

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 17, 2018
2:00 p.m.

The Board of Directors welcomes and encourages public participation in the Board meetings. Members of the public may be heard on any items on the Directors' agenda. A person addressing the Directors will be limited to 5 minutes unless the Chairperson grants a longer period of time. Comments by members of the public on any item on the agenda will only be allowed during consideration of the item by the Directors. Members of the public desiring to be heard on matters under jurisdiction of the Directors, but not on the agenda, may address the Directors during agenda item 6.

If you are disabled and need special assistance to participate in this meeting, please contact the Housing Authority office at 895-4474. Notification at least 48 hours prior to the meeting will enable the Board of Directors to make reasonable arrangements.

NEXT RESOLUTION NO. 18-3C

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes of Meeting on February 15, 2018
Minutes of Special Meeting on April 19, 2018
 - 3.2 BCAHDC Financial Report
 - 3.3 Tax Credit Report & Cordillera Apartments Report
4. CORRESPONDENCE
5. REPORTS FROM PRESIDENT
 - 5.1 Gridley Springs I Audit Report – Accept FY2017 Audit Report.

Recommendation: Motion
 - 5.2 Harvest Park Audit Report – Accept FY 2017 Audit Report.

Recommendation: Motion

- 5.3 Prospective Affordable Housing Development Project, Gridley – Senior Project, 37 units, with AMG.

Recommendation: Information/Discussion

- 5.4 Prospective Affordable Housing Development Project, Chico – Veteran’s Project, 50 units, with VRC.

Recommendation: Information/Discussion

- 5.5 Prospective Affordable Housing Development Project, Chico – Senior and Disabled Project, 100 units, with CHIP.

Recommendation: Information/Discussion

- 6. MEETING OPEN FOR PUBLIC DISCUSSION
- 7. MATTERS CONTINUED FOR DISCUSSION
- 8. SPECIAL REPORTS
- 9. REPORTS FROM DIRECTORS
- 10. MATTERS INITIATED BY DIRECTORS
- 11. EXECUTIVE SESSION
- 12. DIRECTORS’ CALENDAR

Next meeting – August 16, 2018.

- 13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 15, 2018

Director Anderson called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:13 p.m.

1. ROLL CALL

Present for the Directors: Kate Anderson, Patricia Besser, Larry Hamman, Roger Hart, Anne Jones, Laura Moravec and David Pittman.

Others Present: Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Tamra Young, and Jerry Martin.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Moravec moved that the Consent Calendar be accepted as presented. Director Hamman seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Corporate Services Agreement – The Corporate Services Agreement between HACB and Butte County Affordable Housing Development Corporation (BCAHDC) sets out terms for compensation and a contract maximum. Contract updates include proposed HACB billing rates, to be made effective March 1, 2018, and affirmation of the contract maximum, which is currently set at \$18,500 per year, extending through the operating year, from October 1, 2017 through September 30, 2018.

MOTION

Director Hart made a motion to accept HACB's proposed billing rates, to be effective March 1, 2018, and to continue the annual contract maximum in the amount of \$18,500, for the year extending from October 1, 2017 through September 30, 2018. Director Jones seconded. The vote in favor was unanimous.

- 5.2 Housing Authority of the County of Butte (HACB) – By request of BCAHDC, the HACB has proposed contract terms for provision of project management services for capital improvement work provided to BCAHDC properties. BCAHDC seeks expertise and capacity to carry out the organization, construction, and implementation of capital improvement work at the various properties they own and/or participate in as Managing General Partner. Banyard Management seeks to establish a working relationship with HACB where capital improvement work can be carried out efficiently and effectively by utilizing the expertise and capacities of the HACB. The proposed contract eliminates the need for HACB's General Fund to carry out such improvement activity, as has been done in the past. This is a more direct approach to managing Capital Improvement projects at the subject properties, consistent with practice, and furthering the arms-length relationship between BCAHDC and HACB. HACB shall provide Capital Improvement Management Services for Capital Improvements in accordance with the following: (a) If the Capital Improvement Cost is less than \$50,000, HACB shall receive a fee equal to fifteen percent (15%) of the Capital Improvement Cost, (b) If the Capital Improvement Cost is more greater than \$50,000, HACB shall receive a fee equal to ten percent (10%) of the Capital Improvement cost. The agreement shall extend for a twelve (12) month term, starting January 18, 2018 and extending through January 17, 2019. The agreement shall renew automatically in one-year increments, unless extended or modified in writing.

RESOLUTION NO. 18-1C

Director Jones moved that Resolution No. 18-1C be adopted by reading of title only: "AUTHORIZATION TO ENTER INTO CAPITAL IMPROVEMENTS MANAGEMENT SERVICES AGREEMENT WITH HOUSING AUTHORITY OF THE COUNTY OF BUTTE. Director Moravec seconded. The vote in favor was unanimous.

- 5.3 Walker Commons - The unaudited CY 2017 Operational Surplus Cash Flow from Walker Commons is approximately \$131,000, which includes \$50,000 of capital improvements budgeted but not completed in 2017. To meet the costs of Phase I roof replacements, estimated at \$242,744 for 2018, staff recommends retaining \$100,000 from 2017 Operational Surplus Cash Flow, by means of deposit into Replacement Reserves. As of December 31, 2017, the Replacement Reserves balance was \$188,092; after the \$100,000 deposit the balance would be \$288,092. Per HACB Modernization Coordinator Jerry Martin, this would provide funds for roofing of 50% of the property (twenty six (26) units). Chief Financial Officer Kemp reminded the Board of Directors that Walker Commons has no debt, no mortgage and the cash flow has stabilized with the management of AWI, third party property manager of the property. As per the power and authority outlined

Butte County Affordable Housing Development Corporation

Board of Directors

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in the LPA, as amended, staff recommends that the BCAHDC Board of Directors approve the deposit of \$100,000 into the Replacement Reserves from CY 2017 Surplus Cash Flow. The balance of Surplus Cash Flow funds will be distributed to the Partners.

MOTION

Director Moravec moved motion to approve the deposit of \$100,000 from 217 Operational Surplus Cash Flow into the Walker Commons' Replacement Reserves account. Director Hart seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

- 7.1 Walker Commons – As requested during the November BCAHDC Board of Directors meeting, the proposal to move to a no-smoking policy at Walker Commons apartments was re-visited. Housing Authority management recommended implementation of a no-smoking policy, while being aware that there is a high concentration of senior, elderly, and special needs tenants at the property. Deputy Executive Director Larry Guanzon reaffirmed to the Board that the no-smoking policy will be implemented with extra care and sensitivity, given the relatively fragile population. Director Moravec asked what the percentage of residents at the property are smokers. Larry Guanzon responded that about ten percent of residents are smokers. Larry Guanzon provided further reassurance to the Board that management will work with residents to address their smoking and its cessation, as opposed to simply resorting to terminations of tenancy.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 17, 2018.

13. ADJOURNMENT

Director Hart moved that the meeting be adjourned. Director Pittman seconded. The meeting was adjourned at 2:32 p.m.

Dated: February 15, 2018.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

April 19, 2018

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:01 p.m.

1. ROLL CALL

Present for the Directors: Kate Anderson, Patricia Besser, Larry Hamman, Roger Hart, Anne Jones, Laura Moravec and David Pittman.

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Tamra Young, and Jerry Martin.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Walker Commons – Roof Replacement Project, Phase I was developed to address the deteriorating roofs at Walker Commons, the roof is now twenty two years old and is nearing the end of its expected life (25 years). Phase I of this project includes replacement of roofs for units 1-30, approximately half of the total roofing at the property. The Dutch Lap shingles will be replaced with a 40-year Dimensional Composition System that is Title 24 Compliant and a “Cool Roof”, helping to lower energy costs during the summer months. There were five (5) bids received, prices were better and more reasonable this (second) time around. Bids

Butte County Affordable Housing Development Corporation

Board of Directors

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ranged from \$108,000 to \$325,000, in comparison to last year when the sole bid came in at \$258,000. Director Pittman asked if there were changes on the specifications from last year's bid; Modernization Coordinator Jerry Martin replied that no changes were made. Local contractor, Four Seasons Roofing, provided the lowest responsive and responsible bid for this project at \$108,865.00. The contract amount is greater than \$50K, so requires approval of the Board. Staff recommended contract authorization to work with the responsive low bidder, Four Seasons Roofing, for the Phase I of the Walker Commons Roof Replacement Project.

RESOLUTION NO. 18-2C

Director Hart moved that Resolution No. 18-2C be adopted by reading of title only: "AUTHORIZATION TO ENTER INTO CONTRACT WITH FOUR SEASONS ROOFING FOR PHASE I ROOFING REPLACEMENTS AT WALKER COMMONS APARTMENTS, CHICO". Director Moravec seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 17, 2018.

13. ADJOURNMENT

Director Anderson moved that the meeting be adjourned. Director Jones seconded. The meeting was adjourned at 2:07 p.m.

Dated: April 19, 2018.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

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**BCAHDC GENERAL FUND
BALANCE SHEET
March 31, 2018**

***** A S S E T S *****

Current Assets

Cash-Unrestricted	334,619
Accounts Receivable-Misc	40,211
Tenant Security Deposits	0
Investments-Unrestricted	250,000
Investments-Restricted	0
Interprogram Due From Cordillera	1,637
Total Current Assets	626,467

Fixed Assets

Land	0
Buildings	0
Appliances - Dwelling units	0
Accumulated Depreciation	0
Total Fixed Assets	0

Other Assets

Prepaid Expenses	0
Organizational Costs, Net of Amortization	0
Note Receivable - Chico Valley View Partners	0
Investment in 1200 Park Avenue, L.P.	-446
Investment in Chico Harvest Park, L.P.	-176
Investment in DHI-DFA Gridley Springs Associates, L.P.	-5
Investment in Walker Commons, L.P.	104,362
Total Other Assets	103,735

TOTAL ASSETS

730,202

***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	741
Accrued Interest Payable	0
Interprogram Due to Cordillera	0
Accrued Fees due to HACB	50,875
CVVP Interest Reserves	0
Total Current Liabilities	51,616

Long-Term Liabilities

Long-Term Debt, Net of Current	0
Total Long-Term Liabilities	0

TOTAL LIABILITIES

51,616

Equity

Prior Year Equity Balance	641,160
Retained Earnings	37,426
Total Equity	678,586

TOTAL EQUITY

678,586

TOTAL LIABILITIES AND EQUITY

730,202

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BCAHDC-GENERAL FUND INCOME STATEMENT
March 31, 2018

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	46,449	3,166	43,283	62,247	37,992	24,255	163.84
Misc. Income	0	40	-40	82	480	-398	17.17
Investment Income	22	144	-123	241	1,732	-1,491	13.93
TOTAL REVENUES	46,470	3,350	43,120	62,571	40,204	22,367	155.63
EXPENSES							
Audit Fee	0	250	-250	0	3,000	-3,000	0.00
Corporate Services	741	1,542	-801	4,795	18,500	-13,705	25.92
Consulting Fees	0	417	-417	0	5,000	-5,000	0.00
Legal Expenses	0	250	-250	0	3,000	-3,000	0.00
Misc. Administrative Costs	0	83	-83	0	1,000	-1,000	0.00
Outside Management Fees	3,392	3,392	0	20,350	40,700	-20,350	50.00
Partnership Losses	0	42	-42	0	500	-500	0.00
Taxes and Fees	0	7	-7	0	80	-80	0.00
TOTAL EXPENSES	4,132	5,982	-1,849	25,145	71,780	-46,635	35.03
RETAINED EARNINGS	42,338	-2,631	44,969	37,426	-31,576	69,002	-118.53

Note: Partnership Income includes \$43,278 in partnership fees from 1200 Park Ave, L.P.
 These fees were calculated with the CY 2017 year-end cash flow, therefore, they were not foreseen in this budget.

MEMO

Date: May 11, 2018

To: BCAHDC Board of Directors

From: Larry Guanzon, Deputy Executive Director

Subject: Status Report – LIHTC Properties & Cordillera Apartments

- Walker Commons Apartments, Chico (56 units, LIHTC, senior/disabled)
- 1200 Park Avenue Apartments, Chico (107 units, LIHTC, senior)
- Harvest Park Apartments, Chico (90 units, LIHTC, family)
- Gridley Springs I Apartments, Gridley (32 units, LIHTC, family)
- Cordillera Apartments, Chico (20 units, family)

For Walker Commons Apartments and 1200 Park Ave, please also see monthly reports provided by the property manager, AWI, following this memo. Property manager Winn Residential provides monthly reports for Harvest Park; CBM Group for Gridley Springs I; and RSC Associates for Cordillera Apartments.

Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property has zero (0) vacancy, with one move in occurring during the month of April. Roofing replacements (Phase I) are scheduled for 2018; contract award will was approved by BCAHDC Board last month. With the recommendation of the property manager, AWI, locking security screen doors will be installed by maintenance over a period of time - the first ten (10) doors have been ordered. Clubhouse siding and overhangs are being bid for re-painting, with dry rot repair completed as identified in paint prep. The maintenance person has been replacing rotten post caps throughout the property. Also, enclosed with the Walker Commons narrative is a sample of the AWI Customer Service Survey, a tool to secure tenant feedback at the property.

1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – This property currently has two (2) vacancies, but has pending applications and tentative move-ins planned. The new on-site manager, Maria Venegas, is being trained and is settling in to her new role. The annual City of Chico-conducted HOME monitoring review went, well with no findings. Also, enclosed with the 1200 Park Ave narrative is a sample of the AWI Customer Service Survey. AWI's Owner's Report follows.

Harvest Park Apartments, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park has zero (0) vacancy. The property continues operations per budget.

A new on-site manager was hired by WINN, Wendy Logue, who has transitioned into her new position. Please find WINN Residential Owner's Report following.

Gridley Springs I Apartments, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: CBM Group) – There currently are five (5) vacancies at the property. Limited Partnership partner, Dawson Holdings, has brought forward The CBM Group, Inc. to take on property management, as the firm is known to Dawson Holdings, is acceptable to the Limited Partner (WNC), and is experienced in tax-credit and USDA program operations. CBM Group is now in place as the third party property manager, succeeding departed U.S. Residential. A new on-site manager, Sara Kincade has been hired and is settling into her new job. CBM has lagged in settling property financials in the wake of former manager, USRG – they are being pushed to complete their assumption of duty. Please find CBM Groups Owner's report, following.

Cordillera Apartments, Chico (20 units, Family, Owner: BCAHDC, PM: RSC Assoc.) The property has one (1) vacancy. We will continue to make capital improvements as cash flow allows: replacing patios railings and exterior windows, and completing exterior painting, all targeted to upgrade the property's curb appeal and valuation. Please find RSC's monthly Owner's report, following.

**Walker Commons
April 2018**



Variance report sent explaining budget differences and expenditures.

Updates:

Walker Commons is 100% occupied. One move in occurred during the month of April.

Randy Mintzer, the maintenance tech at Chico Commons, has been replacing the rotten post caps and priming / painting the new caps and posts on the weekends. Work is progressing nicely.

Two new ceiling fans are scheduled for installation in the community room. One stopped working and we decided to replace both so they match and to reduce potential costs in the future. Installation must be done by a vendor due to the height of the ceiling.

We are moving forward with installation of the security screen doors. The order has been placed for the first 10 doors and will be installed as time permits. The residents are all looking forward to the new doors.

Also, on agenda are estimates to re paint the siding and trellis on the community room. Once a vendor is chosen, this is targeted for completion this summer.

The upcoming resident gathering for the month of May is a Taco Salad potluck. Yum!

I have included a sample of the AWI Customer Service Survey to share. Each new resident receives the small survey within a few weeks of their move in date. It is mailed out directly from AWI with a postage paid return envelope, back to AWI. As an incentive to complete, the resident receives a \$10 rent credit. We use this as a tool to obtain valuable feedback from the residents on their overall move in experience.

(530) 745-6170 tel AWI Management Corporation
(530) 745-6173 fax PO Box 550
www.awimc.com Auburn CA 95604



AWI Management Corporation is an Equal Opportunity provider and employer.

MAR 21 2018

We would like to WELCOME you to your new home!

RECEIVE A \$10.00 RENT CREDIT FOR THE FOLLOWING MONTH UPON RECEIPT OF THIS SURVEY IN OUR OFFICE. OFFER EXPIRES: 30-DAYS FROM THE DATE OF THIS LETTER

Date: 3/14/2018



AWI
Management Corporation
Always With Integrity

Dear Kristine Santos

All of us on-site and at AWI's home office are always interested in what our Residents have to say. Your comments are very important to us. Please take a moment to fill out the short survey below. Your comments are strictly confidential. However, this information will allow us to measure our level of customer satisfaction.

Additionally, by completing and returning this survey (using the enclosed self-addressed envelope) we will issue you a **\$10 Rent Credit**. Please allow up to a month after receipt of your returned, completed survey for rent credit to post to your account. Once your credit has been posted, you should receive an audit letter informing you of the award.

Thank you,
Kimberly Kotalik
Customer Service Coordinator

CUSTOMER SERVICE SURVEY

TENANT(S) NAME: Kristine Santos

1. We show the date of your move in to be: 2/6/2018
2. Did the Manager explain the Lease and Apt. House Rules to you? ☒ YES ☐ NO
3. Did the Manager perform a complete Move-In Inspection with you? ☒ YES ☐ NO
4. What is your overall impression of the Apartment?

(Circle appropriate number below – on a scale of 1-5, with 5 being the best)

	Bad	Poor	Fair	Good	Excellent
A. Clean (all around).....	1	2	3	4	5
B. Dust free	1	2	3	4	5
C. Appliances clean and working	1	2	3	4	5
D. Carpet clean and stain free.	1	2	3	4	5
E. Window coverings clean and on all windows. .	1	2	3	4	5
F. All window screens in place.	1	2	3	4	5
G. Bathroom(s) clean.	1	2	3	4	5
H. Interior walls clean and painted.	1	2	3	4	5

5. How did you hear about us? (circle one) Newspaper / Magazine / Internet / Flyer Friend / Tenant / Sign

Other (please explain): _____

6. Is there anything else you would like us to know? This is a very warm & welcoming community.

For Office Use Only:

Complex Name: Walker Commons

Unit Number: #2

Mailed: 3/14/2018

This institution is an equal opportunity provider.

(530) 745-6170 tel
(530) 745-6171 fax
www.awimc.com

AWI Management Corporation
120 Center Street
Auburn CA 95603

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WALKER COMMONS
BALANCE SHEET
March 31, 2018

***** A S S E T S *****

Current Assets

Cash - Unrestricted	194,070
Cash - Restricted Reserves	250,034
Cash - Tenant Security Deposits	23,470
Accounts Receivable - Misc.	0
Accounts Receivable - Tenants	-49
Allowance for Doubtful Accounts	0
Prepaid Expenses	1,465
Total Current Assets	468,990

Fixed Assets

Land	600,000
Buildings	2,711,451
Furniture and Equipment	75,044
Accumulated Depreciation	-1,605,202
Total Fixed Assets	1,781,293

Other Assets

Fees net of amortization	4,602
Total Other Assets	4,602

TOTAL ASSETS	2,254,885
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***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	2,556
Accrued Liabilities	10,399
Accrued Interest Payable - Current	3,750
Prepaid Rent	3,987
Tenant Security deposits	23,470
Total Current Liabilities	44,162

Long-Term Liabilities

Accrued Interest Payable - Net of Current	34,982
Long-Term Debt - Note Payable	500,000
Total Long-Term Liabilities	534,982

TOTAL LIABILITIES	579,144
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Equity

Reserves	0
Partner's Equity	1,654,940
Retained Earnings	20,801
Total Equity	1,675,741

TOTAL EQUITY	1,675,741
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TOTAL LIABILITIES AND EQUITY	2,254,885
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WALKER COMMONS INCOME STATEMENT

March 31, 2018

YTD %
25.00

	Month to Date			Year to Date			
	Actual	Budget	Remaining	Actual	Budget	Remaining	% used
REVENUES							
Potential Dwelling Rent	33,177	33,034	143	99,501	396,404	-296,903	25.10
Vacancy Loss	0	-661	661	-735	-7,928	7,193	9.27
Net Dwelling Rent	33,177	32,373	804	98,766	388,476	-289,710	25.42
Tenant Charges	99	63	37	257	750	-493	34.26
Laundry Revenue	414	183	231	635	2,200	-1,565	28.86
Investment Income	21	17	4	57	200	-143	28.62
TOTAL REVENUES	33,710	32,636	1,075	99,715	391,626	-291,911	25.46
EXPENSES							
Advertising	0	46	-46	0	550	-550	0.00
Audit Fee	381	381	0	1,142	4,568	-3,426	25.00
Credit & Collection Expense	0	67	-67	6	800	-794	0.75
Franchise Tax Board Fee	800	67	733	800	800	0	100.00
Insurance-Liability/Property	502	896	-394	1,505	10,755	-9,250	14.00
Legal Fees	0	63	-63	0	750	-750	0.00
Management Fees	2,184	2,296	-112	6,552	27,552	-21,000	23.78
Misc. Admin. Costs	92	216	-125	179	2,595	-2,416	6.90
Office Supplies	267	458	-191	1,206	5,500	-4,294	21.93
Partnership Expense	625	625	0	1,875	7,500	-5,625	25.00
Property Taxes & Assessments	0	10	-10	0	120	-120	0.00
Resident Services/Supplies	130	85	45	635	1,025	-390	61.92
Security Services	0	160	-160	0	1,920	-1,920	0.00
Telephone	192	244	-52	701	2,926	-2,225	23.96
Training	0	79	-79	180	942	-763	19.06
Total Admin Costs	5,172	5,692	-520	14,781	68,303	-53,522	21.64
Site Manager: Salary & Free Rent	4,484	3,417	1,067	10,832	41,004	-30,172	26.42
Site Maintenance: Salary	630	2,699	-2,069	4,166	32,392	-28,226	12.86
Payroll Taxes & Benefits	2,093	2,578	-485	6,551	30,935	-24,384	21.18
Total Salary and Benefits	7,207	8,694	-1,487	21,549	104,331	-82,782	20.65
Electricity	400	639	-239	1,275	7,667	-6,392	16.63
Gas	197	125	72	655	1,500	-845	43.66
Water and Sewer	2,011	2,012	-1	5,629	24,143	-18,514	23.32
Total Utilities-Project	2,608	2,776	-168	7,559	33,310	-25,751	22.69
Landscape Maintenance	1,363	1,115	248	5,118	13,380	-8,263	38.25
Maintenance Materials	327	817	-490	2,719	9,800	-7,081	27.75
Other Maintenance Contracts	337	1,133	-795	1,507	13,590	-12,083	11.09
Trash Removal	311	311	0	934	3,737	-2,803	25.00
Unit Turnover Maintenance	178	83	94	740	1,000	-260	73.98
Total Maintenance Costs	2,515	3,459	-944	11,018	41,507	-30,489	26.54
Capital Improvements (Expensed)	250	1,696	-1,446	4,179	20,350	-16,171	20.54
Extraordinary Maintenance	0	0	0	0	0	0	0.00
Depreciation & Amortization	5,435	6,105	-670	16,304	73,256	-56,952	22.26
Interest Expense-Chico	1,250	1,250	0	3,750	15,000	-11,250	25.00
Bad Debt-Tenants	-50	208	-258	-227	2,500	-2,727	-9.08
Total Other Expenses	6,885	9,259	-2,374	24,006	111,106	-87,100	21.61
TOTAL EXPENSES	24,387	29,880	-5,493	78,913	358,557	-279,644	22.01
RETAINED EARNINGS	9,324	2,756	6,568	20,802	33,069	-12,267	62.90
+ Deprec & Amort	5,435	6,105	-670	16,304	73,256	-56,952	22.26
- Capital Improvements/Replcmnts	0	16,667	-16,667	0	200,000	-200,000	0.00
- Debt Payments	0	0	0	0	0	0	0.00
- Transfer to Reserves	-933	15,733	-16,667	-2,800	188,800	-191,600	-1.48
NET CASH FLOW	13,825	7,927	5,898	34,306	95,125	-60,819	36.06

1200 Park Avenue
April 2018

Variance report sent explaining budget differences and expenses.

Updates:

1200 Park Avenue currently has three vacancies, with applications in process. Two move-outs and two move-ins occurred during the month of April.

Unit 129 is market ready with an application close to an approval. Move in expected for the week of May 14th.

Unit 115 unit turn is in process. This is a Reasonable Accommodation transfer from unit 338 down to the first floor. Transfer is expected for the week of May 14th.

Unit 331 vacated on May 3rd. This will be the next unit turn and there is an application in process.

The HOME inspection went well overall. There were no findings in the unit interiors. Small items to be addressed in common areas and tenant files. The formal findings letter has not been received, however staff has begun addressing items.

April was Fair Housing Awareness month. Each community is required to complete a basic sanity check regarding fair housing practices and signage systems. Once completed, each Property Manager signs off as complete and forwards to AWI for tracking and filing.

I have included a sample of the AWI Customer Service Survey to share. Each new resident receives the small survey within a few weeks of their move in date. It is mailed out directly from AWI with a postage paid return envelope, back to AWI. As an incentive to complete, the resident receives a \$10 rent credit. We use this as a tool to obtain valuable feedback from the residents on their overall move in experience.



MAY 09 2018

We would like to WELCOME you to your new home!

RECEIVE A \$10.00 RENT CREDIT FOR THE FOLLOWING
MONTH UPON RECEIPT OF THIS SURVEY IN OUR OFFICE.
OFFER EXPIRES: 30-DAYS FROM THE DATE OF THIS LETTER

Date: 5/3/2018



Dear Nanette Jaques

All of us on-site and at AWI's home office are always interested in what our Residents have to say. Your comments are very important to us. Please take a moment to fill out the short survey below. Your comments are strictly confidential. However, this information will allow us to measure our level of customer satisfaction.

Additionally, by completing and returning this survey (using the enclosed self-addressed envelope) we will issue you a \$10 Rent Credit. Please allow up to a month after receipt of your returned, completed survey for rent credit to post to your account. Once your credit has been posted, you should receive an audit letter informing you of the award.

Thank you,
Kimberly Kotalik
Customer Service Coordinator

CUSTOMER SERVICE SURVEY

TENANT(S) NAME: Nanette Jaques

1. We show the date of your move in to be: 4/19/2018
2. Did the Manager explain the Lease and Apt. House Rules to you? ☒ YES ☐ NO
3. Did the Manager perform a complete Move-In Inspection with you? ☒ YES ☐ NO
4. What is your overall impression of the Apartment?
(Circle appropriate number below – on a scale of 1-5, with 5 being the best)

	Bad	Poor	Fair	Good	Excellent
A. Clean (all around).....	1	2	3	4	5
B. Dust free	1	2	3	4	5
C. Appliances clean and working	1	2	3	4	5
D. Carpet clean and stain free.	1	2	3	4	5
E. Window coverings clean and on all windows. ...	1	2	3	4	5
F. All window screens in place.	1	2	3	4	5
G. Bathroom(s) clean.	1	2	3	4	5
H. Interior walls clean and painted.	1	2	3	4	5

5. How did you hear about us? (circle one) Newspaper / Magazine / Internet / Flyer / Friend / Tenant / Sign

Other (please explain): I was a Care Provider and had Clients that lived here!

6. Is there anything else you would like us to know?

I LOVE MY APT. and the Location VERY Much
Thank You!
STAFF IS VERY NICE!
Nanette Jaques

For Office Use Only:

Complex Name: Park Avenue

Unit Number: #309

Mailed: 5/3/2018

This institution is an equal opportunity provider.



1200 PARK AVENUE L.P.
BALANCE SHEET
March 31, 2018

***** A S S E T S *****

Current Assets

Cash - Operating	348,173
Cash - Petty Cash	0
Cash - Replacement Reserve	0
Cash - Security Deposits	35,603
Accounts Receivable-Tenants	103
Accounts Receivable-Other	1,499
Prepaid Expenses	9,143
Total Current Assets	394,521

Fixed Assets

Land	629,523
Buildings	18,372,150
Furniture & Equipment	128,912
Accumulated Depreciation	-5,488,657
Total Fixed Assets	13,641,928

Other Assets

Tax Credit & Organizational Fees, Net of Amort.	41,125
Total Other Assets	41,125

TOTAL ASSETS	14,077,574
---------------------	-------------------

***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	-11,300
Accrued Expenses	13,032
Accrued Interest Payable - Current	18,375
Loan Fees Net of Amortization	0
Prepaid Rent	3,279
Tenant Security & Key Deposits	35,144
Total Current Liabilities	58,530

Long-Term Liabilities

Accrued Partnership Fees	3,086
Accrued Interest Payable - Net of Current	528,904
Loan Payable - HACB	1,126,854
Loan Payable - City of Chico	3,675,000
Loan Payable - CITIBANK/Berkadia	1,914,635
Total Long-Term Liabilities	7,248,479

TOTAL LIABILITIES	7,307,009
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Equity

Partner's Equity	6,874,614
Retained Earnings	-104,049
Total Equity	6,770,565

TOTAL EQUITY	6,770,565
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TOTAL LIABILITIES AND EQUITY	14,077,574
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1200 PARK AV INCOME STATEMENT

March 31, 2018

**YTD %
25.00**

	Month to Date			Year to Date			
	Actual	Budget	Remaining	Actual	Budget	Remaining	% used
REVENUES							
Potential Dwelling Rent	66,511	64,226	2,285	201,035	770,714	-569,679	26.08
Vacancy Loss	-1,142	-963	-179	-2,319	-11,561	9,242	20.06
Rent Free Unit - see Maint Salaries	0	0	0	0	0	0	0.00
Net Dwelling Rent	65,369	63,263	2,106	198,716	759,153	-560,437	26.18
Tenant Charges	210	365	-155	554	4,385	-3,831	12.64
Laundry Income	2,801	1,000	1,801	2,801	12,000	-9,199	23.34
Interest Income	19	4	15	19	50	-31	38.82
TOTAL REVENUES	68,399	64,632	3,767	202,090	775,588	-573,498	26.06
EXPENDITURES							
Audit Fee	400	400	0	1,200	4,800	-3,600	25.00
Franchise Tax Fee	0	67	-67	0	800	-800	0.00
Insurance-Property/Liability/Flood	1,277	1,358	-81	3,831	16,300	-12,469	23.50
Legal Expense	0	100	-100	0	1,200	-1,200	0.00
Management Fee	6,607	3,232	3,375	6,607	38,779	-32,172	17.04
Marketing & Renting Expenses	0	0	0	10	0	10	0.00
Misc. Administrative	223	286	-63	325	3,428	-3,103	9.47
Office Supplies & Contracts	1,149	883	265	2,747	10,600	-7,853	25.91
Property Taxes	1,577	25	1,552	1,577	300	1,277	525.82
Resident Supplies	46	333	-288	46	4,000	-3,954	1.14
Telephone	1,622	879	743	2,543	10,550	-8,007	24.11
Travel & Training	493	42	452	973	500	473	194.65
Total Administrative Costs	13,393	7,605	5,789	19,858	91,257	-71,399	21.76
Administrative Salaries	8,071	4,420	3,651	13,102	53,040	-39,938	24.70
Maintenance Salaries	0	4,103	-4,103	0	49,240	-49,240	0.00
Payroll Taxes & Fringe Benefits	2,174	2,947	-772	3,813	35,358	-31,545	10.78
Total Salary & Benefits	10,245	11,470	-1,225	16,914	137,638	-120,724	12.29
Electricity	7,081	4,108	2,973	10,654	49,290	-38,636	21.61
Gas	1,303	163	1,141	1,861	1,950	-89	95.43
Water & Sewer	6,615	3,608	3,006	9,936	43,300	-33,364	22.95
Total Utilities	14,999	7,878	7,120	22,450	94,540	-72,090	23.75
Elevator Maintenance	0	707	-707	0	8,478	-8,478	0.00
Janitorial Maint. & Supplies	0	1,130	-1,130	23	13,560	-13,537	0.17
Landscape Maint. & Supplies	2,020	1,958	63	4,360	23,490	-19,130	18.56
Maintenance Supplies	0	1,000	-1,000	0	12,000	-12,000	0.00
Maint. Repairs Contracts	7,178	1,924	5,254	11,688	23,085	-11,397	50.63
Security Contract & Supplies	735	902	-167	735	10,819	-10,084	6.79
Unit Turnover Costs	0	232	-232	0	2,780	-2,780	0.00
Trash Removal	0	618	-618	0	7,412	-7,412	0.00
Total Maintenance Costs	9,933	8,469	1,464	16,806	101,624	-84,818	16.54
Bad Debt Expense	0	175	-175	-17	2,100	-2,117	-0.81
Capital Improvements (Expensed)	684	2,058	-1,374	684	24,700	-24,016	2.77
Depreciation & Amortization	38,983	38,983	0	116,948	467,792	-350,844	25.00
Interest Expense-Mortgage	11,351	11,270	81	34,121	135,240	-101,119	25.23
Total Other	51,018	52,486	-1,468	151,736	629,832	-478,096	24.09
TCM & SM Fees (prior yr excess cash)	43,278	0	43,278	43,278	0	43,278	0.00
Accr. Interest-City of Chico	6,125	6,125	0	18,375	73,500	-55,125	25.00
Accr. Interest-HACB	4,545	4,598	-53	13,635	55,181	-41,546	24.71
Accr. Interest-Def Dev Fee	0	0	0	0	0	0	0.00
Accr. Annual Admin & Social Serv. Fees	3,086	1,029	2,058	3,086	12,345	-9,259	25.00
Total Accrued Expenses	57,035	11,752	45,283	78,375	141,026	-62,651	55.57
TOTAL EXPENSES	156,622	99,660	56,962	306,139	1,195,917	-889,778	25.60
RETAINED EARNINGS	-88,223	-35,027	-53,195	-104,049	-420,329	316,280	24.75
+ Depreciation & Amortization	38,983	38,983	0	116,948	467,792	-350,844	25.00
- Capital Expenditures (Assets)	0	0	0	0	0	0	0.00
- Loan Principal Payments	3,844	3,925	-81	11,463	47,096	-35,633	24.34
+ Accrued Expenses - current year	13,756	11,752	2,004	35,096	141,026	-105,930	24.89
- Reserve Usage/Payments	-8,025	-617	-7,408	-8,025	-7,400	-625	108.45
NET OPERATING CASH FLOW	-47,353	11,166	-58,519	28,507	133,993	-105,486	21.28

Monthly Property Summary Report

75 Harvest Park Court

April 2018



HARVEST
P A R K

CHICO, CA.
90 UNITS
TAX CREDIT

INCOME AND EXPENSE SUMMARY

Total Operating Income Actual/Month:	\$64,804.22
Total Operating Income Budget/Month:	\$64,498.68
Total Operating Income Actual/YTD:	\$262,488.00
Total Operating Income Budget/YTD:	\$261,311.85
Total Operating Expenses Actual/Month:	\$26,810.33
Total Operating Expenses Budget/Month:	\$48,368.77
Total Operating Expenses Actual/YTD:	\$134,339.26
Total Operating Expenses Budget/YTD:	\$148,514.63
Total Net Operating Income Actual/Month:	\$37,993.89
Total Net Operating Income Budget/Month:	\$16,129.91
Total Net Operating Income Actual/YTD:	\$128,148.74
Total Net Operating Income Budget/YTD:	\$112,797.22

BUDGET VARIANCE REPORT

(Line Item Variance Report: Expenses Exceeding 10% of budget or \$500 minimum variance.)

6451-0000 Water and Sewer- No expense for the month, reached out to company

6470-0000 Rubbish Removal- \$1,011 variance due to invoices from previous periods hitting in April.

6726-0001 Health Insurance and other Payroll Benefits – Variance of \$420

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

YTD Budgeted Capital Improvements / Cash Flow: \$3,950
YTD Actual Capital Improvements / Cash Flow: \$5,181.96
YTD Budgeted Capital Improvements / RR: * See Below
YTD Actual Capital Improvements / RR: * See Below

NOTE: CAPITAL EXPENSE GL CODE IS BEING CHANGED. 1499.0002 IS NO LONGER BEING USED.

Description of Capital Improvements YTD:

Carpet Replacement: Unit 115 and 243

Washer replaced in unit 106

GENERAL PROPERTY ISSUES and HIGHLIGHTS

Unit turn overs slowed down in April, Maintenance Staff is out on temp disability for 3 months, we have been using staff from Parkside Terrace for work orders and having our cleaner come in that is on staff on an as needed basis to clean the community room and fitness center.

Balance Sheet

Period = Mar 2018

Book = Accrual,Audit ; Tree = bs first

HARVEST PARK - BALANCE SHEET

	Current Month Mar 2018	Prior Month Feb 2018	Current Period Increase (Decrease)	Balance 12/2017	YTD Increase (Decrease)
ASSETS					
CASH UNRESTRICTED					
1110-0000 Cash - Operating	98,499	117,104	-18,605	103,952	-5,453
1111-0000 Petty Cash	500	500	0	500	0
1121-0005 Workers Comp - Reserve	4,593	4,039	554	2,932	1,661
TOTAL CASH UNRESTRICTED	103,592	121,644	-18,052	107,384	-3,792
DEVELOPMENT CASH					
1118-0000 Cash - Development	120,162	120,162	0	120,162	0
TOTAL DEVELOPMENT CASH	120,162	120,162	0	120,162	0
CASH RESTRICTED					
1191-0000 Cash - Security Deposit	54,300	53,600	700	52,400	1,900
TOTAL CASH RESTRICTED	54,300	53,600	700	52,400	1,900
RESIDENT A/R					
1129-0000 Reserve for Uncollectible A/R	-2,694	-2,694	0	-2,694	0
1130-0000 Accounts Receivable -Residents	15,011	17,312	-2,300	20,517	-5,506
TOTAL RESIDENT A/R	12,317	14,617	-2,300	17,823	-5,506
SUBSIDY A/R					
1133-0000 Reserve for Uncollectible-Sub	-521	-521	0	-521	0
1134-0001 AR Subsidy Suspense Clearing	-943	-70	-873	-71	-872
1135-0000 Accounts Receivable - Local Housing Authority	2,186	2,958	-773	4,075	-1,889
TOTAL SUBSIDY A/R	722	2,368	-1,646	3,483	-2,761
MISCELLANEOUS A/R					
1142-0000 Accounts Receivable - Other	14,613	14,613	0	16,692	-2,079
TOTAL MISCELLANEOUS A/R	14,613	14,613	0	16,692	-2,079
DEFERRED ORGANIZATIONAL EXP					
1873-0000 Tax Credit Fee	44,727	44,727	0	44,727	0
1873-0002 Amortization Tax Credit Fee	-11,936	-11,936	0	-11,936	0
TOTAL DEFERRED ORG EXP	32,791	32,791	0	32,791	0
RESERVE FOR REPLACEMENT					
1316-0000 Escrow - Replacement Reserve	112,941	110,609	2,332	105,944	6,998
TOTAL RESERVE FOR REPLACEMENT	112,941	110,609	2,332	105,944	6,998

Balance Sheet

Period = Mar 2018

Book = Accrual,Audit ; Tree = bs first

		Current Month Mar 2018	Prior Month Feb 2018	Current Period Increase (Decrease)	Balance 12/2017	YTD Increase (Decrease)
MORTGAGE ESCROW DEPOSITS						
1322-0000	Escrow - Taxes	6,027	1,811	4,216	604	5,424
1325-0000	Escrow - Insurance	32,705	30,865	1,840	27,184	5,520
1332-0000	Escrow Operations	250,000	250,000	0	250,000	0
1344-0000	Escrow - Other	5,333	5,333	0	5,333	0
1344-0018	Escrow - Equity Accounts	2,312	2,312	0	2,312	0
1344-0019	Esc-Capital Interest Account	63,057	63,057	0	63,057	0
1344-0020	Escrow - Loan Account	20,833	20,833	0	20,833	0
	TOTAL MORTGAGE ESCROW DEPOSITS	380,267	374,211	6,056	369,323	10,944
PROPERTY AND EQUIPMENT						
1410-0000	Land	1,375,634	1,375,634	0	1,375,634	0
1420-0000	Building	11,974,275	11,974,275	0	11,974,275	0
1431-0000	Building Improvements	2,082,769	2,082,769	0	2,082,769	0
1440-0002	Carpet Flooring	7,670	3,625	4,045	3,625	4,045
1461-0002	Furniture & Fixtures	1,286,391	1,286,391	0	1,286,391	0
1486-0000	Appliances	1,137	0	1,137	0	1,137
	TOTAL PROPERTY AND EQUIPMENT	16,727,876	16,722,694	5,182	16,722,694	5,182
ACCUMULATED DEPRECIATION						
1520-0000	Res for Deprec - Building	-2,785,809	-2,785,809	0	-2,785,809	0
	TOTAL ACCUMULATED DEPRECIATION	-2,785,809	-2,785,809	0	-2,785,809	0
PREPAID EXPENSES AND DEPOSITS						
1241-0000	Prepaid Insurance	0	2,287	-2,287	6,861	-6,861
1253-0000	Prepaid Benefits	570	570	0	0	570
	TOTAL PREPAID EXPENSES AND DEPOSITS	571	2,858	-2,287	6,861	-6,291
TOTAL ASSETS						
		14,774,342	14,784,356	-10,014	14,769,748	4,595
LIABILITIES						
MORTGAGE NOTES PAYABLE						
2320-0000	Mortgage Payable -1st Mortgage	4,187,500	4,191,667	-4,167	4,200,000	-12,500
2360-0001	Debt Issuance Costs #1	-447,994	-447,994	0	-447,994	0
2361-0001	Accum Amort - Debt Issuance Costs #1	167,600	167,600	0	167,600	0

Balance Sheet

Period = Mar 2018

Book = Accrual,Audit ; Tree = bs first

	Current Month Mar 2018	Prior Month Feb 2018	Current Period Increase (Decrease)	Balance 12/2017	YTD Increase (Decrease)
TOTAL MORTGAGE NOTES PAYABLE	3,907,106	3,911,273	-4,167	3,919,606	-12,500
ACCOUNTS PAYABLE					
2109-0000 Accounts Payable - Other	5,950	5,950	0	5,950	0
2110-0000 A/P Trade	1,817	697	1,120	711	1,106
TOTAL ACCOUNTS PAYABLE	7,767	6,647	1,120	6,661	1,106
ACCRUED EXPENSES					
2113-0000 Accrued Expenses	0	0	0	6,306	-6,306
2114-0000 Accrued Mortgage Interest	67,820	67,820	0	67,820	0
2116-0001 Accrued Interest #2	766,204	766,204	0	766,204	0
2116-0008 Accrued Interest #4	14,143	12,846	1,297	10,252	3,892
2123-0000 Accrued Management Fee Payable	0	0	0	249	-249
2123-0003 Accrued Management Fee Payable-Other	3,064	3,064	0	3,064	0
2125-0000 Accrued Real Estate Taxes	2,915	1,943	972	0	2,915
2127-0000 Accrued Auditing Fee	11,350	11,350	0	11,350	0
2129-0003 Accrued Workers Com	4,984	4,430	554	3,323	1,661
2130-0000 Accrued Utility Expense	10,883	10,883	0	10,883	0
2142-0000 Accrued Investor Service Fee	20,000	20,000	0	20,000	0
2143-0000 Accrued Incentive Mgmt Fee	10,609	10,609	0	10,609	0
2147-0001 Accrued Asset Management Fee	8,441	8,441	0	8,441	0
2148-0000 Accrued Expense Payroll	6,990	6,990	0	6,990	0
TOTAL ACCRUED EXPENSES	927,403	924,580	2,823	925,490	1,913
OTHER LIABILITIES					
2156-0003 Loan Payable	8,800,000	8,800,000	0	8,800,000	0
2156-0055 Loan Payable	661,177	661,177	0	661,177	0
2160-0000 Escheatment Liabilities	131	131	0	131	0
TOTAL OTHER LIABILITIES	9,461,308	9,461,308	0	9,461,308	0
SECURITY DEPOSIT LIABILITY					
2191-0000 Security Deposit Liability	52,800	52,100	700	50,900	1,900
TOTAL SEC DEPOSIT LIABILITY	52,800	52,100	700	50,900	1,900
PREPAID REVENUE					
2210-0000 Prepaid Rent	5,546	5,933	-387	6,798	-1,253
TOTAL PREPAID REVENUE	5,546	5,933	-387	6,798	-1,253
TOTAL LIABILITIES	14,361,930	14,361,841	88	14,370,762	-8,833

Balance Sheet

Period = Mar 2018

Book = Accrual,Audit ; Tree = bs first

		Current Month Mar 2018	Prior Month Feb 2018	Current Period Increase (Decrease)	Balance 12/2017	YTD Increase (Decrease)
<hr/>						
PARTNERS EQUITY						
PARTNERS EQUITY						
2960-0000	Partner's Equity	-1,976,861	-1,976,861	0	-1,976,861	0
2960-0007	Partner's Equity - Related	3,194,300	3,194,300	0	3,194,300	0
2966-0000	Syndication Costs	-40,573	-40,573	0	-40,573	0
3190-0000	Retained Earnings	-764,453	-754,351	-10,102	-777,881	13,428
TOTAL PARTNERS EQUITY		412,413	422,515	-10,102	398,985	13,428
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TOTAL PARTNERS EQUITY		412,413	422,515	-10,102	398,985	13,428
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TOTAL LIAB AND PARTNER EQUITY		14,774,342	14,784,356	-10,014	14,769,748	4,595

HARVEST PARK - BUDGET COMPARISON

Budget Comparison

Period = Mar 2018

Book = Accrual ; Tree = is ahdcd

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	INCOME									
	RENTAL INCOME									
5120-0000	Rental Income	59,917.00	68,644.00	-8,727.00	-12.71	182,886.38	205,932.00	-23,045.62	-11.19	823,728.00
5150-0000	Rental Assistance	10,420.00	0.00	10,420.00	N/A	31,518.62	0.00	31,518.62	N/A	0.00
	TOTAL RENTAL INCOME	70,337.00	68,644.00	1,693.00	2.47	214,405.00	205,932.00	8,473.00	4.11	823,728.00
	MISC. INCOME									
5332-0000	Application Fees	245.00	105.00	140.00	133.33	630.00	315.00	315.00	100.00	1,260.00
5385-0000	Late/Term Fees	0.00	200.00	-200.00	-100.00	0.00	600.00	-600.00	-100.00	2,400.00
5390-0002	Damages	370.00	450.00	-80.00	-17.78	1,348.00	1,350.00	-2.00	-0.15	5,400.00
	Cable Revenue	-299.42	0.00	-299.42	N/A	-2,378.14	165.00	-2,543.14	-1,541.30	660.00
	TOTAL MISC. INCOME	315.58	755.00	-439.42	-58.20	-400.14	2,430.00	-2,830.14	-116.47	9,720.00
	OTHER INCOME									
5493-0000	Int on Replacement Reserve	0.00	1.78	-1.78	-100.00	0.00	5.34	-5.34	-100.00	21.36
	TOTAL OTHER INCOME	0.00	1.78	-1.78	-100.00	0.00	5.34	-5.34	-100.00	21.36
	VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5197-0000	Rent Adjustments	-7,871.20	0.00	-7,871.20	N/A	-7,871.20	0.00	-7,871.20	N/A	0.00
5218-0000	Free Rent-Marketing Concession	-50.00	-50.00	0.00	0.00	-150.00	-150.00	0.00	0.00	-600.00
5220-0000	Vacancies - Apartment	4,572.50	-2,100.39	6,672.89	317.70	-5,578.88	-6,301.17	722.29	11.46	-20,593.25
6539-0002	Maintenance Staff Rent Free Unit	-907.00	-901.00	-6.00	-0.67	-2,721.00	-2,703.00	-18.00	-0.67	-10,812.00
6370-0000	Bad Debt Expense	0.00	0.00	0.00	N/A	0.00	-900.00	900.00	100.00	-3,600.00
6370-0004	Bad Debt-Miscellaneous	0.00	0.00	0.00	N/A	0.00	-1,500.00	1,500.00	100.00	-6,000.00
	TOTAL VACANCY	-4,255.70	-3,051.39	-1,204.31	-39.47	-16,321.08	-11,554.17	-4,766.91	-41.26	-41,605.25
	TOTAL INCOME	66,396.88	66,349.39	47.49	0.07	197,683.78	196,813.17	870.61	0.44	791,864.11
	EXPENSES									
	MANAGEMENT FEES									
6320-0000	Management Fee	3,688.19	3,294.97	-393.22	-11.93	10,168.13	9,764.91	-403.22	-4.13	39,290.21
	TOTAL MANAGEMENT FEES	3,688.19	3,294.97	-393.22	-11.93	10,168.13	9,764.91	-403.22	-4.13	39,290.21
	REAL ESTATE TAXES									
6710-0000	Taxes - Real Estate	971.70	399.00	-572.70	-143.53	2,915.10	1,197.00	-1,718.10	-143.53	4,860.00
6712-0000	Taxes - Other	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	347.00
	TOTAL REAL ESTATE TAXES	971.70	399.00	-572.70	-143.53	2,915.10	1,197.00	-1,718.10	-143.53	5,207.00
	INSURANCE									
6720-0000	Insurance - Property	2,287.02	2,287.00	-0.02	0.00	6,861.06	6,861.00	-0.06	0.00	28,470.00

Budget Comparison

Period = Mar 2018

Book = Accrual ; Tree = Is ahd

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6720-0002	Franchise Tax - Calif Pnps	0.00	0.00	0.00	N/A	800.00	800.00	0.00	0.00	800.00
6722-0000	Insurance - Consultant	78.60	0.00	-78.60	N/A	126.91	0.00	-126.91	N/A	0.00
	TOTAL INSURANCE	2,365.62	2,287.00	-78.62	-3.44	7,787.97	7,661.00	-126.97	-1.66	29,270.00
	UTILITIES EXPENSE									
6430-0000	Electricity Vacant	20.53	75.00	54.47	72.63	85.78	225.00	139.22	61.88	1,280.00
6430-0001	Employee Unit Utility	175.40	0.00	-175.40	N/A	175.40	0.00	-175.40	N/A	0.00
6440-0000	Gas/Oil Heat Vacant	21.91	20.00	-1.91	-9.55	76.55	60.00	-16.55	-27.58	240.00
6450-0000	Electricity	1,381.23	1,300.00	-81.23	-6.25	4,130.78	4,100.00	-30.78	-0.75	17,050.00
6451-0000	Water & Sewer	7,642.74	4,000.00	-3,642.74	-91.07	11,103.22	11,300.00	196.78	1.74	48,000.00
6452-0000	Natural Gas Heat	407.66	125.00	-282.66	-226.13	782.64	1,065.00	282.36	26.51	1,960.00
6454-0000	Utility Processing	114.88	63.00	-51.88	-82.35	208.72	189.00	-19.72	-10.43	756.00
6470-0000	Rubbish Removal	2,848.88	1,000.00	-1,848.88	-184.89	2,848.88	2,925.00	76.12	2.60	11,550.00
	TOTAL UTILITY EXPENSE	12,613.23	6,583.00	-6,030.23	-91.60	19,411.97	19,864.00	452.03	2.28	80,836.00
	PAYROLL									
6310-0000	Office Payroll	197.69	0.00	-197.69	N/A	364.57	0.00	-364.57	N/A	0.00
6317-0000	Temporary Services	-559.11	0.00	559.11	N/A	-559.11	0.00	559.11	N/A	0.00
6330-0000	Manager's Payroll	4,252.38	4,428.00	175.62	3.97	12,140.56	12,276.00	135.44	1.10	43,093.51
6530-0000	Cleaning Payroll	327.25	0.00	-327.25	N/A	521.58	0.00	-521.58	N/A	0.00
6539-0000	Maintenance Payroll - General	4,355.67	3,764.00	-591.67	-15.72	10,070.19	8,844.00	-1,226.19	-13.86	33,449.49
6714-0001	Taxes-Payroll Administrative	349.83	339.96	-9.87	-2.90	1,336.46	1,472.11	135.65	9.21	3,829.63
6714-0002	Taxes-Payroll Maintenance	374.27	439.95	65.68	14.93	1,285.39	1,209.57	-75.82	-6.27	3,091.89
6724-0001	Workers Compensation-Payroll Admin	311.71	384.35	72.64	18.90	935.13	1,065.56	130.43	12.24	3,740.53
6724-0002	Workers Compensation-Payroll Maintenance	241.95	326.72	84.77	25.95	725.85	787.66	41.81	5.45	2,903.43
6726-0001	Health Ins & Other Benefits-Payroll Admin	2,095.97	1,075.34	-1,020.63	-94.91	4,437.26	3,081.40	-1,355.86	-44.00	12,387.64
6726-0002	Health Ins & Other Benefits-Payroll Maint.	990.88	1,050.66	59.78	5.69	2,272.01	2,967.34	695.33	23.43	12,056.39
	TOTAL PAYROLL	12,838.49	11,808.96	-1,129.51	-9.56	33,529.89	31,683.84	-1,846.05	-5.83	114,552.51
	OPERATING & MAINTENANCE EXPENSE									
6462-0000	Exterminating Contract	0.00	360.00	360.00	100.00	0.00	1,580.00	1,580.00	100.00	6,320.00
6511-0000	Security Contract & Repairs	1,505.94	0.00	-1,505.94	N/A	1,941.94	1,434.00	-507.94	-35.42	6,456.00
6521-0000	Grounds Supplies	0.00	2,135.00	2,135.00	100.00	0.00	2,995.00	2,995.00	100.00	9,520.00
6522-0000	Grounds Contract	5,835.00	1,650.00	-4,185.00	-253.64	7,485.00	4,950.00	-2,535.00	-51.21	19,800.00
6541-0000	Maintenance Supplies	171.71	333.33	161.62	48.49	1,413.86	999.99	-413.87	-41.39	3,999.96
6545-0000	Repairs - Contract - General	385.77	500.00	114.23	22.85	579.07	1,500.00	920.93	61.40	6,000.00
6546-0000	Repairs - Contract - Electric	0.00	0.00	0.00	N/A	206.72	500.00	293.28	58.66	2,000.00
6547-0000	Repairs - Contract - HVAC	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	1,200.00
6548-0000	Repairs - Contract - Plumbing	135.00	268.33	133.33	49.69	485.83	804.99	319.36	39.67	3,499.96
6552-0000	Uniforms	0.00	67.00	67.00	100.00	0.00	201.00	201.00	100.00	804.00

Budget Comparison

Period = Mar 2018

Book = Accrual ; Tree = Is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6581-0000	Appliance Repair	0.00	250.00	250.00	100.00	0.00	750.00	750.00	100.00	3,000.00
6582-0000	Lock & Key Expense	0.00	250.00	250.00	100.00	0.00	250.00	250.00	100.00	500.00
6590-0000	Miscellaneous Maintenance	330.45	0.00	-330.45	N/A	330.45	250.00	-80.45	-32.18	1,000.00
6991-0000	Pool Supplies	0.00	35.00	35.00	100.00	-1,468.10	105.00	1,573.10	1,498.19	1,140.00
6992-0000	Pool Contract	205.00	205.00	0.00	0.00	2,116.08	615.00	-1,501.08	-244.08	2,460.00
	TOTAL OPERATING & MAINT. EXPS.	8,568.87	6,053.66	-2,515.21	-41.55	13,090.85	16,934.98	3,844.33	22.70	67,699.92
	TURNOVER COSTS									
6531-0000	Cleaning Supplies	0.00	0.00	0.00	N/A	75.96	100.00	24.04	24.04	400.00
6532-0000	Cleaning Contract	125.00	90.00	-35.00	-38.89	374.00	720.00	346.00	48.06	2,700.00
6532-0001	Carpet Cleaning	0.00	0.00	0.00	N/A	170.00	0.00	-170.00	N/A	0.00
6561-0000	Decorator Supplies	99.05	0.00	-99.05	N/A	99.05	250.00	150.95	60.38	1,000.00
6562-0000	Decorator Contract Services	0.00	300.00	300.00	100.00	0.00	300.00	300.00	100.00	600.00
	TOTAL TURNOVER COSTS	224.05	390.00	165.95	42.55	719.01	1,370.00	650.99	47.52	4,700.00
	MARKETING									
6210-0000	Rental Advertising	0.00	450.00	450.00	100.00	0.00	500.00	500.00	100.00	550.00
6212-0000	Collateral Materials/Brand Identity	65.00	70.00	5.00	7.14	398.18	410.00	11.82	2.88	1,440.00
6216-0000	Promotions & Promotional Items	0.00	0.00	0.00	N/A	0.00	156.00	156.00	100.00	312.00
6290-0000	Miscellaneous Renting Expense	364.50	116.00	-248.50	-214.22	202.00	383.00	181.00	47.26	1,532.00
6981-0000	Resident Supplies	93.65	141.00	47.35	33.58	222.83	423.00	200.17	47.32	1,900.00
	TOTAL MARKETING	523.15	777.00	253.85	32.67	823.01	1,872.00	1,048.99	56.04	5,734.00
	ADMINISTRATIVE EXPENSES									
6280-0000	Credit Reports & Fees	0.00	10.60	10.60	100.00	10.60	31.80	21.20	66.67	127.20
6311-0000	Office Expenses	129.00	502.00	373.00	74.30	2,200.56	2,156.00	-44.56	-2.07	5,523.10
6312-0000	Copy Machine	0.00	123.00	123.00	100.00	0.00	369.00	369.00	100.00	1,476.00
6313-0000	Postage	2.50	33.33	30.83	92.50	40.66	99.99	59.33	59.34	399.96
6316-0000	Travel/Mileage	94.87	300.00	205.13	68.38	100.19	300.00	199.81	66.60	700.00
6316-0003	Training	7.40	0.00	-7.40	N/A	398.12	167.40	-230.72	-137.83	1,634.80
6340-0000	Legal Expense	2,245.00	0.00	-2,245.00	N/A	2,245.00	900.00	-1,345.00	-149.44	1,800.00
6350-0000	Auditing	11,400.00	0.00	-11,400.00	N/A	11,400.00	0.00	-11,400.00	N/A	11,917.50
6355-0001	Administrative Fees	0.00	19.58	19.58	100.00	153.39	2,308.74	2,155.35	93.36	2,486.28
6360-0000	Telephone	1,714.15	910.00	-804.15	-88.37	2,788.44	2,730.00	-58.44	-2.14	10,920.00
6385-0000	Dues and Memberships	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	450.00
6390-0000	Miscellaneous	0.00	265.00	265.00	100.00	229.00	265.00	36.00	13.58	665.00
6392-0000	Bank Charges	-503.97	156.80	660.77	421.41	-482.76	470.40	953.16	202.63	1,881.60
	TOTAL ADMINISTRATIVE EXPENSES	15,088.95	2,320.31	-12,768.64	-550.30	19,083.20	9,798.33	-9,284.87	-94.76	39,981.44
	TOTAL EXPENSES	56,982.25	33,913.92	-23,068.33	-88.02	107,528.93	100,145.86	-7,383.07	-7.37	387,271.08

Budget Comparison

Period = Mar 2018

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	NET OPERATING INCOME	9,414.63	32,435.47	-23,020.84	-70.97	90,154.85	96,667.31	-6,512.46	-6.74	404,593.03
	REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000	Escrow - Replacement Reserve	2,332.50	2,333.00	0.50	0.02	6,997.50	6,999.00	1.50	0.02	27,996.00
	TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	2,332.50	2,333.00	0.50	0.02	6,997.50	6,999.00	1.50	0.02	27,996.00
	DEBT SERVICE									
2320-0000	Mortgage Payable -1st Mortgage	4,166.67	4,166.67	0.00	0.00	12,500.01	12,500.01	0.00	0.00	50,000.04
6820-0000	Interest on Mortgage	11,253.86	11,253.86	0.00	0.00	33,811.06	33,811.06	0.00	0.00	134,848.40
6824-0000	Interest on Mortgage - 4th	1,297.17	1,297.17	0.00	0.00	3,891.51	3,765.98	-125.53	-3.33	15,510.00
6828-0000	Service Fee	6,265.70	6,239.24	-26.46	-0.42	18,823.35	18,728.76	-94.59	-0.51	74,716.24
	TOTAL DEBT SERVICE	22,983.40	22,956.94	-26.46	-0.12	69,025.93	68,805.81	-220.12	-0.32	275,074.88
	INSURANCE CLAIMS PROCEEDS & COSTS									
6597-0000	All Costs Recoverable from Ins.Claim#1	0.00	0.00	0.00	N/A	16,050.33	0.00	-16,050.33	N/A	0.00
6597-0002	All Costs Recoverable from Ins.Claim#2	0.00	0.00	0.00	N/A	2,051.01	0.00	-2,051.01	N/A	0.00
	TOTAL INSURANCE CLAIMS PROCEEDS & COSTS	0.00	0.00	0.00	N/A	18,101.34	0.00	-18,101.34	N/A	0.00
	MISCELLANEOUS									
6890-0000	Miscellaneous Financial Exp	416.67	416.67	0.00	0.00	1,250.01	1,250.01	0.00	0.00	5,000.04
6892-0000	Trustee Fees	283.33	325.00	41.67	12.82	849.99	975.00	125.01	12.82	3,900.00
	TOTAL MISCELLANEOUS	700.00	741.67	41.67	5.62	2,100.00	2,225.01	125.01	5.82	8,900.04
	CAPITAL EXPENDITURES									
1440-0002	Carpet/Flooring	4,044.56	1,600.00	-2,444.56	-152.78	4,044.56	3,200.00	-844.56	-26.39	11,200.00
1486-0000	Appliances	1,137.40	0.00	-1,137.40	N/A	1,137.40	750.00	-387.40	-51.65	3,000.00
	TOTAL CAPITAL EXPENDITURES	5,181.96	1,600.00	-3,581.96	-223.87	5,181.96	3,950.00	-1,231.96	-31.19	14,200.00
	MORTGAGOR EXPENSES									
7115-0000	Non Profit Fee	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	20,000.00
7135-0000	Asset Management Fee Paid from Surplus	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	10,927.00
7153-0000	Administration Fee Expense	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	8,695.00
	TOTAL MORTGAGOR EXPENSES	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	39,622.00
	PROFIT / LOSS	-21,783.23	4,803.86	-26,587.09	-553.45	-11,251.88	14,687.49	-25,939.37	-176.61	38,800.31

Period = Mar 2018

Book = Accrual : Tree = is ahdc

[illegible]

**Gridley Springs I
Balance Sheet
March 31, 2018**

Assets

Current Assets

Petty Cash	\$ 250	
Operating Account	82,520	
Cash - Management Other	13,252	
Cash - Tax & Insurance Reserve	4,579	
Cash - Security Deposits	12,376	
USDA Reserve	74,703	
Operating Reserve	85,000	
Operating Deficit Reserve	121,114	
Reserve	14,525	
Cash - Owner's Reserve	20	
Reserve Escrow-Bonneville	85	
Reserve Escrow-Lewiston Bank	260,251	
Rents Receivable - Current Tenants	(1,481)	
Other Receivables	440	
Other Tenant Charges Receivable	10	
Rental Assistance Receivable	11,468	
Prepaid Insurance	3,681	
Prepaid Expenses - Other	1,000	
Total Current Assets		\$ 683,793

Long Term Assets

Land	\$ 149,957	
Land Improvements	165,810	
Building	3,137,787	
Accumulated Depreciation - Building	(637,552)	
Furniture and Equipment	373,940	
Asset	20,129	
Refundable Deposits	200	
Accumulation Amortization - Org Costs	(5,367)	
Loan Fee	66,675	
Accumulated Amortization - Loan Fee	(4,446)	
Total Long Term Assets		\$ 3,267,133

Total Assets	\$ 3,950,926
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Liabilities and Equity

Current Liabilities

Accounts Payable - Trade	\$ 4,322
Accrued Insurance	2,282
Accrued Property Taxes	465

Gridley Springs I
Balance Sheet
March 31, 2018

Accrued Interest	\$ 1,347	
Accrued Mortgage Insurance	174,200	
Accrued Interest	1,468	
Accrued Rptng/PTR Management Fee	2,732	
Other Accrued Expenses	(240)	
Security Deposits Held	<u>10,759</u>	
Total Current Liabilities		\$ 197,335

Long Term Liabilities

Accrued Managing GP Fee	\$ 3,200	
Mortgage Note Payable	1,076,531	
2nd Mortgage Payable	328,808	
Loan Payable	2,080,000	
Developer Fee Payable	<u>115,454</u>	
Total Long Term Liabilities		\$ 3,603,993
Total Liabilities		\$ 3,801,328

Equity

PARTNERS EQUITY	\$ (5,419)	
Partner's Equity	926,184	
Partner's Equity	(20,000)	
AGP Cash Flow Distributions	80,159	
MGP Cash Flow Distributions	(80,159)	
Retained Earnings - Prior Year	(812,976)	
Undistributed Income (Loss)	60,925	
Net Income	<u>883</u>	
Total Equity		\$ 149,598
Total Liabilities & Equity		\$ 3,950,926

Gridley Springs I - 434
of Units: 0 Property Number: 0
Statement of Income & Cash Flow
For the Month Ended March 31, 2018

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance	YTD Per Unit
Rental Income							
Gross Rents	\$ 23,856	\$ 22,969	\$ 887	\$ 69,968	\$ 68,907	\$ 1,061	\$ 0
Overages Collected	290	0	290	920	0	920	0
Vacancies	(3,344)	(289)	(3,055)	(10,173)	(867)	(9,306)	0
Manager's Unit Vacancy	0	0	0	(708)	0	(708)	0
Collected Tenant Rents	\$ 20,802	\$ 22,680	\$ (1,878)	\$ 60,007	\$ 68,040	\$ (8,033)	\$ 0
Other Project Income:							
Laundry Income	\$ 191	\$ 207	\$ (16)	\$ 636	\$ 621	\$ 15	\$ 0
Interest Income	0	17	(17)	84	52	32	0
Late Charges	20	0	20	40	0	40	0
Other Tenant Income	400	5	395	1,706	13	1,693	0
Other Project Income	\$ 611	\$ 229	\$ 382	\$ 2,466	\$ 686	\$ 1,780	\$ 0
Total Project Income	\$ 21,413	\$ 22,909	\$ (1,496)	\$ 62,473	\$ 68,726	\$ (6,253)	\$ 0
Project Expenses (From Page 2):							
Repairs & Maintenance	\$ 2,298	\$ 3,389	\$ (1,091)	\$ 7,593	\$ 10,167	\$ (2,574)	\$ 0
Utilities	720	2,584	(1,864)	7,751	7,753	(2)	0
Administrative	6,993	4,026	2,967	23,167	12,077	11,090	0
Taxes & Insurance	916	1,114	(198)	2,746	3,341	(593)	0
Other Taxes & Insurance	1,715	1,572	143	2,933	4,717	(1,784)	0
USDA - RD Overages	580	0	580	920	0	920	0
Other Project Expenses	577	538	39	2,171	1,613	558	0
Total Operating & Maint. Expenses	\$ 13,799	\$ 13,223	\$ 576	\$ 47,283	\$ 39,668	\$ 7,615	\$ 0
Net Operating Income (Loss)	\$ 7,614	\$ 9,686	\$ (2,072)	\$ 15,190	\$ 29,058	\$ (13,868)	\$ 0
Other Income, Expense and Cash Flow Items:							
Monthly Required Transfers to Reserves	\$ 3,236	\$ 1,698	\$ 1,538	\$ 6,312	\$ 5,095	\$ 1,217	\$ 0
Debt Service Payment	\$ 3,669	\$ 5,274	\$ (1,605)	\$ 11,878	\$ 15,822	\$ (3,944)	\$ 0
Return to Owner	\$ 0	\$ 2,700	\$ (2,700)	\$ 0	\$ 8,100	\$ (8,100)	\$ 0
Incentive Performance Fee	0	0	0	0	(1)	1	0
Total Other Income, Expense and CF Items:	\$ 6,905	\$ 9,672	\$ (2,767)	\$ 18,190	\$ 29,016	\$ (10,826)	\$ 0
Total Net Project Inflow (Outflow):	\$ 709	\$ 14	\$ 695	\$ (3,000)	\$ 42	\$ (3,042)	\$ 0
Authorized Reserve Withdrawals	\$ 943	\$ 2,458	\$ (1,515)	\$ 3,289	\$ 7,373	\$ (4,084)	\$ 0
RTO Given to AP This Year:	0	0	0	0	0	0	0
Transfer - Excess Ops. Cash	0	0	0	0	0	0	0

May 10, 2018

Mr. Ed Mayer, Executive Director
Housing Authority of the County of Butte
2039 Forest Avenue, Suite 10
Chico, CA 95928

RE: CORDILLERA APARTMENTS

Dear Ed:

Please find enclosed for your review the following financial information for the month that ended April 30, 2018. This statement is accompanied by the following financial statements for the Cordillera Apartments.

1. Project Cash Flow and Bank Account Summary, Budget Comparison, General Ledger, Trial Balance and Tenant Rent Roll.
2. 12 Month Income Statement
3. 2017/2018 Performance Review.
4. 2017/2018 Turnover Analysis.
5. Capital Improvement Summary.

Cordillera Apartments ended the month of April with 2 vacant units as there were 2 new move-outs and no new move-ins. We do have one pending approved applicant for one of the vacant units.

The total rental income for the month of April came to \$11,735.00 which was lower than budget by \$675.00. This variance was due to higher unpaid rents. Total service income for the month came in lower than budget at a total \$.33 due to not receiving the laundry commission to be included on this statement. This brought the total April income to \$11,735.33 and \$875.67 lower than budget for the reasons stated above.

Moving on to the monthly expenses, you will see that the renting expenses came to \$39.92 and less than budget by \$87.08. Total administrative expenses for the month were higher than budgeted at \$1,818.74 with the resident manager expense coming in higher than anticipated.

Mr. Ed Mayer, Executive Director
Chico, California

May 10, 2018
Page 2

Total utility expenses came to \$2,543.65 which was higher than budget by \$203.65. This was due to the catching up of the exterminator cost. The apartment turnover expenses for the month came in lower than anticipated at a total \$112.00. These expenses are anticipated to increase during the coming months. The maintenance expenses totaled \$1,063.31 which was lower than budget by \$1,396.69. The annual insurance premium came in higher than budget by \$522.00 but the second installment of the property taxes came in lower than anticipated.

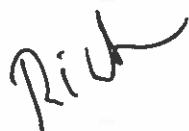
There were no capital improvements for the month of April. This brought the net project cash flow to a negative \$459.70 which was better than budget by \$4,072.30.

As you review the Cash Balance Summary on the Cash Flow Statement for April, you will see that the property ended the month with total cash on hand of \$13,990.33. Of that amount, \$3,000.00 is in the general checking account, \$10,980.02 in the general savings account and \$10.31 in the replacement reserve account. This balance reflects a distribution of \$16,000.00 from the general savings account made to you during the month of April. The net reduction in the general savings account of \$16,459.70 is the net difference of the \$16,000.00 distribution, the April transfer to the checking account of \$460.19 and the addition of March interest of \$.49.

Please give me a call if you have any questions regarding the Cordillera Apartments.

Sincerely yours,

CORDILLERA APARTMENTS



Richard Gillaspie
Property Manager

RG:cb
Enclosures

CORDILLERA APARTMENTS
2016 - 2017 PERFORMANCE REVIEW

CA08pr

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
TOTAL INCOME 2012/13	11389	11484	11819	11973	14126	11965	13079	12349	13616	10181	14489	9926	146,396
TOTAL INCOME 2013/14	12142	11712	11065	11430	14576	11920	11848	11872	12906	12019	11183	11554	144,226
TOTAL INCOME 2014/15	13264	11964	11308	10500	9853	9942	10261	11854	13959	13236	12927	11227	140,293
TOTAL INCOME 2015/16	10964	11839	12711	13063	13605	13294	11700	11879	13338	12835	13897	12887	152,013
TOTAL INCOME 2016/17	12897	13454	13984	13050	14438	13207	12429	13965	13308	12985	13292	13451	160,459
TOTAL INCOME 2017/18	12573	11906	12640	13899	12945	12516	11735						88,215
VARIANCE	-324	-1548	-1344	848	-1493	-691	-693						-5,244
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2012/13 VACANCY LOSS	-685	-1416	-1987	-982	-320	0	-68	0	0	0	0	-114	-5,571
2013/14 VACANCY LOSS	-685	-1085	-685	-228	-128	-93	-1357	-731	-55	-685	-685	-685	-7,102
2014/15 VACANCY LOSS	-732	-376	0	-2,509	-3677	-2737	-2550	-1370	-611	0	0	1225	-13,337
2015/16 VACANCY LOSS	0	-695	-400	23	0	0	-348	-118	-701	-303	0	-45	-2,584
2016/17 VACANCY LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0
2017/18 VACANCY LOSS	0	-1377	28	0	0	0	-660						-2,010
VARIANCE	0	-1377	28	0	0	0	-660						-2,010
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2012/13 UNPAID RENTS	-1974	-747	-519	66	2182	-213	-26	-150	299	-1595	-278	-1674	-4,631
2013/14 UNPAID RENTS	-1762	-188	-179	-1539	1407	-637	598	0	-250	0	0	-420	-2,971
2014/15 UNPAID RENTS	493	-1190	-2278	588	1301	1	-11	-554	85	475	432	-2162	-2,822
2015/16 UNPAID RENTS	-1094	-302	205	-16	823	-1640	-142	-1307	1698	-66	-430	135	-2,137
2016/17 UNPAID RENTS	-275	-550	-95	512	1220	-18	-755	605	-83	-305	-522	55	-211
2017/18 UNPAID RENTS	-911	-840	-2043	1030	-665	-910	-860						-5,200
VARIANCE	-636	-290	-1948	518	-1885	-892	-105						-5,239
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2012/13 TOTAL OPER. EXP.	8538	9295	6483	8170	6966	5661	5398	7233	7178	5882	6259	9323	86,386
2013/14 TOTAL OPER. EXP.	10653	11934	13419	6836	6025	5393	8312	8774	12084	5946	11078	5747	106,201
2014/15 TOTAL OPER. EXP.	9777	7662	8765	7841	8345	13740	6859	6171	14768	7212	6035	10136	107,310
2015/16 TOTAL OPER. EXP.	7689	6815	13468	10215	5574	8094	11930	9206	11314	8233	7254	8134	107,925
2016/17 TOTAL OPER. EXP.	6951	6078	7857	6823	6924	6880	11809	5761	4565	6685	7877	5482	83,693
2017/18 TOTAL OPER. EXP.	4727	8499	10532	8417	6199	4874	12195						55,442
VARIANCE	-2224	2420	2675	1594	-725	-2006	386						2,119
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2012/13 TOTAL NOI	2850	2189	5337	3803	7160	6305	7681	5116	6438	4299	8230	603	60,010
2013/14 TOTAL NOI	1489	-222	-2354	4595	8551	6527	3535	3098	822	6073	104	5766	37,985
2014/15 TOTAL NOI	3487	4302	2543	2659	1508	-3798	3402	5682	-810	6024	6893	1090	32,983
2015/16 TOTAL NOI	3275	5025	-757	2848	8031	5201	-230	2673	2023	4601	6643	4753	44,087
2016/17 TOTAL NOI	5946	7376	6127	6227	7514	6328	619	8204	8743	6300	5414	7969	76,767
2017/18 TOTAL NOI	7846	3408	2108	5482	6746	7643	-460						32,773
VARIANCE	1901	-3968	-4019	-745	-768	1315	-1079						-7,364

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**CORDILLERA APTS
BALANCE SHEET
March 31, 2018**

***** A S S E T S *****

Current Assets

Cash - Unrestricted	372,873
Accounts Receivable-Misc	0
Accounts Receivable-Tenants	6,194
Interprogram Due from General Fund	0
Tenant Security Deposits	9,000
Investments - Unrestricted	0
Investments - Restricted	0
Total Current Assets	388,067

Fixed Assets

Land	188,299
Buildings	581,961
Appliances - Dwelling units	10,722
Accumulated Depreciation	-427,364
Total Fixed Assets	353,618

Other Assets

Prepaid Expenses	454
Total Other Assets	454

TOTAL ASSETS	742,139
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***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	0
Interprogram Due to General Fund	1,637
Accrued Interest Payable	131
Prepaid Rent	1,411
Tenant Security Deposits	9,600
Total Current Liabilities	12,779

Long-Term Liabilities

Long-Term Debt, Net of Current	26,112
Total Long-Term Liabilities	26,112

TOTAL LIABILITIES	38,891
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Equity

Prior Year Equity Balance	682,950
Retained Earnings	20,298
Total Equity	703,248

TOTAL EQUITY	703,248
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TOTAL LIABILITIES AND EQUITY	742,139
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CORDILLERA INCOME STATEMENT

March 31, 2018

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
Gross Potential Rent	14,025	13,965	60	83,690	167,575	-83,885	49.94
Manager's Unit - moved to expense	0	0	0	0	0	0	0.00
Vacancy Loss	0	-368	368	-1,350	-4,410	3,060	30.61
Rebates	0	0	0	0	0	0	0.00
Net Dwelling Rent	14,025	13,597	428	82,340	163,165	-80,825	50.46
Tenant Charges	37	129	-92	901	1,550	-649	58.10
Laundry Revenue	131	150	-19	924	1,800	-876	51.33
Other Income	0	0	0	0	0	0	0.00
Investment Income	24	18	7	139	212	-73	65.33
TOTAL REVENUES	14,217	13,894	323	84,303	166,727	-82,424	50.56
Resident Manager Expense	1,102	1,161	-59	6,787	13,930	-7,143	48.72
Advertising	0	33	-33	0	400	-400	0.00
Audit	0	38	-38	0	450	-450	0.00
Bad Debts	0	140	-140	0	1,680	-1,680	0.00
Credit and Collection Expense	0	38	-38	75	450	-375	16.67
Legal Expense	0	100	-100	0	1,200	-1,200	0.00
Management Fees (RSC)	626	649	-24	3,824	7,792	-3,968	49.08
Management Fees (HACB)	600	600	0	3,600	7,200	-3,600	50.00
Consulting Fees	0	0	0	0	0	0	0.00
Office Supplies	38	77	-39	249	924	-675	26.98
Other Admin. Expense	0	8	-8	1,492	100	1,392	1,491.87
Property Taxes	0	113	-113	647	1,358	-711	47.67
Resident Activities	0	33	-33	0	400	-400	0.00
Telephone	133	132	1	795	1,584	-789	50.21
Total Admin Costs	2,499	3,122	-623	17,470	37,468	-19,998	46.63
Electricity	0	179	-179	880	2,153	-1,273	40.87
Gas	0	429	-429	1,679	5,146	-3,467	32.62
Water	489	700	-211	2,530	8,400	-5,870	30.12
Sewer	460	477	-18	2,298	5,727	-3,429	40.13
Total Utilities-Project	949	1,786	-837	7,386	21,426	-14,040	34.47
Unit Turnover Maintenance	0	1,442	-1,442	7,129	17,300	-10,171	41.21
Grounds Maintenance	655	707	-52	3,468	8,480	-5,012	40.89
Routine Maintenance Contracts	1,557	1,595	-38	12,477	19,140	-6,663	65.19
Capital Improv/Replacements	0	4,294	-4,294	2,513	51,531	-49,018	4.88
Trash-Project	456	456	0	2,280	5,472	-3,192	41.67
Total Maintenance Costs	2,668	8,494	-5,825	27,867	101,923	-74,056	27.34
Interest Expense	22	22	0	131	261	-130	50.02
Insurance-Liab/Auto/Prop	454	515	-61	2,724	6,180	-3,456	44.08
Total Other Expenses	476	537	-61	2,855	6,441	-3,586	44.32
TOTAL EXPENSES	6,592	13,938	-7,346	55,578	167,258	-111,680	33.23
RETAINED EARNINGS	7,625	-44	7,669	28,726	-531	29,257	-5,409.73
- Principal Payments	0	-188	188	0	-2,258	2,258	0.00
- Capital Improvements-Assets	0	0	0	0	0	0	0.00
+ Reserves Usage	0	-232	232	0	-2,789	2,789	0.00
NET CASH FLOW	7,625	0	7,625	28,726	0	28,726	0.00
Depreciation & Amortization	1,405	0	1,405	8,427	0	8,427	0.00

**DHI-DFA GRIDLEY SPRINGS
ASSOCIATES, L.P.**

**(A California Limited Partnership)
DBA Gridley Springs Apartments**

**USDA RURAL DEVELOPMENT
Case No. 04-04-111739358**

COMPARTATIVE FINANCIAL REPORT

DECEMBER 31, 2017 and 2016

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners

DHI-DFA Gridley Springs Associates, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments
Gridley, CA

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Bowman & Company, LLP

Established 1949
www.cpaBowman.com

10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DHI-DFA Gridley Springs Associates, L.P. as of December 31, 2017 and 2016 and the results of their operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information to the financial statements as referenced in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and compliance.

Burman & Capay, L.L.P.

Stockton, California
March 1, 2018

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

BALANCE SHEETS
December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 86,570	\$ 117,645
Accounts receivable - USDA Rural Development	10,425	11,438
Accounts receivable - tenant	2,914	6
Accounts receivable - other	440	440
Prepaid expenses	4,681	10,059
Deposits	200	200
Tax and insurance impounds	7,266	6,560
Total current assets	<u>112,496</u>	<u>146,348</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Guarantee fee reserve	1,708	1,724
Partnership cash	14,545	22,776
Rental security deposits	23,638	11,919
Replacement reserve	330,324	318,787
Transition reserve	85,000	85,000
Operating deficit reserve	120,000	120,000
	<u>575,215</u>	<u>560,206</u>
PROPERTY AND EQUIPMENT, at cost		
Land	149,957	149,957
Building and improvements	3,137,787	3,137,787
Site improvements	165,810	165,810
Personal property	373,940	373,940
	<u>3,827,494</u>	<u>3,827,494</u>
Less accumulated depreciation	<u>(637,552)</u>	<u>(481,860)</u>
	<u>3,189,942</u>	<u>3,345,634</u>
OTHER ASSETS		
Tax credit fees, net of accumulated amortization of \$5,367 and \$4,025 in 2017 and 2016, respectively	<u>14,762</u>	<u>16,104</u>
Total other assets	<u>14,762</u>	<u>16,104</u>
Total assets	<u><u>\$ 3,892,415</u></u>	<u><u>\$ 4,068,292</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

BALANCE SHEETS (Cont.)
December 31, 2017 and 2016

LIABILITIES AND PARTNERS' EQUITY	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,651	\$ 4,863
Accrued interest payable, current portion	2,815	2,919
Partnership fees payable	5,932	5,852
Prepaid rent	--	685
Developer fee payable	115,454	159,702
Note payable, USDA Rural Development, current portion	10,762	10,431
Note payable, Bonneville, current portion	3,498	3,339
Total current liabilities	<u>143,112</u>	<u>187,791</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>11,262</u>	<u>11,423</u>
 LONG-TERM LIABILITIES		
Note payable, Bonneville, less current portion	337,680	341,178
Less unamortized debt issuance cost	<u>(62,229)</u>	<u>(63,896)</u>
	275,451	277,282
 Note payable, USDA Rural Development, less current portion	1,054,258	1,065,020
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	<u>174,200</u>	<u>111,800</u>
	3,583,909	3,534,102
 Total liabilities	<u>3,738,283</u>	<u>3,733,316</u>
 PARTNERS' EQUITY	<u>154,132</u>	<u>334,976</u>
 Total liabilities and partners' equity	<u><u>\$ 3,892,415</u></u>	<u><u>\$ 4,068,292</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF INCOME
Years Ended December 31, 2017 and 2016

	2017	2016
REVENUE		
Tenant rental income	\$ 117,863	\$ 92,651
Rental assistance - USDA Rural Development	126,667	142,844
Laundry income	2,869	2,484
Interest income	348	206
Tenant charges	135	55
Miscellaneous income	1,609	1,910
Total revenue	<u>249,491</u>	<u>240,150</u>
OPERATING AND MAINTENANCE EXPENSES		
Maintenance and repairs payroll	5,149	19,225
Maintenance and repairs supply	4,559	2,204
Maintenance and repairs contract	909	1,296
Painting and decorating	717	364
Grounds	14,840	9,083
Services	1,357	227
Furniture and furnishings replacement	15,718	11,870
	<u>43,249</u>	<u>44,269</u>
Electricity	5,243	5,008
Water	6,175	14,600
Sewer	10,488	5,500
Gas	942	729
Garbage and trash removal	13,736	11,558
	<u>36,584</u>	<u>37,395</u>
Site management payroll	17,299	11,646
Management fee	18,300	18,400
Project auditing expense	7,400	7,400
Legal	237	474
Advertising	141	--
Telephone and answering service	1,281	1,789
Office supplies	4,934	3,503
Office furniture and equipment	13	--
Training expense	972	460
Health insurance and other employee benefits	5,509	5,877
Payroll taxes	2,236	3,406
Workers' compensation insurance	4,306	6,722
Other administrative expenses	9,837	3,601
	<u>72,465</u>	<u>63,278</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF INCOME (Cont.)
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Real estate taxes	1,419	2,255
Other taxes licenses and permits	1,652	2,532
Property and liability insurance	8,812	8,875
	<u>11,883</u>	<u>13,662</u>
 Total operating and maintenance expenses	 <u>164,181</u>	 <u>158,604</u>
 OTHER EXPENSES		
USDA Rural Development authorized expenditures -		
repairs and replacements	--	810
Depreciation	155,692	155,692
Amortization	1,342	1,342
Interest expense - mortgage payable	96,037	96,614
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	3,761	3,234
Other partnership cost	--	15,000
USDA guarantee fees	1,723	1,739
Non-project expense - partnership fees	5,932	5,852
Total other expenses	<u>266,154</u>	<u>281,950</u>
 Total expenses	 <u>430,335</u>	 <u>440,554</u>
 Net loss	 <u><u>\$ (180,844)</u></u>	 <u><u>\$ (200,404)</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENT OF PARTNERS' EQUITY
Years Ended December 31, 2017 and 2016

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2015	\$ 46	\$ 17	\$ 63	\$ 535,254	\$ 535,380
Net loss	<u>(2)</u>	<u>(18)</u>	<u>(20)</u>	<u>(200,364)</u>	<u>(200,404)</u>
Balance, December 31, 2016	44	(1)	43	334,890	334,976
Net loss	<u>(2)</u>	<u>(16)</u>	<u>(18)</u>	<u>(180,808)</u>	<u>(180,844)</u>
Balance, December 31, 2017	<u>\$ 42</u>	<u>\$ (17)</u>	<u>\$ 25</u>	<u>\$ 154,082</u>	<u>\$ 154,132</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (180,844)	\$ (200,404)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	157,034	157,034
Amortization of debt issuance cost	1,667	1,667
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - USDA Rural Development	1,013	8,247
Accounts receivable - tenant	(2,908)	865
Accounts receivable - other	--	14,750
Prepaid expenses	5,378	(6,306)
Tax and insurance impounds	(706)	(350)
Rental security deposits	(11,719)	(1,256)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(212)	(2,403)
Accrued interest payable	62,296	62,400
Partnership fees payable	80	(5,623)
Tenant security deposits	(161)	760
Prepaid rent	(685)	197
Net cash used in (provided by) operating activities	<u>30,233</u>	<u>29,578</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawals from guarantee fee reserve, net	16	173
Funding of replacement reserve	(41,728)	(16,752)
Withdrawals from replacement reserve	30,191	810
Withdrawals from to partnership cash account, net	8,231	2,694
Net cash used in (provided by) investing activities	<u>(3,290)</u>	<u>(13,075)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(13,770)	(13,298)
Payment of developer fee payable	(44,248)	(29,400)
Net cash provided by (used in) financing activities	<u>(58,018)</u>	<u>(42,698)</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

STATEMENTS OF CASH FLOWS (Cont.)
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Increase (decrease) in cash and cash equivalents	(31,075)	(26,195)
Cash and cash equivalents		
Beginning	117,645	143,840
Ending	<u>\$ 86,570</u>	<u>\$ 117,645</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 33,637</u>	<u>\$ 34,214</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

DHI-DFA Gridley Springs Associates, L.P. (the "Partnership"), is a California limited partnership formed on July 18, 2012, to acquire, rehabilitate, and operate a 32-unit affordable housing project, known as Gridley Springs Apartments (the "Project") located in Gridley, CA. The Partnership's property and equipment was purchased on June 28, 2013 and the rental operations began on that date. The Project rents units to low-income tenants and is operated in a manner necessary to qualify for low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code ("Section 42"). The Project is regulated by the U.S. Department of Agriculture, Rural Development ("RD") as to rent charges and operating methods.

The co-general partners of the Partnership are DHI-DFA Gridley Springs Associates, LLC and DFA Development, LLC (collectively, the "Administrative General Partners"), a California limited liability company. The managing general partner of the Partnership is Butte County Affordable Housing Development Corporation, a California nonprofit public benefit corporation (the "Managing General Partner") collectively with the Administrative General Partners, the "General Partners"). WNC Institutional Tax Credit Fund X California Series 10, L.P., a California limited partnership, as the limited partner (the "Limited Partner"), WNC Housing, L.P., and a California limited partnership, as the special limited partner (the "Special Limited Partner"); collectively with the Limited Partner, the "Limited Partners").

Profits and losses from operations and low-income housing tax credits in any one year shall be allocated 99.98% to the Limited Partner, 0.01% to the Special Limited Partner, 0.0054% to the DHI-DFA Gridley Springs Associates, LLC, 0.0036% to DFA Development LLC and 0.001% to the Managing General Partner.

Pursuant to the Partnership Agreement, the Limited Partner and the Special Limited Partner will make a Capital Contribution in the aggregate amount of \$1,057,074, subject to potential adjustment based on the amount of low-income housing tax credits ultimately allocated to the Project, in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2017 and 2016, the Limited Partner has provided capital contributions of \$925,984. The Special Limited Partner was required and paid its entire capital contribution of \$100.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation:

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Change in accounting principle:

During 2016, the Partnership adopted the provisions of Accounting Standards Update 2015-03, Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03). Under this new accounting policy, the Partnership has retrospectively presented all debt issuance costs as a direct deduction from the carrying amount of the related obligation, rather than as an asset, on the balance sheets. Accounting principles generally accepted in the United States of America require that the amortization of the debt issuance costs be calculated using the interest method and be included as a component of interest expense. The Partnership has elected to use the straight-line method of amortization as the effect is not materially different from the results that would have been obtained under the interest method.

Cash and cash equivalents:

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to restrictions or withdrawal penalties, and all highly liquid investments with maturity of three months or less as cash and cash equivalents on the accompanying balance sheet.

Operating deficit reserve:

Pursuant to the Partnership Agreement dated June 1, 2013, an operating deficit reserve account with an initial capitalization of \$120,000 is to be funded by capital contributions of the Limited Partner. No annual deposit is required and withdrawals are subject to approval by the General Partner and Special Limited Partner. As of December 31, 2017, the operating deficit reserve was fully funded.

Transition reserve account:

Pursuant to the Partnership Agreement dated June 1, 2013, a transition reserve account with an initial capitalization of \$85,000 is to be funded by capital contributions of the Limited Partner. The transition reserve may be used with the consent of the Special Limited Partner to fund any operating deficits that occur as a result of a decrease in the amount of rental assistance provided by RD. As of December 31, 2017, the transition reserve was fully funded.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Replacement reserve:

Pursuant to the Partnership Agreement and the Loan Agreement with RD, the Partnership is required to establish a replacement reserve account with an initial deposit of \$208,736 and thereafter, the Partnership shall deposit the required monthly deposit into an account maintained by the lender to fund certain costs relating to the Project. The annual required deposit is \$16,250, with annual escalating increases. Withdrawals are subject to RD approval.

Revenue recognition:

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income results from fees earned for late payments, cleaning, damages and laundry facilities and are recorded when earned

Accounts receivable:

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation:

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	40
Site improvements	15
Personal property	5-7

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are expensed as incurred.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Depreciation: (Cont.)

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. At December 31, 2017 and 2016, there was no impairment losses recognized.

Amortization:

Tax credit monitoring fees will be amortized under the straight-line method over 15 years, which coincides with the compliance period in accordance with Section 42.

Debt issuance costs:

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments:

The carrying amount of financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities approximate their value due to the short-term maturities of these instruments.

Income taxes:

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on their respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies (Cont.)

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management has evaluated subsequent events through March 1, 2018, the date on which the financial statements were available to be issued.

Note 2. Note Payable – USDA Rural Development

In June 2013, as partial funding for its purchase of the Project, the Partnership assumed a loan of \$1,108,732 from the seller payable to RD. The note payable to RD is secured by a deed of trust on the real property. The obligation is payable in monthly installments of \$2,352 through May 2043, plus excess rent, if any, with the monthly payment amount applying to principal and interest, and any excess rent to additional interest. While the note payable provides for an interest rate of 3.125%, respectively per annum, RD allows interest reduction subsidies so that the Partnership pays less than the specified mortgage interest rate. The note is being amortized using the USDA Rural Development Predetermined Amortization Schedule System (PASS). Under PASS, the loan principal is amortized at the market interest rate; however, the Partnership is making monthly payments based on a 1% interest rate plus excess rents. Interest costs incurred on the note for the years ended December 31, 2017 and 2016 was \$17,686 and \$18,113, respectively. For years ending December 31, 2017 and 2016, accrued interest was \$1,468 and \$1,572, respectively.

The future amounts of principal payments under this mortgage note at December 31, 2017 were as follows:

2018	\$ 10,762
2019	11,103
2020	11,455
2021	11,818
2022	12,193
Thereafter	<u>1,007,689</u>
	<u>\$ 1,065,020</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 3. Note Payable – Bonneville Multifamily Loan

In January 2015, the Partnership signed a promissory note with Bonneville Mortgage Company, a Utah corporation, for \$350,000. The loan is guaranteed through the USDA Section 538 Guaranteed Rural Rental Housing Program. The note is secured by the multifamily deed of trust, assignments of rents, security agreement and fixture filing. The interest rate on the loan is 4.65% and requires monthly principal and interest payments of \$1,607. The loan matures in January 2055. For years ending December 31, 2017 and 2016, interest on the note was \$15,952 and \$16,101, respectively. For years ending December 31, 2017 and 2016, accrued interest was \$1,347.

As of December 31, 2017 and 2016, debt issuance costs, net of accumulated amortization of \$4,446 and \$2,779, respectively, are amortized using the straight-line method.

The future amounts of principal payments under this mortgage note at December 31, 2017 were as follows:

2018	\$ 3,498
2019	3,664
2020	3,838
2021	4,020
2022	4,211
Thereafter	321,947
	<u>\$ 341,178</u>

Note 4. Note Payable – City of Gridley

The Partnership entered into a loan agreement under the Home program with the City of Gridley (the “Home Loan”) in the amount of \$2,080,000. The Home Loan is secured by a subordinate deed of trust on the Project. The Home Loan bears interest at a fixed rate of 3% simple interest and matures January 31, 2069. All payments on principal and interest have been deferred until 2024. Commencing on June 1, 2024, payments are payable in an amount equal to fifty percent (50%) of the net cash flow after payment of the distributions set forth in the note. The unpaid principal balance of this note shall be due and payable in full at the end of the term. The payments on this note shall first be applied to interest then to unpaid costs and finally principal obligated through the HOME Agreement. As of December 31, 2017 and 2016, the outstanding principal was \$2,080,000. For years ending December 31, 2017 and 2016, accrued interest was \$174,200 and \$111,800, respectively.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 5. Related Party Transactions

Asset management fee

In accordance with the Partnership Agreement, the Limited Partner receives an annual cumulative asset management fee in the amount of \$2,500 annually, increasing by 3% per year, commencing in 2014. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the year ended December 31, 2017 and 2016, \$2,652 and \$5,075 was paid, respectively. As of December 31, 2017 and 2016, \$2,732 and \$2,652 was payable, respectively.

Partnership management fee

In accordance with the Partnership Agreement, the Managing General Partner is entitled to receive an annual cumulative partnership management fee in the amount of \$3,200, commencing in 2013. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the years ending December 31, 2017 and 2016, \$3,200 and \$6,400, respectively, was paid. As of December 31, 2017 and 2016, \$3,200 was payable.

Incentive management fee

In accordance with the Partnership Agreement, commencing in 2013, the Administrative General Partners receive a noncumulative incentive management fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2017 and 2016, the Administrative General Partners earned an incentive management fee of \$0.

Tax credit compliance fee

In accordance with the Partnership Agreement, commencing in 2014, the Administrative General Partners receive a noncumulative tax credit compliance fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2017 and 2016, the Administrative General Partners earned a tax credit compliance fee of \$0.

Developer fee payable

The Partnership contracted with Dawson Holdings, Inc. ("DHI"), an affiliate of the Administrative General Partner and DFA Development, LLC ("DFA") (the "Developers"), to provide development services relating the acquisition and rehabilitation of the Project for a \$344,348 development fee. The unpaid fee is paid as further described in the Partnership Agreement and the Development Agreement. For the years ending December 31, 2017 and 2016, \$115,454 and \$159,702, respectively, was payable.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

NOTES TO FINANCIAL STATEMENTS

Note 6. Low-Income Housing Tax Credits

The Partnership expects to generate an aggregate total of \$1,169,912 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2013. In order to qualify for those credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 40 years after the above period ends. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized and failure to meet all such requirements may result in generating less Tax Credits than expected. As of December 31, 2017 and 2016, the Partnership had generated \$517,344 and \$401,304 of Tax Credits, respectively.

The Partnership anticipates generating Tax Credits as follows for December 31:

2018	\$ 116,040
2019	116,040
2020	116,040
2021	116,040
2022	116,040
Thereafter	<u>72,368</u>
	<u>\$ 652,568</u>

Note 7. Return to Owner

In accordance with Loan Agreement, the maximum annual return to owner allowable by RD for the Partnership is \$21,100. Upon completion of the rehabilitation, the RTO maximum increased to \$32,400.

Note 8. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Gridley Springs Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, Rural Development and the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by Rural Development or the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Partners

DHI-DFA Gridley Springs Associates, L.P.

(A California Limited Partnership)

DBA Gridley Springs Apartments

Gridley, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2017, and the related statement of income, partners equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion of the effectiveness of the Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bawmen & Company, L.L.P.

Stockton, California
March 1, 2018

**SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2017
See Auditors' Report

A. Management Fee Calculation

Total management fee is based on a fee per unit occupied by tenants during the month

Total qualified units (31 * 12 months)	372
Less: vacancies	<u>6</u>
Total occupied units	366
	X
Fee per unit (Effective 01/17)	<u>\$ 50</u>
Management fee expense	<u><u>\$ 18,300</u></u>

B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property coverage on buildings*	<u>\$ 10,000</u>	<u>\$ 283,241,498</u>
Comprehensive business liability (per occurrence/aggregate)	<u>\$ --</u>	<u>1,000,000 / \$ 2,000,000</u>
Fidelity/employee dishonesty	<u>\$ 2,500</u>	<u>\$ 1,000,000</u>

*Blanket coverage

C. Return to Owner

In accordance with the loan agreement, the annual return to owner is as follows:

Maximum Return to Owner	<u>\$ 32,400</u>
Budgeted Return to Owner	<u>\$ 32,400</u>
Return to Owner Paid:	
2015 RTO paid	\$ 11,300
2016 RTO paid	<u>32,400</u>
	<u><u>\$ 43,700</u></u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

1. Specific identification of any identity of interest which exists between the management agent, any maintenance firm, suppliers, vendors or any other entity or person used to provide services or supplies to the project. Briefly describe the type of transaction and the dollar amount involving any identity of interest entity/person.

None

2. Identify all funds paid to the management firm in excess of the approved management fee.

In addition to the management fee, amounts reimbursed to the management company during the year ended December 31, 2017 are as follows:

Purpose

Payroll / Employee benefits reimbursement	\$ 34,499
Other administrative expenses	136
Garbage and trash removal	44
Office supplies	33
Advertising	10
	<u>\$ 34,722</u>

3. Identify any changes to the Owner entity.

None.

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

4. For each project account, specify the full account title, account number, the name and address of the financial institution in which deposited, the balance and the interest rate.

Account Title/Bank Account #	Institution Name/Address	Balance at 12/31/17	Interest Rate
General Operating Account 5895101169	Wells Fargo P.O. Box 6995 Portland, OR 97228	\$ 13,252	None
Tax and Insurance Impound Account 500265	Bonneville Multifamily Capital 111 East Broadway, Suite 200 Salt Lake City, UT 84111	\$ 7,166	None
Security Deposit Account 5895101177	Wells Fargo P.O. Box 6995 Portland, OR 97228	\$ 12,376	None
Guarantee Fee Reserve 500265	Bonneville Multifamily Capital 111 East Broadway, Suite 200 Salt Lake City, UT 84111	\$ 1,708	0.13%
Replacement Reserve Account 0033835083	Union Bank P.O. Box 513840 Los Angeles, CA 90051	\$ 74,588	None
Replacement Reserve Account 500265	Bonneville Multifamily Capital 111 East Broadway, Suite 200 Salt Lake City, UT 84111	\$ 255,636	0.13%
Partnership Cash 01489	First Republic Bank 111 Pine Street San Francisco, CA 94111	\$ 14,525	None
Operating Deficit Reserve Account 2086239163	Wells Fargo P.O. Box 6995 Portland, OR 97228	\$ 120,000	None

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT
 See Accountants' Report

4. For each project account, specify the full account title, account number, the name and address of the financial institution in which deposited, the balance and the interest rate.

Account Title/Bank Account #	Institution Name/Address	Balance at 12/31/17	Interest Rate
Transition Operating Reserve Account 2086239155	Wells Fargo P.O. Box 6995 Portland, OR 97228	\$ 85,000	None
General Operating Account 3191	Banner Bank P.O. Box 907 Walla Walla, WA, 99362	\$ 73,318	None
Tax and Insurance Impound Account 3204	Banner Bank P.O. Box 907 Walla Walla, WA, 99362	\$ 100	None
Security Deposit Account 3212	Banner Bank P.O. Box 907 Walla Walla, WA, 99362	\$ 11,262	None
Replacement Reserve Account 3212	Banner Bank P.O. Box 907 Walla Walla, WA, 99362	\$ 100	0.12%

5. State total cash paid to the owners in the last year (year being audited).

ROI paid that was <u>earned</u> in the immediate preceding year	\$ 32,400
Other payments to owners, ROI paid prior years	11,300
Total cash paid to Owners	<u>\$ 43,700</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT
 See Accountants' Report

6. Reconcile the reserve account:

Required reserve balance, December 31, 2016	(1) \$	266,038
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2)	20,378
Actual 2017 reserve account deposit		41,728

List all authorized withdrawals (documented by check countersigned by a
 USDA Rural development employee)

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Regular or Excess</u>	<u>USDA Authorized</u>
1. RTO		\$ 30,191	Excess	Yes
Total all authorized <u>regular</u> reserve withdrawals			(3)	--
Total all authorized <u>excess</u> reserve withdrawals				30,191
Total all unauthorized reserve withdrawals				--
Required reserve balance, December 31, 2017			(4)	286,416
(1) + (2) - (3) = (4)				
Confirmed balance, December 31, 2017				330,324
Amount account over (under) funded				\$ 43,908

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

7. Return on investment (ROI) calculation:

Net cash/deficit (Part I, Line 30)	\$ (53,009)
Add: Return to owner, paid this year for prior year(s)	43,700
Add: Reserve deposits over required in the USDA loan agreement	21,350
Add: Approved budget deficit	<u>3,335</u>
Net cash/deficit, earned from current year's operation	<u>\$ 15,376</u>
Maximum annual allowable distribution	<u>\$ 32,400</u>

Project earned partial ROI for the period ending December 31, 2017
(Project will request \$17,024 out of excess reserve to pay full ROI for 2017)

8. Surplus cash calculation:

Permissible limit (20% of 2018 budgeted O & M less Tax & Insurance)	<u>\$ 28,704</u>
Actual cash balance at December 31, 2017	\$ 93,836
Less: Tax and insurance escrow (3560-7 Line 34-36 1mo & Line 37 12 mo)	9,642
Accounts payable (3560-10 Line 22)	<u>4,651</u>
Available cash balance at December 31, 2017	<u>\$ 79,543</u>
Surplus cash balance at December 31, 2017 to be transferred to reserve account	<u>\$ 50,839</u>

Position 3
**MULTIPLE FAMILY HOUSING
BORROWER BALANCE SHEET**
PART I - BALANCE SHEET

PROJECT NAME Gridley Springs Apartments	BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.	BORROWER ID AND PROJECT NO. Case No. 04-04-111739358
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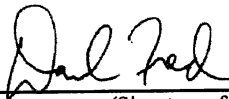
		CURRENT YEAR 1/1/17 12/31/17	PRIOR YEAR 1/1/16 12/31/16	COMMENTS
ASSETS				
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT.....		\$ 86,570	\$ 117,645	
2. R.E. TAX & INSURANCE ACCOUNT		7,266	6,560	
3. RESERVE ACCOUNT		330,324	318,787	
4. SECURITY DEPOSIT ACCOUNT		23,638	11,919	
5. OTHER CASH		0	0	
6. OTHER (identify)___Deposits		200	200	
7. ACCOUNTS RECEIVABLE (Attach List)		13,779	11,884	
...ACCTS RCBL 0-30 DAYS \$ 13,779				
...ACCTS RCBL 30-60 DAYS \$				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....		0	0	
9. INVENTORIES (supplies)		0	0	
10. PREPAYMENTS.....		4,681	10,059	
11. OTHER - PARTNERSHIP CASH		221,253	229,500	
12. TOTAL CURRENT ASSETS (Add 1 thru 11)		687,711	706,554	
FIXED ASSETS				
13. LAND		149,957	149,957	
14. BUILDINGS		3,303,597	3,303,597	
15. LESS: ACCUMULATED DEPRECIATION		(372,780)	(283,281)	
16. FURNITURE & EQUIPMENT		373,940	373,940	
17. LESS: ACCUMULATED DEPRECIATION.....		(264,772)	(198,579)	
18.		0	0	
19. TOTAL FIXED ASSETS (Add 13 thru 18)		3,189,942	3,345,634	
OTHER ASSETS				
20. TAX CREDIT FEES, NET		14,762	16,104	
21. TOTAL ASSETS (Add 12, 19, and 20)		3,892,415	4,068,292	
LIABILITIES AND OWNERS EQUITY				
CURRENT LIABILITIES				
22. ACCOUNTS PAYABLE (Attach list)		4,651	4,863	
...ACCTS PAY 0-30 DAYS \$ 4,651				
...ACCTS PAY 30-60 DAYS \$				
23. NOTES PAYABLE (Attach list)		138,461	182,928	
24. SECURITY DEPOSITS		11,262	11,423	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24)		154,374	199,214	
26. NOTES PAYABLE Rural Development		1,054,258	1,065,020	
27. OTHER		2,529,651	2,469,082	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)		3,583,909	3,534,102	
29. TOTAL LIABILITIES (Add 25 and 28)		3,738,283	3,733,316	
30. OWNER'S EQUITY (Net Worth)(21 minus 29)		154,132	334,976	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)		\$ 3,892,415	\$ 4,068,292	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/26/18

(Date)



(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Admin GP

(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☒ In lieu of the above verification and signature, a compilation, review or audit opinion completed, dated and signed by a person or firm qualified by license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Gridley Springs Apartments		BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.		BORROWER ID AND PROJECT NO. Case No. 04-04-111739358	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	<input checked="" type="checkbox"/> I hereby request 0 units of RA. Current number of RA units 26. Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET (01-01-17) (12-31-17)	ACTUAL (01-01-17) (12-31-17)	PROPOSED BUDGET (01-01-18) (12-31-18)	
BEGINNING DATES>				
ENDING DATES>				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME.....	260,436	117,863	275,626	
2. RHS RENTAL ASSISTANCE RECEIVED.....		126,667		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	2,592	2,869	2,484	
5. INTEREST INCOME.....	0	348	206	
6. TENANT CHARGES.....	0	135	55	
7. OTHER - PROJECT SOURCES.....	1,848	1,609	0	
8. LESS (Vacancy and Contingency Allowance).....	(4,300)		(3,465)	
9. LESS (Agency Approved Incentive Allowance).....	(0)		(0)	
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	260,576	249,491	274,906	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	5,590	30,191	29,493	
14. SUB-TOTAL (11 thru 13).....	5,590	30,191	29,493	
15. TOTAL CASH SOURCES (10+14).....	266,166	279,682	304,399	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II).....	147,845	164,181	158,666	
17. RHS DEBT PAYMENT.....	28,224	28,117	28,224	
18. RHS PAYMENT (Overage).....		3,761		
19. RHS PAYMENT (Late Fee).....		0		
20. REDUCTION IN PRIOR YEAR PAYABLES(See Part IV).....		0		
21. TENANT UTILITY PAYMENTS.....		0		
22. TRANSFER TO RESERVE.....	20,378	41,728	20,378	
23. RETURN TO OWNER.....	32,400	43,700	32,400	
24. SUB-TOTAL (16 thru 23).....	228,847	281,487	239,668	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	35,064	19,290	35,064	
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6)	5,590	30,191	29,493	
27. MISCELLANEOUS.....	0	1,723	0	USDA Guarantee fee
28. SUB-TOTAL (25 thru 27).....	40,654	51,204	64,557	
29. TOTAL CASH USES (24+28).....	269,501	332,691	304,225	
30. NET CASH (DEFICIT) (15-29).....	-3,335	(53,009)	174	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	103,134	124,205	0	
32. ACCRUAL TO CASH ADJUSTMENT.....		22,640		
33. ENDING CASH BALANCE (30+31+32).....	99,799	93,836	174	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
1. MAINTENANCE & REPAIRS PAYROLL.....	6,240	5,149	20,000	
2. MAINTENANCE & REPAIRS SUPPLY	3,300	4,559	2,500	
3. MAINTENANCE & REPAIRS CONTRACT	1,755	909	1,700	
4. PAINTING AND DECORATING	1,002	717	1,000	
5. SNOW REMOVAL	0	0	0	
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	
7. GROUNDS	13,500	14,840	13,000	
8. SERVICES	1,450	1,357	1,750	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	4,300	15,718	715	
10. OTHER OPERATING EXPENSES(Itemize)	0	0	0	
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	31,547	43,249	40,665	
12. ELECTRICITY	3,640	5,243	6,692	
13. WATER	5,700	6,175	6,000	
14. SEWER	9,462	10,488	5,665	
15. FUEL (Oil/Coal/Gas).....	549	942	751	
16. GARBAGE & TRASH REMOVAL.....	7,800	13,736	11,905	
17. OTHER UTILITIES	0	0	0	
18. SUB-TOTAL UTILITIES (12 thru 17)	27,151	36,584	31,013	
19. SITE MANAGEMENT PAYROLL	24,852	17,299	21,300	
20. MANAGEMENT FEE	18,600	18,300	18,600	
21. PROJECT AUDITING EXPENSE	7,000	7,400	7,000	
22. PROJECT BOOKKEEPING/ACCOUNTING	0	0	0	
23. LEGAL EXPENSES	685	237	660	
24. ADVERTISING	250	141	300	
25. TELEPHONE & ANSWERING SERVICE	870	1,281	1,000	
26. OFFICE SUPPLIES	2,545	4,934	1,500	
27. OFFICE FURNITURE & EQUIPMENT	0	13	600	
28. TRAINING EXPENSE	1,000	972	800	
29. HEALTH INS. & OTHER EMP. BENEFITS	7,200	5,509	8,232	
30. PAYROLL TAXES	3,260	2,236	6,028	
31. WORKMAN'S COMPENSATION	4,561	4,306	2,820	
32. OTHER ADMINISTRATIVE EXPENSES(Itemize).....	4,238	9,837	3,000	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	75,061	72,465	71,840	
34. REAL ESTATE TAXES	4,100	1,419	4,223	
35. SPECIAL ASSESSMENTS	0	0	0	
36. OTHER TAXES, LICENSES & PERMITS	800	1,652	1,784	
37. PROPERTY & LIABILITY INSURANCE	9,186	8,812	9,141	
38. FIDELITY COVERAGE INSURANCE	0	0	0	
39. OTHER INSURANCE	0	0	0	
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	14,086	11,883	15,148	
41. TOTAL O&M EXPENSES (11+18+33+40).....	147,845	164,181	158,666	

PART III - ACCOUNT BUDGETING / STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	269,024	318,787	318,787	
2. TRANSFER TO RESERVE	20,378	41,728	20,378	
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT	0	0	0	
4. ANNUAL CAPITAL BUDGET.....	5,590	0	29,493	
5. BUILDING & EQUIPMENT REPAIRS.....	0	0	0	
6. OTHER NON-OPERATING EXPENSES	0	30,191	0	RTO
7. TOTAL (3 thru 6)	(5,590)	(30,191)	(29,493)	
8. ENDING BALANCE [(1+2)-7]	283,812	330,324	309,672	

GENERAL OPERATING ACCOUNT: *

BEGINNING BALANCE.....
ENDING BALANCE.....

a	117,645
b	86,570

Beginning
124,205

**REAL ESTATE TAX AND INSURANCE ESCROW
ACCOUNT:***

BEGINNING BALANCE.....
ENDING BALANCE.....

c	6,560
d	7,266

Ending
93,836

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE.....
ENDING BALANCE.....

11,919
23,638

(* Complete upon submission of actual expenses.)

Part II, Line 32, Itemization

	Actual
Employee recruitment	\$ 207
Payroll administration expenses	488
Bad debt	5,719
Travel	1,361
Site office travel	651
Bank fees	1,073
Miscellaneous expenses	338
\$	9,837

PART V - ANNUAL CAPITAL BUDGET

Gridley Springs Apartments

Appliances:

Proposed # of units/ items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total
Range	1	483	0	849	849
Refrigerator	1	591	0	2,913	2,913
Range Hood	0	0	0	0	0
Other	0	0	0	0	0

Carpet and Vinyl:

1 BR	1	857	0	995	995
2 BR	2	1,948	0	3,003	3,003
3 BR	1	1,211	0	2,895	2,895

Cabinets:

Kitchens	0	0	0	0	0
Bathroom	0	0	0	0	0

Doors:

Exterior	0	0	0	0	0
Gate	0	0	0	0	0

Window Coverings:

Blinds	4	500	0	227	227
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Heating and Air Conditioning:

Heating	0	0	0	275	275
Air conditioning	0	0	0	729	729

Plumbing:

Water Heater	0	0	0	0	0
Bath Sinks	0	0	0	0	0
Kitchen Sinks	0	0	0	0	0
Faucets	0	0	0	0	0
Other	0	0	0	600	600

Major Electrical:

Lighting		0	0	1,375	1,375
----------	--	---	---	-------	-------

Structures:

Windows	0	0	0	657	657
Screens	0	0	0	0	0
Walls		0	0	1,200	1,200
Roofing		0	0	0	0
Exterior Painting		0	0	0	0
Other		0	0	0	0

Paving:

Asphalt		0	0	0	0
Concrete		0	0	0	0
Seal and Stripe		0	0	0	0

Landscape and grounds:

Landscaping		0	0	2,500	0
Lawn Equipment		0	0	0	0
Fencing		0	0	0	0
Recreation area		0	0	0	0
Other: Gutter		0	0	1,800	0
ADA inspection		0	0	0	0

Automation equipment:

Site management		0	0	0	0
Common area		0	0	0	0

Other:

List: _____		0	0	0	0
List: _____		0	0	0	0
List: _____		0	0	0	0

TOTAL CAPITAL EXPENSES:

10	5,590	0	4,300	15,718	15,718
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PART VI - SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/27/18

(Date)


(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Admin GP
(Title)

AGENCY APPROVAL (*Rural development Approval Official*):

DATE:

COMMENTS:

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

SUPPORTING DOCUMENTATION TO FORMS RD 3560-10 AND 3560-7
December 31, 2017

1. Accounts Receivable (3560-10, Line 7)

Accounts receivable – USDA Rural Development	\$ 10,425	
Accounts receivable – tenants	2,914	
Accounts receivable – other	440	
	<u>440</u>	<u>\$ 13,779</u>

2. Other Cash (3560-10, Line 11)

Operating deficit reserve	\$ 120,000	
Transition reserve	85,000	
Guarantee fee reserve	1,708	
Partnership cash	14,545	
	<u>14,545</u>	<u>\$ 221,253</u>

3. Notes Payable (3560-10, Line 23)

Partnership fees payable	\$ 5,932	
Accrued interest payable, current portion	2,815	
Developer fee payable	115,454	
Note payable, USDA RD, current portion	10,762	
Note payable, Bonneville, current portion	3,498	
	<u>3,498</u>	<u>\$ 138,461</u>

4. Other (3560-10, Line 27)

Note payable, Bonneville loan	\$ 337,680	
Less unamortized debt issuance cost	(62,229)	
Note payable, City of Gridley	2,080,000	
Accrued interest payable	174,200	
	<u>174,200</u>	<u>\$ 2,529,651</u>

5. Miscellaneous (3560-7, Line 27)

USDA guarantee fee	\$ 1,723	<u>\$ 1,723</u>
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6. Accrual to cash adjustment (3560-7, Line 32)

Assets

Accounts receivable	\$ (1,895)	
Prepaid expenses	5,378	
Security deposits	(11,719)	

Liabilities

Accounts payable and accrued liabilities	(212)	
Security deposits	(161)	
Tenant prepaid rent	(685)	

Other adjustments

Net non-operational partnership activity	1,743	
RTO paid from excess replacement reserves	30,191	
2018 Mortgage payment made in 2017	--	
	<u>--</u>	<u>\$ 22,640</u>

Chico Harvest Park, L.P.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

Chico Harvest Park, L.P.

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Financial Statements	
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Statements of Operations	5
Statements of Partners' Equity (Deficit)	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Schedules of Certain Income and Expenses	17

Independent Auditor's Report

To the Partners
Chico Harvest Park, L.P.

We have audited the accompanying financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico Harvest Park, L.P. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Sacramento, California
February 27, 2018

Chico Harvest Park, L.P.

**Balance Sheets
December 31, 2017 and 2016**

Assets

	<u>2017</u>	<u>2016</u>
Investment in rental property, net	\$ 13,936,885	\$ 14,633,096
Cash	227,542	345,788
Restricted cash		
Escrows	27,788	27,971
Tenants' security deposits	52,400	52,100
Replacement reserve	105,944	77,929
Other reserves	341,535	341,535
	<u>527,667</u>	<u>499,535</u>
Total restricted cash		
Tenants' accounts receivable, net	21,306	3,384
Prepaid expenses	6,861	7,288
Tax credit monitoring fees, net	32,791	35,773
Other assets	16,692	-
	<u>14,769,744</u>	<u>15,524,864</u>
Total assets		

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 17,900	\$ 20,534
Accrued property management fees	3,313	3,385
Other accrued liabilities	28,592	30,336
Accrued interest - first mortgage	67,820	68,420
Accrued interest - other loans	776,456	724,374
Tenants' security deposits liability	50,900	50,000
Payable to general partner and affiliates	30,609	55,800
Annual fee payable to the investor limited partner	8,441	12,173
Mortgages and notes payable, net	13,365,751	13,377,624
Other liabilities - construction	5,950	5,950
	<u>14,355,732</u>	<u>14,348,596</u>
Total liabilities		
Contingencies	-	-
Partners' equity (deficit)	414,012	1,176,268
	<u>14,769,744</u>	<u>15,524,864</u>
Total liabilities and partners' equity (deficit)		

Chico Harvest Park, L.P.

**Statements of Operations
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Revenue		
Rental income	\$ 843,543	\$ 809,688
Vacancies and concessions	(30,555)	(15,365)
Other operating income	<u>6,306</u>	<u>30,591</u>
Total revenue	<u>819,294</u>	<u>824,914</u>
Operating expenses		
Salaries and employee benefits	99,965	91,811
Repairs and maintenance	89,538	70,960
Utilities	82,582	67,239
Property management fee	39,585	38,478
Real estate taxes	8,154	2,395
Property insurance	28,150	28,736
Miscellaneous operating expenses	<u>62,344</u>	<u>78,492</u>
Total operating expenses	<u>410,318</u>	<u>378,111</u>
Net operating income (loss)	<u>408,976</u>	<u>446,803</u>
Other income (expense)		
Interest income	25	21
Interest expense - first mortgage	(158,634)	(175,355)
Interest expense - other loans	(191,160)	(191,440)
Other financial income (expense)	(84,324)	(87,663)
Miscellaneous other income (expense)	1,104	48,077
Annual fee payable to the investor limited partner	(8,441)	(8,195)
Other related party fees and expenses	(30,609)	(30,300)
Depreciation	(696,211)	(696,211)
Amortization	<u>(2,982)</u>	<u>(2,982)</u>
Total other income (expense)	<u>(1,171,232)</u>	<u>(1,144,048)</u>
Net loss	<u><u>\$ (762,256)</u></u>	<u><u>\$ (697,245)</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016**

	<u>Administrative general partner</u>	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, December 31, 2015	\$ (140)	\$ (141)	\$ 1,873,794	\$ 1,873,513
Net loss	<u>(35)</u>	<u>(35)</u>	<u>(697,175)</u>	<u>(697,245)</u>
Balance, December 31, 2016	(175)	(176)	1,176,619	1,176,268
Net loss	<u>(38)</u>	<u>(38)</u>	<u>(762,180)</u>	<u>(762,256)</u>
Balance, December 31, 2017	<u>\$ (213)</u>	<u>\$ (214)</u>	<u>\$ 414,439</u>	<u>\$ 414,012</u>
Partners' percentage of partnership losses	<u>0.005%</u>	<u>0.005%</u>	<u>99.99%</u>	<u>100.00%</u>

Chico Harvest Park, L.P.

**Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (762,256)	\$ (697,245)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation	696,211	696,211
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	38,230
Bad debt	(3,921)	18,019
Write off of accounts payable	-	(16,588)
Changes in		
Escrows	183	(993)
Tenants' accounts receivable	(14,001)	(17,009)
Prepaid expenses	427	(563)
Other assets	(16,692)	396
Accounts payable - operations	(2,634)	(11,766)
Accrued property management fees	(72)	(102)
Prepaid rent	(1,744)	11,388
Accrued interest - first mortgage	(600)	(588)
Accrued interest - other loans	67,011	191,440
Tenants' security deposits liability, net	600	(700)
Payable to general partner and affiliates	(25,191)	30,300
Annual fee payable to investor limited partner	<u>(3,732)</u>	<u>8,195</u>
Net cash (used in) provided by operating activities	<u>(40,231)</u>	<u>251,607</u>
Cash flows from investing activities		
Deposits to replacement reserve	(28,015)	(28,011)
Withdrawals from other reserve	<u>-</u>	<u>(2,324)</u>
Net cash used in investing activities	<u>(28,015)</u>	<u>(30,335)</u>
Cash flows from financing activities		
Payments of mortgage note payable	<u>(50,000)</u>	<u>(50,000)</u>
Net cash used in financing activities	<u>(50,000)</u>	<u>(50,000)</u>
Net (decrease) increase in cash	(118,246)	171,272
Cash, beginning	<u>345,788</u>	<u>174,516</u>
Cash, end	<u><u>\$ 227,542</u></u>	<u><u>\$ 345,788</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 260,185</u></u>	<u><u>\$ 137,713</u></u>
Supplemental schedule of noncash investing and financing activities		
Accrued interest converted to loan principal	<u><u>\$ 14,929</u></u>	<u><u>\$ 28,853</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Chico Harvest Park, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of California on August 29, 2011 for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project completed construction and commenced operating on December 30, 2013. The Project consists of 90 units located in Chico, California. The Project is currently operating under the name of Harvest Park.

The partnership agreement was amended and restated on January 1, 2013, from which date the Partnership consists of an administrative general partner, Chico Harvest Park, LLC, which owns 0.0050%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.0050%, and one investor limited partner, R4 HP Acquisition LLC, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the amended partnership agreement (the "partnership agreement"), shall be allocated to the partners in accordance with their percentage interests.

Each building of the Project qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of the regulations during each of the 15 consecutive years in order to remain qualified to receive the tax credits. In addition the Partnership entered into an extended use regulatory agreement with the California tax credit agency which requires the use of the project in accordance with Section 42 for a minimum number of years even after disposition of the buildings by the Partnership.

The partnership agreement provides that the Partnership shall continue in existence until December 31, 2073, unless sooner dissolved and terminated by provisions of the partnership agreement or by operation of law.

Note 2 - Significant accounting policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2017 and 2016, the allowance for doubtful accounts was \$2,694 and \$16,983, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2017 and 2016

Investment in rental property

Rental property is stated at cost and includes all cost of development and construction of the Project. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Method</u>	<u>Estimated useful lives</u>
Building and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Building equipment	Straight-line	5 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2017 and 2016.

Deferred fees and amortization

Tax credit monitoring fees totaling \$44,727 are being amortized over the compliance period using the straight-line method. As of December 31, 2017 and 2016, accumulated amortization was \$11,936 and \$8,954, respectively.

Estimated amortization expense for each of the next five years following December 31, 2017 is \$2,982 per year.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. The Partnership is required to

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2017 and 2016**

file and does file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Investment in rental property, net

Rental property is comprised of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,082,769	2,082,769
Buildings and improvements	11,974,275	11,974,275
Furniture and equipment	<u>1,290,016</u>	<u>1,290,016</u>
Subtotal	16,722,694	16,722,694
Accumulated depreciation	<u>(2,785,809)</u>	<u>(2,089,598)</u>
Net	<u><u>\$ 13,936,885</u></u>	<u><u>\$ 14,633,096</u></u>

Note 4 - Restricted cash

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Beginning from the conversion of the construction loan to permanent financing, monthly deposits are required based upon an initial amount of \$300 per unit per year. As of December 31, 2017 and 2016, the balance in the replacement reserve account is \$105,944 and \$77,929, respectively. The replacement reserve activity is as follows:

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 77,929	\$ 49,918
Deposits	27,990	27,990
Interest earnings	<u>25</u>	<u>21</u>
Balance, December 31	<u><u>\$ 105,944</u></u>	<u><u>\$ 77,929</u></u>

Operating reserve

Pursuant to the partnership agreement, the Partnership is required to establish an operating reserve concurrent with the Rental Achievement Installment from the investor limited partner in the

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2017 and 2016

amount of \$250,000. As of December 31, 2017 and 2016, the balance in the operating reserve is \$250,000 and \$250,000, respectively, and is included in other reserves on the balance sheets.

Other reserves

Other reserves on deposit with Wells Fargo Corporate Trust Services are comprised of the following at December 31:

	2017	2016
Interest account	63,057	63,057
Borrower equity account	2,312	2,312
Principal redemption account	20,833	20,833
Fee's account	5,333	5,333
	<u>\$ 91,535</u>	<u>\$ 91,535</u>

Note 5 - Related party transactions

Capital contributions

Capital contributions amounting to \$5,019,000 are due from the limited partner when certain milestones are achieved as disclosed in the partnership agreement. The capital contributions due from the limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2017, all capital contributions from the limited partner have been received.

Capital contributions amounting to \$100 are due from the general partners.

Developer fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project until all development work is complete. The total fee was \$2,182,816; however, due to the limitations imposed by the California Tax Credit Allocation Committee, only \$1,995,743 has been earned and capitalized as a cost of the rental property. The developer fee was paid in full in 2015.

Managing general partner fee

The Partnership entered into an agreement with the managing general partner for its services in monitoring the tenants and performing other duties as managing general partner, as defined in the partnership agreement. The annual fee is \$20,000. The fee is cumulative and payable only from the available cash flow of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, an \$11,000 portion shall not be payable or accrue. For the years ended December 31, 2017 and 2016, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2017 and 2016, \$20,000 and \$35,500, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Administrative general partner fee

The Partnership shall pay a fee to the administrative general partner for services rendered as defined in the partnership agreement. The annual fee is \$10,000, with annual increases of 3%. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, the fee shall not be payable or accrue. The annual fee plus any other distributions to the administrative general partner is not to exceed 84.995% of cash flow distributed to the partners. For the years ended December 31, 2017 and 2016, \$10,609 and \$10,300, respectively, was

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2017 and 2016**

incurred. As of December 31, 2017 and 2016, \$10,609 and \$20,300, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Annual local administration fee

The Partnership is to pay an annual asset management fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. The annual fee is \$7,500 with annual increases of 3%. For the years ended December 31, 2017 and 2016, \$8,441 and \$8,195, respectively, was incurred and expensed. As of December 31, 2017 and 2016, \$8,441 and \$12,173, respectively, remains payable.

Cash flow distributions

As defined in the partnership agreement, cash flow, if available with respect to any Partnership accounting year, shall be applied or distributed annually, within 60 days after the end of the Partnership Accounting Year, but in no event earlier than the filing of the Partnership tax return for such year. Net cash flow is to be distributed as follows:

1. To the investor limited partner, any unpaid but accrued annual local administrative fees;
2. To replenish the operating reserve to the extent any withdrawals have been made;
3. To repay any loan payable to any Partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
4. To the management agent, an amount equal to any accrued and unpaid deferred management fees;
5. To the managing general partner, an amount equal to \$9,000 of the MGP partnership management fee;
6. To the developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
7. To the managing general partner, an amount equal to \$11,000 of the MGP partnership management fee and any accrued and unpaid MGP partnership management fee;
8. To the administrative general partner, any unpaid but accrued AGP partnership management fees;
9. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
10. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
11. To the payment of unpaid but accrued interest with respect to the City of Chico Loan;
12. To the payment of unpaid but accrued principal and interest with respect to the Housing Authority of the County of Butte Loan; and

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2017 and 2016

13. The balance, 15% to the investor limited partner, 84.995% to the administrative general partner and .005% to the managing general partner.

Development deficit guaranty

During the development deficit period, as defined, the general partner shall advance the Partnership any amounts required to fund any development deficits and any operating deficits. As of December 31, 2017, no amounts were due under the guaranty.

Guaranty agreement

The partnership agreement provides for a guaranty agreement between affiliates of the general partners and the investor limited partner. The guarantors guarantee the following: i) the full and complete payment and performance by the general partner of the Special Obligations; ii) the full and complete payment and performance by the developer under the development agreement. As of December 31, 2017, no amounts were due under the guaranty.

Note 6 - Mortgages and notes payable

The Partnership entered into a loan agreement in the amount of \$10,711,311 of bonds issued by California Statewide Communities Development Authority from the proceeds of Affordable Multifamily Housing Revenue Bonds Series 2013 A-1 (\$4,300,000) ("Series 2013 A-1 bonds") and Series 2013 A-2 (\$6,411,311) ("Series 2013 A-2 bonds"). The bonds are secured by the Project. The Series 2013 A-2 bonds were paid in full in 2014.

The Series 2013 A-1 bonds bear interest at a fixed interest rate of 3.30% and mature on July 1, 2030. The Series 2013 A-1 bonds will be paid in biannual monthly installments of interest until conversion on January 1, 2016, when they will be paid in biannual installments of principal and interest in order to fully amortize the loan. For the years ended December 31, 2017 and 2016, interest of \$135,436 and \$137,125, respectively, was incurred and expensed. As of December 31, 2017 and 2016, the outstanding principal was \$4,200,000 and \$4,250,000, respectively, and accrued interest was \$67,820 and \$68,420 at December 31, 2017 and 2016, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$295,426 and \$318,624 as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. During 2017 and 2016, amortization of debt issuance costs of 23,198 and \$38,230, respectively, have been expensed and are included in interest expense - first mortgage in the statements of operations. Debt issuance costs on the above note are being amortized using an imputed interest rate of 4.3%.

The Partnership entered into a loan agreement in the amount of \$8,800,000 payable to CRA. The mortgage is secured by the Project and bears interest at 2%, which is payable from residual receipts. The loan matures March 1, 2066, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2017 and 2016, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2017 and 2016, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$766,204 and \$714,354 at December 31, 2017 and 2016, respectively.

The Partnership entered into a loan agreement in the amount of \$600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2017 and 2016, interest of \$15,160 and \$15,440, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2017 and 2016

December 31, 2017 and 2016, the outstanding principal was \$661,177 and \$646,248, respectively, and accrued interest was \$10,252 and \$10,020 at December 31, 2017 and 2016, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying real estate collateral and an assignment of rents and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter subsequent to December 31, 2017 are as follows:

	Series 2013 A-1	CRA	HACB	Total
2018	\$ 50,000	\$ -	\$ -	\$ 50,000
2019	60,000	-	-	60,000
2020	60,000	-	-	60,000
2021	60,000	-	-	60,000
2022	60,000	-	-	60,000
Thereafter	3,910,000	8,800,000	661,177	13,371,177
Subtotal	4,200,000	8,800,000	661,177	13,661,177
Less unamortized debt issuance costs	(295,426)	-	-	(295,426)
Total	<u>\$ 3,904,574</u>	<u>\$ 8,800,000</u>	<u>\$ 661,177</u>	<u>\$ 13,365,751</u>

Note 7 - Management agreement

The property is managed by WinnResidential California L.P., a related party, pursuant to a management agreement that provides for a management fee of 5.00% of monthly rental collections. For the years ended December 31, 2017 and 2016, management fees of \$39,585 and \$38,478, respectively, were incurred and expensed.

Note 8 - Economic concentration

The Partnership operates a 90-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Note 9 - Contingencies

Low-income housing tax credits

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

Pending class action lawsuits against the management company

Former and current employees of the management company that perform work at the Partnership properties have brought two class action lawsuits alleging they were not properly compensated for work at the Partnership properties. The lawsuits request lost wages, interest, penalties and

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2017 and 2016**

attorney's fees. The lawsuits are pending against the management company and some of its affiliates. The Partnership is not named in the lawsuits. The Partnership does, however, have certain indemnity obligations in favor of the management company. The Partnership has conditionally agreed to reimburse the management company for a portion of the potential wages which could be due to the Plaintiffs for work performed at the Partnership properties, such condition based upon final judgment that shows application of law that is beyond the management company's control. During the year ended December 31, 2016, the Partnership estimated the potential costs to be \$3,251 which has been recorded as payroll expense and included in other accrued liabilities on the balance sheet. As of the date of this report, the lawsuit is still pending as the parties have not yet reached a final settlement. The Partnership does not expect any other costs beyond the \$3,251 already accrued.

Note 10 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains bond funded escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2017.

Note 11 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through February 27, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Rental income		
Rent revenue - gross potential	\$ 692,202	\$ 698,821
Tenant assistance payments	<u>151,341</u>	<u>110,867</u>
Total rental income	<u>\$ 843,543</u>	<u>\$ 809,688</u>
Vacancies and concessions		
Apartment vacancies	<u>\$ 30,555</u>	<u>\$ 15,365</u>
Total vacancies and concessions	<u>\$ 30,555</u>	<u>\$ 15,365</u>
Other operating income		
Cable contract revenue	\$ 1,559	\$ 883
Damages income	3,217	10,385
Late fees	550	2,055
Application fees	980	560
Write off of accounts payable	-	16,588
Miscellaneous other income	<u>-</u>	<u>120</u>
Total other operating income	<u>\$ 6,306</u>	<u>\$ 30,591</u>
Salaries and employee benefits		
Salaries - administrative	\$ 39,015	\$ 37,275
Salaries - maintenance	35,913	26,625
Payroll taxes	6,629	6,424
Health insurance and other benefits	12,279	14,056
Workmen's compensation insurance	<u>6,129</u>	<u>7,431</u>
Total salaries and employee benefits	<u>\$ 99,965</u>	<u>\$ 91,811</u>
Repairs and maintenance		
Exterminating	\$ 5,840	\$ 2,530
Grounds	22,840	23,013
Fire protection	1,642	-
Security services/contract	2,399	2,402
Supplies	17,586	8,809
Pool	4,394	281
Repairs and maintenance - other than contracts	5,115	475
Repairs and maintenance - contracts	12,951	23,089
Carpeting	16,080	9,841
Miscellaneous maintenance expenses	<u>691</u>	<u>520</u>
Total repairs and maintenance	<u>\$ 89,538</u>	<u>\$ 70,960</u>

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Utilities		
Electricity	\$ 17,756	\$ 16,183
Sewer	49,442	38,881
Trash removal	13,933	10,474
Gas	1,451	1,111
Cable	-	590
	<u>82,582</u>	<u>67,239</u>
Total utilities	<u>\$ 82,582</u>	<u>\$ 67,239</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 7,944	\$ 6,456
Training and travel	2,840	9,037
Telephone and answering service	8,308	11,672
Bad debt expense	(3,921)	18,019
Other rent expense	892	90
Miscellaneous administrative	24,453	6,863
Rent free unit	1,364	8,442
Advertising and newspaper	1,951	1,230
Legal	6,050	4,575
Accounting	11,400	10,800
Other taxes, licenses and insurance	1,063	1,308
	<u>62,344</u>	<u>78,492</u>
Total miscellaneous operating expenses	<u>\$ 62,344</u>	<u>\$ 78,492</u>
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	15,160	15,440
	<u>191,160</u>	<u>191,440</u>
Total interest expense - other loans	<u>\$ 191,160</u>	<u>\$ 191,440</u>
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,900)
Credit enhancement, issuer, and servicing fees	(80,924)	(83,763)
	<u>(84,324)</u>	<u>(87,663)</u>
Total other financial income (expense)	<u>\$ (84,324)</u>	<u>\$ (87,663)</u>
Miscellaneous other income (expense)		
Refunds from the City of Chico	\$ -	\$ 50,261
Miscellaneous other income (expense)	1,104	(2,184)
	<u>1,104</u>	<u>48,077</u>
Total miscellaneous other income (expense)	<u>\$ 1,104</u>	<u>\$ 48,077</u>
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	10,609	10,300
	<u>30,609</u>	<u>30,300</u>
Total other related party fees and expenses	<u>\$ 30,609</u>	<u>\$ 30,300</u>



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