

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 16, 2024
2:00 p.m.

Due to COVID-19 and California State Assembly Bill 361 that amends the Ralph M. Brown Act to include new authorization for remote meetings, including remote public comment for all local agencies. California State Assembly Bill 361 extends the provision of Governor Newsom’s Executive Order N-29-20 and N-35-20 until January 2024. The meeting will be a hybrid meeting both in person at this Housing Authority office and remotely. Members of the Board of Directors and HACB staff will be participating either in person or remotely. The Board of Directors welcomes and encourages public participation in the Board meetings either in person or remotely from a safe location.

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.

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/916901253>

You can also dial in using your phone.

Access Code:

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If you have any trouble accessing the meeting agenda, or attachments; or if you are disabled and need special assistance to participate in this meeting, please email marysolp@butte-housing.com or call 530-895-4474 x.210.

Notification at least 24 hours prior to the meeting will enable the Housing Authority to make a reasonable attempt to assist you.

NEXT RESOLUTION NO. 24-5C

ITEMS OF BUSINESS

1. ROLL CALL

*Butte County Affordable Housing Development Corporation
Board of Directors*

Agenda – Meeting of May 16, 2024

2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

- 3.1 Minutes of Meeting on February 15, 2024
Minutes of Special Meeting on March 21, 2024

- 3.2 BCAHDC – Financial Report

- 3.3 Tax Credit Report

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

- 5.1 Gridley Springs I Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.2 Harvest Park Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.3 1200 Park Avenue Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.4 Walker Commons Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.5 Chico North Creek Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.6 Chico North Creek II, Audit Report – Accept FY2023 Audit Report.

Recommendation: Motion

- 5.7 1200 Park Avenue – CY2023 Surplus Cash Flow Distribution.

Recommendation: Motion

- 5.8 Walker Commons – CY2023 Surplus Cash Flow Distribution.

Recommendation: Motion

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 15, 2024**
13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 15, 2024

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:06 p.m.

The meeting was conducted via teleconference, web-conference and in person, as noticed.

1. ROLL CALL

Present for the Directors: Charles Alford, Randy Coy, Rich Ober, David Pittman, and Sarah Richter; all attended in person with the exception of Director Ober, who attended by means of web-conference.

Others Present: President Ed Mayer, Secretary Marysol Perez, Larry Guanzon, Tamra Young, Angie Little and Taylor Gonzalez; all attended in person.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Ober moved to accept the Consent Calendar as presented. Director Pittman seconded the motion. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Housing Authority of the County of Bute (HACB) – BCAHDC has an ongoing Corporate Services Agreement with HACB. BCAHDC Management contracts with the HACB to perform two kinds of services, corporate services to maintain the corporate entity, and

*Butte County Affordable Housing Development Corporation
Board of Directors
Minutes – Meeting of February 15, 2024
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other services, including asset management and property improvements. The resolution presented seeks to maintain the services agreement with HACB, adopting HACB’s 2024 billing rates starting March 1, 2024, authorizing up to \$25,000 in corporate services, and up to \$200,000 in extraordinary services relating to development and property re-positioning activity.

RESOLUTION NO. 23-14C

Director Coy moved that Resolution No. 24-1C be adopted by reading of title only: “HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2024 BILLING RATES AND SERVICES AUTHORIZATIONS”. Director Pittman 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 16, 2024**

13. ADJOURNMENT

Director Ober moved that the meeting be adjourned. Director Randy seconded. The meeting was adjourned at 2:09 p.m.

Dated: February 15, 2024.

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**

March 21, 2024

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:03 p.m.

The meeting was conducted via teleconference, web-conference and in person, as noticed.

1. ROLL CALL

Present for the Directors: Charles Alford, Randy Coy, Darlene Fredericks, Rich Ober, David Pittman, and Sarah Richter: all attended in person.

Others Present: President Edward Mayer, Chief Financial Officer Hope Stone, Secretary Marysol Perez, Larry Guanzon, Tamra Young and Taylor Gonzalez, all attended in person.

Others Present: Tom Lewis, California Affordable Housing Agency (CalAHA) General Counsel; Loren Freeman, Public Housing Resident; Pete Carr, City Manager from the City of Orland; and Janelle Kelly, Program Manager II, Glenn County Social Services; all attended in person with the exception of Janelle Kelly who attended by means of web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Sunrise Village Apartments, Gridley – The Resolution amends the original Corporate Authorizations resolution made in February 2022, Resolution No. 22-5C. regards Sunrise Village Apartments, a 37-unit property, serving low-income seniors in Gridley. The project has been completed and leased up and is now converting from construction to permanent financing. The reason for the amendment is to sufficiently authorize the permanent State MHP loan, increasing the authorization from \$2,250,000 to \$4,900,000. All other/previous terms of the authorization remain the same.

RESOLUTION NO. 24-2C

Director Fredericks moved that Resolution No. 24-2C be adopted by reading of title only: “SUNRISE VILLAGE SENIOR APARTMENTS, GRIDLEY CORPORATE AUTHORIZATIONS”. Director Richter seconded. The roll call vote in favor was unanimous.

- 5.2 Northwind Senior Apartments, Paradise – Resolution includes corporate authorizations to sign all transaction documents associated with the 21-unit affordable low-income housing development that will serve seniors in Paradise, known as Northwind Senior Apartments. The resolution is necessary to authorize BCAHDC participation in the owning partnership as Managing General Partner, providing authorizations to sign on behalf of the partnership in securing loans, tax credit proceeds, and effecting the development as agreed in the Development MOA with Pacific West Communities.

RESOLUTION NO. 24-2C

Director Ober moved that Resolution No. 24-3C be adopted by reading of title only: “NORTHWIND SENIOR APARTMENTS, PARADISE CORPORATE AUTHORIZATIONS”. Director Richter seconded. The roll call vote in favor was unanimous.

- 5.3 Chico Bar Triangle Apartments, Chico – Resolution includes corporate authorizations to sign all transaction documents associated with the 70-unit affordable low-income housing development that would serve families in Chico. The resolution is necessary to authorize BCAHDC participation in the owning partnership as Managing General Partner, providing authorizations to sign on behalf of the partnership in securing loans, tax credit proceeds, and effecting the development as agreed in the Development MOU with Central California Housing Corporation (CCHC).

RESOLUTION NO. 24-2C

Director Richter moved that Resolution No. 24-4C be adopted by reading of title only: “CHICO BAR TRIANGLE, CHIO CORPORATE AUTHORIZATIONS”. Director Fredericks seconded. The roll call vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

Orland City Manager Pete Carr, in attendance, inquired about the origins of the tenants leasing at the Woodward Family Apartments in Oroville, expressing concern about service to those from outside the jurisdiction at the expense of local needs. Staff indicated they would research the property lease-up files and provide response to Mr. Carr.

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 16, 2024.

13. ADJOURNMENT

Director Pittman moved that the meeting be adjourned. Director Ober seconded. The meeting was adjourned at 2:25 p.m.

Dated: March 21, 2024.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

Butte County Affordable Housing Development Company
GENERAL FUND BALANCE SHEET
March 31, 2024

CUMULATIVE

ASSETS

Current Assets

Cash - Unrestricted	1,080,825
Cash - Other Restricted	0
Cash - Tenant Security Deposits	0
Account Receivable - Current	18,981
Note Receivable - Current Portion	121,497
Investments - Unrestricted	(567)
Investments - Restricted	(2,205)
Inventory	25

Total Current Assets 1,218,556

Fixed Assets

Fixed Assets & Accumulated Depreciation	0
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Total Fixed Assets 0

Other Assets

Other Assets & Prepaid Expenses	21
Organizational Costs, Net of Amortization	0
Note Receivable - Chico Valley View Part	0
Investment in 1200 Park Avenue	(605)
Investment in Chico Harvest Park	(245)
Investment in DHI - Gridley Springs	37
Investment in Walker Commons	1,581

Total Other Assets 789

TOTAL ASSETS 1,219,344

LIABILITIES

Current Liabilities

Accounts Payable	14,637
Accrued Liabilities	88,813
Accrued Fees to HACB	0
Tenant Security Deposits	0
CVVP Interest Reserves	0

Total Current Liabilities 103,450

Long-Term Liabilities

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

TOTAL LIABILITIES 103,450

NET POSITION

Beginning Net Position	1,118,209
Retained Earnings	(2,314)

TOTAL NET POSITION 1,115,895

TOTAL LIABILITIES AND NET POSITION 1,219,345

Butte County Affordable Housing Development Company
GENERAL FUND INCOME STATEMENT
March 31, 2024

	Month to Date			Year to Date		
	Actual	Budget	Remaining	Actual	Budget	Remaining
Partnership Fees	19,865	12,667	(7,198)	39,865	76,004	36,139
Investment Income-unrestricted	0	125	125	906	750	(156)
Other Income	0	7,508	7,508	0	45,050	45,050
TOTAL REVENUES	19,865	20,301	436	40,771	121,804	81,032
Audit & Accounting Fees	0	375	375	0	2,250	2,250
Corporate Services	0	18,333	18,333	0	110,000	110,000
Consulting Fees	0	3,333	3,333	0	20,000	20,000
Legal Expenses	0	2,500	2,500	0	15,000	15,000
Misc. Admin. Expenses	1,983	83	(1,900)	7,401	500	(6,901)
Outside Management Fees	19,344	3,392	(15,952)	109,384	20,350	(89,034)
Partnership Losses	0	8	8	0	50	50
Taxes and Fees	0	14	14	0	85	85
Total Operating Admin Costs	21,327	28,039	6,712	116,785	168,235	51,450
TOTAL EXPENSES	21,327	28,039	6,712	116,785	168,235	51,450
RETAINED EARNINGS	(1,462)	(7,739)		(76,014)	(46,432)	

May 9, 2024

Memo

To: BCAHDC Board of Directors

From: Ed Mayer, Executive Director
Larry Guanzon, Deputy Executive Director

Subject: BCAHDC Properties – Status Report

This memo details the status of the twenty-eight LIHTC Partnerships in which BCAHDC is Managing General Partner, including:

- Eleven (15) properties leased and under management,
- Two (2) properties with construction completed are leasing,
- Nine (7) developments under construction,
- Four (4) developments seeking financing to complete their funding packages.

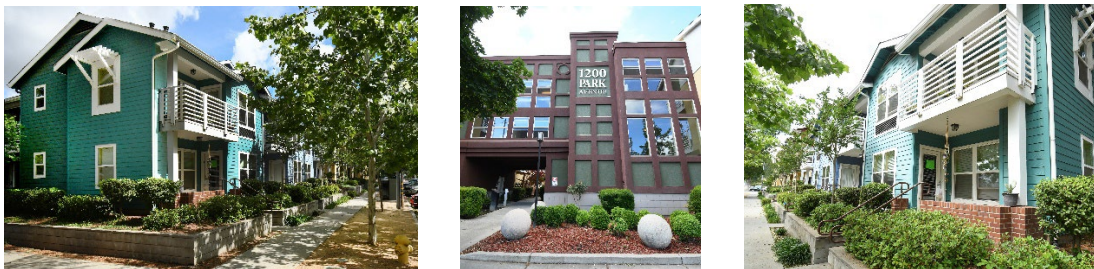
In Service:

1996 - **Walker Commons Apartments**, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property had one (1) vacancy as of May first; AWI is working on processing applications. There is one 30-day notice to vacate, due to the household being admitted to the hospital. The new maintenance technician, Gregory Ramirez, and new on-site manager Miriam Sainz, are settling into their new roles. Repair of the neighboring back fence has been completed, the cost being split with the commercial office next door. The resident garden area is prepared for the season’s resident gardening. Residents and staff have continued to partner to create monthly activities supporting all residents. YTD income is higher than budget by approximately \$18,677 with overall expenses lower than anticipated by \$35,337, bringing the property’s Net Profit to \$54,014 more than budget, at \$62,431. Please find the AWI monthly owners report following. The property is subject to repositioning, involving refinance, capital improvements and replacements. Gutters, downspouts and fascia boards, windows, siding, and PTAC units need attention. The property generates significant cash, which will help with anticipated renovations.



Walker Commons Apartments, Buttonwillow Lane, Chico

2006 – **1200 Park Avenue Apartments**, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – There are four (4) vacancies as of this date. AWI reviews the turnover and market ready status of these four units. AWI is processing applications and preparing the units for lease. Marketing efforts, including flyers have increased due to vacancies; many fixed-extremely low-income applicants on the waiting lists have insufficient income to pay the 50-60% AMI rents. Remaining unpaid rents are in process of being collected, including seven units. The new on-site manager, Denise Smith is settling in. The property did hire a new assistant manager, Katherine Lascano but she resigned during the month of April. Common Area carpets were cleaned professionally. Bids are being sought for “sun” damaged or frayed window screens throughout the property. CAA Food Distribution is on-going. North Valley Catholic Social Services and others are continuing to be contacted to provide activities for property residents. Mai Kirk, MSW Social Worker from the County of Butte has been providing information for different programs to the resident seniors, which includes Passages and IHSS. The residents and AWI staff continue to calendar events - monthly bingo and birthdays are celebrated. Usage of the conference room for an “art class” is scheduled every Thursday. Butte County Library is serving property residents. Please find AWI’s monthly financials and narrative following. YTD income is down by \$11,235, at \$357,037, due to not being able to increase rents to maximum allowed by tax-credit regulation, because of State and local rent restrictions. YTD expenses come in at \$322,245, or \$27,049 less than budget. This brought the net profit YTD to \$15,813 more than budget at \$34,792. The property is subject to repositioning, involving refinancing and capital improvements.



1200 Park Avenue Apartments, 1200 Park Avenue, Chico

2012 – **Gridley Springs I Apartments**, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Arrowhead Housing) – There is one (1) vacancy as of this memo, and one thirty-day notice to vacate. Property management has transitioned to Arrowhead Housing. The State HCD HOME Audit was received after a site inspection, with no open issues or findings. Total YTD income comes in below budget by \$12,549 at \$93,310. The decrease in income is mostly attributed to the vacancy loss being \$5,130 more than anticipated, as well as rental income being \$12,658 less than budgeted YTD. As the year continues and rent increases are implemented we should see the rental income number

increase compared to actual/budget. Total YTD expenses are \$2,453 more than budget at \$75,079. YTD NOI is approximately \$15,003 less than budget at \$18,230. The property audited financials were received and has been submitted to USDA prior to the deadline of 4-1-24. Please find Arrowhead Housing Owner’s report, following.



Gridley Springs I Apartments, Ford Avenue

2013 - **Harvest Park Apartments**, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has zero (0) vacancies, with one (1) 30-day notice to vacate. There are unpaid rents in various units due to COVID-19, and or job loss. WINN Residential has several resident’s under repayment agreements and at least 3-4 Unlawful Detainer in process. Continual follow up is required by property manager WINN Residential, as they are working with resident’s on payment plans and or possible eviction. Overall, year to date unpaid rents continue to decrease. A new resident manager has been retained and will start soon. Total monthly YTD income is up by \$20,452 compared to budget at \$373,893. Total expenses are \$43,084 more than projection, at \$238,641 bringing NOI to

\$135,252, or \$22,632 less than budgeted. Utility, payroll, operating, maintenance, turnover, marketing, and admin expenses all came in higher than budget. Please find WINN Res’s Owner’s Report following.



Harvest Park Apartments, East Avenue, Chico

2022 - **Ford Oaks Apts, Gridley** (36 units, family, The Pacific Companies/BCAHDC. Lender: Umpqua Bank. LIHTC Investor: CREA) The project is complete and was fully leased as of August 23, 2022. Loan conversion is in process. BCAHDC is coordinating with partner, The Pacific Companies, to generate monthly and quarterly financial and management reporting.



Ford Oaks Apartments, 180 Ford Avenue, Gridley

2022/2023 - **Mitchell Ave Apts I & II, Oroville** (36/35 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank. LIHTC Investor: Phase I, Redstone; Phase II, The Richman Group) Leased, BCAHDC is coordinating with partner, The Pacific Companies, to generate monthly and quarterly financial and management reporting.



Mitchell Avenue Apartments I & II, 500 Mitchell Avenue, Oroville

2023/2024 - **North Creek Crossings Apts I & II, Chico** (106 units, family, CCHC/BCAHDC. Lender: Wells Fargo/Berkadia. LIHTC Investor: R4 Capital) – located in Meriam Park, both phases are complete and leased. Thirty-nine Section 8 vouchers are project-based at the property. Coordination with the AGP and property manager Winn Residential is underway to delivery property management reporting.



North Creek Crossings Apartments I & II, Meriam Park, Chico

2023 - **Sunrise Village Apts, Gridley** (37 units, seniors, The Pacific Companies/BCAHDC) Construction and lease-up are complete. Section 8 Vouchers serve the low-income occupants. Property management reporting protocols are being established with the AGP and the property manager, Cambridge Real Estate.



Sunrise Village Apartments, 1460 Hwy 99, Gridley

2023 - **Riverbend Apts I & II, Oroville** (120 units (72/48), family, The Pacific Companies/BCAHDC. Lender: Union Bank. LIHTC Investor: CREA) Both Phases are complete and leased. Property management reporting is being established with the AGP and property manager, Cambridge Real Estate.



Riverbend Apartments I & II, Nelson and Table Mountain Boulevards, Oroville

2024 - **Prospect View Apts, Oroville** (40 units, formerly homeless singles, 15 NPLH units, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank. LIHTC investor: Boston Financial) HACB committed 39 Section 8 Vouchers to the project. It is fully occupied and in service.



Prospect View Apartments, 145 Nelson Avenue, Oroville

2024 - **Woodward Apts, Orland** (36 units, family, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – the project is complete and leased. HACB committed 25 Section 8 project-based vouchers to this family project in Glenn County.



Woodward Family Apartments, 207 East Swift Street, Orland

Newly Constructed and Leasing:

Liberty Bell Apts, Orland (32 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – Construction is substantially complete, with leasing well underway. Second story occupancy has been delayed by elevator-related supply chain issues. Thirty-one Section 8 Vouchers have been committed to support the low-income seniors.



Liberty Bell Courtyard Apartments, North 6th Street, Orland

The Foundation Apts, Chico (1297 Park Ave) (59 units, formerly homeless singles, Jamboree & BCAHDC. Lender: Banner Bank. LIHTC Investor, CREA) – Construction is complete; lease-up is well underway. Forty-three (43) Section 8 vouchers are committed to this supportive housing project. Occupancy is scheduled for June 2024, delayed by PG&E supply chain issues.



Park Avenue Apartments, 1297 Park Avenue, Chico

Under Construction:

Deer Creek Apts I and II, Chico (204 units, families, The Pacific Companies/BCAHDC. Lender: Bank of America/CitiBank. LIHTC Investor: Bank of America) –Twenty-three construction draws for Phase I, and twenty for Phase II, have been processed. Occupancy is anticipated for late 2024.



Deer Creek Apartments I & II, Highway 32, Chico

Eaglepointe Apartments, Paradise (43 units, family, The Pacific Companies/BCAHDC. Lender and LIHTC investor: KeyBank) Ten construction draws have been processed. Buildings are closed in and sitework substantially complete.



Eaglepointe Apts, 5975 Maxwell Drive, Paradise

Lincoln Family Apartments, Oroville (61 units, family, The Richman Group & BCAHDC. Lender: Merchant Bank. LIHTC investor: The Richman Group) Construction work is now progressing, with buildings closed in. The project is scheduled for delivery in late August 2024.



Lincoln Family Apts, 3300 Lincoln Boulevard, Oroville

Orchard View Apartments I, Gridley (48 units, family, The Pacific Companies & BCAHDC. Lender: KeyBank, LIHTC investor: Merritt Capital.) Construction is well underway, with buildings framed and roofing placed. Four construction draws have been processed. Delivery is set for late 2024.



Orchard View Apts I, 1445 State Hwy 99, Gridley

Oleander Community Housing Apartments, Chico (38-units, special needs homeless, Pacific Companies/BCAHDC. Lender and LIHTC investor unknown at this time.) The project closed in early November and is under construction. Foundation and underground work is complete, building framing has just started. Unit delivery is scheduled for Spring 2025.



Oleander Community Housing Apartments, 2324 Esplanade, Chico, Framing underway

Bar Triangle Apartments, Chico (70 units, family, CCHC/BCAHDC. Lender: Wells Fargo & Berkadia. LIHTC investor: R4 Capital) 25 Section 8 Vouchers have been committed for use by very-low income family occupants. The project closed in April and is under construction. Sunseri Construction is the contractor.

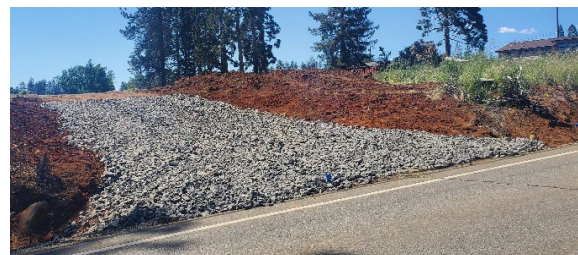


April 19, it begins



Bar Triangle Apartments, 2225 Bar Triangle Street, Chico – Site is cleared

Northwind Senior Apartments, Paradise (21 units, seniors, Pacific Companies / BCAHDC, Lender: Banner Bank, LIHTC investor: Merritt Capital) – the project closed in April, a construction driveway was just installed this week. Twenty-one Section 8 vouchers have been committed to serve the low-income seniors. The project is supported by Town of Paradise CDBG-DR funds, and secured LIHTC's to complete financing.



*Northwind Senior Apartments, 6983 Pentz Road
Sitework has begun*

Seeking Funding:

Lincoln Senior Apartments, Oroville – BCAHDC has entered into a development agreement with The Richman Group of California (TRG) to be partner in the partnership to be formed to develop a 61-unit property serving seniors in Oroville, immediately next to the Lincoln Family Apartment development, in which BCAHDC is already partnered with TRG. The project has received a commitment of CDBG-DR funds from the City of Oroville, and seeks 9% LIHTC and other funds to complete financing.

Orchard View Apartments II, Gridley - The project saw its development MOA established with the Pacific Companies for development of 36 units of family housing. Financing is being sought.

Villabona Courtyards Apartments, Chico – BCAHDC has entered into a development agreement with the Pacific Companies to develop a 31-unit affordable housing project for seniors on the north Esplanade. CDBG-DR monies will be sought from the State, and 9% LIHTC's.

Nelson Pointe Apartments, Oroville - BCAHDC has entered into a development agreement with The Pacific Companies (TPC) to develop a 72-unit affordable housing project for families on Nelson Avenue, located between the Prospect View Apartments and Hamman Park Public Housing sites. CDBG-DR monies will be sought from the State, and 9% LIHTC's. Cameron Johnson, AMG (TPC agent) and President Mayer provided project information to the Oroville City Council on the evening of January 16th.

Walker Commons April 2024



Separate Variance Report explaining budget differences and expenditures.

Updates:

Walker Commons currently has one vacant.

Vacancies:

- Unit #19 Market ready. Current applicant decided not to move in, citing that the unit was too small for her needs. Working on a 2nd applicant.

Upcoming Vacancies:

- Unit #21 – 04/10/24 Resident was re-admitted to a hospital in Stockton and her nephew is unsure if he still has the POA and he is unable to act upon it.

To date in May 4, rent payments are outstanding. PM following up.

The annual backflow testing was completed on April 15, 2024 and replacement parts are needed. The vendor will send estimates of parts and labor.

Staff is currently working on updating the front office landscaping by adding bark, plants and painting the red curbs.

The shared fence on the North parking lot of Palmetto and Walker Commons has been completed. Total invoice was \$1,777.50 and a check for the amount of \$888.75(half) was payable to Palmetto Plaza Owners Association and mailed to RSC. The fence looks very nice!





Walker Commons 550
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 43,883.00	\$ 40,042.50	\$ 3,840.50	\$ 175,224.00	\$ 160,170.00	\$ 15,054.00
Vacancies	(1,138.00)	(1,201.25)	63.25	(4,271.00)	(4,805.00)	534.00
Rent Adjustments	128.00	(18.00)	146.00	(131.00)	(72.00)	(59.00)
Manager's Unit	(775.00)	(775.00)	0.00	(3,053.00)	(3,100.00)	47.00
Total Tenant Rent	\$ 42,098.00	\$ 38,048.25	\$ 4,049.75	\$ 167,769.00	\$ 152,193.00	\$ 15,576.00
Other Project Income:						
Laundry Income	\$ 316.16	\$ 271.83	\$ 44.33	\$ 1,733.33	\$ 1,087.33	\$ 646.00
Interest Income	233.80	6.08	227.72	914.07	24.33	889.74
Restricted Reserve Interest Incom	458.23	0.00	458.23	1,798.78	0.00	1,798.78
Late Charges	66.00	4.17	61.83	255.92	16.67	239.25
Other Tenant Income	\$ 22.50	\$ 123.75	\$ (101.25)	\$ 22.50	\$ 495.00	\$ (472.50)
Miscellaneous Income	\$.06	\$ 0.00	\$.06	\$.06	\$ 0.00	\$.06
Other Project Income	\$ 1,096.75	\$ 405.83	\$ 690.92	\$ 4,724.66	\$ 1,623.33	\$ 3,101.33
Total Project Income	\$ 43,194.75	\$ 38,454.08	\$ 4,740.67	\$ 172,493.66	\$ 153,816.33	\$ 18,677.33
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 12,061.90	\$ 13,977.64	\$ (1,915.74)	\$ 40,141.98	\$ 55,910.64	\$ (15,768.66)
Utilities (From Pg 2)	2,460.61	4,880.58	(2,419.97)	7,894.11	19,522.33	(11,628.22)
Administrative (From Pg 2)	7,064.82	8,165.33	(1,100.51)	27,544.01	32,661.33	(5,117.32)
Taxes & Insurance (From Pg 2)	2,113.67	1,948.91	164.76	8,454.68	7,795.66	659.02
Other Taxes & Insurance (Fr Page	2,622.72	3,485.33	(862.61)	10,773.42	13,941.33	(3,167.91)
Other Project Expenses	790.43	1,083.75	(293.32)	4,020.46	4,335.00	(314.54)
Total O&M Expenses	\$ 27,114.15	\$ 33,541.54	\$ (6,427.39)	\$ 98,828.66	\$ 134,166.29	\$ (35,337.63)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management F	\$ 625.00	\$ 625.00	\$ 0.00	\$ 2,500.00	\$ 2,500.00	\$ 0.00
Transfer - Reserves	933.34	933.33	.01	3,733.36	3,733.33	.03
Total Mortgage & Owner's Exp.	\$ 2,808.34	\$ 2,808.33	\$.01	\$ 11,233.36	\$ 11,233.33	\$.03
Total Project Expenses	\$ 29,922.49	\$ 36,349.87	\$ (6,427.38)	\$ 110,062.02	\$ 145,399.62	\$ (35,337.60)
Net Profit (Loss)	\$ 13,272.26	\$ 2,104.21	\$ 11,168.05	\$ 62,431.64	\$ 8,416.71	\$ 54,014.93
Other Cash Flow Items:						
Reserve Transfers	\$ (458.23)	\$ 0.00	\$ (458.23)	\$ (1,798.78)	\$ 0.00	\$ (1,798.78)
T & I Transfers	(1,994.53)	0.00	(1,994.53)	(7,972.08)	0.00	(7,972.08)

Walker Commons 550
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Operating - MMKT- FFB*	\$ (217.27)	\$ 0.00	\$ (217.27)	\$ (853.99)	\$ 0.00	\$ (853.99)
Other Cash Changes	0.00	0.00	0.00	(1.66)	0.00	(1.66)
Security Deposits Held	(290.00)	0.00	(290.00)	900.00	0.00	900.00
Authorized Reserve - Other	0.00	(3,583.33)	3,583.33	0.00	(14,333.33)	14,333.33
Tenant Receivables	(2,953.00)	0.00	(2,953.00)	(4,685.66)	0.00	(4,685.66)
Other Receivables	2,780.34	0.00	2,780.34	11,121.36	0.00	11,121.36
Accounts Payable - Trade	2,076.94	0.00	2,076.94	(18,243.03)	0.00	(18,243.03)
Accounts Payable Other	0.00	0.00	0.00	(2,428.00)	0.00	(2,428.00)
Accrued Interest - City of Chico	1,250.00	0.00	1,250.00	5,000.00	0.00	5,000.00
Accrued Partnership Fees	625.00	0.00	625.00	(5,000.00)	0.00	(5,000.00)
Total Other Cash Flow Items	\$ 819.25	\$ (3,583.33)	\$ 4,402.58	\$ (23,961.84)	\$ (14,333.33)	\$ (9,628.51)
Net Operating Cash Change	<u>\$ 14,091.51</u>	<u>\$ (1,479.12)</u>	<u>\$ 15,570.63</u>	<u>\$ 38,469.80</u>	<u>\$ (5,916.62)</u>	<u>\$ 44,386.42</u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 64,428.37	\$ 102,898.17	\$ 38,469.80
Operating - MMKT- FFB*	256,384.62	257,238.61	853.99
Tax & Insurance - FFB	33,586.56	41,558.64	7,972.08
Security Deposit - FFB	21,230.00	21,230.00	0.00
Reserve Acct - FFB	42,300.28	46,106.22	3,805.94
Reserve Acct MMKT-FFB*	518,214.29	519,940.49	1,726.20
Payables & Receivables:			
Accounts Payable - Trade	14,547.69	(3,695.34)	(18,243.03)
Rents Receivable - Current Tenants	(574.00)	3,996.50	4,570.50
Other Tenant Charges Receivable	226.00	341.16	115.16

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 3,365.65	\$ 4,134.58	\$ (768.93)	\$ 12,237.31	\$ 16,538.33	\$ (4,301.02)
Janitorial/Cleaning Supplies	123.28	110.58	12.70	371.47	442.33	(70.86)
Plumbing Repairs	121.08	375.00	(253.92)	831.86	1,500.00	(668.14)
Painting & Decorating	0.00	461.25	(461.25)	362.23	1,845.00	(1,482.77)
Repairs & Maintenance - Supply	960.57	1,089.08	(128.51)	4,014.52	4,356.33	(341.81)
Repairs & Maintenance - Contract	1,990.78	1,250.00	740.78	5,809.64	5,000.00	809.64
Grounds Maintenance	1,750.00	2,008.33	(258.33)	7,000.00	8,033.33	(1,033.33)
Pest Control Service	526.00	333.33	192.67	1,315.00	1,333.33	(18.33)
Fire/Alarm Services	0.00	276.75	(276.75)	(43.41)	1,107.00	(1,150.41)
Capital Improvements - Other	0.00	3,371.33	(3,371.33)	100.64	13,485.33	(13,384.69)
Capital Improvements - Flooring	2,444.00	0.00	2,444.00	4,888.00	0.00	4,888.00

Walker Commons 550
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Capital Improvements - Appliance	\$ 780.54	\$ 0.00	\$ 780.54	\$ 2,476.44	\$ 0.00	\$ 2,476.44
Carpet Cleaning	0.00	70.83	(70.83)	0.00	283.33	(283.33)
HVAC Repairs	0.00	200.00	(200.00)	0.00	800.00	(800.00)
Cable Service	0.00	96.58	(96.58)	425.50	386.33	39.17
Tenant Services	0.00	200.00	(200.00)	352.78	800.00	(447.22)
Total Maint. & Operating Exp.	\$ 12,061.90	\$ 13,977.64	\$ (1,915.74)	\$ 40,141.98	\$ 55,910.64	\$ (15,768.66)
Utilities:						
Electricity	\$ 426.14	\$ 779.83	\$ (353.69)	\$ 2,012.46	\$ 3,119.33	\$ (1,106.87)
Water	357.47	775.00	(417.53)	1,428.69	3,100.00	(1,671.31)
Sewer	946.18	2,178.92	(1,232.74)	2,837.72	8,715.67	(5,877.95)
Heating Fuel/Other	101.22	386.58	(285.36)	802.17	1,546.33	(744.16)
Garbage & Trash Removal	629.60	760.25	(130.65)	813.07	3,041.00	(2,227.93)
Total Utilities	\$ 2,460.61	\$ 4,880.58	\$ (2,419.97)	\$ 7,894.11	\$ 19,522.33	\$ (11,628.22)
Administrative:						
Manager's Salary	\$ 3,430.15	\$ 4,134.58	\$ (704.43)	\$ 13,005.33	\$ 16,538.33	\$ (3,533.00)
Management Fees	2,968.00	2,968.00	0.00	11,872.00	11,872.00	0.00
Bad Debt Expense	0.00	208.33	(208.33)	0.00	833.33	(833.33)
Auditing	666.67	666.67	0.00	2,666.68	2,666.67	.01
Legal	0.00	171.08	(171.08)	0.00	684.33	(684.33)
Other Administrative Expenses	0.00	16.67	(16.67)	0.00	66.67	(66.67)
Total Administrative Expense	\$ 7,064.82	\$ 8,165.33	\$ (1,100.51)	\$ 27,544.01	\$ 32,661.33	\$ (5,117.32)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 12.58	\$ (12.58)	\$ 0.00	\$ 50.33	\$ (50.33)
Property Insurance	2,113.67	1,936.33	177.34	8,454.68	7,745.33	709.35
Total Taxes & Insurance Expense	\$ 2,113.67	\$ 1,948.91	\$ 164.76	\$ 8,454.68	\$ 7,795.66	\$ 659.02
Other Taxes & Insurance:						
Payroll Taxes	\$ 479.62	\$ 751.58	\$ (271.96)	\$ 2,457.83	\$ 3,006.33	\$ (548.50)
Other Taxes, Fees & Permits	0.00	295.92	(295.92)	820.95	1,183.67	(362.72)
Bond Premiums	0.00	25.08	(25.08)	0.00	100.33	(100.33)
Worker's Compensation Insurance	273.05	449.83	(176.78)	1,027.48	1,799.33	(771.85)
Personnel Medical Insurance	1,870.05	1,962.92	(92.87)	6,467.16	7,851.67	(1,384.51)
Total Other Taxes & Insurance	\$ 2,622.72	\$ 3,485.33	\$ (862.61)	\$ 10,773.42	\$ 13,941.33	\$ (3,167.91)
Other Project Expenses						
Telephone & Answering Service	\$ 72.25	\$ 229.00	\$ (156.75)	\$ 966.65	\$ 916.00	\$ 50.65
Internet Service	0.00	197.00	(197.00)	287.80	788.00	(500.20)
Advertising	0.00	16.67	(16.67)	0.00	66.67	(66.67)
Water/Coffee Service	99.62	2.08	97.54	105.30	8.33	96.97
Office Supplies & Expense	358.94	325.00	33.94	1,854.16	1,300.00	554.16

Walker Commons 550
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Postage	\$ 0.00	\$ 81.00	\$ (81.00)	\$ 165.90	\$ 324.00	\$ (158.10)
Toner/Copier Expense	0.00	110.33	(110.33)	66.00	441.33	(375.33)
Office Furniture & Equipment Expe	48.70	0.00	48.70	48.70	0.00	48.70
Travel & Promotion	0.00	33.33	(33.33)	171.08	133.33	37.75
Training Expense	210.92	47.67	163.25	210.92	190.67	20.25
Credit Checking	0.00	41.67	(41.67)	143.95	166.67	(22.72)
Total Other Project Expenses	\$ 790.43	\$ 1,083.75	\$ (293.32)	\$ 4,020.46	\$ 4,335.00	\$ (314.54)
Lease Up Expenses						
Total Lease Up Expenses	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management F	\$ 625.00	\$ 625.00	\$ 0.00	\$ 2,500.00	\$ 2,500.00	\$ 0.00
Transfer - Reserves	933.34	933.33	.01	3,733.36	3,733.33	.03
Total Mortgage & Owner's Exp.	\$ 2,808.34	\$ 2,808.33	\$.01	\$ 11,233.36	\$ 11,233.33	\$.03
Total Expenses	\$ 29,922.49	\$ 36,349.87	\$ (6,427.38)	\$ 110,062.02	\$ 145,399.62	\$ (35,337.60)
Authorized Reserve - Other	\$ 0.00	\$ 3,583.33	\$ (3,583.33)	\$ 0.00	\$ 14,333.33	\$ (14,333.33)
	\$ 0.00	\$ 3,583.33	\$ (3,583.33)	\$ 0.00	\$ 14,333.33	\$ (14,333.33)

Park Avenue Apartments April 2024



Separate Variance Report explaining budget differences and expenditures.

Updates:

1200 Park Avenue currently has 4 vacancies.

Vacancies:

- **Unit #237** Unit market ready. Currently working on applicants. Pending current & previous landlord.
- **Unit #126** Unit market ready. Working on applicant from San Jose area.
- **Unit #217** Unit market ready. Working on applicants.
- **Unit #329** Unit turn in process. Pending full paint, flooring, blinds and detail cleaning.

Upcoming Vacancies:

- Unit #260 Termination for unauthorized occupant, property damage and nuisance conduct. The 10 day notice to quit expired. Resident didn't move-out and the UD has been submitted. Process server was unable to personally serve the tenant. The judge signed the court order to post and mail the UD complaint.

Current applicants on waiting list have insufficient income to pay the 50% and 60% rents. To attract more traffic we have created resident referral flyers and installed a feather banner outside the property. Hopefully the sign will help attract applicants.

To date in May, 7 Rent payments are outstanding.

Katherine Lascano, part time office assistant resigned, her last day was 04/22/24. An ad has been placed and we are currently reviewing resumes. In the meantime coverage is in place from local property managers.

The carpet cleaning of all the hallways in the first floor is complete.

Staff is seeking estimates to replace damaged or frayed screens on the 2nd & 3rd floor.



Staff has contacted the landscaping vendor and addressed some landscaping areas that need attention. Pictures have been provided to the landscaper for reference. With spring here the necessary measures will be taken to address those issues and improve the property curb appeal!

Mai Kirk, MSW Social Worker from County of Butte is providing information on many different resources for seniors, including Passages and In- Home Supportive Services. During the service on April 11, 2024 snacks were provided!



Park Avenue 569
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 92,175.00	\$ 94,698.25	\$ (2,523.25)	\$ 368,149.00	\$ 378,793.00	\$ (10,644.00)
Vacancies	(3,042.00)	(2,840.92)	(201.08)	(11,099.00)	(11,363.67)	264.67
Rent Adjustments	(10.00)	0.00	(10.00)	(214.34)	0.00	(214.34)
Manager's Unit	(965.00)	(889.00)	(76.00)	(3,807.00)	(3,556.00)	(251.00)
Total Tenant Rent	\$ 88,158.00	\$ 90,968.33	\$ (2,810.33)	\$ 353,028.66	\$ 363,873.33	\$ (10,844.67)
Other Project Income:						
Laundry Income	\$ 0.00	\$ 666.67	\$ (666.67)	\$ 2,000.00	\$ 2,666.67	\$ (666.67)
Interest Income	119.61	0.00	119.61	451.60	0.00	451.60
Restricted Reserve Interest Incom	20.47	1.67	18.80	64.39	6.67	57.72
Late Charges	121.16	36.08	85.08	421.92	144.33	277.59
Other Tenant Income	\$ 110.00	\$ 350.00	\$ (240.00)	\$ 893.00	\$ 1,400.00	\$ (507.00)
Miscellaneous Income	\$ 135.00	\$ 45.58	\$ 89.42	\$ 178.36	\$ 182.33	\$ (3.97)
Other Project Income	\$ 506.24	\$ 1,100.00	\$ (593.76)	\$ 4,009.27	\$ 4,400.00	\$ (390.73)
Total Project Income	\$ 88,664.24	\$ 92,068.33	\$ (3,404.09)	\$ 357,037.93	\$ 368,273.33	\$ (11,235.40)
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 22,251.25	\$ 19,730.17	\$ 2,521.08	\$ 79,120.22	\$ 78,920.67	\$ 199.55
Utilities (From Pg 2)	3,271.11	13,232.67	(9,961.56)	30,654.43	52,930.67	(22,276.24)
Administrative (From Pg 2)	11,214.46	12,638.91	(1,424.45)	46,881.01	50,555.66	(3,674.65)
Taxes & Insurance (From Pg 2)	6,169.25	5,650.17	519.08	24,677.00	22,600.67	2,076.33
Other Taxes & Insurance (Fr Page	2,413.59	3,989.66	(1,576.07)	11,516.29	15,958.66	(4,442.37)
Other Project Expenses	2,145.48	1,988.51	156.97	9,932.77	7,954.01	1,978.76
Total O&M Expenses	\$ 47,465.14	\$ 57,230.09	\$ (9,764.95)	\$ 202,781.72	\$ 228,920.34	\$ (26,138.62)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,105.39	\$ 26,300.42	\$ (195.03)	\$ 104,421.56	\$ 105,201.67	\$ (780.11)
Managing General Partner Fees	\$ 1,085.50	\$ 1,118.08	\$ (32.58)	\$ 4,342.00	\$ 4,472.33	\$ (130.33)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	\$ 29,865.89	\$ 30,093.50	\$ (227.61)	\$ 119,463.56	\$ 120,374.00	\$ (910.44)
Total Project Expenses	\$ 77,331.03	\$ 87,323.59	\$ (9,992.56)	\$ 322,245.28	\$ 349,294.34	\$ (27,049.06)
Net Profit (Loss)	\$ 11,333.21	\$ 4,744.74	\$ 6,588.47	\$ 34,792.65	\$ 18,978.99	\$ 15,813.66
Other Cash Flow Items:						
Reserve Transfers	\$ (15.35)	\$ 0.00	\$ (15.35)	\$ 101.71	\$ 0.00	\$ 101.71
T & I Transfers	(7,506.34)	0.00	(7,506.34)	(30,003.85)	0.00	(30,003.85)

Park Avenue 569
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Operating - MMKT- FFB*	\$ (76.77)	\$ 0.00	\$ (76.77)	\$ (301.75)	\$ 0.00	\$ (301.75)
Other Cash Changes	0.00	0.00	0.00	(121.08)	0.00	(121.08)
Security Deposits Held	300.00	0.00	300.00	0.00	0.00	0.00
Authorized Reserve - Other	0.00	(11,138.00)	11,138.00	0.00	(44,552.00)	44,552.00
Tenant Receivables	878.12	0.00	878.12	3,427.03	0.00	3,427.03
Other Receivables	6,856.75	0.00	6,856.75	27,426.00	0.00	27,426.00
Accounts Payable - Trade	4,504.76	0.00	4,504.76	(14,380.96)	0.00	(14,380.96)
Accrued Expenses	1,785.00	0.00	1,785.00	1,785.00	0.00	1,785.00
Accrued Interest City of Chico	6,125.00	0.00	6,125.00	24,500.00	0.00	24,500.00
Accrued Local Administration Fee	416.67	0.00	416.67	1,666.68	0.00	1,666.68
Accrued Managing GP Fee	668.83	0.00	668.83	(17,189.68)	0.00	(17,189.68)
Accrued Interest Housing Authority	4,785.75	0.00	4,785.75	19,143.00	0.00	19,143.00
Total Other Cash Flow Items	\$ 18,722.42	\$ (11,138.00)	\$ 29,860.42	\$ 16,052.10	\$ (44,552.00)	\$ 60,604.10
Net Operating Cash Change	<u>\$ 30,055.63</u>	<u>\$ (6,393.26)</u>	<u>\$ 36,448.89</u>	<u>\$ 50,844.75</u>	<u>\$ (25,573.01)</u>	<u>\$ 76,417.76</u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 60,451.88	\$ 111,296.63	\$ 50,844.75
Operating - MMKT- FFB*	90,586.16	90,887.91	301.75
Tax & Insurance-FFB	80,765.80	110,769.65	30,003.85
Security Deposit - FFB	36,064.00	36,064.00	0.00
Repl Reserves - Berkadia - IMP**	363,342.15	373,940.44	10,598.29
Payables & Receivables:			
Accounts Payable - Trade	13,450.23	(930.73)	(14,380.96)
Rents Receivable - Current Tenants	2,490.89	(950.92)	(3,441.81)
Other Tenant Charges Receivable	3,335.58	3,350.36	14.78

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 7,204.72	\$ 7,750.25	\$ (545.53)	\$ 28,304.36	\$ 31,001.00	\$ (2,696.64)
Janitorial/Cleaning Supplies	469.25	318.25	151.00	559.26	1,273.00	(713.74)
Plumbing Repairs	160.00	219.75	(59.75)	210.00	879.00	(669.00)
Painting & Decorating	197.23	223.83	(26.60)	458.97	895.33	(436.36)
Repairs & Maintenance - Supply	2,282.83	1,000.00	1,282.83	6,311.76	4,000.00	2,311.76
Repairs & Maintenance - Contract	1,956.00	2,250.00	(294.00)	11,523.51	9,000.00	2,523.51
Grounds Maintenance	1,750.00	1,966.67	(216.67)	7,385.00	7,866.67	(481.67)
Elevator Maintenance & Contract	1,895.10	984.17	910.93	3,790.20	3,936.67	(146.47)
Pest Control Service	1,254.00	1,000.00	254.00	1,935.00	4,000.00	(2,065.00)
Fire/Alarm Services	1,552.36	773.33	779.03	4,184.67	3,093.33	1,091.34

Park Avenue 569
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Security Service	\$ 0.00	\$ 701.00	\$ (701.00)	\$ 2,721.00	\$ 2,804.00	\$ (83.00)
Capital Improvements - Other	189.53	257.83	(68.30)	291.89	1,031.33	(739.44)
Capital Improvements - Flooring	3,087.29	275.00	2,812.29	7,413.05	1,100.00	6,313.05
Capital Improvements - Appliance	0.00	422.50	(422.50)	720.95	1,690.00	(969.05)
Capital Improvements - HVAC Repl	0.00	0.00	0.00	594.29	0.00	594.29
Capital Improvements - Water Heat	0.00	0.00	0.00	835.57	0.00	835.57
Carpet Cleaning	0.00	891.67	(891.67)	1,200.00	3,566.67	(2,366.67)
HVAC Repairs	0.00	179.42	(179.42)	159.00	717.67	(558.67)
Cable Service	0.00	391.50	(391.50)	0.00	1,566.00	(1,566.00)
Tenant Services	252.94	125.00	127.94	521.74	500.00	21.74
Total Maint. & Operating Exp.	\$ 22,251.25	\$ 19,730.17	\$ 2,521.08	\$ 79,120.22	\$ 78,920.67	\$ 199.55
Utilities:						
Electricity	\$ 0.00	\$ 6,614.58	\$ (6,614.58)	\$ 13,979.06	\$ 26,458.33	\$ (12,479.27)
Water	742.55	1,037.92	(295.37)	3,537.72	4,151.67	(613.95)
Sewer	1,785.00	4,081.67	(2,296.67)	7,140.21	16,326.67	(9,186.46)
Heating Fuel/Other	0.00	454.92	(454.92)	1,944.20	1,819.67	124.53
Garbage & Trash Removal	743.56	1,043.58	(300.02)	4,053.24	4,174.33	(121.09)
Total Utilities	\$ 3,271.11	\$ 13,232.67	\$ (9,961.56)	\$ 30,654.43	\$ 52,930.67	\$ (22,276.24)
Administrative:						
Manager's Salary	\$ 3,871.59	\$ 5,859.00	\$ (1,987.41)	\$ 19,662.66	\$ 23,436.00	\$ (3,773.34)
Management Fees	5,671.00	5,671.00	0.00	22,684.00	22,684.00	0.00
Bad Debt Expense	(323.25)	208.33	(531.58)	316.75	833.33	(516.58)
Auditing	687.50	625.00	62.50	2,749.00	2,500.00	249.00
Legal	1,302.50	212.33	1,090.17	1,302.50	849.33	453.17
Other Administrative Expenses	5.12	63.25	(58.13)	166.10	253.00	(86.90)
Total Administrative Expense	\$ 11,214.46	\$ 12,638.91	\$ (1,424.45)	\$ 46,881.01	\$ 50,555.66	\$ (3,674.65)
Taxes & Insurance Reserve For:						
Special Assessments	\$ 0.00	\$ 27.58	\$ (27.58)	\$ 0.00	\$ 110.33	\$ (110.33)
Property Insurance	5,869.33	5,322.67	546.66	23,477.32	21,290.67	2,186.65
Other Insurance	299.92	299.92	0.00	1,199.68	1,199.67	.01
Total Taxes & Insurance Expense	\$ 6,169.25	\$ 5,650.17	\$ 519.08	\$ 24,677.00	\$ 22,600.67	\$ 2,076.33
Other Taxes & Insurance:						
Payroll Taxes	\$ 824.21	\$ 1,199.75	\$ (375.54)	\$ 4,734.82	\$ 4,799.00	\$ (64.18)
Other Taxes, Fees & Permits	179.50	233.33	(53.83)	979.50	933.33	46.17
Bond Premiums	0.00	108.75	(108.75)	0.00	435.00	(435.00)
Worker's Compensation Insurance	435.68	726.08	(290.40)	1,880.35	2,904.33	(1,023.98)
Personnel Medical Insurance	974.20	1,721.75	(747.55)	3,921.62	6,887.00	(2,965.38)
Total Other Taxes & Insurance	\$ 2,413.59	\$ 3,989.66	\$ (1,576.07)	\$ 11,516.29	\$ 15,958.66	\$ (4,442.37)

Park Avenue 569
For the Month Ended April 30, 2024
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Project Expenses						
Telephone & Answering Service	\$ 554.93	\$ 556.00	\$ (1.07)	\$ 2,326.20	\$ 2,224.00	\$ 102.20
Internet Service	571.44	355.92	215.52	2,121.96	1,423.67	698.29
Advertising	0.00	3.33	(3.33)	317.68	13.33	304.35
Water/Coffee Service	25.98	111.25	(85.27)	150.01	445.00	(294.99)
Office Supplies & Expense	275.78	433.33	(157.55)	2,704.46	1,733.33	971.13
Postage	0.00	87.67	(87.67)	195.72	350.67	(154.95)
Toner/Copier Expense	35.55	297.92	(262.37)	576.00	1,191.67	(615.67)
Office Furniture & Equipment Expe	132.38	0.00	132.38	779.45	0.00	779.45
Travel & Promotion	302.38	41.67	260.71	422.65	166.67	255.98
Training Expense	210.92	63.92	147.00	260.92	255.67	5.25
Credit Checking	36.12	29.17	6.95	77.72	116.67	(38.95)
Employee Meals	0.00	8.33	(8.33)	0.00	33.33	(33.33)
Total Other Project Expenses	\$ 2,145.48	\$ 1,988.51	\$ 156.97	\$ 9,932.77	\$ 7,954.01	\$ 1,978.76
Lease Up Expenses						
Total Lease Up Expenses	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,105.39	\$ 26,300.42	\$ (195.03)	\$ 104,421.56	\$ 105,201.67	\$ (780.11)
Managing General Partner Fees	\$ 1,085.50	\$ 1,118.08	\$ (32.58)	\$ 4,342.00	\$ 4,472.33	\$ (130.33)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	\$ 29,865.89	\$ 30,093.50	\$ (227.61)	\$ 119,463.56	\$ 120,374.00	\$ (910.44)
Total Expenses	\$ 77,331.03	\$ 87,323.59	\$ (9,992.56)	\$ 322,245.28	\$ 349,294.34	\$ (27,049.06)
Authorized Reserve - Other	\$ 0.00	\$ 11,138.00	\$ (11,138.00)	\$ 0.00	\$ 44,552.00	\$ (44,552.00)
	\$ 0.00	\$ 11,138.00	\$ (11,138.00)	\$ 0.00	\$ 44,552.00	\$ (44,552.00)

Monthly Property Summary Report

75 Harvest Park Court

April 2024



**HARVEST
P A R K**

CHICO, CA.
90 UNITS
TAX CREDIT

MONTHLY PROPERTY SUMMARY REPORT

INCOME AND EXPENSE SUMMARY

• Total Operating Income Actual/Month:	\$95,024.68	\$6,867.89	7.79%
• Total Operating Income Budget/Month:	\$88,156.79		
• Total Operating Income Actual/YTD:	\$373,893.56	\$20,452.40	5.78%
• Total Operating Income Budget/YTD:	\$353,604.16		
• Total Operating Expenses Actual/Month:	\$51,900.63	-\$9,690.55	-22.95%
• Total Operating Expenses Budget/Month:	\$42,210.08		
• Total Operating Expenses Actual/YTD:	\$238,641.46	-\$43,084.84	-22.03%
• Total Operating Expenses Budget/YTD:	\$195,556.62		
• Total Net Operating Income Actual/Month:	\$43,124.05	-\$2,822.66	-6.14%
• Total Net Operating Income Budget/Month:	\$45,946.71		
• Total Net Operating Income Actual/YTD:	\$135,252.10	-\$22,632.44	14.33%
• Total Net Operating Income Budget/YTD:	\$157,884.54		

BUDGET VARIANCE REPORT

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

April Financials - Expense Variances					
Month Ending 04/30/2024					
GL / Description	Actual	Budget	Variance	%	Comments:
6470-0001 Rubbish Removal Bulk	\$675.00	\$100.00	(\$575.00)	-575.00%	Removal of bulk items illegally dumped in trash
6310-0000 Office Payroll	\$1,781.92	\$240.00	(\$1,541.92)	-642.47%	Staff help for Recerts and for Office work
6317-0000 Temporary Services	\$1,303.13	\$0.00	(\$1,303.13)	#DIV/0!	Coverage while office is under staffed.
6330-0000 Managers Payroll	\$1,426.52	\$5,106.00	\$3,679.48	72.06%	No Manager at the moment.
6511-0000 Security Contract and Repairs	\$1,780.78	\$57.00	(\$1,723.78)	-3024.18%	ADT monitoring install and monthly charges
6548-0000 Repairs Contract Plumbing	\$835.00	\$0.00	(\$835.00)	#DIV/0!	water heater leak in #206 pillar.
6541-0000 Maintenance Supplies	\$3,631.10	\$1,410.00	(\$2,221.10)	-157.52%	Smoke alarms and other stock items to replace in unit

RESIDENT DELINQUENT RENT STATUS

Bldg/Unit	Name	Sub Journal	Balance	
01-107		RESIDENT	\$ 22,127.77	Pending DMC to be filled by attorney with court.
03-115		RESIDENT	\$ 13,550.00	Pending DMC response from court
04-123		RESIDENT	\$ 4,739.00	Pending UD to be served, UD sent as of 5/3
04-122		RESIDENT	\$ 3,555.00	PEdning UD to be served as of 4/22
01-104		RESIDENT	\$ 2,132.00	3 day notice expires 5/12, spoke to resident about not accepting partial payment of \$68
06-131		RESIDENT	\$ 1,869.65	3 day issued 5/7/24
06-135		RESIDENT	\$ 1,489.00	3 day issued 5/7/24
05-226		RESIDENT	\$ 1,418.00	3 day issued 5/7/24
04-219		RESIDENT	\$ 1,369.00	3 day issued 5/7/24
01-102		RESIDENT	\$ 1,259.00	called to resolve unit occupancy status, waiting on call back
08-243		RESIDENT	\$ 1,235.00	3 day issued 5/7/24
04-220		RESIDENT	\$ 1,074.00	3 day issued 5/7/24
06-133		RESIDENT	\$ 1,024.00	3 day issued 5/7/24
06-235		RESIDENT	\$ 888.00	3 day issued 5/7/24
06-230		RESIDENT	\$ 786.00	3 day issued 5/7/24
03-118		RESIDENT	\$ 713.23	3 day issued 5/7/24
07-137		RESIDENT	\$ 511.00	payee check in mail, called to inform
02-210		RESIDENT	\$ 394.00	3 day issued 5/7/24
04-124		RESIDENT	\$ 362.00	3 day issued 5/7/24
08-242		RESIDENT	\$ 125.00	3 day issued 5/7/24
02-111		RESIDENT	\$ 95.00	small balance letter served 5/7/24

(Table below sorted by "total" highest to lowest delinquency)

Telephone 559-489-9945
2499 W. Shaw Ave. Ste 103 Fresno, CA 93711

www.wincco.com

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

2023 Capital Expenditures:

Property/SPM	Capital Project	Status	Funding Sources				Monitoring Status			
			Replacement Reserves (0001)	acem ent Rese	Operating Cash (0002)	Operating Cash GL Codes	B i d	Project Status	Actual Cost	Variance to Budget
Harvest Park	Tree Trimming (Apr)	Project Completed, invoice processing	\$0	-	\$12,000	1415-0002		Rods Landscaping- started 4/1-4/09	\$12,000.00	\$0
Ana Haver			\$0	-	\$0	-				\$0
As Needed Items:	Carpet	As Needed	\$38,400	40-000	\$0	-	//A			
(annual allocation)	Appliances	As Needed	\$7,527	86-000	\$0	-	//A			
	Total:		\$45,927		\$12,000				\$12,000	\$0

- YTD Actual Capital Improvements Completed \$12,000.00
- YTD Budgeted Capital Improvements Budgeted \$12,000.00

Telephone 559-489-9945
 2499 W. Shaw Ave. Ste 103 Fresno, CA 93711

www.winnco.com

GENERAL PROPERTY ISSUES and HIGHLIGHTS

We ended the month with (0) Vacant Units; (1) Units On-Notice. 98% leased & 100% occupied.

Harvest Park - 1649 Budget Comparison April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
INCOME									
RENTAL INCOME									
5120-0000 - Rental Income	70,620.00	79,067.00	(8,447.00)	(10.68)	285,057.00	316,268.00	(31,211.00)	(9.86)	948,804.00
5150-0000 - Rental Assistance	19,754.00	11,103.00	8,651.00	77.91	76,235.00	44,412.00	31,823.00	71.65	133,236.00
5221-0000 - Gain/(Loss) to Lease	5,028.00	1,500.00	3,528.00	235.20	16,789.00	6,000.00	10,789.00	179.81	18,000.00
TOTAL RENTAL INCOME	95,402.00	91,670.00	3,732.00	4.07	378,081.00	366,680.00	11,401.00	3.10	1,100,040.00
MISC. INCOME									
5330-0000 - Tenant Services	75.00	0.00	75.00	100.00	75.00	0.00	75.00	100.00	0.00
5332-0000 - Application Fees	45.00	90.00	(45.00)	(50.00)	1,115.00	270.00	845.00	312.96	675.00
5340-0000 - Vending Income	0.00	0.00	0.00	0.00	27.96	0.00	27.96	100.00	0.00
5385-0000 - Late/Term Fees	400.00	400.00	0.00	0.00	2,100.00	1,600.00	500.00	31.25	4,800.00
5390-0002 - Damages	978.97	300.00	678.97	226.32	9,524.66	1,200.00	8,324.66	693.72	3,600.00
5341-0000 - Cable Revenue	0.00	0.00	0.00	0.00	1,219.97	1,205.00	14.97	1.24	4,820.00
5341-0001 - Contra Cable Revenue	0.00	0.00	0.00	0.00	(304.99)	(301.00)	(3.99)	(1.32)	(1,204.00)
TOTAL MISC. INCOME	1,498.97	790.00	708.97	89.74	13,757.60	3,974.00	9,783.60	246.19	12,691.00
OTHER INCOME									
5491-0000 - Interest on Security Deposits	140.71	0.00	140.71	100.00	442.96	0.00	442.96	100.00	0.00
TOTAL OTHER INCOME	140.71	0.00	140.71	100.00	442.96	0.00	442.96	100.00	0.00
VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000 - Free Rent-Marketing Concession	(50.00)	(50.00)	0.00	0.00	(200.00)	(200.00)	0.00	0.00	(600.00)
5220-0000 - Vacancies Apartment	(784.00)	(2,690.00)	1,906.00	70.85	(13,456.00)	(10,760.00)	(2,696.00)	(25.05)	(32,280.00)
6370-0000 - Bad Debt	0.00	(380.21)	380.21	100.00	0.00	(1,520.84)	1,520.84	100.00	(4,562.52)
6539-0002 - Maintenance Staff Rent Free Unit	(1,183.00)	(1,183.00)	0.00	0.00	(4,732.00)	(4,732.00)	0.00	0.00	(14,196.00)
TOTAL VACANCY	(2,017.00)	(4,303.21)	2,286.21	53.12	(18,388.00)	(17,212.84)	(1,175.16)	(6.82)	(51,638.52)
TOTAL INCOME	95,024.68	88,156.79	6,867.89	7.79	373,893.56	353,441.16	20,452.40	5.78	1,061,092.48
EXPENSES									
MANAGEMENT FEES									
6320-0000 - Management Fees	4,216.08	4,393.00	176.92	4.02	16,205.67	17,567.00	1,361.33	7.74	52,694.00
TOTAL MANAGEMENT FEES	4,216.08	4,393.00	176.92	4.02	16,205.67	17,567.00	1,361.33	7.74	52,694.00
REAL ESTATE TAXES									
6710-0000 - Taxes Real Estate	16.19	14.00	(2.19)	(15.64)	64.77	56.00	(8.77)	(15.66)	168.00
6712-0000 - Taxes Other	0.00	0.00	0.00	0.00	0.00	87.00	87.00	100.00	389.00
TOTAL REAL ESTATE TAXES	16.19	14.00	(2.19)	(15.64)	64.77	143.00	78.23	54.70	557.00
INSURANCE									
6720-0000 - Insurance Property	3,423.29	3,766.00	342.71	9.10	13,693.16	14,035.00	341.84	2.43	44,163.00
6720-0001 - Misc Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	540.00

Harvest Park - 1649 Budget Comparison April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
6720-0002 - Franchise Tax - Calif Pnps	0.00	0.00	0.00	0.00	800.00	800.00	0.00	0.00	800.00
TOTAL INSURANCE	3,423.29	3,766.00	342.71	9.10	14,493.16	14,835.00	341.84	2.30	45,503.00
UTILITIES EXPENSES									
6430-0000 - Electricity Vacant	0.00	50.00	50.00	100.00	0.00	200.00	200.00	100.00	600.00
6430-0001 - Employee Unit Utility	96.00	104.00	8.00	7.69	384.00	416.00	32.00	7.69	1,248.00
6440-0000 - Gas/Oil Heat Vacant	0.00	15.00	15.00	100.00	0.00	60.00	60.00	100.00	180.00
6450-0000 - Electricity	1,352.01	1,212.00	(140.01)	(11.55)	5,752.31	4,368.00	(1,384.31)	(31.69)	16,110.00
6451-0000 - Water and Sewer	4,039.56	4,154.00	114.44	2.75	18,275.39	16,864.00	(1,411.39)	(8.36)	53,884.00
6452-0000 - Natural Gas Heat	257.27	235.00	(22.27)	(9.47)	2,044.29	2,374.00	329.71	13.88	3,882.00
6470-0000 - Rubbish Removal	1,163.64	1,287.00	123.36	9.58	6,718.20	4,953.00	(1,765.20)	(35.63)	14,812.00
6456-0000 - Utility Late Fee	5.81	0.00	(5.81)	(100.00)	7.08	0.00	(7.08)	(100.00)	0.00
6470-0001 - Rubbish Removal - Bulk	675.00	100.00	(575.00)	(575.00)	770.00	500.00	(270.00)	(54.00)	2,200.00
6454-0000 - Utility Processing	60.15	60.00	(0.15)	(0.25)	215.14	240.00	24.86	10.35	920.00
TOTAL UTILITY EXPENSES	7,649.44	7,217.00	(432.44)	(5.99)	34,166.41	29,975.00	(4,191.41)	(13.98)	93,836.00
PAYROLL									
6310-0000 - Office Payroll	1,781.92	240.00	(1,541.92)	(642.46)	5,774.26	960.00	(4,814.26)	(501.48)	2,980.00
6317-0000 - Temporary Services	1,303.13	0.00	(1,303.13)	(100.00)	2,437.51	0.00	(2,437.51)	(100.00)	0.00
6330-0000 - Managers Payroll	1,426.52	5,106.00	3,679.48	72.06	14,874.73	24,020.00	9,145.27	38.07	76,190.00
6539-0000 - Maintenance Payroll General	5,235.16	4,218.00	(1,017.16)	(24.11)	22,357.06	17,372.00	(4,985.06)	(28.69)	57,621.00
6714-0001 - Taxes-Payroll Administrative	220.77	391.00	170.23	43.53	1,819.55	2,232.00	412.45	18.47	6,227.00
6714-0002 - Taxes-Payroll Maintenance	365.14	323.00	(42.14)	(13.04)	1,879.58	1,645.00	(234.58)	(14.26)	4,725.00
6724-0001 - Workers Comp. - Payroll Admin	349.25	383.00	33.75	8.81	1,397.00	1,804.00	407.00	22.56	5,721.00
6724-0002 - Workers Compensation-Payroll Maintenance	322.38	317.00	(5.38)	(1.69)	1,289.52	1,305.00	15.48	1.18	4,329.00
6726-0001 - Health Ins. & Benefits-Payroll Admin	495.90	1,621.00	1,125.10	69.40	3,288.79	6,594.00	3,305.21	50.12	20,033.00
6726-0002 - Health Ins. & Benefits-Payroll Maint.	1,999.52	1,300.00	(699.52)	(53.80)	8,322.81	5,215.00	(3,107.81)	(59.59)	15,911.00
TOTAL PAYROLL	13,499.69	13,899.00	399.31	2.87	63,440.81	61,147.00	(2,293.81)	(3.75)	193,737.00
OPERATING & MAINTENANCE EXPENSE									
6462-0000 - Exterminating Contract	575.00	638.00	63.00	9.87	3,125.00	2,902.00	(223.00)	(7.68)	8,406.00
6511-0000 - Security Contract and Repairs	1,189.79	57.00	(1,132.79)	(1,987.35)	472.97	1,105.00	632.03	57.19	1,561.00
6521-0000 - Grounds Supplies	0.00	3,600.00	3,600.00	100.00	1,125.00	5,520.00	4,395.00	79.61	7,245.00
6522-0000 - Grounds Contract	2,460.00	2,425.00	(35.00)	(1.44)	9,840.00	9,700.00	(140.00)	(1.44)	29,100.00
6522-0001 - Landscaping	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,674.00
6541-0000 - Maintenance Supplies	3,631.10	1,410.00	(2,221.10)	(157.52)	13,289.73	5,640.00	(7,649.73)	(135.63)	16,920.00
6545-0000 - Repairs Contract General	0.00	400.00	400.00	100.00	14,943.75	1,600.00	(13,343.75)	(833.98)	5,200.00
6546-0000 - Repairs Contract Electric	0.00	0.00	0.00	0.00	0.00	200.00	200.00	100.00	600.00
6547-0000 - Repairs - Contract - HVAC	998.00	450.00	(548.00)	(121.77)	1,946.00	1,800.00	(146.00)	(8.11)	5,400.00
6548-0000 - Repairs - Contract - Plumbing	835.00	0.00	(835.00)	(100.00)	1,238.00	700.00	(538.00)	(76.85)	3,050.00
6552-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	300.00	300.00	100.00	300.00
6581-0000 - Appliance Repair	63.90	130.00	66.10	50.84	958.36	520.00	(438.36)	(84.30)	1,560.00
6582-0000 - Lock and Key Expense	0.00	0.00	0.00	0.00	0.00	250.00	250.00	100.00	500.00

Harvest Park - 1649 Budget Comparison April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
6586-0000 - Fire and Safety Systems	790.00	0.00	(790.00)	(100.00)	1,990.00	790.00	(1,200.00)	(151.89)	9,724.00
6991-0000 - Pool Supplies	45.78	200.00	154.22	77.11	257.80	350.00	92.20	26.34	1,700.00
6992-0000 - Pool Contract	350.00	371.00	21.00	5.66	1,030.00	1,484.00	454.00	30.59	4,452.00
TOTAL OPERATING & MAINT. EXPS.	10,938.57	9,681.00	(1,257.57)	(12.99)	50,216.61	32,861.00	(17,355.61)	(52.81)	99,392.00
TURNOVER COSTS									
6532-0000 - Cleaning Contract	960.00	370.00	(590.00)	(159.45)	5,745.00	1,480.00	(4,265.00)	(288.17)	4,440.00
6532-0001 - Carpet Cleaning	0.00	0.00	0.00	0.00	360.00	0.00	(360.00)	(100.00)	0.00
6561-0000 - Decorator Supplies	0.00	257.00	257.00	100.00	2,671.29	1,028.00	(1,643.29)	(159.85)	3,084.00
6562-0000 - Decorator Contract Services	1,130.00	0.00	(1,130.00)	(100.00)	7,990.00	1,200.00	(6,790.00)	(565.83)	3,600.00
TOTAL TURNOVER COSTS	2,090.00	627.00	(1,463.00)	(233.33)	16,766.29	3,708.00	(13,058.29)	(352.16)	11,124.00
MARKETING									
6212-0000 - Collateral Materials/Brand Identity	123.25	213.58	90.33	42.29	803.20	1,104.32	301.12	27.26	2,812.96
6290-0000 - Miscellaneous Renting Expense	131.40	110.50	(20.90)	(18.91)	589.50	482.00	(107.50)	(22.30)	1,486.00
6981-0000 - Resident Supplies	214.73	70.00	(144.73)	(206.75)	993.99	280.00	(713.99)	(254.99)	1,750.00
TOTAL MARKETING	469.38	394.08	(75.30)	(19.10)	2,386.69	1,866.32	(520.37)	(27.88)	6,048.96
ADMINISTRATIVE EXPENSES									
6280-0000 - Credit Reports and Fees	828.24	11.00	(817.24)	(7,429.45)	828.24	44.00	(784.24)	(1,782.36)	132.00
6311-0000 - Office Expenses	857.56	528.00	(329.56)	(62.41)	2,537.60	7,847.30	5,309.70	67.66	12,191.30
6312-0000 - Copy Machine	236.50	210.00	(26.50)	(12.61)	720.45	840.00	119.55	14.23	3,544.00
6313-0000 - Postage	53.62	41.00	(12.62)	(30.78)	286.87	164.00	(122.87)	(74.92)	492.00
6316-0000 - Travel/Mileage	2,758.87	80.00	(2,678.87)	(3,348.58)	5,676.32	1,450.00	(4,226.32)	(291.47)	2,390.00
6316-0003 - Training	0.00	200.00	200.00	100.00	655.95	700.00	44.05	6.29	1,763.00
6316-0004 - Training - New Employee Orientation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	516.00
6340-0000 - Legal Expense	3,141.25	0.00	(3,141.25)	(100.00)	10,925.41	2,400.00	(8,525.41)	(355.22)	4,800.00
6350-0000 - Auditing	0.00	0.00	0.00	0.00	14,791.00	15,203.00	412.00	2.70	15,203.00
6355-0001 - Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,916.00
6360-0000 - Telephone	1,637.04	960.00	(677.04)	(70.52)	3,713.79	3,840.00	126.21	3.28	11,520.00
6385-0000 - Dues and Memberships	4.33	0.00	(4.33)	(100.00)	229.02	0.00	(229.02)	(100.00)	963.00
6392-0000 - Bank Charges	118.53	190.00	71.47	37.61	498.18	760.00	261.82	34.45	2,280.00
6392-0001 - RP Transaction Fees	71.30	79.00	7.70	9.74	247.22	316.00	68.78	21.76	948.00
6392-0002 - Paymode Rebates	(109.25)	(80.00)	29.25	36.56	(209.00)	(110.00)	99.00	90.00	(267.00)
TOTAL ADMINISTRATIVE EXPENSES	9,597.99	2,219.00	(7,378.99)	(332.53)	40,901.05	33,454.30	(7,446.75)	(22.25)	59,391.30
TOTAL EXPENSES	51,900.63	42,210.08	(9,690.55)	(22.95)	238,641.46	195,556.62	(43,084.84)	(22.03)	562,283.26
NET OPERATING INCOME	43,124.05	45,946.71	(2,822.66)	(6.14)	135,252.10	157,884.54	(22,632.44)	(14.33)	498,809.22
REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000 - Escrow - Replacement Reserve	2,332.50	2,333.00	0.50	0.02	9,330.00	9,332.00	2.00	0.02	27,996.00
1317-0000 - Res for Replacement Withdrawals	0.00	(11,254.00)	(11,254.00)	(100.00)	0.00	(11,254.00)	(11,254.00)	(100.00)	(45,927.00)

Harvest Park - 1649 Budget Comparison April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	2,332.50	(8,921.00)	(11,253.50)	(126.14)	9,330.00	(1,922.00)	(11,252.00)	(585.43)	(17,931.00)
DEBT SERVICE									
2320-0000 - Mortgage Payable 1st Mortgage	5,833.34	5,833.00	(0.34)	0.00	23,333.36	23,332.00	(1.36)	0.00	69,996.00
6820-0000 - Interest on Mortgage	10,477.50	10,478.00	0.50	0.00	42,006.25	41,912.00	(94.25)	(0.22)	125,736.00
6824-0000 - Interest on Mortgage - 4th	1,904.57	1,297.00	(607.57)	(46.84)	7,618.28	5,188.00	(2,430.28)	(46.84)	15,564.00
6828-0000 - Service Fee	5,714.61	5,736.00	21.39	0.37	22,910.66	22,974.00	63.34	0.27	68,916.00
TOTAL DEBT SERVICE	23,930.02	23,344.00	(586.02)	(2.51)	95,868.55	93,406.00	(2,462.55)	(2.63)	280,212.00
MISCELLANEOUS									
6890-0000 - Miscellaneous Financial Exp	416.67	417.00	0.33	0.07	1,666.68	1,668.00	1.32	0.07	7,504.00
6892-0000 - Trustee Fees	283.33	283.00	(0.33)	(0.11)	1,133.32	1,132.00	(1.32)	(0.11)	7,608.00
TOTAL MISCELLANEOUS	700.00	700.00	0.00	0.00	2,800.00	2,800.00	0.00	0.00	15,112.00
CAPITAL EXPENDITURES									
1415-0002 - Landscape and Land Improvements	12,000.00	12,000.00	0.00	0.00	12,000.00	12,000.00	0.00	0.00	12,000.00
1440-0001 - Carpet/Flooring R/R	7,378.30	2,400.00	(4,978.30)	(207.42)	17,233.97	12,000.00	(5,233.97)	(43.61)	38,400.00
1486-0001 - Appliances - R/R	1,506.52	705.00	(801.52)	(113.69)	3,982.36	2,359.00	(1,623.36)	(68.81)	7,527.00
6565-0000 - Repairs- REAC/Extraordinary	0.00	0.00	0.00	0.00	0.00	3,300.00	3,300.00	100.00	3,300.00
TOTAL CAPITAL EXPENDITURES	20,884.82	15,105.00	(5,779.82)	(38.26)	33,216.33	29,659.00	(3,557.33)	(11.99)	61,227.00
MORTGAGOR EXPENSES									
7115-0000 - Non Profit Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,600.00
7135-0000 - Asset Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,680.00
7153-0000 - Administration Fee Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,885.00
TOTAL MORTGAGOR EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,165.00
PROFIT/LOSS	(4,723.29)	15,718.71	(20,442.00)	(130.04)	(5,962.78)	33,941.54	(39,904.32)	(117.56)	114,024.22
Additional Adjustments to Cash Flow									
Accounts Payable	11,367.57	0.00	11,367.57	100.00	7,446.19	0.00	7,446.19	100.00	0.00
Resident Accounts Receivable	2,928.92	0.00	2,928.92	100.00	(16,592.46)	0.00	(16,592.46)	(100.00)	0.00
Subsidy Accounts Receivable	(3,009.00)	0.00	(3,009.00)	(100.00)	(2,829.00)	0.00	(2,829.00)	(100.00)	0.00
Other Accounts Receivable	(311.34)	0.00	(311.34)	(100.00)	(578.36)	0.00	(578.36)	(100.00)	0.00
Prepaid Expenses	4,094.92	0.00	4,094.92	100.00	9,704.06	0.00	9,704.06	100.00	0.00
Prepaid Rent	26.00	0.00	26.00	100.00	2,026.00	0.00	2,026.00	100.00	0.00
Net Accruals	16.19	0.00	16.19	100.00	(8,152.27)	0.00	(8,152.27)	(100.00)	0.00
Security Deposits	491.00	0.00	491.00	100.00	139.66	0.00	139.66	100.00	0.00
Accrued Interest on Deferred Loans	1,904.57	(1,297.00)	3,201.57	246.84	7,618.28	(5,188.00)	12,806.28	246.84	(15,564.00)
Escrow Tax	(13.68)	(3,766.00)	3,752.32	99.63	42.44	(15,064.00)	15,106.44	100.28	(45,192.00)
Escrow Insurance	(3,594.45)	(3,766.00)	171.55	4.55	(14,377.80)	(14,035.00)	(342.80)	(2.44)	(44,163.00)
Total Additional Adjustments to Cash Flow	13,900.70	(8,829.00)	22,729.70	257.44	(15,553.26)	(34,287.00)	18,733.74	54.63	(104,919.00)

Harvest Park - 1649
Budget Comparison
 April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Total Net Adjusted Cash Flow	<u>9,177.41</u>	<u>6,889.71</u>	<u>2,287.70</u>	<u>33.20</u>	<u>(21,516.04)</u>	<u>(345.46)</u>	<u>(21,170.58)</u>	<u>(6,128.22)</u>	<u>9,105.22</u>
Net Change in Cash from TB	<u>9,177.41</u>	<u>0.00</u>	<u>9,177.41</u>	<u>100.00</u>	<u>(21,516.04)</u>	<u>0.00</u>	<u>(21,516.04)</u>	<u>100.00</u>	<u>0.00</u>
Variance	<u>0.00</u>	<u>(6,889.71)</u>	<u>6,889.71</u>	<u>100.00</u>	<u>0.00</u>	<u>345.46</u>	<u>(345.46)</u>	<u>(100.00)</u>	<u>(9,105.22)</u>



GRIDLEY SPRINGS

April 2024

Property Status:

1. GSI has 1 vacant units with 1(one) notice to vacate
2. GSII has 1 vacant units with Zero notices to vacate.
3. GSI: We received the final closeout of the FY23 HCD HOME Audit with no open issues or findings.
4. GSI: We received the audited financials which were successfully submitted to USDA before the 04/01 submission date.
5. Both properties are operating well, and we have no knowledge of any capital needs for either properties for the remainder of FY2024.

Sincerely,

Mac Upshaw

Mac Upshaw

GRIDLEY SPRINGS 1

Budget Comparison

April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Income								
Rental Income								
5120 - Rent Revenue -- Gross Potential	7,888.01	26,500.00	(18,611.99)	(70.23)	48,060.82	106,000.00	(57,939.18)	(54.65)
5121 - Tenant Assistance Payments	19,318.98	0.00	19,318.98	100.00	50,410.96	0.00	50,410.96	100.00
5180 - Local Section 8 Subsidy Revenue	(1,488.00)	0.00	(1,488.00)	(100.00)	0.00	0.00	0.00	0.00
Total Rental Income	25,718.99	26,500.00	(781.01)	(2.94)	98,471.78	106,000.00	(7,528.22)	(7.10)
Vacancy, Losses & Concessions								
5220 - Vacancy Loss - Apartments	(936.00)	(484.00)	(452.00)	(93.38)	(7,066.00)	(1,936.00)	(5,130.00)	(264.97)
Total Vacancy, Losses & Concessions	(936.00)	(484.00)	(452.00)	(93.38)	(7,066.00)	(1,936.00)	(5,130.00)	(264.97)
Net Rental Income	24,782.99	26,016.00	(1,233.01)	(4.73)	91,405.78	104,064.00	(12,658.22)	(12.16)
Financial Income								
5410 - Interest Revenue	0.00	51.00	(51.00)	(100.00)	475.60	204.00	271.60	133.13
Total Financial Income	0.00	51.00	(51.00)	(100.00)	475.60	204.00	271.60	133.13
Other Income								
5910 - Laundry Revenue	671.58	335.00	336.58	100.47	1,349.17	1,340.00	9.17	0.68
5920 - Tenant Charges (Late Fees, Damages)	30.00	63.00	(33.00)	(52.38)	80.00	252.00	(172.00)	(68.25)
Total Other Income	701.58	398.00	303.58	76.27	1,429.17	1,592.00	(162.83)	(10.22)
Total Income	25,484.57	26,465.00	(980.43)	(3.70)	93,310.55	105,860.00	(12,549.45)	(11.85)
Expenses								
Administrative Expenses								
6255 - Credit Check Expense	88.18	0.00	(88.18)	(100.00)	164.18	0.00	(164.18)	(100.00)
6308 - Training	27.84	125.00	97.16	77.72	111.36	500.00	388.64	77.72
6311 - Office Supplies	43.71	170.00	126.29	74.28	140.05	680.00	539.95	79.40
6315 - Software Expenses	192.30	0.00	(192.30)	(100.00)	2,881.35	0.00	(2,881.35)	(100.00)
6318 - Computer Licenses, Maint (IT services) and Supplies	100.00	0.00	(100.00)	(100.00)	400.00	0.00	(400.00)	(100.00)
6320 - Management Fee Expense	2,000.00	2,483.00	483.00	19.45	8,000.00	9,932.00	1,932.00	19.45
6330 - Manager Salaries	2,777.37	2,294.00	(483.37)	(21.07)	9,695.36	9,176.00	(519.36)	(5.65)
6340 - Legal Expense - Project	0.00	138.00	138.00	100.00	552.50	552.00	(0.50)	(0.09)
6350 - Audit Expense	0.00	729.00	729.00	100.00	9,450.00	2,916.00	(6,534.00)	(224.07)
6351 - Bookkeeping Fees/Accounting Services	160.00	0.00	(160.00)	(100.00)	640.00	0.00	(640.00)	(100.00)
6352 - Bank Fees	0.00	0.00	0.00	0.00	50.00	0.00	(50.00)	(100.00)
6360 - Telephone Expense	182.68	79.00	(103.68)	(131.24)	486.63	316.00	(170.63)	(53.99)
6390 - Misc. Administrative Expenses	129.99	0.00	(129.99)	(100.00)	929.99	0.00	(929.99)	(100.00)
7004 - Employee Mileage	0.00	0.00	0.00	0.00	282.40	0.00	(282.40)	(100.00)
Total Administrative Expenses	5,702.07	6,018.00	315.93	5.24	33,783.82	24,072.00	(9,711.82)	(40.34)
Marketing Expenses								

GRIDLEY SPRINGS 1

Budget Comparison

April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
6210 - Advertising and Marketing	0.00	8.00	8.00	100.00	0.00	32.00	32.00	100.00
Total Marketing Expenses	0.00	8.00	8.00	100.00	0.00	32.00	32.00	100.00
Utilities								
6450 - Electricity	648.42	425.00	(223.42)	(52.56)	4,392.06	1,700.00	(2,692.06)	(158.35)
6451 - Water	739.00	406.00	(333.00)	(82.01)	1,084.00	1,624.00	540.00	33.25
6452 - Gas	0.00	121.00	121.00	100.00	612.92	484.00	(128.92)	(26.63)
6453 - Sewer	1,107.81	1,117.00	9.19	0.82	4,909.57	4,468.00	(441.57)	(9.88)
Total Utilities	2,495.23	2,069.00	(426.23)	(20.60)	10,998.55	8,276.00	(2,722.55)	(32.89)
Operating & Maintenance Expenses								
6512 - Maintenance Salaries	3,216.80	2,483.00	(733.80)	(29.55)	9,902.52	9,932.00	29.48	0.29
6515 - Supplies - Maint. & Repairs	0.00	0.00	0.00	0.00	132.81	0.00	(132.81)	(100.00)
6517 - Cleaning Contracts (Units)	0.00	0.00	0.00	0.00	288.50	0.00	(288.50)	(100.00)
6519 - Pest Control	0.00	0.00	0.00	0.00	100.00	0.00	(100.00)	(100.00)
6525 - Garbage & Trash Removal	598.08	718.00	119.92	16.70	2,392.32	2,872.00	479.68	16.70
6536 - Grounds Supplies	0.00	417.00	417.00	100.00	0.00	1,668.00	1,668.00	100.00
6537 - Grounds Contracts	0.00	1,355.00	1,355.00	100.00	2,000.00	5,420.00	3,420.00	63.09
6538 - Services Contracts	2,900.00	663.00	(2,237.00)	(337.40)	3,380.00	2,652.00	(728.00)	(27.45)
6540 - Repair Materials	0.00	604.00	604.00	100.00	510.21	2,416.00	1,905.79	78.88
6541 - Repairs - Appliances	133.00	0.00	(133.00)	(100.00)	397.99	0.00	(397.99)	(100.00)
6542 - Repairs - Electrical	0.00	0.00	0.00	0.00	587.50	0.00	(587.50)	(100.00)
6543 - Repairs - Plumbing	0.00	0.00	0.00	0.00	2,094.68	0.00	(2,094.68)	(100.00)
6561 - Painting Supplies	0.00	446.00	446.00	100.00	61.46	1,784.00	1,722.54	96.55
Total Operating & Maintenance Expenses	6,847.88	6,686.00	(161.88)	(2.42)	21,847.99	26,744.00	4,896.01	18.30
Taxes & Insurance								
6710 - Real Estate Taxes	729.50	940.00	210.50	22.39	729.50	940.00	210.50	22.39
6711 - Payroll Taxes	441.18	495.00	53.82	10.87	1,949.15	1,980.00	30.85	1.55
6720 - Property & Liability Insurance (Hazard)	0.00	2,084.00	2,084.00	100.00	0.00	8,336.00	8,336.00	100.00
6722 - Workers Compensation Ins	460.94	213.00	(247.94)	(116.40)	1,525.72	846.00	(679.72)	(80.34)
6723 - Health Insurance and Other Employee Benefits	1,183.33	200.00	(983.33)	(491.66)	4,244.95	800.00	(3,444.95)	(430.61)
6790 - Miscellaneous Taxes / Licenses / Permits / Insurance	0.00	150.00	150.00	100.00	0.00	600.00	600.00	100.00
Total Taxes & Insurance	2,814.95	4,082.00	1,267.05	31.03	8,449.32	13,502.00	5,052.68	37.42
Total Operating Expenses	17,860.13	18,863.00	1,002.87	5.31	75,079.68	72,626.00	(2,453.68)	(3.37)
Net Operating Income (Loss)	7,624.44	7,602.00	22.44	0.29	18,230.87	33,234.00	(15,003.13)	(45.14)
Non-Operating Expenses								
Capital Expenditures								
7368 - Office Equipment	429.00	0.00	(429.00)	(100.00)	429.00	0.00	(429.00)	(100.00)
Total Capital Expenditures	429.00	0.00	(429.00)	(100.00)	429.00	0.00	(429.00)	(100.00)

GRIDLEY SPRINGS 1
Budget Comparison
 April 30, 2024

	Month Ending 04/30/2024				Year to Date 04/30/2024			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Debt Services								
6820 - Interest on Mortgage Payable - 1st	1,226.05	2,352.00	1,125.95	47.87	4,916.77	9,408.00	4,491.23	47.73
6860 - General Partner Fee	0.00	2,700.00	2,700.00	100.00	0.00	10,800.00	10,800.00	100.00
Total Debt Services	1,226.05	5,052.00	3,825.95	75.73	4,916.77	20,208.00	15,291.23	75.66
Total Non-Operating Expenses	1,655.05	5,052.00	3,396.95	67.23	5,345.77	20,208.00	14,862.23	73.54
Net Income (Loss)	5,969.39	2,550.00	3,419.39	134.09	12,885.10	13,026.00	(140.90)	(1.08)

May 9, 2024

MEMO

To: BCAHDC Board of Directors
From: Hope Stone, CFO
Ed Mayer, President
Subject: Agenda Items 5.1-5.6 – CY 2023 Property Audits

The following 2023 Audit Reports have been reviewed and provided for the Board acceptance. There were no questioned costs, expenses, concerns or findings.

1200 Park Avenue
Chico Harvest Part, LP
Chico North Creek, LP
Chico North Creek II, LP
Gridley Springs I
Walker Commons

Recommendation: Motion to approve All 2023 Property Audit Reports

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

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

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

COMPARATIVE FINANCIAL REPORT

DECEMBER 31, 2023 and 2022

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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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P. ("the Partnership"), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

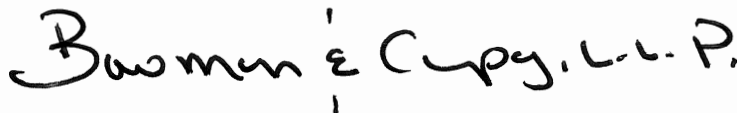
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information to the financial statements as referenced in the table of contents, and as required by the *United States Department of Agriculture Rural Development*, 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 supplementary 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 01, 2024, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance.



Stockton, California
March 01, 2024

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

BALANCE SHEETS
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,218	\$ 31,771
Accounts receivable - tenant	4,744	5,273
Accounts receivable - other	6,251	3,957
Prepaid expenses	8,360	8,360
Tax and insurance impounds	23,087	15,439
Total current assets	<u>67,660</u>	<u>64,800</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Guarantee fee reserve	1,617	1,640
Partnership cash	10,225	40,225
Rental security deposits	18,278	17,783
Replacement reserve	329,848	323,659
Transition reserve	80,821	1,707
Operating deficit reserve	118,447	3,343
	<u>559,236</u>	<u>388,357</u>
PROPERTY AND EQUIPMENT, at cost		
Land	149,957	149,957
Building and improvements	3,137,787	3,137,787
Site improvements	171,204	165,810
Personal property	381,682	381,682
	<u>3,840,630</u>	<u>3,835,236</u>
Less accumulated depreciation	<u>(1,287,583)</u>	<u>(1,196,536)</u>
	<u>2,553,047</u>	<u>2,638,700</u>
OTHER ASSETS		
Investments - transition reserve	9,843	84,498
Investments - operating deficit reserve	9,850	119,007
Tax credit fees, net of accumulated amortization of \$13,419 and \$12,077 in 2023 and 2022, respectively	6,710	8,052
Total other assets	<u>26,403</u>	<u>211,557</u>
Total assets	<u>\$ 3,206,346</u>	<u>\$ 3,303,414</u>

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

BALANCE SHEETS (Cont.)
December 31, 2023 and 2022

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)	2023	2022
CURRENT LIABILITIES		
Accrued interest payable, current portion	\$ 4,014	\$ 4,014
Partnership fees payable	9,662	20,173
Prepaid rent	316	100
Note payable, USDA Rural Development, current portion	12,978	12,580
Note payable, Bonneville, current portion	4,621	4,411
Total current liabilities	31,591	41,278
 DEPOSIT LIABILITIES		
Tenant security deposits	18,278	17,025
 LONG-TERM LIABILITIES		
Note payable, Bonneville, less current portion	312,914	317,536
Less unamortized debt issuance cost	(52,227)	(53,894)
	260,687	263,642
 Note payable, USDA Rural Development, less current portion	 982,131	 995,108
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	548,600	486,200
	3,871,418	3,824,950
 Total liabilities	 3,921,287	 3,883,253
 PARTNERS' EQUITY (DEFICIT)		
	(714,941)	(579,839)
 Total liabilities and partners' equity (deficit)	 \$ 3,206,346	 \$ 3,303,414

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

STATEMENTS OF INCOME
Years Ended December 31, 2023 and 2022

	2023	2022
REVENUE		
Tenant rental income	\$ 121,703	\$ 107,513
Rental assistance - USDA Rural Development	172,883	179,839
Laundry income	4,174	4,399
Interest income	1,303	1,335
Tenant charges	1,837	1,037
Total revenue	301,900	294,123
 OPERATING AND MAINTENANCE EXPENSES		
Maintenance and repairs payroll	28,580	22,855
Maintenance and repairs supply	9,766	6,018
Maintenance and repairs contract	9,172	8,347
Painting and decorating	8,876	3,235
Grounds	14,256	14,834
Services	2,000	1,500
Furniture and furnishings replacement	8,457	4,890
	81,107	61,679
 Electricity	5,435	8,630
Water	4,527	4,080
Sewer	12,383	12,654
Gas	1,466	1,774
Garbage and trash removal	7,949	7,371
	31,760	34,509
 Site management payroll	30,730	27,038
Management fee	27,010	26,936
Project auditing expense	8,750	7,750
Project bookkeeping and accounting	-	750
Legal	818	425
Telephone and answering service	1,009	1,610
Office supplies	3,004	2,236
Health insurance and other employee benefits	2,177	2,793
Payroll taxes	5,736	5,335
Workers' compensation insurance	2,518	3,779
Other administrative expenses	5,413	6,506
	87,165	85,158

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

STATEMENTS OF INCOME (Cont.)
Years Ended December 31, 2023 and 2022

	2023	2022
Real estate taxes	729	1,438
Other taxes licenses and permits	1,600	1,600
Property and liability insurance	19,611	17,724
	21,940	20,762
 Total operating and maintenance expenses	 221,972	 202,108
 OTHER EXPENSES		
Unrealized (gain) loss on investments	(10,240)	1,961
USDA Rural Development authorized expenditures - repairs and replacements	11,595	5,134
Depreciation	91,047	91,047
Amortization	1,342	1,342
Interest expense - mortgage payable	92,922	93,508
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	6,398	2,788
USDA guarantee fees	1,610	1,631
Non-project expense - partnership fees	16,086	45,681
Total other expenses	212,427	244,759
 Total expenses	 434,399	 446,867
 Net loss	 \$ (132,499)	 \$ (152,744)

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

STATEMENT OF PARTNERS' EQUITY (DEFICIT)
Years Ended December 31, 2023 and 2022

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2021	\$ 36	\$ (69)	\$ (33)	\$(424,195)	\$(424,261)
Distributions	--	--	--	(2,834)	(2,834)
Net loss	(2)	(14)	(15)	(152,713)	(152,744)
Balance, December 31, 2022	34	(83)	(48)	(579,742)	(579,839)
Distributions	--	--	--	(2,603)	(2,603)
Net loss	(1)	(12)	(13)	(132,473)	(132,499)
Balance, December 31, 2023	\$ 33	\$ (95)	\$ (61)	\$(714,818)	\$(714,941)

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (132,499)	\$ (152,744)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	92,389	92,389
Amortization of debt issuance cost	1,667	1,667
Unrealized (gain) loss on investments	(10,239)	1,961
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenant	529	1,089
Accounts receivable - other	(2,294)	223
Prepaid expenses	--	4,696
Increase (decrease) in:		
Accrued interest payable	62,400	62,400
Partnership fees payable	(10,511)	13,897
Tenant security deposits	1,253	299
Prepaid rent	216	100
Net cash provided by (used in) operating activities	2,911	25,977
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	567,000	175,000
Purchase of investments	(372,949)	(360,148)
Acquisition of property and equipment	(5,394)	--
Net cash provided by (used in) investing activities	188,657	(185,148)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(16,991)	(16,404)
Payment of developer fee payable	--	(12,040)
Partners distribution	(2,603)	(2,834)
Net cash provided by (used in) financing activities	(19,594)	(31,278)
Increase (decrease) in cash, cash equivalents and restricted cash	171,974	(190,449)
Cash, cash equivalents and restricted cash		
Beginning	435,567	626,016
Ending	\$ 607,541	\$ 435,567
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 30,522	\$ 31,108

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

STATEMENTS OF CASH FLOWS (Cont.)
Years Ended December 31, 2023 and 2022

	2023	2022
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 25,218	\$ 31,771
Tax and insurance impounds	23,087	15,439
Guarantee fee reserve	1,617	1,640
Partnership cash	10,225	40,225
Rental security deposits	18,278	17,783
Replacement reserve	329,848	323,659
Transition reserve	80,821	1,707
Operating deficit reserve	118,447	3,343
	\$ 607,541	\$ 435,567

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. 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.)

Cash, cash equivalents and restricted cash:

For purposes of reporting the statements of cash flows, the Partnership includes all cash, cash equivalents and restricted cash accounts as cash.

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership believes it is not expected to any significant credit risk on cash.

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. The operating deficit reserve has been 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. The transition reserve has been fully funded.

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. Subsidy income is considered part of the lease and is not considered a contribution as government payments to specifically identified participants are considered exchange transactions. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

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.)

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.

Property and equipment:

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.

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, 2023 and 2022, 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.

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.)

Investments:

The Partnership carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value. Unrealized gains and losses are included in the accompanying statements of income.

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.

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 01, 2024, the date on which the financial statements were available to be issued and determined no events or transactions have occurred that require recognition or disclosure in the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022 was \$15,645 and \$16,031, respectively. For years ending December 31, 2023 and 2022, accrued interest was \$2,749.

The future amounts of principal payments under this mortgage note at December 31, 2023 were as follows:

2024	\$	12,978
2025		13,390
2026		13,815
2027		14,252
2028		14,704
Thereafter		925,970
		\$ 995,109

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. As of December 31, 2023 and 2022, principal due on the note was \$317,535 and \$321,947, respectively. For years ending December 31, 2023 and 2022, interest on the note was \$14,877 and \$15,077, respectively. For years ending December 31, 2023 and 2022, accrued interest was \$1,265.

As of December 31, 2023 and 2022, debt issuance costs, net of accumulated amortization of \$14,448 and \$12,781, respectively, are amortized using the straight-line method.

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 (Cont.)

The future amounts of principal payments under this mortgage note at December 31, 2023 were as follows:

2024	\$	4,621
2025		4,840
2026		5,070
2027		5,311
2028		5,563
Thereafter		292,130
	<u>\$</u>	<u>317,535</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, 2023 and 2022, the outstanding principal was \$2,080,000. For years ending December 31, 2023 and 2022, accrued interest was \$548,600 and \$486,200, respectively.

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, 2023 and 2022, \$3,262 and \$3,167 was earned, respectively. As of December 31, 2023 and 2022, \$3,262 and \$3,167 was payable, 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 (Cont.)

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, 2023 and 2022, \$3,200 and \$3,200, was earned, respectively. As of December 31, 2023 and 2022, \$6,400 and \$3,200 was payable, respectively.

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, 2023 and 2022, the Administrative General Partners incurred an incentive management fee of \$4,812 and \$19,657, which includes \$12,754 of prior period fees earned, respectively. As of December 31, 2023 and 2022, \$0 and \$6,903 was payable, respectively.

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, 2023 and 2022, the Administrative General Partners incurred a tax credit compliance fee of \$4,812 and \$19,657, which includes \$12,754 of prior period fees earned, respectively. As of December 31, 2023 and 2022, \$0 and \$6,903 was payable, respectively.

Note 6. Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
(A California Limited Partnership)
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NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Cont.)

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Partnership’s own assumptions in determining fair value investments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the cash and cash equivalents and investments are deemed to be Level 1 within the valuation hierarchy.

Note 7. Investments

The Partnership holds investments consisting of the following at December 31:

	2023		2022	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash	\$ 199,268	\$ 199,268	\$ --	\$ --
Fixed income investments	--	--	184,894	186,346
Equity mutual funds	24,087	19,693	23,338	17,159
	\$ 223,355	\$ 218,961	\$ 208,232	\$ 203,505

The following schedule summarizes the investment returns and its classification in the statements of income for the year ended December 31:

	2023	2022
Interest income	\$ 167	\$ 1,255
Unrealized gain (loss) on investments	\$ 10,240	\$ (1,961)

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

NOTES TO FINANCIAL STATEMENTS

Note 8. 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, 2023 the Partnership had generated full amount of Tax Credits.

Note 9. Return to Owner

In accordance with Loan Agreement, the maximum annual return to owner allowable by RD for the Partnership is \$32,400.

Note 10. 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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

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, 2023, 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 01, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on 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 or significant deficiencies may exist that have not been identified.

Established 1949
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Bowman & Company, LLP
10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burman & Cury, L.L.P.

Stockton, California
March 01, 2024



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR RD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF RD PROGRAMS

To the Partners of
DHI-DFA Gridley Springs Associates, L.P.
(A California Limited Partnership)
DBA Gridley Springs Apartments

Report on Compliance for Each Major RD Program

Opinion on Each Major RD Program

We have audited DHI-DFA Gridley Springs Associates, L.P.'s (the "Partnership") compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of RD Programs* (the Guide) that could have a direct and material effect on the Partnership's major U.S. Department of Rural Development (RD) program for the year ended December 31, 2023. The Partnership's major RD program and the related direct and material compliance requirements are as follows:

Name of Major RD Program	Direct and Material Compliance Requirements
Section 515 Rural Rental Housing Loan	Mortgage status, replacement reserve, return on investment or return to owner, equity skimming, cash receipts, cash disbursements, tenant security deposits, management functions, unauthorized change of ownership/acquisition of liabilities and unauthorized loans of project funds.

In our opinion, the Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major RD program for the year ended December 31, 2023.

Basis for Opinion on Each Major RD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence provides a reasonable basis for our opinion on compliance for its major RD program. Our audit does not provide a legal determination of the Partnership's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major RD program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Partnership's compliance with the requirements of its major RD program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

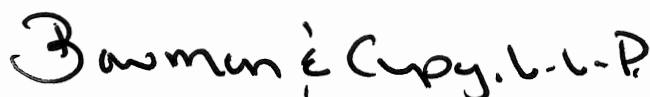
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Stockton, California
March 01, 2024



**SUPPLEMENTARY INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

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

**SUPPLEMENTARY INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

December 31, 2023
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	7
Total occupied units	365
	X
Fee per unit (Effective 01/23)	\$ 74
Management fee expense	\$ 27,010

B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	Deductible	Coverage
Property coverage on buildings*	\$ 25,000	\$ 404,778,658
Comprehensive business liability (per occurrence/aggregate)	\$ --	1,000,000 / \$ 2,000,000
Fidelity/employee dishonesty	\$ --	\$ 500,000

*Blanket coverage

C. Return to Owner

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

Maximum Return to Owner	\$ 32,400
Budgeted Return to Owner	\$ 32,400
Return to Owner Paid:	\$ 29,200

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

SUPPLEMENTARY INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2023
See Auditors' Report

D. Schedule of Changes in Fixed Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 149,957	\$ --	\$ --	\$ 149,957
Building and improvements	3,137,787	--	--	3,137,787
Site improvements	165,810	5,394	--	171,204
Personal property	381,682	--	--	381,682
Total fixed assets	<u>\$ 3,835,236</u>	<u>\$ 5,394</u>	<u>\$ --</u>	<u>\$ 3,840,630</u>
Accumulated depreciation				
Building and improvements	\$ 720,788	\$ 78,445	\$ --	\$ 799,233
Site improvements	99,486	11,054	--	110,540
Personal property	376,262	1,548	--	377,810
Total accumulated depreciation	<u>\$ 1,196,536</u>	<u>\$ 91,047</u>	<u>\$ --</u>	<u>\$ 1,287,583</u>

Fixed asset additions for the year ended December 31, 2023

Flooring \$5,394

Fixed asset disposals for the year ended December 31, 2023

None

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

SUPPLEMENTARY INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2023
See Auditors' Report

1. Reconcile the reserve account:

Required reserve balance, December 31, 2022	(1)	\$ 239,936
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2)	<u>20,378</u>
Actual 2023 reserve account deposit		<u>17,784</u>

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

Purpose	Date	Amount	Regular or Excess	USDA Authorized
1. Flooring	09/20/23	\$ 5,280	Regular	Yes
2. Water heater	09/20/23	2,180	Regular	Yes
3. Asphalt repairs	09/20/23	3,157	Regular	Yes
4. Appliances	09/20/23	549	Regular	Yes
5. Plumbing repairs	09/20/23	429	Regular	Yes

* denotes capitalized items

Total all authorized <u>regular</u> reserve withdrawals	(3)	<u>11,595</u>
Total all authorized <u>excess</u> reserve withdrawals		<u>--</u>
Total all unauthorized reserve withdrawals		<u>--</u>
Required reserve balance, December 31, 2023 (1) + (2) - (3) = (4)	(4)	<u>248,719</u>
Confirmed balance, December 31, 2023		<u>329,848</u>
Amount account over (under) funded		<u><u>\$ 81,129</u></u>

2. Return on investment (ROI) calculation:

Net cash/deficit (Part I, Line 30)		\$ (27,171)
Add: Return to owner, paid this year for prior year(s)		29,200
Add: Reserve deposits over (under) required in the USDA loan agreement		<u>(2,594)</u>
Net cash/deficit, earned from current year's operation	*	<u><u>\$ (565)</u></u>
Maximum annual allowable distribution		<u><u>\$ 32,400</u></u>

Project did not earn ROI for the period ending December 31, 2023

* \$32,400 will be requested from excess reserves in 2024 to pay a full RTO.

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

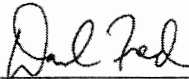
PROJECT NAME Gridley Springs Apartments	BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.	BORROWER ID AND PROJECT NO. Case No. 04-04-111739358
---	--	--

	CURRENT YEAR <i>1/1/23</i> <i>12/31/23</i>	PRIOR YEAR <i>1/1/22</i> <i>12/31/22</i>	COMMENTS
<u>ASSETS</u>			
CURRENT ASSETS			
1. GENERAL OPERATING ACCOUNT.....	\$ 25,218	\$ 31,771	
2. R.E. TAX & INSURANCE ACCOUNT	23,087	15,439	
3. RESERVE ACCOUNT	329,848	323,659	
4. SECURITY DEPOSIT ACCOUNT	18,278	17,783	
5. OTHER CASH	0	0	
6. OTHER (identify) Deposits	0	0	
7. ACCOUNTS RECEIVABLE AR USDA; AR tenants; AR other	10,995	9,230	
...ACCTS RCBL 0-30 DAYS \$ 681			
...ACCTS RCBL 30-60 DAYS \$ 10,314			
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....	0	0	
9. INVENTORIES (supplies).....	0	0	
10. PREPAYMENTS.....	8,360	8,360	
11. OTHER - PARTNERSHIP CASH	211,110	46,915	
12. TOTAL CURRENT ASSETS (Add 1 thru 11)	626,896	453,157	
FIXED ASSETS			
13. LAND	149,957	149,957	
14. BUILDINGS	3,308,991	3,303,597	
15. LESS: ACCUMULATED DEPRECIATION	(909,773)	(820,274)	
16. FURNITURE & EQUIPMENT	381,682	381,682	
17. LESS: ACCUMULATED DEPRECIATION.....	(377,810)	(376,262)	
18.	0	0	
19. TOTAL FIXED ASSETS (Add 13 thru 18)	2,553,047	2,638,700	
OTHER ASSETS			
20. TAX CREDIT FEES, NET AND INVESTMENTS	26,403	211,557	
21. TOTAL ASSETS (Add 12, 19, and 20)	3,206,346	3,303,414	
<u>LIABILITIES AND OWNERS EQUITY</u>			
CURRENT LIABILITIES			
22. ACCOUNTS PAYABLE (Attach list)	0	0	
...ACCTS PAY 0-30 DAYS \$ 0			
...ACCTS PAY 30-60 DAYS \$			
23. NOTES PAYABLE P'ship fees pay'l; acc'd int pay'l - current; NP USDA - current; ppd rent; NP Bonn - current	31,591	41,278	
24. SECURITY DEPOSITS	18,278	17,025	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24)	49,869	58,303	
26. NOTES PAYABLE Rural Development	982,131	995,108	
27. OTHER NP Bonn less unamort debt issuance costs; NP City of Gridley; acc'd int pay'l	2,889,287	2,829,842	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	3,871,418	3,824,950	
29. TOTAL LIABILITIES (Add 25 and 28)	3,921,287	3,883,253	
30. OWNER'S EQUITY (Net Worth)(21 minus 29)	(714,941)	(579,839)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	\$ 3,206,346	\$ 3,303,414	

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.

2/22/2024
(Date)


(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Co-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 type="checkbox"/> Regular Report <input checked="" 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 <u>0</u> units of RA. Current number of RA units <u>28</u> . Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
BEGINNING DATES>	(01/01/23)	(01/01/23)	()	
ENDING DATES>	(12/31/23)	(12/31/23)	()	
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME.....	301,260	121,703	0	
2. RHS RENTAL ASSISTANCE RECEIVED.....		172,883		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	4,685	4,174	0	
5. INTEREST INCOME.....	85	1,303	0	
6. TENANT CHARGES.....	150	1,837	0	
7. OTHER - PROJECT SOURCES.....	0	0	0	
8. LESS (Vacancy and Contingency Allowance).....	(5,811)		(0)	
9. LESS (Agency Approved Incentive Allowance).....	(0)		(0)	
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	300,369	301,900	0	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	12,990	11,595	0	
14. SUB-TOTAL (11 thru 13).....	12,990	11,595	0	
15. TOTAL CASH SOURCES (10+14).....	313,359	313,495	0	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II).....	194,016	226,566	0	
17. RHS DEBT PAYMENT.....	28,224	28,224	0	
18. RHS PAYMENT (Overage).....		6,398		
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	17,784	0	
23. RETURN TO OWNER.....	32,400	29,200	0	
24. SUB-TOTAL (16 thru 23).....	275,018	308,172	0	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	19,289	19,289	0	
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6).....	12,990	11,595	0	
27. MISCELLANEOUS.....	0	1,610	0	Guarantee fee
28. SUB-TOTAL (25 thru 27).....	32,279	32,494	0	
29. TOTAL CASH USES (24+28).....	307,297	340,666	0	
30. NET CASH (DEFICIT) (15-29).....	6,062	(27,171)	0	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	0	47,210	0	
32. ACCRUAL TO CASH ADJUSTMENT.....		28,266		
33. ENDING CASH BALANCE (30+31+32).....	6,062	48,305	0	

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.....	27,331	28,580	0	
2. MAINTENANCE & REPAIRS SUPPLY	3,650	9,766	0	
3. MAINTENANCE & REPAIRS CONTRACT	2,800	9,172	0	
4. PAINTING AND DECORATING	1,100	8,876	0	
5. SNOW REMOVAL	0	0	0	
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	
7. GROUNDS	16,254	14,256	0	
8. SERVICES	2,500	2,000	0	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0	13,851	0	
10. OTHER OPERATING EXPENSES(Itemize)	0	0	0	
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	53,635	86,501	0	
12. ELECTRICITY	9,400	5,435	0	
13. WATER	5,272	4,527	0	
14. SEWER	8,156	12,383	0	
15. FUEL (Oil/Coal/Gas).....	450	1,466	0	
16. GARBAGE & TRASH REMOVAL.....	7,484	7,949	0	
17. OTHER UTILITIES	0	0	0	
18. SUB-TOTAL UTILITIES (12 thru 17)	30,762	31,760	0	
19. SITE MANAGEMENT PAYROLL	27,331	30,730	0	
20. MANAGEMENT FEE	27,528	27,010	0	
21. PROJECT AUDITING EXPENSE	6,000	8,750	0	
22. PROJECT BOOKKEEPING/ACCOUNTING	0	0	0	
23. LEGAL EXPENSES	1,100	818	0	
24. ADVERTISING	99	0	0	
25. TELEPHONE & ANSWERING SERVICE	800	1,009	0	
26. OFFICE SUPPLIES	1,000	3,004	0	
27. OFFICE FURNITURE & EQUIPMENT	100	0	0	
28. TRAINING EXPENSE	1,000	0	0	
29. HEALTH INS. & OTHER EMP. BENEFITS	4,060	2,177	0	
30. PAYROLL TAXES	4,805	5,736	0	
31. WORKMAN'S COMPENSATION	2,652	2,518	0	
32. OTHER ADMINISTRATIVE EXPENSES(Itemize).....	0	5,413	0	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	76,475	87,165	0	
34. REAL ESTATE TAXES	1,899	729	0	
35. SPECIAL ASSESSMENTS	0	0	0	
36. OTHER TAXES, LICENSES & PERMITS	10,200	800	0	
37. PROPERTY & LIABILITY INSURANCE	21,045	19,611	0	
38. FIDELITY COVERAGE INSURANCE	0	0	0	
39. OTHER INSURANCE	0	0	0	
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	33,144	21,140	0	
41. TOTAL O&M EXPENSES (11+18+33+40).....	194,016	226,566	0	

PART III - ACCOUNT BUDGETING / STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	97,122	323,659	0	
2. TRANSFER TO RESERVE	20,378	17,784	0	
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT	0	0	0	
4. ANNUAL CAPITAL BUDGET.....	12,990	11,595	0	
5. BUILDING & EQUIPMENT REPAIRS.....	0	0	0	
6. OTHER NON-OPERATING EXPENSES	0	0	0	
7. TOTAL (3 thru 6)	(12,990)	(11,595)	(0)	
8. ENDING BALANCE [(1+2)-7]	104,510	329,848	0	

GENERAL OPERATING ACCOUNT: *

BEGINNING BALANCE.....	a	31,771	Beginning
ENDING BALANCE.....	b	25,218	47,210

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE.....	c	15,439	Ending
ENDING BALANCE.....	d	23,087	48,305

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE.....	17,783
ENDING BALANCE.....	18,278

(* Complete upon submission of actual expenses.)

Part II, Line 32, Itemization	Actual
Admin expense/office personnel	\$ 2,144
IT support services	2,052
Bank fees	428
Dues and subscriptions	358
Credit check	288
Education/registration fees	143
	<u>\$ 5,413</u>

PART V - ANNUAL CAPITAL BUDGET

Gridley Springs Apartments

	Proposed # of units/ items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total
Appliances:						
Range	2	1,000	549	0	892	1,441
Refrigerator	2	1,000	0	0	0	0
Range Hood	2	440	0	0	0	0
Other	0	0	0	0	0	0
Carpet and Vinyl:						
1 BR	1	2,950	3,595	0	0	3,595
2 BR	1	3,650	1,685	0	4,540	6,225
3 BR	1	3,950	0	0	5,394	5,394
Cabinets:						
Kitchens	0	0	0	0	0	0
Bathroom	0	0	0	0	0	0
Doors:						
Exterior	0	0	0	0	0	0
Interior	0	0	0	0	0	0
Window Coverings:						
Blinds	0	0	0	0	0	0
Heating and Air Conditioning:						
Heating	0	0	0	0	0	0
Air conditioning	0	0	0	0	0	0
Plumbing:						
Water Heater	0	0	2,180	0	0	2,180
Bath Sinks	0	0	0	0	0	0
Kitchen Sinks	0	0	429	0	0	429
Tub	0	0	0	0	0	0
Other	0	0	0	0	0	0
Major Electrical:						
Lighting	0	0	0	0	0	0
Structures:						
Windows	0	0	0	0	0	0
Screens	0	0	0	0	0	0
Walls	0	0	0	0	0	0
Roofing	0	0	0	0	0	0
Exterior Painting	0	0	0	0	0	0
Other	0	0	0	0	0	0
Paving:						
Asphalt	0	0	3,157	0	0	3,157
Concrete	0	0	0	0	0	0
Seal and Stripe	0	0	0	0	0	0
Landscape and grounds:						
Landscaping	0	0	0	0	0	0
Lawn Equipment	0	0	0	0	0	0
Fencing	0	0	0	0	0	0
Recreation area	0	0	0	0	0	0
Other: signs	0	0	0	0	0	0
Accessibility Features:						
ADA inspection	0	0	0	0	3,025	3,025
Automation equipment:						
Site management	0	0	0	0	0	0
Common area	0	0	0	0	0	0
Other:						
List: _____	0	0	0	0	0	0
List: _____	0	0	0	0	0	0
List: _____	0	0	0	0	0	0
TOTAL CAPITAL EXPENSES:	9	12,990	11,595	0	13,851	25,446

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.

2/22/2024

(Date)



(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as co-Administrative 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

See Auditors' Report

For the year ended December 31, 2023:

There were no findings or questioned costs for the year ended December 31, 2023.

For the year ended December 31, 2022:

There were no findings or questioned costs for the year ended December 31, 2022.

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

SCHEDULE OF LEAD AUDITOR

See Auditors' Report

Auditor Information:	Bowman and Company, LLP 10100 Trinity Parkway Suite 310 Stockton, CA 95219
Phone Number:	(209) 473-1040
Fax Number:	(209) 473-9771
Auditor Contact:	Tobbie J. Wells, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	Twells@cpabowman.com

Chico Harvest Park, L.P.

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

December 31, 2023 and 2022

Chico Harvest Park, L.P.

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Independent Auditor's Report

To the Administrative General Partner
Chico Harvest Park, L.P.

Opinion

We have audited the financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico Harvest Park, L.P. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Harvest Park, L.P. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Harvest Park, L.P.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico Harvest Park, L.P.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Harvest Park, L.P.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of certain income and expenses are presented for purposes of additional analysis and are 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.

CohnReznick LLP

Sacramento, California
March 21, 2024

Chico Harvest Park, L.P.

**Balance Sheets
December 31, 2023 and 2022**

Assets

	2023	2022
Investment in rental property, net	\$ 11,104,465	\$ 11,519,520
Cash	205,096	271,171
Restricted deposits and funded reserves		
Escrows	55,117	49,539
Tenants' security deposits	60,463	55,250
Replacement reserve	272,541	244,159
Operating reserve	250,586	250,000
Other reserves	105,602	98,262
	744,309	697,210
Tenants' accounts receivable, net	21,276	25,447
Prepaid expenses	16,249	15,028
Tax credit monitoring fees, net	14,899	17,881
	Total assets	Total assets
	\$ 12,106,294	\$ 12,546,257

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 18,375	\$ 17,719
Accrued property management fees	3,244	3,764
Other accrued liabilities	21,895	19,757
Accrued interest - first mortgage	67,090	67,246
Accrued interest - other loans	1,332,432	1,223,846
Tenants' security deposits liability	58,823	54,363
Payable to general partner and affiliates	12,668	12,299
Annual fee payable to the investor limited partner	10,080	9,785
Mortgages and notes payable, net	13,247,130	13,271,809
Other liabilities - construction	5,950	5,950
	14,777,687	14,686,538
Total liabilities		
Contingency	-	-
Partners' equity (deficit)	(2,671,393)	(2,140,281)
	Total liabilities and partners' equity (deficit)	Total liabilities and partners' equity (deficit)
	\$ 12,106,294	\$ 12,546,257

See Notes to Financial Statements.

Chico Harvest Park, L.P.
Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Rental income	\$ 1,070,750	\$ 1,005,819
Vacancies and concessions	(34,103)	(9,686)
Other operating income	25,008	14,639
Total revenue	1,061,655	1,010,772
Operating expenses		
Salaries and employee benefits	206,149	171,491
Repairs and maintenance	184,601	159,249
Utilities	77,432	95,685
Property management fee	49,022	48,134
Real estate taxes	387	161
Property insurance	39,482	33,693
Miscellaneous operating expenses	130,449	91,558
Total operating expenses	687,522	599,971
Net operating income	374,133	410,801
Other income (expense)		
Interest income	2,759	33
Interest expense - first mortgage	(150,661)	(152,307)
Interest expense - other loans	(193,388)	(192,996)
Other financial income (expense)	(79,905)	(79,115)
Annual fee payable to the investor limited partner	(10,083)	(9,785)
Other related party fees and expenses	(32,668)	(32,299)
Depreciation	(438,317)	(438,317)
Amortization	(2,982)	(2,982)
Total other income (expense)	(905,245)	(907,768)
Net loss	\$ (531,112)	\$ (496,967)

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2023 and 2022**

	<u>Administrative general partner</u>	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2022	\$ (266)	\$ (267)	\$ (1,642,781)	\$ (1,643,314)
Net loss	<u>(25)</u>	<u>(25)</u>	<u>(496,917)</u>	<u>(496,967)</u>
Balance, December 31, 2022	(291)	(292)	(2,139,698)	(2,140,281)
Net loss	<u>(26)</u>	<u>(27)</u>	<u>(531,059)</u>	<u>(531,112)</u>
Balance, December 31, 2023	<u>\$ (317)</u>	<u>\$ (319)</u>	<u>\$ (2,670,757)</u>	<u>\$ (2,671,393)</u>
Partners' percentage of partnership losses	<u>0.005%</u>	<u>0.005%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Net loss	\$ (531,112)	\$ (496,967)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	438,317	438,317
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	23,198
Bad debt	55,899	27,456
Changes in		
Tenants' accounts receivable	(51,728)	(22,631)
Prepaid expenses	(1,221)	(7,353)
Other assets	-	2,000
Accounts payable - operations	656	7,034
Accrued property management fees	(520)	(203)
Prepaid rent	2,138	(6,242)
Accrued interest - first mortgage	(156)	(119)
Accrued interest - other loans	125,709	82,523
Tenants' security deposits liability	4,460	(2,912)
Payable to general partner and affiliates	369	(19,642)
Annual fee payable to investor limited partner	295	285
	<u>69,286</u>	<u>27,726</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Expenditures on rental property paid	(23,262)	(4,854)
Deposits to replacement reserve	(28,382)	(28,023)
Change in other reserves	(7,340)	-
Change in escrows	(5,578)	(3,494)
	<u>(64,562)</u>	<u>(36,371)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payments of mortgage note payable	(65,000)	(60,000)
	<u>(65,000)</u>	<u>(60,000)</u>
Net cash used in financing activities		
Net decrease in cash and restricted cash	(60,276)	(68,645)
Cash and restricted cash, beginning	576,421	645,066
Cash and restricted cash, end	<u>\$ 516,145</u>	<u>\$ 576,421</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 195,298</u>	<u>\$ 239,701</u>
Supplemental schedule of noncash investing and financing activities		
Accrued interest converted to loan principal	<u>\$ 17,123</u>	<u>\$ 16,736</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

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, 2023 and 2022, the allowance for doubtful accounts was \$36,341 and \$28,526, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

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:

Building and improvements	40 years
Land improvements	15 years
Building equipment	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, 2023 and 2022.

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, 2023 and 2022, accumulated amortization was \$29,828 and \$26,846, respectively.

Estimated amortization expense for each of the next five years following December 31, 2023 is \$2,982 per year for 2024 through 2027 and \$2,971 for 2028.

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 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

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

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 2020 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:

	2023	2022
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,132,580	2,110,048
Buildings and improvements	11,974,275	11,974,275
Furniture and equipment	1,295,600	1,294,870
Subtotal	16,778,089	16,754,827
Accumulated depreciation	(5,673,624)	(5,235,307)
Net	<u>\$ 11,104,465</u>	<u>\$ 11,519,520</u>

Note 4 - Restricted deposits and funded reserves

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, 2023 and 2022, the balance in the replacement reserve account is \$272,541 and \$244,159, respectively. The replacement reserve activity is as follows:

	2023	2022
Balance, January 1	\$ 244,159	\$ 216,136
Deposits	27,990	27,990
Interest earnings	392	33
Balance, December 31	<u>\$ 272,541</u>	<u>\$ 244,159</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 amount of \$250,000. As of December 31, 2023 and 2022, the balance in the operating reserve is \$250,586 and \$250,000, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

Other reserves

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

	<u>2023</u>	<u>2022</u>
Interest account	\$ 61,066	\$ 60,527
Borrower equity account	2,535	2,401
Principal redemption account	29,167	25,000
Fee's account	12,834	10,334
	<u>\$ 105,602</u>	<u>\$ 98,262</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, 2023, all capital contributions from the limited partner have been received.

As of December 31, 2023, all capital contributions from the general partners have been received.

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 incurred 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, 2023 and 2022, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2023 and 2022, no amount is due.

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, 2023 and 2022, \$12,668 and \$12,299, respectively, was incurred. As of December 31, 2023 and 2022, \$12,668 and \$12,299, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

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, 2023 and 2022, \$10,083 and \$9,785, respectively, was incurred and expensed. As of December 31, 2023 and 2022, \$10,080 and \$9,785, 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
13. The balance, 15% to the investor limited partner, 84.995% to the administrative general partner and .005% to the managing general partner.

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2023 and 2022**

The following table presents the cash flow available for distribution for the years ended December 31, 2023 and 2022:

	2023	2022
Net loss	\$ (531,112)	\$ (496,967)
Add back:		
Depreciation and amortization	441,299	441,299
Amortization of debt issuance costs	23,198	23,198
Accrued related party expenses	42,751	42,084
Withdrawals from reserves		
Interest expense - CRA loan	176,000	176,000
Interest expense - HACB	17,388	16,996
Subtract:		
Principal payments - first mortgage	(65,000)	(60,000)
Deposits to reserves	(27,990)	(27,990)
Purchase of fixed assets	(23,262)	(4,854)
	\$ 53,272	\$ 109,766

The cash flow available or distribution above will be paid in accordance with the waterfall distribution priorities noted above as follows:

	2023	2022
LP asset management fee	\$ 10,080	\$ 9,788
MGP partnership management fee	20,000	20,000
AGP partnership management fee	12,668	12,299
Payments of loans		
City of Chico Loan	10,524	67,679
Remaining		
15% distribution to ILP	-	-
Balance to MGP and AGP distribution		
.005% to MGP	-	-
.84.995% to AGP	-	-
	\$ 53,272	\$ 109,766

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, 2023, 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, 2023, no amounts were due under the guaranty.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2023 and 2022

Note 6 - Statements of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash	\$ 205,096	\$ 271,171
Tenants' security deposits	60,463	55,250
Operating reserve	<u>250,586</u>	<u>250,000</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 516,145</u>	<u>\$ 576,421</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the Project and the operating reserve as required by the partnership agreement.

Note 7 - 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 were being paid in biannual monthly installments of interest only until conversion on January 1, 2016, since when they are paid in biannual installments of principal and interest as determined under the debt service payment schedule until the maturity date at which time a balloon payment in the principal amount of \$3,325,000 will be due. For the years ended December 31, 2023 and 2022, interest of \$127,463 and \$129,109, respectively, was incurred and expensed. As of December 31, 2023 and 2022, the outstanding principal was \$3,845,000 and \$3,910,000, respectively, and accrued interest was \$67,090 and \$67,246 at December 31, 2023 and 2022, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$156,238 and \$179,436 as of December 31, 2023 and 2022, respectively, and are related to the first mortgage. During 2023 and 2022, amortization of debt issuance costs of \$23,198 and \$23,198, 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, 2023 and 2022, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2023 and 2022, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$1,320,673 and \$1,212,352 at December 31, 2023 and 2022, respectively.

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022, interest of \$17,388 and \$16,996, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2023 and 2022, the outstanding principal was \$758,368 and \$741,245, respectively, and accrued interest was \$11,759 and \$11,494 at December 31, 2023 and 2022, 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, 2023 are as follows:

	<u>Series 2013 A-1</u>	<u>CRA</u>	<u>HACB</u>	<u>Total</u>
2024	\$ 70,000	\$ -	\$ -	\$ 70,000
2025	70,000	-	-	70,000
2026	80,000	-	-	80,000
2027	80,000	-	-	80,000
2028	85,000	-	-	70,000
Thereafter	<u>3,460,000</u>	<u>8,800,000</u>	<u>758,368</u>	<u>13,018,368</u>
Subtotal	3,845,000	8,800,000	758,368	13,403,368
Less unamortized debt issuance costs	<u>(156,238)</u>	<u>-</u>	<u>-</u>	<u>(156,238)</u>
Total	<u>\$ 3,688,762</u>	<u>\$ 8,800,000</u>	<u>\$ 758,368</u>	<u>\$ 13,247,130</u>

Note 8 - Management agreement

The Project 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, 2023 and 2022, management fees of \$49,022 and \$48,134, respectively, were incurred and expensed.

Note 9 - Economic concentrations

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.

The Partnership received rental assistance payments from local housing agencies on behalf of the tenants. During the years ended December 31, 2023 and 2022, rental assistance payments of \$213,286 and \$270,708, respectively, were received by the Partnership and are included in rental income in the statements of operations.

Chico Harvest Park, L.P.

Notes to Financial Statements
December 31, 2023 and 2022

Note 10 - Contingency

Low-income housing tax credits

The Partnership has been allocated federal low-income housing tax credits by the California Tax Credit Allocation Committee amounting to \$4,972,730. As of December 31, 2023, \$4,962,559 in tax credits has been allocated to the partners. The expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2024	<u>\$ 10,171</u>
	<u><u>\$ 10,171</u></u>

Note 11 - 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, 2023.

Note 12 - 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 March 21, 2024, 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 financial statements.

Supplementary Information

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2023 and 2022**

	2023	2022
Rental income		
Rent revenue - gross potential	\$ 857,464	\$ 735,111
Tenant assistance payments	213,286	270,708
Total rental income	\$ 1,070,750	\$ 1,005,819
Vacancies and concessions		
Apartments vacancies	\$ 34,103	\$ 9,686
Total vacancies and concessions	\$ 34,103	\$ 9,686
Other operating income		
Laundry and vending	\$ 83	\$ -
Cable contract revenue	4,748	4,190
Damages income	12,777	3,954
Late fees	5,050	6,000
Application fees	2,250	245
Miscellaneous other income	100	250
Total other operating income	\$ 25,008	\$ 14,639
Salaries and employee benefits		
Salaries - administrative	\$ 73,011	\$ 59,747
Salaries - maintenance	70,204	70,461
Payroll taxes	10,095	9,786
Health insurance and other benefits	43,000	27,185
Workmen's compensation insurance	9,839	4,312
Total salaries and employee benefits	\$ 206,149	\$ 171,491
Repairs and maintenance		
Exterminating	\$ 8,749	\$ 8,400
Grounds	33,005	37,380
Fire protection	10,864	8,479
Security services/contract	2,194	2,083
Supplies	29,019	22,328
Painting, decorating and cleaning	2,190	-
Pool	4,455	3,669
Repairs and maintenance - other than contracts	15,359	15,999
Repairs and maintenance - contracts	45,845	43,983
Carpeting	32,126	15,931
Miscellaneous maintenance expenses	795	997
Total repairs and maintenance	\$ 184,601	\$ 159,249

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2023 and 2022**

	2023	2022
Utilities		
Electricity	\$ 14,911	\$ 12,886
Sewer	44,226	66,366
Trash removal	15,229	13,997
Gas	3,066	2,436
Total utilities	\$ 77,432	\$ 95,685
Miscellaneous operating expenses		
Office supplies and expense	\$ 11,549	\$ 9,172
Training and travel	4,922	3,216
Telephone and answering service	13,499	12,258
Bad debt expense	55,899	27,456
Other rent expense	1,556	1,041
Miscellaneous administrative	13,314	18,317
Rent free unit	1,804	1,711
Advertising and newspaper	1,849	1,965
Legal	10,837	2,573
Accounting	14,077	12,660
Other taxes, licenses and insurance	1,143	1,189
Total miscellaneous operating expenses	\$ 130,449	\$ 91,558
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	17,388	16,996
Total interest expense - other loans	\$ 193,388	\$ 192,996
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,400)
Credit enhancement, issuer, and servicing fees	(76,505)	(75,715)
Total other financial income (expense)	\$ (79,905)	\$ (79,115)
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	12,668	12,299
Total other related party fees and expenses	\$ 32,668	\$ 32,299

See Independent Auditor's Report.



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1200 PARK AVENUE LP
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2023 and 2022

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners
1200 Park Avenue, L.P.
(A California Limited Partnership)
Chico, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 1200 Park Avenue, L.P. (the "Partnership"), which comprise the balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary 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.

Bawmen & Co., LLP

Stockton, California
March 10, 2024

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

BALANCE SHEETS
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 151,438	\$ 152,533
Accounts receivable - tenant	5,827	5,163
Prepaid expenses	82,015	65,188
Total current assets	<u>239,280</u>	<u>222,884</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	80,766	3,023
Tenant security deposits	36,064	36,064
Reserve for replacements	363,342	357,869
	<u>480,172</u>	<u>396,956</u>
PROPERTY AND EQUIPMENT, at cost		
Land	629,523	629,523
Building and improvements	18,390,783	18,390,783
Furniture and equipment	135,009	128,913
	<u>19,155,315</u>	<u>19,149,219</u>
Less accumulated depreciation	(8,134,290)	(7,673,998)
	<u>11,021,025</u>	<u>11,475,221</u>
OTHER ASSETS		
Deposit	<u>329</u>	<u>329</u>
Total assets	<u>\$ 11,740,806</u>	<u>\$ 12,095,390</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

BALANCE SHEETS (Cont.)
December 31, 2023 and 2022

LIABILITIES AND PARTNERS' EQUITY	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,450	\$ 3,127
Due to affiliate	2,438	2,438
Accrued interest expense, current portion	35,864	36,128
Note payable - Berkadia, current portion	72,019	67,097
Partnership fees payable	33,380	13,267
Total current liabilities	157,151	122,057
 DEPOSIT LIABILITIES		
Tenant security deposits	33,314	34,514
 LONG-TERM LIABILITIES		
Note payable - Berkadia, less current portion	1,514,328	1,586,346
Less unamortized debt issuance costs	(12,015)	(12,970)
Accrued interest expense, less current portion	588,769	588,769
Note payable - Redevelopment Agency of the City of Chico	3,675,000	3,675,000
Note payable - Housing Authority of the County of Butte	1,306,129	1,279,615
	7,072,211	7,116,760
Total liabilities	7,262,676	7,273,331
 PARTNERS' EQUITY		
	4,478,130	4,822,059
Total liabilities and partners' equity	\$ 11,740,806	\$ 12,095,390

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF INCOME
Years Ended December 31, 2023 and 2022

	2023	2022
REVENUE		
Tenant rental income	\$ 1,022,133	\$ 989,112
Tenant charges	8,617	4,830
Laundry	8,500	8,500
Other income	837	471
Interest income	869	127
Total revenue	1,040,956	1,003,040
OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	119,507	155,134
Utilities	113,773	116,504
Wages and salaries	138,262	117,038
Property management fees	64,200	57,780
Services	28,531	22,509
Insurance	56,590	70,090
General and administrative	24,106	28,546
Health insurance and other employee benefits	11,339	10,711
Professional fees	10,161	10,100
Payroll taxes and workers' compensation insurance	17,112	14,385
Bad debt expense (recovery)	1,552	12,883
Other taxes and licenses	497	3,535
Total operating and maintenance expenses	585,630	619,215
Net operating income	455,326	383,825
OTHER EXPENSES		
Depreciation expense	460,292	460,219
Interest expense	251,117	253,999
Partnership fees	46,729	30,950
Reserve withdrawals	26,814	--
Interest expense - debt issuance costs	955	955
Total other expenses	785,907	746,123
Net income (loss)	\$ (330,581)	\$ (362,298)

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
Years Ended December 31, 2023 and 2022

	Managing General Partner	Investor Limited Partner	Special Limited Partner	Total
Balance, December 31, 2021	\$ (650)	\$ 5,195,037	\$ (653)	\$ 5,193,734
Partner distributions	--	(9,377)	--	(9,377)
Net loss	<u>(36)</u>	<u>(362,226)</u>	<u>(36)</u>	<u>(362,298)</u>
Balance, December 31, 2022	(686)	4,823,434	(689)	4,822,059
Partner distributions	(1)	(13,346)	(1)	(13,348)
Net loss	<u>(33)</u>	<u>(330,515)</u>	<u>(33)</u>	<u>(330,581)</u>
Balance, December 31, 2023	<u>\$ (720)</u>	<u>\$ 4,479,573</u>	<u>\$ (723)</u>	<u>\$ 4,478,130</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (330,581)	\$ (362,298)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	460,292	460,219
Amortization of debt issuance costs	955	955
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	(664)	3,225
Accounts receivable - other	--	51,971
Prepaid expenses	(16,827)	12,634
Increase (decrease) in:		
Accounts payable and accrued liabilities	10,323	(27,431)
Accrued interest payable	26,250	60,674
Tenant security deposits	(1,200)	400
Partnership fees payable	20,113	241
Due to related party		--
Net cash provided by (used in) operating activities	168,661	200,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,096)	--
Net cash provided by (used in) investing activities	(6,096)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of long-term debt	(67,096)	(62,511)
Partners distributions	(13,348)	(9,377)
Net cash provided by (used in) financing activities	(80,444)	(71,888)
Increase (decrease) in cash, cash equivalents and restricted cash	82,121	128,702
Cash, cash equivalents and restricted cash		
Beginning	549,489	420,787
Ending	\$ 631,610	\$ 549,489
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 224,867	\$ 193,325
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 151,438	\$ 152,533
Tax and insurance impounds	80,766	3,023
Tenant security deposits	36,064	36,064
Reserve for replacements	363,342	357,869
	\$ 631,610	\$ 549,489

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

1200 Park Avenue, L.P. (the “Partnership”), a California limited partnership, was formed in March 2003, to own, maintain and operate a 107-unit senior citizen apartment complex, known as Park Avenue Apartments (the “Project”) in Chico, California. The Project qualified and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements.

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consisted of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, Butte County Affordable Housing Development Corporation (BCAHDC); a 92.2177% Investor Limited Partner, Centerline Corporate Partners XXVIII, LP; a 7.7623% Investor Limited Partner, Centerline Corporate Partners XXXIII, LP; and a 0.001% Special Limited Partner, Related Corporate XXXVIII SLP LLC.

In November 2020, under the Third Amended and Restated Agreement of Limited Partnership, the Housing Authority of the County of Butte (HACB), a public body, corporate and politic, purchased the limited partners’ interests of the Partnership. Pursuant to the Third Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, BCAHDC; a 99.98% Investor Limited Partner, HACB; and a 0.01% Special Limited partner, HACB. All profits, losses and credits, except those gains and losses referred to in Sections 9.1, 9.2, and 9.3 of the Partnership Agreement, shall be allocated to the partners in accordance with their percentage interest.

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.

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash and restricted cash accounts as cash.

The Partnership maintains its cash in bank deposit which, at times may exceed federally insured limits. The Partnership believes it is not exposed to any significant credit risk on cash.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

Replacement reserve

Upon completion of the project, a reserve for replacements account was required to be established. The reserve includes any funds of the Partnership held by the Project lenders as a reserve for repairs and replacements. The reserve for replacement account is funded in twelve equal monthly installments at the rate of \$2,675 per month.

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.

Property and equipment

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

	<u>Years</u>
Building and improvements	40
Furniture and equipment	5 - 15

Expenditures for maintenance and repairs are expensed as incurred.

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. There were no impairment losses recognized for the years ended December 31, 2023 and 2022.

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.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

Fair value of financial instruments

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable-tenant, accounts receivable-other, prepaid expenses, due to affiliate, partnership fees payable, accrued liabilities, and accounts payable approximate their value due to the short-term maturities of these instruments.

Rental revenue

The rental property is generally leased to tenants under one-year non-cancelable operating leases. Rental revenue is recognized when due from tenants, generally the first day of each month. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

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 report amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 its 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.

Subsequent events

Management has evaluated subsequent events through March 10, 2024, the date the financial statements were available to be issued and determined no events or transactions have occurred that require recognition or disclosure in the financial statements.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Parties Transactions

Annual local administrative fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Special Limited Partner a cumulative annual fee of \$5,000. As of December 31, 2023 and 2022, \$5,000 annual local administrative fee was payable. For the years ending December 31, 2023 and 2022, \$5,000 of the annual local administrative fee was earned.

Social services reimbursement fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Managing General Partner a cumulative annual fee of \$5,000, to be increased at an annual rate of 3%. As of December 31, 2023 and 2022, \$8,515 and \$8,267, respectively, of the social services reimbursement fee was earned and payable.

Tax credit monitoring fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Managing General Partner an annual fee of 2% of gross effective income. At December 31, 2023 and 2022, the tax credit monitoring fee of \$19,865 and \$0, respectively, was payable. For the years ending December 31, 2023 and 2022, \$19,865 and \$17,683, respectively, of the tax credit monitoring fee was earned.

Supervisory management fee

Pursuant to the Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Managing General Partner an annual fee equal to 50% of the cash flow otherwise available for distribution. The supervisory management fee cannot exceed 8% of gross effective income. For the years ending December 31, 2023 and 2022, \$13,349, and \$0, respectively, of the supervisory management fee was paid.

Note 3. Excess Cash Distributions

The 2023 excess cash distributions to be paid subsequent to December 31, 2023 of \$299,245 is to be distributed to the Special Limited Partner for the annual local administrative fee for \$5,000, to the Managing General Partner for the social services reimbursement fee for \$8,515, to the Managing General Partner for the tax credit monitoring fee for \$20,757, to the Managing General Partner for the supervisory management fee of \$77,805, to HACB for interest on its loan for \$35,864, to the City of Chico for \$73,500 for interest on its loan, and \$77,804 distributed to the Partners.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt

Long-term debt consisted of the following at December 31:

	2023	2022
<p>Note payable to the City of Chico, acting as the successor agency to Chico Redevelopment Agency, issued in May 2003, in the amount of \$3,675,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 2.00% simple interest. The note matures on May 29, 2058. The Partnership incurred \$73,500 and \$73,500, respectively, of interest expense during the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, accrued interest was \$588,769 and \$588,769, respectively.</p>	\$ 3,675,000	\$ 3,675,000
<p>Note payable to Berkadia, issued in June 2007 in the amount of \$2,261,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 7.10%. Monthly principal and interest payments in the amount of \$15,195 are due monthly. The note matures in July 2037. The Partnership incurred \$115,239 and \$119,825 of interest expense during the years ended December 31, 2023 and 2022, respectively.</p>	1,586,347	1,653,443
<p>Note payable to the Housing Authority of the County of Butte (HACB), issued in November 2004, in the amount of \$675,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 4.84% compounding interest. The loan matures in November 2054. Principal and interest payments are required to be paid from residual receipts as defined in the promissory note. The Partnership incurred interest expense of \$62,378 and \$60,674 during the years ended December 31, 2023 and 2022, respectively. The accrued interest expense not paid during the year is included with principal. At December 31, 2023 and 2022, accrued interest was \$35,864 and \$36,128, respectively.</p>	<u>1,306,129</u> \$ <u>6,567,476</u>	<u>1,279,615</u> \$ <u>6,608,058</u>

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Cont.)

The future amounts of principal payments under the note payables at December 31, 2023 were as follows:

2024	\$	72,019
2025		77,302
2026		82,972
2027		89,059
2028		95,592
Thereafter		<u>6,150,532</u>
	\$	<u><u>6,567,476</u></u>

As of December 31, 2023 and 2022, debt issuance costs, net of accumulated amortization of \$16,632 and \$15,677, respectively, are amortized using the straight-line method.

Note 5. City of Chico Home Program Regulatory Agreements

In consideration of a grant made by the City of Chico, and a loan made to the Project, by the Chico Redevelopment Agency, the Partnership has entered into regulatory agreements with the City and Agency. These agreements set forth certain covenants, conditions, and restrictions regarding the manner in which the Partnership will hold and use the Project. Generally, the Partnership agrees that for a 55-year period following issuance of an unconditional certificate of occupancy, it will cause the Project to be used and held as a residence for low-income and very low-income senior citizen tenants subject to various covenants and conditions.

Note 6. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is 1200 Park Avenue 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 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 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.

SUPPLEMENTARY INFORMATION

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

CALCULATION OF SURPLUS CASH
Year Ended December 31, 2023

NET INCOME (LOSS)	\$ (330,581)
Add: depreciation and interest expense - debt issuance costs	<u>461,247</u>
CASH FLOW FROM OPERATIONS	130,666
Less:	
Transfers to replacement reserve (including interest)	(32,287)
Capital improvements	(6,096)
Mortgage loan principal payments - Berkadia	(67,096)
Add:	
Tax credit monitoring fee	19,865
Supervisory management fee	13,349
Social service reimbursement fee	8,515
Annual local administrative fee	5,000
Interest expense - HACB	62,378
Interest expense - City of Chico	73,500
Transfers in from reserves	<u>26,814</u>
NET CASH FLOWS AVAILABLE FOR DISTRIBUTION	<u><u>\$ 234,608</u></u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

EXCESS CASH DISTRIBUTION CALCULATION
Year Ended December 31, 2023

EXCESS CASH FLOW \$ 234,608

DISTRIBUTION OF CASH FLOW

Local administrative fee		(5,000)
City of Chico annual interest payment (as per Loan Agreement 75% RR)		(73,500)
Social services reimbursement fee		(8,515)
Tax credit monitoring fee (2% of gross effective income)		
Gross potential rent	1,068,560	
Other income (tenant charges/laundry/misc.)	17,954	
Vacancy loss & concessions	(46,427)	
Change in accounts receivable-tenant	(664)	
Tenant bad debt (direct write-off/reversal)	(1,552)	
Gross effective income	<u>1,037,871</u>	(20,757)
HACB annual interest payment		<u>(36,128)</u>
		90,708
Supervisory management fee (50% of remainder, not to exceed 8% of gross effective income)	83,030	<u>(45,354)</u>
Balance to be distributed to Partners		45,354
Limited Partner (HACB)	99.98%	45,344
Special Limited Partner (HACB)	0.01%	5
General Partner (BCAHDC)	0.01%	5
		<u>\$ --</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)

CALCULATION OF DEBT SERVICE COVERAGE RATIO
Year Ended December 31, 2023

Gross potential rent	\$ 1,068,560
Other income (tenant charges/laundry/misc./interest)	18,823
Vacancy loss and concessions	(46,427)
Change in prepaid rent	--
Change in accounts receivable - tenant	<u>(664)</u>
Gross income	1,040,292
Operating expenses*	<u>(727,358)</u>
Net income	312,934
Debt service (Berkadia P&I)	<u>182,335</u>
Debt Service Coverage Ratio	<u><u>1.72</u></u>

* Operating expenses include required reserves, residual receipts, debt, interest and excludes partnership fees accrued.

WALKER COMMONS, L.P.
(A California Limited Partnership)

COMPARATIVE FINANCIAL REPORT

December 31, 2023 and 2022

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners
Walker Commons, L.P.
(A California Limited Partnership)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Walker Commons, L.P. (the "Partnership"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Stockton, CA 95219

Telephone: 209.473.1040
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bowman & Co., L.L.P.

Stockton, California
February 25, 2024

WALKER COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 321,163	\$ 327,881
Accounts receivable - tenant	--	258
Prepaid expenses	<u>32,157</u>	<u>26,503</u>
Total current assets	<u>353,320</u>	<u>354,642</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	33,587	12,990
Tenant security deposits	21,230	20,950
Reserve for replacements	<u>560,514</u>	<u>446,906</u>
	<u>615,331</u>	<u>480,846</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	600,000	600,000
Building and improvements	2,812,848	2,797,998
Furniture and equipment	<u>85,555</u>	<u>75,044</u>
	3,498,403	3,473,042
Less accumulated depreciation	<u>(1,954,316)</u>	<u>(1,879,113)</u>
	<u>1,544,087</u>	<u>1,593,929</u>
 Total assets	 <u>\$ 2,512,738</u>	 <u>\$ 2,429,417</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

BALANCE SHEETS (Cont.)
December 31, 2023 and 2022

LIABILITIES AND PARTNERS' EQUITY	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,976	\$ 3,743
Deferred revenue	348	--
Accrued interest expense, current portion	12,760	15,000
Partnership fees payable	<u>15,000</u>	<u>7,500</u>
Total current liabilities	<u>45,084</u>	<u>26,243</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>18,770</u>	<u>20,150</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	--	18,402
Note payable - Redevelopment Agency of the City of Chico	500,000	500,000
Less unamortized debt issuance costs	<u>(1,556)</u>	<u>(2,086)</u>
	<u>498,444</u>	<u>516,316</u>
 Total liabilities	 <u>562,298</u>	 <u>562,709</u>
 PARTNERS' EQUITY		
	<u>1,950,440</u>	<u>1,866,708</u>
 Total liabilities and partners' equity	 <u>\$ 2,512,738</u>	 <u>\$ 2,429,417</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF INCOME
Years Ended December 31, 2023 and 2022

	2023	2022
REVENUE		
Tenant rental income	\$ 483,344	\$ 490,459
Tenant charges	1,480	1,407
Laundry	2,615	3,686
Interest income	3,754	396
Total revenue	491,193	495,948
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	72,961	88,592
Wages and salaries	63,891	70,489
Utilities	35,610	38,529
Property management fees	33,600	30,240
Health insurance and other employee benefits	8,405	14,885
Services	6,142	6,998
Insurance	20,363	18,127
General and administrative	7,541	11,969
Payroll taxes and workers' compensation insurance	8,045	8,941
Professional fees	9,040	8,208
Other taxes and licenses	663	1,665
Total operating and maintenance expenses	266,261	298,643
 Net operating income	224,932	197,305
 OTHER EXPENSES		
Interest expense	15,000	15,000
Interest expense - debt issuance costs	530	530
Depreciation expense	75,203	74,945
Partnership fees	7,500	7,500
Total other expenses	98,233	97,975
 Net income (loss)	\$ 126,699	\$ 99,330

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2023 and 2022

	BCAHDC	HACB	Total
Balance, December 31, 2021	\$ 2,513	\$ 1,832,992	\$ 1,835,505
Partner distributions	(45,645)	(22,482)	(68,127)
Net income (loss)	993	98,337	99,330
Balance, December 31, 2022	(42,139)	1,908,847	1,866,708
Partner distributions	(28,788)	(14,179)	(42,967)
Net income (loss)	1,267	125,432	126,699
Balance, December 31, 2023	\$ (69,660)	\$ 2,020,100	\$ 1,950,440

WALKER COMMONS, L.P.
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 126,699	\$ 99,330
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	75,203	74,945
Amortization of debt issuance costs	530	530
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	258	(237)
Prepaid expenses	(5,654)	(19,835)
Increase (decrease) in:		
Accounts payable and accrued liabilities	13,233	(12,880)
Accrued interest payable	(20,642)	--
Tenant security deposits	(1,380)	(800)
Deferred revenue	348	--
Partnership fees payable	7,500	--
Net cash provided by (used in) operating activities	196,095	141,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(25,361)	--
Net cash provided by (used in) investing activities	(25,361)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	(42,967)	(68,127)
Net cash provided by (used in) financing activities	(42,967)	(68,127)
 Increase (decrease) in cash and cash equivalents and restricted cash	 127,767	 72,926
Cash, cash equivalents and restricted cash		
Beginning	808,727	735,801
Ending	\$ 936,494	\$ 808,727
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 15,000	\$ 15,000
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 321,163	\$ 327,881
Tax and insurance impounds	33,587	12,990
Reserve for replacements	560,514	446,906
Tenant security deposits	21,230	20,950
	\$ 936,494	\$ 808,727

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Walker Commons, L.P. (the “Partnership”), a California limited partnership, was formed in May 1995, to own, maintain and operate a 56-unit senior and disabled households’ apartment complex, known as Walker Commons Apartments (the “Project”) in Chico, California. The Project qualified and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements.

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 1% General Partner, Butte County Affordable Housing Development Corporation (BACK) and a 99% Limited Partner, Housing Authority of the County of Butte (HACK).

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.

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash, cash equivalents and restricted cash accounts as cash.

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership believes it is not exposed to any significant credit risk on cash.

Replacement reserve

Upon completion of the project, a reserve for replacements account was required to be established. The reserve includes any funds of the Partnership held by the Project lenders as a reserve for repairs and replacements. The reserve for replacement account is funded in twelve equal monthly installments at the rate of \$933 per month.

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.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

Property and equipment

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

	<u>Years</u>
Building and improvements	7 - 40
Furniture and equipment	7 - 15

Expenditures for maintenance and repairs are expensed as incurred.

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. There were no impairment losses recognized for the years ended December 31, 2023 and 2022.

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 and cash equivalents, accounts receivable, prepaid expenses, and accounts payable, accrued liabilities, accrued interest, and partnership fees payable approximate their value due to the short-term maturities of these instruments.

Rental revenue

Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for a period of up to one year, with rental payments due monthly. Rental income is shown at its maximum gross potential. Vacancies and concessions are shown as a reduction in rental income. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

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 report amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 its 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.

Subsequent events

Management has evaluated subsequent events through February 25, 2024, the date the financial statements were available to be issued and determined no events on transactions have occurred that require recognition or disclosure in the financial statements.

Note 2. Related Parties Transactions

Partnership management fee

Pursuant to the Loan Agreement with the City of Chico, the Partnership agreed to pay the General Partner a cumulative annual fee of \$7,500. As of December 31, 2023 and 2022, a partnership management fee of \$15,000 and \$7,500 was payable, respectively. For the years ending December 31, 2023 and 2022, a partnership management fee of \$7,500 was earned.

Cash flows

Cash flow from operations for each fiscal year commencing in 1996 shall be distributed 33% to the Limited Partner and 67% to the General Partner. Pursuant to the loan agreement with the City of Chico, the Partnership may make distributions to the Partners when residual receipts exceed the amount necessary to pay that year's annual interest to the City.

WALKER COMMONS, L.P.
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt

Long-term debt consisted of the following at December 31:

	2023	2022
<p>Note payable to the City of Chico, issued in July 1995, in the amount of \$500,000. The loan is secured by a subordinate deed of trust. The loan bears interest at a fixed rate of 3.00% simple interest and requires annual interest only payments. The note matures in May 2051. Payments are deferred to the extent they exceed the residual receipts of the Partnership. The Partnership incurred \$15,000 of interest expense during the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, accrued interest was \$12,760 and \$33,402, respectively.</p>	<p>\$ <u>500,000</u></p>	<p>\$ <u>500,000</u></p>

As of December 31, 2023 and 2022, debt issuance costs, net of accumulated amortization of \$14,358 and \$13,828, respectively, are amortized using the straight-line method.

Note 4. City of Chico Home Program Regulatory Agreement

In consideration of a grant and a loan made by the City of Chico, the Partnership has entered into a regulatory agreement with the City. These agreements set forth certain covenants, conditions, and restrictions regarding the manner in which the Partnership will hold and use the Project. Generally, the Partnership agrees that for a 55-year period following issuance of an unconditional certificate of occupancy, it will cause the Project to be used and held as a residence for low-income and very low-income tenants, subject to various covenants and conditions.

Note 5. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Walker Commons 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 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 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.

Chico North Creek, LP

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

December 31, 2023 and 2022

Chico North Creek, LP

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Independent Auditor's Report

To the Administrative General Partner
Chico North Creek, LP

Opinion

We have audited the financial statements of Chico North Creek, LP, which comprise the balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico North Creek, LP as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico North Creek, LP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico North Creek, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico North Creek, LP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico North Creek, LP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Certain Income and Expenses are presented for purposes of additional analysis and are 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.

CohnReznick LLP

Sacramento, California
April 19, 2024

Chico North Creek, LP
Balance Sheets
December 31, 2023 and 2022

Assets

	2023	2022
Investment in rental property, net	\$ 44,639,075	\$ 40,286,018
Cash	2,035,996	611,131
Restricted deposits and funded reserves		
Tenants' security deposits	103,353	-
Replacement reserve	24,768	-
Total restricted deposits and funded reserves	128,121	-
Tenants' accounts receivable	23,291	-
Prepaid expenses	8,160	-
Tax credit monitoring fees, net	331,051	301,985
Fair market value of interest rate cap	1,365,668	2,668,749
Other assets	123,700	123,700
Total assets	\$ 48,655,062	\$ 43,991,583

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 2,053	\$ -
Accrued property management fees	4,558	-
Other accrued liabilities	43,541	-
Accrued interest - construction loan	113,128	176,305
Accrued interest - other loans	50,959	30,959
Tenants' security deposits liability	101,481	-
Annual fee payable to affiliate of limited partner	23,182	15,225
Due to affiliate of the general partner	-	5,000
Developer's fees payable	1,892,750	1,697,193
Mortgages and notes payable, net	43,367,524	32,118,182
Other liabilities - construction	120,021	3,469,185
Total liabilities	45,719,197	37,512,049
Contingency	-	-
Partners' equity (deficit)	2,935,865	6,479,534
Total liabilities and partners' equity (deficit)	\$ 48,655,062	\$ 43,991,583

See Notes to Financial Statements.

Chico North Creek, LP
Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Rental income	\$ 819,771	\$ -
Vacancies and concessions	(200,441)	-
Other operating income	14,112	-
	633,442	-
Total revenue		
Operating expenses		
Salaries and employee benefits	138,803	-
Repairs and maintenance	33,703	-
Utilities	122,328	-
Property management fee	31,906	-
Miscellaneous operating expenses	59,013	-
	385,753	-
Total operating expenses		
Net operating income	247,689	-
Other income (expense)		
Interest income	11,454	-
Interest expense - other loans	(885,527)	-
Gain (loss) on fair market value of interest rate cap	(1,303,081)	2,116,549
Miscellaneous other income (expense)	(218,958)	(12,280)
Annual fee to affiliate of limited partner	(7,957)	(7,725)
Depreciation	(1,372,895)	-
Amortization	(14,394)	-
	(3,791,358)	2,096,544
Total other income (expense)		
Net income (loss)	\$ (3,543,669)	\$ 2,096,544

See Notes to Financial Statements.

Chico North Creek, LP

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2023 and 2022**

	<u>Chico North Creek, LLC</u>	<u>Butte County Affordable Housing Development Corporation</u>	<u>R4 NCC Acquisition LLC</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2022	\$ 62	\$ 62	\$ 4,382,866	\$ 4,382,990
Net income	<u>105</u>	<u>105</u>	<u>2,096,334</u>	<u>2,096,544</u>
Balance, December 31, 2022	167	167	6,479,200	6,479,534
Net loss	<u>(176)</u>	<u>(178)</u>	<u>(3,543,315)</u>	<u>(3,543,669)</u>
Balance, December 31, 2023	<u>\$ (9)</u>	<u>\$ (11)</u>	<u>\$ 2,935,885</u>	<u>\$ 2,935,865</u>
Partners' percentage of partnership losses	<u>0.005%</u>	<u>0.005%</u>	<u>99.990%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Chico North Creek, LP
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net income (loss)	\$ (3,543,669)	\$ 2,096,544
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation	1,372,895	-
Amortization	14,394	-
Amortization of debt issuance costs	130,146	-
Loss (gain) on fair market value of interest rate cap	1,303,081	(2,116,549)
Changes in		
Tenants' accounts receivable	(23,291)	-
Prepaid expenses	(8,160)	-
Accrued interest - construction loan	113,128	-
Accounts payable - operations	2,053	-
Accrued property management fees	4,558	-
Other accrued liabilities	43,541	-
Accrued interest - other loans	11,667	-
Tenants' security deposits liability	101,481	-
Annual fee payable to affiliate of limited partner	7,957	7,725
	(470,219)	(12,280)
Net cash used in operating activities		
Cash flows from investing activities		
Project development costs paid	(9,029,595)	(23,071,056)
Deposits to reserve for replacements	(24,768)	-
Tax credit fees refunded	-	99,985
	(9,054,363)	(22,971,071)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from mortgages	11,057,800	23,594,460
Advances repaid to affiliate of general partner	(5,000)	(160,000)
	11,052,800	23,434,460
Net cash provided by financing activities		
Net increase in cash	1,528,218	451,109
Cash, beginning	611,131	160,022
Cash, ending	\$ 2,139,349	\$ 611,131

Chico North Creek, LP
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Supplemental disclosure of cash flow information		
Cash paid for interest net of amount capitalized of \$67,596 and \$761,292 for 2023 and 2022, respectively	\$ 630,586	\$ -
Supplemental schedule of non-cash investing and financing activities		
Increase in developer fee payable included in rental property	\$ 195,557	\$ 1,446,959
Increase in accrued interest included in rental property	8,333	176,523
Amortization of debt issuance costs included in rental property	61,396	128,542
Other liabilities - construction included in tax credit fees	43,460	-
Other liabilities - construction included in project development costs	-	1,131,420
	\$ 308,746	\$ 2,883,444

See Notes to Financial Statements.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 1 - Organization and nature of operations

Chico North Creek, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee title in the land and constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project consists of 106 units located in Chico, California. Upon completion, the Project will be operating under the name of North Creek Crossings at Meriam Park.

The partnership agreement was amended and restated on June 1, 2021 from which date the Partnership consists of an administrative general partner, Chico North Creek LLC, which owns 0.005%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.005% and one investor limited partner, R4 NCC Acquisition LLC, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The Project 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 following substantial completion of construction in order to remain qualified to receive the tax credits.

The amended partnership agreement provides that the Partnership shall continue until December 31, 2081, unless sooner terminated in accordance with 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, 2023 and 2022, the allowance for doubtful accounts are \$5,867 and \$0, respectively.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Investment in rental property

Investment in rental property is recorded at cost and includes all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Expenditures for maintenance and repairs are charged to operations as incurred while major renewals and betterments are capitalized. Upon disposal of any depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Site improvements	15 years
Solar PV system	25 years
Furniture, appliances and equipment	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 the 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 loss has been recognized during the years ended December 31, 2023 and 2022.

Derivative instruments and hedging activities

The Partnership follows guidance on "Accounting for Derivative Instruments and Hedging Activities." The Partnership uses derivatives to manage risks related to interest rate movements. Pursuant to the guidance, derivative instruments not meeting the criteria for hedge accounting are recorded at fair value on the balance sheets with any change in fair value reflected in the statements of operations in the year of change.

Fair value measurement

The Partnership measures the fair value of its interest rate cap on a recurring basis. The following summarizes the three levels of inputs and hierarchy of fair value the Partnership uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Deferred fees and amortization

Tax credit monitoring fees totaling \$345,445 are being amortized over the compliance period using the straight-line method beginning in 2023. As of December 31, 2023 and 2022, accumulated amortization are \$14,394 and \$0, respectively. Amortization expense for each of the next five years subsequent to December 31, 2023 is \$23,030.

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 and is computed using an imputed interest rate on the related loan.

Startup and organization costs

Startup and organization costs are expensed as incurred.

Syndication costs

Syndication costs are recorded as a direct reduction of partners' capital when incurred.

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.

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. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to 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 Internal Revenue Service, tax years since 2020 remain open for examination.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 3 – Investment in rental property, net

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

	<u>2023</u>	<u>2022</u>
Land	\$ 2,195,895	\$ -
Land improvements	3,246,308	-
Buildings and improvements	34,483,553	-
Equipment	619,504	-
Furniture	5,466,710	-
Construction in process	-	40,286,018
	<hr/>	<hr/>
Subtotal	46,011,970	40,286,018
Accumulated depreciation	(1,372,895)	-
	<hr/>	<hr/>
Net	<u>\$ 44,639,075</u>	<u>\$ 40,286,018</u>

Note 4 - Restricted deposits and funded reserves

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Monthly deposits are required based upon an initial amount of \$350 per unit per year, with an annual increase of 3%. The Partnership shall fund the replacement reserve at all times during the period from completion to the termination of the compliance period. As of December 31, 2023, the amount of \$24,768 has been funded.

Operating reserve

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership (or the administrative general partner, if the partnership has insufficient funds) is required to establish an operating reserve of at least \$237,791, to be funded as a condition to or simultaneously with the investor limited partner making the rental achievement installment. If the partnership requires funds to cover any operating deficits which incurred during the operating deficit guaranty period, the administrative general partner shall make deficit loans to the partnership to cover the operating deficits, for up to \$713,270. As of December 31, 2023, the operating reserve has not been funded.

Note 5 - Related party transactions

Capital contributions

Capital contributions of \$50 due from each general partner have been received in 2021. Capital contributions amounting to \$42,243,000 are due from the investor limited partner to be paid as determined in the partnership agreement. The capital contributions due from the investor limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2023, the investor limited partner paid \$4,224,300 and the remaining capital contributions receivable of \$38,018,700 will be paid in accordance with the terms of the partnership agreement.

Development 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

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

until all development work is complete. The total fee of \$2,200,000 has been incurred and capitalized as cost of the rental property. As of December 31, 2023 and 2022, \$1,892,750 and \$1,697,193, respectively, is payable and included in the balance sheets. Any unpaid developer fee shall bear interest at 6.00% per annum commencing upon the Form 8609 Installment Payment Date as defined in the partnership agreement. Prior to the development fee maturity date, the deferred portion of the development fee "the deferred development fee" shall be paid from cash flows. Any amount that remains unpaid on the development fee maturity date shall be paid by the administrative general partner (capital contribution of 90% of the unpaid Deferred Development Fee) and managing general partner (capital contribution of 10% of the unpaid Deferred Development Fee).

Annual local administrative fee

Commencing on the admission date, the Partnership is to pay annual local administrative fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is payable from available cash flow, in an event when sufficient cash flow is not available, the fee will accrue and be payable in the subsequent years. The annual fee is \$7,500 beginning on the admission date and increasing 3% annually. For the years ended December 31, 2023 and 2022, an annual local administrative fee of \$7,957 and \$7,725, respectively, was incurred and expensed. As of December 31, 2023 and 2022, \$23,182 and \$15,225, respectively, remains payable and is included in the balance sheets.

Managing general partner fee

Per the terms of the partnership agreement, the partnership shall pay to the managing general partner, an annual partnership management fee ("MGP Fee"), to the extent that there are funds available to pay such fee in any year, in an amount equal to \$10,600, increasing 3% annually. The fee shall accrue in years in which there are not sufficient funds and be payable out of available cash flow in subsequent years. In no event shall the MGP Fee plus any other distributions to the managing general partner exceed 0.005% of cash flow. For the years ended December 31, 2023 and 2022, no fees were incurred or paid.

Administrative general partner fee

Per the terms of the partnership agreement, the partnership shall pay to the administrative general partner, an annual partnership management fee ("AGP Fee"), solely to the extent that there are funds available to pay such fee in any year, in an amount up to \$15,000, increasing by 3% annually. No portion of the AGP Fee shall be payable and begin to accrue until the Deferred Development Fee has been paid in full and in no event shall the AGP Fee plus any other distributions to the administrative general partner exceed 89.995% of cash flow distributed to the administrative general partner. For the years ended December 31, 2023 and 2022, no fees were incurred or paid.

Lease-up fee

For services rendered in connection with supervising the lease-up of the Project through the date of rental achievement, the administrative general partner shall receive a priority distribution of cash flow, with an equivalent allocation of gross income to the administrative general partner. For the years ended December 31, 2023 and 2022, no amounts were incurred or paid.

Cash flow distributions

As defined in section 7.4.1 of the partnership agreement, cash flow shall be applied in the following order of priority:

- i. To the investor limited partner, any unpaid but accrued annual local administrative fees;

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

- ii. To the extent any withdrawals have been made from the operating reserve, to replenish the to the minimum balance;
- iii. 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;
- iv. 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;
- v. To the management agent, an amount equal to any accrued and unpaid deferred management fees;
- vi. To the managing general partner, any unpaid but accrued MGP Fees;
- vii. To the administrative general partner, any unpaid but accrued AGP Fees subject to the fee cap;
- viii. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
- ix. 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;
- x. To the partnership representative, any reimbursement of unpaid expenses pursuant to section 11.6;
- xi. To the extent of 75% of the remaining cash flow, to pay any outstanding balance on the city loan, applied first to accrued interest, then to principal, in accordance with the terms of the loan documents;
- xii. The balance, 89.995% to the administrative general partner (which distribution of cash flow to the administrative general partner shall first be made in repayment of any development deficit loan and be inclusive of any amounts in repayment of any unpaid development deficit loan), 0.005% to the managing general partner (which distribution of cash flow to the managing general partner shall be inclusive of any amounts distributed), and 10% to the investor limited partner.

Notwithstanding the foregoing, cash flow for the period prior to rental achievement shall be applied in the priorities as set forth in items (i), (ii) and (iii) above and then to the payment of the lease-up fee.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Guaranty agreement

The partnership agreement provides for a guaranty agreement between affiliates of the managing general partner and affiliates of the administrative general partner for the benefit of the investor limited partner. The guarantors agree to make each and every of the advances and to guarantee payment and performance with, the terms and provisions set forth in the partnership agreement. As of December 31, 2023 and 2022, no amounts were due under the guaranty.

Advances from withdrawing limited partner

During 2021, the Partnership received advances from Central California Housing Corporation, the withdrawing limited partner and affiliate of the administrative general partner, in the amounts of \$165,000. As of December 31, 2023 and 2022, a total of \$0 and \$5,000, respectively, is due and included in due to affiliate of the general partner on the balance sheets.

Note 6 - Statements of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows:

	2023	2022
Cash	\$ 2,035,996	\$ 611,131
Tenant's security deposits	103,353	-
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 2,139,349</u>	<u>\$ 611,131</u>

Note 7 – Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31:

	2023	2022
Accrued operating expenses	\$ 4,075	\$ -
Accrued payroll expenses	17,884	-
Accrued utilities	16,003	-
Prepaid rent	5,579	-
Total cash and restricted cash shown in the statement	<u>\$ 43,541</u>	<u>\$ -</u>

Note 8 - Mortgages and notes payable

Construction loan

On June 10, 2021, the Partnership entered into a construction loan agreement with Wells Fargo Bank, National Association in the amount of \$42,750,000. The loan is secured by a deed of trust on the Project and from the date hereof and through the initial maturity date of December 17, 2023 (which was extended to June 17, 2024). The construction loan has a variable interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.60% and 6.27% at December 31, 2023 and 2022, respectively). The construction loan is payable in monthly installments of accrued interest only, commencing July 1, 2021, and continuing the same day of

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

each month thereafter through the maturity date, when the remaining unpaid principal balance plus accrued interest shall be due and payable in full. For the years ended December 31, 2023 and 2022, interest of \$811,310 and \$917,815 was incurred, of which \$67,596 and \$917,815 has been capitalized as cost of the rental property, and \$743,714 and \$0, respectively has been expensed in the statements of operations. As of December 31, 2023 and 2022, the outstanding principal is \$42,567,281 and \$31,509,481, and the accrued interest is \$113,128 and \$176,305, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$199,357 and \$391,299 as of December 31, 2023 and 2022, respectively, and are related to the above mortgage. Amortization of debt issuance costs for the years ended December 31, 2023 and 2022 of \$61,396 and \$128,542, respectively, has been capitalized as cost of the rental property, and amortization of \$130,146 and \$0, respectively has been expensed in the statements of operations.

The construction loan is coming due by the first extended maturity date of June 17, 2024. The Partnership has a second option to extend the maturity date to December 17, 2024. The Partnership expects to pay the construction loan in full prior to the extended maturity using proceeds from the permanent loan and capital contributions receivable from the investor limited partner.

Permanent loan commitment

On January 7, 2021, the Partnership signed a permanent loan commitment in the amount of \$5,810,000 with Berkadia Commercial Mortgage LLC. As of December 31, 2023, no draws have been made on the permanent loan.

City of Chico - "AHF" Loan

On June 10, 2021, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of \$1,000,000. The AFH loan note is secured by the Project, bears interest at 2% per annum and matures June 10, 2076. During the years ended December 31, 2023 and 2022, interest of \$20,000 and \$20,000 has been incurred of which \$8,333 and \$20,000 has been capitalized as cost of the rental property and \$11,667 and \$0 has been expensed in in the statements of operations, respectively. As of December 31, 2023 and 2022, the outstanding principal is \$1,000,000 and \$1,000,000, and accrued interest is \$50,959 and \$30,959, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying property and other amounts deposited with the lenders.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Principal payment requirements for each of the next five years and thereafter following December 31, 2023, are as follows:

	Wells Fargo - Construction Loan	Berkadia - Permanent Loan	City of Chico - Soft Loan	Total
2024	\$ 42,567,281	\$ -	\$ -	\$ 42,567,281
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
Thereafter	-	-	1,000,000	1,000,000
Total	<u>\$ 42,567,281</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	43,567,281
			Less unamortized debt issuance costs	(199,757)
				<u>\$ 43,367,524</u>

Note 9 - Fair value

The fair value of the interest rate cap asset as of December 31, 2023 and 2022 is \$1,365,668 and \$2,668,749, respectively, and is classified within Level 2 of the fair value hierarchy. No other assets or liabilities are measured at fair value as of December 31, 2023 and 2022. During the years ended December 31, 2023 and 2022, the Partnership recognized an unrealized (loss) gain on the fair market value of its interest rate cap of (\$1,303,081) and \$2,116,549, respectively, which is included in the statements of operations.

On a recurring basis, the Partnership measures its interest rate cap at its estimated fair value. In determining the fair value of its interest rate cap derivative, the Partnership uses the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. The Partnership incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the Partnership. However, the Partnership determined that as of December 31, 2023 and 2022, the impact of the credit valuation adjustments was not significant to the overall valuation of the cap. As a result, the fair value of the cap is considered to be based primarily on Level 2 inputs.

Chico North Creek, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 10 - Management agreement

The Project is managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the amount of \$43 per unit per month. For the years ended December 31, 2023 and 2022, management fee of \$31,906 and \$0 has been incurred and expensed in the statements of operations.

Note 11 - Construction contract

The Partnership entered into a construction contract with Sunseri Construction, Inc. to construct the Project. As of December 31, 2023, the total contract amounts to \$34,938,295, including change orders. As of December 31, 2023 and 2022, costs of \$34,938,295 and \$31,813,528, respectively, have been incurred under the contract and capitalized as cost of the rental property, of which \$0 and \$3,461,762 is payable and included in other liabilities - construction on the balance sheets.

Note 12 - Housing assistance payment ("HAP") contract

The Housing Authority of the County of Butte has contracted with the Partnership pursuant to a HAP agreement under which 26 units out of the total 106 units of the Project shall be eligible for HAP subsidy upon completion of the Project. Tenants will qualify based on the requirements of the Section 8. The agreement expires on May 4, 2041. For the years ended December 31, 2023 and 2022, rental assistance of \$243,338 and \$0 have been earned and are included in rental income in the statements of operations.

Note 13 - Economic concentrations

The Partnership operates a 106-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 14 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains 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, 2023.

Note 15 - Contingency

Low-income housing tax credits

The Partnership's low-income housing tax credits will be 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.

Chico North Creek, LP

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 16 - 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 April 19, 2024, 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 North Creek, LP

**Schedules of Certain Income and Expenses
Years Ended December 31, 2023 and 2022**

	2023	2022
Rental income		
Rent revenue - gross potential	\$ 576,433	\$ -
Tenant assistance payments	243,338	-
Total rental income	\$ 819,771	\$ -
Vacancies and concessions		
Apartments vacancies	\$ 200,441	\$ -
Total vacancies and concessions	\$ 200,441	\$ -
Other operating income		
Tenant charges	\$ 50	\$ -
Late fees	14,062	-
Total other operating income	\$ 14,112	\$ -
Salaries and employee benefits		
Salaries - administrative	\$ 83,480	\$ -
Salaries - maintenance	28,124	-
Health insurance and other benefits	17,487	-
Worker's compensation insurance	9,712	-
Total salaries and employee benefits	\$ 138,803	\$ -
Repairs and maintenance		
Exterminating	\$ 6,075	\$ -
Grounds	240	-
Security services/contract	3,011	-
Supplies	4,640	-
Painting, decorating and cleaning	1,775	-
Repairs and maintenance - other than contracts	64	-
Repairs and maintenance - contracts	15,050	-
Miscellaneous maintenance expenses	2,848	-
Total repairs and maintenance	\$ 33,703	\$ -
Utilities		
Electricity	\$ 35,334	\$ -
Water	65,438	-
Trash removal	16,660	-
Gas	4,896	-
Total utilities	\$ 122,328	\$ -

Chico North Creek, LP

**Schedules of Certain Income and Expenses
Years Ended December 31, 2023 and 2022**

	2023	2022
Miscellaneous operating expenses		
Office supplies and expense	\$ 6,492	\$ -
Training and travel	6,720	-
Credit collection and eviction	(285)	-
Bad debt expense	5,867	-
Other rent expense	1,082	-
Miscellaneous administrative	16,540	-
Rent free unit	6,790	-
Advertising and newspaper	4,780	-
Legal	1,944	-
Other taxes, licenses and insurance	9,083	-
Total miscellaneous operating expenses	\$ 59,013	\$ -
Interest expense - other loans		
Interest expense - construction loan	\$ 885,527	\$ -
Total interest expense - other loans	\$ 885,527	\$ -
Miscellaneous other income (expense)		
Start-up and organization costs	\$ -	\$ (12,280)
Project opening, marketing and startup expenses	(218,958)	-
Total miscellaneous other income (expense)	\$ (218,958)	\$ (12,280)

See Independent Auditor's Report



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Chico North Creek II, LP

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

December 31, 2023 and 2022

Chico North Creek II, LP

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Independent Auditor's Report

To the Administrative General Partner
Chico North Creek II, LP

Opinion

We have audited the financial statements of Chico North Creek II, LP, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, partners' equity (deficit), and cash flows for the year ended December 31, 2023 and the period from September 24, 2021 (inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico North Creek II, LP as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and the period from September 24, 2021 (inception) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico North Creek II, LP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico North Creek II, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico North Creek II, LP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico North Creek II, LP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Certain Income and Expenses are presented for purposes of additional analysis and are 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.

CohnReznick LLP

Sacramento, California
April 19, 2024

Chico North Creek II, LP

**Balance Sheets
December 31, 2023 and 2022**

Assets

	2023	2022
Investment in rental property, net	\$ 25,405,704	\$ 13,267,220
Cash	121,808	395,435
Restricted cash		
Tenants' security deposits	37,249	-
Total restricted cash	37,249	-
Tenants' accounts receivable	35,119	-
Tax credit monitoring fees, net	228,215	208,639
Other assets	60,560	60,560
Total assets	\$ 25,888,655	\$ 13,931,854

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 3,671	\$ -
Accrued property management fees	4,279	-
Other accrued liabilities	33,060	-
Accrued interest - other loans	169,739	41,285
Tenants' security deposits liability	35,749	-
Advance payable to general partner and affiliate	800	800
Annual fee payable to affiliate of limited partner	15,225	7,500
Developer's fees payable	1,720,466	657,846
Mortgages and notes payable, net	19,711,156	6,439,480
Other liabilities - construction	122,854	2,281,268
Total liabilities	21,816,999	9,428,179
Contingency	-	-
Partners' equity (deficit)	4,071,656	4,503,675
Total liabilities and partners' equity (deficit)	\$ 25,888,655	\$ 13,931,854

See Notes to Financial Statements.

Chico North Creek II, LP

Statements of Operations
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022

	2023	2022
Revenue		
Rental income	\$ 144,195	\$ -
Vacancies and concessions	(56,050)	-
Other operating income	3,078	-
Total revenue	91,223	-
Operating expenses		
Salaries and employee benefits	16,740	-
Repairs and maintenance	54	-
Utilities	1,589	-
Property management fee	4,558	-
Miscellaneous operating expenses	19,177	-
Total operating expenses	42,118	-
Net operating income (loss)	49,105	-
Other income (expense)		
Interest income	\$ 29	\$ -
Interest expense - other loans	(237,188)	-
MGP overhead expense	-	(30,000)
Miscellaneous other income (expense)	(36,148)	(11,225)
Annual fee to affiliate of limited partner	(7,725)	(7,500)
Depreciation	(197,528)	-
Amortization	(2,564)	-
Total other income (expense)	(481,124)	(48,725)
Net loss	\$ (432,019)	\$ (48,725)

See Notes to Financial Statements.

Chico North Creek II, LP

**Statements of Partners' Equity (Deficit)
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022**

	<u>Chico North Creek II, LLC</u>	<u>Butte County Affordable Housing Development Corporation</u>	<u>R4 NC II Acquisition LP</u>	<u>Total partners' equity (deficit)</u>
Balance, September 24, 2021 (inception)	\$ -	\$ -	\$ -	\$ -
Net loss	(3)	(2)	(48,720)	(48,725)
Contributions	-	-	4,577,400	4,577,400
Syndication costs	-	-	(25,000)	(25,000)
Balance, December 31, 2022	(3)	(2)	4,503,680	4,503,675
Net loss	(21)	(22)	(431,976)	(432,019)
Balance, December 31, 2023	<u>\$ (24)</u>	<u>\$ (24)</u>	<u>\$ 4,071,704</u>	<u>\$ 4,071,656</u>
Partners' percentage of partnership losses	<u>0.01%</u>	<u>0.01%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Chico North Creek II, LP

Statements of Cash Flows
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022

	2023	2022
Cash flows from operating activities		
Net loss	\$ (432,019)	\$ (48,725)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	197,528	-
Amortization	2,564	-
Amortization of debt issuance costs	10,969	-
Changes in		
Tenants' accounts receivable	(35,119)	-
Accrued interest - other loans	122,979	-
Accounts payable - operations	3,671	-
Accrued property management fees	4,279	-
Other accrued liabilities	33,060	-
Tenants' security deposits liability, net	35,749	-
Payable to general partner and affiliates	-	800
Annual fee payable to affiliate of limited partner	7,725	7,500
	<u>(48,614)</u>	<u>(40,425)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Project development costs paid	(13,402,840)	(9,711,322)
Developer fee paid	-	(479,534)
Tax credit fees paid	-	(208,639)
	<u>(13,402,840)</u>	<u>(10,399,495)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from mortgages	13,215,076	6,768,585
Contributions from limited partner	-	4,577,400
Syndication costs paid	-	(25,000)
Debt issuance costs paid	-	(425,070)
Refundable rate lock deposit paid	-	(60,560)
	<u>13,215,076</u>	<u>10,835,355</u>
Net cash provided by financing activities		
Net (decrease) increase in cash	(236,378)	395,435
Cash, beginning	<u>395,435</u>	<u>-</u>
Cash, ending	<u>\$ 159,057</u>	<u>\$ 395,435</u>

See Notes to Financial Statements.

Chico North Creek II, LP

**Statements of Cash Flows
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022**

	2023	2022
Supplemental disclosure of cash flow information		
Cash paid for interest net of amount capitalized of \$92,637 and \$21,857, respectively	\$ 103,240	\$ -
Supplemental schedule of non-cash investing and financing		
Developer fee payable included in investment in rental property	\$ 1,062,620	\$ 657,846
Accrued interest included in investment in rental property	26,710	41,285
Amortization of debt issuance costs included in investment in rental property	45,631	95,965
Other liabilities - construction included in tax credit monitoring fees	22,140	-
Other liabilities - construction included in investment in rental property	-	2,281,268
	\$ 1,157,101	\$ 3,076,364

See Notes to Financial Statements.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 1 - Organization and nature of operations

Chico North Creek II, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee title in the land and constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project consists of 54 units located in Chico, California. The Project completed construction in October 2023 and is operating under the name of North Creek Crossings at Meriam Park Phase II.

The partnership agreement was amended and restated on March 1, 2022 from which date the Partnership consists of an administrative general partner, Chico North Creek II, LLC, which owns 0.005%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.005% and one investor limited partner, R4 NC II Acquisition LP, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.1 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The Project 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 following substantial completion of construction in order to remain qualified to receive the tax credits.

The amended partnership agreement provides that the Partnership shall continue until December 31, 2082, unless sooner terminated in accordance with 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, 2023 and 2022, no allowance for doubtful accounts was considered necessary.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Investment in rental property

Investment in rental property is recorded at cost and includes all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Expenditures for maintenance and repairs are charged to operations as incurred while major renewals and betterments are capitalized. Upon disposal of any depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the asset as follows:

Building and improvements	40 years
Site improvements	15 years
Solar PV system	25 years
Furniture, appliances and equipment	5 years

Impairment of long-lived assets

The Partnership reviews its investment in 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 loss has been recognized during the periods ended December 31, 2023 and 2022.

Deferred fees and amortization

Tax credit monitoring fees totaling \$230,779 are being amortized over the compliance period using the straight-line method beginning in 2023. As of December 31, 2023 and 2022, accumulated amortization are \$2,564 and \$0, respectively. Amortization expense for each of the next five years subsequent to December 31, 2023 is \$15,385 per year.

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 and is computed using an imputed interest rate on the related loan.

Startup and organization costs

Startup and organization costs are expensed as incurred.

Syndication costs

Syndication costs are recorded as a direct reduction of partners' capital when incurred.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

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. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to 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 Internal Revenue Service, tax years since 2021 are open for examination.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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:

	2023	2022
Land	\$ 879,292	\$ -
Land improvements	1,836,402	-
Buildings and improvements	19,371,788	-
Furniture	2,892,216	-
Construction in process	623,534	13,267,220
Subtotal	25,603,232	13,267,220
Accumulated depreciation	(197,528)	-
Net	<u>\$ 25,405,704</u>	<u>\$ 13,267,220</u>

Note 4 - Reserves

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Monthly deposits are required based upon an initial amount of \$350 per unit per year, with an annual increase of 3%. The Partnership shall fund the replacement reserve at all times during the period from completion to the termination of the compliance period. As of December 31, 2023, the replacement reserve was not required to be funded.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Operating reserve

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership (or the administrative general partner, if the Partnership has insufficient funds) is required to establish an operating reserve of at least \$125,125, to be funded as a condition to or simultaneously with the investor limited partner making the rental achievement installment. If the Partnership requires funds to cover any operating deficits incurred during the operating deficit guaranty period, the administrative general partner shall make deficit loans to the Partnership to cover the operating deficits, for up to \$375,335. As of December 31, 2023, the operating reserve has not been funded.

Note 5 - Related party transactions

Capital contributions

Capital contributions amounting to \$50 are due from each general partner to be paid as determined in the partnership agreement. Capital contributions amounting to \$22,887,000 are due from the investor limited partner to be paid as determined in the partnership agreement. The capital contributions due from the investor limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2023, the investor limited partner paid \$4,577,400 and the remaining capital contributions receivable of \$18,309,600 will be paid in accordance with the terms of the partnership agreement.

Development 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 of \$2,200,000 has been incurred and capitalized as cost of the rental property. As of December 31, 2023 and 2022, \$1,720,466 and \$657,846, is payable and is included in the balance sheets. Any unpaid developer fee shall bear interest at 6.00% per annum commencing upon the Form 8609 Installment Payment Date as defined in the partnership agreement. Prior to the development fee maturity date, the deferred portion of the development fee "the deferred development fee" shall be paid from cash flows. Any amount that remains unpaid on the development fee maturity date shall be paid by the administrative general partner (capital contribution of 90% of the unpaid Deferred Development Fee) and managing general partner (capital contribution of 10% of the unpaid Deferred Development Fee).

Annual local administrative fee

Commencing on the admission date, the Partnership is to pay annual local administrative fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is payable from available cash flow, in an event when sufficient cash flow is not available, the fee will accrue and be payable in the subsequent years. The annual fee is \$7,500 beginning on the admission date and increasing 3% annually. For the year ended December 31, 2023 and the period ended December 31, 2022, an annual local administrative fee of \$7,725 and \$7,500, respectively, was incurred and expensed. As of December 31, 2023 and 2022, \$15,225 and \$7,500, respectively, remains payable and is included in the balance sheets.

Managing general partner fee

Per the terms of the partnership agreement, the partnership shall pay to the managing general partner, an annual partnership management fee ("MGP Fee"), to the extent that there are funds available to pay such fee in any year, in an amount equal to \$5,400, increasing 3% annually. The fee shall accrue in years which there are not sufficient funds and be payable out of available cash

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

flow in subsequent years. For the periods ended December 31, 2023 and 2022, no fees were incurred or paid.

Administrative general partner fee

Per the terms of the partnership agreement, the partnership shall pay to the administrative general partner, an annual partnership management fee ("AGP Fee"), solely to the extent that there are funds available to pay such fee in any year, in an amount up to \$15,000, increasing by 3% annually. No portion of the AGP Fee shall be payable and begin to accrue until the Deferred Development Fee has been paid in full and in no event shall the AGP Fee plus any other distributions to the administrative general partner exceed 89.995% of cash flow distributed to the administrative general partner. For the periods ended December 31, 2023 and 2022, no fees were incurred or paid.

Lease-up fee

For services rendered in connection with supervising the lease-up of the Project through the date of rental achievement, the administrative general partner shall receive a priority distribution of cash flow, with an equivalent allocation of gross income to the administrative general partner. For the periods ended December 31, 2023 and 2022, no amounts were incurred or paid.

Expense reimbursement

Upon the closing of the Project, the general partners shall pay the investor limited partner a nonreimbursable fee of \$25,000 for due-diligence costs incurred by the investor limited partner and its affiliates. As of December 31, 2023 and 2022, such costs have been incurred and paid and are included as syndication costs in the statements of partners' equity (deficit).

MGP overhead expense

Upon the closing of the Project, the Partnership shall pay the managing general partner a nonreimbursable MGP Overhead expense in the amount of \$30,000 for costs incurred by the MGP. As of December 31, 2023 and 2022, such costs have been incurred and paid and are included in the statement of operations for the period ended December 31, 2022.

Cash flow distributions

As defined in section 7.4.1 of the partnership agreement, cash flow shall be applied in the following order of priority:

- i. To the investor limited partner, any unpaid but accrued annual local administrative fees;
- ii. To the extent any withdrawals have been made from the operating reserve, to replenish the operating reserve to the minimum balance;
- iii. 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;
- iv. 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;
- v. To the management agent, an amount equal to any accrued and unpaid deferred management fees pursuant to Section 4.6.1 of the partnership agreement.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

- vi. To the managing general partner, any unpaid but accrued MGP Fees pursuant to the terms of Section 5.2;
- vii. To the administrative general partner, any unpaid but accrued AGP Fees pursuant to the terms of Section 5.2 and subject to the fee cap;
- viii. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
- ix. 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;
- x. To the partnership representative, any reimbursement of unpaid expenses pursuant to Section 11.6 of the partnership agreement.
- xi. To the extent of 75% of the remaining cash flow, to pay any accrued but unpaid interest on the AHF Loan, and then to pay any accrued but unpaid interest on the HOME Loan, each in accordance with the terms of their respective Loan Documents;
- xii. [Intentionally Omitted];
- xiii. [Intentionally Omitted];
- xiv. With respect to any year prior to the Transition Date, 0.005% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)) and 99.99% to the Investor Limited Partner; and
- xv. With respect to a Fiscal Year in which the Transition Date has occurred and any Fiscal Year thereafter, 89.995% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)), and 10% to the Investor Limited Partner.

Notwithstanding the foregoing, cash flow for the period prior to Rental Achievement shall be applied in the priorities as set forth in items (i), (ii) and (iii) above and then to the payment of the lease-up fee.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Guaranty agreement

The partnership agreement provides for a guaranty agreement between affiliates of the managing general partner and affiliates of the administrative general partner for the benefit of the investor limited partner. The guarantors agree to make each and every of the advances and to guarantee payment and performance with, the terms and provisions set forth in the partnership agreement. As of December 31, 2023 and 2022, no amounts were due under the guaranty.

Note 6 - Statements of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows:

	2023	2022
Cash	\$ 121,808	\$ 395,435
Tenant's security deposits	37,249	-
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 159,057</u>	<u>\$ 395,435</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the Project.

Note 7 - Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31:

	2023	2022
Accrued operating expenses	\$ 14,152	\$ -
Accrued payroll expenses	3,916	-
Prepaid rent	14,992	-
	<u>\$ 33,060</u>	<u>\$ -</u>

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 8 - Mortgages and notes payable

Construction loan

On March 17, 2022, the Partnership entered into a construction loan agreement with Wells Fargo in the amount of \$20,500,000. The loan is secured by a deed of trust on the Project and from the date hereof and through the maturity date on October 17, 2024 (with an option to extend the initial maturity date to March 17, 2025). This construction loan has a variable interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.33% and 5.7% at December 31, 2023 and 2022, respectively). This loan is payable in monthly installments of accrued interest only, commencing April 1, 2022, and continuing the same day of each month thereafter through the maturity date, when the remaining unpaid principal balance plus accrued interest shall be due and payable in full. For the periods ended December 31, 2023 and 2022, interest of \$292,288 and \$43,092 was incurred, of which \$71,402 and \$43,092, respectively has been capitalized as cost of the rental property, and \$220,886 and \$0, respectively has been expensed in the statements of operations. As of December 31, 2023 and 2022, the outstanding principal is \$18,079,290 and \$4,864,214, and the accrued interest is \$117,646 and \$21,235, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$272,505 and \$329,105 as of December 31, 2023 and 2022, respectively, and are related to the above mortgage. Amortization of debt issuance costs for the periods ended December 31, 2023 and 2022 was \$56,600 and \$95,965, respectively, of which \$45,631 and \$95,965, respectively has been capitalized as cost of the rental property, and \$10,969 and \$0, respectively has been expensed in the statements of operations.

The construction loan is coming due by the maturity date of October 17, 2024 with an option to extend the maturity date to March 17, 2025. The Partnership expects to pay the construction loan in full prior to the extended maturity using proceeds from the permanent loan and capital contributions receivable from the investor limited partner.

Permanent loan commitment

On March 15, 2022, the Partnership signed a permanent loan commitment in the amount of \$3,140,000 with Berkadia Commercial Mortgage LLC. As of December 31, 2023, the construction loan has not converted to permanent financing and no draws have been made on the loan.

City of Chico - AHF Loan

On March 17, 2022, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of \$1,300,000. The AHF loan note is secured by the Project, bears interest at 2% per annum and matures March 17, 2077. During the periods ended December 31, 2023 and 2022, interest of \$26,000 and \$16,335 was incurred, of which \$21,677 and \$16,335, respectively has been capitalized as cost of the rental property, and \$4,323 and \$0, respectively has been expensed in the statements of operations. As of December 31, 2023 and 2022, the outstanding principal is \$1,300,000 and \$1,300,000, and accrued interest is \$42,335 and \$16,335, respectively.

City of Chico - HOME Program Loan

On March 17, 2022, the Partnership entered into a home program loan agreement with the City of Chico in the amount of \$671,523. The HOME loan note is secured by the Project, bears interest at 1% per annum and matures March 17, 2077. During the periods ended December 31, 2023 and 2022, interest of \$6,043 and \$3,715 was incurred, of which \$5,033 and \$3,715, respectively has been capitalized as cost of the rental property, and \$1,010 and \$0, respectively has been expensed in the statements of operations. As of December 31, 2023 and 2022, the outstanding principal is \$604,371 and \$604,371, and the accrued interest is \$9,758 and \$3,715, respectively.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying property and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter following December 31, 2023, are as follows:

	Wells Fargo - Construction Loan	Berkadia - Permanent Loan	City of Chico - Home Loan	City of Chico - AHF Loan	Total
2024	\$ 18,079,290	\$ -	\$ -	\$ -	\$ 18,079,290
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
Thereafter	-	-	604,371	1,300,000	1,904,371
Total	\$ 18,079,290	\$ -	\$ 604,371	\$ 1,300,000	19,983,661
			Less unamortized debt issuance costs		(272,505)
					\$ 19,711,156

Note 9 - Management agreement

The Project is managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the amount of \$43 per occupied unit per month. For the periods ended December 31, 2023 and 2022, management fee of \$4,558 and \$0 has been incurred and expensed in the statements of operations.

Note 10 - Construction contract

The Partnership entered into a construction contract with Sunseri Construction, Inc. to construct the Project. As of December 31, 2023, the total contract amounts to \$18,539,752 including change orders. As of December 31, 2023 and 2022, cost of \$18,539,752 and \$4,864,214, respectively, has been incurred under the contract and capitalized as cost of the rental property, of which \$0 and \$2,207,552 is payable and included in other liabilities - construction on the balance sheets.

Note 11 - Housing assistance payment ("HAP") contract

The Housing Authority of the County of Butte has contracted with the Partnership pursuant to a HAP agreement under which 13 units out of the total 54 units of the Project shall be eligible for HAP subsidy upon completion of the Project. Tenants will qualify based on the requirements of the Section 8. For the periods ended December 31, 2023 and 2022, rental assistance of \$37,933 and \$0 has been earned and is included in rental income in the statements of operations.

Note 12 - Economic concentration

The Partnership operates a 54-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.

Chico North Creek II, LP

Notes to Financial Statements December 31, 2023 and 2022

Note 13 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains 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, 2023.

Note 14 - Contingency

Low-income housing tax credits

The Partnership's low-income housing tax credits will be 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.

Note 15 - 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 April 19, 2024, 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 North Creek II, LP

**Schedules of Certain Income and Expenses
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022**

	2023	2022
Rental income		
Rent revenue - gross potential	\$ 106,262	\$ -
Tenant assistance payments	37,933	-
Total rental income	\$ 144,195	\$ -
Vacancies and concessions		
Apartments vacancies	\$ 56,050	\$ -
Total vacancies and concessions	\$ 56,050	\$ -
Other operating income		
Late fees	3,078	-
Total other operating income	\$ 3,078	\$ -
Salaries and employee benefits		
Salaries - administrative	\$ 11,330	\$ -
Salaries - maintenance	2,525	-
Health insurance and other benefits	2,885	-
Total salaries and employee benefits	\$ 16,740	\$ -
Repairs and maintenance		
Supplies	54	-
Total repairs and maintenance	\$ 54	\$ -
Utilities		
Electricity	\$ 1,321	\$ -
Gas	268	-
Total utilities	\$ 1,589	\$ -

Chico North Creek II, LP

**Schedules of Certain Income and Expenses
Year Ended December 31, 2023 and
Period from September 24, 2021 (inception) through December 31, 2022**

	2023	2022
Miscellaneous operating expenses		
Office supplies and expense	\$ 263	\$ -
Miscellaneous administrative	159	-
Advertising and newspaper	87	-
Audit	14,746	-
Other taxes, licenses and insurance	3,922	-
Total miscellaneous operating expenses	\$ 19,177	\$ -
Interest expense - other loans		
Interest expense - construction loan	\$ 220,886	\$ -
Amortization of debt issuance costs	10,969	-
Interest expense - AHF loan	4,323	-
Interest expense - HOME loan	1,010	-
Total interest expense - other loans	\$ 237,188	\$ -
Miscellaneous other income (expense)		
Start-up and organization costs	-	(11,225)
Project opening, marketing and startup expenses	(36,148)	-
Total miscellaneous other income (expense)	\$ (36,148)	\$ (11,225)

See Independent Auditor's Report.



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May 9, 2024

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item - CY 2023 1200 Park Ave Surplus Cash Flow - Distribution

The 1200 Park Ave 2023 Residuals Receipts from operations are \$234,608, see next page. As per the Agreement of Limited Partnership (LPA), surplus cash is distributed to the partners after the close of the year.

After the annual fees and interest payments are made, there will be a balance of \$45,486. This amount allows for partnership distribution as follows:

Limited Partner (HACB)	99.98%	\$	45,476
Special Limited Partner (HACB)	0.01%	\$	5
General Partner (BCAHDC)	0.01%	\$	5
		\$	-

Recommendation: Motion to approve authorization to make annual fee and interest payments with disbursement to partners as described above.

1200 PARK AVENUE, L.P.
Calculation of Surplus Cash
December 31, 2023
FINAL

PROFIT or (LOSS) FROM OPERATIONS	\$ (330,581)
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	<u>\$ 461,247</u>
CASH FLOW FROM OPERATIONS	<u>\$ 130,666</u>
SUBTRACT: TRANSFERS TO REPLACEMENT RESERVES (including interest)	\$ (32,287)
SUBTRACT: CAPITAL IMPROVEMENTS AND OTHER ASSETS	\$ (6,096)
ADD: MGP FEES (Paid from Prior Year Cash Flow)	\$ 21,864
ADD: INCREASE TO ACCRUED FEES (Payable from Residual Receipts)	\$ 24,865
ADD: INCREASE TO ACCRUED INTEREST (Payable from Residual Receipts)	\$ 135,878
ADD: TRANSFERS FROM RESERVES	\$ 26,814
ADD: interest-non restricted	\$ -
SUBTRACT: MORTGAGE LOAN PRINCIPAL PAYMENTS	<u>\$ (67,096)</u>
TOTAL CASH FLOW ADJUSTMENTS	<u>\$ 103,942</u>
NET CASH FLOW AVAILABLE FOR DISTRIBUTION	<u>\$ 234,608</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)
EXCESS CASH DISTRIBUTION CALCULATION - AS PER LP AGREEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
FINAL

Excess Cash Flow	\$ 234,608
<u>Distribution of Cash Flow, as per LPA Section 9.2.A.</u>	
i Management Agent for any accrued mgt fees (N/A)	\$ -
ii Repay loan to any partner other than general partner (N/A)	\$ -
iii AHDC for completion loans (N/A)	\$ -
iv Developer for Contingent Developer Fee (paid in full)	\$ -
v Special Limited Partner Annual Local Admin Fee	\$ (5,000)
inserted Chico RDA Annual Interest Payment (as per Loan Agreement 75% RR)	\$ (73,500)
vi General Partners Social Services Reimbursement Fee	\$ (8,515)
vii General Partners Tax Credit Monitoring Fee 2% Gross Effective Income	
<i>Gross Potential Rent</i>	\$ 1,068,560.00
<i>Other Income (Tenant Charges/Laundry/Interest)</i>	\$ 17,954.00 no interest
<i>Vacancy Loss & Concessions</i>	\$ (46,427.00)
<i>Change in Prepaid Rent</i>	\$ (664.00)
<i>Change in Accounts Receivable</i>	\$ -
<i>Tenant Bad Debt (direct write-off/reversal)</i>	<u>\$ (1,552.00)</u>
<i>Gross Effective Income</i>	\$ 1,037,871.00
	<u>\$ (20,757)</u>
	Remainder \$ 126,836
viii General Partners for Completion Loans (N/A)	\$ -
	Remainder \$ 126,836
ix 50% of remaining cash to Guarantors, Operating Loans (N/A)	\$ -
	Remainder \$ 126,836
x HACB to pay HACB loan	<u>\$ (35,864)</u>
	Remainder \$ 90,972
xi Supervisory Mgt Fee to General Partners	
<i>(As per LPA Sec. 6.4: 50% of remainder, not to exceed 8% of Gross Effective Income)</i>	\$ 83,029.68
	<u>\$ (45,486)</u>
	Remainder \$ 45,486
Limited Partner (HACB)	99.98% \$ 45,476
Special Limited Partner (HACB)	0.01% \$ 5
General Partner (BCAHDC)	0.01% \$ 5
	<u>\$ -</u>

May 9, 2024

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item - CY 2023 Walker Commons Surplus Cash Flow - Distribution

The Walker Commons 2023 Residuals Receipts from operations are \$206,236, see next page. This amount exceeds the \$142,967 maximum allowed for partnership distribution, as per the City of Chico Loan Agreement; therefore, the City will receive any additional accrued interest payment of \$48,269. Furthermore, full distribution of this year’s surplus cash flow presents accounting and structural issues with pushing the BCAHDC capital account into the negative. Staff proposes holding back \$100,000 from the distribution and depositing the funds into the replacement reserves account for future capital improvements. The proposed distribution amount is in line with past years.

2018	26,622	100K withheld
2019	56,882	
2020	42,967	100K withheld
2021	68,127	
2022	42,967	100K withheld
AVERAGE	47,513	
2023	\$42,967	100K withheld

BCAHDC, as Managing General Partner (MGP) of Walker Commons, L.P., has certain power and authority as outlined in the Limited Partnership Agreement (LPA), as amended. Section 1.10 Cash Flow from Operations is defined to exclude Reserves deposits. Section 8.2 Other Reserves gives the General Partner authority to maintain contingent Reserves at its “sole discretion”. Section 9.3 Specific Powers of the General Partner, part (e) states: “In the Partnership’s name and behalf, the General Partner may deposit, withdraw, invest, pay, retain and distribute Partnerships funds in a manner consistent with the provisions of this Agreement”. Furthermore, Section 4.k. of the Second Amendment to the LPA gives the MGP the authority to “determine the amount and timing of distributions to partners and establish and maintain all required reserves”.

Recommendation: Motion to approve the withholding of \$100,000 from 2023 Operational Surplus Cash Flow and depositing it into the Walker Commons’ Replacement account, and authorization to make Distributions as described above.

**WALKER COMMONS, L.P.
CALCULATION OF EXCESS CASH
CALENDAR YEAR ENDING DECEMBER 31, 2023**

PROFIT or (LOSS) FROM OPERATIONS	126,699.00	
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	75,733.00	
NET CASH FLOW FROM OPERATIONS	202,432.00	
SUBTRACT: TRANSFERS TO RESERVES	-11,196.00	
SUBTRACT: CAPITAL EXPENDITURES	0.00	
ADD: ACCRUED INTEREST TO CITY OF CHICO	15,000.00	
ADD: WITHDRAWAL FROM RESERVE	0.00	
RESIDUAL RECEIPTS	206,236.00	
ANNUAL INTEREST DUE TO CITY OF CHICO	-15,000.00	
SUBTOTAL	191,236.00	
AMOUNT OVER 8% OF CAP. INVEST. PER CITY LOAN AGREEMENT	-48,269.00	goes to City
SUBTOTAL	142,967.00	
PENDING BOARD APPROVAL TRANSFER TO RESERVES	-100,000.00	
TOTAL DISTRIBUTION	42,967.00	

<u>PARTNER DISTRIBUTION DETAIL</u>	<u>SPLIT</u>
HACB - LIMITED PARTNER'S SHARE OF NET EXCESS CASH @ 33%	14,179.11
BCAHDC - GENERAL PARTNER'S SHARE OF NET EXCESS CASH @ 67%	28,787.89
TOTAL PARTNER DISTRIBUTIONS	42,967.00

		<u>book gain/loss</u>
HACB	99%	125,432.01
BCAHDC	1%	1,266.99
		126,699.00