitation of non-compliance decovered by the solution of non-compliance detected by the EEAC Financial Debu-system (FAED) based on an infections: review of the financial data. The envelop of the assessment are manuscripted below. The project cover induction are suggested HUD Frequet Manager a written response induction and the fielding, and appropriate documentation (e.g. (copies of concelled checks, basel statements, etc.) to prove the fielding has been resolved.
Tropicst Acoditor Fundings This section is not applicable breasare this submission is an owner- certified unamatized submission.
100D Program Dystems Compliance Checks
The FASD system conducted an electronic review of the financial statements. The possible deficiencies and recommended correctors actions are as follows:
Statement of Condition 9: Required deposits to residual receipts were not made.
Corrective Action for Datement of Condition 9: Please faul the delaupant deposits and provide evidence to the local Multifamily Program Center
WITHEN THERTY (30) DAYS FROM THE DATE OF THIS LETTER, FLEASE PROVIDE YOUR SUD PROJECT MANAGER & WEITTER BEHOMEN TO ADDRESS EACH OF THE ABOVE EXPERIENCED COMPLIANCE DEPOCING Y FREMENCE OR DESCATOR, BY THEASE OF CORRECTIVE ACTIONS TAKEN OR FLANNED, OR THE BASE FOR ANY DEFAUREMENT
You are remainded of the requirement to maintain the original, signed paper version of your annual project financial internation or financial intervents and request, as well as the related financial books and recursively, for at least three years from the date of the electronic submannion of information (on the report to RUD). We holds forward to your fixedy molecularity of respared annual project financial information next fixed year.
SHOULD YOU HAVE QUESTIONS BEGARDING THES CORRESPONDENCE, PLEASE CONTACT YOUR ASSIGNED HID MULTIFAMILY PROPECT MANAGER, MAXIE WALLS, IN THE LOCAL FIELD OFFICE.
IT IS NOT NECESSARY TO SEND ANY RESPONSE TO THE SERVER OF THES LETTER. ALL QUESTIONS SECULD IS DESCRED TO YOUR ASSIGNED BUD MULTIPAMELY PROJECT MANAGER IN THE LOCAL FIELD OFFICE.
Sau arab.

Figure 4-10. FASS Letter

- 2. View data.
- 3. Click on any of the **iREMS Financial Statement** tabs or any of the links on the bottom of the page to view additional financial information.