

STATE OF ILLINOIS

SOLICITATION DOCUMENT

Financial Audit Services
2008-HDA-AM-014

The Illinois Housing Development Authority (AGENCY) is requesting Offers (bids / proposals) from responsible Vendors to meet the State's needs. Below is a brief description of our needs with detailed requirements in subsequent sections of this solicitation. If you are interested and able to meet these requirements, please submit an Offer.

We are issuing this solicitation in the following form and you must take that into account when reading and responding:

- | | |
|--------------------------|--|
| ☐ | Invitation for Bids |
| ☐ | Request for Proposals |
| X | Request for Proposals (Professional and Artistic Services) |

Brief Description:

The Illinois Housing Development Authority (Agency) is a body politic and corporate of the State created in 1967 by the Illinois Housing Development Act, 20 ILCS 3805, et seq., as amended the ("Act"), for the purposes of financing (i) decent, safe and sanitary housing for persons and families of low and moderate income and (ii) residential mortgages in the State. The Act also authorizes the Agency to issue its bonds and notes to fulfill its corporate purposes, including the financing of mortgage and construction loans and the refunding of bonds and notes previously issued to finance mortgage and construction loans. Developers also apply to the Agency for state and federal tax credits.

The Authority seeks the services of a Certified Public Accountant (the "CPA") licensed to do business in the State of Illinois. The CPA will perform various accounting, auditing, and consulting services in relation to a large, scattered site, multifamily rental development located in Aurora financed in part through the use of Low Income Housing Tax Credits (the "Development").

The Agency reserves the right to draft its own Service Agreement, substantially similar to the Sample Contract for Services attached to this RFP.

The solicitation package consists of two parts:

Part A INSTRUCTIONS FOR SUBMITTING AND EVALUATING BIDS AND PROPOSALS: Part A consists of the following sections:

- | | |
|-----------|---|
| SECTION 1 | INSTRUCTIONS, DATES, RESERVATIONS AND OTHER GENERAL INFORMATION |
| SECTION 2 | HOW WE WILL EVALUATE OFFERS |
| SECTION 3 | SPECIFICATIONS / QUALIFICATIONS / STATEMENT OF WORK |

These sections provide information necessary for submitting an Offer (a bid or proposal), set forth the basic legal and policy requirements associated with this solicitation and tell how we will evaluate Offers.

Part B OFFER RESPONSE FORMS: Part B consists of the following sections:

- | | |
|-----------|----------------------------|
| SECTION 4 | OFFER TO STATE OF ILLINOIS |
| SECTION 5 | RESPONSIBILITY FORMS |
| SECTION 6 | RESPONSIVENESS |
| SECTION 7 | PRICE |
| SECTION 8 | CONTRACT |

Your response to Part B will constitute your Offer to the State and will provide us with information about you, what you will provide, your ability to perform and your price. We will evaluate this information as well as compliance with the Instructions.

In this document the State of Illinois will be referred to as "State", "Agency", "we" or "us". The person submitting an Offer will be referred to as "Vendor", "Contractor" or "You". "We" is used appropriate to the context.

Please read the entire solicitation package and submit your Offer for evaluation in accordance with all instructions.

NON-DISCRIMINATION POLICY *In compliance with the State and Federal Constitutions, the Illinois Human Rights Act, the U.S. Civil Rights Act, and Section 504 of the Federal Rehabilitation Act, the State of Illinois does not discriminate in employment, contracts, or any other activity.*

Version 10-2008

SECTION 1 - INSTRUCTIONS, DATES, RESERVATIONS AND OTHER GENERAL INFORMATION

1.0 PROJECT CONTACT: If you have a question or suspect an error, you must immediately notify the Project Contact identified in this section. Do not discuss the solicitation or your Offer, directly or indirectly, with any State officer or employee other than the State Project Contact. Only written answers to questions shall be binding on the State.

Tony Hernandez
Illinois Housing Development Authority
401 N. Michigan Ave., Suite 700
Chicago, Illinois 60611

Phone: 312.836.5302
Fax: 312.832.2198
TDD: 312.836.5222
E-mail: thernand@ihda.org

1.1 VENDOR CONFERENCE / SITE VISIT: ☐ Yes ☒ No
Date and Time:

Mandatory Attendance: ☐ Yes ☐ No
Location:

We will provide written responses to questions and only those written responses shall be binding. If attendance is mandatory you will be disqualified if you (incumbents included) do not attend, are not on time, leave early or fail to sign the attendance sheet. You must allow adequate time to accommodate security screenings at the site.

1.2 OFFER DUE DATE, TIME AND SUBMISSION LOCATION: Due Date: Friday November 7, 2008 Time: 3:00 PM CST

DELIVER OFFERS TO:

Illinois Housing Development Authority
Attn: Colleen Saccotelli
401 N. Michigan Suite 700
Chicago, Illinois 60611

LABEL OUTSIDE OF ENVELOPE / CONTAINER:

2008-HDA-AM-014
Friday November 7, 2008 /3:00PM CST
Vendor Name & Address

We will open Offers at the Due Date, Time and Delivery Location. Prior to the due date, you may mail or hand-deliver Offers, modifications, and withdrawals. We do not allow e-mail, fax, or other electronic submissions. We must physically receive submissions as specified; it is not sufficient to show you mailed or commenced delivery before the due date and time. We will not consider Offers, modifications or withdrawals submitted after the due date and time. All times are State of Illinois local times.

1.3 NUMBER OF COPIES: You must submit a signed original and 3 copies of the Offer in a sealed container. In addition, you must submit 1 copy on CD in the following format: Word. If this is an RFP of either type you must submit separate CDs for technical and price with the price CD sealed in the pricing envelope. If you are requesting confidential treatment, you must make that request in the form and manner specified elsewhere in this solicitation.

1.4 OFFER FIRM TIME: Your Offer must remain firm for **180 days from opening**.

1.5 SECURITY: Bid Bond \$ N/A Performance Bond \$ N/A. You must submit the Bid Bond with the Offer and the Performance Bond within 10 days after award. The bond must be from a surety licensed to do business in Illinois. An irrevocable letter of credit is an acceptable substitute. The form of security must be acceptable to us.

1.6 PROTEST REVIEW OFFICE:

Illinois Housing Development Authority
Attn: James Kregor
401 N. Michigan Ave., ste. 700
Chicago, IL 60611

Phone: 312.836.5250
Fax: 312.836.2160
TDD: 312.836.5222

You may submit a written protest of our actions to the PROTEST REVIEW OFFICE following the requirements of the Standard Procurement Rules (44 Ill. Adm. Code 1.5550). We must physically receive the protest by noon of the seventh calendar day after you knew or should have known of the facts giving rise to the protest.

1.7 SMALL BUSINESS SET-ASIDE: ☒ Yes ☐ No. If "Yes" is marked, you must be certified by the Small Business Set-Aside Program at the time Offers are due in order for us to evaluate your Offer. For complete requirements and to certify your business in the Small Business Set-Aside Program, visit http://www.sell2.illinois.gov/bep/Set_Aside.htm. **The Agency prefers to award to a small business but reserves the right to award to a larger business if only a larger business can meet the criteria.**

1.8 MINORITY, FEMALE AND PERSONS WITH DISABILITY SUBCONTRACTING: ☐ Yes ☒ No. If "Yes" is marked, this solicitation contains a goal to include businesses owned and controlled by minorities, females and persons with disabilities in the State's procurement and contracting processes. In addition to the number of copies requested above, **you must submit an original and 1 copy of the Utilization Plan and Letter of Intent, sealed separately within the offer container.** Failure to submit a Utilization Plan as instructed later in this solicitation will render the offer non-responsive. All questions regarding the subcontracting goal must be directed to the

Supplier Diversity Manager at 312-814-1589 or Nancy.Quoss@illinois.gov. Subcontracting vendors must be certified by CMS as BEP vendors before the time of contract award. Go to http://www.sell2.illinois.gov/bep/Business_Enterprise.htm for complete requirements for BEP certification.

1.9 PUBLIC CONTRACTS NUMBER: (775 ILCS 5/2-105) If you do not have a Department of Human Rights' (DHR) Public Contracts Number or have not submitted a completed application to DHR for one before opening we may not be able to consider your Offer. Please contact DHR at 312-814-2431 or visit <http://www.state.il.us/dhr/index.htm> for forms and details.

1.10 OUT OF STATE COMPANIES: Non-Illinois Vendors must contact the Illinois Secretary of State (217-782-1834) regarding a Certificate of Authority to Transact Business in Illinois (805 ILCS 5/13). Application Form BCA 13.15 may be downloaded from http://www.cyberdriveillinois.com/departments/business_services/publications_and_forms/bca.html.

1.11 ILLINOIS PROCUREMENT BULLETIN (Bulletin): We publish procurement information (including updates) in the electronic Bulletin (<http://www.purchase.state.il.us>). Procurement information may not be available in any other form or location. You are responsible for monitoring the Bulletin; we cannot be held responsible if you fail to receive the optional e-mail notices.

1.12 AWARD: We will post a notice to the Bulletin identifying the apparent awardee. The notice extends the Offer Firm Time until we sign a contract or determine not to sign a contract. We may accept or reject your Offer as submitted, or may require contract negotiations. If negotiations do not result in an acceptable agreement, we may reject your Offer and begin negotiations with another Vendor. Protested awards are not final and are subject to resolution of the protest.

1.13 PUBLIC RECORDS AND REQUESTS FOR CONFIDENTIAL TREATMENT: Offers become the property of the State and these and late submissions will not be returned. Your Offer will be open to the public under the Illinois Freedom of Information Act (FOIA) (5 ILCS 140) and other applicable laws and rules, unless you request in your Offer that we treat certain information as exempt. We will not honor requests to exempt entire Offers. You must show the specific grounds in FOIA or other law or rule that support exempt treatment. Regardless, we will disclose the successful Vendor's name, the substance of the Offer, and the price. If you request exempt treatment, you must submit an additional copy of the Offer with exempt information deleted. This copy must tell the general nature of the material removed and shall retain as much of the Offer as possible. You will be responsible for any costs or damages associated with our defending your request for exempt treatment. You agree the State may copy the Offer to facilitate evaluation, or to respond to requests for public records. You warrant that such copying will not violate the rights of any third party.

1.14 RESERVATIONS: You must read and understand the solicitation and tailor your Offer and activities to ensure compliance. We reserve the right to amend the solicitation; reject any or all Offers; to award by item, group of items, or grand total; and to waive minor defects. We may request a clarification; inspect your premises; interview staff; request a presentation; or otherwise verify the contents of the Offer, including information about subcontractors and suppliers. We may request Best & Final Offers when appropriate. We will make all decisions on compliance, evaluation, terms and conditions, and shall make decisions solely in the best interests of the State. This competitive process requires that you provide additional information and otherwise cooperate with us. If you do not comply with requests for information and cooperate, we may reject your Offer. You have no right to an award by submitting an Offer, nor do you have the right to a contract based on our posting your name in a Bulletin notice. We are not responsible for and will not pay any costs associated with the preparation and submission of your Offer. If you are the awardee, you shall not commence, and will not be paid for any billable work prior to the date all parties execute the contract, unless approved in writing in advance by the State Purchasing Officer or the Chief Procurement Officer (or the CPO's designee).

1.15 GOVERNING LAW AND FORUM: Illinois law and rule govern this solicitation and any resulting contract. You must bring any action relating to this solicitation or any resulting contract in the appropriate court in Illinois. We do not allow binding arbitration. This document contains statutory references designated with "ILCS". You may view the full text at <http://www.ilga.gov/legislation/ilcs/ilcs.asp>. The Illinois Procurement Code (30 ILCS 500) and the Standard Procurement Rules (44 Ill. Adm. Code 1) are applicable to this solicitation and may be viewed by users registered for the Illinois Procurement Bulletin at <http://www.purchase.state.il.us>.

1.16 EMPLOYMENT TAX CREDIT: Vendors who hire qualified veterans and certain ex-offenders may be eligible for tax credits. Please contact the Illinois Dept. of Revenue (312-814-3215) for information about tax credits. If you receive this tax credit you must report to the Dept. of Central Management Services the number of individuals hired for whom you received tax credits. You must submit this information by August 31 of each year covering the previous 12 months (July-June) (PA 94-1067; 30 ILCS 500/45-67 and 45-70).

SECTION 2 - HOW WE WILL EVALUATE OFFERS

2.0 OFFER RESPONSE FORMS: We will evaluate the information you provide in the Offer Response Forms. You will find these forms in later sections of this solicitation.

2.1 EVALUATION CATEGORIES: We evaluate four categories of information: Administrative Compliance, Responsibility, Responsiveness, and Price. We will consider the information you supply or don't supply, and the quality of that information when evaluating your Offer. If we find a failure or deficiency, we may have to reject the Offer or reflect that in the evaluation.

2.1.1 ADMINISTRATIVE COMPLIANCE: We will determine whether your Offer complied with the Instructions for submitting Offers. Except for late submissions, we may require that a Vendor correct deficiencies as a condition of further evaluation.

2.1.2 RESPONSIBILITY: We will determine whether you are a "Responsible" Vendor; a Vendor with whom we can or should do business. Factors that we may evaluate to determine Responsibility include, but are not limited to: certifications, conflict of interest, financial disclosures, taxpayer identification number, past performance, references (including those found outside the Offer,) compliance with applicable laws, financial stability and the perceived ability to perform completely as specified. You must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the contract and must provide proof upon request. We may require that a Vendor correct any deficiencies as a condition of further evaluation.

2.1.3 RESPONSIVENESS: We will determine whether the Offer meets the stated requirements. Minor differences or deviations that have negligible impact on the price or suitability of the supply or service to meet the State's needs may be accepted or corrections allowed. If no administratively compliant and responsible Vendor meets a particular requirement, we may waive that requirement. When the specification calls for "Brand Name or Equal," the brand name product is acceptable. Other products will be considered with proof the other product meets stated specifications and is equivalent to the brand product in terms of quality, performance and desired characteristics.

2.2 AWARD: We will award to the Responsible Vendor whose Offer passes Administrative review, is Responsive and is considered the best of those submitted (without consideration of price) and with whom we are able to negotiate a fair and reasonable price.

We will determine how well Offers meet the Responsiveness requirements. We will rank Offers, without consideration of Price, from best to least qualified using a point ranking system (unless otherwise specified) as an aid in conducting the evaluation. Vendors who receive fewer than the minimum required points will not be considered for award.

We will attempt to negotiate a fair and reasonable Price with the Vendor with the best Offer. If we can not negotiate a fair and reasonable price, we reserve the right to award and negotiate with the next highest ranked Vendor. We will determine whether the price is fair and reasonable by considering the Offer, including the Vendor's qualifications, the Vendor's reputation, all prices submitted, other known prices, the project budget and other relevant factors.

The point evaluation system is described below:

2.2.1 The chart below shows the elements of Responsiveness that we will evaluate, their relative weights in point format and any minimum point requirements. The total number of points for Responsiveness is: 100.

Responsiveness Elements	Minimum Required Points	Weight
Administrative Compliance	1/1	1%
Qualifications: See 3.5.1	19/19	19%
Proposed Services: Proposed services in 3.1 & 3.2 to be evaluated individually		
A.) Cost Certification	15/20	20%
B.) Preparation of Audited Financial Statements and Management Letters	15/20	20%
C.) Complete Development Accounting	15/20	20%
D.) Re-syndication Report	15/20	20%

SECTION 3 - SPECIFICATIONS / QUALIFICATIONS / STATEMENT OF WORK

3.1 AGENCY'S NEED FOR SUPPLIES / SERVICES

The Illinois Housing Development Authority (the "Authority") seeks the services of a qualified certified public accounting firm to perform various accounting, auditing, consulting services in relation to an affordable multifamily development located in Aurora, IL (the "Development"). The development consists of 260 units in 13 buildings at various locations. The project received mortgage financing of approximately \$20 million and Low Income Housing Tax Credit Equity of approximately \$11 million to fund development. The project was in construction from 2003 through 2006.

This is a complex request with four distinct assignments and corresponding sets of deliverables (itemized A-D below.). The Authority will accept bids as follows:

1. Separate bids for A, B, C, or D
2. A combined bid for A, B, and C and a separate bid for Item D
3. A combined bid for A, B, and C only
4. A separate bid for item D only

The successful bidder should identify any subcontractors, including legal counsel, necessary for the assignment, as the Authority will reserve the right to approve each subcontractor.

3.2 SUPPLIES AND/OR SERVICES REQUIRED

A) Cost Certification for the Development

1. Preparation of the Cost Certification for the Development per Illinois Housing Development Authority Guidelines (attached as Exhibit B to the RFP).

B) Preparation of Audited Financial Statements and Management Letters

1. Preparation of the financial audits for the fiscal years of 2003, 2004, 2005, 2006 and 2007 for the Development per Illinois Housing Development Authority Guidelines (attached as Exhibit B to the RFP).
2. Completion of a management letter, which shall identify any management weaknesses observed, assess their effect on financial management and propose steps to correct or eliminate the weaknesses. Prior to the completion of the management letter, the auditor shall meet with Illinois Housing Development Authority representative to review the findings and recommendations in detail.
3. In addition to completing the annual audit, the accounting firm shall be available during normal business hours, throughout the contract period, to provide the Authority with advice and guidance on financial accounting and reporting issues. It is expected that the successful proposer will designate a senior staff member, at the manager or partner level, who will be responsible for responding to Illinois Housing Development Authority phone calls and e-mail communications within one business day.
4. All audit work-papers shall be retained for at least seven years. Work-papers shall be available for examination or duplication without charge to authorized Illinois Housing Development Authority personnel, representatives of Federal or other State Agencies upon request in accordance with Federal Law, State Law and other regulations. Working papers will also be made available for examination at no charge, or duplication at a reasonable charge, to subsequent auditors engaged by Illinois Housing Development Authority.

C) Complete Development Accounting

1. The successful bidder will reconcile all Development accounts for the period 2003 through October 31, 2008. The accounts to be reconciled include, but are not limited to all operating accounts, security deposit accounts, and reserve accounts held by any entity other than the Authority. The reconciliation should detail any withdrawals or distribution of Development funds that cannot be reconciled to allowable Development costs per Authority and Federal regulations.

D) Re-syndication Report

1. The successful bidder will also be responsible for preparing a report advising the Authority on the re-syndication of unused tax credits allocated to the property. The report should assess the viability of re-syndication and any tax implications for the existing development. The report should include a detailed analysis of the steps necessary to effect the re-syndication.

3.3 MILESTONES AND DELIVERABLES

A) Cost Certification for the Development

B) Preparation of Audited Financial Statements and Management Letters

1. (5) printed and bound copies of the audited annual Comprehensive Annual Financial Reports for years 2003, 2004, 2005, 2006 and 2007, including necessary audit opinion letters.
2. (5) unbound copies of the Comprehensive Annual Financial Report for years 2003, 2004, 2005, 2006 and 2007.
3. (1) electronic pdf file containing the Comprehensive Annual Financial Report.
4. (5) printed and bound copies of the annual management letter, including necessary opinion letters.

C) Complete Development Accounting

1. (5) printed and unbound copies of a Reconciliation Report
2. (1) electronic pdf file containing the Reconciliation Report

D) Re-syndication Report

1. (5) printed and unbound copies of a Re-syndication Report
2. (1) electronic pdf file containing the Re-syndication Report

3.4 REPORTING, STATUS AND MONITORING

3.4.1 At the State's option the Parties will work together to monitor performance during the contract and any warranty term. This may include use of a performance scorecard with conditions, milestones, requirements, or timetables that must be met before additional steps may be taken, or payment is due. The scorecard may also record matters related to price, service, quality and other factors deemed important.

3.4.2 Vendor shall cooperate with the State in this monitoring activity, which may require that Vendor report progress and problems (with proposed resolutions), provide records of its performance, allow random inspections of its facilities, participate in scheduled meetings and provide management reports as requested by the State.

3.4.3 N/A

3.5 VENDOR AND STAFF REQUIREMENTS

3.5.1 The chosen vendor must be a Certified Public Accountant licensed to do business in the State of Illinois. The vendor must have extensive experience preparing Cost Certifications and Comprehensive Audited Financial Statements for affordable housing developments subject to the regulations of the Low Income Housing Tax Credit program. The vendor must be able to provide, via its own resources and expertise or via a subcontractor(s) approved in advance by the Authority, an opinion and work plan for the re-syndication of unused tax credits.

3.5.2 Subcontractor Disclosure. Will you be using any subcontractors? ☐ Yes ☐ No

If yes, you must identify in Section 7.7 the names and addresses of all subcontractors you will be using in the performance of this Contract, together with the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. We may request updated information at any time.

3.5.3 References: You must provide references from established private firms or government agencies, (four preferred; two of each type preferred) other than the procuring agency, that can attest to your experience and ability to perform the contract subject of this solicitation. You must provide the name, contact information and a description of the supplies or services provided. You must attach your references with the responsibility forms.

3.6 WHERE SERVICES ARE TO BE PERFORMED

3.6.1 Services will be performed in the State of Illinois.

3.6.2 Work Location Disclosure: Vendor shall disclose in Section 7.8 the location where the services required shall be performed. If at multiple locations, the known or anticipated value of the services performed at each location shall be identified. This information and economic impact on Illinois and its residents may be considered in the evaluation. If any work identified for performance in the United States is moved to another country, such action may be deemed a breach of the contract.

3.7 OTHER SPECIFICATIONS

N/A

3.8 TERM OF CONTRACT

The proposed contract term is for 1 calendar year, beginning approximately November 24, 2008 and ending November 23, 2009 with an option to renew for one year through November 23, 2010. The specific timing of deliverables will be negotiated with the selected vendor(s).

3.9 RENEWAL

The resulting Contract may not be renewed unless the renewal period(s) and any applicable conditions are shown below. The renewal shall be subject to the same terms and conditions as the original Contract unless otherwise stated below. However, the Contract may not renew automatically, nor may the Contract renew solely at the Vendor's option.

The Agency reserves the right to renew for a total of 1 year in one of the following manners:

- a) One renewal covering the entire renewal allowance,
- b) Individual one-year renewals up to and including the entire renewal allowance, or
- c) Any combination of full or partial-year renewals up to and including the entire renewal allowance.

Renewals will be approved at the Agency's sole discretion based on the need for additional time to complete one or more of the deliverable tasks.

End of Instructions

SECTION 4 - OFFER TO STATE OF ILLINOIS

Project Title / Reference # Financial Audit Services, 2008-HDA-AM-014

The undersigned authorized representative of the identified Vendor does hereby submit this Offer to perform in full compliance with the subject solicitation. By completing and signing this Form, we are making an Offer to the State of Illinois that the State may accept. We are also certifying to compliance with the various requirements of the solicitation and the documents contained in the solicitation.

We have marked each blank below as appropriate and have used N/A when a section is not applicable to this solicitation. We understand that failure to meet all requirements is cause for disqualification.

We have:

☐ Reviewed the Offer Form, including all referenced documents as well as the solicitation Instructions, filled in all relevant blanks, provided any requested information, and

☐ Signed on the space(s) provided.

Acknowledgment of Amendments.

☐ We acknowledge receipt of any and all amendments to the solicitation and have taken those into account in making this Offer.

Offer Response Forms. Accompanying and as part of this Offer you will find:

For all Offers

- ☐ Bid Security, if required
- ☐ Designated number of copies
- ☐ Electronic copies, if required. For RFP's include separate disks for technical and pricing, with pricing disk sealed in pricing envelope.
- ☐ Completed Responsibility Forms packet
 - Business and Directory Information
 - Conflict of Interest Disclosures
 - Completed and Signed Taxpayer Identification Number form
- ☐ Completed Minority, Female and Person with Disability Status and Subcontracting form, if required
- ☐ References, if required

For IFBs

- ☐ Completed and signed Contract

For RFPs

- ☐ Response to Statement of Work/Specifications/Qualifications and Price sections completed and submitted in separate sealed envelopes in the Offer package.

Exceptions. In preparing the Offer we have taken (check one)

- ☐ No Exceptions
- ☐ Exceptions to the State's language or requirements in the following sections of the Offer:
 - ☐ Contract
 - ☐ Responsibility forms

Details of the exceptions are shown (check one)

- ☐ in the text of each section of the Offer
- ☐ on a separate labeled attachment

Domestic Products (check one)

- ☐ We are not making a claim for preference under the Procurement of Domestic Products Act (30 ILCS 517).
- ☐ We are making a claim for preference under the Procurement of Domestic Products Act (30 ILCS 517). After reading the Act we certify we are eligible and that the following product or products bid or proposed in response to this solicitation meet the requirements of the Act. Check and complete as applicable:
- ☐ All products
- ☐ The following individual products (show line item if applicable)
- _____
- _____

Request for Confidential Treatment (check one)

- ☐ We are not requesting confidential treatment for this Offer.
- ☐ We are seeking confidential treatment for portions of this Offer. We have supplied, as an attachment to this Offer, a listing of the provisions identified by section number for which we seek confidential treatment along with the statutory basis under Illinois law for exempting that information from public disclosure. We have supplied an additional copy of the Offer with confidential information deleted. In the event the designation of confidentiality of this information is challenged, the undersigned hereby agrees to provide legal counsel or other necessary assistance to defend the designation of confidentiality and agrees to hold the State harmless for any costs or damages arising out of the State agreeing to withhold the materials based on Vendor's request.

Protests and Negotiations

If we are selected for award, we understand that does not entitle us to a contract. We further understand the award is conditioned on favorable resolution of any protests and to successful negotiation of terms and conditions including, but not limited to price and any exceptions requested.

Vendor Contact Person: The contact person for purposes of responding to any questions the State may have is:

Printed Name _____ Title _____

Address _____

Phone _____ Fax _____

Email _____

(Vendor name and DBA)

(Signature of party authorized to bind the named Vendor)

Printed Name _____ Title _____

Address _____

Phone _____ Fax _____

E-mail _____

SECTION 5 - RESPONSIBILITY FORMS

We have identified various information we need in order to determine if you are eligible to contract with the State and can be considered a "Responsible" Vendor.

You will need to:

Review each of the Responsibility forms, fill in all relevant blanks and provide any requested information.

Business and Directory Information

Conflict of Interest Disclosures

Minority, Female, Person with Disability Status and Subcontracting

Complete and sign the:

Taxpayer Identification Form

Attach references, if required

You must include all of this as part of your Offer or risk disqualification.

Business and Directory Information

- (a) Name of Business (Official Name and D/B/A)
- (b) Business Headquarters (include Address, Telephone and Facsimile)
- (c) If a Division or Subsidiary of another organization provide the name and address of the parent
- (d) Billing Address
- (e) Name of Chief Executive Officer
- (f) Customer Contact (include Name, Title, Address, Telephone, Toll-Free Number, Facsimile and E-mail)
- (g) Company Web Site
- (h) Type of Organization (i.e., Sole Proprietor, Corporation, Partnership, etc. -- should be the same as on the Taxpayer ID form below)
- (i) Length of Time in Business
- (j) Annual Sales (for most recently completed Fiscal Year)
- (k) Number of Full-Time Employees (average from most recent Fiscal Year)
- (l) Type of and description of business
- (m) State of incorporation, state of formation or state of organization
- (n) Identify and specify the location(s) and telephone numbers of the major offices and other facilities that relate to the Vendor's performance under the terms of this solicitation.
- (o) Department of Human Rights (DHR) Public Contract Number
If Vendor has employed fifteen (15) or more full-time employees at any time during the 365-day period immediately preceding the publication of this solicitation in the Illinois Procurement Bulletin (or issuance date if not published), then Vendor must have a current Public Contract Number or have proof of having submitted a completed application for one prior to the Solicitation opening date. (44 Ill. Adm. Code 750.210(a)) For application information call the DHR Public Contracts unit at (312) 814-2431.

Show # _____ or attach proof of application.

(p) Information Regarding Debarment, Litigation and Terminations

1. During the last five (5) years has any order, judgment or decree of any Federal or State authority been issued barring, suspending or otherwise limiting your right to contract with any governmental entity, including school districts, or to engage in any business practice or activity?
Yes____ No____
2. Is there any current, pending or threatened litigation, administrative or regulatory proceedings, or similar matters that could affect your ability to perform the required services.
Yes____ No____
3. During the last five (5) years has any customer terminated a contract for cause or accepted damages in lieu of for cause termination?
Yes____ No____

(q) Disclosure of Business Operations with Iran (30 ILCS 500/50-36)

Each bid, offer, or proposal submitted for a State contract, other than a small purchase defined in Section 20-20 [of the Illinois Procurement Code], shall include a disclosure of whether or not the bidder, offeror, or proposing entity, or any of its corporate parents or subsidiaries, within the 24 months before submission of the bid, offer, or proposal had business operations that involved contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran and:

(1) more than 10% of the company's revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company's revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral – extraction products or services to the Government of Iran or a project or consortium created exclusively by that Government; and the company has failed to take substantial action; or

(2) the company has, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each that in the aggregate equals or exceeds \$20 million in any 12- month period that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

A bid, offer, or proposal that does not include this disclosure shall not be considered responsive. We may consider this disclosure when evaluating the bid, offer, or proposal or awarding the contract.

You must check one of the following items and if item 2 is checked you must also make the necessary disclosure:

___ There are no business operations that must be disclosed to comply with the above cited law.

___ The following business operations are disclosed to comply with the above cited law:

CONFLICT OF INTEREST DISCLOSURES

Instructions. Vendor shall disclose with the Offer financial interests, potential conflicts of interest and contract information identified in Sections 1, 2 and 3 below as a condition of receiving an award or contract (30 ILCS 500/50-13 and 50-35).

If the Vendor is a wholly owned subsidiary of a parent organization, separate disclosures must be made by the Vendor and the parent. For purposes of this form, a parent organization is any entity that owns 100% of the Vendor.

This disclosure information is submitted on behalf of (show official name of Vendor, and if applicable, D/B/A and parent):

Name of Vendor: _____

D/B/A (if used): _____

Name of any Parent Organization: _____

Section 1: Section 50-13 Conflicts of Interest

All Vendors must complete this section regardless of the dollar value of the contract or method of procurement. Even if you mark "No Conflict of Interests" you may still need to complete Section 2 and 3.

(a) Prohibition. It is unlawful for any person holding an elective office in this State, holding a seat in the General Assembly, or appointed to or employed in any of the offices or agencies of State government and who receives compensation for such employment in excess of 60% of the salary of the Governor of the State of Illinois [\$106,447.20], or who is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority, or who is the spouse or minor child of any such person to have or acquire any contract, or any direct pecuniary interest in any contract therein, whether for stationery, printing, paper, or any services, materials, or supplies, that will be wholly or partially satisfied by the payment of funds appropriated by the General Assembly of the State of Illinois or in any contract of the Capital Development Board or the Illinois Toll Highway Authority.

(b) Interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) is entitled to receive (i) more than 7 1/2% of the total distributable income or (ii) an amount in excess of the salary of the Governor (\$177,412.00), to have or acquire any such contract or direct pecuniary interest therein.

(c) Combined interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) together with his or her spouse or minor children is entitled to receive (i) more than 15%, in the aggregate, of the total distributable income or (ii) an amount in excess of 2 times the salary of the Governor [\$354,824.00], to have or acquire any such contract or direct pecuniary interest therein.

Check One:

_____ No Conflicts Of Interest

_____ Potential Conflict of Interest (If checked, name each conflicted individual, the nature of the conflict, and the name of the State agency that is associated directly or indirectly with the conflicted individual.)

Section 2: Disclosure of Financial Interest in the Vendor.

This applies to all contracts with an annual value exceeding \$10,000 that must be procured using one of the authorized competitive methods of source selection. Complete the appropriate subsections.

Vendors must complete subsection (a), (b) or (c) below as applicable if the annual value exceeds \$10,000. Use (c) if you do not meet the requirements for (a) or (b). In addition, all Vendors must complete Section 3.

(a) Publicly traded corporations subject to SEC reporting requirements

(a-1) Vendor shall submit their 10K disclosure (include proxy if referenced in 10k) in satisfaction of the financial and conflict of interest disclosure requirements set forth in subsections 50-35 a and b of the Procurement Code. The SEC 20f or 40f, supplemented with the names of those owning in excess of 5% and up to the ownership percentages disclosed in those submissions, may be accepted as being substantially equivalent to 10K. Check here if submitting a 10k _____, 20f _____, or 40f _____.

(a-2) Vendor shall identify each contract, pending contracts, bids, proposals and other ongoing procurement relationships it has with units of State of Illinois government by showing agency name and other descriptive information such as bid number, project title, purchase order number or contract reference number (Attach additional pages as necessary. Show "none" if appropriate).

(b) Privately held corporations with more than 400 shareholders

(b-1) These Vendors may submit the information identified in 17 CFR 229.401 and list the names of any person or entity holding any ownership share in excess of 5% in satisfaction of the financial and conflict of interest disclosure requirements set forth in subsections 50-35 a and b of the Procurement Code.

(b-2) Vendor shall identify each contract, pending contracts, bids, proposals and other ongoing procurement relationships it has with units of State of Illinois government by showing agency name and other descriptive information such as bid number, project title, purchase order number or contract reference number (Attach additional pages as necessary. Show "none" if appropriate).

(c) General disclosure. Individuals, sole proprietorships, partnerships and any others not qualified to use subsection (a) or (b) above must complete (c-1), (c-2), and (c-3) as appropriate.

(c-1) For each individual having any of the following financial interests in the Vendor (or its parent), please mark each that apply and show the applicable name and address. Use separate forms for each individual.

Does Ownership exceed 5%?	Yes ☐	No ☐	If Yes show percentage*	_____ %.
Does Ownership value exceed \$106,447.20?	Yes ☐	No ☐	If Yes show \$ amount	\$ _____
Does Distributive Income Share exceed 5%?	Yes ☐	No ☐	If Yes show percentage*	_____ %.
Does Distributive Income Share exceed \$106,447.20?	Yes ☐	No ☐	If Yes show \$ amount	\$ _____
How is this interest held?				

Type of ownership/distributable income share:

Sole Proprietorship ☐ Stock ☐ Partnership ☐ Other (explain) _____

Name: _____

Address: _____

*For partnerships with more than 50 partners, the percentage share of ownership of each individual identified above may be shown in the following ranges (Dollar value fields must also be completed when applicable):

0.5% or less _____ >0.5 to 1.0% _____ >1.0 to 2.0% _____ >2.0 to 3.0 % _____ > 3.0 to 4.0% _____ %
>4.0 to 5.0% _____ and in additional 1% increments as appropriate _____ %

(c-2) In relation to individuals identified in c-1 above, indicate whether any of the following potential conflict of interest relationships apply. If "Yes," please describe each situation (label with appropriate letter) using the space at end of this Section (attach additional pages as necessary). If no individual has been identified in c-1 above, mark not applicable (n/a) here _____.

- (a) State employment, currently or in the previous 3 years, including contractual employment of services directly with the individuals identified in Section 1 in their individual capacity unrelated to the Vendor's contract. Yes ☐ No ☐
- (b) State employment of spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years. Yes ☐ No ☐
- (c) Elective status; the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous 3 years. Yes ☐ No ☐
- (d) Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐
- (e) Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years. Yes ☐ No ☐
- (f) Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐
- (g) Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government. Yes ☐ No ☐
- (h) Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐
- (i) Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. Yes ☐ No ☐
- (j) Relationship to anyone; spouse, father, mother, son, or daughter; who is or was a compensated employee in the last 2 years of any registered election or reelection committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. Yes ☐ No ☐

Section 3: Current and Pending Contracts

Vendor shall identify each contract, pending contracts, bids, proposals and other ongoing procurement relationships it has with units of State of Illinois government by showing agency name and other descriptive information such as bid number, project title, purchase order number or contract reference number. (Attach additional pages as necessary. Show "none" if appropriate.)

Minority, Female, Person with Disability Status and Subcontracting

The Business Enterprise Program Act for Minorities, Females and Persons with Disabilities (BEP) (30 ILCS 575) establishes a goal for contracting with businesses that have been certified as owned and controlled by persons who are minority, female or who have disabilities. While you must complete this form, your response will not be considered in the evaluation. A listing of certified businesses may be obtained from the Department of Central Management Services' Business Enterprise Program for Minorities, Females and Persons with Disabilities by calling 312/814-4190 (Voice & TDD), 800/356-9206 (Toll Free), or 800/526-0844 (Illinois Relay Center for Hearing Impaired).

Name of Company (and D/B/A): _____

Is your company at least 51% owned and controlled by individuals in one or more of the following categories? Yes ☐ No ☐

If "Yes" check each that applies:

Category:

Minority ☐

Female ☐

Person with Disability ☐

Disadvantaged ☐

If "Yes," please identify, by checking the applicable blanks, which agency certified the business and in what category:

Certifying Agency:

Department of Central Management Services ☐

Women's Business Development Center ☐

Chicago Minority Business Development Council ☐

Illinois Department of Transportation ☐

Other (please identify): _____

Category:

Minority ☐

Female ☐

Person with Disability ☐

Disadvantaged ☐

If you are not a certified BEP business, do you have a written policy or goal regarding contracting or subcontracting with BEP certified Vendors? Yes ☐ (attach copy) No ☐

If "No," will you make a commitment to contact BEP certified Vendors and consider them for subcontracting opportunities on this contract? Yes ☐ No ☐

Do you plan on ordering supplies or services in furtherance of this contract from BEP certified Vendors? Yes ☐ No ☐

If "Yes," please identify what you plan to order, the estimated value as a percentage of your total Offer, and the names of the BEP certified Vendors you plan to use.

TAXPAYER IDENTIFICATION NUMBER

I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).
 - If you are an individual, enter your name and SSN as it appears on your Social Security Card.
 - If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
 - If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the d/b/a on the business name line and enter the owner's SSN or EIN.
 - If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
 - For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: _____

Business Name: _____

Taxpayer Identification Number:

Social Security Number _____
or
Employer Identification Number _____

Legal Status (check one):

- | | |
|--|---|
| ☐ Individual | ☐ Governmental |
| ☐ Sole Proprietor | ☐ Nonresident alien |
| ☐ Partnership | ☐ Estate or trust |
| ☐ Legal Services Corporation | ☐ Pharmacy (Non-Corp.) |
| ☐ Tax-exempt | ☐ Pharmacy/Funeral Home/Cemetery (Corp.) |
| ☐ Corporation providing or billing
medical and/or health care services | ☐ Limited Liability Company (select applicable tax classification) |
| ☐ Corporation NOT providing or billing
medical and/or health care services | ☐ D = disregarded entity |
| | ☐ C = corporation |
| | ☐ P = partnership |

Signature: _____

Date: _____

SECTION 6 - RESPONSIVENESS

For this solicitation, you will need to respond to each of the points identified in Section 3 of the Solicitation. You must follow any format shown or referenced below. If none, you may respond freeform provided you address all the points, numbering each point as found in Section 3 and addressing them in the order they appear.

SECTION 7 - PRICE

7.0 PRICE SUBMISSION: The Price Proposal must be submitted in a separate, sealed envelope or container in the Offer container. The Vendor will provide its Price Proposal in accordance with the specifications provided below for the services specified in this document. Required pricing details are shown below:

7.1 METHOD AND RATE OF COMPENSATION: Identify the method of charging (hourly, daily, project, item, or other method) and provide the rate or price for each type of supply or service. Pricing shall be in accordance with the unit of measure specified and only one unit price shall be quoted per item unless specifically provided below. All extensions and totals requested shall be shown. Prices quoted must be net after deducting all trade or quantity discounts and any other available allowances. Prices must be F.O.B. DESTINATION with all transportation and handling included and paid by the Vendor.

7.2 MAXIMUM COMPENSATION FOR SUPPLIES AND SERVICES: Show price in checked category only:

☒ Firm Price _____
☐ Estimated Price _____

7.3 EXPENSES: Unless otherwise specified, this contract does not allow for reimbursement of any expense incurred by Vendor, including but not limited to telephone or other communications device, postage, copying, travel, transportation, lodging, food and per diem.

7.4 PAYMENT TERMS AND CONDITIONS (including when paid, frequency and retainage): Payment will be made after completion of the Contract unless otherwise specified below.

7.5 DISCOUNTS: ____% discount for payment within ____ days of delivery. This discount will not be a factor in making the award.

7.6 TAX EXEMPTIONS: State and Federal tax exemption information is available upon request.

7.7 SUBCONTRACTORS: Vendor shall identify the names and addresses of all subcontractors utilized by Vendor in the performance of this Contract, together with the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. The State may request updated information at any time. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work of this contract or to provide the supplies requested by the State.

Subcontractor Name

Amount to be paid

7.8 WORK LOCATION DISCLOSURE: Vendor shall disclose the location where the services required shall be performed. If at multiple locations, the known or anticipated value of the services performed at each location shall be identified. This information and economic impact on Illinois and its residents may be considered in the evaluation. If the selected Vendor receives additional consideration in the evaluation based on work being performed in the United States, the resulting contract shall contain a provision that any shift in such work outside the United States may be considered a breach of contract.

Location where services will be performed _____
Value of services performed at this location _____

Location where services will be performed _____
Value of services performed at this location _____

SECTION 8 - CONTRACT

We expect to draft a substantially similar contract based on the terms and conditions as set forth in the following State of Illinois Contract. If you are unable to accept one or more parts of the Contract, you will need to identify any exception that you would want us to consider. You may show these changes on the Contract form itself by striking over language you find problematic, and underlining alternate language or by listing the sections and showing the alternate language on a separate page. You must provide these exceptions requests with your Offer.

Please note that most contract provisions are required by law or important policy and we have very limited ability to consider and accept changes you might propose.

You will need to review the Contract and complete the following fields:

- Page 1 sign the contract and provide contact information
- Section 2 fill in any blanks or provide any information requested
- Section 3 insert price information

CONTRACT

The Parties to this Contract are the State of Illinois acting through the undersigned Agency (collectively the State) and the Vendor. The Contract consists of this signature page, the following pages detailing the contents described below, and any attachments identified on these pages.

1. **TERM AND TERMINATION**
2. **DESCRIPTION OF SUPPLIES / SERVICES**
3. **PRICING**
4. **STANDARD TERMS AND CONDITIONS**
5. **CERTIFICATIONS AND CONFLICTS**
6. **SUPPLEMENTAL PROVISIONS**

In consideration of the mutual covenants and agreements contained in this Contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms and conditions set forth herein and have caused this Contract to be executed by their duly authorized representatives on the dates shown below.

VENDOR

(Vendor Name) _____

Signature _____

Printed Name _____

Title _____ Date _____

Address _____

Phone _____ Fax _____

E-mail _____

STATE OF ILLINOIS

(Agency Name) _____

Official Signature _____

Printed Name _____

Title _____ Date _____

Designee Signature _____

Printed Name _____

Title _____

Address _____

Phone _____ Fax _____

E-mail _____

STATE USE ONLY PROVISIONS

NOT PART OF CONTRACTUAL

PBC# _____

Contract # _____

Project Title _____

Procurement Method (IFB, RFP, Small, etc): _____

Award Code: _____

IPB Publication Date: _____

IPB Ref. # _____

Subcontractor Utilization? Yes ☐ No ☐

Subcontractor Disclosure? Yes ☐ No ☐

Funding Source _____

Obligation # _____

CMS Program Compliance _____

Fiscal Compliance _____

Legal Compliance _____

Executive Compliance _____

1. **TERM AND TERMINATION**

1.1 **TERM OF THIS CONTRACT:** *[Agency to include beginning and end date of initial term.]*

Unless otherwise specified, this Contract shall commence upon the last dated signature of the Parties.

1.2 RENEWAL: This Contract may not be renewed unless the renewal period(s) and any applicable conditions are shown below. The renewal shall be subject to the same terms and conditions as the original Contract unless otherwise stated below. Renewal pricing is shown in Section 3. However, the Contract may not renew automatically, nor may the contract renew solely at the Vendor's option.

[Agency to include renewal rights here. If more than one renewal is desired, include the following language for maximum flexibility.]

The State reserves the right to renew for a total of _____ years in one of the following manners:

- a) One renewal covering the entire renewal allowance,
- b) Individual one-year renewals up to and including the entire renewal allowance, or
- c) Any combination of full or partial-year renewals up to and including the entire renewal allowance.

1.3 TERMINATION FOR CAUSE: The State may terminate this Contract, in whole or in part, immediately upon notice to the Vendor if it is determined that the actions, or failure to act, of the Vendor, its agents, employees or subcontractors have caused, or reasonably could cause jeopardy to health, safety, or property. If Vendor fails to perform to the State's satisfaction any material requirement of this Contract or is in violation of a material provision of this Contract, the State shall provide written notice to the Vendor requesting that the breach or noncompliance be remedied within the period of time specified in the State's written notice. If the breach or noncompliance is not remedied by that date the State may either: (a) immediately terminate the Contract without additional written notice or, (b) enforce the terms and conditions of the Contract, and in either event seek any available legal or equitable remedies and damages.

1.4 TERMINATION FOR CONVENIENCE: Following thirty (30) days written notice, the State may terminate this Contract in whole or in part without the payment of any penalty or incurring any further obligation to the Vendor. Following any such termination for convenience, the Vendor shall be entitled to compensation upon submission of invoices and proof of claim for services provided under this Contract up to and including the date of termination.

2. DESCRIPTION OF SUPPLIES AND SERVICES

2.1 GOALS AND OBJECTIVES:

2.2 SUPPLIES AND/OR SERVICES REQUIRED:

2.3 MILESTONES AND DELIVERABLES: Vendor shall not perform services, provide supplies or incur expenses in amount exceeding the amount shown in this Section, unless a higher amount is authorized in writing by the State prior to the Vendor performing the services, providing the supplies, or incurring the expenses.

Not-to-exceed \$ _____

2.4 VENDOR / STAFF SPECIFICATIONS:

2.4.1 SUBCONTRACTORS: Vendor shall identify the names and addresses of all subcontractors utilized by Vendor in the performance of this Contract, together with the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. The State may request updated information at any time. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work of this contract or to provide the supplies requested by the State.

Subcontractor Name

Amount to be paid

2.5 DELIVERY SPECIFICATIONS:

2.6 WHERE SERVICES ARE TO BE PERFORMED: Unless otherwise specified in this section all services shall be performed in the United States. If the Vendor creates or manufactures the supplies or performs any of the work in another country in violation of the Contract, such action may be deemed a breach of the Contract. Vendor shall disclose the location where the services required shall be performed. If at multiple locations, the known or anticipated value of the services performed at each location shall be identified. If the Vendor received additional consideration in the evaluation based on work being performed in the United States, it shall be a breach of contract if the Vendor shifts any such work outside the United States.

Location where services will be performed _____

Value of services performed at this location _____

Location where services will be performed _____

Value of services performed at this location _____

2.7 SCHEDULE OF WORK: Any work performed on State premises shall be done during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel.

2.8 WARRANTIES FOR SUPPLIES AND SERVICES:

2.8.1 Vendor warrants that the supplies furnished under this Contract (a) will conform to the State's manufacturing standards, specifications, drawing, samples or descriptions furnished by the State, including but not limited to all specifications attached as exhibits hereto, (b) will be merchantable, of good quality and workmanship, free from defects for a period of twelve months or longer if specified in writing, and fit and sufficient for the intended use (c) will comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies (d) will be of good title and be free and clear of all liens and encumbrances and (e) will not infringe any patent, copyright or other intellectual property rights of any third party. Vendor agrees to reimburse the State for any losses, costs, damages or expenses, including without limitations, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties. Vendor shall insure that all manufacturers' warranties are transferred to the State and shall provide a copy of the warranty. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

2.8.2 Vendor warrants that all services will be performed in a good and professional manner to industry standards by trained and competent personnel. Vendor shall monitor performances of each individual and shall reassign immediately any individual who is not performing to professional standards, who is not efficient or effective in performing the work of the contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the Contract or State policies.

2.9 REPORTING, STATUS AND MONITORING SPECIFICATIONS:

2.9.1 Vendor shall immediately notify the State of any event that may have a material impact on Vendor's ability to perform the Contract.

2.9.2 Upon request and on forms provided by Agency, Vendor shall report the number of qualified veterans and certain ex-offenders hired during Vendor's last completed fiscal year. Vendor may be entitled to employment tax credit for hiring individuals in those groups (PA 94-1067).

3. **PRICING**

3.1 **METHOD AND RATE OF COMPENSATION:** Vendor shall be compensated by the following method:

- ☐ hourly _____
- ☐ monthly _____
- ☐ annually _____
- ☐ project _____
- ☐ item _____

3.2 **MAXIMUM COMPENSATION FOR SUPPLIES AND SERVICES:**

- ☐ Firm Price _____
- ☐ Estimated Price _____

3.3 RENEWAL COMPENSATION: If this contract is renewed, the price shall be the same as for the initial term unless a different compensation, or formula for determining the renewal compensation, is stated below.

3.4 EXPENSES: Unless otherwise agreed upon and stated herein, this Contract does not allow for reimbursement of any expense incurred by Vendor, including but not limited to telephone or other communications device, postage, copying, travel, transportation, lodging, food and per diem. Any approved travel expenses shall be reimbursed in accordance with the Travel Regulation Council and Governor's Travel Board rules.

3.5 DISCOUNT: _____ % discount for payment within _____ days of receipt of invoice

3.6 TAX: Vendor shall not bill for any taxes unless accompanied by proof the State is subject to the tax. If necessary, Vendor may request the applicable Agency's Illinois tax exemption number and federal tax exemption information.

3.7 INVOICING: Vendor shall invoice at the completion of the Contract unless invoicing is tied in this Contract to milestone or deliverables, or other invoicing requirements agreed to elsewhere in this Contract. Send invoices to _____.

3.8 **PAYMENT TERMS AND CONDITIONS:**

3.8.1 By submitting an invoice, Vendor certifies that the supplies or services provided meet all requirements of the Contract, and the amount billed and expenses incurred are as allowed in the Contract. Invoices for supplies purchased, services performed and expenses incurred through June 30 of any year must be submitted to the State no later than July 31 of that year; otherwise Vendor may have to seek payment through the Illinois Court of Claims (30 ILCS 105/25). All invoices are subject to statutory offset (30 ILCS 210).

3.8.2 Payments, including late payment charges, will be paid in accordance with the State "Prompt Payment Act" (30 ILCS 540) and rules (74 Ill. Adm. Code 900) when applicable. Payments delayed at the beginning of the State's fiscal year (July and August payments) because of the appropriation process shall not be considered a breach.

3.8.3 The State shall not be liable to pay for supplies provided or services rendered, including related expenses incurred prior to the execution of this Contract by the Parties and the beginning of the term of this Contract.

3.8.4 As a condition of receiving payment Vendor must pay its employees prevailing wages when required by law (e.g., public works, printing, janitorial, window washing, building and grounds services, site technician services, natural resource services, security guard and food services). Vendor is responsible for contacting the Illinois Dept. of Labor (217-782-6206; <http://www.state.il.us/agency/idol/index.htm>) to ensure understanding of prevailing wage requirements (30 ILCS 500/25-60(b)).

3.8.5 As a condition of receiving payment Vendor must pay its suppliers and subcontractors according to the terms of their respective contracts. Vendor shall provide lien waivers to the State upon request.

4. STANDARD TERMS AND CONDITIONS

4.1 AVAILABILITY OF APPROPRIATION (30 ILCS 500/20-60): State shall use its best efforts to secure sufficient appropriations to fund this Contract. However, the State, at its sole option, may terminate or suspend this contract, in whole or in part, without penalty or further payment being required, if the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason.

4.2 AUDIT/RETENTION OF RECORDS (30 ILCS 500/20-65): Vendor and its subcontractors shall maintain books and records relating to the performance of the Contract or subcontract and necessary to support amounts charged to the State under the Contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three years from the later of the date of final payment under the Contract or completion of the Contract, and by the subcontractor for a period of three years from the later of final payment under the term or during the three year period thereafter. Books and records required to be maintained under this section shall be available for review or audit by representatives of the State, the Auditor General, the Executive Inspector General and other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the Contract for which adequate books and records are not available to support the purported disbursement. The Vendor shall not impose a charge for audit or examination of the Vendor's books and records. If federal funds are used to pay contract costs, the Vendor must retain its records for five years. Vendor shall take reasonable steps to insure that any subcontractor is in compliance with the requirements of this section.

4.3 TIME IS OF THE ESSENCE: Time is of the essence with respect to Vendor's performance of this Contract. Except as specifically waived in writing, failure by either Party to exercise or enforce a right shall not affect any subsequent ability to exercise or enforce a right.

4.4 FORCE MAJEURE: Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring party may cancel the Contract without penalty if performance does not resume within 30 days of the declaration.

4.5 CONFIDENTIAL INFORMATION: Each Party, including its agents and subcontractors, to this Contract may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this Contract. The receiving Party shall presume all information received or to which it gains access pursuant to this Contract is confidential unless otherwise designated by the disclosing Party. No confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of the Contract or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of the Contract, in whatever form it is maintained, promptly at the end of the Contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third-party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.

4.6 USE AND OWNERSHIP: All work performed or supplies created by Vendor under this Contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work-for-hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed to herein. Vendor hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Vendor may have to such work including any so-called "moral rights" in connection with the work. Confidential data or information contained in such work shall be subject to Section 4.5 herein.

4.7 INDEMNIFICATION AND LIABILITY: The Vendor agrees to indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of (a) any breach or violation by Vendor of any of its representations, warranties, covenants or agreements set forth herein, (b) any actual or alleged death or injury to any person, damage to any property or any other damage or loss by whomsoever suffered, claimed to result in whole or in part from Vendor's negligent performance hereunder, (c) any act, activity or omission of Vendor or any of its employees, representatives, subcontractors or agents. Neither party shall be liable for incidental, special, consequential or punitive damages.

4.8 INSURANCE: Vendor shall, at all times during the term and any renewals, maintain and provide a Certificate of Insurance naming the State as additional insured for all required bonds and insurance. Certificates may not be modified or canceled until at least 30 days notice has been provided to the State. Vendor shall provide: (a) General Commercial Liability-occurrence form in amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto, (Combined Single Limit Bodily Injury and Property Damage) in amount of \$1,000,000 per occurrence;

and (c) Worker's Compensation Insurance in amount required by law. Insurance shall not limit Vendor's obligation to indemnify, defend, or settle any claims.

4.9 INDEPENDENT CONTRACTOR: Vendor shall, in the performance of this Contract, be an independent contractor and not an agent or employee of, or joint venturer with the State. All payments by the State shall be made on that basis.

4.10 ASSIGNMENT AND SUBCONTRACTING: This Contract may not be assigned, transferred or subcontracted in whole or in part by the Vendor without the prior written consent of the State. Vendor shall describe, as a supplemental provision to this Contract, the names and addresses of all authorized subcontractors utilized by Vendor in the performance of this Contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work or to provide the supplies covered by the Contract.

4.11 SOLICITATION AND EMPLOYMENT: Vendor shall not employ any person employed by the State during the term of this Contract to perform any work under this Contract. Vendor shall give notice immediately to the Agency's director if Vendor solicits or intends to solicit State employees to perform any work under this Contract.

4.12 COMPLIANCE WITH THE LAW: The Vendor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this Contract. Vendor shall be in compliance with applicable tax requirements and shall be current in payment of such taxes.

4.13 BACKGROUND CHECK: Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Vendor's officers, employees or agents. Vendor shall reassign immediately any such individual who does not pass the background checks.

4.14 APPLICABLE LAW: This Contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois. The Department of Human Rights' Equal Opportunity requirements (44 Ill. Adm. Code 750) are incorporated by reference. Any claim against the State arising out of this Contract must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any Contract dispute. The State of Illinois does not waive sovereign immunity by entering into this Contract. The official text of cited statutes is incorporated by reference (An unofficial version can be viewed at <http://www.ilga.gov/legislation/ilcs/ilcs.asp>). In compliance with the Illinois and federal Constitutions, the Illinois Human Rights Act, the U. S. Civil Rights Act, and Section 504 of the federal Rehabilitation Act and other applicable laws and rules the State does not unlawfully discriminate in employment, contracts, or any other activity.

4.15 ANTI-TRUST ASSIGNMENT: If Vendor does not pursue any claim and cause of action it has arising under federal or state antitrust laws relating to the subject matter of the Contract, then upon request Vendor shall assign to the State all right, title and interest in and to the claim or cause of action.

4.16 AUTHORIZATION: Each Party to this Contract represents and warrants to the other that: (a) it has the right, power and authority to enter into and perform its obligations under this Contract and (b) it has taken all requisite action (corporate, statutory or otherwise) to approve execution, delivery and performance of this Contract, and (c) this Contract constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

4.17 CONTRACTUAL AUTHORITY: The Agency that signs for the State of Illinois shall be the only State entity responsible for performance and payment under the Contract. When the Department of Central Management Services (CMS) signs in addition to an Agency, CMS does so as approving officer and shall have no liability to Vendor. When CMS signs a Master Contract on behalf of State agencies, only the Agency that places an order with the Vendor shall have any liability to Vendor.

4.18 NOTICES: Notices and other communications provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express or other similar and reliable carrier), by e-mail, or by fax showing the date and time of successful receipt. Notices shall be sent to the individuals who signed the Contract using the contact information following the signatures. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either Party may change the contact information.

5. CERTIFICATIONS AND CONFLICTS

Vendor certifies it is under no legal prohibition on contracting with the State of Illinois, has no known conflicts of interest and further specifically certifies that:

5.1 Vendor, its employees and subcontractors will comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and applicable rules in performance under this Contract.

5.2 Vendor is not in default on an educational loan (5 ILCS 385/3).

5.3 Vendor (if an individual, sole proprietor, or partner) has informed the director of the Agency in writing if he/she was formerly employed by that agency and has received an early retirement incentive prior to 1993 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the "contractual services" or other appropriation line items. Vendor has not received an early retirement incentive on or after 2002 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the "contractual services" or other appropriation line items (30 ILCS 105/15a).

5.4 Vendor certifies (i) that it will offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer, and (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract (30 ILCS 500/25-80).

5.5 Vendor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has Vendor made an admission of guilt of such conduct that is a matter of record (30 ILCS 500/50-5).

5.6 If Vendor has been convicted of a felony, at least five years have passed after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business (30 ILCS 500/50-10).

5.7 If Vendor, or any officer, director, partner, or other managerial agent of Vendor, has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, at least five years have passed since the date of the conviction. Vendor further certifies that it is not barred from being awarded a contract and acknowledges that the State shall declare the Contract void if this certification is false (30 ILCS 500/50-10.5).

5.8 Vendor and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and Vendor and its affiliates acknowledge the State may declare the Contract void if this certification is false (30 ILCS 500/50-11) or if Vendor or an affiliate later becomes delinquent and has not entered into a deferred payment plan to pay off the debt (30 ILCS 500/50-60).

5.9 Vendor and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledges that failure to comply can result in the Contract being declared void.

5.10 Vendor certifies that it has not committed a willful or knowing violation of the Environmental Protection Act (relating to Civil Penalties under the Environmental Protection Act) within the last five years, and is therefore not barred from being awarded a contract. If the State later determines that this certification was falsely made by the Vendor, the Vendor acknowledges that the State may declare the Contract void (30 ILCS 500/50-14).

5.11 Vendor has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has Vendor accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

5.12 Vendor is not in violation of the "Revolving Door" section of the Illinois Procurement Code (30 ILCS 500/50-30).

5.13 Vendor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anti-competitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, 50-45, 50-50).

5.14 In accordance with the Steel Products Procurement Act, steel products used or supplied in the performance of a contract for public works shall be manufactured or produced in the United States, unless the executive head of the procuring agency grants an exception (30 ILCS 565).

5.15 Vendor will, pursuant to the Drug Free Workplace Act, provide a drug free workplace and Vendor and its employees shall not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance during the performance of the Contract. This certification applies to contracts of \$5000 or more with individuals; and to entities with 25 or more employees (30 ILCS 580).

5.16 Neither Vendor nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000 (30 ILCS 582).

5.17 Vendor has not been convicted of the offense of bid rigging or bid rotating or any similar offense of any state or of the United States (720 ILCS 5/33 E-3, E-4).

5.18 Vendor complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies (775 ILCS 5/2-105).

5.19 Vendor does not pay dues to, or reimburse or subsidize payments by its employees for any dues or fees to any "discriminatory club" (775 ILCS 25/2).

5.20 Vendor complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

5.21 Vendor certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been produced in whole or in part by the labor of any child under the age of 12 (30 ILCS 584).

5.22 Vendor certifies that it is not in violation of Section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5) that states: "Owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act (410 ILCS 45) are prohibited from doing business with the State until the violation is mitigated".

5.23 Vendor warrants and certifies that it and, to the best of its knowledge, its subcontractors have and will comply with Executive Order No. 1 (2007). The Order generally prohibits Vendors and subcontractors from hiring the then-serving Governor's family members to lobby procurement activities of the State, or any other unit of government in Illinois including local governments if that procurement may result in a contract valued at over \$25,000. This prohibition also applies to hiring for that same purpose any former State employee who had procurement authority at any time during the one-year period preceding the procurement lobbying activity.

5.24 Vendor has disclosed if required, on forms provided by the State, and agrees it is under a continuing obligation to disclose to the State, financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit Vendor from having or continuing the Contract. This includes, but is not limited to conflicts under the "Infrastructure Task Force Fee Prohibition" section of the State Finance Act (30 ILCS 105/8.40), Article 50 of the Illinois Procurement Code (30 ILCS 500/50), or those which may conflict in any manner with the Vendor's obligation under this Contract. Vendor shall not employ any person with a conflict to perform under this Contract. If any elected or appointed State officer or employee, or the spouse or minor child of same has any ownership or financial interest in the Vendor or the Contract, Vendor certifies it has disclosed that information to the State if required, on forms provided by the State, and any waiver of the conflict has been issued in accordance with applicable law and rule. A waiver is required if:

a) the person intending to contract with the State, their spouse or child: (i) holds an elective office in Illinois; (ii) holds a seat in the Illinois General Assembly; (iii) is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority; or holds an appointed position or is employed in any of the offices or agencies of the State government and who receives compensation for such employment in excess of 60% of the salary of the Governor (currently \$106,447.20). (The conflict of interest threshold of 60% of the Governor's salary set forth in Section 50-13 does not apply to elective office holders, legislators, and officers or employees of the Capital Development Board or the Illinois Toll Highway Authority.);

b) the contract is with a firm, partnership, association or corporation in which a person referenced in a) above receives more than 7.5% of the total distributable income or an amount in excess of the salary of the Governor (currently \$177,412.00).

c) the contract is with a firm, partnership, association or corporation in which a person referenced in b) above, together with their spouse or minor child, receives more than 15% in the aggregate of the total distributable income or an amount in excess of 2 times the salary of the Governor (currently \$354,824.00) from the firm, partnership, association or corporation.

6. SUPPLEMENTAL PROVISIONS

6.1 ENTIRE CONTRACT: This Contract, consisting of the signature page, sections one through six, and any attachments marked (X) below, constitutes the entire Contract between the Parties concerning the subject matter of the Contract, and supersedes all prior proposals, contracts and understandings between the Parties concerning the subject matter of the Contract. Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this Contract officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Vendor's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

_____ Definitions

_____ Public Works Requirements (820 ILCS 130/4)

_____ Prevailing Wage (janitorial cleaning, window cleaning, building and grounds, site technician, natural resources, food services, and security services, if valued at more than \$200 per month or \$2000 per year (30 ILCS 500/25-60)

_____ Prevailing Wage (all printing contracts) (30 ILCS 500/25-60)

_____ Prohibition on Contingent Fees (certain federally funded contracts)

_____ BEP Subcontracting Requirements (Utilization Plan and Letter of Intent)

 X State Supplemental Terms and Conditions

_____ Vendor Supplemental Terms and Conditions

_____ Prior Vendor Collective Bargaining Contractor

This applies if the prior Vendor's employees who perform the services under the prior contract are covered by a collective bargaining contract. In accordance with Illinois law (30 ILCS 500/25-80), in order to be considered a responsible bidder and eligible for award you must: (a) offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its offer, and (b) offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract. You are certifying you will comply with this law.

_____ Information Technology Requirements

As required by Illinois Public Act 095-0307, all information technology, including electronic information, software, systems, and equipment, developed or provided under this contract must comply with the applicable requirements of the Illinois Information Technology Accessibility Act Standards as posted at <http://www.dhs.state.il.us/iitaa>.

_____ Other (describe)

SUPPLEMENTAL TERMS

ILLINOIS HOUSING DEVELOPMENT AUTHORITY is sometimes referred to herein as the "Authority". All rights and benefits granted to the State and its Agencies in the RFP (and any and all exhibits thereto) shall be deemed to have been granted to the Authority. The Supplemental Terms shall be incorporated in the final agreement with the Vendor.

1. **Services.**

(a) The Vendor agrees to perform the Services for the Authority and, in connection therewith, shall coordinate its activities with the Authority through the Executive Director, the Deputy Executive Director, any Assistant Executive Director or Director Asset Management.

(b) The Vendor is not, and does not become by this Agreement, an employee of the Authority or of the State and amounts paid pursuant to this Agreement do not constitute compensation paid to an employee of either the Authority or the State.

2. **Payment.** The Vendor shall be paid a fee in an amount not to exceed the fee (the "Contract Fee") for the Services. The Contract Fee shall be paid to Vendor no later than thirty (30) days after acceptance and approval of the Services by the Authority in its sole discretion. Notwithstanding the foregoing, the Authority shall have no obligation to pay any portion of the Contract Fee for Services rendered incurred after the Termination Date, except for Services provided during the cure periods as set forth in **Paragraph 3 and 5** hereof.

3. **Acceptance.** Upon receipt of the Services, the Authority shall have fifteen (15) business days to review and accept or reject the Services. If the Authority does not reject the Services or any portion thereof within such time period, they shall be deemed to be accepted. If the Authority rejects the Services, it shall notify the Vendor in writing of the reasons for such rejection. Any rejection shall be specified by the Authority and deemed a Default (as defined in **Paragraph 5** hereof). The Vendor shall have fifteen (15) days after written notice of such rejection to correct the deficiencies in the Services to the satisfaction of the Authority in its sole discretion.

4. **Confidentiality.** The Vendor agrees that its work product, including, but not limited to, information received from all sources and all written reports, memoranda and analyses (collectively, "Confidential Information") prepared in connection with the provision of the Services, shall be the exclusive property of the Authority and that it shall not disclose or distribute such work product to any party other than the Authority (other than any employee of the Vendor who must have such information for the performance of the Vendor's obligations hereunder) without the prior written permission of the Authority. The provisions of this **Paragraph 4** shall survive the termination or expiration of this Agreement. The Vendor shall take all necessary and proper actions to preserve the secrecy, and prevent the disclosure of Confidential Information.

5. **Default.** Any failure by the Vendor to comply with the terms or conditions of this Agreement shall constitute an act of default under this Agreement (a "Default"). Compliance with the terms and conditions of this Agreement is a condition precedent to the Authority's obligation to pay the Contract Fee. Upon the occurrence of a Default, the Authority shall provide the Vendor with notice of the Default,

and shall give the Vendor fifteen (15) days to cure such Default. If a Default is not cured within such fifteen (15) day period, or such additional time, as the Authority shall allow, to the satisfaction of the Authority in its sole discretion, the Authority may terminate this Agreement.

6. **Indemnification**. The Vendor shall indemnify and hold the Authority harmless from and against any and all claims, damages, losses and expenses arising from the acts, omissions or negligence of Vendor, including, but not limited to, court costs and reasonable attorneys' fees arising out of or in connection with the Services.

7. **No Personal Liability of Authority**. No Member, officer, agent, or employee of the Authority shall be liable personally concerning any matters arising out of or in connection with the undertakings or obligations set forth in this Agreement.

8. **Insurance**. The Vendor agrees to maintain such insurance, including, but not limited to, personal injury, property damage and workers' compensation (if applicable), in form, amount, content and with companies acceptable to the Authority, which will fully protect the Vendor and the Authority from any and all liability or expense in connection with any claim made by the Vendor or its employees, as well as by third parties, which may arise out of or be in connection with the Vendor's performance of the Services.

9. **Interest by Members of Authority**. No member, officer, or employee of the Authority, no member of the governing body of the locality in which the Development is situated, and no person who exercises any functions or responsibilities with respect to the Development, shall, during his or her tenure, or for one (1) year thereafter, have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

FINANCIAL REPORTING GUIDELINES FOR
MORTGAGORS OF MULTIFAMILY HOUSING PROJECTS

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I. INTRODUCTION

The Illinois Housing Development Authority (IHDA) makes mortgage money available to developers of multifamily housing and administers subsidy programs on behalf of the Department of Housing and Urban Development (HUD) under Sections 8 and 236 of the Federal Housing Act as well as other programs. As the administrator of HUD subsidy programs and as a lender of significant amounts of money, IHDA has the need to assess the financial condition and results of operations of each of its developments. The regulatory agreements executed by each mortgagor therefore require, among other provisions, that annual financial reports examined by a certified public accountant be submitted to IHDA within the time specified in the regulatory agreement and other loan documents after the end of each fiscal year.

This guide has been prepared to give mortgagors, sponsors, managing agents and CPA's guidance as to IHDA's needs in order to promote uniformity and comparability of the financial statements submitted, assist in the planning of efficient and effective audits, and to minimize the number of follow-up inquiries made by IHDA's staff. In addition to providing an illustrative sample financial statements, this guide attempts to explain the purpose of required information in order to provide guidance in applying informed judgment in situations not specifically addressed by the guide.

II. ACCOUNTING AND AUDIT REQUIREMENTS

The regulatory agreement provides that the development's owner/management agent's books and accounts of mortgaged property operations be kept in accordance with IHDA's requirements. Proper maintenance of books and accounts kept in accordance with IHDA's requirements makes for greater ease in preparation of monthly reports, gives IHDA uniform information for analysis purposes and permits accountants to complete audits in an efficient and effective manner and at a reasonable cost.

Pursuant to the regulatory agreement, it is the mortgagor entity which is required to furnish financial statements. The mortgagor entity financial statements typically include funds received and disbursed as a result of the syndication process as well as the operating funds of the project. In establishing a financial accounting system, accounting (and auditing) problems should be avoided by keeping operating, syndication, mortgagor entity, reserve or escrow, and security deposit funds segregated in accordance with the loan documents.

The financial report is to set forth the result of operations and financial condition of the mortgagor as of the end of the fiscal year, the results of operations and cash flows from operating, investing and financing activities for the period and other financial information prepared in accordance with generally accepted accounting principles. The first such report is required as of the first year-end following cost certification and is to cover the period from the cost certification date to the end of the year.

The financial statements must be examined by a CPA licensed to practice within the State of Illinois and must be accompanied by the CPA's opinion on the financial statements. The audits must be conducted in accordance with generally accepted auditing standards, government auditing standards (Yellow Book), the Illinois Housing Development Authority Financial Reporting and Audit Guidelines for Mortgagors of Multifamily Housing Developments, and Consolidated Audit Guide for Audits of HUD Programs (as revised from time to time by HUD), Handbook 2000.04 (A HUD Handbook®). In instances where there is a conflict between the reporting requirements presented in the HUD Handbook and the reporting requirements set forth in these IHDA Guidelines, IHDA's Guidelines will prevail.

IHDA should be notified immediately if a scope limitation is placed upon the CPA in the course of performing the audit work.

Confirmation requests to IHDA should be made only in writing. Confirmations must be requested by the multifamily development owner or sponsor and should be addressed to:

Accounting Department
Illinois Housing Development Authority
401 North Michigan, Suite 900
Chicago, Illinois 60611

Upon IHDA's written request, Auditor will promptly provide copies of all auditor's work papers requested without charge to IHDA or the development. IHDA also reserves the right to review the auditor's work papers at the auditor's location.

III. ADDITIONAL SPECIFIC PROCEDURES

The audit must be conducted in accordance with the accounting and auditing standards established by the U.S. Department of Housing and Urban Development (HUD) as set forth in its Audit Guide for Mortgagors having HUD Insured or Secretary Held Multifamily Mortgages. In addition to the requirements set forth in the HUD Handbook, IHDA requires certain audit procedures to be performed as set below or as from time to time may be required.

A. Related party transactions:

All related party transactions, cash transfers, loans and distributions are required to be disclosed. In addition, IHDA is requesting a detailed schedule be included with supplemental information. The auditor should:

1. Obtain or prepare a schedule of all related party loans or cash transfers (excluding direct reimbursement for expenses related to the development's operations, such as payroll or management fees) which occurred during the fiscal year under audit. The schedule should indicate the date of the IHDA approval for the transaction as well as the date of the cash transaction.
2. Trace the cash transactions, identified in step (1) above, to supporting bank statements and canceled checks agreeing date, payor, payee and amount.
3. Trace the transaction to supporting documentation indicating approval for the cash receipt or payment by IHDA.
4. Prepare a schedule of the above transactions and include this schedule in the financial statements (see Section 6, Footnote 8) as supplemental information. Any findings of non-compliance regardless of materiality are to be reported in the Auditors Reports on Compliance with Laws and Regulations and/or Internal Control.

B. Security Deposits

1. The auditor should scan the general ledger account for tenant security deposit cash for the entire year and note any unusual cash transfers to or from the account. Trace all unusual transactions to supporting documentation and inquire as to the nature of the transaction. Consider if any items result in non-compliance with the regulatory agreement or IHDA rules governing security deposits.
2. The auditor should scan the bank statements for security deposit cash for the entire year and note any unusual cash transfers to and from the account. The auditor should ascertain that the transactions in this
3. The auditor should obtain bank reconciliations for each month during the audit period and trace the reconciled balance to the general ledger cash balance. On a test basis, ascertain that the cash balance equals or exceeds the security deposit liability balance for that month's end. Any shortage should be considered as findings of non-compliance.

4. Any non-compliance with the regulations with respect security deposits must be reported as findings of non-compliance, regardless of materiality and are to be reported in the Auditors Reports on Compliance with Laws and Regulations and/or Internal Control.

C. Site Visits

The HUD Handbook directs the auditor to focus on management's procedures and inspection processes thereby effectively eliminating the expectation that auditors need to perform site visits to assess the physical condition of the project property. However, IHDA believes the auditor should perform a site visit in order to adequately test original, random selected, tenant files, review on site cash collection procedures, audit cash cutoff controls, as well as observe the general condition of the property. Since no requirement exists for auditors to conduct site visits, IHDA will require site visits to be performed, (preferably in the fourth quarter or the first month after year end), under the following circumstances:

- ! The first audit of a new auditor.
- ! When significant construction or repairs have been incurred during the audit period.
- ! At a minimum every third year.

Minimum required site visit procedures to be performed are:

1. Inquire of the on-site personnel about any repair and maintenance plans and the status of any inspection reports prepared by IHDA or HUD regarding the condition of property. Discuss the overall condition of the property and make inquiries of deferred maintenance issues.

2. Observe significant additions to the property and other assets identified in the schedule of changes in fixed assets for the year under audit.

3. Observe and inquire about the physical condition of the property and other assets. Identify significant issues for further follow up. **Auditor judgment will be required to determine significant issues.**

4. Inquire if collections are performed on site. If so, review collection and deposit procedures,(e.g., frequency of deposits, entry into the receivable system, etc.). If cash or checks are held at the site, document the current collections on hand to determine proper year end cutoff. If the observation date is other than the last day of the fiscal year or first day of the new fiscal year, obtain supporting documentation for the proper cutoff of on-site collection transactions, such as daily receipt logs, or copies of checks received, or receipts of cash received.

5. Inquire if cash is held, or a separate bank account is maintained on site and its purpose. If so, obtain bank statements and canceled checks for the whole year. Scan the monthly bank statements for unusual entries. Review the monthly bank reconciliation for selected months during the year. Trace reconciling items to items to supporting documents where deemed necessary. Trace the activity to a separate general ledger account for proper recording.

6. While at the site, review tenant files, selected at random, for properly completed documents such as, a complete application, income verification documentation, credit checks, HAP payments, lease and other required forms. Refer to the HUD audit procedures for attributes to be tested.

This procedure is required to be performed annually. The auditor must determine the best method to ensure authenticity of the data tested in years the auditor does not perform this procedure on site.

7. Obtain and review the unaccepted applications for compliance with the Affirmative Fair Housing Act. Refer to the HUD audit procedures for attributes to be tested.

D. Commingled Cash and Investment Accounts

Commingling of development funds with those of other entities or developments segregated funds is not allowed under the regulatory agreement(s) applicable to the development. IHDA does not allow a project entity to commingle cash or investments accounts with those of other entities. All deposits are to be held in the name of the development entity. If the development's cash or investments are commingled, at any time during the audit period, a finding of non-compliance with IHDA Rules and Regulations should be reported by the auditor.

IHDA will consider allowing Owners of multiple developments to commingle cash and investments for investment purposes. If an Owner wishes to commingle these funds, they must obtain prior written approval of IHDA. Such approval will be at IHDA's sole discretion. To obtain get this approval the Owner, at a minimum must present a plan acceptable to IHDA outlining the reason for wanting to commingling funds, the method of commingling and the financial institution's name which will hold the fund. The method must include the attributes listed below with the respect to the commingled funds. The following must be in place at all times during the period of commingling of funds:

1. The combined cash or investment account is specific as to the ownership of the deposits, including the development entity's name (co-ownership) and precludes any one entity from depleting the commingled balance beyond its ownership interest. In essence, there is no transfer of the funds from the project, only a joint effort to place the funds in one security or account.

2. The financial institution has provided federal securities as collateral which are held by the development entity or the development entity's agent (another financial institutions) in the development entity's name and in an amount sufficient to cover the highest amount of deposits commingled during the period of the commingling of funds.

The auditor should confirm the above attributes directly with the financial institution holding the funds, verify any collateral for the funds and must also confirm with IHDA the date and the method approved.

3. The development must receive the proportionate interest earned on its portion of the invested funds. If IHDA has approved a method of commingling and/or the funds are commingled at any time during the audit year, the method of commingling must be provided in the footnotes under accounting policies or in a separate footnote. The footnote must include a description of the method used, IHDA's date of approval, the amounts invested during the year and any collateral supporting the balances. In addition, the names of the other entities whose funds are commingled with the development's funds needs to be disclosed.

4. Other attributes as may be required from time to time by IHDA.

IV. SUPPORTING DOCUMENTATION DESCRIPTIONS

Certain documentary evidence is initially available to the auditor. This supporting documentation will be available for each multifamily development and should be considered within the scope of the audit. A listing and brief description of some of these items is provided below.

A) Cost Certification - a cost certification is required for each development upon completion. This certification will detail those capitalized costs and expenses that were incurred during construction. (Note: There is a separate Audit Report guide issues by HUD for preparing this report.)

- B) Construction Costs - the construction contract details the provisions of the work to be performed and the dollar amounts established for the contract.
- C) Building Loan Agreement - the building loan agreement sets forth the provisions agreed upon by the lender (IHDA) and the borrower.
- D) Mortgage - this sets forth the terms, covenants and provisions of the mortgage between the mortgagee (IHDA) and the mortgagor (Owner/Sponsor).
- E) Regulatory Agreement - the regulatory agreement sets forth the commitments made by the multifamily developer as an inducement to IHDA to make a mortgage loan and establishes the guidelines under which the development must operate. Any deviations should be noted and fully disclosed.
- F) Escrow Balances - escrowed funds are maintained by IHDA or a trustee. Quarterly status reports for escrows are transmitted to multifamily developments. Confirmation of these amounts at year-end (or interim dates) may be obtained from IHDA or a trustee.
- G) HAP Contract - The Housing Assistance Payments contract sets forth the provisions under which rental assistance payments are received by the multifamily development. This agreement is with the Department of Housing and Urban Development, IHDA and the Owner.
- H) Working Capital Escrow Agreement - most multifamily developments are required to provide a letter of credit for the first three years of operation. The escrow can be used by the Authority to cover contingencies during construction and during the first three years of operation.
- I) Resident Files - resident files are required and should be established at the time of occupancy. Minimally, each file should include:
 - 1) Preliminary application, if applicable
 - 2) Current application for Tenant Eligibility and Re-certification (HUD-50059 and Related Forms), if applicable
 - 3) Income verification from all sources, if applicable
 - 4) Evidence of security deposit payment
 - 5) Current owner-occupant lease
 - 6) Current apartment inspection report
 - 7) Any related correspondence

As well as establishing active resident files, the managing agent (or Owner) must maintain an inactive resident file. The inactive file should contain all inactive applicant and resident information. The inactive files must be retained by the owner/manager for three years after expiration of the related lease.

- J) Partnership Agreement - the partnership agreement among the partners of the multifamily development defines the rights, responsibilities and contributions of each partner and generally includes specific authority for the payment of fees to partners under certain conditions.
- K) Management Agreement - the owner, with the consent of IHDA, enters into a management agreement with a management agent responsible for operating the development. Among other things, this agreement sets forth the rate (usually a percentage of gross operating receipts) at which the agent shall be compensated for

services rendered, expenditures the Agent may be reimbursed for, as well as the expenditure limitation, beyond which the approval of the owner and IHDA is required. The agreement details the duties and responsibilities of the management agent in the proper operation of the development.

- L) Miscellaneous Agreements - any contract which materially or legally affects the operation of the development such as elevator contracts, UCC filings, maintenance contracts, bookkeeping services, management subcontracts or other types of service contracts.

V. CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial report should be in the general form outlined in the sample financial statements included in this guide. The statements should be comparative, except for the initial period after cost certification. Everyone must use IHDA's sample format for financial statements; however, if the development has HUD mortgage insurance, HUD's profit and loss statement (Form 92410) should also be prepared as a supplemental schedule.

The following are key points to consider in preparing the financial statements:

- A. Balance sheets should be presented as classified in keeping with industry practice.

1. Cash - IHDA is principally concerned with the operations of the development and considers any payment of mortgagor expenses or transfers from the operating accounts to mortgagor accounts to be distributions within the meaning of limited equity distributions. As of the cost certification date, all cash in the operating account in excess of operating liabilities at that date should be transferred to mortgagor accounts; such transfer is not considered a distribution. Similarly, proceeds from partnership contributions should be segregated from the operating account if these receipts are to be paid out to the general partners or managing agent within the syndication process. Partnership contributions that are for normal operating capital may be deposited to the operating account. The footnotes to the financial statements should describe all transfers from development accounts to partnership accounts or other distributions and should indicate whether the transactions were approved by IHDA.
2. Rents receivable includes both amounts due from tenants and amounts due under HAP contracts from HUD.
3. Other receivables should be identified as to their nature either on the face of the balance sheet, in notes or in supporting data and should not be commingled with rents receivable.
4. Security deposits - Segregated funds are required to be maintained in an amount at least equal to the security deposits received from tenants. The segregated funds and the applicable security deposit payable account should include accrued interest. The security deposit payable and accrued interest should be presented as a contra account to the segregated funds on the balance sheet. Interest is to be paid to tenants in accordance with the applicable laws.
5. Mortgage escrow accounts should be individually identified either on the face of the balance sheet, in notes or in supporting data.
6. Accounts payable should be segregated from accrued expenses. Accrued expenses payable to IHDA and accrued real estate taxes should be segregated from other accrued expenses. Other accrued expenses should be identified on the face of the balance sheet, in notes or in supporting data.
7. Amounts due to or from affiliates should be segregated from all other accounts and the nature of each component should be explained in a note describing related party transactions(see III.A. above).

- B. The Statement of Partners' Equity should include, at a minimum, the names of partners, and the activity for each partner, or the class of partners and the activity for each class of partners. If not otherwise reflected in the Statement of Partners' Equity, a transfer(s) of partner=s interest should be explicitly disclosed in the notes to the financial statements.
- C. The Statement of Operations is intended to supplement the Monthly Operating Report (M.O.R.) submitted during the year. The account definitions and classifications should conform with M.O.R and annual operating budget definitions provided to the managing agent and owners yearly. (Copies of these definitions are available from IHDA's Asset Management Services upon request). Income and expense groupings should follow the groupings in the monthly reports. All income and expense items which are not part of operations should be separately identified. Examples of such expenses are: interest income on partnership funds, syndication expenses, general partner's fee, management fees or incentive management fees (other than those allowed by the management agreement), rent-up fees and any other expenses allowed by the partnership agreement that may not be disbursed from the operating receipts. These expenses are generally as allowed and described by the partnership agreement and cannot be paid out of operating funds. They may be paid only from partnership/syndication proceeds or distributions allowed by IHDA. Again, excess cash from these types of receipt/disbursement transactions should be placed in a separate partnership cash account and not commingled either with operating cash or security deposits. Interest on the mortgage loan should be separated from other interest expense.
- D. The Statement of Cash Flows should include changes in balance sheet accounts, and should conform with SFAS #95 "Statement of Cash Flow, Direct Method".
- E. Notes to the statements should include all disclosures required by generally accepted accounting principles IHDA and HUD. It is especially useful for syndication payments to be presented in a tabular format to be compared with partners' contributions receivable. The sample footnotes presented in these Guidelines are not meant to be all inclusive and do not replace auditor judgment for matters of disclosure.
- F. Supplemental Information

Schedule of Surplus Cash and Allowable Distributions - This schedule is necessary for the determination of whether the development has sufficient funds on hand to permit a distribution of the allowable return on equity (as defined by the Regulatory Agreement). Only operating assets and liabilities should be included and any delinquent mortgage loan payments or escrow deposits should be identified and deducted. Distributions which have not been approved by IHDA should be reflected as a receivable in this schedule and explained in a footnote. The amount authorized by IHDA as a distribution is only good through the end of the fiscal year in which it was authorized.

An authorized distribution not taken at year end will be included in the computation of the next year's surplus cash. Any distribution, transfer of funds or assets of the development and/or payment of Owner=s/Sponsor=s expenditures will be considered a distribution. If taken without prior written authorization from IHDA this distribution should be clearly disclosed and reported as findings in the Auditor=s Report on Compliance with Laws and Regulations. Project equity for computation of the allowable distributions should be taken from the final closing documents or refinancing instead of the initial closing documents. This schedule need not be prepared if final closing has not occurred as no distributions can be made until after final closing.
- G. Debt Service Coverage Ratio (DCR) Analysis - Prepare the necessary analysis of debt service and net operating income (adjusted for replacement reserve payments) as reflected in the sample schedule provided herewith.
- H. Findings and Questioned Costs and Corrective Action Plans - Follow HUD Handbook.

For the reports identified in I through L below, when there are no HUD-Assisted programs, the wording of the report should be modified to reference IHDA-Assisted Programs.

- I. Independent Auditor's report on Internal Control Structure - Use the latest procedures set forth in the Audit Compliance and Internal Control Questionnaire in the HUD Audit Guide for Mortgagors having HUD Insured or Secretary held Multifamily Mortgages. Combined reports will be acceptable. Refer to HUD Handbook for preferred language.
- J. Independent Auditor=s Report on Compliance with Specific Requirements Applicable to Major HUD Programs - Compliance with laws, regulations, contracts and grants applicable to the project should be audited and tested. Any material or (significant) immaterial non-compliance should be reported or disclosed in this report. Refer to HUD Handbook for preferred.
- K. Independent Auditor=s Report on Compliance with Specific Requirements
Applicable to Non-Major HUD Transactions-Compliance with laws, regulations, contracts and grants applicable to the project should be audited and tested. Any material or (significant) immaterial non-compliance should be reported or disclosed in this report. Refer to HUD Handbook for preferred language.
- L. Independent Auditor=s Report on Compliance with Specific Requirements Applicable to the Affirmative Fair Housing - Compliance with laws, regulations, contracts and grants applicable to the project should be audited and tested. Any material or (significant) immaterial non-compliance should be reported or disclosed in this report. Refer to HUD Handbook for preferred language.
- M. The sample financial statements provided assume the development operated under IHDA=s principal subsidy program - Section 8 rental subsidies. Where the project operates under other programs, appropriate changes should be made to the financial statement line items and footnotes to properly reflect the conditions that exist. The other types of programs and examples of appropriate changes are as follows:
 - 1. Co-operative apartment projects - partners' capital accounts and tenants' security deposits should be re-captioned to properly reflect the nature of cooperative apartment operations.
 - 2. Section 236 interest subsidies - in footnote 3, reference to the HAP contract should be deleted and language similar to the following should be added to footnote 4.

 "Under the terms of an interest reduction contract under Section 236 of the National Housing Act, the Partnership is subsidized for annual interest payments in an amount not to exceed \$XX0,000 annually."

 The amount of the subsidy should be separately reflected as a line item following mortgage interest expense in the Statement of Operations.

Certificate of General Partner - All annual financial reports should include a certification by a general partner (or officer of a corporation) in the form provided. This report should also include the Employee Identification Number (EIN) assigned to the development by the Internal Revenue Service.

Certificate of Managing Agent - All annual financial reports should include a certification by the managing agent (or officer of a corporation) in the form provided. This report should also include the Employee Identification Number (EIN) assigned to the development by the Internal Revenue Service.

VI. Sample Financial Statements

SAMPLE PARTNERS
(A limited Partnership)

(IHDA PROJECT NO. ML-000)

ANNUAL FINANCIAL STATEMENTS
for the years ended December 31, 19X1 and 19X0

FOR OTHER OPINION LETTER FORMATS REFER TO AICPA STANDARDS OR HUD HANDBOOK

[AUDITOR=S LETTERHEAD]
INDEPENDENT AUDITOR=S REPORT

To Sample Partners,

We have audited the accompanying statements of financial position of Sample Company, IHDA Development No. xxx-xxxx and HUD Development No. xxx-xxxxx, as of December 31, 19X1 and 19X0, and the related statements of activity and cash flows for the years then ended. These financial statements are the responsibility of the development=s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and the Illinois Housing Development Authority=s Financial Reporting and Audit Guidelines for Mortgagors of Multifamily Housing Developments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Company as of December 31, 19X1 and 19X0, and the changes in the net and it's cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, the Illinois Housing Development Authority Financial Reporting and Audit Guidelines for Mortgagors of Multifamily Housing Developments and the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U. S. Department of Housing and Urban Development, we have also issued a report dated February xx, xxxx, on our consideration of Sample Partnership=s internal control structure, compliance with specific requirements applicable to major (HUD/IHDA-Assisted) programs, specific requirements applicable to affirmative fair housing, and specific requirements applicable to non-major (HUD/IHDA-Assisted) program transactions.

Firm=s Signature

City, State
February xx, xxxx

SAMPLE PARTNERSHIP
BALANCE SHEETS
AS OF DECEMBER 31, 19X1 and 19X0

19X1

19X0

Chart of
Accounts

ASSETS:

Fixed Assets: (Notes 1 and 4)				
1420	Building	\$		
1430	Equipment	\$		
1450	Furniture and Fixtures	\$		
1415	Land Improvements	\$ _____	\$	\$ _____
4250	Less: Accumulated Depreciation		\$ _____	\$ _____
	Net Book Value		\$	\$
1410	Land		\$ _____	\$ _____
	Total Fixed Assets:		\$ _____	\$ _____
Current Assets:				
1120	Cash-Project Accounts (Note 10)		\$	\$
1125	Cash-Partnership Accounts (Note 10)		\$	\$
1130	Receivables: Tenant	\$		\$
1131	HUD	\$		\$
1140	Others	\$ _____		\$ _____
1151	Due from Affiliates (Note)		\$	\$
1240	Prepaid Expenses: Insurance	\$		\$
1270	Taxes	\$		\$
1290	Sundry	\$ _____		\$ _____
	Total Current Assets:		\$ _____	\$ _____
Deposit Held in Trust:				
1191	Cash (Restricted)	\$		\$
1192	Certificate of Deposit	\$		\$
1160	Accrued Interest Receivable	\$ _____	\$	\$ _____
2191	Less: Tenants Security Deposits	\$		\$
2130	Accrued Interest Payable	\$ _____	\$ _____	\$ _____
	Total Deposit Held In Trust:		\$ _____	\$ _____
Restricted Deposits and Funded Reserves:				
1310	Real Estate Tax & Insurance		\$	\$
1320	Replacement Reserve		\$	\$
1360	Development Cost Escrow		\$	\$
1340	Residual Receipts Reserve		\$	\$
1330	Mortgage Insurance Premium Escrow		\$ _____	\$ _____
	Total Restricted Deposits & Reserves:		\$ _____	\$ _____
Other Assets:				
1510	Organizational Costs (Net)		\$	\$
1520	Deferred Financing Costs (Net)		\$	\$
1550	Other		\$ _____	\$ _____
	Total Other Assets:		\$ _____	\$ _____
	TOTAL ASSETS:		\$ _____	\$ _____

SAMPLE PARTNERSHIP BALANCE SHEETS
(CONTINUED)

LIABILITIES AND PARTNERS' EQUITY:

Chart of
Accounts

	Current Liabilities:			
2320	Mortgage Loan Payable	\$		\$
2110	Accounts Payable - Trade	\$		\$
2140	Accrued Expenses (Exhibit)	\$		\$
2160	Notes Payable - (Note)	\$		\$
2150	Accrued Real Estate Taxes	\$		\$
2230	Due to Affiliate (Note)	\$		\$
2210	Rents Received in Advance	\$		\$
	Total Current Liabilities:	\$		\$
	Long-Term Liabilities:			
2320	Mortgage Loan Payable	\$		\$
	Less: Current Amount	\$		\$
2160	Notes Payable	\$		\$
	Less Current Amount	\$		\$
2350	Other	\$		\$
	Total Long-Term Liabilities:	\$		\$
	Other Liabilities:	\$		\$
	TOTAL LIABILITIES:	\$		\$

PARTNERS' EQUITY:

3130	Partners' Capital:	\$		\$
3120	Less: Contribution Receivables	\$		\$
	Total Partners' Equity:	\$		\$
	TOTAL LIABILITIES AND PARTNERS' EQUITY	\$		\$

SAMPLE PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 19X1 AND 19X0

	<u>19X1</u>	<u>19X0</u>
Chart of		

<u>Accounts</u>	REVENUE				
5120	Apartment Rentals	\$		\$	
5121	Housing Assistance Payment (Note #)	\$	\$		
5140	Commercial and Other Rentals	\$	\$	\$	\$
5220	Less: Vacancy Loss	\$		\$	
5221	Rent Free Apartments	\$	\$	\$	\$
5125	Interest Reduction Subsidy		\$		\$
5320	Interest on Mortgage Escrow Accounts		\$		\$
5390	Other Interest		\$		\$
5910	Laundry	\$		\$	
5990	Sundry		\$		\$
	TOTAL REVENUE:		\$		\$
	EXPENSES				
	Administrative:				
6311	Office Expenses	\$		\$	
6320	Management Fee - Project	\$		\$	
6321	Incentive Management Fee	\$		\$	
6330	Social Programming	\$		\$	
6340	Legal Expenses	\$		\$	
6350	Audit Expenses	\$		\$	
6360	Telephone	\$		\$	
6370	Bad Debts	\$		\$	
6210	Marketing	\$		\$	
6860	Security Deposit Interest	\$		\$	
6390	Sundry	\$	\$	\$	\$
	Operating:				
6482	Vehicle and Equip. Operating	\$		\$	
6461	Exterminating	\$		\$	
6471	Rubbish Removal	\$		\$	
6487	Parking Area	\$		\$	
6485	Sundry	\$	\$	\$	\$
	Maintenance:				
6511	Security	\$		\$	
6521	Grounds	\$	\$		
6541	Structural Repairs	\$		\$	
6542	Carpeting	\$		\$	
6545	Elevator	\$	\$		
6546	Heating & Air Conditioning	\$	\$		
6552	Plumbing	\$		\$	
6553	Electrical	\$		\$	
6547	Pool	\$		\$	
6561	Painting and Decorating	\$		\$	
6570	Appliance Repairs	\$		\$	
6585	Window Washing	\$		\$	
6590	Sundry Misc. Maint. Repr.	\$	\$	\$	\$

STATEMENT OF OPERATIONS
(CONTINUED)

Chart of
Accounts

Materials and Supplies:

6311	Office	\$		\$	
6411	Janitors	\$		\$	
6511	Maintenance	\$	\$	\$	\$
	Salaries and Wages:				
6310	Office and Administrative	\$		\$	
6410	Janitors	\$		\$	
6510	Maintenance	\$		\$	
6512	Security/Guards	\$	\$	\$	\$
	Utilities:				
6420	Gas	\$		\$	
6450	Electricity	\$		\$	
6451	Water and Sewer	\$	\$	\$	\$
	Taxes and Insurance:				
6710	Real Estate Taxes	\$		\$	
6720	Property and Liability Ins.	\$		\$	
6721	Fidelity Bond	\$		\$	
6790	Other Taxes	\$		\$	
6729	Other Insurance	\$	\$	\$	\$
	Total Operating Expenses Before Financing, Entity Expenses, Depreciation and Amortization		\$		\$
	Net Operating Income Before Financing, Entity Expenses, Depreciation and Amortization		\$		\$
	Financing:				
6810	Mortgage Interest	\$		\$	
6845	Service Charge - IHDA	\$		\$	
6850	Mortgage Insurance Premium	\$		\$	
6830	Interest - Notes	\$	\$	\$	\$
6880	Other Expenses:	\$	\$	\$	\$
	Entity Expenses:				
7115	Partnership Management Fee	\$		\$	
7131	Ill. Replacement Tax	\$		\$	
7180	Other (specify)	\$	\$	\$	\$
	Net Income (Loss) Before Depreciation and Amortization		\$		\$
6900	Depreciation and Amortization		\$		\$
	NET INCOME (LOSS):		\$		\$

SAMPLE OF PARTNERSHIP
STATEMENT OF PARTNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 19X1 AND 19X0

	Percentage Of <u>Interest</u>	Balance <u>19X1</u>	Net Profit (Loss) for <u>19X1</u>	Contri- butions	With- Distri- Drawls	Balance butions	<u>19X1</u>
<u>General Partners:</u>							
General Partner One	%	\$	(\$)	\$	(\$)	(\$)	\$
General Partner Two	%	\$	(\$)	\$	(\$)	(\$)	\$
<u>Limited Partners:</u>							
Limited Partner One	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Two	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Three	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Four	%	\$	(\$)	\$	(\$)	(\$)	\$
TOTAL	100	%	\$	(\$)	\$	(\$)	

	Percentage Of <u>Interest</u>	Balance <u>19X1</u>	Net Profit (Loss) for <u>19X1</u>	Contri- butions	With- Distri- Drawls	Balance butions	<u>19X1</u>
<u>General Partners:</u>							
General Partner One	%	\$	(\$)	\$	(\$)	(\$)	\$
General Partner Two	%	\$	(\$)	\$	(\$)	(\$)	\$
<u>Limited Partners:</u>							
Limited Partner One	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Two	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Three	%	\$	(\$)	\$	(\$)	(\$)	\$
Limited Partner Four	%	\$	(\$)	\$	(\$)	(\$)	\$
TOTAL	100	%	\$	(\$)	\$	(\$)	

(See Notes to Financial Statements)

SAMPLE PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 19X1 AND 19X0

19X1

19X0

Increases (Decreases) in Cash:

Cash Flows from Operating Activities:

Cash Received from Tenants, Agencies and Other for Rents	\$		\$	
Interest Income Received	\$		\$	
Receipt from Other Sources	\$	\$	\$	\$
Admin Expenses Paid	(\$)		(\$)	
Operating Expenses Paid	(\$)		(\$)	
Building Maintenance Paid	(\$)		(\$)	
Materials and Supplies Paid	(\$)		(\$)	
Salaries and Wages Paid	(\$)		(\$)	
Utilities Paid	(\$)		(\$)	
R.E. Taxes & Insurance Paid	(\$)		(\$)	
Mortgage Int. & Service Fee Paid	(\$)		(\$)	
Other Expenses Paid	(\$)	(\$)	(\$)	(\$)

Net Cash Provided by (Used In) Operations \$ \$

Cash Flows from Investing Activities:

Additions to Buildings and Land Improvements	(\$)	(\$)
Purchase of Equipment, Furniture & Fixtures	(\$)	(\$)
Proceeds from Sale or Disposition of Fixed Assets	\$	\$
Deposits to Restricted Funds	(\$)	(\$)
Withdrawals from Restricted Funds	\$	\$

Net Cash Provided by (Used In) Investing Activities: \$ \$

Cash Flows from Financing Activities:

Net Deposit to Funded Reserve	(\$)	
Repayment of Mortgage Loan Payable	(\$)	(\$)
Repayment of Notes Payable	(\$)	(\$)
Distributions Paid	(\$)	(\$)
Advances by Affiliates	\$	\$

Net Cash Provided by (Used In) Financing Activities: \$ \$

Net Increase (Decrease) In Cash \$ \$

Cash at Beginning of Year \$ \$

Cash at End of Year \$ \$

SAMPLE PARTNERSHIP
STATEMENT OF CASH FLOWS
(Continued)

Reconciliation of Net Income (Loss) to Net

Cash Provided by (Used In) Operations:

Net Income (Loss)	\$	\$
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Adjustment to Reconcile Net Income (Loss)
To Net Cash Provided by (Used In) Operating
Activities:

Depreciation	\$	\$
Amortization	\$	\$
Accrued Interest On Notes Payable	\$	\$

Changes in Assets and Liabilities:

(Increase) Decrease in Receivables	(\$)	\$
(Increase) Decrease in Due from Affiliates	\$	(\$)
(Increase) Decrease in Pre-Paid Expenses	\$	(\$)
(Increase) Decrease in Deposits Held by Trust	(\$)	\$
(Decrease) Increase in Accounts Payable	(\$)	\$
(Decrease) Increase in Accrued Expenses	(\$)	\$
(Decrease) Increase in Accrued Real Estate Taxes	\$	(\$)
(Decrease) Increase in Due to Affiliate	\$	(\$)
(Decrease) Increase in Rents received in advance	(\$)	\$
(Decrease) Increase in Security Deposit	(\$)	\$

Net Adjustments	\$_____	\$_____
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Net Cash Provided by (Used In) Operating Activities	\$_____	\$_____
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(See Notes to Financial Statements)

SAMPLE NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization:

The Partnership was formed on January XX, 19XX under the provisions of the Illinois Uniform Limited Partnership Act for the purpose of acquiring, constructing, holding and operating a xxx unit apartment complex known as Sample Apartments, IHDA Development No. xx-xxxx and HUD Project No. x-xxx intended primarily for low and moderate income tenants in Some town, Illinois, financed in part with the proceeds of a mortgage loan obtained from the Illinois Housing Development Authority (IHDA).

As defined in the partnership agreement, profits, losses and cash receipts are to be allocated to partners in accordance with specified profit and loss percentages, except that special allocation provisions apply in the event of a refinancing, sale or other disposition of the property of the Partnership if the proceeds of such transaction are not reinvested or retained by the Partnership for the continuation of its business.

The Partnership terminates December 31, 20XX unless dissolved earlier upon sale of substantially all of the Partnership's real property.

2. Significant accounting policies:

- (a) Depreciation is computed using the straight-line method for financial reporting purposes and accelerated lives and methods for income tax purposes. At December 31, 19X1, cumulative depreciation charges deducted for income tax purposes exceeded amounts deducted in the financial statements by \$XX000.
- (b) For financial reporting purposes, the Partnership capitalized interest and real estate taxes incurred prior to completion of the buildings. For income tax purposes, these capitalized costs totaling \$X000 were expensed when incurred. (Note: describe actual tax treatment).
- (c) IHDA and other loan fees in connection with obtaining the construction loan are capitalized. Such fees incurred in connection with obtaining permanent financing are deferred and amortized over the life of the mortgage loan.
- (d) Organization costs are amortized using the straight-line method over a sixty month period beginning January 1, 19X0.
- (e) The financial statements of the Partnership do not contain a provision for income taxes because the partners recognize their proportionate share of the partnership income or loss in their individual tax returns. However, the Partnership is subject to the Illinois Replacement Tax. Indicate if any payments of the Illinois Replacement Tax have been made.

3. Nature of Operation and Subsidy Program:

Agreements with IHDA provide for regulation of rental charges, restrictions on disposition of the property and the limitation of annual cash distributions to the partners based upon a XX percent cumulative return on equity as defined by the regulatory agreement with IHDA (specify source document if other than regulatory agreement).

At December 31, 19X1, approximately xxx% of the complex was occupied. Gross annual apartment rentals at 100% percent occupancy would approximate \$XXX000, including housing assistance payments, under rental schedules in effect at December 31, 19X1.

The Partnership executed a Housing Assistance Payments contract with IHDA and the Federal Housing Commissioner providing for payments to the Partnership for units leased to eligible lower-income families pursuant to Section 8 of the U.S. Housing Act of 1937. The maximum amount of the commitment for housing assistance payments under such contract is \$XXX000 per annum, covering all of the units in the building. The initial term of the contract is xxx years ending December 31, 19XY and the contract is renewable for periods (including the initial term) not to exceed xxx years in the aggregate. At December 31, 19X1 and 19X0, respectively, \$XX,000 and \$XY,000 of such subsidies were recorded as rents receivable.

4. Mortgage Loan Payable

The mortgage loan payable bears interest at an annual rate of x percent. The Partnership has agreed to make payments of principal and interest (currently approximately \$XX,000 monthly) sufficient to repay the loan over a term of xx years. In addition, the Partnership is to pay a monthly service fee to IHDA of \$X,000 until such time as the mortgage loan is fully satisfied. Beginning in 19XY, the project is required to deposit \$XX,000 annually with IHDA as a reserve fund for replacements.

The approximate amount of annual principal payments is \$X0,000 for each of the next five years. (Present this information in a table or schedule if appropriate, especially if there is more than one loan.)

5. Management Fees

- A. The general partners are to receive \$XX0,000 as a fee for evaluating the development as a suitable investment for the Partnership which was capitalized as part of the improvements. Of this amount, \$XX0,000 was paid with the proceeds of the note payable as permitted by the partnership agreement.
- B. The general partners are to receive a fee for managing the affairs of the Partnership during the development and construction period of \$XX0,000 which was capitalized as part of the improvements.
- C. The general partners are to receive a fee for managing the affairs of the Partnership over its full term of \$XX0,000. These amounts are expensed as earned.

! Amounts due to the general partners at December 31, 19X1 are payable as follows:

		<u>19X2</u>	<u>19X3</u>
1. Development Acquisition Fee	\$ _____		\$ _____
Construction Management	\$ _____		\$ _____
Partnership Management	\$ _____		\$ _____
2. Due to affiliates at December 31, 19X1 and 19X0 consist of: (explain the nature, purpose, and terms of each):		<u>19X1</u>	<u>19X0</u>
Due to General Partners:	\$ _____		\$ _____
Development Acquisition Fee	\$ _____		\$ _____
Construction Management	\$ _____		\$ _____

The property is managed by Related Management Company, Inc., the sole shareholders of which are the general partners. The current management agreement expires June 19X3 and provides for a management fee of Y% of monthly gross rental collections.

6. Capital Contributions:

Remaining unpaid installments of additional limited partners' capital contributions aggregating \$ _____ are payable in installments of \$ _____, \$ _____, and \$ _____ on March 15, 19X2 through 19X4, respectively.

7. Notes Payable:

The note payable is payable to The Bank and accrues interest (YY% at December 31, 19X1) at the prime rate plus Y.T. %.

The loan is collateralized by negotiable promissory notes from the limited partners in the amount of their unpaid capital contributions and is guaranteed by the general partners. As of December 31, 19X1, these promissory notes aggregated \$XX0,000.

Additional principal payments of \$X000,000, \$XX0,000 and \$XX0,000 are due on March 31, 19X2 through 19X4, respectively.

8. Related Party Transactions:

Related Party Transactions & Transfers:

	Date of Transfer Approval	IHDA Affiliates	to/from Partners	Date of to/from	Due
Balance mm/dd/yy				\$	\$
Transfers: Received	mm/dd/by	mm/dd/by	\$	\$	
Paid	mm/dd/by	mm/dd/by	\$	\$	
Paid	mm/dd/by	mm/dd/by	\$___ \$		
Balance mm/dd/by				\$___	\$___

1. Approved \$xxxx
2. The Partnership did not obtain approval for the above transfer until after the transfer was made. This transfer results in a finding of noncompliance.

9. Development Cost Escrow:

A development cost escrow fund in the amount of \$X00,000 was established from the proceeds of the mortgage loan. This fund is held by IHDA and invested in an interest bearing account for the benefit of the development. The interest earned is to be used to bring the development's return on equity, as defined, up to the BY% maximum allowed by the Regulatory Agreement with IHDA, and thereafter, is to be used for social services and other purposes benefitting the development, subject to the written approval of IHDA.

10. Distributions (if applicable):

During 19X1, \$XX,000 was approved by IHDA for distribution to the partners from prior year's surplus cash. An additional \$X,000 was transferred from the project cash accounts to the partnership cash accounts which was not submitted to IHDA for approval.

11. Tenant Security Deposits:

Tenant's Security Deposits guarantee the performance of the lease covenants, are refundable upon termination of leases, and are segregated in interest bearing accounts or Certificate of Deposits. A x% interest on these deposits is paid to tenants yearly.

12. Restricted Deposits:

Under the regulatory agreement, the development is required to set aside specific amounts for the replacement of property and other capital expenditures approved by IHDA (HUD if applicable). The monthly restricted deposits were \$xx in 19X1 and \$xx in 19XX. Balances at

December 31, 19X1 and 19XX were \$xxx and \$xxx respectively. The development is also required to fund the escrow for the payment of real estate taxes and property and liability insurance. The balances in the escrow at December 31, 19X1 and 19XX were \$xxx and \$xxx respectively.

VII. Supplemental Information

(ALTERNATIVELY, THIS STATEMENT MAY BE INCLUDED IN THE OPINION LETTER)

(AUDITOR=S LETTERHEAD)

INDEPENDENT AUDITOR=S REPORT
ON SUPPLEMENTARY INFORMATION

To Sample Partners:

Our report on our audit of the basic financial statements of Sample Company, IHDA Development No. xxx-xxxxx, HUD Project No. x-xxx, for 19X1 and 19X0, appears on page 3. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages x to xx is presented for purposes of additional analysis and is not required part of the basic financial statements of Sample Company. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Firm Signature

City, State
February xx, 19XX

SAMPLE PARTNERSHIP
SUPPLEMENTAL INFORMATION

Accounts and Notes Receivable (Other than from Tenants):

<u>Name of Borrower</u>	<u>Original Date</u>	<u>Original Terms</u>	<u>Balance Amount</u>	<u>Due</u>
_____	_____	_____	\$	\$
_____	_____	_____	\$	\$
_____	_____	_____	\$	\$_____
TOTAL				<u>\$_____</u>

Tenants Accounts Receivable:

	<u>Number of Tenants</u>	<u>Amount Past Due</u>
Delinquent 30 days or less		\$
Delinquent 31 to 60 days		\$
Delinquent 61 to 90 days		\$
Delinquent over 90 days	_____	\$_____
TOTAL	_____	<u>\$_____</u>

Escrow Deposits and Funded Reserve Activities:

	<u>Balance Dec.31, 19X0</u>	<u>Addi- tions</u>	<u>Interest Earned</u>	<u>With- drawals</u>	<u>Balance Dec. 31, 19X1</u>	
Real Estate Tax & Insurance Reserve		\$	\$	\$	(\$)	\$
Replacement Res.		\$	\$	\$	(\$)	\$
Development Cost						
Escrow		\$	\$	\$	(\$)	\$
Residual Receipts		\$	\$	\$	(\$)	\$
Mortgage Insurance						
Premium Escrow		\$	\$	\$	(\$)	\$

Other Receivable

	<u>19X1</u>	<u>19X0</u>	
_____			\$
			\$

_____	\$	\$
_____	\$	\$
_____	\$	\$
TOTAL	\$	\$

SAMPLE PARTNERSHIP
SUPPLEMENTAL INFORMATION (CONTINUED)

Accounts Payable (Other than Trade Creditors):

<u>Creditor</u>	<u>Date</u> <u>Purpose</u>	<u>Original</u> <u>Incurred</u>	<u>Original</u> <u>Terms</u>	<u>Amount</u> <u>Amount</u>	<u>Due</u>	
_____	_____	_____	_____	\$	\$	
_____	_____	_____	_____	\$	\$	
_____	_____	_____	_____	\$	\$	
_____	_____	_____	_____	\$	\$	
				\$		\$
TOTAL					\$	\$

Accounts Payable - Trade Creditors:

	<u>Number of</u> <u>Creditors</u>	<u>Due</u>	<u>Amount</u>
Payable within 30 days	_____		\$
Payable within 31 to 60 days	_____	\$	
Payable within 61 and over	_____	\$	
TOTAL			\$

Other Accrued Expenses:

	<u>19X1</u>	<u>19X0</u>
_____	\$	\$
_____	\$	\$
_____	\$	\$
_____	\$	\$
TOTAL	\$	\$

Compensation of Partners:

Partner A

\$ _____

Partner B

\$ _____

SAMPLE PARTNERSHIP
SUPPLEMENTAL INFORMATION
(Continued)

Changes in Fixed Assets

<u>Year Ended Date</u>	<u>ASSETS</u>			Balance (Date)
	Balance (Date)	Additions	Deductions	
Building \$	\$	\$		\$
Equipment	\$	\$	\$	\$
Furniture & Fixtures	\$	\$	\$	\$
Land Improvement	\$	\$	\$	\$
Land	\$	\$	\$	\$

	<u>ACCUMULATED DEPRECIATION</u>			Net Book Value (Date)	(Date)
	Balance (Date)	Current Provisions	Deductions		
Building \$	\$	\$	\$	\$	
Equipment	\$	\$	\$	\$	\$
Furniture & Fixtures	\$	\$	\$	\$	\$
Land Improvement	\$	\$	\$	\$	\$
Land	\$	\$	\$	\$	\$

SAMPLE PARTNERSHIP
SUPPLEMENTAL INFORMATION
(Continued)

SCHEDULE OF FUNDS IN FINANCIAL INSTITUTIONS
December 3, 19X1

12. Funds Held by Mortgagor, regular operating account:

- | | |
|-------------------------------------|----------|
| 1. XYZ Bank, (Location) (Checking)1 | \$ _____ |
| 2. XYZ Bank, (Location) (Savings)1 | \$ _____ |

13. Funds Held by Mortgagor, in Trust, tenant security deposits:

- | | |
|--|----------|
| 1. XYZ Bank, (Location) (Checking Rate)1 | \$ _____ |
| 2. XYZ Bank, (Location) (CD rate)1 | \$ _____ |

14. Funds Held by Mortgagee, (In Trust):

- | | |
|---|----------|
| 1. Tax and insurance escrow, I.H.D.A., 2 | \$ _____ |
| 2. Reserve fund for replacements, I.H.D.A., 2 | \$ _____ |
| 3. Development cost escrow, I.H.D.A., 2 | \$ _____ |
| 4. Residual Receipts escrow, I.H.D.A., 2 | \$ _____ |
| 5. Working capital reserve, I.H.D.A., 2 | \$ _____ |
| Funds Held by Mortgagee, (Total) \$ _____ | |

Total Funds in financial institution \$ _____

1Balances confirmed by XYZ Bank, (Location), (Date)

2Balances confirmed by I.H.D.A., Chicago, (Date)

VIII. Schedule of Surplus Cash and Available Distributions

SAMPLE PARTNERSHIP
SCHEDULE OF SURPLUS CASH AND
ALLOWABLE DISTRIBUTIONS
AS OF DECEMBER 31, 19X1

A - Surplus Cash Computations:

Cash - Development Accounts \$

Receivables - Tenant		\$	
HUD	\$_____		\$
Due from Affiliates (Project Only)			\$
Prepaid Expenses: Taxes		\$	
Sundry	\$_____		\$
Deposit Held in Trust for Tenant's			
Security Deposit			\$
Accrued Interest Receivable:			
Replacement Reserve		\$	
Tax & Insurance Reserve		\$	
Development Cost Escrow		\$	
Others		\$_____	\$
Other, Due within 60 Days:			
Insurance Claims	\$		
Transfer to Partnership Accounts	\$		
	\$_____		\$_____
			\$_____
Less: Accounts Payable - Trade			\$
Rents Received in Advance			\$
Delinquent Mortgage Payments & Escrow Deposits			\$
Tenant's Deposits (Including Accrued Interest)			\$
Accrued Expenses Not Escrowed (Project Only)			\$
Due to Affiliate (Project Only)			\$
			\$
			\$_____
Total Deductions			\$_____
Surplus (Deficit) Cash			\$_____
B - Allowable Distribution Computation:			
Project Equity per Final Closing Documents	\$		
Allowable Date of Return			_____ %
Current Year Allowable Distribution	\$		
Cumulative Allowable Unpaid			\$
Distribution at Dec. 31, 19X0	\$		
Less: Distributions Paid During 19X1 (\$_____)	\$_____		
TOTAL CUMULATIVE ALLOWABLE AND UNPAID			
DISTRIBUTION AT DECEMBER 31, 19X1			\$_____

IX. Debt Service Coverage Ratio Analysis

SAMPLE PARTNERSHIP
DEBT SERVICE COVERAGE RATIO ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 19X1

From Statement of Operations:

A.	Net Operating Income ("NOI")before Financing Entity Expenses, Depreciation and Amortization	\$ _____	
B.	Less: Replacement Reserve Payments	\$ _____	
C.	NOI Adjusted (A minus B)		\$ _____
D.	Debt Service		
	Mortgage principle payments	\$ _____	
	Mortgage interest	\$ _____	
	Mortgage service fees	\$ _____	
	Mortgage insurance premium (if applicable)	\$ _____	
	Total		\$ _____
E.	Debt Service Coverage Ratio ("DCR") divided by D)	\$ _____	(C

FOR OTHER REPORT FORMATS REFER TO HUD HANDBOOK

[AUDITOR=S LETTERHEAD]

INDEPENDENT AUDITOR=S REPORT ON
INTERNAL CONTROL STRUCTURE

To the Sample Partners:

We have audited the financial statements of Sample Partnership an I.H.D.A. Development No. xx-xxx, HUD Development No. xxx-xxxxx, as of and for the year ended December 31, 19X1 and have issued our report thereon dated February xx, 19X2. We have also audited the Development=s compliance with requirements applicable to major (HUD/IHDA) Assisted Programs and have issued our report thereon dated February XX, 19X2

We conducted our audits in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Consolidated Audit Guide for Audits of HUD Programs* (the AGuide@), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, in (date). Those standards and the Guide require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Project complied with laws and regulations, noncompliance with which would be material to a major (HUD/IHDA) Assisted program.

The management of the development is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and that (HUD/IHDA) Assisted Programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors or irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audits, we obtained an understanding of the design of relevant internal control structure policies and procedures and determined whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinions on Sample Company=s financial statements and on its compliance with specific requirements applicable to its major (HUD/IHDA) Assisted Programs and to report on the internal control structure in accordance with the provisions of the *Guide* and not to provide any assurance on the internal control structure.

We performed test of controls, as required by the Guide, to evaluate the effectiveness of the design and operation of internal control structure policies

Page 2

Independent Auditor=s Report on
Internal Control Structure

and procedures were less in scope than would be necessary to render an opinion on such internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a (HUD/IHDA) Assisted Program may occur and not be detected within a timely period by employees in the normal course of performing assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Project in a separate letter dated February XX, 19X2.

This report is intended for the information of the audit committee, management, and the Illinois Housing Development Authority and Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Firm=s Signature

City, State
February XX, 19X2

XHIBIT B

FOR OTHER REPORT FORMATS REFER TO HUD HANDBOOK

[AUDITOR=S LETTERHEAD]

INDEPENDENT AUDITOR=S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO AFFIRMATIVE FAIR HOUSING

To Sample Partners,

We have audited the financial statements of Sample Company, an I.H.D.A. Development No. xx-xxx, HUD Development No. xxx-xxxxx, as of and for the year ended December 31, 19X1 and have issued our report thereon dated February XX, 19X2.

We have also applied procedures to test the Development=s compliance with the Affirmative Fair Housing requirements applicable to its (HUD/IHDA) Assisted Programs for the year ended December 31, 19X1.

Our procedures were limited to the applicable compliance requirement described by the *Consolidated Audit Guide for Audits of HUD Programs* (the AGuide@), issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, in (date). Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Development=s compliance with the Affirmative Fair Housing requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

The results of our tests disclosed immaterial instances of noncompliance with the about requirements, which we have communicated to the management of Sample Company in a separate letter dated February XX, 19X2.

This report is intended for the information of the audit committee, management, and the Illinois Housing Development Authority and Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Firm=s Signature

City, State
February XX, 19X2

XHIBIT C

FOR OTHER REPORT FORMATS REFER TO HUD HANDBOOK

[AUDITOR=S LETTERHEAD]

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR (HUD/IHDA) ASSISTED PROGRAMS

To Sample Partners,

We have audited the financial statements of Sample Company, IHDA Development No. xx-xxxx, HUD Development No. xxx-xxxxx as of and for the year ended December 31, 19X1 and have issued our report thereon dated February XX, 19X2.

We have audited the development=s compliance with the specific programs requirements governing federal financial reports, mortgage status, the replacement reserve, the residual receipts, tenant security deposits, cash receipts and disbursements, distributions to owners, tenant application, tenant eligibility, tenant re-certification, and management functions that are applicable to each of its major (HUD/IHDA)-assisted programs, for the year ended December 31, 19X1. The management of the Development is responsible for compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Consolidated Audit Guide for Audits of HUD Programs ("the Guide")* issued by the U.S. Department of Housing and Urban Development, Office of Inspector General in (date). Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Development=s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which we have communicated to the management of Sample Company in a separate letter dated February XX, 19X2. We considered those instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Development complied, in all material respects, with the requirements described above that are applicable to each of its major (HUD/IHDA) -assisted programs for the year ended December 31, 19X1.

This report is intended for the information of the audit committee, management, and the Illinois Housing Development Authority and Department of Housing and Urban Development. However, this report is matter of public record and its distribution is not limited.

Firm=s Signature

XHIBIT D

FOR OTHER REPORT FORMATS REFER TO HUD HANDBOOK

[AUDITOR=S LETTERHEAD]

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NON-MAJOR (HUD/IHDA) ASSISTED TRANSACTIONS

To Sample Partners,

We have audited the financial statements of Sample Company, IHDA Development No. xx-xxxx, HUD Development No. xxx-xxxxx as of and for the year ended December 31, 19X1 and have issued our report thereon dated February XX, 19X2.

In connection with our audit of the 19XX financial statements of the Development and with our consideration of the Development=s internal control structure used to administer HUD programs, as required by the *Consolidated Audit Guide for Audits, of HUD Programs* (the AGuide@), issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, in (date), we selected certain transactions applicable to certain non-major (HUD/IHDA) Assisted Programs for the year ended December 31, 19X1. As required by the Guide, we performed auditing procedures to test compliance with the requirements governing affirmative fair housing, management, maintenance, the replacement reserve, federal financial reports, tenant application, tenant eligibility, tenant re-certification, and tenant security deposits that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Development=s compliance with those requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

The results of our tests disclosed immaterial instances of noncompliance with the above requirements, which we have communicated to management of Sample Company in a separate letter dated February XX, 19X2.

This report is intended for the information of the audit committee, management, and the Illinois Housing Development Authority and Department of Housing and Urban Development. However, this report is matter of public record and its distribution is not limited.

Firm=s Signature

City, State
February XX, 19X2

SAMPLE PARTNERSHIP
IHDA DEVELOPMENT NO. XX-XXX
CERTIFICATE OF GENERAL PARTNER

I hereby certify that I have examined the foregoing financial statements and supporting data of Sample Partnership and, to the best of my knowledge and belief, the same are true statements of the financial condition and results of operations as of December 31, 19X1 and for the year then ended.

Date _____

By: _____

Title: _____

Employer Identification Number:

SAMPLE PARTNERSHIP
IHDA DEVELOPMENT NO. XX-XXX
CERTIFICATE OF MANAGING AGENT

We hereby certify that we have examined the accompanying financial statements and supplemental data of Sample Partnership and, to the best of our knowledge and belief, the same is complete and accurate.

[Name]
[Firm Name]

[Date]

[Employer Identification No.]

INFORMATION REGARDING INDEPENDENT AUDITORS

To: Illinois Housing Development Authority

RE: Sample Partnership
IHDA Development xx-xxxx

Year ended December 31, 19X1

AUDITOR INFORMATION

Name: _____

Address: 123 N. Main Street
Some town, IL 12345

Phone: _____

Lead Auditor: _____

Federal ID# _____

Audit Partner:

Firm:

Telephone Number:

Federal Employer ID#: