

**BUTTE COUNTY AFFORDABLE HOUSING  
DEVELOPMENT CORPORATION**

**Board of Directors Meeting**

2039 Forest Avenue  
Chico, CA 95928

**MEETING AGENDA**

May 15, 2025  
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.

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<https://meet.goto.com/381942573>

**You can also dial in using your phone.**

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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](mailto: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.

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NEXT RESOLUTION NO. 25-5C

**ITEMS OF BUSINESS**

1. ROLL CALL

2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

- 3.1 Minutes of Meeting on February 20, 2025  
Minutes of Special Meeting on March 20, 2025  
Minutes of Special Meeting on April 17, 2025

3.2 BCAHDC – Financial Report

3.3 BCAHDC Properties – Status Report

- 3.3.1 CTCAC - Harvest Park Apartments Compliance Inspection, Close-Out Letter

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

- 5.1 1200 Park Avenue Apartments, Chico (1200 Park Avenue, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.2 Bar Triangle Apartments, Chico (Chico Bar Triangle, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.3 Ford Oaks Apartments, Gridley (Gridley Family Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.4 Gridley Springs Apartments I, Gridley (DHI-DFA Gridley Springs Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.5 Harvest Park Apartments, Chico (Chico Harvest Park, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.6 Liberty Bell Apartments, Orland (Orland Senior Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.7 Mitchell Avenue Apartments II, Oroville (Oroville Senior Associates II, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.8 North Creek Crossings Apartments, Chico (Chico North Creek, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.9 North Creek Crossings Apartments II, Chico (Chico North Creek II, LP) – Accept FY 2024 Audit Report.

Recommendation: Motion

- 5.10 Riverbend Apartments, Oroville (Oroville Family Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.11 Sunrise Village Apartments, Gridley (Gridley Senior Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.12 Walker Commons Apartments, Chico (Walker Commons, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.13 Woodward Apartments, Orland (Orland Family Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.14 1200 Park Avenue – CY2024 Surplus Cash Flow Distribution.

Recommendation: Motion

5.15 Walker Commons – CY2024 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 21, 2025**
13. ADJOURNMENT

BUTTE COUNTY AFFORDABLE  
HOUSING DEVELOPMENT CORPORATION

**Board of Directors Meeting**

2039 Forest Avenue  
Chico, CA 95928

**SPECIAL MEETING  
MEETING MINUTES**

April 17, 2025

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:33 p.m.

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

1. ROLL CALL

Present for the Directors: Randy Coy, Bob Crowe, Rich Ober, and David Pittman; all attended in person.

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

2. AGENDA AMENDMENTS

President Guanzon is requesting an Agenda Amendment to agenda; the amendment includes adding item 5.2 Infill Incentive Grant Program of 2019 Lincoln Street Senior Apartments – Resolution 25-4C. BCAHDC learned of resolution requirement after the Board packet had been prepared and gone out to the Board of Directors and the authorization is required due to permanent loan closing happening before the next Board of Directors meeting.

**\*MOTION\***

Motion to allow amendment to agenda and acceptance of modified agenda. Director Pittman moved to amend agenda as presented. Director Crowe seconded. The vote in favor was unanimous.

**\*MOTION\***

Motion to adopt amended agenda provided earlier today, adding Resolution No. 25-4C.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Lincoln Street Senior Apartments, Oroville – Resolution includes corporate authorizations to sign all transaction documents associated with the 61-unit affordable low-income housing development that would serve seniors in Oroville, known as Lincoln Street 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 The Richman Group of California (TRG).

**\*RESOLUTION NO. 25-3C\***

Director Pittman moved that Resolution No. 25-3C be adopted by reading of title only: “LINCOLN STREET SENIOR APARTMENTS, OROVILLE CORPORATE AUTHORIZATIONS”. Director Ober seconded. The vote in favor was unanimous.

- 5.2 Lincoln Street Senior Apartments, Oroville – Butte County Affordable Housing Development Corporation (BCAHDC) as Managing General Partner (MGP) of Richman Oroville Senior Apartments, LP is authorized to enter into, execute and deliver, any and all other documents required or deemed necessary or appropriate on the Infill Incentive Grant Program of 2019. Authorization on behalf of the MGP (BCAHDC) is recommended in anticipation of IIG Award \$2,762,600.

**\*RESOLUTION NO. 25-4C\***

Director Ober moved that Resolution No. 25-4C be adopted by reading of title only: “INFILL INCENTIVE GRANT PROGRAM OF 2019 LINCOLN STREET SENIOR APARTMENTS”. Director Crowe seconded. The roll call 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 15, 2025.**

13. ADJOURNMENT

The meeting was adjourned at 3:40 p.m.

Dated: April 17, 2025.

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Lawrence C. Guanzon, President

ATTEST:

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Marysol Perez, Secretary

**BUTTE COUNTY AFFORDABLE HOUSING  
DEVELOPMENT CORPORATION**

**Board of Directors Meeting**

2039 Forest Avenue  
Chico, CA 95928

**MEETING MINUTES**

February 20, 2025

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 4:26 p.m.

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

1. ROLL CALL

Present for the Directors: Randy Coy, Bob Crowe, Rich Ober, David Pittman, and Sarah Richter; all attended in person.

Others Present: President Larry Guanzon, Chief Financial Officer Hope Stone, Secretary Marysol Perez, Taylor Gonzalez and Juan Meza; all attended in person.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Housing Authority of the County of Butte (HACB) – BCAHDC has an ongoing Corporate Services Agreement with HACB. BCAHDC Management contracts with

*Butte County Affordable Housing Development Corporation  
Board of Directors  
Minutes – Meeting of February 20, 2025  
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the HACB to perform two kinds of services, corporate services to maintain the corporate entity, and other services, including asset management and property improvements. The resolution presented once again seeks to maintain the services agreement with HACB, adopting HACB’s 2025 billing rates starting March 1, 2025, authorizing up to \$25,000 in corporate services, and up to \$200,000 in extraordinary services relating to development and property re-positioning activity. As a reference Chief Financial Office Stone provided a spreadsheet with 2024 numbers, which were combined for a total of \$222,430.23; not going over the contracted amounts.

**\*RESOLUTION NO. 25-1C\***

Director Ober moved that Resolution No. 25-1C be adopted by reading of title only: “HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2025 BILLING RATES AND SERVICES AUTHORIZATIONS”. Director Coy seconded. The vote in favor was unanimous.

- 5.2     Harvest Park Audit Report – The Harvest Park Apartments audited financial statements, for the year ended December 31, 2024, were presented. BCAHDC receives a \$20,000 per year Managing General Partner fee. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

**\*MOTION\***

Director Ober moved that the Harvest Park Apartments audit be accepted as presented. 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 BOARD MEMBERS

None.

10.      MATTERS INITIATED BY BOARD MEMBERS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

- **Next Meeting – May 15, 2025.**

13. ADJOURNMENT

The meeting was adjourned at 4:30 p.m.

Dated: February 20, 2025.

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Lawrence C. Guanzon, President

ATTEST:

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Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE  
HOUSING DEVELOPMENT CORPORATION

**Board of Directors Meeting**

2039 Forest Avenue  
Chico, CA 95928

**SPECIAL MEETING  
MEETING MINUTES**

March 20, 2025

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:41 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, Bob Crowe, Rich Ober, David Pittman, and Sarah Richter: all attended in person.

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Deer Creek Apartments II, Chico – The Resolution amends the original resolution which was adopted on February 17, 2022. Deer Creek Apartments II consists of forty-eight (48) family units in Chico. The project has been completed and leased up and is now converting from construction to permanent financing and they required an updated resolution for permanent loan financing. The resolution was drafted and vetted by BCAHDC attorney.

**\*RESOLUTION NO. 25-2C\***

Director Ober moved that Resolution No. 25-2C be adopted by reading of title only: “DEER CREEK APARTMENTS II, CHICO, CA CORPORATE AUTHORIZATIONS”. Director Crowe 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 15, 2025.**

13. ADJOURNMENT

The meeting was adjourned at 2:45 p.m.

Dated: March 20, 2025.

ATTEST:

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Lawrence C. Guanzon, President

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Marysol Perez, Secretary

Butte County Affordable Housing Development Company  
GENERAL FUND BALANCE SHEET  
March 31, 2025

CUMULATIVE

**ASSETS**

<b>Current Assets</b>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>Difference</u>	<u>Notes</u>
Cash - Unrestricted	1,595,200	1,541,094	54,106	
Cash - Other Restricted	0	0	0	
Cash - Tenant Security	0	0	0	
Account Receivable	21,485	24,582	(3,097)	
Investments - Restricted	742,650	498,628	244,022	
<b>Total Current Assets</b>	<b>2,359,334</b>	<b>2,064,304</b>	295,030	

**Fixed Assets**

Fixed Assets & Accumulated Depreciation	0	0	0	
<b>Total Fixed Assets</b>	<b>0</b>	<b>0</b>	0	

**Other Assets**

Other Assets & Prepaid Expenses	2,435	2,435	(0)	
Investment in 1200 Park Ave	(605)	(605)	0	
Investment in Harvest Park	(245)	(245)	0	
Investment in DHI - GS	37	36	1	
Investment in WC	1,475	1,475	0	
<b>Total Other Assets</b>	<b>3,097</b>	<b>3,096</b>	1	

<b>TOTAL ASSETS</b>	<b>2,362,431</b>	<b>2,067,400</b>	295,031	
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**LIABILITIES**

**Current Liabilities**

Accounts Payable	2,045	14,637	(12,592)	
Accrued Liabilities	20,935	20,935	0	
Accrued Fees to HACB	88,813	88,813	(0)	
Tenant Security Deposits	0	0	0	
<b>Total Current Liabilities</b>	<b>111,793</b>	<b>124,385</b>	(12,592)	

**Long-Term Liabilities**

Long-Term Debt Net of Current	0	0	0	
<b>Total Long-Term Liabilities</b>	<b>0</b>	<b>0</b>	0	

<b>TOTAL LIABILITIES</b>	<b>111,793</b>	<b>124,385</b>	(12,592)	
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**NET POSITION**

Beginning Net Position	1,039,169	1,039,169	0	
Retained Earnings	1,211,469	903,847	307,623	
<b>TOTAL NET POSITION</b>	<b>2,250,638</b>	<b>1,943,015</b>	307,623	

<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>2,362,431</b>	<b>2,067,400</b>	295,031	
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Butte County Affordable Housing Development Company  
GENERAL FUND INCOME STATEMENT  
March 31, 2025

	Month to Date			Year to Date		
	Actual	Budget	Remaining	Actual	Budget	Remaining
Partnership Fees	0	3,242	3,242	7,308	19,454	12,146
Investment Income-unrestricted	0	125	125	0	750	750
Other Income	13,000	7,508	(5,492)	605,996	45,050	(560,946)
<b>TOTAL REVENUES</b>	<b>13,000</b>	<b>10,876</b>	<b>(2,124)</b>	<b>613,304</b>	<b>65,254</b>	<b>(548,050)</b>
Audit & Accounting Fees	100	375	275	1,913	2,250	337
Corporate Services	20,620	18,333	(2,286)	99,423	110,000	10,577
Consulting Fees	0	3,333	3,333	0	20,000	20,000
Legal Expenses	630	2,500	1,870	1,050	15,000	13,950
Misc. Admin. Expenses	64	83	20	750	500	(250)
Outside Management Fees	0	3,392	3,392	0	20,350	20,350
Partnership Losses	0	8	8	0	50	50
Taxes and Fees	0	14	14	19	85	66
<b>Total Operating Admin Costs</b>	<b>21,413</b>	<b>28,039</b>	<b>6,626</b>	<b>103,155</b>	<b>168,235</b>	<b>65,080</b>
<b>TOTAL EXPENSES</b>	<b>21,413</b>	<b>28,039</b>	<b>6,626</b>	<b>103,155</b>	<b>168,235</b>	<b>65,080</b>
<b>RETAINED EARNINGS</b>	<b>(8,413)</b>	<b>(17,164)</b>		<b>510,149</b>	<b>(102,982)</b>	

May 9, 2025

Memo

To: BCAHDC Board of Directors

From: Larry Guanzon, Executive Director  
Taylor Gonzalez, Project Manager

Subject: BCAHDC Properties – Status Report

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

- Fourteen (14) properties leased and under management,
- Eight (8) properties with construction completed are leasing,
- Three (3) developments under construction,
- Three (3) 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 has two (2) vacancies as of May 1<sup>st</sup>. There are two (2) pending applications. There are no additional thirty (30) day notices to vacate as of this memo. Residents and staff have continued to partner to create monthly activities supporting all residents, such as donut and ice cream socials. The community resident garden will be implemented once again as Spring is upon us and residents find this a worthy enhancement to the property. Monthly income is higher than budget by approximately \$5,827 at \$45,181 with overall YTD expenses lower than anticipated by \$6,839, bringing the property's Net Profit to \$28,005 more than budget, at \$32,012. Total Property Reserves balance is \$683,507.17. Bids are being collected for elimination of trip hazards. The rear building gutters/downspout replacement has been completed. Tree Trimming & Path-Lighting underground wiring is also being planned. The property is subject to repositioning, involving refinance, capital improvements and replacements. Whitney Vaughan is the new on-site manager. The property generates significant cash, which will help with anticipated renovations. Please find the AWI monthly owners report following.



*Walker Commons Apartments, Buttonwillow Lane, Chico*

May 9, 2025  
Property Status Memo  
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2006 – **1200 Park Avenue Apartments**, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – There are five (5) vacancies as of May 1st. One new move-in occurred in the past month. AWI reviews the turnover and market ready status of these 5 units in their report, following. There is one (1) additional 30-day notice. Any unpaid rents are also being collected. 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. Bids are being sought for “sun” damaged or frayed window screens throughout the property. Landscaping needs are being addressed. CAA Food Distribution is on-going. North Valley Catholic Social Services and others are continuing to be contacted to provide activities for property residents. 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. In March a Saint Patrick’s Day function is being planned. Monthly income is up by \$2,149, at \$94,169.76 Monthly expenses come in at \$94,520.52, or \$3,115 more than budget. This brought the YTD net monthly profit to a positive \$7,056.62 or \$4,593.95 more than anticipated. Total Reserve balance is \$340,693.98. The property is subject to repositioning, involving refinancing and capital improvements. Please find AWI’s monthly financials following



*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 two (2) thirty-day notices to vacate. Property management has transitioned to Arrowhead Housing. Total YTD income comes in above budget by \$1,529 at \$126,553. Total YTD expenses are \$4,031 less than budget at \$84,760. YTD NOI is approximately \$5,561 more than budget at \$41,793. The annual HOME audit was completed with no findings but a HOME interior inspection is scheduled

for the month of May. New mailboxes were installed. Parking lot repairs have been completed. Please find Arrowhead Housing Inc. 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 four (4) vacancies, with two (2)

30-day notices to vacate. There are unpaid rents in various units and WINN residential is in the process of collecting. One unit there is a pending Unlawful Detainer actions, plus

May 9, 2025  
Property Status Memo  
pg. 2

units under notice or repayment agreements. Overall, year to date unpaid rents continue to decrease. A new resident manager has been retained. Total monthly YTD income is up by \$11,370 compared to budget at \$403,745. Total expenses are \$8,814 less than projection, at \$200,924 bringing NOI to \$202,821 or \$20,184 more than budgeted. Please find WINN Residential'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*

May 9, 2025  
Property Status Memo  
pg. 5

## **Newly Constructed and Leasing:**

**Liberty Bell Apts, Orland** (32 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – Construction is complete; lease-up is well underway. Thirty-one Section 8 Vouchers have been committed to support the low-income seniors.



*Liberty Bell Courtyard Apartments, North 6<sup>th</sup> 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.



*Park Avenue Apartments, 1297 Park Avenue, Chico*

**Deer Creek Apts I and II, Chico** (204 units, families, The Pacific Companies/BCAHDC. Lender: Bank of America/CitiBank. LIHTC Investor: Bank of America) – Construction is complete and leasing is underway.



*Deer Creek Apartments I & II, Highway 32, Chico*

**Eaglepointe Apartments, Paradise** (43 units, family, The Pacific Companies/BCAHDC. Lender and LIHTC investor: KeyBank) – Construction is complete and leasing is underway.



*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 is complete and leasing is underway.



*Lincoln Family Apts, 3300 Lincoln Boulevard, Oroville*

May 9, 2025  
Property Status Memo  
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**Orchard View Apartments I, Gridley** (48 units, family, The Pacific Companies & BCAHDC. Lender: KeyBank, LIHTC investor: Merritt Capital.) – Construction is complete and leasing is underway.



*Orchard View Apts I, 1445 State Hwy 99, Gridley*

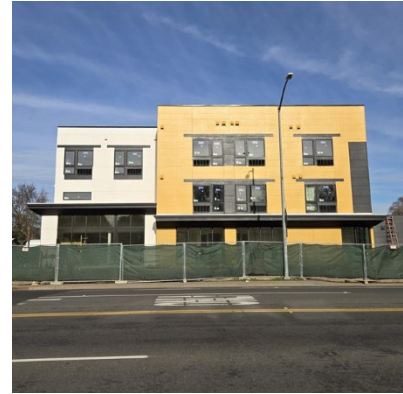
**Northwind Senior Apartments, Paradise** (21 units, seniors, Pacific Companies / BCAHDC, Lender: Banner Bank, LIHTC investor: Merritt Capital) – Construction is complete and leasing is underway.



*Northwind Senior Apartments, 6983 Pentz Road*

## **Under Construction:**

**Oleander Community Housing Apartments, Chico** (38-units, special needs homeless, Pacific Companies/BCAHDC. Lender and LIHTC investor unknown at this time.) – Construction is underway with completion slated for Summer 2025.



*Oleander Community Housing Apartments, 2324 Esplanade, Chico – Construction is 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. Construction is well underway with completion expected Winter 2025.



*Bar Triangle Apartments, 2225 Bar Triangle Street, Chico – Construction underway*

**Lincoln Senior Apartments, Oroville** – BCAHDC has entered into a development agreement with The Richman Group of California (TRG) to be partner in the partnership 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 commitments of CDBG-DR MHP funds (DR18 and DR20), Infill Infrastructure Grant Program funds (IIG), funds from the City of Oroville and 9% LIHTC to complete the funding package. Closing on the funding package is slated for mid-May with construction expected to commence shortly thereafter.

## **Seeking Funding:**

**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 16<sup>th</sup>.

## **Other Business:**

**California Energy Commission's (CEC) Reliable, Equitable, and Accessible Charging for Multi-family Housing (REACH) 3.0 Funding Opportunity** – Staff was approached by Brighton Energy and the Chico State College of Engineering, Computer Science, and Construction Management (ECC) about their CEC REACH funding application. The ECC team plans to use the funding to build cost-effective and convenient electric vehicle (EV) charging stations at and near multi-family communities in Butte County. The ECC team confirmed that this funding would be provided at no cost to regulated multi-family affordable housing communities. As a result, staff identified the following properties for ECC's funding application, which was submitted in late January.

**Chico Commons:** (10) Level 2 accessible EV chargers

**Harvest Park:** (9) Level 2 accessible EV chargers

**Walker Commons:** (6) Level 2 accessible EV chargers

The ECC team expects to hear back from the CEC by mid-2025. Staff has reached out to the ECC team to inquire if changes in the new Presidential Administration will impact the program, but the effects are currently unknown.

## Walker Commons April 2025



Separate *Variance Report* explaining budget differences and expenditures.  
The current reserve balance is \$683,507.17.

### Updates:

Walker Commons currently has 2 units available for occupancy.

### **Unit Turns:**

- **#4:** (Medical) - Unit is Market Ready – Reviewing applications
- **#11:** (Left the country) – Reviewing applications

### **Events:**

- The property continues to hold a donut and ice cream social event each Friday.
- Spring is here and it is time to enhance the focus on the community garden. Management will host a Spring “planting party” to engage residents in beautifying the garden.

### **Projects:**

- Updating the bark around the clubhouse.
- Gathering bids to replace dirt areas with DG.
- Replacing trees that are missing on the main path.
- Gathering bids for tree cleanup behind the buildings.
- Working on beautifying the garden area and adding irrigation with timers for the gardens.
- Hard wiring the path lighting, installing outlet lock boxes to improve the look of the grounds while also restricting unwarranted use.

The new Property Manager Whitney is assimilating into the community and partnering with residents and co-workers.



Walker Commons 550  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
<b>Rental Income</b>						
Gross Rents	\$ 38,008.00	\$ 40,595.50	\$ (2,587.50)	\$ 151,128.00	\$ 162,382.00	\$ (11,254.00)
Private Subsidy Income	\$ 8,390.00	\$ 0.00	\$ 8,390.00	\$ 30,602.00	\$ 0.00	\$ 30,602.00
Vacancies	(1,368.00)	(608.92)	(759.08)	(5,041.00)	(2,435.67)	(2,605.33)
Rent Adjustments	0.00	(18.00)	18.00	0.00	(72.00)	72.00
Manager's Unit	(906.00)	(906.00)	0.00	(3,624.00)	(3,624.00)	0.00
<b>Total Tenant Rent</b>	<b>\$ 44,124.00</b>	<b>\$ 39,062.58</b>	<b>\$ 5,061.42</b>	<b>\$ 173,065.00</b>	<b>\$ 156,250.33</b>	<b>\$ 16,814.67</b>
<b>Other Project Income:</b>						
Laundry Income	\$ 0.00	\$ 271.83	\$ (271.83)	\$ 1,206.94	\$ 1,087.33	\$ 119.61
Interest Income	144.52	6.08	138.44	558.15	24.33	533.82
Restricted Reserve Interest Income	552.62	0.00	552.62	2,152.11	0.00	2,152.11
Late Charges	385.00	4.17	380.83	1,335.00	16.67	1,318.33
Application Fees	(25.00)	0.00	(25.00)	(25.00)	0.00	(25.00)
Other Tenant Income	0.00	9.17	(9.17)	289.00	36.67	252.33
<b>Other Project Income</b>	<b>\$ 1,057.14</b>	<b>\$ 291.25</b>	<b>\$ 765.89</b>	<b>\$ 5,516.20</b>	<b>\$ 1,165.00</b>	<b>\$ 4,351.20</b>
<b>Total Project Income</b>	<b>\$ 45,181.14</b>	<b>\$ 39,353.83</b>	<b>\$ 5,827.31</b>	<b>\$ 178,581.20</b>	<b>\$ 157,415.33</b>	<b>\$ 21,165.87</b>
<b>Project Expenses:</b>						
Maint. & Oper. Exp. (Page 3)	\$ 29,881.22	\$ 14,480.41	\$ 15,400.81	\$ 74,539.56	\$ 57,921.66	\$ 16,617.90
Utilities (Page 3)	2,498.05	4,920.08	(2,422.03)	11,090.05	19,680.33	(8,590.28)
Administrative (Page 3)	5,227.88	8,827.24	(3,599.36)	26,747.23	35,308.99	(8,561.76)
Taxes & Insurance (Page 3)	2,572.50	2,585.33	(12.83)	9,831.17	10,341.33	(510.16)
Other Taxes & Insurance (Page 4)	1,603.34	3,702.25	(2,098.91)	9,823.44	14,809.00	(4,985.56)
Other Project Expenses (Page 4)	468.10	1,028.41	(560.31)	3,303.74	4,113.66	(809.92)
<b>Total O&amp;M Expenses</b>	<b>\$ 42,251.09</b>	<b>\$ 35,543.72</b>	<b>\$ 6,707.37</b>	<b>\$ 135,335.19</b>	<b>\$ 142,174.97</b>	<b>\$ (6,839.78)</b>
<b>Mortgage &amp; Owner's Expense</b>						
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
<b>Total Mortgage &amp; Owner's Exp.</b>	<b>\$ 2,808.34</b>	<b>\$ 2,808.33</b>	<b>\$ .01</b>	<b>\$ 11,233.36</b>	<b>\$ 11,233.33</b>	<b>\$ .03</b>
<b>Total Project Expenses</b>	<b>\$ 45,059.43</b>	<b>\$ 38,352.05</b>	<b>\$ 6,707.38</b>	<b>\$ 146,568.55</b>	<b>\$ 153,408.30</b>	<b>\$ (6,839.75)</b>
<b>Net Profit (Loss)</b>	<b>\$ 121.71</b>	<b>\$ 1,001.78</b>	<b>\$ (880.07)</b>	<b>\$ 32,012.65</b>	<b>\$ 4,007.03</b>	<b>\$ 28,005.62</b>

Walker Commons 550  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Cash Flow Items:						
Reserve Transfers	\$ (552.62)	\$ 0.00	\$ (552.62)	\$ (2,152.11)	\$ 0.00	\$ (2,152.11)
T & I Transfers	(2,140.97)	0.00	(2,140.97)	(8,555.86)	0.00	(8,555.86)
Operating - MMKT- FFB*	(117.22)	0.00	(117.22)	(456.97)	0.00	(456.97)
Security Deposits Held	0.00	0.00	0.00	(340.00)	0.00	(340.00)
Authorized Reserve - Other	0.00	(6,458.33)	6,458.33	0.00	(25,833.33)	25,833.33
Tenant Receivables	38,202.00	0.00	38,202.00	16,117.00	0.00	16,117.00
Other Receivables	3,572.50	0.00	3,572.50	(21,541.16)	0.00	(21,541.16)
Accounts Payable - Trade	(8,372.63)	0.00	(8,372.63)	(23,687.45)	0.00	(23,687.45)
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	2,500.00	0.00	2,500.00
Total Other Cash Flow Items	<u>\$ 32,466.06</u>	<u>\$ (6,458.33)</u>	<u>\$ 38,924.39</u>	<u>\$ (33,116.55)</u>	<u>\$ (25,833.33)</u>	<u>\$ (7,283.22)</u>
Net Operating Cash Change	<u><u>\$ 32,587.77</u></u>	<u><u>\$ (5,456.55)</u></u>	<u><u>\$ 38,044.32</u></u>	<u><u>\$ (1,103.90)</u></u>	<u><u>\$ (21,826.30)</u></u>	<u><u>\$ 20,722.40</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 92,257.74	\$ 91,153.84	\$ (1,103.90)
Operating - MMKT- FFB*	138,328.81	138,785.78	456.97
Tax & Insurance - FFB	58,478.71	67,034.57	8,555.86
Security Deposit - FFB	21,230.00	21,230.00	0.00
Reserve Acct - FFB	53,777.13	57,601.54	3,824.41
Reserve Acct MMKT-FFB*	623,844.57	625,905.63	2,061.06
Payables & Receivables:			
Accounts Payable - Trade	19,214.82	(4,472.63)	(23,687.45)
Rents Receivable - Current Tenants	1,832.74	(15,845.26)	(17,678.00)
Other Tenant Charges Receivable	217.00	887.00	670.00

Walker Commons 550  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 2,880.63	\$ 4,370.00	\$ (1,489.37)	\$ 13,874.26	\$ 17,480.00	\$ (3,605.74)
Janitorial/Cleaning Supplies	251.03	133.08	117.95	926.39	532.33	394.06
Plumbing Repairs	254.67	239.92	14.75	2,428.76	959.67	1,469.09
Painting & Decorating	146.73	301.25	(154.52)	457.73	1,205.00	(747.27)
Repairs & Maintenance - Supply	1,589.45	1,089.08	500.37	6,557.15	4,356.33	2,200.82
Repairs & Maintenance - Contract	0.00	1,299.83	(1,299.83)	2,588.99	5,199.33	(2,610.34)
Grounds Maintenance	1,840.00	2,008.33	(168.33)	8,335.00	8,033.33	301.67
Pest Control Service	278.00	333.33	(55.33)	1,112.00	1,333.33	(221.33)
Fire/Alarm Services	0.00	276.75	(276.75)	252.00	1,107.00	(855.00)
Capital Improvements - Other	19,087.00	1,169.17	17,917.83	20,546.73	4,676.67	15,870.06
Capital Improvements - Flooring	2,659.85	1,041.67	1,618.18	10,207.70	4,166.67	6,041.03
Capital Improvements - Appliances	763.66	387.50	376.16	4,497.47	1,550.00	2,947.47
Capital Improvements - HVAC Repl.	0.00	583.33	(583.33)	925.18	2,333.33	(1,408.15)
Capital Improvements - Water Heaters	0.00	666.67	(666.67)	0.00	2,666.67	(2,666.67)
Carpet Cleaning	0.00	70.83	(70.83)	129.00	283.33	(154.33)
HVAC Repairs	0.00	200.00	(200.00)	893.00	800.00	93.00
Cable Service	130.20	109.67	20.53	611.90	438.67	173.23
Tenant Services	0.00	200.00	(200.00)	196.30	800.00	(603.70)
Total Maint. & Operating Exp.	\$ 29,881.22	\$ 14,480.41	\$ 15,400.81	\$ 74,539.56	\$ 57,921.66	\$ 16,617.90
Utilities:						
Electricity	\$ 365.89	\$ 819.33	\$ (453.44)	\$ 1,937.84	\$ 3,277.33	\$ (1,339.49)
Water	594.88	775.00	(180.12)	2,360.14	3,100.00	(739.86)
Sewer	0.00	2,178.92	(2,178.92)	2,638.02	8,715.67	(6,077.65)
Heating Fuel/Other	85.68	386.58	(300.90)	631.25	1,546.33	(915.08)
Garbage & Trash Removal	1,451.60	760.25	691.35	3,522.80	3,041.00	481.80
Total Utilities	\$ 2,498.05	\$ 4,920.08	\$ (2,422.03)	\$ 11,090.05	\$ 19,680.33	\$ (8,590.28)
Administrative:						
Manager's Salary	\$ 810.88	\$ 4,368.33	\$ (3,557.45)	\$ 6,356.76	\$ 17,473.33	\$ (11,116.57)
Management Fees	3,136.00	3,136.00	0.00	12,544.00	12,544.00	0.00
Bad Debt Expense	281.00	0.00	281.00	3,295.00	0.00	3,295.00
Auditing	1,000.00	1,000.00	0.00	3,666.67	4,000.00	(333.33)
Legal	0.00	171.08	(171.08)	0.00	684.33	(684.33)
Other Administrative Expenses	0.00	151.83	(151.83)	884.80	607.33	277.47
Total Administrative Expense	\$ 5,227.88	\$ 8,827.24	\$ (3,599.36)	\$ 26,747.23	\$ 35,308.99	\$ (8,561.76)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 12.83	\$ (12.83)	\$ 0.00	\$ 51.33	\$ (51.33)
Property Insurance	2,572.50	2,572.50	0.00	9,831.17	10,290.00	(458.83)
Total Taxes & Insurance Expense	\$ 2,572.50	\$ 2,585.33	\$ (12.83)	\$ 9,831.17	\$ 10,341.33	\$ (510.16)

Walker Commons 550  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Taxes & Insurance:						
Payroll Taxes	\$ 396.59	\$ 827.17	\$ (430.58)	\$ 2,176.63	\$ 3,308.67	\$ (1,132.04)
Other Taxes, Fees & Permits	0.00	295.92	(295.92)	800.00	1,183.67	(383.67)
Bond Premiums	0.00	25.83	(25.83)	247.25	103.33	143.92
Worker's Compensation Insurance	136.99	380.50	(243.51)	703.06	1,522.00	(818.94)
Personnel Medical Insurance	1,069.76	2,172.83	(1,103.07)	5,896.50	8,691.33	(2,794.83)
Total Other Taxes & Insurance	<u>\$ 1,603.34</u>	<u>\$ 3,702.25</u>	<u>\$ (2,098.91)</u>	<u>\$ 9,823.44</u>	<u>\$ 14,809.00</u>	<u>\$ (4,985.56)</u>
Other Project Expenses						
Telephone & Answering Service	\$ 236.15	\$ 237.58	\$ (1.43)	\$ 1,239.41	\$ 950.33	\$ 289.08
Internet Service	71.95	100.00	(28.05)	359.75	400.00	(40.25)
Advertising	0.00	16.67	(16.67)	0.00	66.67	(66.67)
Water/Coffee Service	0.00	24.50	(24.50)	237.27	98.00	139.27
Office Supplies & Expense	0.00	325.00	(325.00)	943.69	1,300.00	(356.31)
Postage	0.00	81.00	(81.00)	46.72	324.00	(277.28)
Toner/Copier Expense	0.00	110.33	(110.33)	121.90	441.33	(319.43)
Travel & Promotion	160.00	33.33	126.67	355.00	133.33	221.67
Training Expense	0.00	58.33	(58.33)	0.00	233.33	(233.33)
Credit Checking	0.00	41.67	(41.67)	0.00	166.67	(166.67)
Total Other Project Expenses	<u>\$ 468.10</u>	<u>\$ 1,028.41</u>	<u>\$ (560.31)</u>	<u>\$ 3,303.74</u>	<u>\$ 4,113.66</u>	<u>\$ (809.92)</u>
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 Fee	\$ 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.	<u>\$ 2,808.34</u>	<u>\$ 2,808.33</u>	<u>\$ .01</u>	<u>\$ 11,233.36</u>	<u>\$ 11,233.33</u>	<u>\$ .03</u>
Total Expenses	<u>\$ 45,059.43</u>	<u>\$ 38,352.05</u>	<u>\$ 6,707.38</u>	<u>\$ 146,568.55</u>	<u>\$ 153,408.30</u>	<u>\$ (6,839.75)</u>
Reserves						
Authorized Reserve - Other	<u>\$ 0.00</u>	<u>\$ 6,458.33</u>	<u>\$ (6,458.33)</u>	<u>\$ 0.00</u>	<u>\$ 25,833.33</u>	<u>\$ (25,833.33)</u>
	\$ 0.00	\$ 6,458.33	\$ (6,458.33)	\$ 0.00	\$ 25,833.33	\$ (25,833.33)

## 1200 Park Avenue Apartments April 2025



Separate *Variance Report* explaining budget differences and expenditures.  
The current reserve balance is \$340,693.98.

### **Updates:**

1200 Park Avenue currently has 5 units available for occupancy, 1 move-in and no move-outs in April.

### **Vacancies:**

- **Unit #214:** (Deceased) In Process, Painting and minor repairs.
- **Unit #242:** (RA Transfer to #133) In Process, Unit needs minor repairs.
- **Unit #262:** (Leaving the Area) Unit needs minor repairs.
- **Unit #305:** (Deceased) Minor repairs, Full paint and flooring.
- **Unit #331:** (Personal) Minor repairs.

### **Upcoming Vacancies:**

- The resident in #239 is currently at legal for non-compliance with pest control treatments and causing a nuisance to the complex and staff.

Staff are working to turn and lease units as quickly as possible and have made great progress over the last several months. Advertising is ongoing.

Quarterly carpet cleaning has been completed on the 2<sup>nd</sup> and 3<sup>rd</sup> floors with the 1<sup>st</sup> floor scheduled for 5/8/25.

**Staffing:** Fully Staffed, we have heard very positive feedback from the residents on the new Manager and Assistant Manager.

### **Events:**

- Cindi and Amber are planning a soup and salad event to build a relationship with all of the residents and get to know them better.



Park Avenue 569  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
<b>Rental Income</b>						
Gross Rents	\$ 98,858.00	\$ 95,845.08	\$ 3,012.92	\$ 378,946.00	\$ 383,380.33	\$ (4,434.33)
Vacancies	\$ (4,579.00)	\$ (3,833.83)	\$ (745.17)	\$ (20,313.00)	\$ (15,335.33)	\$ (4,977.67)
Manager's Unit	(1,111.00)	(1,111.00)	0.00	(4,444.00)	(4,444.00)	0.00
<b>Total Tenant Rent</b>	<b>\$ 93,168.00</b>	<b>\$ 90,900.25</b>	<b>\$ 2,267.75</b>	<b>\$ 354,189.00</b>	<b>\$ 363,601.00</b>	<b>\$ (9,412.00)</b>
<b>Other Project Income:</b>						
Laundry Income	\$ 0.00	\$ 666.67	\$ (666.67)	\$ 0.00	\$ 2,666.67	\$ (2,666.67)
Interest Income	36.01	0.00	36.01	158.49	0.00	158.49
Restricted Reserve Interest Income	18.00	18.17	(.17)	87.48	72.67	14.81
Late Charges	446.82	68.50	378.32	908.76	274.00	634.76
Application Fees	0.00	13.92	(13.92)	25.00	55.67	(30.67)
Other Tenant Income	115.00	333.33	(218.33)	709.25	1,333.33	(624.08)
Miscellaneous Income	385.93	19.83	366.10	674.93	79.33	595.60
<b>Other Project Income</b>	<b>\$ 1,001.76</b>	<b>\$ 1,120.42</b>	<b>\$ (118.66)</b>	<b>\$ 2,563.91</b>	<b>\$ 4,481.67</b>	<b>\$ (1,917.76)</b>
<b>Total Project Income</b>	<b>\$ 94,169.76</b>	<b>\$ 92,020.67</b>	<b>\$ 2,149.09</b>	<b>\$ 356,752.91</b>	<b>\$ 368,082.67</b>	<b>\$ (11,329.76)</b>
<b>Project Expenses:</b>						
Maint. & Oper. Exp. (Page 3)	\$ 24,721.30	\$ 21,761.42	\$ 2,959.88	\$ 93,034.83	\$ 87,045.67	\$ 5,989.16
Utilities (Page 3)	13,560.24	13,232.49	327.75	36,077.54	52,929.99	(16,852.45)
Administrative (Page 3)	13,268.79	13,035.42	233.37	50,917.14	52,141.67	(1,224.53)
Taxes & Insurance (Page 3)	7,269.41	7,439.75	(170.34)	27,834.89	29,759.00	(1,924.11)
Other Taxes & Insurance (Page 4)	2,699.64	3,453.91	(754.27)	11,758.86	13,815.66	(2,056.80)
Other Project Expenses (Page 4)	3,135.25	2,401.09	734.16	10,609.47	9,604.34	1,005.13
<b>Total O&amp;M Expenses</b>	<b>\$ 64,654.63</b>	<b>\$ 61,324.08</b>	<b>\$ 3,330.55</b>	<b>\$ 230,232.73</b>	<b>\$ 245,296.33</b>	<b>\$ (15,063.60)</b>
<b>Mortgage &amp; Owner's Expense</b>						
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	\$ 1,105.50	\$ (20.00)	\$ 4,342.00	\$ 4,422.00	\$ (80.00)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
<b>Total Mortgage &amp; Owner's Exp.</b>	<b>\$ 29,865.89</b>	<b>\$ 30,080.92</b>	<b>\$ (215.03)</b>	<b>\$ 119,463.56</b>	<b>\$ 120,323.67</b>	<b>\$ (860.11)</b>
<b>Total Project Expenses</b>	<b>\$ 94,520.52</b>	<b>\$ 91,405.00</b>	<b>\$ 3,115.52</b>	<b>\$ 349,696.29</b>	<b>\$ 365,620.00</b>	<b>\$ (15,923.71)</b>
<b>Net Profit (Loss)</b>	<b>\$ (350.76)</b>	<b>\$ 615.67</b>	<b>\$ (966.43)</b>	<b>\$ 7,056.62</b>	<b>\$ 2,462.67</b>	<b>\$ 4,593.95</b>

Park Avenue 569  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Cash Flow Items:						
Reserve Transfers	\$ (13.50)	\$ 0.00	\$ (13.50)	\$ 65,494.71	\$ 0.00	\$ 65,494.71
T & I Transfers	(7,495.93)	0.00	(7,495.93)	39,463.57	0.00	39,463.57
Operating - MMKT- FFB*	(3.58)	0.00	(3.58)	(20,006.06)	0.00	(20,006.06)
Other Cash Changes	(225.96)	0.00	(225.96)	400.61	0.00	400.61
Security Deposits Held	900.00	0.00	900.00	1,500.00	0.00	1,500.00
Authorized Reserve - Other	0.00	(10,941.67)	10,941.67	(65,410.32)	(43,766.67)	(21,643.65)
Pending Reserves	(18,913.42)	0.00	(18,913.42)	(21,977.91)	0.00	(21,977.91)
Tenant Receivables	4,303.18	0.00	4,303.18	(10,863.76)	0.00	(10,863.76)
Other Receivables	8,173.41	0.00	8,173.41	17,868.71	0.00	17,868.71
Accounts Payable - Trade	(10,756.00)	0.00	(10,756.00)	(5,700.40)	0.00	(5,700.40)
Accrued Expenses	1,951.00	0.00	1,951.00	3,902.00	0.00	3,902.00
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	2,675.32	0.00	2,675.32
Accrued Interest Housing Authority	4,785.75	0.00	4,785.75	19,143.00	0.00	19,143.00
Partner's Equity	0.00	0.00	0.00	(535.00)	0.00	(535.00)
Total Other Cash Flow Items	<u>\$ (10,084.55)</u>	<u>\$ (10,941.67)</u>	<u>\$ 857.12</u>	<u>\$ 52,121.15</u>	<u>\$ (43,766.67)</u>	<u>\$ 95,887.82</u>
Net Operating Cash Change	<u><u>\$ (10,435.31)</u></u>	<u><u>\$ (10,326.00)</u></u>	<u><u>\$ (109.31)</u></u>	<u><u>\$ 59,177.77</u></u>	<u><u>\$ (41,304.00)</u></u>	<u><u>\$ 100,481.77</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 26,393.72	\$ 85,571.49	\$ 59,177.77
Operating - MMKT- FFB*	1,026.23	21,032.29	20,006.06
Cash Transfers	0.00	18.75	18.75
Tax & Insurance-FFB	125,483.44	86,019.87	(39,463.57)
Security Deposit - FFB	36,064.00	36,064.00	0.00
Repl Reserves - Berkadia - IMP**	395,488.69	340,693.98	(54,794.71)
Payables & Receivables:			
Accounts Payable - Trade	1,892.81	(3,807.59)	(5,700.40)
Rents Receivable - Current Tenants	6,428.44	17,161.37	10,732.93
Other Tenant Charges Receivable	3,750.94	3,274.77	(476.17)

Park Avenue 569  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 7,539.76	\$ 7,900.00	\$ (360.24)	\$ 29,890.08	\$ 31,600.00	\$ (1,709.92)
Janitorial/Cleaning Supplies	119.75	318.25	(198.50)	765.42	1,273.00	(507.58)
Plumbing Repairs	0.00	219.75	(219.75)	0.00	879.00	(879.00)
Painting & Decorating	183.56	223.83	(40.27)	575.05	895.33	(320.28)
Repairs & Maintenance - Supply	1,388.31	1,547.75	(159.44)	6,457.05	6,191.00	266.05
Repairs & Maintenance - Contract	917.00	2,250.00	(1,333.00)	9,290.93	9,000.00	290.93
Grounds Maintenance	2,135.00	1,966.67	168.33	7,730.00	7,866.67	(136.67)
Elevator Maintenance & Contract	0.00	984.17	(984.17)	3,421.12	3,936.67	(515.55)
Pest Control Service	1,176.08	1,000.00	176.08	2,511.08	4,000.00	(1,488.92)
Fire/Alarm Services	1,391.00	1,523.92	(132.92)	7,581.31	6,095.67	1,485.64
Security Service	681.00	711.00	(30.00)	3,351.00	2,844.00	507.00
Capital Improvements - Other	3,500.31	1,660.00	1,840.31	8,905.41	6,640.00	2,265.41
Capital Improvements - Flooring	2,459.59	0.00	2,459.59	7,839.05	0.00	7,839.05
Capital Improvements - Appliances	1,729.94	826.33	903.61	2,627.33	3,305.33	(678.00)
Carpet Cleaning	1,500.00	416.67	1,083.33	1,947.00	1,666.67	280.33
HVAC Repairs	0.00	86.00	(86.00)	0.00	344.00	(344.00)
Tenant Services	0.00	127.08	(127.08)	143.00	508.33	(365.33)
Total Maint. & Operating Exp.	\$ 24,721.30	\$ 21,761.42	\$ 2,959.88	\$ 93,034.83	\$ 87,045.67	\$ 5,989.16
Utilities:						
Electricity	\$ 8,177.04	\$ 8,621.08	\$ (444.04)	\$ 14,670.06	\$ 34,484.33	\$ (19,814.27)
Water	1,256.71	1,149.33	107.38	4,946.44	4,597.33	349.11
Sewer	1,951.00	1,963.58	(12.58)	7,803.94	7,854.33	(50.39)
Heating Fuel/Other	1,117.93	454.92	663.01	4,680.86	1,819.67	2,861.19
Garbage & Trash Removal	1,057.56	1,043.58	13.98	3,976.24	4,174.33	(198.09)
Total Utilities	\$ 13,560.24	\$ 13,232.49	\$ 327.75	\$ 36,077.54	\$ 52,929.99	\$ (16,852.45)
Administrative:						
Manager's Salary	\$ 3,898.90	\$ 5,411.67	\$ (1,512.77)	\$ 14,247.48	\$ 21,646.67	\$ (7,399.19)
Management Fees	5,992.00	5,992.00	0.00	23,968.00	23,968.00	0.00
Bad Debt Expense	1,087.00	0.00	1,087.00	5,202.00	0.00	5,202.00
Auditing	1,000.00	1,000.00	0.00	3,687.50	4,000.00	(312.50)
Legal	1,275.00	407.17	867.83	2,427.50	1,628.67	798.83
Reporting Ptr/Mgmt Fees	0.00	0.00	0.00	(535.00)	0.00	(535.00)
Other Administrative Expenses	15.89	224.58	(208.69)	1,919.66	898.33	1,021.33
Total Administrative Expense	\$ 13,268.79	\$ 13,035.42	\$ 233.37	\$ 50,917.14	\$ 52,141.67	\$ (1,224.53)
Taxes & Insurance Reserve For:						
Special Assessments	\$ 0.00	\$ 27.75	\$ (27.75)	\$ 0.00	\$ 111.00	\$ (111.00)
Property Insurance	7,112.08	7,112.08	0.00	27,205.57	28,448.33	(1,242.76)
Other Insurance	157.33	299.92	(142.59)	629.32	1,199.67	(570.35)

Park Avenue 569  
For the Month Ended April 30, 2025  
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Total Taxes & Insurance Expense	\$ 7,269.41	\$ 7,439.75	\$ (170.34)	\$ 27,834.89	\$ 29,759.00	\$ (1,924.11)
Other Taxes & Insurance:						
Payroll Taxes	\$ 1,216.05	\$ 1,350.83	\$ (134.78)	\$ 4,554.70	\$ 5,403.33	\$ (848.63)
Other Taxes, Fees & Permits	0.00	233.33	(233.33)	800.00	933.33	(133.33)
Bond Premiums	0.00	108.75	(108.75)	472.43	435.00	37.43
Worker's Compensation Insurance	392.00	641.25	(249.25)	1,583.95	2,565.00	(981.05)
Personnel Medical Insurance	1,091.59	1,119.75	(28.16)	4,347.78	4,479.00	(131.22)
Total Other Taxes & Insurance	\$ 2,699.64	\$ 3,453.91	\$ (754.27)	\$ 11,758.86	\$ 13,815.66	\$ (2,056.80)
Other Project Expenses						
Telephone & Answering Service	\$ 670.58	\$ 592.33	\$ 78.25	\$ 2,776.35	\$ 2,369.33	\$ 407.02
Internet Service	1,086.64	558.33	528.31	2,416.17	2,233.33	182.84
Advertising	0.00	39.75	(39.75)	0.00	159.00	(159.00)
Water/Coffee Service	18.00	111.25	(93.25)	238.07	445.00	(206.93)
Office Supplies & Expense	0.00	468.00	(468.00)	2,638.07	1,872.00	766.07
Postage	154.18	87.67	66.51	267.71	350.67	(82.96)
Toner/Copier Expense	13.49	297.92	(284.43)	638.90	1,191.67	(552.77)
Office Furniture & Equipment Expense	1,192.36	0.00	1,192.36	1,584.20	0.00	1,584.20
Travel & Promotion	0.00	144.42	(144.42)	0.00	577.67	(577.67)
Training Expense	0.00	63.92	(63.92)	0.00	255.67	(255.67)
Credit Checking	0.00	29.17	(29.17)	0.00	116.67	(116.67)
Employee Meals	0.00	8.33	(8.33)	50.00	33.33	16.67
Total Other Project Expenses	\$ 3,135.25	\$ 2,401.09	\$ 734.16	\$ 10,609.47	\$ 9,604.34	\$ 1,005.13
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	\$ 1,105.50	\$ (20.00)	\$ 4,342.00	\$ 4,422.00	\$ (80.00)
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	\$ 30,080.92	\$ (215.03)	\$ 119,463.56	\$ 120,323.67	\$ (860.11)
Total Expenses	<u>\$ 94,520.52</u>	<u>\$ 91,405.00</u>	<u>\$ 3,115.52</u>	<u>\$ 349,696.29</u>	<u>\$ 365,620.00</u>	<u>\$ (15,923.71)</u>
Reserves						
Authorized Reserve - Other	\$ 0.00	\$ 10,941.67	\$ (10,941.67)	\$ 65,410.32	\$ 43,766.67	\$ 21,643.65
Pending Reserves	<u>18,913.42</u>	<u>0.00</u>	<u>18,913.42</u>	<u>21,977.91</u>	<u>0.00</u>	<u>21,977.91</u>
	\$ 18,913.42	\$ 10,941.67	\$ 7,971.75	\$ 87,388.23	\$ 43,766.67	\$ 43,621.56

## GRIDLEY SPRINGS

May 2025

### Property Status:

#### Gridley Springs 1 (GS1):

- **1** current vacant unit; **2** notices to vacate.
  - We are **diligently working on move-in files** and have an applicant for each upcoming vacancy and NTV.
  - One application was denied due to being over-income.
  - Currently undergoing a **file audit** in preparation for the **HOME inspection scheduled for May 15th**.
  - Uneven concrete and parking lot striping have been completed.
  - New mailboxes have been installed and look great.
  - **Annual inspections have been completed.**
- 

#### Gridley Springs 2 (GS2):

- **3** vacant units; **1** notice to vacate.
- We are **diligently working on move-in files** and have an applicant for each upcoming vacancy and NTV.
- **Annual inspections have been completed.**

Sincerely,

*Laurie Hunter*

# Gridley Springs 1 Budget Comparison April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b>Income</b>								
<b>Rental Income</b>								
5120 - Rent Revenue -- Gross Potential	9,879.00	31,800.00	(21,921.00)	(68.93)	36,984.00	127,200.00	(90,216.00)	(70.92)
5121 - Tenant Assistance Payments	21,889.00	0.00	21,889.00	100.00	88,295.00	0.00	88,295.00	100.00
<b>Total Rental Income</b>	<b>31,768.00</b>	<b>31,800.00</b>	<b>(32.00)</b>	<b>(0.10)</b>	<b>125,279.00</b>	<b>127,200.00</b>	<b>(1,921.00)</b>	<b>(1.51)</b>
<b>Vacancy, Losses &amp; Concessions</b>								
5220 - Vacancy Loss - Apartments	0.00	(954.00)	954.00	100.00	0.00	(3,816.00)	3,816.00	100.00
<b>Total Vacancy, Losses &amp; Concessions</b>	<b>0.00</b>	<b>(954.00)</b>	<b>954.00</b>	<b>100.00</b>	<b>0.00</b>	<b>(3,816.00)</b>	<b>3,816.00</b>	<b>100.00</b>
<b>Net Rental Income</b>	<b>31,768.00</b>	<b>30,846.00</b>	<b>922.00</b>	<b>2.98</b>	<b>125,279.00</b>	<b>123,384.00</b>	<b>1,895.00</b>	<b>1.53</b>
<b>Financial Income</b>								
5410 - Interest Revenue	38.26	65.00	(26.74)	(41.13)	156.75	260.00	(103.25)	(39.71)
<b>Total Financial Income</b>	<b>38.26</b>	<b>65.00</b>	<b>(26.74)</b>	<b>(41.13)</b>	<b>156.75</b>	<b>260.00</b>	<b>(103.25)</b>	<b>(39.71)</b>
<b>Other Income</b>								
5910 - Laundry Revenue	298.43	305.00	(6.57)	(2.15)	1,117.73	1,220.00	(102.27)	(8.38)
5920 - Tenant Charges (Late Fees, Damages)	0.00	40.00	(40.00)	(100.00)	0.00	160.00	(160.00)	(100.00)
<b>Total Other Income</b>	<b>298.43</b>	<b>345.00</b>	<b>(46.57)</b>	<b>(13.49)</b>	<b>1,117.73</b>	<b>1,380.00</b>	<b>(262.27)</b>	<b>(19.00)</b>
<b>Total Income</b>	<b>32,104.69</b>	<b>31,256.00</b>	<b>848.69</b>	<b>2.71</b>	<b>126,553.48</b>	<b>125,024.00</b>	<b>1,529.48</b>	<b>1.22</b>
<b>Expenses</b>								
<b>Administrative Expenses</b>								
6255 - Credit Check Expense	0.00	15.00	15.00	100.00	0.00	60.00	60.00	100.00
6308 - Training	27.83	100.00	72.17	72.17	111.35	400.00	288.65	72.16
6311 - Office Supplies	20.70	110.00	89.30	81.18	379.07	440.00	60.93	13.84
6315 - Software Expenses	206.22	215.00	8.78	4.08	804.04	860.00	55.96	6.50
6318 - Computer Licenses, Maint (IT services) and Supplies	166.39	118.00	(48.39)	(41.00)	481.39	472.00	(9.39)	(1.98)
6320 - Management Fee Expense	2,950.00	3,200.00	250.00	7.81	11,800.00	12,800.00	1,000.00	7.81
6330 - Manager Salaries	2,603.87	2,684.22	80.35	2.99	9,201.09	10,736.88	1,535.79	14.30
6337 - Compliance Fees Expense	(485.87)	264.00	749.87	284.04	3,111.53	1,056.00	(2,055.53)	(194.65)
6340 - Legal Expense - Project	5,000.00	115.00	(4,885.00)	(4,247.82)	5,000.00	460.00	(4,540.00)	(986.95)
6350 - Audit Expense	0.00	729.16	729.16	100.00	12,000.00	2,916.64	(9,083.36)	(311.43)
6360 - Telephone Expense	58.80	84.00	25.20	30.00	318.32	336.00	17.68	5.26
6390 - Misc. Administrative Expenses	0.00	0.00	0.00	0.00	235.00	0.00	(235.00)	(100.00)
7004 - Employee Mileage	0.00	40.00	40.00	100.00	44.95	160.00	115.05	71.90
<b>Total Administrative Expenses</b>	<b>10,547.94</b>	<b>7,674.38</b>	<b>(2,873.56)</b>	<b>(37.44)</b>	<b>43,486.74</b>	<b>30,697.52</b>	<b>(12,789.22)</b>	<b>(41.66)</b>
<b>Marketing Expenses</b>								
6210 - Advertising and Marketing	33.92	5.00	(28.92)	(578.40)	67.84	20.00	(47.84)	(239.20)
<b>Total Marketing Expenses</b>	<b>33.92</b>	<b>5.00</b>	<b>(28.92)</b>	<b>(578.40)</b>	<b>67.84</b>	<b>20.00</b>	<b>(47.84)</b>	<b>(239.20)</b>

# Gridley Springs 1 Budget Comparison April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b>Utilities</b>								
6450 - Electricity	705.55	708.00	2.45	0.34	2,495.25	2,832.00	336.75	11.89
6451 - Water	181.90	394.00	212.10	53.83	771.50	1,576.00	804.50	51.04
6452 - Gas	334.21	118.00	(216.21)	(183.22)	438.48	472.00	33.52	7.10
6453 - Sewer	1,234.85	1,222.00	(12.85)	(1.05)	4,879.55	4,888.00	8.45	0.17
<b>Total Utilities</b>	<b>2,456.51</b>	<b>2,442.00</b>	<b>(14.51)</b>	<b>(0.59)</b>	<b>8,584.78</b>	<b>9,768.00</b>	<b>1,183.22</b>	<b>12.11</b>
<b>Operating &amp; Maintenance Expenses</b>								
6512 - Maintenance Salaries	2,578.27	2,684.22	105.95	3.94	9,246.35	10,736.88	1,490.53	13.88
6515 - Supplies - Maint. & Repairs	0.00	30.00	30.00	100.00	657.53	120.00	(537.53)	(447.94)
6517 - Cleaning Contracts (Units)	0.00	110.00	110.00	100.00	0.00	440.00	440.00	100.00
6519 - Pest Control	0.00	53.00	53.00	100.00	475.00	212.00	(263.00)	(124.05)
6520 - Contracts - Maint. & Repairs	0.00	40.00	40.00	100.00	0.00	160.00	160.00	100.00
6525 - Garbage & Trash Removal	506.10	599.00	92.90	15.50	2,024.40	2,396.00	371.60	15.50
6534 - Uniforms	0.00	17.00	17.00	100.00	0.00	68.00	68.00	100.00
6535 - Grounds - Tree Care	0.00	100.00	100.00	100.00	0.00	400.00	400.00	100.00
6536 - Grounds Supplies	0.00	220.00	220.00	100.00	180.56	880.00	699.44	79.48
6537 - Grounds Contracts	0.00	1,279.00	1,279.00	100.00	6,000.00	5,116.00	(884.00)	(17.27)
6538 - Services Contracts	0.00	700.00	700.00	100.00	0.00	2,800.00	2,800.00	100.00
6540 - Repair Materials	121.93	361.00	239.07	66.22	313.76	1,444.00	1,130.24	78.27
6541 - Repairs - Appliances	0.00	35.00	35.00	100.00	201.48	140.00	(61.48)	(43.91)
6542 - Repairs - Electrical	0.00	160.00	160.00	100.00	0.00	640.00	640.00	100.00
6543 - Repairs - Plumbing	0.00	270.00	270.00	100.00	552.84	1,080.00	527.16	48.81
6544 - Repairs - Fire * Safety	87.34	20.00	(67.34)	(336.70)	174.68	80.00	(94.68)	(118.35)
6546 - Repairs - HVAC Repairs & Maintenance	0.00	0.00	0.00	0.00	67.47	0.00	(67.47)	(100.00)
6548 - Repairs - Carpet/Floors	0.00	50.00	50.00	100.00	0.00	200.00	200.00	100.00
6549 - Repairs - Misc.	0.00	250.00	250.00	100.00	0.00	1,000.00	1,000.00	100.00
6561 - Painting Supplies	0.00	230.00	230.00	100.00	0.00	920.00	920.00	100.00
6630 - Overages/Surcharges (RD)	1,220.00	0.00	(1,220.00)	(100.00)	3,074.00	0.00	(3,074.00)	(100.00)
<b>Total Operating &amp; Maintenance Expenses</b>	<b>4,513.64</b>	<b>7,208.22</b>	<b>2,694.58</b>	<b>37.38</b>	<b>22,968.07</b>	<b>28,832.88</b>	<b>5,864.81</b>	<b>20.34</b>
<b>Taxes &amp; Insurance</b>								
6598 - Income Taxes -- State	0.00	0.00	0.00	0.00	800.00	0.00	(800.00)	(100.00)
6710 - Real Estate Taxes	731.44	158.25	(573.19)	(362.20)	731.44	633.00	(98.44)	(15.55)
6711 - Payroll Taxes	549.94	550.26	0.32	0.05	2,083.11	2,201.04	117.93	5.35
6720 - Property & Liability Insurance (Hazard)	0.00	2,084.42	2,084.42	100.00	0.00	8,337.68	8,337.68	100.00
6721 - Fidelity Bond Insurance	0.00	217.00	217.00	100.00	0.00	217.00	217.00	100.00
6722 - Workers Compensation Ins	400.85	501.15	100.30	20.01	1,425.18	2,004.60	579.42	28.90
6723 - Health Insurance and Other Employee Benefits	633.44	1,370.11	736.67	53.76	3,048.73	5,480.44	2,431.71	44.37
6790 - Miscellaneous Taxes / Licenses / Permits / Insurance	0.00	150.00	150.00	100.00	1,564.57	600.00	(964.57)	(160.76)
<b>Total Taxes &amp; Insurance</b>	<b>2,315.67</b>	<b>5,031.19</b>	<b>2,715.52</b>	<b>53.97</b>	<b>9,653.03</b>	<b>19,473.76</b>	<b>9,820.73</b>	<b>50.43</b>
<b>Total Operating Expenses</b>	<b>19,867.68</b>	<b>22,360.79</b>	<b>2,493.11</b>	<b>11.14</b>	<b>84,760.46</b>	<b>88,792.16</b>	<b>4,031.70</b>	<b>4.54</b>

# Gridley Springs 1 Budget Comparison April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b>Net Operating Income (Loss)</b>	<b>12,237.01</b>	<b>8,895.21</b>	<b>3,341.80</b>	<b>37.56</b>	<b>41,793.02</b>	<b>36,231.84</b>	<b>5,561.18</b>	<b>15.34</b>
<b>Non-Operating Expenses</b>								
<b>Capital Expenditures</b>								
7380 - Appliance Replacement	0.00	0.00	0.00	0.00	388.01	0.00	(388.01)	(100.00)
<b>Total Capital Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>388.01</b>	<b>0.00</b>	<b>(388.01)</b>	<b>(100.00)</b>
<b>Debt Services</b>								
6820 - Interest on Mortgage Payable - 1st	1,207.94	1,233.00	25.06	2.03	4,840.97	4,932.00	91.03	1.84
6830 - Mortgage Payment - USDA	2,351.98	2,352.00	0.02	0.00	9,652.92	9,408.00	(244.92)	(2.60)
<b>Total Debt Services</b>	<b>3,559.92</b>	<b>3,585.00</b>	<b>25.08</b>	<b>0.69</b>	<b>14,493.89</b>	<b>14,340.00</b>	<b>(153.89)</b>	<b>(1.07)</b>
<b>Other Non-Operating Expenses</b>								
8140 - Return to Owner	0.00	2,700.00	2,700.00	100.00	0.00	10,800.00	10,800.00	100.00
<b>Total Other Non-Operating Expenses</b>	<b>0.00</b>	<b>2,700.00</b>	<b>2,700.00</b>	<b>100.00</b>	<b>0.00</b>	<b>10,800.00</b>	<b>10,800.00</b>	<b>100.00</b>
<b>Total Non-Operating Expenses</b>	<b>3,559.92</b>	<b>6,285.00</b>	<b>2,725.08</b>	<b>43.35</b>	<b>14,881.90</b>	<b>25,140.00</b>	<b>10,258.10</b>	<b>40.80</b>
<b>Net Income (Loss)</b>	<b>8,677.09</b>	<b>2,610.21</b>	<b>6,066.88</b>	<b>232.42</b>	<b>26,911.12</b>	<b>11,091.84</b>	<b>15,819.28</b>	<b>142.62</b>

## Monthly Property Summary Report

75 Harvest Park Court

**April 2025**



**HARVEST  
P A R K**

CHICO, CA.  
90 UNITS  
TAX CREDIT

## **MONTHLY PROPERTY SUMMARY REPORT**

### **INCOME AND EXPENSE SUMMARY**

• Total Operating Income Actual/Month:	<b>\$99,286.61</b>	<b>\$1,370.61</b>	<b>1.39%</b>
• Total Operating Income Budget/Month:	<b>\$97,916</b>		
• Total Operating Income Actual/YTD:	<b>\$403,745.59</b>	<b>\$11,370.59</b>	<b>2.89%</b>
• Total Operating Income Budget/YTD:	<b>\$392,375</b>		
• Total Operating Expenses Actual/Month:	<b>\$44,973.55</b>	<b>\$2,212.44</b>	<b>4.68%</b>
• Total Operating Expenses Budget/Month:	<b>\$47,185.99</b>		
• Total Operating Expenses Actual/YTD:	<b>\$200,924.55</b>	<b>\$8,814.14</b>	<b>4.20%</b>
• Total Operating Expenses Budget/YTD:	<b>\$209,738.69</b>		
• Total Net Operating Income Actual/Month:	<b>\$54,313.60</b>	<b>\$3583.05</b>	<b>7.06%</b>
• Total Net Operating Income Budget/Month:	<b>\$50,730.01</b>		
• Total Net Operating Income Actual/YTD:	<b>\$202,821.04</b>	<b>\$20,184.73</b>	<b>11.05%</b>
• Total Net Operating Income Budget/YTD:	<b>\$182,636.31</b>		

## **BUDGET VARIANCE REPORT**

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

### April Financials - Expense Variances

GL / Description	Actual	Month Ending 4/30/2025		%	Comments:
		Budget	Variance		
5390-0002 Damages	\$0.00	\$600.00	(\$600.00)	-100.00%	No charges for this month
5220-0000 Vacancies	(\$3,386.00)	(\$2,563.00)	(\$823.00)	-32.11%	More vacant units than budgeted.
6370-0000 Bad Debt	\$0.00	(\$1,538.00)	\$1,538.00	100.00%	No bad debt misc write off this month.
6450-0000 Electricity	\$683.30	\$1,374.00	\$690.70	50.26%	Savings due to CA climate credit of \$524.07.
6451-0000 Water and Sewer	\$5,056.43	\$4,242.00	(\$814.43)	-19.20%	Higher usage.
6310-0010 Office Payroll - Temp Labor	\$546.40	\$0.00	(\$546.40)	-100.00%	Office temp.
6330-0000 Manager's Payroll	\$1,440.18	\$5,114.00	\$3,673.82	71.84%	Open Property Manager Position.
6511-0000 Security Contract and Repairs	\$774.12	\$57.00	(\$717.12)	-1258.11%	Paid past due invoices.
6521-0000 Grounds Supplies	\$1,125.00	\$100.00	(\$1,025.00)	-1025.00%	Lava Rocks installed, will reclass to 1415-0002.
6545-0000 Repairs Contract General	\$0.00	\$3,015.00	\$3,015.00	100.00%	Solar cleaning budgeted for April but will complete in May.
6586-0000 Fire and Safety Systems	\$810.00	\$0.00	(\$810.00)	-100.00%	Fire alarm and fire sprinkler inspections.
6562-0000 Decorator Contract Services	\$3,750.00	\$1,350.00	(\$2,400.00)	-177.77%	Full paint unit 203.
6316-0000 Travel Mileage	\$1,419.07	\$80.00	(\$1,339.07)	-124.42%	Travel expense for Amber Nelson to assist the property.
6340-0000 Legal Expense	\$496.45	\$1,178.00	\$681.55	57.85%	Invoice not received, will post in May.
1415-0002 Landscape and Land Improvements	\$0.00	\$15,000.00	\$15,000.00	100.00%	Tree Trimming budgeted for April, complete and post in May.
1431-0002 Building Improvements	\$2,650.00	\$0.00	(\$2,650.00)	-100.00%	Repaired pool and planter caps.
1440-0001 Carpet/Flooring R/R	\$5,544.90	\$2,605.00	(\$2,939.90)	-112.86%	Replace flooring unit 211, 240.
1486-0001 Appliance R/R	\$0.00	\$1,158.00	\$1,158.00	100.00%	No expense this month.

**RESIDENT DELINQUENT RENT STATUS**

(Table below sorted by “total” highest to lowest delinquency)

Unit	Name	Status	Balance	Comments
01 - 207		Current resident	\$ 3,047.00	In Eviction
06 - 135		Current resident	\$ 1,228.00	Paid in full
07 - 237		Current resident	\$ 1,161.00	Served 3 day notice
05 - 226		Current resident	\$ 1,111.00	Served 3 day notice
06-235		Current resident	\$ 961.00	Served 3 day notice
06 - 130		Current resident	\$ 399.00	Served 3 day notice
03 - 118		Current resident	\$ 352.00	Served 3 day notice
01 - 101		Current resident	\$ 200.00	Served 3 day notice
02-108		Current resident	\$ 50.00	Sent small balance letter
07-236		Current resident	\$ 50.00	Sent small balance letter
01-104		Current resident	\$ 49.00	Sent small balance letter

Telephone: 559-435-3434  
5200 N Palm Avenue, Suite 109, Fresno, CA 93704

[www.winnco.com](http://www.winnco.com)

## **SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS**

### ***2025 Capital Expenditures:***

Property/SPM	Capital Project	Status	Funding Sources				Monitoring Status				Project Timing						
			Replacement Reserves (0001)	Replacement Reserves GL Codes	Operating Cash (0002)	Operating Cash GL Codes	3 Bid Package Status	Project Status	Actual Cost	Variance to Budget	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY
Harvest Park	Dry Rot Repair		\$0	-	\$3,000	1431-0002		DM Construction	\$0.00	(\$3,000)			X				
Cher Cha	Golf Cart (March)		\$0	-	\$7,200	1480-0000		Nick's Golf Cart	\$0.00	(\$7,200)			X				
	Backflow Covers 6 (May)		\$0		\$2,500	1415-0002		Trites Backflow	\$0.00	(\$2,500)					X		
	Install lava rock in office and pool area (March)		\$0		\$1,250	1415-0002		NorCal Landscape	\$0.00	(\$1,250)			X				
	Water extraction machine (Feb)		\$0		\$3,577	1415-0002		HD Supply	\$0.00	(\$3,577)		X					
	Tree trimming - 45 trees		\$0		\$15,000	1415-0002		Rod's Landscaping	\$0.00	(\$15,000)				X			
As Needed Items:	Carpet	As Needed	\$31,260	1440-0001	\$0	1440-0002	N/A										
(annual allocation)	Appliances	As Needed	\$6,681	1486-0001	\$0	1486-0000	N/A										
	Total:		\$37,941		\$32,527				\$0	-\$32,527	0	1	3	1	1	0	0

- YTD Actual Capital Improvements Completed \$7,108.92
- YTD Budgeted Capital Improvements Budgeted \$32,527

**GENERAL PROPERTY ISSUES and HIGHLIGHTS**

We ended the month with (4) Vacant Units; (2) Units On-Notice. 96% leased & 94% occupied.

# Harvest Park - 1649

## Budget Comparison

April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
INCOME									
RENTAL INCOME									
5120-0000 - Rental Income	77,793.00	79,702.00	(1,909.00)	(2.39)	306,961.33	318,808.00	(11,846.67)	(3.71)	956,424.00
5150-0000 - Rental Assistance	22,434.00	20,525.00	1,909.00	9.30	93,946.67	82,100.00	11,846.67	14.42	246,300.00
5221-0000 - Gain/(Loss) to Lease	3,496.00	2,298.00	1,198.00	52.13	14,738.67	9,192.00	5,546.67	60.34	27,576.00
TOTAL RENTAL INCOME	103,723.00	102,525.00	1,198.00	1.16	415,646.67	410,100.00	5,546.67	1.35	1,230,300.00
MISC. INCOME									
5330-0000 - Tenant Services	25.00	0.00	25.00	100.00	50.00	0.00	50.00	100.00	0.00
5332-0000 - Application Fees	0.00	180.00	(180.00)	(100.00)	454.00	720.00	(266.00)	(36.94)	2,160.00
5385-0000 - Late/Term Fees	800.00	550.00	250.00	45.45	2,950.00	2,200.00	750.00	34.09	6,600.00
5390-0002 - Damages	0.00	600.00	(600.00)	(100.00)	10,311.21	2,400.00	7,911.21	329.63	7,200.00
5341-0000 - Cable Revenue	0.00	0.00	0.00	0.00	992.05	1,003.00	(10.95)	(1.09)	4,012.00
5341-0001 - Contra Cable Revenue	0.00	0.00	0.00	0.00	(248.01)	(292.00)	43.99	15.06	(1,168.00)
TOTAL MISC. INCOME	825.00	1,330.00	(505.00)	(37.96)	14,509.25	6,031.00	8,478.25	140.57	18,804.00
OTHER INCOME									
5491-0000 - Interest on Security Deposits	274.04	0.00	274.04	100.00	394.63	0.00	394.63	100.00	0.00
TOTAL OTHER INCOME	274.04	0.00	274.04	100.00	394.63	0.00	394.63	100.00	0.00
VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000 - Free Rent-Marketing Concession	(50.00)	0.00	(50.00)	(100.00)	(200.00)	0.00	(200.00)	(100.00)	0.00
5220-0000 - Vacancies Apartment	(3,386.00)	(2,563.00)	(823.00)	(32.11)	(11,073.00)	(10,252.00)	(821.00)	(8.00)	(30,756.00)
6370-0000 - Bad Debt	0.00	(1,538.00)	1,538.00	100.00	(9,597.53)	(6,152.00)	(3,445.53)	(56.00)	(18,456.00)
6370-0004 - Bad Debt - Miscellaneous	(786.43)	(525.00)	(261.43)	(49.79)	(786.43)	(2,100.00)	1,313.57	62.55	(6,300.00)
6371-0000 - Bad Debt Recovery - Resident Rent	0.00	0.00	0.00	0.00	(26.00)	0.00	(26.00)	(100.00)	0.00
6539-0002 - Maintenance Staff Rent Free Unit	(1,313.00)	(1,313.00)	0.00	0.00	(5,122.00)	(5,252.00)	130.00	2.47	(15,756.00)
TOTAL VACANCY	(5,535.43)	(5,939.00)	403.57	6.79	(26,804.96)	(23,756.00)	(3,048.96)	(12.83)	(71,268.00)
TOTAL INCOME	99,286.61	97,916.00	1,370.61	1.39	403,745.59	392,375.00	11,370.59	2.89	1,177,836.00
EXPENSES									
MANAGEMENT FEES									
6320-0000 - Management Fees	4,666.48	4,866.00	199.52	4.10	19,377.58	19,464.00	86.42	0.44	58,392.00
TOTAL MANAGEMENT FEES	4,666.48	4,866.00	199.52	4.10	19,377.58	19,464.00	86.42	0.44	58,392.00
REAL ESTATE TAXES									
6710-0000 - Taxes Real Estate	16.62	17.00	0.38	2.23	66.49	68.00	1.51	2.22	204.00
6712-0000 - Taxes Other	0.00	0.00	0.00	0.00	0.00	87.00	87.00	100.00	414.00
TOTAL REAL ESTATE TAXES	16.62	17.00	0.38	2.23	66.49	155.00	88.51	57.10	618.00
INSURANCE									
6720-0000 - Insurance Property	4,678.47	5,445.00	766.53	14.07	19,527.50	20,295.00	767.50	3.78	63,855.00

# Harvest Park - 1649

## Budget Comparison

April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025				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
<b>TOTAL INSURANCE</b>	<b>4,678.47</b>	<b>5,445.00</b>	<b>766.53</b>	<b>14.07</b>	<b>20,327.50</b>	<b>21,095.00</b>	<b>767.50</b>	<b>3.63</b>	<b>64,655.00</b>
<b>UTILITIES EXPENSES</b>									
6430-0000 - Electricity Vacant	0.00	51.00	51.00	100.00	0.00	204.00	204.00	100.00	612.00
6430-0001 - Employee Unit Utility	96.00	102.00	6.00	5.88	384.00	408.00	24.00	5.88	1,224.00
6440-0000 - Gas/Oil Heat Vacant	0.00	16.00	16.00	100.00	0.00	64.00	64.00	100.00	192.00
6450-0000 - Electricity	683.30	1,374.00	690.70	50.26	4,958.54	5,844.00	885.46	15.15	20,838.00
6451-0000 - Water and Sewer	5,056.43	4,242.00	(814.43)	(19.19)	19,273.27	19,191.00	(82.27)	(0.42)	60,644.00
6452-0000 - Natural Gas Heat	256.45	124.09	(132.36)	(106.66)	3,576.18	1,948.09	(1,628.09)	(83.57)	3,747.09
6470-0000 - Rubbish Removal	1,163.64	1,164.00	0.36	0.03	4,654.56	4,656.00	1.44	0.03	14,316.00
6470-0001 - Rubbish Removal - Bulk	100.00	100.00	0.00	0.00	2,070.00	400.00	(1,670.00)	(417.50)	2,000.00
6454-0000 - Utility Processing	66.64	72.00	5.36	7.44	268.94	288.00	19.06	6.61	1,276.00
<b>TOTAL UTILITY EXPENSES</b>	<b>7,422.46</b>	<b>7,245.09</b>	<b>(177.37)</b>	<b>(2.44)</b>	<b>35,185.49</b>	<b>33,003.09</b>	<b>(2,182.40)</b>	<b>(6.61)</b>	<b>104,849.09</b>
<b>PAYROLL</b>									
6310-0000 - Office Payroll	0.00	240.00	240.00	100.00	263.04	960.00	696.96	72.60	2,980.00
6310-0010 - Office Payroll - Temp Labor	546.40	0.00	(546.40)	(100.00)	546.40	0.00	(546.40)	(100.00)	0.00
6317-0000 - Temporary Services	0.00	0.00	0.00	0.00	2,305.13	0.00	(2,305.13)	(100.00)	0.00
6330-0000 - Managers Payroll	1,440.18	5,114.00	3,673.82	71.83	11,065.68	23,675.00	12,609.32	53.26	74,757.00
6539-0000 - Maintenance Payroll General	4,840.32	4,745.00	(95.32)	(2.00)	23,092.28	19,480.00	(3,612.28)	(18.54)	64,371.00
6714-0001 - Taxes-Payroll Administrative	98.24	391.00	292.76	74.87	921.86	2,160.00	1,238.14	57.32	6,063.00
6714-0002 - Taxes-Payroll Maintenance	335.65	363.00	27.35	7.53	1,919.28	1,805.00	(114.28)	(6.33)	5,241.00
6724-0001 - Workers Comp. - Payroll Admin	375.01	298.00	(77.01)	(25.84)	1,500.04	1,380.00	(120.04)	(8.69)	4,358.00
6724-0002 - Workers Compensation-Payroll Maintenance	346.16	277.00	(69.16)	(24.96)	1,384.64	1,137.00	(247.64)	(21.78)	3,756.00
6726-0001 - Health Ins. & Benefits-Payroll Admin	386.49	1,474.00	1,087.51	73.77	4,342.21	5,993.00	1,650.79	27.54	18,109.00
6726-0002 - Health Ins. & Benefits-Payroll Maint.	2,069.95	1,445.00	(624.95)	(43.24)	8,817.01	5,795.00	(3,022.01)	(52.14)	17,687.00
<b>TOTAL PAYROLL</b>	<b>10,438.40</b>	<b>14,347.00</b>	<b>3,908.60</b>	<b>27.24</b>	<b>56,157.57</b>	<b>62,385.00</b>	<b>6,227.43</b>	<b>9.98</b>	<b>197,322.00</b>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>									
6462-0000 - Exterminating Contract	310.00	310.00	0.00	0.00	510.00	2,230.00	1,720.00	77.13	5,890.00
6511-0000 - Security Contract and Repairs	774.12	57.00	(717.12)	(1,258.10)	1,131.02	228.00	(903.02)	(396.06)	684.00
6521-0000 - Grounds Supplies	1,125.00	100.00	(1,025.00)	(1,025.00)	1,125.00	5,520.00	4,395.00	79.61	7,245.00
6522-0000 - Grounds Contract	2,580.00	2,583.00	3.00	0.11	7,740.00	10,332.00	2,592.00	25.08	30,996.00
6522-0001 - Landscaping	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,950.00
6541-0000 - Maintenance Supplies	2,397.51	1,932.00	(465.51)	(24.09)	7,956.17	7,728.00	(228.17)	(2.95)	23,184.00
6545-0000 - Repairs Contract General	0.00	3,015.00	3,015.00	100.00	2,495.00	4,560.00	2,065.00	45.28	13,055.00
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	765.00	400.00	(365.00)	(91.25)	1,024.00	1,600.00	576.00	36.00	4,800.00
6548-0000 - Repairs - Contract - Plumbing	188.20	300.00	111.80	37.26	2,202.80	900.00	(1,302.80)	(144.75)	3,900.00
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	0.00	0.00	0.00	0.00	0.00	750.00	750.00	100.00	2,250.00

# Harvest Park - 1649

## Budget Comparison

April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
6582-0000 - Lock and Key Expense	0.00	0.00	0.00	0.00	0.00	250.00	250.00	100.00	500.00
6583-0000 - Window Expense	0.00	0.00	0.00	0.00	0.00	852.00	852.00	100.00	1,102.00
6586-0000 - Fire and Safety Systems	810.00	0.00	(810.00)	(100.00)	3,275.00	790.00	(2,485.00)	(314.55)	8,311.00
6991-0000 - Pool Supplies	389.18	50.00	(339.18)	(678.36)	784.11	324.00	(460.11)	(142.00)	2,446.00
6992-0000 - Pool Contract	0.00	384.00	384.00	100.00	362.18	1,536.00	1,173.82	76.42	4,608.00
<b>TOTAL OPERATING &amp; MAINT. EXPS.</b>	<b>9,339.01</b>	<b>9,131.00</b>	<b>(208.01)</b>	<b>(2.27)</b>	<b>28,605.28</b>	<b>38,100.00</b>	<b>9,494.72</b>	<b>24.92</b>	<b>113,821.00</b>
<b>TURNOVER COSTS</b>									
6532-0000 - Cleaning Contract	575.00	404.00	(171.00)	(42.32)	3,950.00	2,170.00	(1,780.00)	(82.02)	6,510.00
6561-0000 - Decorator Supplies	264.81	490.00	225.19	45.95	1,036.30	1,960.00	923.70	47.12	5,880.00
6562-0000 - Decorator Contract Services	3,750.00	1,350.00	(2,400.00)	(177.77)	3,750.00	1,350.00	(2,400.00)	(177.77)	2,700.00
<b>TOTAL TURNOVER COSTS</b>	<b>4,589.81</b>	<b>2,244.00</b>	<b>(2,345.81)</b>	<b>(104.53)</b>	<b>8,736.30</b>	<b>5,480.00</b>	<b>(3,256.30)</b>	<b>(59.42)</b>	<b>15,090.00</b>
<b>MARKETING</b>									
6212-0000 - Collateral Materials/Brand Identity	175.96	127.00	(48.96)	(38.55)	920.71	1,066.00	145.29	13.62	2,082.00
6290-0000 - Miscellaneous Renting Expense	93.88	110.50	16.62	15.04	720.63	482.00	(238.63)	(49.50)	1,486.00
6981-0000 - Resident Supplies	0.00	108.00	108.00	100.00	202.10	432.00	229.90	53.21	1,746.00
<b>TOTAL MARKETING</b>	<b>269.84</b>	<b>345.50</b>	<b>75.66</b>	<b>21.89</b>	<b>1,843.44</b>	<b>1,980.00</b>	<b>136.56</b>	<b>6.89</b>	<b>5,314.00</b>
<b>ADMINISTRATIVE EXPENSES</b>									
6280-0000 - Credit Reports and Fees	0.00	11.00	11.00	100.00	699.29	44.00	(655.29)	(1,489.29)	132.00
6311-0000 - Office Expenses	454.37	634.00	179.63	28.33	3,319.02	3,490.00	170.98	4.89	8,741.00
6312-0000 - Copy Machine	216.68	250.00	33.32	13.32	521.44	1,000.00	478.56	47.85	4,049.00
6313-0000 - Postage	5.11	45.00	39.89	88.64	131.63	180.00	48.37	26.87	540.00
6316-0000 - Travel/Mileage	1,419.07	80.00	(1,339.07)	(1,673.83)	2,287.51	400.00	(1,887.51)	(471.87)	2,590.00
6316-0003 - Training	0.00	270.00	270.00	100.00	850.44	995.00	144.56	14.52	2,623.00
6340-0000 - Legal Expense	496.45	1,178.00	681.55	57.85	6,245.61	1,178.00	(5,067.61)	(430.18)	3,534.00
6350-0000 - Auditing	0.00	0.00	0.00	0.00	12,138.00	16,270.00	4,132.00	25.39	16,270.00
6355-0001 - Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,781.00
6360-0000 - Telephone	826.48	958.40	131.92	13.76	3,423.06	3,833.60	410.54	10.70	11,500.80
6385-0000 - Dues and Memberships	7.83	0.00	(7.83)	(100.00)	221.75	0.00	(221.75)	(100.00)	963.00
6392-0000 - Bank Charges	126.29	120.00	(6.29)	(5.24)	577.58	480.00	(97.58)	(20.32)	1,440.00
6392-0001 - RP Transaction Fees	81.12	79.00	(2.12)	(2.68)	321.52	316.00	(5.52)	(1.74)	948.00
6392-0002 - Paymode Rebates	(80.94)	(80.00)	0.94	1.17	(111.95)	(110.00)	1.95	1.77	(267.00)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>3,552.46</b>	<b>3,545.40</b>	<b>(7.06)</b>	<b>(0.19)</b>	<b>30,624.90</b>	<b>28,076.60</b>	<b>(2,548.30)</b>	<b>(9.07)</b>	<b>55,844.80</b>
<b>TOTAL EXPENSES</b>	<b>44,973.55</b>	<b>47,185.99</b>	<b>2,212.44</b>	<b>4.68</b>	<b>200,924.55</b>	<b>209,738.69</b>	<b>8,814.14</b>	<b>4.20</b>	<b>615,905.89</b>
<b>NET OPERATING INCOME</b>	<b>54,313.06</b>	<b>50,730.01</b>	<b>3,583.05</b>	<b>7.06</b>	<b>202,821.04</b>	<b>182,636.31</b>	<b>20,184.73</b>	<b>11.05</b>	<b>561,930.11</b>
<b>REPLACEMENT RESERVE/OTHER ESCROWS</b>									
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	(8,533.00)	(8,533.00)	(100.00)	10,585.27	(8,533.00)	(19,118.27)	(224.05)	(37,941.00)

# Harvest Park - 1649

## Budget Comparison

April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
<b>TOTAL REPLACEMENT RESERVE/OTHER ESCROWS</b>	<b>2,332.50</b>	<b>(6,200.00)</b>	<b>(8,532.50)</b>	<b>(137.62)</b>	<b>19,915.27</b>	<b>799.00</b>	<b>(19,116.27)</b>	<b>(2,392.52)</b>	<b>(9,945.00)</b>
									)
<b>DEBT SERVICE</b>									
2320-0000 - Mortgage Payable - Wells Fargo	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 Expense - Wells Fargo	10,285.00	10,285.00	0.00	0.00	41,236.25	41,140.00	(96.25)	(0.23)	123,420.00
6824-0000 - Interest Expense - HACB	1,904.57	1,905.00	0.43	0.02	7,618.28	7,620.00	1.72	0.02	22,860.00
6828-0000 - Service Fee	5,568.53	5,631.00	62.47	1.10	22,368.00	22,557.00	189.00	0.83	67,423.00
<b>TOTAL DEBT SERVICE</b>	<b>23,591.44</b>	<b>23,654.00</b>	<b>62.56</b>	<b>0.26</b>	<b>94,555.89</b>	<b>94,649.00</b>	<b>93.11</b>	<b>0.09</b>	<b>283,699.00</b>
<b>MISCELLANEOUS</b>									
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	325.00	283.00	(42.00)	(14.84)	1,258.33	1,132.00	(126.33)	(11.15)	7,608.00
<b>TOTAL MISCELLANEOUS</b>	<b>741.67</b>	<b>700.00</b>	<b>(41.67)</b>	<b>(5.95)</b>	<b>2,925.01</b>	<b>2,800.00</b>	<b>(125.01)</b>	<b>(4.46)</b>	<b>15,112.00</b>
<b>CAPITAL EXPENDITURES</b>									
1415-0002 - Landscape and Land Improvements	0.00	15,000.00	15,000.00	100.00	0.00	19,827.00	19,827.00	100.00	22,327.00
1431-0002 - Building Improvements	2,650.00	0.00	(2,650.00)	(100.00)	2,650.00	3,000.00	350.00	11.66	3,000.00
1440-0001 - Carpet/Flooring R/R	0.00	2,605.00	2,605.00	100.00	23,310.66	10,420.00	(12,890.66)	(123.71)	31,260.00
1440-0002 - Carpet/Flooring	5,544.90	0.00	(5,544.90)	(100.00)	5,544.90	0.00	(5,544.90)	(100.00)	0.00
1486-0001 - Appliances - R/R	0.00	1,158.00	1,158.00	100.00	4,966.34	1,876.00	(3,090.34)	(164.73)	6,681.00
1480-0000 - Motor Vehicles	0.00	0.00	0.00	0.00	0.00	7,200.00	7,200.00	100.00	7,200.00
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>8,194.90</b>	<b>18,763.00</b>	<b>10,568.10</b>	<b>56.32</b>	<b>36,471.90</b>	<b>42,323.00</b>	<b>5,851.10</b>	<b>13.82</b>	<b>70,468.00</b>
<b>MORTGAGOR EXPENSES</b>									
7115-0000 - Non Profit Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,703.00
7135-0000 - Asset Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,687.00
7153-0000 - Administration Fee Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,114.00
<b>TOTAL MORTGAGOR EXPENSES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>43,504.00</b>
<b>PROFIT/LOSS</b>	<b>19,452.55</b>	<b>13,813.01</b>	<b>5,639.54</b>	<b>40.82</b>	<b>48,952.97</b>	<b>42,065.31</b>	<b>6,887.66</b>	<b>16.37</b>	<b>159,092.11</b>
<b>Additional Adjustments to Cash Flow</b>									
Cash Other	(7,390.29)	0.00	(7,390.29)	(100.00)	(117,358.45)	0.00	(117,358.45)	(100.00)	0.00
									)
Accounts Payable	(730.00)	0.00	(730.00)	(100.00)	988.00	0.00	988.00	100.00	0.00
Resident Accounts Receivable	(512.82)	0.00	(512.82)	(100.00)	(1,956.00)	0.00	(1,956.00)	(100.00)	0.00
Subsidy Accounts Receivable	46.00	0.00	46.00	100.00	(420.67)	0.00	(420.67)	(100.00)	0.00
Other Accounts Receivable	0.00	0.00	0.00	0.00	10,585.27	0.00	10,585.27	100.00	0.00
Prepaid Expenses	(50,725.37)	0.00	(50,725.37)	(100.00)	(39,368.14)	0.00	(39,368.14)	(100.00)	0.00
Prepaid Rent	2,830.30	0.00	2,830.30	100.00	1,116.82	0.00	1,116.82	100.00	0.00
Net Accruals	(584.00)	0.00	(584.00)	(100.00)	(6,757.02)	0.00	(6,757.02)	(100.00)	0.00
Accrued Interest on Deferred Loans	1,904.57	0.00	1,904.57	100.00	7,618.28	0.00	7,618.28	100.00	0.00
Escrow Tax	(16.52)	0.00	(16.52)	(100.00)	33.66	0.00	33.66	100.00	0.00

# Harvest Park - 1649

## Budget Comparison

April 30, 2025

	Month Ending 04/30/2025				Year to Date 04/30/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Escrow Insurance	50,944.47	0.00	50,944.47	100.00	35,352.99	0.00	35,352.99	100.00	0.00
Total Additional Adjustments to Cash Flow	(4,233.66)	0.00	(4,233.66)	(100.00)	(110,165.26)	0.00	(110,165.26)	(100.00)	0.00
					)		)		
Total Net Adjusted Cash Flow	15,218.89	13,813.01	1,405.88	10.17	(61,212.29)	42,065.31	(103,277.60)	(245.51)	159,092.11
							)		
Net Change in Cash from TB	15,218.89	0.00	15,218.89	100.00	(61,212.29)	0.00	(61,212.29)	100.00	0.00
Variance	0.00	(13,813.01)	13,813.01	100.00	0.00	(42,065.31)	42,065.31	100.00	(159,092.11)



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

901 P Street, Room 213A  
Sacramento, CA 95814  
p (916) 654-6340  
f (916) 654-6033  
[www.treasurer.ca.gov/ctcac](http://www.treasurer.ca.gov/ctcac)

March 13, 2025

Lawrence C. Guanzon  
Chico Harvest Park, LP  
2039 Forest Ave.  
Chico, CA 95928

**RE: Harvest Park Apartments (CA-2012-817)**  
**Compliance Inspection: May 21, 2024**

The California Tax Credit Allocation Committee (CTCAC) has received and reviewed your documentation dated August 10, 2024, regarding correction of all the deficiencies reported by staff during the compliance inspection. The documents have been reviewed and IRS 8823 Forms were issued for the following:

<u>Unit Number</u>	<u>Corrected/Uncorrected</u>
Bld. 01, Unit #103	Corrected
Bld. 01, Unit #201	Corrected
Bld. 01, Unit #202	Corrected
Bld. 02, Unit #108	Corrected
Bld. 03, Unit #116	Corrected
Bld. 03, Unit #216	Corrected
Bld. 04, Unit #120	Corrected
Bld. 04, Unit #220	Corrected
Bld. 04, Unit #225	Corrected
Bld. 05, Unit #228	Corrected
Bld. 06, Unit #133	Corrected
Bld. 06, Unit #232	Corrected
Bld. 06, Unit #234	Corrected
Bld. 07, Unit #136	Corrected
Bld. 07, Unit #236	Corrected
Bld. 07, Unit #238	Corrected

If you have any questions, please email at [CTCAC-8823@treasurer.ca.gov](mailto:CTCAC-8823@treasurer.ca.gov).

Sincerely,

*Justin Espanol for*

Kimberly Desch-Nilson  
Compliance Program Analyst

**MEMBERS**  
FIONA MA, CPA, CHAIR  
State Treasurer

MALIA M. COHEN  
State Controller

JOE STEPHENSHAW  
Director of Finance

GUSTAVO VELASQUEZ  
Director of HCD

TIENA JOHNSON HALL  
Executive Director of CalHFA

**EXECUTIVE DIRECTOR**  
MARINA WIAIT

May 8, 2025

**MEMO**

To: BCAHDC Board of Directors

From: Hope Stone, CFO  
Larry Guanzon, President

Subject: Agenda Items 5.1 -5.13 – CY 2024 Property Audits

The following 2024 Audit Reports have been reviewed and provided for the Board acceptance. There were no questioned costs, expenses, concerns or findings.

- 5.1 1200 Park Avenue Apartments, Chico (1200 Park Avenue, LP)
- 5.2 Bar Triangle Apartments, Chico (Chico Bar Triangle, LP)
- 5.3 Ford Oaks Apartments, Gridley (Gridley Family Associates, LP)
- 5.4 Gridley Springs Apartments I, Gridley (DHI-DFA Gridley Springs Associates, LP)
- 5.5 *Harvest Park Apartments, Chico (Chico Harvest Park, LP) \**
- 5.6 Liberty Bell Apartments, Orland (Orland Senior Associates, LP)
- 5.7 Mitchell Avenue Apartments II, Oroville (Oroville Senior Associates II, LP)
- 5.8 North Creek Crossings Apartments, Chico (Chico North Creek, LP)
- 5.9 North Creek Crossings Apartments II, Chico (Chico North Creek II, LP)
- 5.10 Riverbend Apartments, Oroville (Oroville Family Associates, LP)
- 5.11 Sunrise Village Apartments, Gridley (Gridley Senior Associates, LP)
- 5.12 Walker Commons Apartments, Chico (Walker Commons, LP)
- 5.13 Woodward Apartments, Orland (Orland Family Associates, LP)

*\* The Harvest Park Audit was previously approved during the February 20, 2025 BCAHDC Board of Directors Meeting. We have brought it forward to the Board for re-acceptance because of the Cash Flow Distribution received after Audit approval and also to follow historical schedule of audit approvals.*

Additionally, HACB staff anticipates having the following partnership audits available during the August 21, 2025 Board of Directors Meeting:

- The Foundation Apartments, Chico
- Deer Creek Apartments I, Chico
- Deer Creek Apartments II, Chico
- Prospect View Apartments, Oroville
- Lincoln Family Apartments, Oroville
- Orchard View Apartments I, Gridley
- Eaglepointe Apartments, Paradise
- Northwind Senior Apartments, Paradise
- Liberty Bell Courtyard Apartments, Orland

**1200 PARK AVENUE LP**  
**(A California Limited Partnership)**  
***COMPARATIVE FINANCIAL REPORT***  
**December 31, 2024 and 2023**

## **C O N T E N T S**

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Established 1949  
www.cpbowman.com

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

Telephone: 209.473.1040  
Facsimile: 209.473.9771

### ***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.

*Bauman & Company, L.L.P.*

Stockton, California  
March 31, 2025

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

**BALANCE SHEETS**  
**December 31, 2024 and 2023**

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 27,941	\$ 151,438
Accounts receivable - tenant	10,999	5,827
Prepaid expenses	27,686	82,015
Total current assets	<u>66,626</u>	<u>239,280</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Tax and insurance impounds	125,483	80,766
Tenant security deposits	36,064	36,064
Reserve for replacements	395,489	363,342
	<u>557,036</u>	<u>480,172</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	629,523	629,523
Building and improvements	18,390,783	18,390,783
Furniture and equipment	164,613	135,009
	<u>19,184,919</u>	<u>19,155,315</u>
Less accumulated depreciation	(8,595,987)	(8,134,290)
	<u>10,588,932</u>	<u>11,021,025</u>
<b>OTHER ASSETS</b>		
Deposit	<u>329</u>	<u>329</u>
Total assets	<u>\$ 11,212,923</u>	<u>\$ 11,740,806</u>

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

**BALANCE SHEETS (Cont.)**  
**December 31, 2024 and 2023**

<b>LIABILITIES AND PARTNERS' EQUITY</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,893	\$ 13,450
Due to affiliate	2,438	2,438
Accrued interest expense, current portion	35,864	35,864
Note payable - Berkadia, current portion	77,302	72,019
Partnership fees payable	13,770	33,380
Total current liabilities	<u>131,267</u>	<u>157,151</u>
 <b>DEPOSIT LIABILITIES</b>		
Tenant security deposits	<u>30,414</u>	<u>33,314</u>
 <b>LONG-TERM LIABILITIES</b>		
Note payable - Berkadia, less current portion	1,437,026	1,514,328
Less unamortized debt issuance costs	(11,060)	(12,015)
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	1,332,469	1,306,129
	<u>7,022,204</u>	<u>7,072,211</u>
 Total liabilities	<u>7,183,885</u>	<u>7,262,676</u>
 <b>PARTNERS' EQUITY</b>	<u>4,029,038</u>	<u>4,478,130</u>
 Total liabilities and partners' equity	<u><u>\$ 11,212,923</u></u>	<u><u>\$ 11,740,806</u></u>

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

**STATEMENTS OF INCOME**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Tenant rental income	\$ 1,097,281	\$ 1,068,560
Less: vacancies	(49,234)	(35,483)
Less: rent free unit	(11,527)	(10,944)
Tenant rental income	<u>1,036,520</u>	<u>1,022,133</u>
 Tenant charges	 7,275	 8,617
Laundry	9,501	8,500
Other income	310	837
Interest income	<u>1,183</u>	<u>869</u>
Total revenue	<u>1,054,789</u>	<u>1,040,956</u>
 <b>OPERATING AND MAINTENANCE EXPENSES</b>		
Wages and salaries	148,859	138,262
Utilities	131,524	113,773
Repairs and maintenance	121,652	119,507
Insurance	75,490	56,590
Property management fees	68,052	64,200
Services	38,812	28,531
General and administrative	31,939	24,106
Payroll taxes and workers' compensation insurance	19,443	17,112
Professional fees	12,269	10,161
Health insurance and other employee benefits	12,352	11,339
Bad debt expense (recovery)	7,525	1,552
Other taxes and licenses	<u>1,792</u>	<u>497</u>
Total operating and maintenance expenses	<u>669,709</u>	<u>585,630</u>
 Net operating income	 <u>385,080</u>	 <u>455,326</u>
 <b>OTHER EXPENSES</b>		
Depreciation expense	461,697	460,292
Interest expense	246,021	251,117
Partnership fees	80,013	46,729
Reserve withdrawals	--	26,814
Interest expense - debt issuance costs	<u>955</u>	<u>955</u>
Total other expenses	<u>788,686</u>	<u>785,907</u>
 Net income (loss)	 <u><u>\$ (403,606)</u></u>	 <u><u>\$ (330,581)</u></u>

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

**STATEMENTS OF PARTNERS' EQUITY (DEFICIT)**  
**Years Ended December 31, 2024 and 2023**

	Managing General Partner	Investor Limited Partner	Special Limited Partner	Total
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	(720)	4,479,573	(723)	4,478,130
Partner distributions	(5)	(45,476)	(5)	(45,486)
Net loss	<u>(40)</u>	<u>(403,525)</u>	<u>(40)</u>	<u>(403,606)</u>
Balance, December 31, 2024	<u><u>\$ (765)</u></u>	<u><u>\$ 4,030,572</u></u>	<u><u>\$ (768)</u></u>	<u><u>\$ 4,029,038</u></u>

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

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (403,606)	\$ (330,581)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	461,697	460,292
Amortization of debt issuance costs	955	955
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	(5,172)	(664)
Prepaid expenses	54,329	(16,827)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(11,557)	10,323
Accrued interest payable	--	26,250
Tenant security deposits	(2,900)	(1,200)
Partnership fees payable	(19,610)	20,113
Net cash provided by (used in) operating activities	<u>74,136</u>	<u>168,661</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>(29,604)</u>	<u>(6,096)</u>
Net cash provided by (used in) investing activities	<u>(29,604)</u>	<u>(6,096)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments of long-term debt	(72,019)	(67,096)
Proceeds from long-term debt	26,340	--
Partners distributions	<u>(45,486)</u>	<u>(13,348)</u>
Net cash provided by (used in) financing activities	<u>(91,165)</u>	<u>(80,444)</u>
 Increase (decrease) in cash, cash equivalents and restricted cash	 (46,633)	 82,121
 Cash, cash equivalents and restricted cash		
Beginning	631,610	549,489
Ending	<u>\$ 584,977</u>	<u>\$ 631,610</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 246,021</u>	<u>\$ 224,867</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY</b>		
Cash and cash equivalents	\$ 27,941	\$ 151,438
Tax and insurance impounds	125,483	80,766
Tenant security deposits	36,064	36,064
Reserve for replacements	395,489	363,342
	<u>\$ 584,977</u>	<u>\$ 631,610</u>

**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, 2024 and 2023.

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 31, 2025, 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, 2024 and 2023, \$5,000 of annual local administrative fee was earned and payable.

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, 2024 and 2023, \$8,770 and \$8,515, 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. As of December 31, 2024 and 2023, the tax credit monitoring fee of \$0 and \$19,865, respectively, was payable. For the years ending December 31, 2024 and 2023, \$20,757 and \$19,865, 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, 2024 and 2023, \$45,486, and \$13,349, respectively, of the supervisory management fee was earned and paid.

**Note 3. Excess Cash Distributions**

The 2024 excess cash distributions to be paid subsequent to December 31, 2024 of \$140,993 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 \$8,770, to the Managing General Partner for the tax credit monitoring fee for \$20,818, to HACB for interest on its loan for \$32,905, to the City of Chico for \$73,500 for interest on its loan.

**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:

	<u>2024</u>	<u>2023</u>
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, 2024 and 2023. At December 31, 2024 and 2023, accrued interest was \$588,769 and \$588,769, respectively.	\$ 3,675,000	\$ 3,675,000
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 \$110,317 and \$115,239 of interest expense during the years ended December 31, 2024 and 2023, respectively.	1,514,328	1,586,347
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 \$62,204 and \$62,378 during the years ended December 31, 2024 and 2023, respectively. The accrued interest expense not paid during the year is included with principal. At December 31, 2024 and 2023, accrued interest was \$35,864 and \$35,864, respectively.	<u>1,332,469</u> \$ <u>6,521,797</u>	<u>1,306,129</u> \$ <u>6,567,476</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, 2024 were as follows:

2025	\$ 77,302
2026	82,972
2027	89,059
2028	95,592
2029	102,604
Thereafter	<u>6,074,268</u>
	<u>\$ 6,521,797</u>

As of December 31, 2024 and 2023, debt issuance costs, net of accumulated amortization of \$17,587 and \$16,632, 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, 2024**

<b>NET INCOME (LOSS)</b>	<b>\$ (403,606)</b>
Add: depreciation and interest expense - debt issuance costs	<u>462,652</u>
<b>CASH FLOW FROM OPERATIONS</b>	<b>59,046</b>
<b>Less:</b>	
Transfers to replacement reserve (including interest)	(32,147)
Capital improvements	(29,604)
Mortgage loan principal payments - Berkadia	(72,019)
<b>Add:</b>	
Tax credit monitoring fee	20,757
Supervisory management fee	45,486
Social service reimbursement fee	8,770
Annual local administrative fee	5,000
Interest expense - HACB	62,204
Interest expense - City of Chico	<u>73,500</u>
<b>NET CASH FLOWS AVAILABLE FOR DISTRIBUTION</b>	<b><u>\$ 140,993</u></b>

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

**EXCESS CASH DISTRIBUTION CALCULATION  
Year Ended December 31, 2024**

**EXCESS CASH FLOW** \$ 140,993

**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		(8,770)
Tax credit monitoring fee (2% of gross effective income)		
Gross potential rent	1,097,281	
Other income (tenant charges/laundry/misc.)	17,086	
Vacancy loss & concessions	(60,761)	
Change in accounts receivable-tenant	(5,172)	
Tenant bad debt (direct write-off/reversal)	(7,525)	
	<u>Gross effective income 1,040,909</u>	(20,818)
HACB annual interest payment		<u>(32,905)</u>
		--
Supervisory management fee (50% of remainder, not to exceed 8% of gross effective income)	83,273	<u>--</u>
		--
Balance to be distributed to Partners		--
Limited Partner (HACB)	99.98%	--
Special Limited Partner (HACB)	0.01%	--
General Partner (BCAHDC)	0.01%	--
		<u>\$ --</u>

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

**CALCULATION OF DEBT SERVICE COVERAGE RATIO**  
**Year Ended December 31, 2024**

Gross potential rent	\$ 1,097,281
Other income (tenant charges/laundry/misc./interest)	18,269
Vacancy loss and concessions	(60,761)
Change in accounts receivable - tenant	<u>(5,172)</u>
Gross income	1,049,617
Operating expenses*	<u>(811,173)</u>
Net income	238,444
Debt service (Berkadia P&I)	<u>182,335</u>
<b>Debt Service Coverage Ratio</b>	<b><u><u>1.31</u></u></b>

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

**Chico Bar Triangle, LP**  
**Financial Statements  
and Independent Auditor's Report**  
**December 31, 2024**

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## Chico Bar Triangle, LP

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Independent Auditor's Report

To the Administrative General Partner  
Chico Bar Triangle, LP

*Opinion*

We have audited the financial statements of Chico Bar Triangle, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the period from September 20, 2023 (inception) through December 31, 2024, 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 Bar Triangle, LP as of December 31, 2024, and the results of its operations and its cash flows for the period from September 20, 2023 (inception) through December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit 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 Bar Triangle, 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 Bar Triangle, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

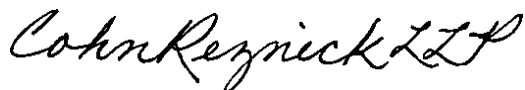
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 Bar Triangle, 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 Bar Triangle, 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 audit.



Sacramento, California  
April 17, 2025

**Chico Bar Triangle, LP**

**Balance Sheet  
December 31, 2024**

Assets

Project development costs	\$ 17,978,211
Cash	11,800
Tax credit monitoring fees	<u>184,920</u>
Total assets	<u>\$ 18,174,931</u>

Liabilities and Partners' Equity (Deficit)

Liabilities	
Accrued interest - other loans	\$ 91,507
Annual fee payable to affiliate of limited partner	10,000
Developer's fees payable	399,873
Mortgages and notes payable, net	12,913,101
Other liabilities - construction	<u>2,883,791</u>
Total liabilities	<u>16,298,272</u>
Contingency	-
Partners' equity (deficit)	<u>1,876,659</u>
Total liabilities and partners' equity (deficit)	<u>\$ 18,174,931</u>

See Notes to Financial Statements.

**Chico Bar Triangle, LP**

**Statement of Operations**

**Period from September 20, 2023 (inception) through December 31, 2024**

Other income (expense)	
Interest income	\$ 2,859
Startup and organization costs	(14,800)
Annual fee to affiliate of limited partner	(10,000)
MGP overhead expense	<u>(30,000)</u>
Total other income (expense)	<u>(51,941)</u>
Net loss	<u><u>\$ (51,941)</u></u>

See Notes to Financial Statements.

**Chico Bar Triangle, LP**

**Statement of Partners' Equity (Deficit)  
Period from September 20, 2023 (inception) through December 31, 2024**

	Chico Bar Triangle, LLC	Butte County Affordable Housing Development Corporation	R4 BTCA Acquisition LP	Total partners' equity (deficit)
Balance, September 20, 2023	\$ -	\$ -	\$ -	\$ -
Net loss	(2)	(3)	(51,936)	(51,941)
Contributions	50	50	1,953,500	1,953,600
Syndication costs	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Balance, December 31, 2024	<u>\$ 48</u>	<u>\$ 47</u>	<u>\$ 1,876,564</u>	<u>\$ 1,876,659</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 Bar Triangle, LP

## Statement of Cash Flows

Period from September 20, 2023 (inception) through December 31, 2024

Cash flows from operating activities	
Net loss	\$ (51,941)
Changes in	
Annual fee payable to affiliate of limited partner	<u>10,000</u>
Net cash used in operating activities	<u>(41,941)</u>
Cash flows from investing activities	
Payments of project development costs	(14,523,799)
Tax credit monitoring fees paid	<u>(184,920)</u>
Net cash used in investing activities	<u>(14,708,719)</u>
Cash flows from financing activities	
Proceeds from mortgage notes payable	13,097,997
Contributions from partners	1,953,600
Syndication costs paid	(25,000)
Debt issuance costs paid	<u>(264,137)</u>
Net cash provided by financing activities	<u>14,762,460</u>
Net increase in cash	11,800
Cash, beginning	<u>-</u>
Cash, end	<u><u>\$ 11,800</u></u>
Supplemental disclosure of cash flow information	
Cash paid for interest net of amount capitalized of \$166,613	<u><u>\$ -</u></u>
Supplemental schedule of non-cash investing and financing activities	
Other liabilities - construction included in project development costs	\$ 2,883,791
Developer's fee payable included in project development costs	399,873
Accrued interest included in project development costs	91,507
Amortization of debt issuance costs included in project development costs	<u>79,241</u>
	<u><u>\$ 3,454,412</u></u>

See Notes to Financial Statements.

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

#### **Note 1 - Organization and nature of operations**

Chico Bar Triangle, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California on September 20, 2023 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 70 units located in Chico, California. Upon completion, the Project will be operating under the name of Chico Bar Apartments.

The partnership agreement was amended and restated on April 1, 2024 from which date the Partnership consists of an administrative general partner, Chico Bar Triangle 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 BTCA 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 these 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, 2084, 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.

##### **Project development costs**

Project development costs are stated at cost and include all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Upon completion of the Project, any expenditures for maintenance and repairs will be charged to operations as incurred while major renewals and betterments will be 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 statement of operations. Upon completion of the Project, depreciation will be provided using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	30 years
Site improvements	15 years
Furniture, appliances and equipment	5 years

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

#### **Impairment of long-lived assets**

The Partnership reviews its project development costs 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 asset are less than its carrying amount, management compares the carrying amount of the asset 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 period ended December 31, 2024.

#### **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.

#### **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.

#### **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 IRS, tax years since inception 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 - Project development costs**

The Project development costs include land acquisition costs, construction in progress and other soft costs totaling \$17,978,211 as of December 31, 2024.

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

#### **Note 4 - 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 \$19,535,000 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, 2024, the investor limited partner paid \$1,953,500 and the remaining capital contributions receivable of \$17,581,500 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 is \$2,200,000. As of December 31, 2024, \$1,059,873 has been incurred and capitalized as project development cost, of which \$660,000 has been paid and \$399,873 is payable and is included in the balance sheet. Any unpaid developer fee shall bear interest at 6% 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 \$10,000 beginning on the admission date and increasing 3% annually. For the period ended December 31, 2024, an annual local administrative fee of \$10,000 was incurred and expensed and \$10,000 remains payable at December 31, 2024.

##### **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 \$7,000, increasing 3% annually. The fee shall accrue in years in which there are no sufficient funds to pay it, and be payable out of available cash flow in subsequent years. For the period ended December 31, 2024, 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 \$25,000, 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 period ended December 31, 2024, no fees were incurred or paid.

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

#### **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, 2024, such costs have been incurred and paid and are included as syndication costs in the statement 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, 2024, such costs have been incurred and paid and are included in the statement of operations.

#### **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.
- 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. [Intentionally Omitted];
- xii. 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

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

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

- xiii. 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.

#### **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, 2024, no amounts were due under the guaranty.

#### **Note 5 - 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 \$500 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, 2024, the Project is still under construction and the replacement reserve has not 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 \$209,849, 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 \$628,769. As of December 31, 2024, the Project is still under construction and the operating reserve has not been funded.

#### **Note 6 - Mortgages and notes payable**

##### **Construction loan**

On April 1, 2024, the Partnership entered into a construction loan agreement with Tri Counties Bank in the amount of \$20,000,000. The loan is secured by a deed of trust on the Project and from the date hereof and through the maturity date on October 1, 2026 (with an option to extend the period to the earlier of either (i) April 19, 2027 or (ii) the first Business Day following the date of the Rental Achievement Installment. This construction loan has a fixed interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.67% at December 31, 2024). This loan is

## Chico Bar Triangle, LP

### Notes to Financial Statements December 31, 2024

payable in monthly installments of accrued interest only, commencing April 1, 2024, 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 period ended December 31, 2024, interest of \$236,486 was incurred and capitalized as project development costs. As of December 31, 2024, the outstanding principal and accrued interest is \$10,072,289 and \$69,873, respectively.

#### Permanent Commitment Loan

On April 1, 2024, the Partnership signed a permanent loan commitment in the amount of \$4,977,000 with Tri Counties Bank. As of December 31, 2024, the construction loan has not converted to permanent financing and no draws have been made on the loan.

#### City of Chico – CBDG-DR Loan

On April 1, 2024, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of \$14,442,686. The CBDG-DR loan note is secured by the Project, bears simple interest at 3% per annum and matures April 1, 2079. During the period ended December 31, 2024, interest of \$21,634 has been incurred and capitalized as project development costs. As of December 31, 2024, the outstanding principal and accrued interest is \$3,025,507 and \$21,634, 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.

Principal payment requirements for each of the next five years and thereafter following December 31, 2024, are as follows:

	Tri Counties Bank - Construction Loan	City of Chico - CBDG - DR Loan	Total
2025	\$ -	\$ -	\$ -
2026	10,072,289	-	10,072,289
2027	-	-	-
2028	-	-	-
2029	-	-	-
Thereafter	-	3,025,507	3,025,507
Total	<u>\$ 10,072,289</u>	<u>\$ 3,025,507</u>	13,097,796
Less unamortized debt issuance costs			<u>(184,695)</u>
			<u>\$ 12,913,101</u>

#### Note 7 - Management agreement

Upon completion of construction and beginning of operations, the Project will be managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the projected amount of \$45 per occupied unit per month. During the period ended December 31, 2024, no management fee has been incurred or paid.

## **Chico Bar Triangle, LP**

### **Notes to Financial Statements December 31, 2024**

#### **Note 8 - Construction contract**

The Partnership entered into a construction contract with Sunseri Construction, Inc. to construct the Project. As of December 31, 2024, the total contract amounts to \$26,526,004 including change orders. As of December 31, 2024, cost of \$12,779,177 has been incurred under the contract and capitalized as project development costs and \$2,858,366 is payable at December 31, 2024 and is included in other liabilities - construction on the balance sheet.

#### **Note 9 - 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 25 units out of the total 70 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 period ended December 31, 2024, the Project is still under construction and no amount was received by the Partnership.

#### **Note 10 - Economic concentration**

Upon completion of construction, the Partnership will operate a 70-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 11 - Contingency**

##### **Low-income housing tax credits**

Upon completion of construction and place in service of the buildings, 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 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 April 17, 2025, 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.



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# **Gridley Family Associates, LP**

**dba Ford Oaks Apartments**  
**Financial Statements**

**For the Years Ended December 31, and 2023**

# Gridley Family Associates, LP

December 31, 2024 and 2023

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# Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

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To the Partners  
Gridley Family Associates, LP

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Gridley Family Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gridley Family Associates, LP as of December 31, 2024 and 2023, 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 Gridley Family Associates, LP and to meet our 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 Gridley Family Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Gridley Family Associates, 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 Gridley Family Associates, 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 audit.

## Supplementary Information

The accompanying supplementary information referenced in the table of contents 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. Such 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 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.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**

Boise, ID  
April 14, 2025

# Gridley Family Associates, LP

## Balance Sheets

December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and Cash Equivalents	\$ 134,471	\$ 134,071
Accounts Receivable, net	10,361	5,225
Prepaid Expenses	10,067	9,097
Restricted Cash:		
Tenant Security Deposits	26,799	24,517
Escrow Deposits	7,497	3,213
Replacement Reserve	18,000	9,000
Other Reserves	71,145	71,109
Rental Property, net	13,437,579	14,044,940
Other Assets	66,885	72,373
<b>Total Assets</b>	<b>\$ 13,782,804</b>	<b>\$ 14,373,545</b>
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,092	\$ -
Security Deposits Liability	25,900	24,742
Prepaid Rent	70	90
Related Party Payables	16,332	92,673
Long-Term Debt, net	1,168,304	1,184,643
Total Liabilities	1,211,698	1,302,148
<b>Partners' Capital</b>		
Partners' Capital	12,571,106	13,071,397
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 13,782,804</b>	<b>\$ 14,373,545</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Family Associates, LP

## Statements of Income

For the Years Ended December 31, and 2023

	2024	2023
<b>Operating Revenue</b>		
Gross Rental Income	\$ 406,521	\$ 379,800
Less: Vacancy Loss	(11,793)	(16,465)
Net Rental Income	394,728	363,335
Miscellaneous Income	6,721	6,370
<b>Total Operating Revenue</b>	<b>401,449</b>	<b>369,705</b>
<b>Operating Expenses</b>		
Administrative Expenses	101,244	81,150
Utilities	28,911	32,377
Operating and Maintenance Expenses	71,865	50,206
Taxes and Insurance	29,993	37,281
<b>Total Operating Expenses</b>	<b>232,013</b>	<b>201,014</b>
<b>Net Operating Income</b>	<b>169,436</b>	<b>168,691</b>
<b>Non-Operating Income (Expenses)</b>		
Interest Income	36	173
Interest Expense	(47,901)	(43,530)
Depreciation Expense	(607,361)	(607,361)
Amortization Expense	(5,488)	(5,488)
Lease-Up and Marketing Expenses	-	(1,940)
Asset Management Fee	(5,305)	(5,150)
Partnership Management Fee	(3,708)	(3,600)
<b>Total Non-Operating Income (Expenses)</b>	<b>(669,727)</b>	<b>(666,896)</b>
<b>Net Loss</b>	<b>\$ (500,291)</b>	<b>\$ (498,205)</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Family Associates, LP

## Statements of Changes in Partners' Capital

For the Years Ended December 31, and 2023

	CREA Corporate Tax Credit Fund 87, LP (99.989%)	CREA SLP, LLC (0.001%)	Butte County Affordable Housing Development Corporation (0.005%)	TPC Holdings IX, LLC (0.005%)	Total (100.00%)
<b>Prior year activity</b>					
Balance, January 1, 2023	\$ 11,612,396	\$ 93	\$ (35)	\$ (35)	\$ 11,612,419
Capital Contributed	1,957,183	-	-	-	1,957,183
Syndication Costs	-	-	-	-	-
Withdrawals	-	-	-	-	-
Net Loss	(498,150)	(5)	(25)	(25)	(498,205)
<b>Balance, December 31, 2023</b>	<b>13,071,429</b>	<b>88</b>	<b>(60)</b>	<b>(60)</b>	<b>13,071,397</b>
<b>Current Year Activity</b>					
Capital Contributed	-	-	-	-	-
Syndication Costs	-	-	-	-	-
Withdrawals	-	-	-	-	-
Net Loss	(500,236)	(5)	(25)	(25)	(500,291)
<b>Balance, December 31, 2024</b>	<b>\$ 12,571,193</b>	<b>\$ 83</b>	<b>\$ (85)</b>	<b>\$ (85)</b>	<b>\$ 12,571,106</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Family Associates, LP

## Statements of Cash Flows

For the Years Ended December 31, and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Cash Receipts</b>		
Rental Receipts	\$ 389,572	\$ 359,772
Interest Receipts	36	173
Other Operating Receipts	6,721	6,370
Tenant Security Deposits	1,158	-
<b>Total Receipts</b>	<b>397,487</b>	<b>366,315</b>
<b>Disbursements</b>		
Administrative	(77,420)	(61,654)
Management Fee	(22,732)	(22,446)
Utilities	(28,911)	(32,377)
Operating and Maintenance	(71,865)	(50,206)
Real Estate Taxes	(2,402)	(12,980)
Property Insurance	(16,199)	(14,521)
Taxes and Insurance	(12,362)	(10,411)
Tenant Security Deposits	-	(2,760)
Interest on Mortgage and Notes Payable	(47,901)	(43,530)
Partner Fees	(11,666)	-
Lease Up and Marketing Expenses	-	(1,940)
<b>Total Disbursements</b>	<b>(291,458)</b>	<b>(252,825)</b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>106,029</b>	<b>113,490</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Purchase of Fixed Assets	-	(4,322)
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b>-</b>	<b>(4,322)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Borrowings (Payments) - Mortgages and Notes Payable	(16,339)	(15,357)
Payments of Deferred Developer Fee	(73,688)	(1,950,400)
Capital Contributions	-	1,957,183
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>(90,027)</b>	<b>(8,574)</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>16,002</b>	<b>100,594</b>
Cash, cash equivalents, and restricted cash at beginning of year	241,910	141,316
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 257,912</b>	<b>\$ 241,910</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Family Associates, LP

## Statements of Cash Flows

For the Years Ended December 31, and 2023

	2024	2023
Cash, cash equivalents, and restricted cash consist of the following:		
Cash and Cash Equivalents	\$ 134,471	\$ 134,071
Tenant Security Deposits	26,799	24,517
Escrow Deposits	7,497	3,213
Replacement Reserve	18,000	9,000
Other Reserves	71,145	71,109
	<u>\$ 257,912</u>	<u>\$ 241,910</u>
<b>Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities</b>		
Net Loss	(500,291)	(498,205)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>		
Depreciation	607,361	607,361
Amortization	5,488	5,488
<b>(Increase) decrease in assets</b>		
Accounts Receivable, net	(5,136)	(3,619)
Prepaid Expenses	(970)	(631)
<b>Increase (decrease) in liabilities</b>		
Accounts Payable	1,092	(2,950)
Security Deposits Liability	1,158	(2,760)
Prepaid Rent	(20)	56
Related Party Payables	(2,653)	8,750
<b>Net cash provided by (used by) operating activities</b>	<u>\$ 106,029</u>	<u>\$ 113,490</u>

The accompanying notes are an integral part of these financial statements.

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Gridley Family Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on May 21, 2021. The Administrative General Partner is TPC Holdings IX, LLC (0.005%). The Managing General Partner is Butte County Affordable Housing Development Corporation (0.005%). The Investor Limited Partner is CREA Corporate Tax Credit Fund 87, LP (99.989) and the Special Limited Partner is CREA SLP, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 36-unit multifamily rental housing project in Gridley, CA known as Ford Oaks Apartments. The project was placed in service on June 30 2022, when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 2. Significant Accounting Policies

#### d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for December 31, 2024 was \$607,361 (2023 - \$ 607,361).

#### e. 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 their carrying amounts, 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, 2024 and 2023.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$82,326 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period. Accumulated amortization totaled \$15,441 and \$9,953 as of December 31, 2024 and 2023, respectively.

#### g. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under a Section 8 voucher. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and management's evaluation of periodic aging of accounts. As of December 31, 2024 and 2023, the balance of allowance for doubtful accounts was \$16,585 and \$1,879, respectively.

#### h. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 2. Significant Accounting Policies

#### i. Economic Concentrations and Contingencies

The partnership operates on property located in Gridley, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

#### j. Fair Value

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

### 3. Related Party Transactions

#### a. Partner Fees

##### ***Asset Management Fee***

An annual asset management fee of \$5,000 (increasing 3%) is payable to the CREA SLP, the asset manager. The asset management fee shall accrue, without interest.

##### ***Partnership Management Fee***

An annual partnership management fee of \$3,600 (increasing 3%) is payable to Butte County Affordable Housing Development Corporation for obtaining the property tax exemption. Any partnership management fee not paid shall accrue and be payable in subsequent years. The property tax exemption certificate was obtained in 2023.

##### ***Incentive Leasing Fee***

The partnership shall pay the AGP an incentive leasing fee equal to cash flow generated through the Stabilized Operations date (December 29, 2022).

#### b. Developer Fee Payable

As consideration for development services and pursuant to the Development Agreement, the partnership shall pay Pacific West Communities, Inc., an affiliate of the Administrative General Partner, a development fee of \$1,871,407. Any amount of the development fee not paid from development sources shall become the amount of the deferred development fee note which will not bear interest and shall be payable from available operating cash flow or upon sale or liquidation of the partnership.

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement. Until the Stabilized Operations date, all cash flow generated shall be payable to the Administrative General Partner pursuant to the Incentive Leasing Fee Agreement. The Stabilized Operations date, cash flow shall be distributed as follows:

1. First, to pay the Asset Management Fee.
2. Second, to pay any Limited Partner loans.
3. Third, to pay any amounts owed to the Limited Partner in accordance with the Limited Partnership Agreement or the Guaranty Agreement.
4. Fourth, to pay the Partnership Management Fee
5. Fifth, to pay the Deferred Development Fee Note.
6. Sixth, to pay the Operating Reserve Account and then the Replacement Reserve to replenish expenditures not contemplated in the capital budget.
7. Seventh, to pay the Administrative General Partner for any amounts treated as loans to the partnership.
8. Eighth, to the payment of any Deferred Property Management Fee, if applicable.
9. Ninth, to pay the Administrative General Partner for any loans outstanding.
10. Tenth, of the balance: i) 10% to the Limited Partner, ii) 0.005% to the Managing General Partner, iii) 89.995% to the Administrative General Partner (but not in excess of 12% gross revenues of the partnership, less any fees payable to the Administrative General Partner or its affiliates) and thereafter as a distribution.

#### d. Guarantees

**Operating Deficit Guaranty** - The administrative general partner is obligated provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The administrative general partners are not obligated in excess of \$194,000 outstanding at any one time. An operating reserve of \$66,018 was established out of the proceeds of the third capital contribution of the limited partner. The operating deficit guaranty period begins upon Stabilized Operations and continues until the fifth anniversary of Stabilized Operations. Repayment of operating deficit loans will come solely from cash flow as outlined above.

**Other Partner Guarantees** - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners shall cause the partnership to fund a replacement reserve account based upon \$250 per unit per year starting on the commencement date of the permanent loan.

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 3. Related Party Transactions

#### e. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 7,319	\$ 81,007
Asset Management Fee Payable	5,305	8,066
Partnership Management Fee Payable	3,708	3,600
<b>Total Related Party Payables</b>	<b>\$ 16,332</b>	<b>\$ 92,673</b>

### 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of \$22,732 and \$22,446 were incurred at 6% of gross rental collections during 2024 and 2023.

### 5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 648,000	\$ 648,000
Buildings	9,131,776	9,131,776
Land Improvements	2,772,932	2,772,932
Furniture and Fixtures	2,404,200	2,404,200
<b>Total cost</b>	<b>14,956,908</b>	<b>14,956,908</b>
Accumulated Depreciation	(1,519,329)	(911,968)
<b>Total Rental Property, net</b>	<b>\$ 13,437,579</b>	<b>\$ 14,044,940</b>

### 6. Restricted Cash

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 6. Restricted Cash

#### a. Replacement Reserve Account

The regulatory agreement requires the establishment of a capital replacement reserve account. This account is set up at the permanent conversion closing and will be held by Umpqua Bank. Contributions are to be made monthly in the amount of \$250 per unit per year (\$9,000 annually). The deposits will be released to the partnership upon requests for capital replacements. The balance on December 31, 2024 and 2023 was \$18,000 and \$9,000, respectively.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 and 2023 was \$26,799 and \$24,517, respectively.

#### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. These escrow accounts are held by Umpqua Bank, the lender, and were established on January 3, 2023. The balance of the property tax and insurance account at December 31, 2024 and 2023 was \$7,497 and \$3,213, respectively. Property taxes payable at December 31, 2024 and 2023 was \$0 and \$0, respectively.

#### d. Operating Reserve Account

An operating reserve account in the amount of \$66,018 was funded at Umpqua Bank by the partnership at the Third Installment on December 29, 2022. The balance at December 31, 2024 and 2023 was \$71,145 and \$71,109, respectively.

#### e. Restricted Account Activity

	Replacement Reserve	Insurance Escrow Account	Operating Reserve	Total
<b>Prior Year Activity</b>				
Balance, Beginning of Period	\$ -	\$ -	\$ 66,018	\$ 66,018
Deposits	9,000	3,213	5,061	17,274
Interest	-	-	30	30
Withdrawals	-	-	-	-
<b>Balance, December 31, 2023</b>	<b>9,000</b>	<b>3,213</b>	<b>71,109</b>	<b>83,322</b>
<b>Current Year Activity</b>				
Deposits	9,000	4,284	-	13,284
Interest	-	-	36	36
Withdrawals	-	-	-	-

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

6. Restricted Cash

e. Restricted Account Activity

	Replacement Reserve	Insurance Escrow Account	Operating Reserve	Total
Subtotal, Current Year Activity	9,000	4,284	36	13,320
Balance, December 31, 2024	<u>\$ 18,000</u>	<u>\$ 7,497</u>	<u>\$ 71,145</u>	<u>\$ 96,642</u>

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
<b>Umpqua Construction and Permanent Loan Payable</b> The construction loan with a maximum principal \$11,907,820 was originated on May 24, 2021 for a construction term of 24 months and the loan bore interest at the greater of i) 3.25% or ii) 1 month LIBOR plus a spread of 2.75%. The permanent loan with a principal amount of \$1,200,000 has been paid down and the conversion took place on January 3, 2023. The permanent loan bears interest at a fixed rate of 4.00%. The permanent loan is amortized over 35 years with a 17 year term (maturity date of January 1, 2040). The permanent loan requires monthly principal and interest payments. Prepayment penalties schedule is as follows: 5% of outstanding principal in year 1; 4% of the outstanding principal during year 2; 3% of the outstanding principal during year 3; 2% of the outstanding principal during year 4; 1% of the outstanding principal during year 5; no prepayment premium during the balance of the term. The loan is secured by Deed of Trust. Interest expense for the years ending December 31, 2024 and 2023 totaled \$47,901 and \$43,530, respectively.	\$ -	\$ 1,168,304	\$ -	\$ 1,184,643

#### Long-Term Debt Interest and Principal

\$ -	\$ 1,168,304	\$ -	\$ 1,184,643
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#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 17,857
2026	18,585
2027	19,342
2028	20,130
2029	20,950
Subsequent	1,071,440
<b>Total</b>	<b>\$ 1,168,304</b>

# Gridley Family Associates, LP

## Notes to the Financial Statements

For the Years Ended December 31, and 2023

### 8. 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 14, 2025 (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.

### 9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$16,494,020 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2024 \$1,649,402 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,649,402
2026	1,649,402
2027	1,649,402
2028	1,649,402
2029	1,649,402
2030	1,649,402
2031	1,649,402
2032	869,012
<b>Total</b>	<b><u>\$ 12,414,826</u></b>

### 10. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Gridley, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

# Supplementary Information

# Gridley Family Associates, LP

For the Years Ended December 31, 2024 and 2023

## Schedule of Operating Expenses

	2024	2023
<b>Administrative Expenses</b>		
Other Renting Expenses	\$ 1,348	\$ 1,270
Office Salaries	20,489	14,993
Office Expenses	5,038	3,611
Property Management Fees	22,732	22,446
Administrative Rent Free Unit	10,836	9,997
Legal Expense - Project	230	5,485
Audit Expense	6,327	5,972
Bad Debts	17,019	3,040
Miscellaneous Administrative Expenses	17,225	14,336
<b>Total Administrative Expenses</b>	<b>101,244</b>	<b>81,150</b>
<b>Utilities</b>		
Electricity	6,870	9,840
Water	4,015	3,450
Gas	1,613	2,087
Sewer	16,413	17,000
<b>Total Utilities</b>	<b>28,911</b>	<b>32,377</b>
<b>Operating and Maintenance</b>		
Payroll	7,695	5,551
Supplies	14,010	10,393
Contracts	23,370	13,589
Garbage and Trash	15,068	13,628
Miscellaneous Operating and Maintenance Expense	11,722	7,045
<b>Total Operating and Maintenance</b>	<b>71,865</b>	<b>50,206</b>
<b>Taxes and Insurance</b>		
Real Estate Taxes	2,402	12,980
Payroll Taxes	4,559	3,044
Property & Liability Insurance (Hazard)	15,229	13,890
Fidelity Bond Insurance	385	426
Workmen's Compensation	2,188	1,933
Health Insurance and Other Employee Benefits	3,630	4,208
Miscellaneous Taxes, Licenses, Permits, & Insurance	1,600	800
<b>Total Taxes and Insurance</b>	<b>29,993</b>	<b>37,281</b>
<b>Total operating expenses</b>	<b>\$ 232,013</b>	<b>\$ 201,014</b>

# Gridley Family Associates, LP

For the Years Ended December 31, 2024 and 2023

## Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ 106,029
Add:	
Partner Fees Paid	11,666
Deduct:	
Principal Payments of Long-Term Debt	(16,339)
Change in Replacement Reserve Accounts	(9,000)
Change in Operating Reserve Accounts	(36)
Change in Mortgage Escrow Accounts	(4,284)
Change In Tenant Security Deposit Account	(2,282)
<b>Cash Flow Available for Distribution</b>	<b><u>\$ 85,754</u></b>

## Distribution of Available Cash Flow

Cash flow available for distribution from 2024 will be distributed in 2025 as follows:

	<u>2024</u>
Asset Management Fee Payable	\$ 5,305
Partnership Management Fee Payable	3,708
Deferred Developer Fee Payable	7,319
Partner Distributions	20,639
Incentive Management Fee	48,783
<b>Total</b>	<b><u>\$ 85,754</u></b>

**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, 2024 and 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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 February 20, 2025, 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.

*Barman & Company, L.L.P.*

Stockton, California  
February 20, 2025

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

**BALANCE SHEETS**  
**December 31, 2024 and 2023**

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,219	\$ 25,218
Accounts receivable - tenant	5,536	4,744
Accounts receivable - other	11,519	6,251
Prepaid expenses	8,532	8,360
Tax and insurance impounds	29,128	23,087
Total current assets	<u>66,934</u>	<u>67,660</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Guarantee fee reserve	1,599	1,617
Partnership cash	6,854	10,225
Rental security deposits	19,308	18,278
Replacement reserve	353,769	329,848
Transition reserve	84,564	80,821
Operating deficit reserve	123,973	118,447
	<u>590,067</u>	<u>559,236</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	149,957	149,957
Building and improvements	3,137,787	3,137,787
Site improvements	171,204	171,204
Personal property	381,682	381,682
	<u>3,840,630</u>	<u>3,840,630</u>
Less accumulated depreciation	<u>(1,379,401)</u>	<u>(1,287,583)</u>
	<u>2,461,229</u>	<u>2,553,047</u>
<b>OTHER ASSETS</b>		
Investments - transition reserve	10,755	9,843
Investments - operating deficit reserve	10,755	9,850
Tax credit fees, net of accumulated amortization of \$14,761 and \$13,419 in 2024 and 2023, respectively	5,368	6,710
Total other assets	<u>26,878</u>	<u>26,403</u>
 Total assets	 <u><u>\$ 3,145,108</u></u>	 <u><u>\$ 3,206,346</u></u>

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

**BALANCE SHEETS (Cont.)**  
**December 31, 2024 and 2023**

<b>LIABILITIES AND PARTNERS' EQUITY (DEFICIT)</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,133	\$ --
Accrued interest payable, current portion	4,014	4,014
Partnership fees payable	12,960	9,662
Prepaid rent	1,267	316
Note payable, USDA Rural Development, current portion	13,390	12,978
Note payable, Bonneville, current portion	4,840	4,621
Total current liabilities	<u>41,604</u>	<u>31,591</u>
 <b>DEPOSIT LIABILITIES</b>		
Tenant security deposits	<u>19,308</u>	<u>18,278</u>
 <b>LONG-TERM LIABILITIES</b>		
Note payable, Bonneville, less current portion	308,075	312,914
Less unamortized debt issuance cost	<u>(50,560)</u>	<u>(52,227)</u>
	257,515	260,687
 Note payable, USDA Rural Development, less current portion	968,741	982,131
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	611,000	548,600
	<u>3,917,256</u>	<u>3,871,418</u>
 Total liabilities	<u>3,978,168</u>	<u>3,921,287</u>
 <b>PARTNERS' EQUITY (DEFICIT)</b>	<u>(833,060)</u>	<u>(714,941)</u>
 Total liabilities and partners' equity (deficit)	<u><u>\$ 3,145,108</u></u>	<u><u>\$ 3,206,346</u></u>

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

**STATEMENTS OF INCOME**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
<b>REVENUE</b>		
Tenant rental income	\$ 119,357	\$ 121,703
Rental assistance - USDA Rural Development	184,797	172,883
Laundry income	3,587	4,174
Interest income	18,005	11,381
Tenant charges	1,247	1,837
Total revenue	<u>326,993</u>	<u>311,978</u>
<b>OPERATING AND MAINTENANCE EXPENSES</b>		
Maintenance and repairs payroll	32,751	28,580
Maintenance and repairs supply	6,438	9,766
Maintenance and repairs contract	11,091	9,172
Painting and decorating	61	8,876
Grounds	11,190	14,256
Services	1,804	2,000
Furniture and furnishings replacement	3,695	8,457
	<u>67,030</u>	<u>81,107</u>
Electricity	8,695	5,435
Water	5,233	4,527
Sewer	14,308	12,383
Gas	913	1,466
Garbage and trash removal	4,900	7,949
	<u>34,049</u>	<u>31,760</u>
Site management payroll	36,272	30,730
Management fee	26,862	27,010
Project auditing expense	13,725	8,750
Legal	1,405	818
Telephone and answering service	649	1,009
Office supplies	1,160	3,004
Bad debt expense	3,330	--
Health insurance and other employee benefits	14,246	2,177
Payroll taxes	5,661	5,736
Workers' compensation insurance	5,145	2,518
Other administrative expenses	8,119	5,413
	<u>116,646</u>	<u>87,165</u>

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

**STATEMENTS OF INCOME (Cont.)**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Real estate taxes	1,461	729
Other taxes licenses and permits	800	1,600
Property and liability insurance	<u>20,050</u>	<u>19,611</u>
	<u>22,311</u>	<u>21,940</u>
 Total operating and maintenance expenses	 <u>240,036</u>	 <u>221,972</u>
<b>OTHER EXPENSES (INCOME)</b>		
Investment (income) loss, net	(297)	(162)
USDA Rural Development authorized expenditures - repairs and replacements	- -	11,595
Depreciation	91,818	91,047
Amortization	1,342	1,342
Interest expense - mortgage payable	92,313	92,922
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	8,788	6,398
USDA guarantee fees	1,588	1,610
Non-project expense - partnership fees	<u>6,560</u>	<u>16,086</u>
Total other expenses (income)	<u>203,779</u>	<u>222,505</u>
 Total expenses (income)	 <u>443,815</u>	 <u>444,477</u>
 Net loss	 <u><u>\$ (116,822)</u></u>	 <u><u>\$ (132,499)</u></u>

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

**STATEMENT OF PARTNERS' EQUITY (DEFICIT)**  
**Years Ended December 31, 2024 and 2023**

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2022	\$ 34	\$ (83)	\$ (48)	\$(579,742)	\$(579,839)
Distributions	--	--	--	(2,603)	(2,603)
Net loss	<u>(1)</u>	<u>(12)</u>	<u>(13)</u>	<u>(132,473)</u>	<u>(132,499)</u>
Balance, December 31, 2023	33	(95)	(61)	(714,818)	(714,941)
Distributions	--	--	--	(1,297)	(1,297)
Net loss	<u>(1)</u>	<u>(11)</u>	<u>(12)</u>	<u>(116,799)</u>	<u>(116,822)</u>
Balance, December 31, 2024	<u>\$ 32</u>	<u>\$ (106)</u>	<u>\$ (73)</u>	<u>\$(832,914)</u>	<u>\$(833,060)</u>

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

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (116,822)	\$ (132,499)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	93,160	92,389
Amortization of debt issuance cost	1,667	1,667
Unrealized (gain) loss on investments	(297)	(162)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenant	(792)	529
Accounts receivable - other	(5,268)	(2,294)
Prepaid expenses	(172)	--
Increase (decrease) in:		
Accounts payable and accrued liabilities	5,133	--
Accrued interest payable	62,400	62,400
Partnership fees payable	3,298	(10,511)
Tenant security deposits	1,030	1,253
Prepaid rent	951	216
Net cash provided by (used in) operating activities	<u>44,288</u>	<u>12,988</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	--	567,000
Purchase of investments	(1,520)	(383,026)
Acquisition of property and equipment	--	(5,394)
Net cash provided by (used in) investing activities	<u>(1,520)</u>	<u>178,580</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(17,598)	(16,991)
Partners distribution	(1,297)	(2,603)
Net cash provided by (used in) financing activities	<u>(18,895)</u>	<u>(19,594)</u>
 Increase (decrease) in cash, cash equivalents and restricted cash	23,873	171,974
 Cash, cash equivalents and restricted cash		
Beginning	607,541	435,567
Ending	<u>\$ 631,414</u>	<u>\$ 607,541</u>

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

**STATEMENTS OF CASH FLOWS (Cont.)**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 29,913</u>	<u>\$ 30,522</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY</b>		
Cash and cash equivalents	\$ 12,219	\$ 25,218
Tax and insurance impounds	29,128	23,087
Guarantee fee reserve	1,599	1,617
Partnership cash	6,854	10,225
Rental security deposits	19,308	18,278
Replacement reserve	353,769	329,848
Transition reserve	84,564	80,821
Operating deficit reserve	123,973	118,447
	<u>\$ 631,414</u>	<u>\$ 607,541</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Organization and Summary of Significant Accounting Policies**

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

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

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

Pursuant to the Partnership Agreement, the Limited Partner and the Special Limited Partner will make a Capital Contribution in the aggregate amount of \$1,057,074, subject to potential adjustment based on the amount of low-income housing tax credits ultimately allocated to the Project, in addition to other potential occurrences as more fully explained in the Partnership Agreement. 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.

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
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. During the year ended December 31, 2024 and 2023, there were 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 and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, accrued interest payable, partnership fees payable and prepaid rent 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.

**Reclassification:**

Certain amounts in the December 31, 2023 financial statements have been classified for comparative purposes to conform to the presentation in the December 31, 2024 financial statements.

**Subsequent events:**

Management has evaluated subsequent events through February 20, 2025, 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, 2024 and 2023 was \$15,245 and \$15,645, respectively. As of December 31, 2024 and 2023, accrued interest was \$2,749.

The following are future amounts of principal payments under this mortgage note at December 31:

2025	\$	13,390
2026		13,814
2027		14,252
2028		14,704
2029		15,170
Thereafter		910,801
	\$	<u>982,131</u>

**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, 2024 and 2023, principal due on the note was \$312,915 and \$317,535, respectively. During the years ended December 31, 2024 and 2023, interest on the note was \$14,668 and \$14,877, respectively. As of December 31, 2024 and 2023, accrued interest was \$1,265.

As of December 31, 2024 and 2023, debt issuance costs, net of accumulated amortization of \$16,115 and \$14,448, 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 following are future amounts of principal payments under this mortgage note at December 31:

2025	\$ 4,840
2026	5,070
2027	5,311
2028	5,563
2029	5,828
Thereafter	286,303
	<u>\$ 312,915</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, 2024 and 2023, the outstanding principal was \$2,080,000. During the years ended December 31, 2024 and 2023, interest on the note was \$62,400. As of December 31, 2024 and 2023, accrued interest was \$611,000 and \$548,600, 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 years ended December 31, 2024 and 2023, \$3,360 and \$3,262 was earned, respectively. As of December 31, 2024 and 2023, \$3,360 and \$3,262 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, 2024 and 2023, \$3,200 was earned. As of December 31, 2024 and 2023, \$9,600 and \$6,400 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, 2024 and 2023, the Administrative General Partners incurred an incentive management fee of \$0 and \$4,812, 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, 2024 and 2023, the Administrative General Partners incurred a tax credit compliance fee of \$0 and \$4,812, 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)**  
**DBA Gridley Springs Apartments**

**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:

	2024		2023	
	Cost	Fair Market Value	Cost	Fair Market Value
Equity mutual funds	\$ 25,613	\$ 21,510	\$ 24,087	\$ 19,693
	<u>\$ 25,613</u>	<u>\$ 21,510</u>	<u>\$ 24,087</u>	<u>\$ 19,693</u>

**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, 2024 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, 2024, 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 February 20, 2025.

***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.

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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.

Baum & Co. L.L.P.

Stockton, California  
February 20, 2025



# 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, 2024. 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, 2024.

#### *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  
February 20, 2025

*Baumgardner & Co., L.L.P.*

**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, 2024  
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	9
Total occupied units	<u>363</u>
	X
Fee per unit (Effective 01/24)	<u>\$ 74</u>
Management fee expense	<u><u>\$ 26,862</u></u>

**B. Insurance Disclosure**

The Partnership maintains insurance coverage as follows:

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

\*Blanket coverage

**C. Return to Owner**

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

Maximum Return to Owner	<u>\$ 32,400</u>
Budgeted Return to Owner	<u>\$ 32,400</u>
Return to Owner Paid:	<u><u>\$ 4,559</u></u>

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

**SUPPLEMENTARY INFORMATION AS REQUIRED BY  
RURAL DEVELOPMENT**

December 31, 2024

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	171,204		--		--		171,204
Personal property	381,682		--		--		381,682
Total fixed assets	<u>\$ 3,840,630</u>	\$	<u>--</u>	\$	<u>--</u>	\$	<u>3,840,630</u>
Accumulated depreciation							
Building and improvements	\$ 799,233	\$	78,445	\$	--	\$	877,678
Site improvements	110,540		11,825		--		122,365
Personal property	377,810		1,548		--		379,358
Total accumulated depreciation	<u>\$ 1,287,583</u>	\$	<u>91,818</u>	\$	<u>--</u>	\$	<u>1,379,401</u>

Fixed asset additions for the year ended December 31, 2024

None

Fixed asset disposals for the year ended December 31, 2024

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, 2024  
See Auditors' Report

**1. Reconcile the reserve account:**

Required reserve balance, December 31, 2023	(1) \$	248,719
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2)	20,378
Actual 2024 reserve account deposit		23,921

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

Purpose	Date	Amount	Regular or Excess	USDA Authorized
1. None				
Total all authorized <u>regular</u> reserve withdrawals			(3)	--
Total all authorized <u>excess</u> reserve withdrawals				--
Total all unauthorized reserve withdrawals				--
Required reserve balance, December 31, 2024 (1) + (2) - (3) = (4)			(4)	269,097
Confirmed balance, December 31, 2024				353,769
Amount account over (under) funded				\$ 84,672

**2. Return on investment (ROI) calculation:**

Net cash/deficit (Part I, Line 30)	\$ 590
Add: Return to owner, paid this year for prior year	4,559
Add: Reserve deposits over (under) required in the USDA loan agreement	3,543
Net cash/deficit, earned from current year's operation*	\$ 8,692
Maximum annual allowable distribution	\$ 32,400

Project earned a partial ROI for the period ending December 31, 2024

\*Project will request \$23,708 from excess reserves to pay full ROI

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

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

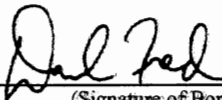
		CURRENT YEAR 1/1/24 12/31/24	PRIOR YEAR 1/1/23 12/31/23	COMMENTS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
1. GENERAL OPERATING ACCOUNT.....		\$ 12,219	\$ 25,218	
2. R.E. TAX & INSURANCE ACCOUNT .....		29,128	23,087	
3. RESERVE ACCOUNT .....		353,769	329,848	
4. SECURITY DEPOSIT ACCOUNT .....		19,308	18,278	
5. OTHER CASH .....		0	0	
6. OTHER (identify)___Deposits		0	0	
7. ACCOUNTS RECEIVABLE	AR USDA; AR tenants; AR other	17,055	10,995	
...ACCTS RCBL 0-30 DAYS	\$ 4,876			
...ACCTS RCBL 30-60 DAYS	\$ 12,179			
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....		0	0	
9. INVENTORIES (supplies).....		0	0	
10. PREPAYMENTS.....		8,532	8,360	
11. OTHER - PARTNERSHIP CASH		216,990	211,110	
12. <b>TOTAL CURRENT ASSETS</b> (Add 1 thru 11)		657,001	626,896	
<b>FIXED ASSETS</b>				
13. LAND .....		149,957	149,957	
14. BUILDINGS .....		3,308,991	3,308,991	
15. LESS: ACCUMULATED DEPRECIATION .....		(1,000,043)	(909,773)	
16. FURNITURE & EQUIPMENT .....		381,682	381,682	
17. LESS: ACCUMULATED DEPRECIATION.....		(379,358)	(377,810)	
18. _____		0	0	
19. <b>TOTAL FIXED ASSETS</b> (Add 13 thru 18)		2,461,229	2,553,047	
<b>OTHER ASSETS</b>				
20. TAX CREDIT FEES, NET AND INVESTMENTS		26,878	26,403	
21. <b>TOTAL ASSETS</b> (Add 12, 19, and 20)		3,145,108	3,206,346	
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
22. ACCOUNTS PAYABLE (Attach list)		5,133	0	
...ACCTS PAY 0-30 DAYS	\$ 5,133			
...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	36,471	31,591	
24. SECURITY DEPOSITS .....		19,308	18,278	
25. <b>TOTAL CURRENT LIABILITIES</b> (Add 22 thru 24)		60,912	49,869	
26. NOTES PAYABLE Rural Development .....		968,741	982,131	
27. OTHER NP Bonn less unamort debt issuance costs; NP City of Gridley; acc'd int pay'l		2,948,515	2,889,287	
28. <b>TOTAL LONG-TERM LIABILITIES</b> (Add 26 and 27)		3,917,256	3,871,418	
29. <b>TOTAL LIABILITIES</b> (Add 25 and 28)		3,978,168	3,921,287	
30. <b>OWNER'S EQUITY</b> (Net Worth)(21 minus 29)		(833,060)	(714,941)	
31. <b>TOTAL LIABILITIES AND OWNER'S EQUITY</b> (Add 29 and 30)		\$ 3,145,108	\$ 3,206,346	

**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.

2/24/2025

(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 <b>Gridley Springs Apartments</b>		BORROWER NAME <b>DHI-DFA Gridley Springs Associates, L.P.</b>		BORROWER ID AND PROJECT NO. <b>Case No. 04-04-111739358</b>	
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 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 ( 01/01/24 ) ( 12/31/24 )	ACTUAL ( 01/01/24 ) ( 12/31/24 )	PROPOSED BUDGET ( ) ( )	
BEGINNING DATES> ENDING DATES>				
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME.....	318,000	119,357		
2. RHS RENTAL ASSISTANCE RECEIVED.....		184,797		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	4,020	3,587		
5. INTEREST INCOME.....	609	18,005		
6. TENANT CHARGES.....	750	1,247		
7. OTHER - PROJECT SOURCES.....	0	0		
8. LESS (Vacancy and Contingency Allowance).....	( 5,811 )			
9. LESS (Agency Approved Incentive Allowance).....	( 0 )			
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	317,568	326,993		
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT.....	0	0		
12. AUTHORIZED LOAN (Non-RHS).....	0	0		
13. TRANSFER FROM RESERVE.....	15,475	0		
14. SUB-TOTAL (11 thru 13).....	15,475	0		
15. TOTAL CASH SOURCES (10+14).....	333,043	326,993		
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II).....	216,942	236,706		
17. RHS DEBT PAYMENT.....	28,224	28,224		
18. RHS PAYMENT (Overage).....		8,788		
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	23,921		
23. RETURN TO OWNER.....	32,400	4,559		
24. SUB-TOTAL (16 thru 23).....	297,944	302,198		
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	19,289	19,287		
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6)	15,475	0		
27. MISCELLANEOUS.....	0	4,918		Guarantee fee, bad debt
28. SUB-TOTAL (25 thru 27).....	34,764	24,205		
29. TOTAL CASH USES (24+28).....	332,708	326,403		
30. NET CASH (DEFICIT) (15-29).....	335	590		
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE.....	0	48,305		
32. ACCRUAL TO CASH ADJUSTMENT.....		(7,548)		
33. ENDING CASH BALANCE (30+31+32).....	335	41,347		

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.....	29,791	32,751		
2. MAINTENANCE & REPAIRS SUPPLY .....	7,244	6,438		
3. MAINTENANCE & REPAIRS CONTRACT .....	7,954	11,091		
4. PAINTING AND DECORATING .....	5,350	61		
5. SNOW REMOVAL .....	0	0		
6. ELEVATOR MAINTENANCE/CONTRACT .....	0	0		
7. GROUNDS .....	16,254	11,190		
8. SERVICES .....	5,000	1,804		
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0	3,695		
10. OTHER OPERATING EXPENSES(Items) .....	0	0		
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	71,593	67,030		
12. ELECTRICITY .....	5,100	8,695		
13. WATER .....	4,870	5,233		
14. SEWER .....	13,406	14,308		
15. FUEL (Oil/Coal/Gas).....	1,457	913		
16. GARBAGE & TRASH REMOVAL.....	8,616	4,900		
17. OTHER UTILITIES .....	0	0		
18. SUB-TOTAL UTILITIES (12 thru 17)	33,449	34,049		
19. SITE MANAGEMENT PAYROLL .....	29,791	36,272		
20. MANAGEMENT FEE .....	27,528	26,862		
21. PROJECT AUDITING EXPENSE .....	8,750	13,725		
22. PROJECT BOOKKEEPING/ACCOUNTING .....		0		
23. LEGAL EXPENSES .....	1,650	1,405		
24. ADVERTISING .....	99	72		
25. TELEPHONE & ANSWERING SERVICE .....	948	649		
26. OFFICE SUPPLIES .....	2,035	1,160		
27. OFFICE FURNITURE & EQUIPMENT .....	0	0		
28. TRAINING EXPENSE .....	1,500	0		
29. HEALTH INS. & OTHER EMP. BENEFITS .....	2,399	14,246		
30. PAYROLL TAXES .....	5,938	5,661		
31. WORKMAN'S COMPENSATION .....	2,550	5,145		
32. OTHER ADMINISTRATIVE EXPENSES(Items).....	0	8,119		
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	83,188	113,316		
34. REAL ESTATE TAXES .....	1,899	1,461		
35. SPECIAL ASSESSMENTS .....	0	0		
36. OTHER TAXES, LICENSES & PERMITS .....	1,800	800		
37. PROPERTY & LIABILITY INSURANCE .....	25,013	20,050		
38. FIDELITY COVERAGE INSURANCE .....	0	0		
39. OTHER INSURANCE .....	0	0		
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	28,712	22,311		
41. TOTAL O&M EXPENSES (11+18+33+40).....	216,942	236,706		

**PART III - ACCOUNT BUDGETING / STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	104,510	329,848		
2. TRANSFER TO RESERVE .....	20,378	23,921		
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT .....	0	0		
4. ANNUAL CAPITAL BUDGET.....	15,475	0		
5. BUILDING & EQUIPMENT REPAIRS.....	0	0		
6. OTHER NON-OPERATING EXPENSES .....	0	0		
7. TOTAL (3 thru 6) .....	( 15,475 )	( 0 )	( )	
8. ENDING BALANCE [(1+2)-7] .....	109,413	353,769		

**GENERAL OPERATING ACCOUNT: \***

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

a	25,218
b	12,219

Beginning
48,305

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

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

c	23,087
d	29,128

Ending
41,347

**TENANT SECURITY DEPOSIT ACCOUNT:\***

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

18,278
19,308

(\* Complete upon submission of actual expenses.)

Part II, Line 32, ItemizationActual

IT support services	\$	5,997
Admin expense/office personnel		1,215
Credit check		430
Education/registration fees		427
Bank fees		50
	\$	8,119

**PART V - ANNUAL CAPITAL BUDGET**

Gridley Springs Apartments

	<b>Proposed # of units/ items</b>	<b>Proposed From Reserve</b>	<b>Actual From Reserve</b>	<b>Proposed From Operating</b>	<b>Actual From Operating</b>	<b>Actual Total</b>
<b>Appliances:</b>						
Range	1	1,000	0	0	0	0
Refrigerator	1	1,000	0	0	0	0
Range Hood	3	440	0	0	0	0
Other	1	165	0	0	690	690
<b>Carpet and Vinyl:</b>						
1 BR	1	2,950	0	0	0	0
2 BR	2	3,670	0	0	0	0
3 BR	1	3,950	0	0	0	0
<b>Cabinets:</b>						
Kitchens	0	0	0	0	0	0
Bathroom	0	0	0	0	0	0
<b>Doors:</b>						
Exterior	0	0	0	0	0	0
Interior	0	0	0	0	0	0
<b>Window Coverings:</b>						
Blinds	0	0	0	0	196	196
<b>Heating and Air Conditioning:</b>						
Heating	0	0	0	0	0	0
Air conditioning	0		0	0	0	0
<b>Plumbing:</b>						
Water Heater	1	2,300	0	0	2,380	2,380
Bath Sinks	0	0	0	0	0	0
Kitchen Sinks	0	0	0	0	0	0
Tub	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Major Electrical:</b>						
Lighting		0	0	0	0	0
<b>Structures:</b>						
Windows	0	0	0	0	0	0
Screens	0	0	0	0	0	0
Walls		0	0	0	0	0
Roofing		0	0	0	0	0
Exterior Painting		0	0	0	0	0
Other		0	0	0	0	0
<b>Paving:</b>						
Asphalt		0	0	0	0	0
Concrete		0	0	0	0	0
Seal and Stripe		0	0	0	0	0
<b>Landscape and grounds:</b>						
Landscaping		0	0	0	0	0
Lawn Equipment		0	0	0	0	0
Fencing		0	0	0	0	0
Recreation area		0	0	0	0	0
Other: signs		0	0	0	0	0
<b>Accessibility Features:</b>						
ADA inspection		0	0	0	0	0
<b>Automation equipment:</b>						
Site management		0	0	0	429	429
Common area		0	0	0	0	0
<b>Other:</b>						
List: _____		0	0	0	0	0
List: _____		0	0	0	0	0
List: _____		0	0	0		0
<b>TOTAL CAPITAL EXPENSES:</b>	<b>11</b>	<b>15,475</b>	<b>0</b>	<b>0</b>	<b>3,695</b>	<b>3,695</b>

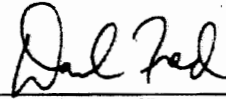
**PART VI - SIGNATURES, DATES AND COMMENTS**

**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.

2/24/2025

(Date)



(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Co-Admin GP

(Title)

AGENCY APPROVAL (Rural development Approval Official):

DATE:

COMMENTS:

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

See Auditors' Report

For the year ended December 31, 2024:

There were no findings or questioned costs for the year ended December 31, 2024.

For the year ended December 31, 2023:

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

**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, 2024 and 2023**

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# 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, 2024 and 2023, 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, 2024 and 2023, 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.



Sacramento, California  
March 10, 2025

**Chico Harvest Park, L.P.**

**Balance Sheets  
December 31, 2024 and 2023**

Assets

	2024	2023
Investment in rental property, net	\$ 10,680,445	\$ 11,104,465
Cash	182,191	205,096
Restricted deposits and funded reserves		
Escrows	79,574	55,117
Tenant security deposits	63,480	60,463
Replacement reserve	290,172	272,541
Operating reserve	258,235	250,586
Other reserves	108,504	105,602
Total restricted deposits and funded reserves	799,965	744,309
Tenant accounts receivable, net	28,143	21,276
Prepaid expenses	21,466	16,249
Tax credit monitoring fees, net	11,917	14,899
Total assets	\$ 11,724,127	\$ 12,106,294

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 36,589	\$ 18,375
Accrued property management fees	4,890	3,244
Other accrued liabilities and prepaid rent	23,726	21,895
Accrued interest - first mortgage	66,802	67,090
Accrued interest - other loans	1,498,180	1,332,432
Tenants' security deposits liability	61,980	58,823
Payable to general partner and affiliates	13,048	12,668
Annual fee payable to the investor limited partner	10,382	10,080
Mortgages and notes payable, net	13,217,894	13,247,130
Other liabilities - construction	5,950	5,950
Total liabilities	14,939,441	14,777,687
Contingency	-	-
Partners' equity (deficit)	(3,215,314)	(2,671,393)
Total liabilities and partners' equity (deficit)	\$ 11,724,127	\$ 12,106,294

See Notes to Financial Statements.

**Chico Harvest Park, L.P.**

**Statements of Operations  
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Revenue		
Rental income	\$ 1,157,473	\$ 1,070,750
Vacancies and concessions	(24,612)	(34,103)
Other operating income	<u>28,577</u>	<u>25,008</u>
Total revenue	<u>1,161,438</u>	<u>1,061,655</u>
Operating expenses		
Salaries and employee benefits	217,246	206,149
Repairs and maintenance	206,796	184,601
Utilities	118,096	77,432
Property management fee	53,685	49,022
Real estate taxes	197	387
Property insurance	54,817	39,482
Miscellaneous operating expenses	<u>152,652</u>	<u>130,449</u>
Total operating expenses	<u>803,489</u>	<u>687,522</u>
Net operating income	<u>357,949</u>	<u>374,133</u>
Other income (expense)		
Interest income	11,736	2,759
Interest expense - first mortgage	(148,254)	(150,661)
Interest expense - other loans	(193,838)	(193,388)
Other financial income (expense)	(76,736)	(79,905)
Annual fee payable to the investor limited partner	(10,382)	(10,083)
Other related party fees and expenses	(33,048)	(32,668)
Depreciation	(448,366)	(438,317)
Amortization	<u>(2,982)</u>	<u>(2,982)</u>
Total other income (expense)	<u>(901,870)</u>	<u>(905,245)</u>
Net loss	<u><u>\$ (543,921)</u></u>	<u><u>\$ (531,112)</u></u>

See Notes to Financial Statements.

**Chico Harvest Park, L.P.**

**Statements of Partners' Equity (Deficit)  
Years Ended December 31, 2024 and 2023**

	<u>Administrative General Partner</u>	<u>Managing General Partner</u>	<u>Investor Limited Partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2023	\$ (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	(317)	(319)	(2,670,757)	(2,671,393)
Net loss	<u>(27)</u>	<u>(27)</u>	<u>(543,867)</u>	<u>(543,921)</u>
Balance, December 31, 2024	<u>\$ (344)</u>	<u>\$ (346)</u>	<u>\$ (3,214,624)</u>	<u>\$ (3,215,314)</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, 2024 and 2023**

	2024	2023
Cash flows from operating activities		
Net loss	\$ (543,921)	\$ (531,112)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	448,366	438,317
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	23,198
Bad debts	61,193	55,899
Changes in		
Tenants' accounts receivable	(68,060)	(51,728)
Prepaid expenses	(5,217)	(1,221)
Accounts payable - operations	18,214	656
Accrued property management fees	1,646	(520)
Other accrued liabilities and prepaid rent	1,831	2,138
Accrued interest - first mortgage	(288)	(156)
Accrued interest - other loans	183,314	125,709
Tenants' security deposits liability	3,157	4,460
Payable to general partner and affiliates	380	369
Annual fee payable to affiliate of limited partner	302	295
Net cash provided by operating activities	<u>127,097</u>	<u>69,286</u>
Cash flows from investing activities		
Expenditures on rental property	(24,346)	(23,262)
Deposits to reserve for replacements	(28,217)	(28,382)
Withdrawals from reserve for replacements	10,586	-
Change in other reserves	(2,902)	(7,340)
Change in escrows	<u>(24,457)</u>	<u>(5,578)</u>
Net cash used in investing activities	<u>(69,336)</u>	<u>(64,562)</u>
Cash flows from financing activities		
Principal payments on mortgage note payable	<u>(70,000)</u>	<u>(65,000)</u>
Net cash used in financing activities	<u>(70,000)</u>	<u>(65,000)</u>
Net decrease in cash and restricted cash	(12,239)	(60,276)
Cash and restricted cash, beginning	<u>516,145</u>	<u>576,421</u>
Cash and restricted cash, end	<u>\$ 503,906</u>	<u>\$ 516,145</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 135,868</u>	<u>\$ 195,298</u>
Supplemental schedule of non-cash investing and financing activities		
Accrued interest converted to loan principal	<u>\$ 17,566</u>	<u>\$ 17,123</u>

See Notes to Financial Statements.

## **Chico Harvest Park, L.P.**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **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 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, 2024 and 2023, the allowance for doubtful accounts was \$5,270 and \$36,341, respectively.

## Chico Harvest Park, L.P.

### Notes to Financial Statements December 31, 2024 and 2023

#### 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, 2024 and 2023.

#### 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, 2024 and 2023, accumulated amortization was \$32,810 and \$29,828, respectively.

Estimated amortization expense for each of the next four years following December 31, 2024 is \$2,982 per year for 2025 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, 2024 and 2023**

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 2021 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, 2024:

	2024	2023
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,144,580	2,132,580
Building and improvements	11,980,825	11,974,275
Furniture and fixtures	1,301,396	1,295,600
Subtotal	16,802,435	16,778,089
Accumulated depreciation	(6,121,990)	(5,673,624)
Net	<u>\$ 10,680,445</u>	<u>\$ 11,104,465</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, 2024 and 2023, the balance in the replacement reserve account is \$290,172 and \$272,541, respectively. The replacement reserve activity is as follows:

	2024	2023
Balance, January 1	\$ 272,541	\$ 244,159
Deposits	27,990	27,990
Interest earnings	227	392
Withdrawals	(10,586)	-
Balance, December 31	<u>\$ 290,172</u>	<u>\$ 272,541</u>

**Operating reserve**

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

## Chico Harvest Park, L.P.

### Notes to Financial Statements December 31, 2024 and 2023

amount of \$250,000. As of December 31, 2024 and 2023, the balance in the operating reserve is \$258,235 and \$250,586, respectively.

#### Other reserves

Other reserves on deposit with Wells Fargo Corporate Trust Services are comprised of the following at December 31, 2024:

	2024	2023
Interest account	\$ 61,344	\$ 61,066
Borrower equity account	2,659	2,535
Principal redemption account	29,167	29,167
Fee's account	15,334	12,834
	<u>\$ 108,504</u>	<u>\$ 105,602</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, 2024, all capital contributions from the limited partner have been received.

As of December 31, 2024, 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, 2024 and 2023, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2024 and 2023, 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, 2024 and 2023, \$13,048 and \$12,668, respectively, was

## **Chico Harvest Park, L.P.**

### **Notes to Financial Statements December 31, 2024 and 2023**

incurred. As of December 31, 2024 and 2023, \$13,048 and \$12,668, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

#### **Annual local administration fee**

The Partnership is to pay an annual asset management fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. The annual fee is \$7,500 with annual increases of 3%. For the years ended December 31, 2024 and 2023, \$10,382 and \$10,083, respectively, was incurred and expensed. As of December 31, 2024 and 2023, \$10,382 and \$10,080, respectively, remains payable.

#### **Cash flow distributions**

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

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

## Chico Harvest Park, L.P.

### Notes to Financial Statements December 31, 2024 and 2023

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

The following table presents the cash flow available for distribution for the years ended December 31, 2024 and 2023:

	2024	2023
Net loss	\$ (543,921)	\$ (531,112)
Add back:		
Depreciation and amortization	451,348	441,299
Amortization of debt issuance costs	23,198	23,198
Accrued related party expenses	43,430	42,751
Withdrawals from reserves	10,586	-
Interest expense - CRA loan	176,000	176,000
Interest expense - HACB	17,838	17,388
Subtract:		
Principal payments - first mortgage	(70,000)	(65,000)
Deposits to reserves	(27,990)	(27,990)
Purchase of fixed assets	(24,346)	(23,262)
Cash Flow available for distribution	<u>\$ 56,143</u>	<u>\$ 53,272</u>

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

	2024	2023
LP asset management fee	\$ 10,382	\$ 10,080
MGP partnership management fee	20,000	20,000
AGP partnership management fee	13,048	12,668
Payments of loan		
City of Chico Loan	12,713	10,524
Remaining		
15% distribution to ILP	-	-
Balance to MGP and AGP distribution		
.005% to MGP	-	-
.84.995% to AGP	-	-
	<u>\$ 56,143</u>	<u>\$ 53,272</u>

#### 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, 2024, 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

**Chico Harvest Park, L.P.**

**Notes to Financial Statements  
December 31, 2024 and 2023**

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, 2024, 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.

	2024	2023
Cash	\$ 182,191	\$ 205,096
Tenants' security deposits	63,480	60,463
Operating reserve	258,235	250,586
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 503,906</u>	<u>\$ 516,145</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, 2024 and 2023, interest of \$125,056 and \$127,463, respectively, was incurred and expensed. As of December 31, 2024 and 2023, the outstanding principal was \$3,775,000 and \$3,845,000, respectively, and accrued interest was \$66,802 and \$67,090 at December 31, 2024 and 2023, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$133,040 and \$156,238 as of December 31, 2024 and 2023, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed interest rate of 4.3%. For the years ended December 31, 2024 and 2023, 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.

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

## Chico Harvest Park, L.P.

### Notes to Financial Statements December 31, 2024 and 2023

interest are due. For the years ended December 31, 2024 and 2023, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2024 and 2023, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$1,486,149 and \$1,320,673, respectively.

The Partnership entered into a loan agreement in the amount of \$600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2024 and 2023, interest of \$17,838 and \$17,388, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2024 and 2023, the outstanding principal was \$775,934 and \$758,368, respectively, and accrued interest was \$12,031 and \$11,759, 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, 2024 are as follows:

	Series 2013 A-1	CRA	HACB	Total
2025	\$ 70,000	\$ -	\$ -	\$ 70,000
2026	80,000	-	-	80,000
2027	80,000	-	-	80,000
2028	85,000	-	-	85,000
2029	90,000	-	-	70,000
Thereafter	3,370,000	8,800,000	775,934	12,945,934
Subtotal	3,775,000	8,800,000	775,934	13,350,934
Less unamortized debt issuance costs	(133,040)	-	-	(133,040)
Total	\$ 3,641,960	\$ 8,800,000	\$ 775,934	\$ 13,217,894

#### 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, 2024 and 2023, management fees of \$53,685 and \$49,022, 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, 2024 and 2023, rental assistance payments of \$244,509 and \$213,286, 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, 2024 and 2023**

**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, 2024, \$4,972,730 in tax credits has been allocated to the partners.

**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, 2024.

**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 10, 2025, 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, 2024 and 2023**

	2024	2023
Rental income		
Rent revenue - gross potential	\$ 912,964	\$ 857,464
Tenant assistance payments	244,509	213,286
Total rental income	<u>\$ 1,157,473</u>	<u>\$ 1,070,750</u>
Vacancies and concessions		
Apartment vacancies	\$ 24,612	\$ 34,103
Total vacancies and concessions	<u>\$ 24,612</u>	<u>\$ 34,103</u>
Other operating income		
Laundry and vending	\$ 28	\$ 83
Cable contract revenue	3,426	4,748
Damages income	15,764	12,777
Late fees	6,600	5,050
Application fees	2,584	2,250
Miscellaneous other income	175	100
Total other operating income	<u>\$ 28,577</u>	<u>\$ 25,008</u>
Salaries and employee benefits		
Salaries - administrative	\$ 74,959	\$ 73,011
Salaries - maintenance	84,943	70,204
Payroll taxes	10,599	10,095
Health insurance and other benefits	38,301	43,000
Worker's compensation insurance	8,444	9,839
Total salaries and employee benefits	<u>\$ 217,246</u>	<u>\$ 206,149</u>
Repairs and maintenance		
Exterminating	\$ 8,860	\$ 8,749
Grounds	39,860	33,005
Fire protection	10,842	10,864
Security services/contract	1,109	2,194
Supplies	39,043	29,019
Painting, decorating and cleaning	8,840	2,190
Pool	4,259	4,455
Repairs and maintenance - other than contracts	13,786	15,359
Repairs and maintenance - contracts	78,982	45,845
Carpeting	-	32,126
Miscellaneous maintenance expenses	1,215	795
Total repairs and maintenance	<u>\$ 206,796</u>	<u>\$ 184,601</u>

**Chico Harvest Park, L.P.**

**Schedules of Certain Income and Expenses  
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Utilities		
Electricity	\$ 19,775	\$ 14,911
Sewer	78,460	44,226
Trash removal	16,028	15,229
Gas	<u>3,833</u>	<u>3,066</u>
Total utilities	<u>\$ 118,096</u>	<u>\$ 77,432</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 18,005	\$ 11,549
Training and travel	17,348	4,922
Telephone and answering service	12,267	13,499
Bad debt expense	61,193	55,899
Other rent expense	1,884	1,556
Miscellaneous administrative	4,906	13,314
Rent free unit	1,955	1,804
Advertising and newspaper	1,926	1,849
Legal	17,250	10,837
Accounting	14,791	14,077
Other taxes, licenses and insurance	<u>1,127</u>	<u>1,143</u>
Total miscellaneous operating expenses	<u>\$ 152,652</u>	<u>\$ 130,449</u>
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	<u>17,838</u>	<u>17,388</u>
Total interest expense - other loans	<u>\$ 193,838</u>	<u>\$ 193,388</u>
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,400)
Credit enhancement, issuer and servicing fees	<u>(73,336)</u>	<u>(76,505)</u>
Total other financial income (expense)	<u>\$ (76,736)</u>	<u>\$ (79,905)</u>
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	<u>13,048</u>	<u>12,668</u>
Total other related party fees and expenses	<u>\$ 33,048</u>	<u>\$ 32,668</u>

See Independent Auditor's Report.

4/10/2025 SM

CASH FLOW DISTRIBUTION  
CHICO HARVEST PARK LP  
HARVEST PARK  
(1649)

CASH FLOW  
Net Income/Loss

2024  
(543,921)

Add Back:

Depreciation	448,366	
Amortization	2,982	451,348
Amortization of Debt Issuance Costs	23,198	
Business or Rental Interruption Insurance		
Accrued Expenses Payable Solely from Cash Flow	43,430	
Funds Released from Escrow/Reserves Other than Capital Expendit	10,586	
Income Received that was reflected in another year		
Interest Expense - CRA Loan	176,000	
Interest Expense - HACB	17,838	193,838

Subtract:

Principal Payments	70,000	
Payments to Reserve Accounts	27,990	
Other Payments to Reserve Accounts		
Cap Exp not Funded	24,346	
Other Paid Expenses not deducted in current year		
Income incl. in P&L but received in another year		

Cash Flow Available for Distribution 56,143

1st	Annual Local Administrative Fees due ILP 7.4.1(i)	10,382	Local Admin Fees payable @ 12/31	10,381.32 10,381.75 per invoice	
	Cash Flow After Obligations due ILP	45,761			
2nd	Restore Operating Reserve to \$ 7.4.1(ii)	-	Operating Reserve Deficit	-	YR End Balance 250,000.00
	Cash Flow After Restoration of Operating Reserve	45,761			
3rd	Repay Loans payable to LP	-	LP Loans		non-cumulative
	Cash Flow After Repayment of LP Loans	45,761			
4th	Accrued and unpaid Deferred Management Fees pursuant to Section	-	LP Loans		non-cumulative
	Cash Flow After Repayment of LP Loans	45,761			
5th	MGP Partnership Management Fee pursuant Section 5.2	9,000	Priority MGP Fee	9,000.00	
	Cash Flow After Payment of \$9,000 MGP Fee	36,761			
6th	Deferred Development Fee	-	Developer Fee	-	PAID IN FULL IN 2015
	Cash Flow After Repayment of Deferred Developer Fees	36,761			
7th	Accrued & Unpaid MGP Asset Management Fee	11,000	GP Asset Mgt Fee Remaining	11,000.00	Payable at 12/31 20,000.00
	Cash Flow After payment of MGP Fee	25,761			
8th	AGP Partnership Management Fees	13,048	Fee Cap AGP Management Fee	47,719 13,048	10,000 per annum, 3% annual incre
	Cash Flow After AGP Management Fees	12,713			
9th	To Repay Voluntary Loans payable to GP or its Affiliates	-	Voluntary Loans	-	
	Cash Flow after Voluntary Loans	12,713			
10th	Operating Deficit Loans to the extent of 50% of remaining Cash Flow	-	Voluntary Loans	-	
	Cash Flow After Payment of Operating Deficit Loans	12,713			
11th	Payment of City of Chico Loan	12,713	Annual Interest Payment	176,000.00	Minimum Annual Payments of accrued 2% interest due June 30 to t
	Cash Flow after City of Chico Loan	-			
12th	Payment of HABC Loan 75% of Residual Receipts per Loan Agreement	-	Annual Interest Payment	13,860.00	Interest only, compounded annually due on May 1, subject to exten
	Cash Flow after HABC Loan	-			
13th	Balance to GP & ILP Distribution 4.02(a)(xii)				
	84.995% to AGP	-			
	0.005% to MGP	-			
	15% to ILP	-			

Operating Reserve

- Paid Prior Net Due

2nd Lender City of Chico	12,713		12,713	
2nd Lender Housing Authority of the Butte County	-		-	
AGP Chico Harvest Park LLC	13,048		13,048	23%
MGP Butte County Affordable Housing Development Corporation	20,000	20,000	-	2024 fee was paid in advance in 2023, and the 2025 fee was paid in ad
ILP R4 HP Acquisition LLC	10,382		10,382	

Total Distributions 56,143 20,000 36,143



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# **Orland Senior Associates, LP**

## **Financial Statements**

**For the Period Beginning November 11, 2021 and Ending December 31, 2024**

# Orland Senior Associates, LP

December 31, 2024

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# Grigg, Bratton & Brash, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditors' Report

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To the Partners  
Orland Senior Associates, LP

#### Report on the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Orland Senior Associates, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and the related statements of income, changes in partners' capital, and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orland Senior Associates, LP as of December 31, 2024, and the results of its operations and its cash flows for the period 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 Orland Senior Associates, LP and to meet our 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 Orland Senior Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Orland Senior Associates, 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 Orland Senior Associates, 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 audit.

## **Supplementary Information**

The accompanying supplementary information referenced in the table of contents 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. Such 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 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.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**  
Certified Public Accountants

Boise, ID  
April 10, 2025

# Orland Senior Associates, LP

## Balance Sheet

December 31, 2024

	<u>2024</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 38,469
Accounts Receivable, net	4,572
Prepaid Expenses	10,743
Restricted Cash:	
Tenant Security Deposits	13,400
Rental Property, net	12,678,822
Other Assets	<u>14,680</u>
<b>Total Assets</b>	<u><u>\$ 12,760,686</u></u>
 <b>Liabilities and Partners' Capital</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 62,418
Accrued Interest Payable	169,432
Security Deposits Liability	13,400
Related Party Payables	2,618,877
Long-Term Debt, net	<u>8,222,832</u>
Total Liabilities	<u>11,086,959</u>
<b>Partners' Capital</b>	
Partners' Capital	<u>1,673,727</u>
<b>Total Liabilities and Partners' Capital</b>	<u><u>\$ 12,760,686</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Statement of Income

For the Period Beginning November 11, 2021 and Ending December 31, 2024

	<u>2024</u>
<b>Operating Revenue</b>	
Gross Rental Income	\$ 138,953
Less: Vacancy Loss	<u>3,936</u>
Net Rental Income	142,889
Miscellaneous Income	<u>1,164</u>
<b>Total Operating Revenue</b>	<u>144,053</u>
<b>Operating Expenses</b>	
Administrative Expenses	68,807
Utilities	20,558
Operating and Maintenance Expenses	37,923
Taxes and Insurance	<u>16,940</u>
<b>Total Operating Expenses</b>	<u>144,228</u>
<b>Net Operating Income</b>	<u>(175)</u>
<b>Non-Operating Income (Expenses)</b>	
Interest Income	12,102
Interest Expense	(129,270)
Depreciation Expense	(230,678)
Amortization Expense	(506)
Lease-Up and Marketing Expenses	(5,626)
Asset Management Fee	(12,843)
Partnership Management Fee	(3,200)
MGP Startup Fees	<u>(10,000)</u>
<b>Total Non-Operating Income (Expenses)</b>	<u>(380,021)</u>
<b>Net Loss</b>	<u><u>\$ (380,196)</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Statement of Changes in Partners' Capital

For the Period Beginning November 11, 2021 and Ending December 31, 2024

	TPC Holdings IX, LLC (0.0045%)	Butte County Affordable Housing (0.0045%)	Red Stone Equity Manager (0.001%)	Red Stone Equity - 2022 CA Regional Fund, LP (99.99%)	Total (100.00%)
<b>Current period activity</b>					
Capital Contributed	\$ -	\$ -	\$ -	\$ 2,103,923	\$ 2,103,923
Syndication Costs	-	-	-	(50,000)	(50,000)
Net loss for the period	(17)	(17)	(4)	(380,158)	(380,196)
<b>Balance, December 31, 2024</b>	<b>\$ (17)</b>	<b>\$ (17)</b>	<b>\$ (4)</b>	<b>\$ 1,673,765</b>	<b>\$ 1,673,727</b>

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Statement of Cash Flows

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
<b>Cash Receipts</b>	
Rental Receipts	\$ 138,317
Interest Receipts	12,102
Other Operating Receipts	1,164
Tenant Security Deposits	<u>13,400</u>
<b>Total Receipts</b>	<b>164,983</b>
<b>Disbursements</b>	
Administrative	(24,226)
Management Fee	(13,123)
Utilities	(20,558)
Operating and Maintenance	(37,923)
Property Insurance	(21,486)
Taxes and Insurance	(6,197)
Interest on Mortgage and Notes Payable	(256,265)
Partner Fees	(10,000)
Lease Up and Marketing Expenses	<u>(5,626)</u>
<b>Total Disbursements</b>	<b><u>(395,404)</u></b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b><u>(230,421)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net Purchase of Fixed Assets	(9,949,489)
Tax Credit Fees	<u>(15,186)</u>
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b><u>(9,964,675)</u></b>

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Statement of Cash Flows

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

	<u>2024</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Principal Payments - Mortgages and Notes Payable	11,882,082
Principal Borrowings - Mortgages, Loans, or Notes Payable	(3,600,000)
Capital Contributions	2,103,923
Debt Issuance Costs	(60,000)
Syndication Costs	(50,000)
Expenses Paid Through Construction Account	(29,040)
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<u>10,246,965</u>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<u>51,869</u>
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<u><u>\$ 51,869</u></u>
Cash, cash equivalents, and restricted cash consist of the following:	
Cash and Cash Equivalents	\$ 37,968
Construction Cash Account	501
Tenant Security Deposits	13,400
	<u>\$ 51,869</u>
<b>Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities</b>	
Net Loss	(380,196)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>	
Depreciation	230,678
Amortization	506
Amortization/Interest Debt Issuance Costs	750
<b>(Increase) decrease in assets</b>	
Accounts Receivable, net	(4,572)
Prepaid Expenses	(10,743)

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Statement of Cash Flows

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

	<u>2024</u>
<b>Increase (decrease) in liabilities</b>	
Accounts Payable	2,418
Accrued Interest Payable	(127,745)
Security Deposits Liability	13,400
Related Party Payables	16,043
Expenses Paid Through Construction Account	<u>29,040</u>
<b>Net cash provided by (used by) operating activities</b>	<u><u>\$ (230,421)</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Orland Senior Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on November 11, 2021. The General Partners are: TPC Holdings IX, LLC (0.0045%) and Butte County Affordable Housing Development Corporation, (0.0045%). The Limited Partners are: Red Stone Equity Manager (0.01%) and Red Stone Equity - 2022 CA Regional Fund, LP (99.99%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 32-unit multifamily rental housing project in Orland, CA known as Liberty Bell Courtyard Apartments. The project was purchased on June 24, 2024 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee (CTCAC), intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

#### d. Rental Property

Rental property is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 5 to 40 years. Depreciation expense for December 31, 2024 was \$ 230,678.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 2. Significant Accounting Policies

#### e. 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 their carrying amounts, 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 period ending December 31, 2024.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$15,186 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$506 as of December 31, 2024.

#### g. Debt Issuance Costs

Unamortized debt issuance costs of \$59,250 and \$0 at December 31, 2024 and 2023 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$750 and \$0 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

#### h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

#### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the period ending 2024, advertising and marketing costs totaled \$0.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 2. Significant Accounting Policies

#### j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

#### k. Economic Concentrations and Contingencies

The partnership operates on property located in Orland, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

#### l. Financial Instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

#### m. Concentrations of Credit Risk

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 3. Related Party Transactions

#### a. Partner Fees

##### **Asset Management Fee**

The Partnership shall pay, from Net Cash Flow, an annual fee (the "Asset Management Fee") equal to \$5,000 to the Special Limited Partner or its Affiliate for an annual review of the operations of the Partnership and the Apartment Complex. Such fee shall begin accruing at Initial Closing, shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing at Stabilized Operations.

##### **Partnership Management Fee**

For services to be performed under Section 8.01 of the Partnership Agreement, the Partnership shall pay, from Net Cash Flow, an annual fee (the "Partnership Management Fee") equal to \$3,200 to the Managing General Partner. Such fee shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing on the first year the Managing General Partner obtains the property tax exemption for the Apartment Complex, which occurred in 2024.

##### **Incentive Management Fee**

In consideration of the services to be rendered by the Supervisory Agent to the Partnership hereunder, commencing with the year in which Substantial Completion occurs and for each year thereafter, the Partnership shall pay to the Supervisory Agent an incentive management fee (the "Incentive Management Fee") in an amount equal to ninety percent (90%) of Net Cash Flow remaining after application of Net Cash Flow against the amounts described in Sections 11.03(b)(i) through 11.03(b)(ix) of the Partnership Agreement for such year pursuant to Section 11.03(b)(x) of the Partnership Agreement; provided that the Incentive Management Fee for any year shall not exceed ten percent (10%) of gross revenues of the Apartment Complex for such year.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 3. Related Party Transactions

#### b. Developer Fee Payable

For services performed and to be performed under Sections 1 and 2 of the Development Agreement, the Partnership shall pay the Developer a fee (the "Development Fee") in the aggregate amount of \$1,539,241 as follows: (i) \$1,389,241 is projected to be paid concurrently with the third capital contribution, (ii) \$150,000 is projected to be paid concurrently with the Third Capital Contribution, (iii) \$150,000 is projected to be paid concurrently with the Fourth Capital Contribution, and (iv) thereafter in accordance with the remainder of this Section 3(a); provided, however, the amount payable subsequent to the Initial Closing is subject to adjustment (x) upward to the extent development sources set forth in the Partnership Agreement are sufficient to pay additional cash fee and (y) downward by an amount equal to the reductions in, or refunds of, the Limited Partner Capital Contribution pursuant to Section 5.03 of the Partnership Agreement and (ii) any cost overruns or other reductions in sources not resulting from the negligent or intentional act or omission of the General Partner. Notwithstanding the foregoing or anything elsewhere in this agreement or in the Partnership Agreement, any portion of the Development Fee for which the Partnership lacks sufficient sources to pay as cash Development Fee may be deferred by the Partnership pursuant to the terms of the Partnership Agreement. Subject to Section 5(b), the portion of the Development Fee not paid under the first sentence of this Section 3(a) (currently projected to be \$0) shall be paid to the Developer (the "Deferred Development Fee") solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Article 11 of the Partnership Agreement, but in no event later than the Maturity Date (as defined below). The Development Fee shall be the only amount payable to Developer for services performed pursuant to this Agreement. The Developer shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of Developer or for Developer's overhead.

The Deferred Development Fee shall bear interest at 5% per annum. Notwithstanding anything to the contrary contained in this Section 3, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth (15th) year following the date upon which the entire Apartment Complex has been placed in service (as defined in the Code) and (ii) the date of liquidation of the Partnership (the "Maturity Date"). The Deferred Development Fee shall be unsecured and a recourse liability. The Development Fee shall be deemed to have been earned as and when the services specified herein shall have been rendered, as follows: (i) Twenty percent (20%) before the date hereof for preconstruction development services; (ii) Twenty percent (20%) upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) Sixty percent (60%) upon the placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage) of the sixty percent (60%) will be deemed earned as each building of the Apartment Complex is completed.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the Limited Partners, pro rata in proportion to the Assumed Limited Partner Tax Liability of each such Partner, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;
2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner);
3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;
4. To replenish the Operating Reserve up to the Operating Reserve Floor;
5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;
6. To the payment of any amounts due under the Development Agreement;
7. To the pro rata payment of any outstanding Construction Completion Loans, Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;
8. Fifty percent (50%) to the payment of the City HOME Loan in accordance with the terms of the Project Loan documents
9. Ninety percent (90%) to the payment of the Incentive Management Fee; and
10. To the Partners in accordance with their Percentage Interests; provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under this Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%) of Net Cash Flow.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 3. Related Party Transactions

#### d. Guarantees

On June 1, 2022, the Partnership and the Investor Limited Partner entered into a Guaranty Agreement with the Administrative General Partner, PWC, the Contractor, and Caleb Roope (collectively, the "Guarantors"). Guarantors irrevocably and unconditionally fully guarantee the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the General Partner of each and every obligation of the General Partner due under the Partnership Agreement, and the Purchase Option Agreement, if the Early Exit Option is exercised by the Grantee (each as defined therein); (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Red Stone in collection of the enforcement of this Guaranty Agreement against the Guarantors.

#### e. Construction Contract

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on April 13, 2022 in the amount of \$7,957,985. Any modifications to the contract will require the approval of the Special Limited Partner. Construction costs due to PWB totaling \$1,073,593 remained payable as of December 31, 2024.

#### f. Development Advances Loan Payable - PWB

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$60,000 which have not been repaid as of December 31, 2024. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2024 the balance of the loan was \$60,000 .

#### g. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$10,743 for the period ended December 31, 2024. For the period ended December 31, 2024, payments to PWC for insurance amounted to \$21,486.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 3. Related Party Transactions

#### h. Related Party Payables

Amounts due from and due to related parties are as follows:

	<u>2024</u>
Due to Related Parties:	
Deferred Developer Fee Payable	\$ 1,529,241
Asset Management Fee Payable	12,843
Partnership Management Fee Payable	3,200
Related Party Payables - Due to General Partner	<u>1,073,593</u>
<b>Total Related Party Payables</b>	<b><u><u>\$ 2,618,877</u></u></b>

### 4. Property Management Fees

The property is managed by Buckingham Property Management, who is not affiliated with the owners. Management Fees of \$13,123, were incurred at the greater of \$35 per unit per month or six (6%) of gross operating revenues during 2024.

### 5. Rental Property

Rental property consists of the following:

	<u>2024</u>
Land	\$ 213,000
Buildings	9,928,513
Land Improvements	1,273,103
Office Furniture and Equipment	<u>1,494,884</u>
<b>Total cost</b>	12,909,500
Accumulated Depreciation	<u>(230,678)</u>
<b>Total Rental Property, net</b>	<b><u><u>\$ 12,678,822</u></u></b>

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 6. Restricted Cash

#### a. Replacement Reserve Account

The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Replacement Reserve") to provide for working capital needs, improvements and replacements relating to the Apartment Complex. Commencing upon "Final Closing", the General Partner shall cause the Partnership to annually deposit \$16,000 from the Partnership's gross operating revenues into the Replacement Reserve. The General Partner shall be entitled to withdraw funds from the Replacement Reserve subject to the Consent of the Special Limited Partner. The replacement reserve has yet to be funded, as the final closing was not completed in 2024.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$13,400.

#### c. Other Reserves Account

The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Operating Reserve") to meet operating expenses and debt service of the Partnership which exceed operating revenues available for the payment thereof. No later than the making of the Third Capital Contribution, the General Partner shall cause the Partnership to deposit the amount equal to \$64,351 for the operating reserve. The operating reserve has yet to be funded, as the third capital installment was not made in 2024.

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
<b>City of Orland - HOME Loan</b>		
On June 1, 2022 the Partnership entered into a construction loan agreement with City of Orland in the amount of \$5,720,330. The loan shall bear interest at a simple 3% interest rate. The maturity date of the HOME loan is June 24, 2079. HOME Loan interest was capitalized during the construction period totaling \$115,322. Interest expense for 2024 totaled \$54,110.	\$ 169,432	\$ 5,125,817
<b>Pacific Western Bank - Construction Loan</b>		
On June 1, 2022 the Partnership entered into a construction loan agreement with Pacific Western Bank in the amount of \$6,500,000. During the Construction Term, the Principal Balance shall bear interest at a per annum fixed interest rate equal to 3.50%. The maturity date of the construction loan was December 7, 2024. The partnership elected to use it's one six month extension to make the construction loan maturity date June 7, 2025. During the Construction Term interest only payments are to be made monthly. Construction interest that was capitalized totaled \$181,855. Interest expense for 2024 totaled \$74,410.	-	3,156,265
<b>Long-Term Debt Interest and Principal</b>	169,432	8,282,082
Less: Unamortized Debt Issuance Costs	-	(59,250)
<b>Long-Term Debt, Net of Unamortized Debt Issuance Costs</b>	<u>\$ 169,432</u>	<u>\$ 8,222,832</u>

#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 3,156,265
2026	-
2027	-
2028	-
2029	-
Subsequent	5,125,817
<b>Total</b>	<u><u>\$ 8,282,082</u></u>

# Orland Senior Associates, LP

## Notes to the Financial Statements

For the Period Beginning November 11, 2021 and Ending December 31, 2024 and 2023

### 8. 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 10, 2025 (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.

### 9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$6,602,180 in federal tax credits. The 8609's have not been issued and it is estimated that for the period ended December 31, 2024 \$314,594 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 660,218
2026	660,218
2027	660,218
2028	660,218
2029	660,218
2030	660,218
2031	660,218
2032	660,218
2033	660,218
2034	345,624
<b>Total</b>	<b><u>\$ 6,287,586</u></b>

# Supplementary Information

# Orland Senior Associates, LP

For the Period Beginning November 11, 2021 and Ending December 31, 2024

## Schedule of Operating Expenses

	<u>2024</u>
<b>Administrative Expenses</b>	
Office Expenses	\$ 10,919
Property Management Fees	13,123
Manager or Superintendent Salaries	11,491
Administrative Rent Free Unit	3,564
Miscellaneous Administrative Expenses	<u>29,710</u>
<b>Total Administrative Expenses</b>	68,807
<b>Utilities</b>	
Electricity	7,521
Water	7,266
Gas	211
Sewer	<u>5,560</u>
<b>Total Utilities</b>	20,558
<b>Operating and Maintenance</b>	
Payroll	14,990
Supplies	4,504
Contracts	8,884
Garbage and Trash	6,207
Miscellaneous Operating and Maintenance Expense	<u>3,338</u>
<b>Total Operating and Maintenance</b>	37,923
<b>Taxes and Insurance</b>	
Payroll Taxes	1,899
Property & Liability Insurance (Hazard)	10,743
Workmen's Compensation	1,674
Health Insurance and Other Employee Benefits	2,607
Miscellaneous Taxes, Licences, Permits, & Ins	<u>17</u>
<b>Total Taxes and Insurance</b>	<u>16,940</u>
<b>Total operating expenses</b>	<u><u>\$ 144,228</u></u>

# Orland Senior Associates, LP

For the Period Beginning November 11, 2021 and Ending December 31, 2024

## Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ (230,421)
Add:	
MGP Fees Paid	10,000
Payments of Construction Loan Interest	256,265
Deduct:	
Change In Tenant Security Deposit Account	<u>(13,400)</u>
<b>Cash Flow Available for Distribution</b>	<b><u>\$ 22,444</u></b>

## Distribution of Available Cash Flow

Cash flow available for distribution from 2024 will be distributed in 2025 as follows:

	<u>2024</u>
Asset Management Fee Payable	\$ 12,843
Partnership Management Fee Payable	3,200
Deferred Developer Fee Payable	<u>6,401</u>
<b>Total</b>	<b><u>\$ 22,444</u></b>

# **Oroville Senior Associates II, LP**

## **Financial Statements**

**For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023**

# Oroville Senior Associates II, LP

For the Year Ended December 31, 2024 and the Period Beginning April 1, 2021 and Ended December 31, 2023

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# Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

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To the Partners  
Oroville Senior Associates II, LP

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Oroville Senior Associates II, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oroville Senior Associates II, LP as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the periods 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 Oroville Senior Associates II, LP and to meet our 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 Oroville Senior Associates II, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Oroville Senior Associates 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 Oroville Senior Associates 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 audit.

## Supplementary Information

The accompanying supplementary information referenced in the table of contents 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. Such 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 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.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**

Boise, ID  
March 31, 2025

# Oroville Senior Associates II, LP

## Balance Sheets

December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and Cash Equivalents	\$ 91,203	\$ 57,621
Accounts Receivable, net	(20)	5,046
Prepaid Expenses	6,479	-
Restricted Cash:		
Tenant Security Deposits	14,988	13,975
Escrow Deposits	18,758	-
Other Reserves	83,092	-
Rental Property, net	12,183,016	12,657,850
Other Assets	62,778	105,875
<b>Total Assets</b>	<b>\$ 12,460,294</b>	<b>\$ 12,840,367</b>
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 697	\$ 80,294
Accrued Interest Payable	-	21,027
Security Deposits Liability	14,988	14,167
Prepaid Rent	59	2,845
Related Party Payables	786,552	1,475,718
Long-Term Debt, net	1,662,839	7,011,273
Total Liabilities	2,465,135	8,605,324
<b>Partners' Capital</b>		
Partners' Capital	9,995,159	4,235,043
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 12,460,294</b>	<b>\$ 12,840,367</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Senior Associates II, LP

## Statements of Income

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

	2024	2023
<b>Operating Revenue</b>		
Gross Rental Income	\$ 346,707	\$ 122,776
Less: Vacancy Loss	(20,667)	(93,939)
Less: Rental Concessions	(784)	-
Net Rental Income	325,256	28,837
Miscellaneous Income	12,373	2,979
<b>Total Operating Revenue</b>	<b>337,629</b>	<b>31,816</b>
<b>Operating Expenses</b>		
Administrative Expenses	96,177	17,303
Utilities	63,855	2,055
Operating and Maintenance Expenses	57,006	7,458
Taxes and Insurance	32,261	13,994
<b>Total Operating Expenses</b>	<b>249,299</b>	<b>40,810</b>
<b>Net Operating Income</b>	<b>88,330</b>	<b>(8,994)</b>
<b>Non-Operating Income (Expenses)</b>		
Interest Income	251	627
Interest Expense	(108,305)	(73,388)
Depreciation Expense	(428,115)	(107,321)
Amortization Expense	(4,612)	(1,795)
Lease-Up and Marketing Expenses	(227)	(11,794)
<b>Total Non-Operating Income (Expenses)</b>	<b>(541,008)</b>	<b>(193,671)</b>
<b>Net Loss</b>	<b>\$ (452,678)</b>	<b>\$ (202,665)</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Senior Associates II, LP

## Statements of Changes in Partners' Capital

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

	Butte County Affordable Housing Development Corporation (0.001%)	TPC Holdings IX, LLC (0.009%)	USA Institutiona I Oroville, LLC (99.99%)	The Richman Group Capital Corporation (0.00%)	Total (100.00%)
<b>Prior period activity</b>					
Balance, January 1, 2023	\$ -	\$ -	\$ 1,109,427	\$ -	\$ 1,109,427
Capital Contributed	-	-	3,328,281	-	3,328,281
Net loss for the period	(2)	(18)	(202,645)	-	(202,665)
<b>Balance, December 31, 2023</b>	(2)	(18)	4,235,063	-	4,235,043
<b>Current Year Activity</b>					
Capital Contributed	-	-	6,212,794	-	6,212,794
Net loss for the period	(5)	(41)	(452,632)	-	(452,678)
<b>Balance, December 31, 2024</b>	\$ (7)	\$ (59)	\$ 9,995,225	\$ -	\$ 9,995,159

The accompanying notes are an integral part of these financial statements.

# Oroville Senior Associates II, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Cash Receipts</b>		
Rental Receipts	\$ 327,536	\$ 26,636
Interest Receipts	251	627
Other Operating Receipts	12,373	2,979
Tenant Security Deposits	821	14,167
<b>Total Receipts</b>	<b>340,981</b>	<b>44,409</b>
<b>Disbursements</b>		
Administrative	(84,280)	(5,213)
Management Fee	(19,374)	(4,000)
Utilities	(63,855)	(2,055)
Operating and Maintenance	(57,006)	(7,458)
Real Estate Taxes	(8,464)	(8,313)
Property Insurance	(26,881)	-
Taxes and Insurance	(6,561)	(2,515)
Lease Up and Marketing Expenses	(227)	(11,794)
<b>Total Disbursements</b>	<b>(266,648)</b>	<b>(41,348)</b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>74,333</b>	<b>3,061</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Refunds (Purchases) of Fixed Assets	13,084	(11,220,415)
Net Purchase of Tax Credit Fees	-	(107,670)
Net Purchase of Loan Fees	(11,676)	(20,000)
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b>1,408</b>	<b>(11,348,085)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Proceeds - Permanent Loan	1,695,000	8,639,142
Principal Payments - Construction Loan	(7,030,220)	(1,660,230)
Payments of Developer Fees	(686,000)	-
Capital Contributions	6,212,794	4,437,708
Payments of Principal - Permanent Loan	(2,648)	-
Payments of Post Completion Interest on Construction Loan	(128,222)	-
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>60,704</b>	<b>11,416,620</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>136,445</b>	<b>71,596</b>
Cash, cash equivalents, and restricted cash at beginning of year	71,596	-
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 208,041</b>	<b>\$ 71,596</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Senior Associates II, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

	2024	2023
Cash, cash equivalents, and restricted cash consist of the following:		
Cash and Cash Equivalents	\$ 91,203	\$ 57,621
Tenant Security Deposits	14,988	13,975
Escrow Deposits	18,758	-
Other Reserves	83,092	-
	<u>\$ 208,041</u>	<u>\$ 71,596</u>
<b>Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities</b>		
Net Loss	(452,678)	(202,665)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>		
Depreciation	428,115	107,321
Amortization	4,612	1,795
Amortization/Interest Debt Issuance Costs	1,110	1,053
Payments of Post-Construction Interest	128,222	-
<b>(Increase) decrease in assets</b>		
Accounts Receivable, net	5,066	(5,046)
Prepaid Expenses	(6,479)	-
<b>Increase (decrease) in liabilities</b>		
Accounts Payable	(7,477)	8,090
Accrued Interest Payable	(21,027)	72,335
Security Deposits Liability	821	14,167
Prepaid Rent	(2,786)	2,845
Related Party Payables	(3,166)	3,166
<b>Net cash provided by (used by) operating activities</b>	<u>\$ 74,333</u>	<u>\$ 3,061</u>

The accompanying notes are an integral part of these financial statements.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Oroville Senior Associates II, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on April 1, 2021. The General Partners are: TPC Holdings IX, LLC (0.009%) and Butte County Affordable Housing Development Corporation (0.001%). The Limited Partners are: USA Institutional Oroville, LLC (99.99%) and The Richman Group Capital Corporation (0.00%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 35-unit senior housing community project in Oroville, California known as Mitchell Avenue Senior Apartments II. Construction on the project finished on September 28, 2023 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for the years ended December 31, 2024 and 2023 was \$428,115 and \$107,321, respectively.

#### e. 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 their carrying amounts, 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 period ended December 31, 2024 and 2023.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$69,185 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period. Accumulated amortization totaled \$6,407 and \$1,795 as of December 31, 2024 and 2023, respectively.

#### g. Debt Issuance Costs

Unamortized debt issuance costs of \$29,513 and \$18,947 at December 31, 2024 and 2023 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$1,110 and \$1,053 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. The partnership believes that its rental income streams are exempted from compliance with ASC 606 due to its inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

#### i. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

#### j. Economic Concentrations and Contingencies

The partnership operates on property located in Oroville, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

#### k. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

#### l. Concentrations of Credit Risk

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### I. Concentrations of Credit Risk

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

### 3. Related Party Transactions

#### a. Partner Fees

##### Partnership Management Fee

For services to be performed under this Partnership Administrative Services Agreement, the Partnership shall pay the General Partner, solely from the Net Cash Flow of the Partnership available for distribution (in the priority set forth in Section 11.01 (a) of the Partnership Agreement), an annual Partnership Administration Fee. Such fee shall be in accordance with the provisions of any applicable Agency regulations and of the Loan Agreement and shall be in an amount equal to 89.99% per annum payable from Net Cash Flow available for distribution in such fiscal year (in the priority set forth in Section 11.01 (a) of the Partnership Agreement), commencing upon Substantial Completion, which fee shall be paid 10% to the Managing General Partner and 90% to the Administrative General Partner. Any excess amount shall be paid to the General Partner to the extent that the Partnership Administration Fee paid in any prior years was less than such amount and such shortfall has not previously been paid pursuant to this sentence. No shortfall in any Partnership Administration Fee will be paid from the proceeds described in Section 11.04 of the Partnership Agreement. For the year ended December 31, 2024 and 2023, the General Partner earned \$0. As of December 31, 2024 and 2023 the General Partner was owed \$0.

#### b. Developer Fee Payable

The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and construction and/or rehabilitation of the Apartment Complex. In consideration for such services and for the assignments to the Partnership, a Development Fee in the total amount of \$1,472,552 shall be payable by the Partnership from Capital Contributions made by the Investment Partnership, Mortgage Loan proceeds or Net Cash Flow but only after payment of all construction costs, Excess Development Costs and the establishment of required reserves, as follows: (i) \$284,510 upon receipt by the Partnership of the First Installment; (ii) \$284,510 upon receipt by the Partnership of the Second Installment; (iii) \$409,761 upon receipt by the Partnership of the Third Installment; (iv) \$443,771 upon receipt by the Partnership of the Fourth Installment; (v) any amounts not paid from an Installment, projected to be \$50,000 and shall be payable from Net Cash Flow as provided in Section 11.01(a) of the Partnership Agreement and/or from proceeds available for such purpose upon the occurrence of any of the events described in Section 11.04 of the Partnership Agreement. As of December 31, 2024 the Developer was owed \$786,552.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the payment of any credit adjuster pursuant to Section 5.01(e) of the Partnership Agreement;
2. To the payment of an amount equal to \$3,000 per year to the Investment Partnership which amount shall not accrue;
3. To the payment to the Developer of any accrued and unpaid Development Fee as set forth in Section 8.10 of the Partnership Agreement;
4. To the repayment of any Operating Deficit Loans;
5. Prior to the end of the Tax Credit Compliance Period, to the replenishment of the Operating Reserve, if necessary, pursuant to Section 8.09(c) of the Partnership Agreement;
6. To the payment of a Partnership Administration Fee as set forth in Section 8.11, which shall accrue if not paid; and
7. The balance shall then be allocated and distributed 0.009% to the Administrative General Partner, 0.001% to the Managing General Partner, and 99.99% to the Investment Partnership.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### d. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$475,000 outstanding at any one time. An operating reserve of \$52,807 shall be established out of the proceeds of the third capital contribution of the limited partner. The guaranty period begins upon rental achievement (which was September 28, 2023) and continues until the fifth (5th) anniversary of rental achievement. Repayment will come solely from cash flow as outlined above.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$8,750 per year starting on the commencement date.

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### e. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$17,236 and \$3,166 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023 payments to PWC for insurance amounted to \$33,833 and \$0, respectively,

#### f. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 786,552	\$ 1,472,552
Related Party Payables - Insurance Payable	-	3,166
<b>Total Related Party Payables</b>	<b>\$ 786,552</b>	<b>\$ 1,475,718</b>

### 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of \$19,374 and \$4,000 were incurred at the greater of a monthly fee of \$1,000 or six (6%) percent of gross operating revenues during 2024 and 2023, respectively.

### 5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 350,000	\$ 350,000
Buildings	9,869,418	9,916,137
Land Improvements	1,370,467	1,370,467
Furniture and Fixtures	1,128,567	1,128,567
<b>Total cost</b>	<b>12,718,452</b>	<b>12,765,171</b>
Accumulated Depreciation	(535,436)	(107,321)
<b>Total Rental Property, net</b>	<b>\$ 12,183,016</b>	<b>\$ 12,657,850</b>

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 6. Restricted Cash

#### a. Replacement Reserve

The loan agreement requires the establishment of a capital replacement reserve account upon stabilization and conversion to the permanent loan. This account was transferred to the partnership at the closing and is to be held by Pacific Western Bank. Contributions are to be made monthly in the amount of \$250 per unit per year (\$8,750 annually). The deposits will be released to the partnership upon requests for capital replacements. This account has not yet been established or funded as of December 31, 2024.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 and 2023 was \$14,988 and \$13,975, respectively.

#### c. Operating Reserve

The General Partner shall establish an operating reserve to fund Operating Deficits. The Operating Reserve shall be funded in an aggregate total of \$52,807 funded from the payment of the Third Installment. This account was funded in the amount of \$83,092 at conversion to permanent financing in 2024.

#### d. Restricted Account Activity

	Replacement Reserve	Insurance Escrow Account	Operating Reserve	Total
<b>Prior Year Activity</b>				
Balance, Beginning of Period	\$ -	\$ -	\$ -	\$ -
Deposits	-	-	-	-
Interest	-	-	-	-
Withdrawals	-	-	-	-
<b>Balance, December 31, 2023</b>	-	-	-	-
<b>Current Year Activity</b>				
Deposits	-	29,000	83,092	112,092
Interest	-	51	-	51
Withdrawals	-	(10,293)	-	(10,293)
<b>Subtotal, Current Year Activity</b>	-	18,758	83,092	101,850
<b>Balance, December 31, 2024</b>	<b>\$ -</b>	<b>\$ 18,758</b>	<b>\$ 83,092</b>	<b>\$101,850</b>

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
<b>Construction/Permanent Loan Payable - Pacific Western Bank</b>				
On March 22, 2022 the Partnership entered into a construction loan agreement with Pacific Western Bank in the amount of \$9,400,000. The loan shall bear interest at an annual rate of 3.50% from the Closing Date to the Conversion Date. Upon Conversion to the Permanent Phase the interest rate on the loan from the Conversion Date to maturity shall be an annual rate of 3.75%. The maturity date of the loan is September 1, 2041. Construction period interest of \$222,041 was capitalized to fixed assets. Interest expense for 2024 and 2023 totaled \$107,195 and \$72,335, respectively.	\$ -	\$ -	\$ 21,027	\$ 7,030,220
<b>Construction/Permanent Loan Payable - Pacific Western Bank</b>				
On November 22, 2024 the Partnership converted to permanent financing with Pacific Western Bank in the amount of \$1,695,000. The loan shall bear interest at an annual rate of 5.19% and requires monthly payments of principal and interest. The maturity date of the loan is September 1, 2041. For the years ending December 31, 2024 and 2023, Interest expense totaled \$0 and \$0, respectively.	-	1,692,352	-	-
<b>Long-Term Debt Interest and Principal</b>	-	1,692,352	21,027	7,030,220
Less: Unamortized Debt Issuance Costs	-	(29,513)	-	(18,947)
<b>Long-Term Debt, Net of Unamortized Debt Issuance Costs</b>	<u>\$ -</u>	<u>\$ 1,662,839</u>	<u>\$ 21,027</u>	<u>\$ 7,011,273</u>

#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 13,776
2026	14,509
2027	15,280
2028	16,092
2029	16,947
Subsequent	<u>1,615,748</u>

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 7. Long-Term Debt

#### b. Schedule of Principal Maturities

Total	<u><u>\$ 1,692,352</u></u>
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### 8. 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 31, 2025 (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.

### 9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$13,208,790 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$1,320,880 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,320,880
2026	1,320,880
2027	1,320,880
2028	1,320,880
2029	1,320,880
2030	1,320,880
2031	1,320,880
2032	1,320,880
2033	<u>1,079,306</u>
Total	<u><u>\$ 11,646,346</u></u>

### 10. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in

# Oroville Senior Associates II, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2021 and Ended December 31, 2023

### 10. Commitments and Contingencies

compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

# Supplementary Information

# Oroville Senior Associates II, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Schedule of Operating Expenses

	2024	2023
<b>Administrative Expenses</b>		
Advertising and Marketing	\$ 1,815	\$ 1,059
Other Renting Expenses	1,860	1,620
Office Expenses	14,906	4,402
Property Management Fees	19,374	4,000
Manager or Superintendent Salaries	13,519	3,889
Legal Expense - Project	8,758	173
Audit Expense	6,251	-
Bad Debts	18,241	-
Miscellaneous Administrative Expenses	11,453	2,160
<b>Total Administrative Expenses</b>	<b>96,177</b>	<b>17,303</b>
<b>Utilities</b>		
Fuel Oil/Coal	697	141
Electricity	17,691	1,914
Water	35,325	-
Sewer	10,142	-
<b>Total Utilities</b>	<b>63,855</b>	<b>2,055</b>
<b>Operating and Maintenance</b>		
Payroll	5,146	379
Supplies	3,923	713
Contracts	40,479	5,053
Garbage and Trash	7,011	908
Miscellaneous Operating and Maintenance Expense	447	405
<b>Total Operating and Maintenance</b>	<b>57,006</b>	<b>7,458</b>
<b>Taxes and Insurance</b>		
Real Estate Taxes	8,464	8,313
Payroll Taxes	2,517	596
Property & Liability Insurance (Hazard)	17,236	3,166
Fidelity Bond Insurance	199	422
Workmen's Compensation	1,259	241
Health Insurance and Other Employee Benefits	1,786	1,256
Miscellaneous Taxes, Licences, Permits, & Ins	800	-
<b>Total Taxes and Insurance</b>	<b>32,261</b>	<b>13,994</b>

# Oroville Senior Associates II, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Schedule of Operating Expenses

	2024	2023
Total operating expenses	\$ 249,299	\$ 40,810

# Oroville Senior Associates II, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ 74,333
Add:	
Lease Up and Marketing Costs Paid From Development	227
Deduct:	
Principal Payments of Long-Term Debt	(2,648)
Change in Mortgage Escrow Accounts	(18,758)
Change In Tenant Security Deposit Account	(1,013)
<b>Cash Flow Available for Distribution</b>	<b><u>\$ 52,141</u></b>

## Distribution of Available Cash Flow (PY agreed with LPA)

Cash flow available for distribution from 2024 shall be distributed in 2025 as follows:

	<u>2024</u>
Investment Limited Partner \$3,000 Distribution	\$ 3,000
Deferred Developer Fee Payable	49,141
<b>Total</b>	<b><u>\$ 52,141</u></b>

**Chico North Creek, LP**

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

**December 31, 2024 and 2023**

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## 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, 2024 and 2023, 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, 2024 and 2023, 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.



Sacramento, California  
March 13, 2025

**Chico North Creek, LP**  
**Balance Sheets**  
**December 31, 2024 and 2023**

Assets

	<u>2024</u>	<u>2023</u>
Investment in rental property, net	\$ 42,472,873	\$ 44,639,075
Cash	785,028	2,035,996
Restricted deposits and funded reserves		
Escrows	20,622	-
Tenant security deposits	103,726	103,353
Replacement reserve	63,615	24,768
Operating reserve	272,039	-
	<u>460,002</u>	<u>128,121</u>
Total restricted deposits and funded reserves		
	<u>460,002</u>	<u>128,121</u>
Tenant accounts receivable, net	32,049	23,291
Prepaid expenses	73,604	8,160
Tax credit monitoring fees, net	254,868	331,051
Fair market value of interest rate cap	-	1,365,668
Other assets	123,700	123,700
	<u>123,700</u>	<u>123,700</u>
Total assets	<u>\$ 44,202,124</u>	<u>\$ 48,655,062</u>

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 174	\$ 2,053
Accrued property management fees	4,558	4,558
Other accrued liabilities and prepaid rent	61,040	43,541
Accrued interest - first mortgage	28,278	-
Accrued interest - other loans	70,959	50,959
Tenants' security deposits liability	102,226	101,481
Payable to general partner and affiliates	10,600	-
Annual fee payable to affiliate of limited partner	-	23,182
Developer's fees payable	890,891	1,892,750
Accrued interest - construction loan	-	113,128
Mortgages and notes payable, net	7,388,811	43,367,524
Other liabilities - construction	-	120,021
	<u>8,557,537</u>	<u>45,719,197</u>
Total liabilities		
	<u>8,557,537</u>	<u>45,719,197</u>
Contingency	-	-
Partners' equity (deficit)	35,644,587	2,935,865
	<u>35,644,587</u>	<u>2,935,865</u>
Total liabilities and partners' equity (deficit)	<u>\$ 44,202,124</u>	<u>\$ 48,655,062</u>

See Notes to Financial Statements.

**Chico North Creek, LP**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Revenue		
Rental income	\$ 1,287,346	\$ 819,771
Vacancies and concessions	(30,134)	(200,441)
Other operating income	<u>29,160</u>	<u>14,112</u>
Total revenue	<u>1,286,372</u>	<u>633,442</u>
Operating expenses		
Salaries and employee benefits	154,772	138,803
Repairs and maintenance	117,007	33,703
Utilities	144,689	122,328
Property management fee	54,696	31,906
Real estate taxes	2,813	-
Property insurance	51,002	-
Miscellaneous operating expenses	<u>141,047</u>	<u>59,013</u>
Total operating expenses	<u>666,026</u>	<u>385,753</u>
Net operating income	<u>620,346</u>	<u>247,689</u>
Other income (expense)		
Interest income	36,714	11,454
Interest expense - first mortgage	(79,967)	-
Interest expense - other loans	(1,203,830)	(885,527)
Loss on fair market value of interest rate cap	(1,365,668)	(1,303,081)
Miscellaneous other income (expense)	22,736	(218,958)
Annual fee to affiliate of limited partner	(8,196)	(7,957)
Other related party fees and expenses	(10,600)	-
Depreciation	(2,197,605)	(1,372,895)
Amortization	<u>(19,233)</u>	<u>(14,394)</u>
Total other income (expense)	<u>(4,825,649)</u>	<u>(3,791,358)</u>
Net income (loss)	<u><u>\$ (4,205,303)</u></u>	<u><u>\$ (3,543,669)</u></u>

See Notes to Financial Statements.

**Chico North Creek, LP**

**Statements of Partners' Equity (Deficit)  
Years Ended December 31, 2024 and 2023**

	Chico North Creek, LLC	Butte County Affordable Housing Development Corporation	R4 NCC Acquisition LLC	Total partners' equity (deficit)
Balance, January 1, 2023	\$ 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	(9)	(11)	2,935,885	2,935,865
Net income (loss)	699,430	(245)	(4,904,488)	(4,205,303)
Contributions	-	-	37,613,700	37,613,700
Priority distribution - Leaseup fee	<u>(699,675)</u>	<u>-</u>	<u>-</u>	<u>(699,675)</u>
Balance, December 31, 2024	<u>\$ (254)</u>	<u>\$ (256)</u>	<u>\$ 35,645,097</u>	<u>\$ 35,644,587</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, 2024 and 2023**

	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ (4,205,303)	\$ (3,543,669)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation	2,197,605	1,372,895
Amortization	19,233	14,394
Amortization of debt issuance costs	38,715	130,146
Bad debts	44,069	5,867
Loss on fair market value of interest rate cap	1,365,668	1,303,081
Changes in		
Tenants' accounts receivable	(52,827)	(29,158)
Prepaid expenses	(65,444)	(8,160)
Accounts payable - operations	(1,879)	2,053
Accrued property management fees	-	4,558
Other accrued liabilities and prepaid rent	17,499	43,541
Accrued interest - first mortgage	28,278	-
Accrued interest - other loans	20,000	11,667
Tenants' security deposits liability	745	101,481
Payable to general partner and affiliates	10,600	-
Annual fee payable to affiliate of limited partner	(23,182)	7,957
Accrued interest - construction loan	(113,128)	113,128
Net cash used in operating activities	(719,351)	(470,219)
Cash flows from investing activities		
Expenditures on rental property	(151,424)	(9,029,595)
Deposits to reserve for replacements	(38,847)	(24,768)
Change in escrows	(20,622)	-
Payment of developer fee	(1,001,859)	-
Refund of tax credit fees received	56,950	-
Net cash used in investing activities	(1,155,802)	(9,054,363)
Cash flows from financing activities		
Payment of construction loan	(42,567,281)	-
Contributions from partners	37,613,700	-
Priority distribution - lease up fee	(699,675)	-
Proceeds from mortgages	6,600,000	11,057,800
Advances repaid to affiliate of general partner	-	(5,000)
Financing fees paid	(44,312)	-
Payment on first mortgage	(5,835)	-
Net cash provided by financing activities	896,597	11,052,800
Net (decrease) increase in cash and restricted cash	(978,556)	1,528,218
Cash and restricted cash, beginning	2,139,349	611,131
Cash and restricted cash, end	\$ 1,160,793	\$ 2,139,349

**Chico North Creek, LP**

**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information		
Cash paid for interest net of amount capitalized of \$0 and \$67,596 for 2024 and 2023, respectively	<u>\$ 1,309,932</u>	<u>\$ 630,586</u>
Supplemental schedule of non-cash investing and financing activities		
Increase in developer fee payable included in rental property	\$ -	\$ 195,557
Increase in accrued interest included in rental property	-	8,333
Amortization of debt issuance costs included in rental property	-	61,396
Other liabilities - construction included in tax credit fees	-	43,460
	<u>\$ -</u>	<u>\$ 308,746</u>

See Notes to Financial Statements.

## **Chico North Creek, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **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, 2024 and 2023, the allowance for doubtful accounts is \$23,457 and \$5,867, respectively.

## Chico North Creek, LP

### Notes to Financial Statements December 31, 2024 and 2023

#### 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, 2024 and 2023.

#### 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, 2024 and 2023**

**Deferred fees and amortization**

Tax credit monitoring fees totaling \$288,495 are being amortized over the compliance period using the straight-line method beginning in 2023. As of December 31, 2024 and 2023, accumulated amortization are \$33,627 and \$14,394, respectively. Amortization expense for each of the next five years subsequent to December 31, 2024 is \$19,233.

**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 IRS, tax years since 2021 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, 2024 and 2023

#### Note 3 - Investment in rental property, net

Rental property is comprised of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 2,195,895	\$ 2,195,895
Land improvements	3,246,308	3,246,308
Building and improvements	34,510,647	34,483,553
Solar PV system	621,754	619,504
Furniture, appliances and equipment	5,468,769	5,466,710
	<hr/>	<hr/>
Subtotal	46,043,373	46,011,970
Accumulated depreciation	(3,570,500)	(1,372,895)
	<hr/>	<hr/>
Net	<u>\$ 42,472,873</u>	<u>\$ 44,639,075</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, 2024 and 2023, the balance of the reserve is \$63,615 and \$24,768, respectively. The replacement reserve activity during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Balance, January 1	\$ 24,768	\$ -
Deposits	37,500	24,768
Interest earnings	1,347	-
	<hr/>	<hr/>
Balance, December 31	<u>\$ 63,615</u>	<u>\$ 24,768</u>

##### Operating reserve

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership 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 operating deficit loans to the partnership to cover the operating deficits, for up to \$713,270. As of December 31, 2024 and 2023, the operating reserve balance is \$272,039 and \$0, respectively.

## **Chico North Creek, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **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, 2024 and 2023 the investor limited partner paid \$41,838,000 and \$4,224,300, respectively and the remaining capital contributions receivable at December 31, 2024 of \$405,000 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, 2024 and 2023, \$890,891 and \$1,892,750, 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, 2024 and 2023, an annual local administrative fee of \$8,196 and \$7,957, respectively, was incurred and expensed. As of December 31, 2024 and 2023, \$0 and \$23,182, 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, 2024 and 2023, \$10,600 and \$0 was incurred and expensed. As of December 31, 2024 and 2023, \$10,600 and \$0, remains payable.

##### **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

## **Chico North Creek, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

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, 2024 and 2023, 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, 2024 and 2023, \$699,675 and \$0, respectively was incurred and paid and is included in the statements of partners' equity (deficit).

#### **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 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

## Chico North Creek, LP

### Notes to Financial Statements December 31, 2024 and 2023

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.

#### 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, 2024 and 2023, 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:

	2024	2023
Cash	\$ 785,028	\$ 2,035,996
Tenant security deposits	103,726	103,353
Operating reserve	272,039	-
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 1,160,793</u>	<u>\$ 2,139,349</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 other reserves as required by the Partnership.

#### Note 7 - Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31, 2024:

	2024	2023
Accrued operating expenses	\$ 11,024	\$ 4,075
Accrued payroll expenses	4,973	17,884
Accrued utilities	34,053	16,003
Prepaid rent	10,990	5,579
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 61,040</u>	<u>\$ 43,541</u>

## Chico North Creek, LP

### Notes to Financial Statements December 31, 2024 and 2023

#### 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 was 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 had 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, 2024 and 2023, respectively). The construction loan was payable in monthly installments of accrued interest only, commencing July 1, 2021, 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 years ended December 31, 2024 and 2023, interest of \$1,150,241 and \$811,310 was incurred, of which \$0 and \$67,596 has been capitalized as cost of the rental property, and \$1,150,241 and \$743,714, respectively has been expensed in the statements of operations. As of December 31, 2024 and 2023, the outstanding principal is \$0 and \$42,567,281, and the accrued interest is \$0 and \$113,128, respectively. The construction loan was paid in full on October 11, 2024 using proceeds from the Berkadia permanent loan and capital contributions from the investor limited partner.

Debt issuance costs, net of accumulated amortization, totaled \$0 and \$33,589 as of December 31, 2024 and 2023, respectively, and are related to the above mortgage. Amortization of debt issuance costs for the years ended December 31, 2024 and 2023 of \$0 and \$61,396, respectively, has been capitalized as cost of the rental property, and amortization of \$33,589 and \$130,146, respectively has been expensed in the statements of operations.

##### Berkadia permanent loan

On October 11, 2024, the Partnership closed on a permanent loan with Berkadia Commercial Mortgage LLC, in the amount of \$6,600,000. The note is secured by the Project, bears interest of 4.98% per annum, and matures November 1, 2041. Beginning December 1, 2024, the note is payable in monthly installments of principal and interest in the amount of \$33,225 until the maturity date at which time a balloon payment in the estimated amount of \$4,733,249 will be due. During the years ended December 31, 2024 and 2023, interest of \$74,841 and \$0 was incurred and charged to operations. As of December 31, 2024 and 2023, the outstanding principal and accrued interest are \$6,594,165 and \$28,278, and \$0 and \$0, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$205,354 and \$166,168, respectively as of December 31, 2024 and 2023 and are related to the first mortgage above. Amortization of debt issuance costs for the years ended December 31, 2024 and 2023 is \$5,126 and \$0, and is included in the statements of operations.

##### 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 AHF loan note is secured by the Project, bears interest at 2% per annum and matures June 10, 2076. During the years ended December 31, 2024 and 2023, interest of \$20,000 and \$20,000 has been incurred of which \$0 and \$8,333 has been capitalized as cost of the rental property and \$20,000 and \$11,667 has been expensed in the statements of operations, respectively. As of December 31, 2024 and 2023, the outstanding principal is \$1,000,000 and \$1,000,000, and accrued interest is \$70,959 and \$50,959, respectively.

## Chico North Creek, LP

### Notes to Financial Statements December 31, 2024 and 2023

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, 2024, are as follows:

	Berkadia - Permanent Loan	City of Chico - Soft Loan	Total
2025	\$ 71,941	\$ -	\$ 71,941
2026	75,606	-	75,606
2027	79,459	-	79,459
2028	83,507	-	83,507
2029	87,762	-	87,762
Thereafter	6,195,890	1,000,000	7,195,890
Total	<u>\$ 6,594,165</u>	<u>\$ 1,000,000</u>	7,594,165
Less unamortized debt issuance costs			<u>(205,354)</u>
			<u><u>\$ 7,388,811</u></u>

#### Note 9 - Fair value

The fair value of the interest rate cap asset as of December 31, 2024 and 2023 is \$0 and \$1,365,668, 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, 2024 and 2023. During the years ended December 31, 2024 and 2023, the Partnership recognized an unrealized loss on the fair market value of its interest rate cap of \$1,365,668 and \$1,303,081, 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. The interest rate cap agreement matured during 2024 upon the payment in full of the construction loan.

#### 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, 2024 and 2023, management fee of \$54,696 and \$31,906 has been incurred and expensed in the statements of operations.

## **Chico North Creek, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **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 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, 2024 and 2023, rental assistance of \$494,935 and \$243,338 have been earned and are included in rental income in the statements of operations.

#### **Note 12 - 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 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, 2024.

#### **Note 14 - Contingency**

##### **Low-income housing tax credits**

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

#### **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 March 13, 2025, 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, 2024 and 2023**

	2024	2023
Rental income		
Rent revenue - gross potential	\$ 792,411	\$ 576,433
Tenant assistance payments	494,935	243,338
	<u>\$ 1,287,346</u>	<u>\$ 819,771</u>
Vacancies and concessions		
Apartment vacancies	\$ 27,433	\$ 200,441
Rental concessions	2,701	-
	<u>\$ 30,134</u>	<u>\$ 200,441</u>
Other operating income		
Tenant charges	\$ 150	\$ 50
Late fees	29,010	14,062
	<u>\$ 29,160</u>	<u>\$ 14,112</u>
Salaries and employee benefits		
Salaries - administrative	\$ 57,273	\$ 83,480
Salaries - maintenance	70,452	28,124
Health insurance and other benefits	18,000	17,487
Worker's compensation insurance	9,047	9,712
	<u>\$ 154,772</u>	<u>\$ 138,803</u>
Repairs and maintenance		
Exterminating	\$ 9,615	\$ 6,075
Grounds	390	240
Security services/contract	2,123	3,011
Supplies	12,927	4,640
Painting, decorating and cleaning	6,565	1,775
Repairs and maintenance - other than contracts	2,063	64
Repairs and maintenance - contracts	71,700	15,050
Miscellaneous maintenance expenses	11,624	2,848
	<u>\$ 117,007</u>	<u>\$ 33,703</u>

**Chico North Creek, LP**

**Schedules of Certain Income and Expenses  
Years Ended December 31, 2024 and 2023**

	2024	2023
Utilities		
Electricity	\$ 25,285	\$ 35,334
Water	62,630	65,438
Trash removal	21,741	16,660
Gas	35,033	4,896
	<u>144,689</u>	<u>122,328</u>
Total utilities	\$ 144,689	\$ 122,328
Miscellaneous operating expenses		
Office supplies and expense	\$ 15,804	\$ 6,492
Training and travel	16,541	6,720
Bad debt expense	44,069	5,867
Other rent expense	2,706	1,082
Miscellaneous administrative	15,204	16,255
Rent free unit	12,963	6,790
Advertising and newspaper	5,932	4,780
Legal	18,221	1,944
Other taxes, licenses and insurance	9,607	9,083
	<u>141,047</u>	<u>59,013</u>
Total miscellaneous operating expenses	\$ 141,047	\$ 59,013
Interest expense - other loans		
Interest expense - construction loan	\$ 1,150,241	\$ 743,714
Amortization of debt issuance costs - construction loan	33,589	130,146
Interest expense - second mortgage	20,000	11,667
	<u>1,203,830</u>	<u>885,527</u>
Total interest expense - other loans	\$ 1,203,830	\$ 885,527
Miscellaneous other income (expense)		
Project opening, marketing and startup expenses	\$ 22,736	\$ (218,958)
	<u>22,736</u>	<u>(218,958)</u>
Total miscellaneous other income (expense)	\$ 22,736	\$ (218,958)
Other related party fees and expenses		
MGP fee	\$ 10,600	\$ -
	<u>10,600</u>	<u>-</u>
Total other related party fees and expenses	\$ 10,600	\$ -

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, 2024 and 2023**

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## 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, 2024 and 2023, 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 II, LP as of December 31, 2024 and 2023, 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 II, LP 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 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.



Sacramento, California  
March 13, 2025

**Chico North Creek II, LP**

**Balance Sheets  
December 31, 2024 and 2023**

Assets

	2024	2023
Investment in rental property, net	\$ 24,095,441	\$ 25,405,704
Cash	502,953	121,808
Restricted deposits and funded reserves		
Escrows	10,722	-
Tenant security deposits	51,327	37,249
Replacement reserve	1,580	-
Operating reserve	126,070	-
Total restricted deposits and funded reserves	189,699	37,249
Tenant accounts receivable, net	5,027	35,119
Prepaid expenses	5,512	-
Tax credit monitoring fees, net	212,830	228,215
Other assets	67,100	60,560
Total assets	\$ 25,078,562	\$ 25,888,655

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ -	\$ 3,671
Accrued property management fees	4,279	4,279
Other accrued liabilities and prepaid rent	7,454	33,060
Accrued interest - first mortgage	14,154	-
Accrued interest - other loans	84,473	169,739
Tenants' security deposits liability	49,827	35,749
Payable to general partner and affiliates	10,600	800
Annual fee payable to affiliate of limited partner	-	15,225
Developer's fees payable	831,490	1,720,466
Mortgages and notes payable, net	4,706,532	19,711,156
Other liabilities - construction	-	122,854
Total liabilities	5,708,809	21,816,999
Contingency	-	-
Partners' equity (deficit)	19,369,753	4,071,656
Total liabilities and partners' equity (deficit)	\$ 25,078,562	\$ 25,888,655

See Notes to Financial Statements

**Chico North Creek II, LP**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Revenue		
Rental income	\$ 675,727	\$ 144,195
Vacancies and concessions	(7,963)	(56,050)
Other operating income	<u>13,425</u>	<u>3,078</u>
Total revenue	<u>681,189</u>	<u>91,223</u>
Operating expenses		
Salaries and employee benefits	63,879	16,740
Repairs and maintenance	60,658	54
Utilities	56,832	1,589
Property management fee	29,348	4,558
Real estate taxes	1,797	-
Property insurance	45,782	-
Miscellaneous operating expenses	<u>56,446</u>	<u>19,177</u>
Total operating expenses	<u>314,742</u>	<u>42,118</u>
Net operating income	<u>366,447</u>	<u>49,105</u>
Other income (expense)		
Interest income	3,097	29
Interest expense - first mortgage	(41,588)	-
Interest expense - other loans	(1,346,474)	(237,188)
Miscellaneous other income (expense)	(38,527)	(36,148)
Annual fee to affiliate of limited partner	(7,957)	(7,725)
Other related party fees and expenses	(10,600)	-
Depreciation	(1,201,248)	(197,528)
Amortization	<u>(15,385)</u>	<u>(2,564)</u>
Total other income (expense)	<u>(2,658,682)</u>	<u>(481,124)</u>
Net loss	<u><u>\$ (2,292,235)</u></u>	<u><u>\$ (432,019)</u></u>

See Notes to Financial Statements

**Chico North Creek II, LP**

**Statements of Partners' Equity (Deficit)  
Years Ended December 31, 2024 and 2023**

	Chico North Creek II, LLC	Butte County Affordable Housing Development Corporation	R4 NC II Acquisition LP	Total partners' equity (deficit)
Balance, January 1, 2023	\$ (3)	\$ (2)	\$ 4,503,680	\$ 4,503,675
Net loss	<u>(21)</u>	<u>(22)</u>	<u>(431,976)</u>	<u>(432,019)</u>
Balance, December 31, 2023	(24)	(24)	4,071,704	4,071,656
Net income (loss)	363,295	(133)	(2,655,397)	(2,292,235)
Contributions	-	-	17,953,760	17,953,760
Priority distribution - Lease up fee	<u>(363,428)</u>	<u>-</u>	<u>-</u>	<u>(363,428)</u>
Balance, December 31, 2024	<u>\$ (157)</u>	<u>\$ (157)</u>	<u>\$ 19,370,067</u>	<u>\$ 19,369,753</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 North Creek II, LP**

**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net loss	\$ (2,292,235)	\$ (432,019)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	1,201,248	197,528
Amortization	15,385	2,564
Amortization of debt issuance costs	124,792	10,969
Bad debts	6,466	-
Changes in		
Tenants' accounts receivable	23,626	(35,119)
Prepaid expenses	(5,512)	-
Other assets	(6,540)	-
Accounts payable - operations	(3,671)	3,671
Accrued property management fees	-	4,279
Other accrued liabilities and prepaid rent	(25,606)	33,060
Accrued interest - first mortgage	14,154	-
Accrued interest - other loans	(85,266)	122,979
Tenants' security deposits liability	14,078	35,749
Payable to general partner and affiliates	9,800	-
Annual fee payable to affiliate of limited partner	<u>(15,225)</u>	<u>7,725</u>
Net cash used in operating activities	<u>(1,024,506)</u>	<u>(48,614)</u>
Cash flows from investing activities		
Expenditures on rental property	(143,498)	(13,402,840)
Refund of project development costs	129,659	-
Deposits to reserve for replacements	(1,580)	-
Change in escrows	(10,722)	-
Developer fees paid	<u>(888,976)</u>	<u>-</u>
Net cash used in investing activities	<u>(915,117)</u>	<u>(13,402,840)</u>
Cash flows from financing activities		
Proceeds from mortgages and notes	3,047,152	13,215,076
Contributions from partners	17,953,760	-
Payoff of construction loan	(18,079,290)	-
Priority distribution - lease up fee	(363,428)	-
Principal payments on first mortgage	(2,334)	-
Debt issuance costs paid	<u>(94,944)</u>	<u>-</u>
Net cash provided by financing activities	<u>2,460,916</u>	<u>13,215,076</u>
Net increase (decrease) in cash and restricted cash	521,293	(236,378)
Cash and restricted cash, beginning	<u>159,057</u>	<u>395,435</u>
Cash and restricted cash, end	<u><u>\$ 680,350</u></u>	<u><u>\$ 159,057</u></u>

**Chico North Creek II, LP**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information		
Cash paid for interest net of amount capitalized of \$0 and \$92,637, respectively	<u>\$ 1,334,382</u>	<u>\$ 103,240</u>
Supplemental schedule of non-cash investing and financing activities		
Developer fee payable included in investment in rental property	\$ -	\$ 1,062,620
Accrued interest included in investment in rental property	-	26,710
Amortization of debt issuance costs included in investment in rental property	-	45,631
Other liabilities - construction included in tax credit monitoring fees	-	22,140
	<u>\$ -</u>	<u>\$ 1,157,101</u>

See Notes to Financial Statements

## **Chico North Creek II, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **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, 2024 and 2023, the allowance for doubtful accounts was \$3,524 and \$0, respectively.

## Chico North Creek II, LP

### Notes to Financial Statements December 31, 2024 and 2023

#### 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
Furniture, appliances and equipment	5 years
Solar system	25 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 years ended December 31, 2024 and 2023.

#### 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, 2024 and 2023, accumulated amortization are \$17,949 and \$2,564, respectively. Amortization expense for each of the next five years subsequent to December 31, 2024 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, 2024 and 2023

#### 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 IRS, 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, 2024 and 2023:

	2024	2023
Land	\$ 879,292	\$ 879,292
Land improvements	1,836,402	1,836,402
Building and improvements	19,242,129	19,371,788
Solar PV system	644,178	-
Furniture, appliances and equipment	2,892,216	2,892,216
Construction in progress	-	623,534
Subtotal	25,494,217	25,603,232
Accumulated depreciation	(1,398,776)	(197,528)
Net	<u>\$ 24,095,441</u>	<u>\$ 25,405,704</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 closing of the first mortgage permanent loan to the termination of the compliance period. As of December 31, 2024 and 2023, the balance of the reserve is \$1,580 and \$0, respectively.

## **Chico North Creek II, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **Operating reserve**

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership 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, 2024 and 2023, the operating reserve balance is \$126,070 and \$0, respectively.

#### **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, 2024 and 2023, the investor limited partner paid \$22,531,160 and \$4,577,400, respectively and the remaining capital contributions receivable at December 31, 2024 of \$355,840 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, 2024 and 2023, \$831,490 and \$1,720,466, 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 an 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, 2024 and 2023, an annual local administrative fee of \$7,957 and \$7,725, respectively, was incurred and expensed. As of December 31, 2024 and 2023, \$0 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

## Chico North Creek II, LP

### Notes to Financial Statements December 31, 2024 and 2023

flow in subsequent years. For the years ended December 31, 2024 and 2023, \$10,600 and \$0, respectively was incurred and expensed. As of December 31, 2024 and 2023, \$10,600 and \$0, respectively remains payable and is included in the balance sheets.

#### **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, 2024 and 2023, 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, 2024 and 2023, \$363,428 and \$0, respectively was incurred, and paid and is included in the statements of partners' equity (deficit).

#### **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.
- 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;

## Chico North Creek II, LP

### Notes to Financial Statements December 31, 2024 and 2023

- 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.

#### **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, 2024 and 2023, 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:

## Chico North Creek II, LP

### Notes to Financial Statements December 31, 2024 and 2023

	2024	2023
Cash	\$ 502,953	\$ 121,808
Tenant's security deposits	51,327	37,249
Operating reserve	126,070	-
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 680,350</u>	<u>\$ 159,057</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 other reserves as required by the Partnership.

#### Note 7 - Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31, 2024:

	2024	2023
Accrued operating expenses	\$ 2,370	\$ 14,152
Accrued payroll expenses	1,046	3,916
Prepaid rent	4,038	14,992
	<u>\$ 7,454</u>	<u>\$ 33,060</u>

#### 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 was 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 had 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, 2024 and 2023, respectively). This loan was 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 years ended December 31, 2024 and 2023, interest of \$1,193,433 and \$292,288 was incurred, of which \$0 and \$71,402, respectively has been capitalized as cost of the rental property, and \$1,193,433 and \$220,886, respectively has been expensed in the statements of operations. As of December 31, 2024 and 2023, the outstanding principal is \$0 and \$18,079,290, and the accrued interest is \$0 and \$117,646, respectively. The construction loan was paid in full on October 11, 2024, using proceeds from the Berkadia permanent loan and capital contributions from the investor limited partner.

Debt issuance costs, net of accumulated amortization, totaled \$0 and \$120,661 as of December 31, 2024 and 2023, respectively, and are related to the mortgage above. Amortization of debt issuance costs for the years ended December 31, 2024 and 2023 was \$120,661 and \$56,600, respectively,

## **Chico North Creek II, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

of which \$0 and \$45,631, respectively has been capitalized as cost of the rental property, and \$120,661 and \$10,969, respectively has been expensed in the statements of operations.

#### **Berkadia permanent Loan**

On October 11, 2024, the Partnership closed on a permanent loan with Berkadia Commercial Mortgage LLC, in the amount of \$2,980,000. The note is secured by the Project, bears interest of 5.52% per annum, and matures November 1, 2041. Beginning December 1, 2024, the note is payable in monthly installments of principal and interest in the amount of \$16,042 until the maturity date at which time a balloon payment in the estimated amount of \$2,187,338 will be due. During the years ended December 31, 2024 and 2023, interest of \$37,457 and \$0, respectively was incurred and charged to operations. As of December 31, 2024 and 2023, the outstanding principal and accrued interest is \$2,977,666 and \$14,154, \$0 and \$0, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$242,657 and \$151,844 as of December 31, 2024 and 2023, are related to the first mortgage. Amortization of debt issuance costs is \$4,131 and \$0 for the years ended December 31, 2024 and 2023 and is included in the statements of operations

#### **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 years ended December 31, 2024 and 2023, interest of \$26,000 and \$26,000 was incurred, of which \$0 and \$21,677, respectively has been capitalized as cost of the rental property, and \$26,000 and \$4,323, respectively has been expensed in the statements of operations. As of December 31, 2024 and 2023, the outstanding principal is \$1,300,000 and \$1,300,000, and accrued interest is \$68,335 and \$42,335, 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 years ended December 31, 2024 and 2023, interest of \$6,380 and \$6,043 was incurred, of which \$0 and \$5,033 respectively has been capitalized as cost of the rental property, and \$6,380 and \$1,010, respectively has been expensed in the statements of operations. As of December 31, 2024 and 2023, the outstanding principal is \$671,523 and \$604,371, and the accrued interest is \$16,138 and \$9,758, 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.

Principal payment requirements for each of the next five years and thereafter following December 31, 2024, are as follows:

## Chico North Creek II, LP

### Notes to Financial Statements December 31, 2024 and 2023

	Berkadia - Permanent Loan	City of Chico - Home Loan	City of Chico - AHF Loan	Total
2025	\$ 28,862	\$ -	\$ -	\$ 28,862
2026	30,496	-	-	30,496
2027	32,222	-	-	32,222
2028	34,047	-	-	34,047
2029	35,974	-	-	35,974
Thereafter	2,816,065	671,523	1,300,000	4,787,588
Total	<u>\$ 2,977,666</u>	<u>\$ 671,523</u>	<u>\$ 1,300,000</u>	4,949,189
				Less unamortized debt issuance costs
				<u>(242,657)</u>
				<u><u>\$ 4,706,532</u></u>

#### 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 years ended December 31, 2024 and 2023, management fee of \$29,348 and \$4,558 has been incurred and expensed in the statements of operations.

#### Note 10 - 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 years ended December 31, 2024 and 2023, rental assistance of \$274,737 and \$37,933 has been earned and is included in rental income in the statements of operations.

#### Note 11 - 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.

#### Note 12 - 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, 2024.

## **Chico North Creek II, LP**

### **Notes to Financial Statements December 31, 2024 and 2023**

#### **Note 13 - Contingency**

##### **Low-income housing tax credits**

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

#### **Note 14 - 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 13, 2025, 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  
Years Ended December 31, 2024 and 2023**

	2024	2023
Rental income		
Rent revenue - gross potential	\$ 400,990	\$ 106,262
Tenant assistance payments	<u>274,737</u>	<u>37,933</u>
Total rental income	<u>\$ 675,727</u>	<u>\$ 144,195</u>
Vacancies and concessions		
Apartments vacancies	\$ 7,327	\$ 56,050
Rental concessions	<u>636</u>	<u>-</u>
Total vacancies and concessions	<u>\$ 7,963</u>	<u>\$ 56,050</u>
Other operating income		
Late fees	\$ 13,425	\$ 3,078
Total other operating income	<u>\$ 13,425</u>	<u>\$ 3,078</u>
Salaries and employee benefits		
Salaries - administrative	\$ 26,666	\$ 11,330
Salaries - maintenance	29,324	2,525
Health insurance and other benefits	<u>7,889</u>	<u>2,885</u>
Total salaries and employee benefits	<u>\$ 63,879</u>	<u>\$ 16,740</u>
Repairs and maintenance		
Exterminating	\$ 5,325	\$ -
Grounds	43	-
Security services/contract	57	-
Supplies	2,920	54
Painting, decorating and cleaning	1,970	-
Repairs and maintenance - contracts	45,049	-
Miscellaneous maintenance expenses	<u>5,294</u>	<u>-</u>
Total repairs and maintenance	<u>\$ 60,658</u>	<u>\$ 54</u>
Utilities		
Electricity	\$ 18,570	\$ 1,321
Water	18,183	-
Trash removal	9,951	-
Gas	<u>10,128</u>	<u>268</u>
Total utilities	<u>\$ 56,832</u>	<u>\$ 1,589</u>

**Chico North Creek II, LP**

**Schedules of Certain Income and Expenses  
Years Ended December 31, 2024 and 2023**

	2024	2023
Miscellaneous operating expenses		
Office supplies and expense	\$ 4,589	\$ 263
Training and travel	3,836	-
Bad debt expense	6,466	-
Other rent expense	276	-
Miscellaneous administrative	1,648	159
Rent free unit	15,320	-
Advertising and newspaper	2,320	87
Legal	950	-
Audit	12,900	14,746
Other taxes, licenses and insurance	8,141	3,922
	<u>\$ 56,446</u>	<u>\$ 19,177</u>
Total miscellaneous operating expenses		
	<u>\$ 56,446</u>	<u>\$ 19,177</u>
Interest expense - other loans		
Interest expense - construction loan	\$ 1,193,433	\$ 220,886
Amortization of debt issuance costs	120,661	10,969
Interest expense - AHF loan	6,380	4,323
Interest expense - HOME loan	26,000	1,010
	<u>26,000</u>	<u>1,010</u>
Total interest expense - other loans		
	<u>\$ 1,346,474</u>	<u>\$ 237,188</u>
Miscellaneous other income (expense)		
Project opening, marketing and startup expenses	\$ (38,527)	\$ (36,148)
	<u>(38,527)</u>	<u>(36,148)</u>
Total miscellaneous other income (expense)		
	<u>\$ (38,527)</u>	<u>\$ (36,148)</u>
Other related party fees and expenses		
MGP fee	\$ 10,600	\$ -
	<u>10,600</u>	<u>-</u>
Total other related party fees and expenses		
	<u>\$ 10,600</u>	<u>\$ -</u>

See Independent Auditor's Report.



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# **Oroville Family Associates, LP**

## **Financial Statements**

**For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023**

# Oroville Family Associates, LP

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

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# Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

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To the Partners  
Oroville Family Associates, LP

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Oroville Family Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oroville Family Associates, LP as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the periods 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 Oroville Family Associates, LP and to meet our 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 Oroville Family Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Oroville Family Associates, 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 Oroville Family Associates, 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 audit.

## Supplementary Information

The accompanying supplementary information referenced in the table of contents 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. Such 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 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.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**

Boise, ID  
April 14, 2025

# Oroville Family Associates, LP

## Balance Sheets

December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and Cash Equivalents	\$ 81,310	\$ 116,964
Accounts Receivable, net	2,732	1,780
Prepaid Expenses	21,717	17,952
Related Party Receivables	750,014	-
Restricted Cash:		
Tenant Security Deposits	56,733	58,244
Escrow Deposits	1,127	-
Replacement Reserve	58,444	-
Other Reserves	144,624	-
Rental Property, net	25,746,074	27,579,507
Other Assets	697,629	653,901
<b>Total Assets</b>	<b>\$ 27,560,404</b>	<b>\$ 28,428,348</b>
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,495	\$ 10,479
Accrued Interest Payable	20,003	133,955
Security Deposits Liability	56,673	58,245
Prepaid Rent	129	103
Related Party Payables	4,124,642	3,164,588
Long-Term Debt, net	3,070,129	21,369,336
Total Liabilities	7,273,071	24,736,706
<b>Partners' Capital</b>		
Partners' Capital	20,287,333	3,691,642
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 27,560,404</b>	<b>\$ 28,428,348</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Income

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	2024	2023
<b>Operating Revenue</b>		
Gross Rental Income	\$ 825,165	\$ 438,002
Less: Vacancy Loss	(25,487)	(99,840)
Less: Rental Concessions	-	(2,284)
Net Rental Income	799,678	335,878
Miscellaneous Income	15,163	13,539
<b>Total Operating Revenue</b>	<b>814,841</b>	<b>349,417</b>
<b>Operating Expenses</b>		
Administrative Expenses	165,132	148,155
Utilities	75,124	18,355
Operating and Maintenance Expenses	171,706	54,055
Taxes and Insurance	87,256	58,839
<b>Total Operating Expenses</b>	<b>499,218</b>	<b>279,404</b>
<b>Net Operating Income</b>	<b>315,623</b>	<b>70,013</b>
<b>Non-Operating Income (Expenses)</b>		
Interest Income	5,355	1,685
Interest Expense	(390,945)	(1,006,727)
Depreciation Expense	(1,083,419)	(642,932)
Amortization Expense	(9,710)	(8,421)
Lease-Up and Marketing Expenses	(52)	(6,778)
Asset Management Fee	(10,971)	(22,149)
Partnership Management Fee	(7,416)	(7,200)
MGP Participation Fee	-	(10,000)
<b>Total Non-Operating Income (Expenses)</b>	<b>(1,497,158)</b>	<b>(1,702,522)</b>
<b>Net Loss</b>	<b><u><u>\$ (1,181,535)</u></u></b>	<b><u><u>\$ (1,632,509)</u></u></b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Comprehensive Income

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	<u>2024</u>	<u>2023</u>
Net Loss	\$ (1,181,535)	\$ (1,632,509)
Other Comprehensive Loss	-	-
Unrealized Gain (Loss) on Fair Value of Interest Rate Swap	<u>127,661</u>	<u>399,109</u>
<b>Accumulated comprehensive income</b>	<b><u><u>\$ (1,053,874)</u></u></b>	<b><u><u>\$ (1,233,400)</u></u></b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Changes in Partners' Capital

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	Butte County Affordable Housing Development Corporation (0.005%%)	TPC Holdings IX, LLC (0.005%)	CREA Corporate Tax Credit Fund 88, LP (99.989%)	CREA SLP, LLC (0.001%)	Accumulated Other Comprehensive Income	Total (100.00%)
<b>Prior year activity</b>						
Balance, June 8, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Contributed	-	-	4,924,942	100	-	4,925,042
Unrealized Gain (Loss) on Interest Rate Swap	-	-	-	-	399,109	399,109
Net loss for the period	(82)	(82)	(1,632,329)	(16)	-	(1,632,509)
<b>Balance, December 31, 2023</b>	(82)	(82)	3,292,613	84	399,109	3,691,642
<b>Current Period Activity</b>						
Capital Contributed	-	-	17,649,565	-	-	17,649,565
Unrealized Gain (Loss) on Interest Rate Swap	-	-	-	-	127,661	127,661
Net loss for the period	(59)	(59)	(1,181,405)	(12)	-	(1,181,535)
<b>Balance, December 31, 2024</b>	<u>\$ (141)</u>	<u>\$ (141)</u>	<u>\$ 19,760,773</u>	<u>\$ 72</u>	<u>\$ 526,770</u>	<u>\$ 20,287,333</u>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Cash Receipts</b>		
Rental Receipts	\$ 779,157	\$ 334,201
Interest Receipts	5,355	1,685
Other Operating Receipts	15,163	13,539
Tenant Security Deposits	(1,572)	58,245
<b>Total Receipts</b>	<b>798,103</b>	<b>407,670</b>
<b>Disbursements</b>		
Administrative	(106,879)	(110,185)
Management Fee	(39,330)	(35,803)
Utilities	(75,124)	(18,355)
Operating and Maintenance	(171,706)	(54,055)
Real Estate Taxes	(200)	(100)
Property Insurance	(65,888)	(43,086)
Taxes and Insurance	(24,934)	(33,605)
Interest on Mortgage and Notes Payable	(485,701)	-
Partner Fees	-	(11,400)
Lease Up and Marketing Expenses	(52)	-
<b>Total Disbursements</b>	<b>(969,814)</b>	<b>(306,589)</b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>(171,711)</b>	<b>101,081</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Purchase of Fixed Assets	-	(25,734,155)
Payment of One Time Upfront Asset Management Fee	-	(50,000)
Refunds (Payments) of Tax Credit Fees	70,890	(216,546)
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b>70,890</b>	<b>(26,000,701)</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Borrowings - Construction Loan Payable	3,360,000	21,622,191
Principal Payments - Construction and Permanent Loan	(21,650,586)	-
Principal Borrowings - PWB Loan	1,080,000	670,000
Capital Contributions	17,649,565	4,925,042
Payment of Debt Issuance Costs	(27,816)	(263,086)
Payment of Post Completion Construction Loan Interest	-	(862,541)
Payment of MGP Start Up Fees	-	(10,000)
Payment of Lease Up Expenses	-	(6,778)
Payments of Development Costs Payable	(8,312)	-
Payments of Construction Contract Payable	(135,000)	-
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>267,851</b>	<b>26,074,828</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>167,030</b>	<b>175,208</b>
Cash, cash equivalents, and restricted cash at beginning of year	175,208	-
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 342,238</b>	<b>\$ 175,208</b>

Cash, cash equivalents, and restricted cash consist of the following:

Cash and Cash Equivalents	\$ 73,929	\$ 97,552
Construction Cash Account	7,381	19,412
Tenant Security Deposits	56,733	58,244
Escrow Deposits	1,127	-
Replacement Reserve	58,444	-
Other Reserves	144,624	-
	<b>\$ 342,238</b>	<b>\$ 175,208</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

	2024	2023
<b>Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities</b>		
Net Loss	(1,181,535)	(1,632,509)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>		
Depreciation	1,083,419	642,932
Amortization	9,710	8,421
Amortization/Interest Debt Issuance Costs	19,195	10,231
Amortization of Upfront Asset Management Fee	3,333	3,333
Other Financing Activities: Payments of Construction Loan Interest	-	862,541
Other Financing Activities: MGP Start Up Fees	-	10,000
Other Financing Activities: Lease Up Expenses	-	6,778
<b>(Increase) decrease in assets</b>		
Accounts Receivable, net	(952)	(1,780)
Prepaid Expenses	(3,765)	(17,952)
<b>Increase (decrease) in liabilities</b>		
Accounts Payable	(672)	2,167
Accrued Interest Payable	(113,952)	133,955
Security Deposits Liability	(1,572)	58,245
Prepaid Rent	26	103
Related Party Payables	15,054	14,616
<b>Net cash provided by (used by) operating activities</b>	<b>\$ (171,711)</b>	<b>\$ 101,081</b>

The accompanying notes are an integral part of these financial statements.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Oroville Family Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on June 7, 2021. The General Partners are: Butte County Affordable Housing Development Corporation (0.005%) and TPC Holding IX, LLC, (0.005%). The Limited Partners are: CREA Corporate Tax Credit Fund 88, LP (99.989%) and CREA SLP, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 72-unit multifamily rental housing project in Oroville, California, known as Riverbend Family Apartments. The project was purchased on May 30, 2023 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

#### d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for the periods ended December 31, 2024 was 1,083,419 and \$642,932, respectively.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### e. 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 their carrying amounts, 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 the periods ended December 31, 2024 and 2023, respectively.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$145,656 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$18,131 and \$8,421 as of December 31, 2024 and 2023, respectively.

#### g. Debt Issuance Costs

Unamortized debt issuance costs of \$261,476 and \$252,855 at December 31, 2024 and 2023, respectively, is reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$19,195 and \$10,231, respectively, is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

#### h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under a Section 8 voucher. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and managements evaluation of periodic aging of accounts. As of December 31, 2024 and 2023, the balance of allowance for doubtful accounts was \$3,339 and \$0, respectively.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### i. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

#### j. Economic Concentrations and Contingencies

The partnership operates on property located in Oroville, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### k. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

#### l. Fair Value Measurements

The Partnership applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data.

These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). Upon adoption of the fair value measurement provisions that apply to recurring and nonrecurring fair value measurements of financial assets and liabilities and other provisions, the Partnership determined that no transition adjustments were required.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1	Quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3	Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, based on the best information available.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

The fair value of the interest rate swap is based on notional amounts, interest rates, maturity date and other contract terms and is valued using a third-party. The interest rate swap is classified as Level 2 measurements.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### m. Derivatives and Hedging Activities

The Partnership recognizes all derivatives on the balance sheet at fair value (See Note 8). Derivatives that do not qualify for the hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in the fair value derivative instrument are either offset against the earnings of the hedged item or recognized in other comprehensive income (loss) in partners' capital until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings. The Partnership is a party to a derivative financial instrument for the purpose of limiting its exposure to interest rate fluctuations through the use of interest rate swaps. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation.

#### n. Concentrations of Credit Risk

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

### 3. Related Party Transactions

#### a. Partner Fees

##### Asset Management Fee

The partnership shall pay a fee equal to (i) \$50,000 payable in connection with the First Installment and (ii) \$7,200 per year, earned on an annual basis, beginning on the date hereof, and increasing annually at a rate of 3% beginning the year following the first full calendar year of the Partnership (with a pro-rata share of such fee earned for any partial calendar year). The first year's Asset Management Fee will be paid at closing and the amount payable for the second year's Asset Management Fee will be adjusted pro-rata. The Asset Management Fee is not covered by the Operating Deficit Loan and shall be payable only out of available Cash Flow and Net Cash from Sales and Refinancings as provided in Sections 4.1 and 4.2 of the Limited Partnership Agreement and shall accrue, without interest, until there is sufficient cash available to pay any current and accrued Asset Management Fee as set forth in Sections 4.1 and 4.2 of the Limited Partnership Agreement. For the periods ended December 31, 2024 and 2023, \$10,971 and \$22,149 was earned. As of December 31, 2024 and 2023, \$15,054 and \$7,200 remains payable.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### a. Partner Fees

##### **Partnership Management Fee**

For services to be performed under Section 5.1(b) of the Limited Partnership Agreement, the Partnership shall pay as a cumulative annual partnership management fee (the "Partnership Management Fee") to the Managing General Partner beginning the year of receipt of the Property Tax Exemption without any pro-ratio, solely from the Cash Flow of the Partnership specifically designated for payment of the Partnership Management Fee under Section 4.1(a) of the Limited Partnership Agreement hereof, an amount equal to \$7,200, increasing annually at a rate of 3%. Any Partnership Management Fee which is not paid in any year shall accrue and be payable in subsequent years pursuant to Section 4.1(a) of the Limited Partnership Agreement. Payment of the Partnership Management Fee shall be in accordance with any applicable requirements of the Project Lenders. For the periods ended December 31, 2024 and 2023, \$7,416 and \$7,200 was earned. As of December 31, 2024 and 2023, \$14,616 and \$7,200 remains payable.

##### **Incentive Management Fee**

In consideration of its services, the Partnership shall pay to the Administrative General Partner an annual, non-cumulative fee (the "Incentive Management Fee"). The Incentive Management Fee shall be earned and payable only to the extent of Cash Flow available for distribution pursuant to Section 4.1(a) of the Limited Partnership Agreement; provided, however, that the Incentive Management Fee with respect to any Fiscal Year and any management fees payable to the Management Agent pursuant to the terms of the Management Agreement shall not exceed twelve percent (12%) of the Partnership's gross revenues for such year; and provided, further, however, that no Incentive Management Fee shall accrue or be payable unless and until the Development Costs have been paid in full and any outstanding Credit Reduction Payments shall have been paid to the Limited Partner and/or the State Limited Partner under Section 5.10 of the Limited Partnership Agreement.

##### **Incentive Leasing Fee**

In consideration of its services described in Section 1 of the Incentive Lease Up Agreement, the Partnership shall pay to the Administrative General Partner a non-cumulative Incentive Leasing Fee. The Incentive Leasing Fee will be earned beginning in the Fiscal Year in which lease-up of the LIHTC Units begins and will be paid in the priority specified in Section 4.1 of the Limited Partnership Agreement. For the periods ended December 31, 2024 and 2023, \$0 and \$54,237 was earned.

#### b. Developer Fee Payable

Pacific West Communities, Inc. (the "Developer"), an affiliate of the General Partner, earned a development fee of \$2,200,000 for services related to the development of the Property. The development fee will be paid from Investor Limited Partner capital contributions, as described in the Development Agreement. Any unpaid development fee will be paid from net cash flow. If the deferred development fee is not paid by the 15th anniversary of the completion date, then the Administrative General Partner shall make an additional capital contribution pursuant to Section 2.1(c) of the Limited Partnership Agreement and the Developer's sole recourse for nonpayment shall be against the General Partner. At December 31, 2024 and 2023, \$2,200,000 remained payable.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To payment of the Asset Management Fee (including any accrued but unpaid Asset Management Fee);
2. To repay any unpaid loans made by a Limited Partner, or the Special Limited Partner pursuant to Section 2.6 of the Limited Partnership Agreement. Loans made by the Limited Partner will be fully repaid prior to making any payments on loans made by the Special Limited Partner;
3. To the Limited Partner of the full amount (including interest) of any amounts owed to the Limited Partner pursuant to Section 5.10 of the Limited Partnership Agreement or any other amounts owed to the Limited Partner or Special Limited Partner pursuant this Agreement or the Guaranty Agreement;
4. To payment of the Partnership Management Fee;
5. To payment of any Deferred Development Fee Note and any accrued interest thereon and then as a return of capital to the Administrative General Partner to the extent of any Administrative General Partner Capital Contribution made pursuant to Section 2.1(c) of the Limited Partnership Agreement hereof;
6. To the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount and then to the Replacement Reserve Account to replenish expenditures not contemplated in the approved capital budget;
7. To the Administrative General Partner to repay any amounts treated as loans to the Partnership by the Administrative General Partner pursuant to Section 2.6 of the Limited Partnership Agreement and not yet repaid;
8. To the payment of any Deferred Property Management Fee (if applicable);
9. To repay on a pro rata basis any unpaid loans made by the Administrative General Partner pursuant to Sections 5.4(h), 5.4(j), 5.4(m), 5.10(a) and 5.10(b) of the Limited Partnership Agreement; and
10. Of the balance, (i) 10% to the Limited Partner, (ii) 0.005% to the Managing General Partner, and (iii) 89.995% to the Administrative General Partner, first, as an Incentive Management Fee (but not in excess of 12% of the gross revenues of the Partnership, less any fees payable to the Administrative General Partner or its Affiliates) and, thereafter, as a distribution.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### d. Guarantees

##### Operating Deficit Guaranty

The Administrative General Partner, and the Guarantor, pursuant to the Guaranty Agreement, jointly and severally, are obligated, promptly upon the reduction of the Operating Reserve Account to zero, to provide funds to the Partnership for Operating Deficits occurring during the Operating Deficit Guaranty Period; provided, however, that the Guarantor shall not be obligated to make Operating Deficit Loans under this Section 5.4(j) of the Limited Partnership Agreement to the extent that the outstanding aggregate principal amount of such Operating Deficit Loans would exceed the Operating Guaranty Amount. Notwithstanding anything contained herein to the contrary, there shall be no limitation on the General Partner's liability under this Section 5.4(j) of the Limited Partnership Agreement. Repayment of any letters of credit or other borrowings arranged by the Administrative General Partner and/or Guarantor in furtherance of its obligations under this Section 5.4(j) of the Limited Partnership Agreement shall be the sole obligation of the Administrative General Partner and/or Guarantor. Funds made available to the Partnership by the Administrative General Partner and/or Guarantor pursuant to this Section 5.4(j) of the Limited Partnership Agreement and/or the Guaranty Agreement shall be treated as non-interest bearing loans to the Partnership repayable as provided in Section 4.1 and Section 4.2 of the Limited Partnership Agreement.

##### Permanent Loan Shortfall Guaranty

The General Partner has or will obtain on behalf of the Partnership the Permanent Loans, as more particularly described in Appendix IV of the Limited Partnership Agreement. The General Partner shall be obligated to provide funds to the Partnership in the event that the actual proceeds of the Permanent Loans and any other financing source are less than the anticipated amount of the Permanent Loan or any other such financing or financing proceeds as set forth in the Financial Forecast (a "Permanent Loan Shortfall"). The Limited Partner shall permit the deferral of additional Developer Fee (provided the Financial Forecasts demonstrate such deferred fee can be paid in full from Cash Flow prior to maturity of the Deferred Development Fee Note) to initially fund the Permanent Loan Shortfall. Funds made available pursuant to this Section 5.4(m) of the Limited Partnership Agreement shall be evidenced by a note (the "Permanent Loan Shortfall Note") with terms no less favorable than the terms of the Permanent Loan or such other loan and shall be repaid as provided in Section 4.1 and Section 4.2 of the Limited Partnership Agreement. The Permanent Loan Shortfall Note shall be unsecured.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon the greater of (i) the amount required by the Project Lenders to be reserved by the Partnership and (ii) \$250 per unit per year starting on the commencement date.

#### e. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$62,122 and \$25,134 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2023 and 2022 payments to PWC for

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 3. Related Party Transactions

#### e. Payments of Insurance Premiums to GP Affiliate

insurance amounted to \$65,596 and \$43,085, respectively,

#### f. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due From Related Parties:		
Due from GP Affiliate - Pacific West Builders, Inc (*)	\$ 750,014	\$ -
(*) As of December 31, 2024 the partnership anticipates receiving \$750,014 from PWB, Inc. an affiliate of the TPC Holdings IX, LLC for costs reallocated to Riverbend Family Apartments II of Oroville Family Associates II, LP. The partnership has recorded a receivable for the full amount as the amount was collected in early 2025.		
	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 2,200,000	\$ 2,200,000
Asset Management Fee Payable	15,054	7,416
Partnership Management Fee Payable	14,616	7,200
Loans Payable - General Partner	1,750,000	670,000
Construction Contract Payable*	144,972	279,972
<b>Total Related Party Payables</b>	<b>\$ 4,124,642</b>	<b>\$ 3,164,588</b>

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on March 15, 2021. Any modifications to the contract will require the approval of the Special Limited Partner. Construction costs due to PWB totaling \$144,972 and \$279,972 remained payable as of December 31, 2024 and 2023, respectively.

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$1,750,000 and \$670,000 which have not been repaid as of December 31, 2024 and 2023. The loan does not have a stated maturity date and does not bear interest.

### 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of \$39,330 and \$35,803 were incurred at five percent (5%) of Gross Operating Revenues, or a minimum monthly fee of \$1,500 during 2024 and 2023, respectively.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 720,000	\$ 720,000
Buildings	18,712,846	19,462,860
Land Improvements	3,767,201	3,767,201
Office Furniture and Equipment	4,272,378	4,272,378
<b>Total cost</b>	<b>27,472,425</b>	<b>28,222,439</b>
Accumulated Depreciation	(1,726,351)	(642,932)
<b>Total Rental Property, net</b>	<b>\$ 25,746,074</b>	<b>\$ 27,579,507</b>

### 6. Restricted Cash

#### a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account. Contributions are to be made monthly in the amount of \$250 per unit per year (\$18,000 annually). The deposits will be released to the partnership upon requests for capital replacements. Funding of the replacement reserves account in March of 2024 upon the commencement of the permanent phase of the construction and permanent loan payable.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 and 2023 was \$56,733 and \$58,244, respectively.

#### c. Operating Reserve Account

The operating reserve account shall be held at a segregated Partnership bank account, established at a financial institution selected by the Special Limited Partner, and acceptable to the Administrative General Partner, to hold the operating reserve, which account shall require consent of the Special Limited Partner for withdrawals. The operating reserve shall be initially funded in the amount of \$139,437, which amount shall increase to an amount equal to three (3) months of Operating Expenses, Replacement Reserve deposits and principal and interest payments due and owing on the Permanent Loans (excluding debt service payments that are expressly subject to availability of Cash Flow) if the original principal amount of the Permanent Loan(s) is increased. The operating reserve was funding in February 2024 at closing of the permanent loan.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 6. Restricted Cash

#### d. Restricted Account Activity

	Replacement Reserve - Management Held	Replacement Reserve - Lender Held	Operating Reserve	Funds Held by Lender	Total
<b>Prior Year Activity</b>					
Balance, Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits	-	-	-	-	-
Interest	-	-	-	-	-
Withdrawals	-	-	-	-	-
<b>Balance, December 31, 2023</b>	-	-	-	-	-
<b>Current Year Activity</b>					
Deposits	43,500	14,944	139,437	1,217	199,098
Interest	-	-	5,187	-	5,187
Withdrawals	-	-	-	-	-
<b>Subtotal, Current Year Activity</b>	43,500	14,944	144,624	1,217	204,285
<b>Balance, December 31, 2024</b>	<b>\$ 43,500</b>	<b>\$ 14,944</b>	<b>\$ 144,624</b>	<b>\$ 1,217</b>	<b>\$204,285</b>

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
<p><b>Construction &amp; Permanent Loan Payable - US Bank</b> On June 1, 2021, the Partnership entered into a construction loan agreement with US Bank (formerly MUFG Union Bank) in the amount of \$23,002,799 (the "Construction Loan"). The construction loan is split into Note A-1 in the amount of \$19,852,799 and Note A-2 in the amount of \$3,150,000. The partnership also entered into an interest rate swap agreement to receive-variable and pay fixed interest (see Note 8). The Construction and Permanent Loan is secured by a deed of trust. Both Note A-1 and A-2 will bear interest at a variable note rate which is one and three quarters of one percent (1.75%) in excess of the LIBOR Rate during the construction loan term and two and three tenths of one percent (2.30%) during the permanent loan term per annum in excess of the LIBOR rate, such rate to be set as of the date of initial disbursement and as of each interest change date, in each case to remain fixed until the next interest change date. The LIBOR rate shall change on each interest change date. The effective rate was 6.71448% at December 31, 2024. The permanent phase closed on February 28, 2024 in the amount of \$3,360,000. The maturity date on the construction and permanent loan is June 1, 2038. Construction period of interest \$844,128 was capitalized to fixed assets. Interest expense for the periods ended December 31, 2024 and 2023 totaled \$371,750 and \$996,496, respectively.</p>				
	\$ 20,003	\$ 3,331,605	\$ 133,955	\$ 21,622,191
<b>Long-Term Debt Interest and Principal</b>	20,003	3,331,605	133,955	21,622,191
Less: Unamortized Debt Issuance Costs	-	(261,476)	-	(252,855)
<b>Long-Term Debt, Net of Unamortized Debt Issuance Costs</b>	<u>\$ 20,003</u>	<u>\$ 3,070,129</u>	<u>\$ 133,955</u>	<u>\$ 21,369,336</u>

#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 42,137
2026	45,246
2027	48,584
2028	52,169
2029	56,018
Subsequent	<u>3,087,451</u>

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 7. Long-Term Debt

#### b. Schedule of Principal Maturities

Total	<u><u>\$ 3,331,605</u></u>
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### 8. Receive-variable, Pay-fixed Interest Rate Swap Accounting Alternative

As discussed in Note 7, during 2021, the partnership construction loan with MUFG Union Bank, N.A. was closed. The partnership also entered into an interest rate swap agreement with MUFG Union Bank, N.A. in the amount of \$3,150,000 with an interest rate of USD SOFR plus 2.41448%. The partnership simultaneously entered into an interest rate swap contract, which matures when the debt matures, to effectively convert this variable-rate borrowing into fixed-rate borrowing of 4.65% from August 1, 2023 until March 1, 2024; thereafter, 4.797% from March 1, 2024 until June 1, 2038. The swap contract qualifies for the simplified hedge accounting alternative offered to nonpublic entities and is measured at settlement value. During 2024 and 2023 the entity recognized gains of \$127,661 and \$399,109 in other comprehensive income from changes in the swap contract's settlement value, respectively. The fair value of the interest rate swap as of December 31, 2024 and 2023 was an asset of \$526,770 and \$399,109, respectively, which is included in Other Assets on the partnership's balance sheet.

### 9. 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 14, 2025 (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.

# Oroville Family Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning June 8, 2021 and Ended December 31, 2023

### 10. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$28,636,530 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2024 \$2,863,653 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 2,863,653
2026	2,863,653
2027	2,863,653
2028	2,863,653
2029	2,863,653
2030	2,863,653
2031	2,863,653
2032	2,863,653
2033	1,157,917
<b>Total</b>	<b><u>\$ 24,067,141</u></b>

### 11. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

### 12. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Oroville, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

# Supplementary Information

# Oroville Family Associates, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Schedule of Operating Expenses

	2024	2023
<b>Administrative Expenses</b>		
Advertising and Marketing	\$ 5,313	\$ 2,122
Office Expenses	5,149	5,545
Property Management Fees	39,330	35,803
Manager or Superintendent Salaries	28,675	62,956
Administrative Rent Free Unit	10,836	4,770
Legal Expense - Project	10,593	4
Audit Expense	9,727	-
Bad Debts	19,595	-
Miscellaneous Administrative Expenses	35,914	36,955
<b>Total Administrative Expenses</b>	<b>165,132</b>	<b>148,155</b>
<b>Utilities</b>		
Fuel Oil/Coal	1,655	1,192
Electricity	19,140	13,566
Water	12,538	3,597
Sewer	41,791	-
<b>Total Utilities</b>	<b>75,124</b>	<b>18,355</b>
<b>Operating and Maintenance</b>		
Payroll	28,485	12,496
Supplies	16,793	4,894
Contracts	55,022	12,166
Garbage and Trash	33,614	12,569
Miscellaneous Operating and Maintenance Expense	37,792	11,930
<b>Total Operating and Maintenance</b>	<b>171,706</b>	<b>54,055</b>

# Oroville Family Associates, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Schedule of Operating Expenses

	2024	2023
<b>Taxes and Insurance</b>		
Real Estate Taxes	200	100
Payroll Taxes	8,439	9,981
Property & Liability Insurance (Hazard)	62,122	25,134
Fidelity Bond Insurance	409	1,696
Workmen's Compensation	4,214	3,893
Health Insurance and Other Employee Benefits	11,072	17,235
Miscellaneous Taxes, Licenses, Permits, & Ins	800	800
<b>Total Taxes and Insurance</b>	<b>87,256</b>	<b>58,839</b>
<b>Total operating expenses</b>	<b>\$ 499,218</b>	<b>\$ 279,404</b>

# Oroville Family Associates, LP

For the Year Ended For the Year Ended December 31, 2024 and

## Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ (171,711)
Add:	
Payments of Post Completion Construction Loan Interest (Paid from Development Sources)	333,994
Change in Tenant Security Deposit Account	1,511
Deduct:	
Principal Payments of Long-Term Debt	(28,395)
Change in Replacement Reserve Accounts	(58,444)
<b>Cash Flow Available for Distribution</b>	<b><u><u>\$ 76,955</u></u></b>

## Distribution of Available Cash Flow

Cash flow available for distribution from 2024 will be distributed in 2025 as follows:

	<u>2024</u>
Asset Management Fee Payable	\$ 15,054
Partnership Management Fee Payable	14,616
Deferred Developer Fee Payable	47,285
<b>Total</b>	<b><u><u>\$ 76,955</u></u></b>

# **Gridley Senior Associates, LP**

**(A California Limited Partnership)**

HCD Contract Number: 19-MHP-13330

## **Financial Statements**

**For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023**

# Gridley Senior Associates, LP

December 31, 2024

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# Grigg, Bratton & Brash, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### **Independent Auditors' Report**

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To the Partners  
Gridley Senior Associates, LP

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Gridley Senior Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gridley Senior Associates, LP as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the periods 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 Gridley Senior Associates, LP and to meet our 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 Gridley Senior Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Gridley Senior Associates, 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 Gridley Senior Associates, 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 audit.

## Supplementary Information

The accompanying supplementary information referenced in the table of contents 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. Such 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 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.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**

Boise, ID  
March 31, 2025

# Gridley Senior Associates, LP

## Balance Sheets

December 31, 2024 and 2023

	Note	2024	2023
<b>Assets</b>			
Cash and Cash Equivalents		\$ 47,722	\$ 55,387
Accounts Receivable, net		58,253	207
Prepaid Expenses		9,883	8,410
Restricted Cash:			
Tenant Security Deposits	6.b.	8,900	9,400
Escrow Deposits	6.c.	11,227	-
Replacement Reserve	6.a.	12,334	-
Other Reserves	6.d.	101,757	-
Rental Property, net	5.	15,452,649	15,797,678
Other Assets	2.f.	70,617	75,880
<b>Total Assets</b>		<b>\$15,773,342</b>	<b>\$ 15,946,962</b>
<b>Liabilities and Partners' Capital</b>			
<b>Liabilities</b>			
Accounts Payable		\$ 25,914	\$ 34,012
Accrued Interest Payable	7.	113,300	30,056
Security Deposits Liability		9,100	9,400
Prepaid Rent		-	25
Related Party Payables	3.	2,509,923	2,475,111
Long-Term Debt, net	7.	7,722,203	9,101,806
<b>Total Liabilities</b>		<b>10,380,440</b>	<b>11,650,410</b>
<b>Partners' Capital</b>			
Partners' Capital		5,392,902	4,296,552
<b>Total Liabilities and Partners' Capital</b>		<b>\$15,773,342</b>	<b>\$ 15,946,962</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Statements of Income

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

	Note	2024	2023
<b>Operating Revenue</b>			
Gross Rental Income		\$ 466,639	\$ 209,475
Less: Vacancy Loss		(10,728)	(42,085)
Net Rental Income		455,911	167,390
Miscellaneous Income		1,694	613
<b>Total Operating Revenue</b>		<b>457,605</b>	<b>168,003</b>
<b>Operating Expenses</b>			
Administrative Expenses		121,086	55,138
Utilities		35,494	11,526
Operating and Maintenance Expenses		93,173	29,457
Taxes and Insurance		35,072	16,083
<b>Total Operating Expenses</b>		<b>284,825</b>	<b>112,204</b>
<b>Net Operating Income</b>		<b>172,780</b>	<b>55,799</b>
<b>Non-Operating Income (Expenses)</b>			
Interest Income		3,582	1,044
Interest Expense		(396,893)	(371,805)
Depreciation Expense		(581,972)	(337,181)
Amortization Expense		(5,263)	(3,070)
Lease-Up and Marketing Expenses		(1,083)	(4,508)
Asset Management Fee		(5,000)	(9,167)
Partnership Management Fee		(3,811)	(3,700)
Incentive Management Fee		-	(10,000)
Other Non-Operating Expense		(66,553)	-
<b>Total Non-Operating Income (Expenses)</b>		<b>(1,056,993)</b>	<b>(738,387)</b>
<b>Net Loss</b>		<b>\$ (884,213)</b>	<b>\$ (682,588)</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Statements of Changes in Partners' Capital

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

	Butte County Affordable Housing Development Corporation (0.0045%)	TPC Holdings IX, LLC (0.0045%)	Red Stone Equity - Fund 95, LP (99.99%)	Red Stone Equity Manager, LLC (0.001%)	Total (100.00%)
Capital Contributed	\$ -	\$ -	\$ 5,029,140	\$ -	\$ 5,029,140
Syndication Costs	-	-	(50,000)	-	(50,000)
Net income for the period	(30)	(31)	(682,520)	(7)	(682,588)
<b>Balance, December 31, 2023</b>	(30)	(31)	4,296,620	(7)	4,296,552
<b>Current Year Activity</b>					
Capital Contributed	-	-	1,980,563	-	1,980,563
Net loss for the period	(40)	(40)	(884,124)	(9)	(884,213)
<b>Balance, December 31, 2024</b>	\$ (70)	\$ (71)	\$ 5,393,059	\$ (16)	\$ 5,392,902

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Cash Receipts</b>		
Rental Receipts	\$ 397,840	\$ 167,208
Interest Receipts	3,582	1,044
Other Operating Receipts	1,694	613
Tenant Security Deposits	(300)	9,400
<b>Total Receipts</b>	<b>402,816</b>	<b>178,265</b>
<b>Disbursements</b>		
Administrative	(94,970)	(39,789)
Management Fee	(26,114)	(14,451)
Utilities	(35,494)	(11,526)
Operating and Maintenance	(93,173)	(29,457)
Real Estate Taxes	(1,430)	(543)
Property Insurance	(20,043)	(16,819)
Taxes and Insurance	(15,072)	(7,131)
Interest on Mortgage and Notes Payable	(309,365)	-
Pooled Transition Reserve	(66,553)	-
<b>Total Disbursements</b>	<b>(662,214)</b>	<b>(119,716)</b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>(259,398)</b>	<b>58,549</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Purchase of Fixed Assets	(49,562)	(13,759,501)
Payments of Tax Credit Fees	-	(78,950)
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b>(49,562)</b>	<b>(13,838,451)</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Borrowings (Payments) - Mortgages and Notes Payable	(8,704,474)	8,689,404
Principal Borrowings - Capital Funds Loan Payable	-	477,739
Principal Payments on Loans or Notes Payable	7,150,000	-
Capital Contributions	1,980,563	5,029,140
Payments of Marketing and Lease-Up Costs	(1,083)	(4,508)
Limited Partnership Due Diligence Fee	-	(50,000)
Payments of Construction Loan Interest	-	(339,561)
Payments of Debt Issuance Costs	(24,893)	(67,525)
Payments of MGP Fees	-	(10,000)
Principal Borrowings - PWB Loan	26,000	120,000
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>426,113</b>	<b>13,844,689</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>117,153</b>	<b>64,787</b>
Cash, cash equivalents, and restricted cash at beginning of year	64,787	-
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 181,940</b>	<b>\$ 64,787</b>

Cash, cash equivalents, and restricted cash consist of the following:

Cash and Cash Equivalents	\$ 45,869	\$ 48,105
Construction Cash Account	1,853	7,282
Tenant Security Deposits	8,900	9,400
Escrow Deposits	11,227	-
Replacement Reserve	12,334	-
Other Reserves	101,757	-
	<b>\$ 181,940</b>	<b>\$ 64,787</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

	2024	2023
<b>Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities</b>		
Net Loss	(884,213)	(682,588)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>		
Depreciation	581,972	337,181
Amortization	5,263	3,070
Amortization/Interest Debt Issuance Costs	4,284	2,188
Payments of Construction Loan Interest from Development	-	369,617
Payment of MGP Fees	-	10,000
Payment of Marketing and Lease-Up Costs	1,083	4,508
<b>(Increase) decrease in assets</b>		
Accounts Receivable, net	(58,046)	(207)
Prepaid Expenses	(1,473)	(8,410)
<b>Increase (decrease) in liabilities</b>		
Accounts Payable	2	898
Accrued Interest Payable	83,244	-
Security Deposits Liability	(300)	9,400
Prepaid Rent	(25)	25
Related Party Payables	8,811	12,867
<b>Net cash provided by (used by) operating activities</b>	<b>\$ (259,398)</b>	<b>\$ 58,549</b>

The accompanying notes are an integral part of these financial statements.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Gridley Senior Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on January 2, 2018. The General Partners are: Butte County Affordable Housing Development Corporation (0.0045%) and TPC Holdings IX, LLC (0.0045%). The Limited Partners are: Red Stone Equity - Fund 95, LP (99.99%) and Red Stone Equity Manager, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 37-unit multifamily rental housing project in Gridley, California known as Sunrise Village Senior Apartments. The project was purchased on June 1, 2023 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for December 31, 2024 was \$581,972 (2023 - \$ 337,181).

#### e. 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 their carrying amounts, 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 year ended December 31, 2024.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$78,950 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$8,333 and \$3,070 as of December 31, 2024 and 2023, respectively.

#### g. Debt Issuance Costs

Unamortized debt issuance costs of \$85,946 and \$65,337 at December 31, 2024 and 2023 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$4,284 and \$2,188 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 2. Significant Accounting Policies

#### h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under a Section 8 voucher. The partnership believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

#### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ending 2024 and 2023, advertising and marketing costs totaled \$3,899 and \$2,447, respectively.

#### j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

#### k. Economic Concentrations and Contingencies

The partnership operates on property located in Gridley, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

# **Gridley Senior Associates, LP**

## **Notes to the Financial Statements**

**For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023**

### **2. Significant Accounting Policies**

#### **l. Financial instruments**

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

#### **m. Concentrations of Credit Risk**

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 3. Related Party Transactions

#### a. Partner Fees

##### Asset Management Fee

The Partnership will pay an annual fee (the "Asset Management Fee") equal to \$5,000 to the Special Limited Partner or its affiliate, for an annual review of the operations of the Partnership and the Apartment Complex. The fee will be paid annually and will be cumulative to the extent not paid in full in any year. During December 31, 2024 and 2023, an asset management fee of \$5,000 and \$9,167, respectively, was incurred, of which \$14,167 and \$9,167 remained unpaid as of December 31, 2024 and 2023, respectively.

##### Partnership Management Fee

The Partnership will pay, from Net Cash Flow, an annual fee (the "Partnership Management Fee") equal to \$3,700 to the Managing General Partner. Such fee shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing on the first year the Managing General Partner obtains the property tax exemption for the Apartment Complex. Such fee shall increase annually by three percent (3%) of the Partnership Management Fee for the preceding year. During December 31, 2024 and 2023, a partnership management fee of \$3,811 and \$3,700, respectively, was incurred, of which \$7,511 and \$3,700 remained unpaid as of December 31, 2024 and 2023, respectively.

#### b. Developer Fee Payable

Pursuant to the Development Agreement dated March 1, 2022, the Partnership shall pay Pacific West Communities, Inc., an Idaho corporation ("PWC"), an affiliate of the Administrative General Partner, a development fee for certain services relating to the development of the Project and to oversee the development and construction of the Project, as further defined in the Development Agreement. The development fee shall be paid in an amount equal to \$1,832,802. Of the total Development fee, \$720 is anticipated to be deferred and paid out of Net Cash Flow but additional Development Fee may be deferred or paid pursuant to the terms of the Partnership Agreement and the Development Agreement depending on the availability of development funding sources for payment. As of December 31, 2024 and 2023, the Developer is owed \$1,832,803 and \$1,832,802.

The Deferred Development Fee shall bear interest at a rate of five percent (5%). Any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth year following the date upon which the entire Apartment Complex has been placed in service (ii) the date of liquidation of the Partnership. The Deferred Development fee shall be unsecured and a recourse liability. The Development Fee shall be deemed to have been earned as follows: (i) 20% before the date hereof for preconstruction development services; (ii) 20% upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) 60% upon placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage) of the 60% will be deemed earned as each building of the Apartment Complex is completed.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement. This priority of distributions per the partnership agreement has been superseded by the HCD regulatory agreement. This section is information only, to tie to the partnership agreement. See the Supplementary Section - Computation of Operating Cash Flow/Surplus Cash for actual priority distributions.

1. To the Limited Partners, pro rata in proportion to the Assumed Limited Partner Tax Liability of each such Partner, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;
2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner);
3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;
4. To replenish the Operating Reserve up to the Operating Reserve Floor;
5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;
6. To all amounts due under the Development Agreement have been paid in full, one hundred percent (100%) to the payment of such amounts;
7. To the pro rata payment of any outstanding Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;
8. Fifty percent (50%) to the pro rata payment of the HCD MHP Loan and the City of Gridley Loan;
9. Ninety percent (90%) to the payment of the Incentive Management Fee; and
10. To the Partners in accordance with their Percentage Interests; provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%) of Net Cash Flow.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 3. Related Party Transactions

#### d. Guarantees

##### Operating Deficit Guaranty

In the event that, at any time during the period beginning upon the later of: (i) the date that Stabilized Operations is achieved, or (ii) the date the conditions set forth in Section 8.09(a) of the Partnership Agreement are satisfied, and for five years thereafter, provided, however, that such period shall be extended until (A) the Apartment Complex is operating at a Debt Service Coverage Ratio of 1.15 to 1.0 for each of the last consecutive twelve (12) months of such period; (B) the balance of the Operating Reserve is, at the end of such period, not less than the Operating Reserve Floor; and (C) the HAP Contract or other rental subsidy contract as Consented to by the Special Limited Partner remains in effect and unmodified (the "Operating Deficit Guaranty Period"), an Operating Deficit shall exist, the Administrative General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s); provided, however, that the Administrative General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$372,074 (the "Maximum ODG Amount"). Funds provided after the achievement of Stabilized Operations shall be in the form of a loan to the Partnership (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of the Partnership Agreement; and (iv) shall be fully subordinated to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee. The General Partner shall be entitled to withdraw funds from the Operating Reserve subject to the Special Limited Partner's approval; provided, no withdrawals may be made from the Operating Reserve until the Administrative General Partner has funded Operating Deficit Loans up to the Maximum ODG Amount. In the event that the Administrative General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Partnership shall suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 14.01 of the Partnership Agreement until such obligation to fund the Operating Deficit Loan is met by the Administrative General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 14.01 of the Partnership Agreement and the Development Agreement, and the Administrative General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) of the Partnership Agreement sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of the Section 8.09(b) of the Partnership Agreement, all expenses shall be paid on a sixty (60) day current basis. Notwithstanding anything herein to the contrary, the General Partner shall be obligated to fund any Operating Deficit resulting from the loss or reduction of HAP Contract payments through expiration of the Compliance Period.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$18,500 per year starting on the commencement date.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 3. Related Party Transactions

#### e. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 1,832,803	\$ 1,832,802
Asset Management Fee Payable	14,167	9,167
Partnership Management Fee Payable	7,511	3,700
Loans Payable - General Partner(**)	146,000	120,000
Construction Contract Payable(*)	509,442	509,442
<b>Total Related Party Payables</b>	<b>\$ 2,509,923</b>	<b>\$ 2,475,111</b>

(\*) - The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on February 15, 2022 in the amount of \$11,511,874. Any modifications to the contract will require the approval of the Special Limited Partner. Construction costs due to PWB totaling \$509,442 and \$509,442 remained payable as of December 31, 2024 and 2023, respectively.

(\*\*) - Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$146,000 which have not been repaid as of December 31, 2024. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2024 and 2023, the balance of the loan was \$146,000 and \$120,000, respectively.

### 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of \$26,114 and \$14,451 were incurred at six percent (6%) of Gross Operating Revenues, or a minimum monthly fee of \$1,250 during 2024 and 2023, respectively, which fee is calculated with respect to the preceding calendar month and payable at the conclusion of the calendar month during which it was earned, beginning with the month after the month during which the Commencement Date occurs.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 300,000	\$ 300,000
Buildings	12,242,222	12,005,279
Land Improvements	2,101,327	2,101,327
Office Furniture and Equipment	1,728,253	1,728,253
<b>Total cost</b>	16,371,802	16,134,859
Accumulated Depreciation	(919,153)	(337,181)
<b>Total Rental Property, net</b>	<b>\$ 15,452,649</b>	<b>\$ 15,797,678</b>

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 6. Restricted Cash

#### a. Replacement Reserve

The regulatory agreement requires the establishment of a capital replacement reserve account. This account was transferred to the partnership at the closing and is held by Banner Bank. Contributions are to be made monthly in the amount of \$1,541.67 (\$18,500 annually). The deposits will be released to the partnership upon requests for capital replacements.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$8,900.

#### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. These escrow accounts were transferred to the partnership at the closing on April 2, 2024 and are being held by Banner Bank.

#### d. Operating Reserve

No later than the making of the Third Capital Contribution, the General Partner shall cause the Partnership to deposit the amount equal to \$98,248 (or such greater amount as may be required by the Project Lenders) into the Operating Reserve. The initial \$9,248 of the Operating Reserve shall be funded from Capital Contributions and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources upon Final Closing, the General Partner shall be required to fund the Operating Reserve. The Operating Reserve shall be replenished from Net Cash Flow, as set forth in Section 11.03(b) of the Partnership Agreement.

#### e. Restricted Account Activity

	Replacement Reserve	T & I Account	Other Reserves
Prior Year Activity			
Current Year Activity			
Deposits	\$ 12,333	\$ 11,196	\$ 98,248
Interest	1	16	3,509
Subtotal, Current Year Activity	12,334	11,212	101,757
Balance, End of Period	\$ 12,334	\$ 11,212	\$ 101,757

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
<b>Construction Loan Payable - Banner Bank</b>				
On March 23, 2022, the Partnership has entered into a construction loan agreement with Banner Bank, a Washington Corporation, in the amount of \$11,532,496. During the interim phase period the interest rate is the SOFR rate plus 1.90% (with a note rate floor of 2.90%). The SOFR rate is equal to the rate per annum quoted by CME Group Benchmark Administration Limited as the CME Term SOFR 1 Month, as quoted for U.S. Dollars by Bloomberg, or other comparable services selected by Lender. Construction period interest of \$283,834 was capitalized prior to the completion of the project. During the term period the interest rate is 4.75% per annum. The maturity date of the construction loan is October 1, 2023 with a optional six month extension option. Interest expense for the periods ended December 31, 2024 and 2023 totaled \$190,221 and \$369,617, respectively.	\$ -	\$ -	\$ 30,056	\$ 8,689,404
<b>Multifamily Housing Program Loan Payable - California Department of Housing and Community Development</b>				
On February 11, 2021 the Partnership entered into a loan agreement with the California Department Housing and Community Development in an amount of \$4,900,000. The initial term of the loan is at least fifty-five years, and will commence on the date of the recordation of the MGP Loan documents (March 1, 2024). The Loan shall bear simple interest and principal and accumulated interest is due and payable upon completion of the term of the Loan. Interest shall accrue from the date that funds are disbursed by the Department. For the first thirty years of the Loan term, payments in the amount of 0.42 percent (0.42%) of the outstanding principal loan balance shall be payable to the Department; such payments will commence on the last day of the Initial Operating Year and will continue on each anniversary date thereafter. Interest expense for the periods ending December 31, 2024 and 2023 totaled \$110,250 and \$0, respectively.	94,872	4,900,000	-	-

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
<b>Capital Funds Loan Payable - City of Gridley</b>				
On March 22, 2022 the Partnership entered into a loan agreement with the City of Gridley in the amount of \$477,739. The capital funds loan shall bear no interest. The maturity date on the loan is fifty-five years from the date the Certificate of Occupancy is issued for the Project. The loan does not bear interest. The payments on the outstanding principal and accrued interest shall equal the city prorated share of the Residual Receipts for the Fee Deferral Loan, 50% of Residual Receipts prorated between all soft loans. Interest expense for the periods ending December 31, 2024 and 2023 totaled \$0.	-	477,739	-	477,739
<b>Fee Deferral Loan Payable - City of Gridley</b>				
On March 22, 2022 the Partnership entered into a loan agreement with the City of Gridley in the amount of \$195,480. The capital funds loan shall bear no interest. The maturity date on the loan is fifty-five years from the date the Certificate of Occupancy is issued for the Project. The payments on the outstanding principal and accrued interest shall equal the city prorated share of the Residual Receipts for the Fee Deferral Loan, 50% of Residual Receipts prorated between all soft loans. Interest expense for the periods ending 2024 and 2023 totaled \$9,287 and \$0, respectively.	9,287	195,480	-	-
<b>Permanent Loan Payable - Banner Bank</b>				
On April 2, 2024, the Partnership converted from the construction loan to permanent loan with Banner Bank, a Washington Corporation, in the amount of \$2,250,000. The interest rate for the term loan is 4.75%. The loan has a 35 year amortization period and matures 17 years from when the loan converted. Interest expense for the periods ending December 31 2024 and 2023 totaled \$82,851 and \$0, respectively	9,141	2,234,930	-	-
<b>Long-Term Debt Interest and Principal</b>	113,300	7,808,149	30,056	9,167,143
Less: Unamortized Debt Issuance Costs	-	(85,946)	-	(65,337)
<b>Long-Term Debt, Net of Unamortized Debt Issuance Costs</b>	<b>\$ 113,300</b>	<b>\$ 7,722,203</b>	<b>\$ 30,056</b>	<b>\$ 9,101,806</b>

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 7. Long-Term Debt

#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 26,112
2026	27,398
2027	28,747
2028	29,868
2029	31,633
Subsequent	<u>7,664,391</u>
<b>Total</b>	<b><u><u>\$ 7,808,149</u></u></b>

### 8. 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 31, 2025 (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.

# Gridley Senior Associates, LP

## Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning March 1, 2022 and Ended December 31, 2023

### 9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$8,343,840 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$834,384 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 834,384
2026	834,384
2027	834,384
2028	834,384
2029	834,384
2030	834,384
2031	834,384
2032	834,384
2033	40,602
<b>Total</b>	<b>\$ 6,715,674</b>

### 10. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

### 11. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Gridley, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE CALIFORNIA  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND  
THE CALIFORNIA HOUSING FINANCE AGENCY (HCD/CALHFA),  
INCLUDING BREAKOUT OF “MISCELLANEOUS” ACCOUNT DETAILS**

# Gridley Senior Associates, LP

## Schedule of Operating Revenues and Expenses

For the Year Ended December 31, 2024

	<u>2024</u>
<b>REVENUES</b>	
<b>Rent Revenue</b>	
5120 Rent Revenue - Gross Potential	\$ 152,116
5121 Tenant Assistance Payments	314,523
5140 Rent Revenue - Stores and Commercial	-
5170 Garage and Parking Spaces	-
5180 Flexible Subsidy Revenue	-
<b>5100T Total Rent Revenue</b>	<u>466,639</u>
<b>Vacancies</b>	
5220 Vacancies - Apartments	(10,728)
5250 Vacancies - Rental Concessions	-
5290 Vacancies - Miscellaneous	-
<b>5200T Total Vacancies</b>	<u>(10,728)</u>
<b>5152N Net Rental Revenue (Rent Revenue Less Vacancies)</b>	<u>455,911</u>
<b>Financial Revenue</b>	
5410 Financial Revenue - Project Operations	3,582
5430 Revenue from Investments - Residual Receipts	-
5440 Revenue from Investments - Replacement Reserv	-
5490 Revenue from Investments - Miscellaneous	-
<b>5400T Total Financial Revenue</b>	<u>3,582</u>
<b>Other Revenue</b>	
5910 Laundry and Vending Revenue	456
5920 Tenant Charges	150
5990 Miscellaneous Revenue	1,088
<b>5900T Total Other Revenue</b>	<u>1,694</u>
<b>5000T Total Revenue</b>	<u>461,187</u>

# Gridley Senior Associates, LP

## Schedule of Operating Revenues and Expenses

For the Year Ended December 31, 2024

	<b>2024</b>
<b>EXPENSES</b>	
<b>Administrative Expenses</b>	
6203 Conventions and Meetings	-
6204 Management Consultants	-
6210 Advertising and Marketing	3,899
6250 Other Renting Expenses	290
6310 Office Salaries	-
6311 Office Expenses	11,551
6312 Office or Model Apartment Rent	-
6320 Management Fee	26,114
6330 Manager or Superintendent Salaries	39,466
6331 Administrative Rent Free Unit	10,836
6340 Legal Expense - Project	115
6350 Audit Expense	17,334
6351 Bookkeeping Fees/Accounting Services	-
6370 Bad Debts	-
6390 Miscellaneous Administrative Expenses	11,481
<b>6263T Total Administrative Expenses</b>	<b>121,086</b>
<b>Utilities</b>	
6450 Electricity	13,934
6451 Water	3,314
6452 Gas	1,718
6453 Sewer	16,528
<b>6400T Total Utilities Expense</b>	<b>35,494</b>

# Gridley Senior Associates, LP

## Schedule of Operating Revenues and Expenses

For the Year Ended December 31, 2024

	<b>2024</b>
<b>Operating and Maintenance Expenses</b>	
6510 Payroll	1,867
6515 Supplies	11,230
6520 Contracts	45,324
6521 Operating and Maintenance Rent Free Unit	-
6525 Garbage and Trash	8,577
6530 Security Payroll/Contract	-
6546 Heating/Cooling Repairs and Maintenance	-
6548 Snow Removal	-
6570 Vehicle and Maintenance Eq & Op Repairs	-
6580 Lease Expense	-
6590 Miscellaneous Operating and Maintenance Expen	4,175
<b>6500T Total Operating and Maintenance Expenses</b>	<b>71,173</b>
<b>Taxes and Insurance</b>	
6710 Real Estate Taxes	1,430
6711 Payroll Taxes	6,308
6720 Property & Liability Insurance (Hazard)	18,570
6721 Fidelity Bond Insurance	210
6722 Workemen's Compensation	2,631
6723 Health Insurance and Other Employee Benefits	4,173
6790 Miscellaneous Taxes, Licenses, Permits, & Ins	1,750
<b>6700T Total Taxes and Insurance</b>	<b>35,072</b>
<b>Total Operating Expenses</b>	<b>262,825</b>
<b>Financial Expenses</b>	
6820 Interest on First Mortgage	190,221
6825 Interest on Other Mortgages	114,534
6830 Interest on Notes Payable (Long Term)	-
6840 Interest on Notes Payable (Short Term)	9,287
6845 Interest on Capital Recovery Payment	82,851
6850 Mortgage Insurance Premium/Service Charge	-
6890 Miscellaneous Financial Expenses	66,553
<b>6800T Total Financial Expenses</b>	<b>463,446</b>

# Gridley Senior Associates, LP

## Schedule of Operating Revenues and Expenses

For the Year Ended December 31, 2024

	2024
<b>Supportive Services</b>	
6900 Nursing Homes/Assisted Living/Board & Care EI	22,000
<b>6800T Total Financial Expenses</b>	22,000
<b>6000T Total Cost of Operations before Depreciation</b>	748,271
<b>5060 Operating Profit (Loss)</b>	(287,084)
6600 Depreciation Expenses	(581,972)
6610 Amortization Expense	(5,263)
<b>5060N Operating Profit (Loss)</b>	(874,319)
<b>Net Entity Expenses</b>	
7191 Asset Management Fee	(5,000)
7192 Partnership Management Fee	(3,811)
7190 Other Expenses (Detail Required)	(1,083)
<b>7100T Total Net Entity Expenses</b>	(9,894)
<b>3250 Profit or Loss (Net Income or Loss)</b>	\$ (884,213)

# Gridley Senior Associates, LP

## Miscellaneous Details

For the Year Ended December 31, 2024

	2024
<b>5990 Miscellaneous Revenue</b>	
Cleaning and Damages Fees	\$ 1,088
<b>6390 Miscellaneous Administrative Expenses</b>	
Mileage	661
Training	3,829
Local Service	2,828
Cellular Phone	138
Internet Service	2,780
Bank Fees	1,039
Office Expenses	206
<b>Total</b>	<b>11,481</b>
<b>6590 Miscellaneous Operating and Maintenance</b>	
Resident Public Relations	318
Resident Services Program	22,000
Building Repairs	533
Lawn & Garden	1,121
Doors/Hardware	205
Clean in Unit	1,998
<b>Total</b>	<b>26,175</b>
<b>6790 Miscellaneous Taxes and Insurance</b>	
Licenses	59
State Minimum Taxes	1,691
<b>Total</b>	<b>1,750</b>
<b>6890 Miscellaneous Financial Expenses</b>	
Pooled Transition Reserve	66,553
<b>7190 Other Expenses (Detail Required)</b>	
Lease up/Marketing Expense	\$ 1,083

# Gridley Senior Associates, LP

## Cash on Hand and in Banks

For the Year Ended December 31, 2024

	<u>2024</u>
<b>Unrestricted Accounts</b>	
1120 Cash - Operations	\$ 45,869
1121 Construction Cash Account	<u>1,853</u>
<b>Total</b>	<u><u>47,722</u></u>
<b>Restricted Accounts</b>	
1191 Tenant/Patient Deposits Held in Trust	8,900
1310 Escrow Deposits	11,227
1320 Replacement Reserve	12,334
1330 Other Reserves	<u>101,757</u>
<b>Total</b>	<u><u>\$ 134,218</u></u>

Replacement reserves and operating reserves are maintained in designated and separate accounts. Tenant security deposits are maintained in a separate account and interest earned on these deposits is credited to a liability account to be refunded or applied for the benefit of tenants.

# Gridley Senior Associates, LP

## Mortgage Impound Accounts

For the Year Ended December 31, 2024

Details of the mortgage impound accounts follow:

	Hazard & Liability Insurance	Total
Monthly deposits:		
Six months at \$1,866	\$ 11,196	\$ 11,196
Interest earned	31	31
Balance, December 31, 2024	\$ 11,227	\$ 11,227

# Gridley Senior Associates, LP

## Schedule of Reserve for Replacements

For the Year Ended December 31, 2024

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacements of property or other reserve requirements with the approval of HCD as follows:

	<u>2024</u>
<b>Reserve for Replacements:</b>	
Total Monthly Deposits	\$ 12,333
Interest Earned	<u>1</u>
Balance, December 31, 2024	<u><u>\$ 12,334</u></u>

# Gridley Senior Associates, LP

## Operating Reserves

For the Year Ended December 31, 2024

See Note #6 Restricted Cash in the audited financial statements for description and further disclosure of operating reserve account details (i.e. deposits, withdrawals, interest earned)

	2024
Operating Reserve	<u>\$ 101,757</u>
Total Operating Reserve Accounts	<u><u>\$ 101,757</u></u>

# Gridley Senior Associates, LP

## Schedule of Fixed Assets

For the Year Ended December 31, 2024

Following are details of property, equipment and improvements, at cost:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Fixed Assets</b>				
1410 Land	\$ 300,000	\$ -	\$ -	\$ 300,000
1420 Buildings	12,005,279	236,943	-	12,242,222
1440 Building Equipment	2,101,327	-	-	2,101,327
1465 Office Furniture and Equipment	1,728,253	-	-	1,728,253
<b>1400T Total Fixed Assets</b>	<b>16,134,859</b>	<b>236,943</b>	<b>-</b>	<b>16,371,802</b>
1495 Accumulated Depreciation	(337,181)	(581,972)	-	(919,153)
<b>Net Book Value</b>				<b><u>\$ 15,452,649</u></b>

# Gridley Senior Associates, LP

## Accounts Payable and Accrued Expenses

For the Year Ended December 31, 2024

Accounts payables are payable to vendors and are being paid on a current basis. Detail Follows:

	2024
90 + days past due	\$ -
<b>Current (Less than 90 days past due):</b>	
2110 Accounts Payable - Operations	900
2111 Accounts Payable - Construction/Development	25,014
<b>Total Accounts Payable and Accrued Expenses</b>	<b>\$ 25,914</b>

# Gridley Senior Associates, LP

## Gross Potential Rents

For the Year Ended December 31, 2024

	2024
Tenant rental payments	\$ 141,388
Housing assistance payments	314,523
Employee quarters shown as expense	10,836
Vacancy loss and concessions	10,728
Total gross potential rents	<u>\$ 477,475</u>

# Gridley Senior Associates, LP

## Schedule of Management Fees

For the Year Ended December 31, 2024

See Note #4 in the audited financial statements for description and further disclosure of management fees details.

	2024
6320 Management Fee	\$ 26,114

# Gridley Senior Associates, LP

## Computation of Operating Cash Flow/Surplus Cash

For the Year Ended December 31, 2024

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the HCD method

	<u>2024</u>
<b>Operating Income</b>	
Total income	461,187
Interest earned on restricted reserve accounts	<u>(3,510)</u>
Operating Expenses	<u>(262,825)</u>
<b>Adjustment to Net Cash Flow</b>	<b>\$ 194,852</b>
<b>Agency Approved Withdrawals</b>	
<b>Mandatory debt service</b>	
Banner Bank Permanent Loan	(133,170)
HCD MHP Loan	(20,580)
Deposits into Replacement Reserve Account	(18,500)
Agency Approved Supportive Services	(22,000)
Pooled Transition Reserve	<u>(66,553)</u>
<b>Total Agency Approved Withdrawals</b>	<u>(260,803)</u>
<b>Net Cash Flow</b>	<u>(65,951)</u>



# Grigg, Bratton & Brash, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### **Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Partners  
Gridley Senior Associates, LP

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 Gridley Senior Associates, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2025.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gridley Senior Associates, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gridley Senior Associates, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Gridley Senior Associates, LP'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gridley Senior Associates, LP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not identify any 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.

Boise, ID  
March 31, 2025

**Gridley Senior Associates, LP**  
**HCD Project Number:**

**Certificate of Partners**  
**12/31/2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gridley Senior Associates, LP, HCD Project No. and, to the best of our knowledge and belief; the same are accurate and complete.

Signed:



Title:

Manager

Date:

03-25-2025

Signed:

Title:

Date:

Gridley Senior Associates, LP  
HCD Project Number:

Management Agent's Certification  
12/31/2024

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gridley Senior Associates, LP, HCD Project No. and, to the best of our knowledge and belief; the same are accurate and complete.

Management Company:

Cambridge

Signed:

[Signature]

Title:

Pres

Date:

3/24/25

Tax Identification Number:

84-4844580

Property Manager:

Chip Wagner

**Gridley Senior Associates, LP**

HCD Project Number:

Auditor's Comments on Audit Resolution

Matters Relating to CalHFA Programs

For the year ended December 31, 2024

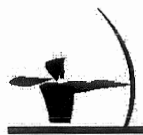
**Findings and Recommendations:**

There were no findings and recommendations reported in the December 31, 2024 financial statements.

**WALKER COMMONS, L.P.**  
**(A California Limited Partnership)**  
***COMPARATIVE FINANCIAL REPORT***  
**December 31, 2024 and 2023**

## **C O N T E N T S**

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Statements of partners' equity	6
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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, 2024 and 2023, 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, 2024 and 2023, 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.

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

### *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 & Copay, L.L.P.*

Stockton, California  
March 10, 2025

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

**BALANCE SHEETS**  
**December 31, 2024 and 2023**

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 230,939	\$ 321,163
Accounts receivable - tenant	2,050	--
Prepaid expenses	6,300	32,157
Total current assets	<u>239,289</u>	<u>353,320</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Tax and insurance impounds	58,479	33,587
Tenant security deposits	21,230	21,230
Reserve for replacements	677,622	560,514
	<u>757,331</u>	<u>615,331</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	600,000	600,000
Building and improvements	2,812,848	2,812,848
Furniture and equipment	85,555	85,555
	<u>3,498,403</u>	<u>3,498,403</u>
Less accumulated depreciation	<u>(2,032,069)</u>	<u>(1,954,316)</u>
	<u>1,466,334</u>	<u>1,544,087</u>
 Total assets	 <u><u>\$ 2,462,954</u></u>	 <u><u>\$ 2,512,738</u></u>

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

**BALANCE SHEETS (Cont.)**  
**December 31, 2024 and 2023**

<b>LIABILITIES AND PARTNERS' EQUITY</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 19,215	\$ 16,976
Deferred revenue	--	348
Accrued interest expense, current portion	--	12,760
Partnership fees payable	7,500	15,000
Total current liabilities	<u>26,715</u>	<u>45,084</u>
 <b>DEPOSIT LIABILITIES</b>		
Tenant security deposits	<u>19,490</u>	<u>18,770</u>
 <b>LONG-TERM LIABILITIES</b>		
Note payable - Redevelopment Agency of the City of Chico	464,491	500,000
Less unamortized debt issuance costs	<u>(1,026)</u>	<u>(1,556)</u>
	<u>463,465</u>	<u>498,444</u>
 Total liabilities	<u>509,670</u>	<u>562,298</u>
 <b>PARTNERS' EQUITY</b>	<u>1,953,284</u>	<u>1,950,440</u>
 Total liabilities and partners' equity	<u><u>\$ 2,462,954</u></u>	<u><u>\$ 2,512,738</u></u>

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

**STATEMENTS OF INCOME**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
<b>REVENUE</b>		
Tenant rental income	\$ 467,279	\$ 483,344
Tenant charges	695	1,480
Laundry	3,800	2,615
Rental Assistance - HUD	38,252	--
Interest income	8,073	3,754
Other income	1,108	--
Total revenue	<u>519,207</u>	<u>491,193</u>
<b>OPERATING AND MAINTENANCE EXPENSES</b>		
Repairs and maintenance	129,497	72,961
Wages and salaries	83,911	63,891
Utilities	33,044	35,610
Property management fees	35,616	33,600
Health insurance and other employee benefits	22,190	8,405
Services	9,107	6,142
Insurance	26,510	20,363
General and administrative	13,066	7,541
Payroll taxes and workers' compensation insurance	10,597	8,045
Professional fees	8,006	9,040
Other taxes and licenses	1,069	663
Total operating and maintenance expenses	<u>372,613</u>	<u>266,261</u>
Net operating income	<u>146,594</u>	<u>224,932</u>
<b>OTHER EXPENSES</b>		
Interest expense	15,000	15,000
Interest expense - debt issuance costs	530	530
Depreciation expense	77,753	75,203
Partnership fees	7,500	7,500
Total other expenses	<u>100,783</u>	<u>98,233</u>
Net income (loss)	<u>\$ 45,811</u>	<u>\$ 126,699</u>

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

**STATEMENTS OF PARTNERS' EQUITY**  
**Years Ended December 31, 2024 and 2023**

	<u>BCAHDC</u>	<u>HACB</u>	<u>Total</u>
Balance, December 31, 2022	\$ (42,139)	\$ 1,908,847	\$ 1,866,708
Partner distributions	(28,788)	(14,179)	(42,967)
Net income (loss)	<u>1,267</u>	<u>125,432</u>	<u>126,699</u>
Balance, December 31, 2023	(69,660)	2,020,100	1,950,440
Partner distributions	(28,788)	(14,179)	(42,967)
Net income (loss)	<u>458</u>	<u>45,353</u>	<u>45,811</u>
Balance, December 31, 2024	<u><u>\$ (97,990)</u></u>	<u><u>\$ 2,051,274</u></u>	<u><u>\$ 1,953,284</u></u>

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

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 45,811	\$ 126,699
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	77,753	75,203
Amortization of debt issuance costs	530	530
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	(2,050)	258
Prepaid expenses	25,857	(5,654)
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,239	13,233
Accrued interest payable	(12,760)	(20,642)
Tenant security deposits	720	(1,380)
Deferred revenue	(348)	348
Partnership fees payable	(7,500)	7,500
Net cash provided by (used in) operating activities	<u>130,252</u>	<u>196,095</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>--</u>	<u>(25,361)</u>
Net cash provided by (used in) investing activities	<u>--</u>	<u>(25,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments of long-term debt	(35,509)	--
Partners distributions	<u>(42,967)</u>	<u>(42,967)</u>
Net cash provided by (used in) financing activities	<u>(78,476)</u>	<u>(42,967)</u>
Increase (decrease) in cash and cash equivalents and restricted cash	51,776	127,767
Cash, cash equivalents and restricted cash		
Beginning	936,494	808,727
Ending	<u>\$ 988,270</u>	<u>\$ 936,494</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 27,760</u>	<u>\$ 35,642</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY</b>		
Cash and cash equivalents	\$ 230,939	\$ 321,163
Tax and insurance impounds	58,479	33,587
Reserve for replacements	677,622	560,514
Tenant security deposits	21,230	21,230
	<u>\$ 988,270</u>	<u>\$ 936,494</u>

**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, 2024 and 2023.

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 March 10, 2025, 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, 2024 and 2023, a partnership management fee of \$7,500 and \$15,000 was payable, respectively. For the years ending December 31, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
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, 2024 and 2023. At December 31, 2024 and 2023, accrued interest was \$0 and \$12,760, respectively.	\$ <u>464,491</u>	\$ <u>500,000</u>

As of December 31, 2024 and 2023, debt issuance costs, net of accumulated amortization of \$14,888 and \$14,358, 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.

# **Orland Family Associates, LP**

**(A California Limited Partnership)**

HCD Contract Number: 20-MHP-15762

## **Financial Statements and Independent Auditor's Report**

**For the Period Beginning March 4, 2020 and Ending December 31, 2024**

With accompanying information required by the California Department of Housing and Community Development

# Orland Family Associates, LP

December 31, 2024

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# Grigg, Bratton & Brash, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditors' Report

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To the Partners  
Orland Family Associates, LP

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Orland Family Associates, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and the related statements of income, changes in partners' capital, and cash flows for the period beginning March 4, 2020 and ending December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orland Family Associates, LP as of December 31, 2024, and the results of its operations and its cash flows for the period beginning March 4, 2020 and ending December 31, 2024 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) 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 Orland Family Associates, LP and to meet our 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 Orland Family Associates, LP's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

## Auditors' Responsibility 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 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, including omissions, 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 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 Orland Family Associates, 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 Orland Family Associates, 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 audit.

### Other Matters

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the *California Department of Housing and Community Development and California Housing Finance Agency (HCD/CalHFA)*, and is not a required part of the basic 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 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 27, 2025, on our consideration of Orland Family Associates, LP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orland Family Associates, LP's internal control over financial reporting and compliance.

GRIGG, BRATTON & BRASH

**Grigg, Bratton & Brash, P.C.**  
Certified Public Accountants

Boise, ID  
March 27, 2025

# Orland Family Associates, LP

## Balance Sheet

December 31, 2024

	<u>2024</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 122,754
Accounts Receivable, net	7,150
Prepaid Expenses	9,006
Related Party Receivables	28,286
Restricted Cash:	
Tenant Security Deposits	19,200
Escrow Deposits	24,800
Other Reserves	107,000
Rental Property, net	18,114,104
Other Assets	<u>40,733</u>
<b>Total Assets</b>	<u><u>\$ 18,473,033</u></u>
<b>Liabilities and Partners' Capital</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 8,876
Accrued Interest Payable	29,378
Security Deposits Liability	18,200
Prepaid Rent	5,761
Related Party Payables	428,345
Long-Term Debt, net	<u>9,523,381</u>
Total Liabilities	<u>10,013,941</u>
<b>Partners' Capital</b>	
Partners' Capital	<u>8,459,092</u>
<b>Total Liabilities and Partners' Capital</b>	<u><u>\$ 18,473,033</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Statement of Income

For the Period Beginning March 4, 2020 and Ending December 31, 2024

	2024
<b>Operating Revenue</b>	
Gross Rental Income	\$ 474,206
Less: Vacancy Loss	<u>(45,783)</u>
Net Rental Income	428,423
Miscellaneous Income	<u>2,285</u>
<b>Total Operating Revenue</b>	<u>430,708</u>
<b>Operating Expenses</b>	
Administrative Expenses	106,470
Utilities	45,929
Operating and Maintenance Expenses	40,586
Taxes and Insurance	<u>45,964</u>
<b>Total Operating Expenses</b>	<u>238,949</u>
<b>Net Operating Income</b>	<u>191,759</u>
<b>Non-Operating Income (Expenses)</b>	
Interest Income	1,800
Interest Expense	(400,126)
Depreciation Expense	(706,260)
Amortization Expense	(2,910)
Lease-Up and Marketing Expenses	(9,896)
Asset Management Fee	(12,500)
Partnership Management Fee	(5,400)
Incentive Management Fee	(10,000)
Other Non-Operating Expense	<u>(56,830)</u>
<b>Total Non-Operating Income (Expenses)</b>	<u>(1,202,122)</u>
<b>Net Loss</b>	<u><u>\$(1,010,363)</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Statement of Changes in Partners' Capital

For the Period Beginning March 4, 2020 and Ending December 31, 2024

	Butte County Affordable Housing (0.0045%)	TPC Holdings IX, LLC (0.0045%)	Red Stone Equity - 2022 CA Regional Fund (99.99%)	Red Stone Equity SLP (0.001%)	Total (100.00%)
<b>Current Year Activity</b>					
Capital Contributed	\$ -	\$ -	\$ 9,519,455	\$ -	\$ 9,519,455
Syndication Costs	-	-	(50,000)	-	(50,000)
Net loss for the period	(46)	(45)	(1,010,262)	(10)	(1,010,363)
<b>Balance, December 31, 2024</b>	<b>\$ (46)</b>	<b>\$ (45)</b>	<b>\$ 8,459,193</b>	<b>\$ (10)</b>	<b>\$ 8,459,092</b>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Statement of Cash Flows

For the Period Beginning March 4, 2020 and Ending December 31, 2024

	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
<b>Cash Receipts</b>	
S1200-010 Rental Receipts	\$ 445,234
S1200-020 Interest Receipts	1,800
S1200-030 Other Operating Receipts	<u>2,285</u>
<b>Total Receipts</b>	<b>449,319</b>
<b>Disbursements</b>	
S1200-070 Administrative	(75,854)
S1200-080 Management Fee	(29,740)
S1200-090 Utilities	(45,929)
S1200-110 Operating and Maintenance	(40,586)
S1200-140 Property Insurance	(42,505)
S1200-150 Taxes and Insurance	(12,465)
S1200-180 Interest on First Mortgage	(59,986)
S1200-170 Other Operating Expenses	(10,000)
S1200-220 Miscellaneous Financial	<u>(9,896)</u>
<b>Total Disbursements</b>	<b><u>(326,961)</u></b>
<b>NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b><u>122,358</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
S1200-330 Net Purchase of Fixed Assets	(18,401,919)
S1200-340 Other Investing Activities: TCAC Fees Paid	(43,643)
S1200-340 Other Investing Activities: Due from PWC, Inc.	<u>(28,286)</u>
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b><u>(18,473,848)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
S1200-365 Proceeds from Mortgages, Loans, or Notes Payable	22,139,053
S1200-360 Principal Payments - First Mortgage (or Bonds)	(12,283,766)
S1200-360 Principal Payments - First Mortgage (or Bonds)	(10,099)
S1200-430 Contributions	9,519,455
S1200-455 Debt Issuance Costs Paid	(323,392)
S1200-455 Construction Loan Interest Paid	(309,177)
S1200-455 Payment of Syndication Costs	(50,000)
S1200-455 Payment of Pooled Transition Fee	<u>(56,830)</u>
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b><u>18,625,244</u></b>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Statement of Cash Flows

For the Period Beginning March 4, 2020 and Ending December 31, 2024

	<u>2024</u>
<b>Net change in cash, cash equivalents, and restricted cash</b>	<u>273,754</u>
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<u><u>\$ 273,754</u></u>

Cash, cash equivalents, and restricted cash consist of the following:

Cash and Cash Equivalents	\$ 86,355
Construction Cash Account	36,399
Tenant Security Deposits	19,200
Escrow Deposits	24,800
Other Reserves	107,000
	<u><u>\$ 273,754</u></u>

### Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities

Net Loss	(1,010,363)
<b>Adjustments to reconcile net loss to net cash provided by (used by) operating activities</b>	
Depreciation	706,260
Amortization	2,910
S1200-486 Amortization of Debt Issuance Costs	1,585
S1200-600: Other adjustments to reconcile net profit (loss) to Net Cash Provided by (used in ) Operating Activities	309,177
S1200-600: Other adjustments to reconcile net profit (loss) to Net Cash Provided by (used in ) Operating Activities	56,830
<b>(Increase) decrease in assets</b>	
S1200-490 Decrease (Increase) Rent Receivable	(7,150)
S1200-520 Decrease (Increase) in Prepaid Expenses	(9,006)
<b>Increase (decrease) in liabilities</b>	
S1200-540 Increase (Decrease) in Accounts Payable and Accrued Expenses	876
S1200-560 Increase (decrease) in Accrued Liabilities	17,900
S1200-570 Increase (Decrease) in Accrued Interest Payable	29,378
S1200-580 Increase (Decrease) in Tenant Security Deposits held in trust	18,200
S1200-590 Increase (decrease) in Prepaid Revenue	5,761
<b>Net cash provided by (used by) operating activities</b>	<u><u>\$ 122,358</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 1. Organization

#### a. Partnership

The financial statements reflect the accounts of Orland Family Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on March 4, 2020. The General Partners are: TPC Holdings IX, LLC (0.0045%) and Butte County Affordable Housing, (0.0045%). The Limited Partners are: Red Stone Equity - 2022 CA Regional Fund LP (99.99%) and Red Stone Equity Partners, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 36-unit multifamily rental housing project in Orland, CA known as Woodward Family Apartments. The project was completed on December 28, 2023 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

### 2. Significant Accounting Policies

#### a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

#### b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 2. Significant Accounting Policies

#### d. Rental Property

Rental property is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for the period beginning March 4, 2020 and ending December 31, 2024 was \$706,260.

#### e. 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 their carrying amounts, 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 period beginning March 4, 2020 and ending December 31, 2024.

#### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$43,643 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$2,910 as of December 31, 2024.

#### g. Debt Issuance Costs

Unamortized debt issuance costs of \$321,807 at December 31, 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$1,585 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

#### h. Revenue recognition

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 2. Significant Accounting Policies

#### i. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

#### j. Economic dependence

The partnership operates on property located in Orland, CA. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

#### k. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

### 3. Related Party Transactions

#### a. Partner Fees

##### **Asset Management Fee**

The Partnership shall pay an annual Asset Management Fee equal to \$5,000 to the Special Limited Partner or its affiliate for an annual review of the operations of the Partnership and Apartment Complex. The fee shall begin accruing at initial closing (occurred in 2022) and be cumulative to the extent not paid in full in any year, commencing at stabilized operations.

##### **Partnership Management Fee**

The Partnership shall pay an annual Partnership Management Fee to the extent that there are funds available to equal to \$3,600 to the Managing General Partner. This fee begins on the date that the managing general partner secures property tax exemption for the property. The exemption was obtained for the fiscal year beginning July 1, 2023 and ending June 30, 2024. The fee is cumulative to the extent not paid in full in any year.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 3. Related Party Transactions

#### b. Developer Fee Payable

For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership shall pay the Developer a fee (the "Development Fee") in the aggregate amount of \$2,397,445 as follows: (i) \$1,641,944 is projected to be paid concurrently with the Third Capital Contribution and upon receipt of evidence that the sources and uses are "In Balance" in the discretion of the Special Limited Partner, (ii) \$150,000 is projected to be paid concurrently with the Fourth Capital Contribution, and (iii) thereafter in accordance with the remainder of this Section 3(a); provided, however, the amount payable subsequent to the Initial Closing is subject to adjustment (x) upward to the extent development sources set forth in the Partnership Agreement are sufficient to pay additional cash fee and (y) downward by an amount equal to the reductions in, or refunds of, the Limited Partner Capital Contribution pursuant to Section 5.03 of the Partnership Agreement and (ii) any cost overruns or other reductions in sources not resulting from the negligent or intentional act or omission of the General Partner. Notwithstanding the foregoing or anything elsewhere in this agreement or in the Partnership Agreement, any portion of the Development Fee for which the Partnership lacks sufficient sources to pay as cash Development Fee may be deferred by the Partnership pursuant to the terms of the Partnership Agreement. Developer shall have, subject to any limitations or restrictions set forth in the Partnership Agreement, the right to defer any additional Development Fee as is necessary to pay for cost overruns or other reductions in sources not resulting from the gross negligence or material breach by Developer. Subject to Section 5(b), the portion of the Development Fee not paid under the first sentence of this Section 3(a) (currently projected to be \$605,502) shall be paid to the Developer (the "Deferred Development Fee") solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Article 11 of the Partnership Agreement, but in no event later than the Maturity Date (as defined below). The Development Fee shall be the only amount payable to Developer for services performed pursuant to this Agreement. The Developer shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of Developer or for Developer's overhead.

The Deferred Development Fee shall bear interest at 5% per annum. Notwithstanding anything to the contrary contained in this Section 3, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth (15th) year following the date upon which the entire Apartment Complex has been placed in service (as defined in the Code) and (ii) the date of liquidation of the Partnership (the "Maturity Date"). The Deferred Development Fee shall be unsecured and a recourse liability. The Development Fee shall be deemed to have been earned as and when the services specified herein shall have been rendered, as follows: (i) Twenty percent (20%) before the date hereof for preconstruction development services; (ii) Twenty percent (20%) upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) Sixty percent (60%) upon the placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage) of the sixty percent (60%) will be deemed earned as each building of the Apartment Complex is completed.

As of December 31, 2024, a deferred development fee of \$410,455 was accrued. No interest has been accrued as all capital contributions have not yet been made.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 3. Related Party Transactions

#### c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the Limited Partners, pro rata in proportion to the Assumed Limited Partner Tax Liability of each such Partner, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;
2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner);
3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;
4. To replenish the Operating Reserve up to the Operating Reserve Floor;
5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;
6. To the payment of any amounts due under the Development Agreement;
7. To the pro rata payment of any outstanding Construction Completion Loans, Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;
8. Fifty percent to the payment of the HCD MHP Loan in accordance with the terms of the Project Loan documents.
9. Ninety percent (90%) to the payment of the Incentive Management Fee; and
10. To the Partners in accordance with their Percentage Interests; provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under this Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%) of Net Cash Flow.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 3. Related Party Transactions

#### d. Guarantees

On May 1, 2022, the Partnership and the Investor Limited Partner entered into a Guaranty Agreement with the Administrative General Partner, PWC & PWB, the Contractors, and Caleb Roope (collectively, the "Guarantors"). Guarantors irrevocably and unconditionally fully guarantee the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the General Partner of each and every obligation of the General Partner due under the Partnership Agreement, and the Purchase Option Agreement, if the Early Exit Option is exercised by the Grantee (each as defined therein); (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Red Stone in collection of the enforcement of this Guaranty Agreement against the Guarantors.

#### e. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expense amounted to \$33,499 for the period beginning May 4, 2020 and ending December 31, 2024. For the period beginning May 4, 2020 and ending December 31, 2024 payments to PWC for insurance amounted to \$42,505.

#### f. Related Party Payables

Amounts due from and due to related parties are as follows:

	<u>2024</u>
Due From Related Parties:	
Due from PWC, Inc. (*)	\$ 28,286

During the period ended December 31, 2024, partnership funds were used to pay for PWC's promotional materials. The partnership has recorded a receivable balance for these expenditures totaling \$28,286. The general partner has not specified a timeline for repayment. As of December 31, 2024 the outstanding receivable balance was \$28,286.

	<u>2024</u>
Due to Related Parties:	
Deferred Developer Fee Payable	\$ 410,445
Asset Management Fee Payable	12,500
Partnership Management Fee Payable	<u>5,400</u>
<b>Total Related Party Payables</b>	<b><u>\$ 428,345</u></b>

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 4. Property Management Fees

The property is managed by Buckingham Property Management who is not affiliated with the owners. Management Fees of \$29,740 were incurred at the greater of \$35 per unit per month or five (6%) of gross operating revenues for the period beginning March 4, 2020 and ending December 31, 2024.

### 5. Rental Property

Rental property consists of the following:

	<b>2024</b>
Land	\$ 405,000
Buildings	13,998,175
Land Improvements	1,708,264
Furniture and Fixtures	2,708,925
<b>Total cost</b>	18,820,364
Accumulated Depreciation	(706,260)
<b>Total Rental Property, net</b>	<b>\$ 18,114,104</b>

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 6. Restricted Cash

#### a. Replacement Reserve Account

The Department of Housing and Community Development Multifamily Housing Program Regulatory Agreement requires that the Partnership deposit funds into a segregated replacement reserve account. Annual deposits are to be made in the amount of \$500 per unit or \$18,000 annually. Any withdrawals made from the replacement reserve are required to be authorized by the Department of Housing and Community Development. The account was not funded in 2024 due to the HCD MHP Loan closing on November 22, 2024.

#### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$19,200.

#### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. The tax and insurance impound account is a reconciling item on the partnerships operating account bank reconciliation. The tax and insurance account is not currently in a segregated account.

#### d. Operating Reserve

The Department of Housing and Community Development Multifamily Housing Program Regulatory Agreement requires that the Partnership deposit funds into a segregated operating reserve account upon the closing of the HCD MHP Loan on November 22, 2024. The initial deposit amount from loan closing is \$107,000. Any withdrawals made from the operating reserve are required to be authorized by the Department of Housing and Community Development. The account was funded upon the closing of the HCD MHP Loan on November 22, 2024.

#### e. Restricted Account Activity

	<b>Tax &amp; Insurance Impound Account</b>	<b>Operating Reserve</b>	<b>Total</b>
<b>Current Year Activity</b>			
Deposits	\$ 24,800	\$ 107,000	\$131,800
Interest	-	-	-
Withdrawals	-	-	-
<b>Subtotal, Current Year Activity</b>	<b>24,800</b>	<b>107,000</b>	<b>131,800</b>
<b>Balance, December 31, 2024</b>	<b>\$ 24,800</b>	<b>\$ 107,000</b>	<b>\$131,800</b>

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 7. Long-Term Debt

#### a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
<b>Construction Loan</b>		
The construction loan with Banc of California (formerly known as Pacific West Bank) closed on May 24, 2022 in the amount of \$16,370,000, of which \$10,000,000 of the loan is a tax-exempt bond and \$6,370,000 of the loan is taxable. The total loan had an amortization term of 3 years, and a maturity date of May 24, 2025. The loan bears interest at 3.50%, for the taxable loan, and 3.75% for the taxable portion. The loan converted to its permanent phase on November 22, 2024 and the construction loan was paid off in full. Interest expense for 2024 totaled \$364,177.	\$ -	\$ -
<b>Permanent Loan - Banc of California</b>		
The Permanent Loan closed on November 22, 2024 in the amount of \$2,950,000 with the Banc of California. The loan bears interest at a rate of 3.75%. The maturity date of the loan is November 1, 2041, which is seventeen years from the date of loan closing. The loan has an amortization term of forty years with monthly payments of principal and interest due in the amount of \$11,942. Interest expense for 2024 totaled \$11,346.	9,502	2,939,901
<b>HCD MHP Loan</b>		
The HCD MHP Loan was closed on November 22, 2024 in the amount of \$6,905,287. The loan bears simple interest at a rate of three percent (3%). The maturity date of the loan is November 22, 2079, the 55th anniversary of the loan agreement. Annual payments of the loan are required to be made in the amount of \$29,002 or 0.42% of the unpaid principal balance. Payments on the loan are also to be paid from available net cash flow in accordance with the HCD Regulatory Agreement. Interest expense for 2024 totaled \$23,018.	19,876	6,905,287
<b>Long-Term Debt Interest and Principal</b>	29,378	9,845,188
Less: Unamortized Debt Issuance Costs	-	(321,807)
<b>Long-Term Debt, Net of Unamortized Debt Issuance Costs</b>	<u>\$ 29,378</u>	<u>\$ 9,523,381</u>

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 7. Long-Term Debt

#### b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 33,635
2026	34,918
2027	36,251
2028	37,634
2029	39,069
Subsequent	<u>9,663,681</u>
<b>Total</b>	<b><u><u>\$ 9,845,188</u></u></b>

### 8. 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 27, 2025 (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.

# Orland Family Associates, LP

## Notes to the Financial Statements

For the Period Beginning March 4, 2020 and Ending December 31, 2024

### 9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$9,575,980 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$846,284 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 957,598
2026	957,598
2027	957,598
2028	957,598
2029	957,598
2030	957,598
2031	957,598
2032	957,598
2033	957,598
2034	111,314
<b>Total</b>	<b>\$ 8,729,696</b>

### 10. State Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$1,830,000 in state tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$1,657,382 state tax credits will be utilized by the partners.

The expected availability of the remaining state tax credits in the future are estimated as follows:

2025	\$ 172,618
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### 11. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Orland, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

## Supplementary Information Required by HCD

# Orland Family Associates, LP

## Schedule of Operating Revenues and Expenses

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	<u>2024</u>
<b>REVENUES</b>	
<b>Rent Revenue</b>	
5120 Rent Revenue - Gross Potential	\$ 197,627
Tenant assistance payments	276,579
5140 Rent Revenue - Stores and Commercial	-
5170 Garage and Parking Spaces	-
5180 Flexible Subsidy Revenue	-
<b>5100T Total Rent Revenue</b>	<u>474,206</u>
<b>Vacancies</b>	
5220 Vacancies - Apartments	(45,783)
5250 Vacancies - Rental Concessions	-
5290 Vacancies - Miscellaneous	-
<b>5200T Total Vacancies</b>	<u>(45,783)</u>
<b>5152N Net Rental Revenue (Rent Revenue Less Vacancies)</b>	428,423
<b>Financial Revenue</b>	
5410 Financial Revenue - Project Operations	1,800
5430 Revenue from Investments - Residual Receipts	-
5440 Revenue from Investments - Replacement Reserve	-
5490 Revenue from Investments - Miscellaneous	-
<b>5400T Total Financial Revenue</b>	<u>1,800</u>
<b>Other Revenue</b>	
5910 Laundry and Vending Revenue	87
5920 Tenant Charges	2,198
<b>5900T Total Other Revenue</b>	<u>2,285</u>
<b>5000T Total Revenue</b>	<u>432,508</u>

# Orland Family Associates, LP

## Schedule of Operating Revenues and Expenses

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	2024
<b>EXPENSES</b>	
<b>Administrative Expenses</b>	
6203 Conventions and Meetings	-
6204 Management Consultants	-
6210 Advertising and Marketing	9,896
6250 Other Renting Expenses	2,164
6310 Office Salaries	44,336
6311 Office Expenses	5,459
6312 Office or Model Apartment Rent	-
6320 Management Fee	29,740
6330 Manager or Superintendent Salaries	-
6331 Administrative Rent Free Unit	14,290
6340 Legal Expense - Project	1,220
6350 Audit Expense	-
6351 Bookkeeping Fees/Accounting Services	-
6370 Bad Debts	-
6390 Miscellaneous Administrative Expenses	8,991
<b>6263T Total Administrative Expenses</b>	<b>116,096</b>
<b>Utilities</b>	
6450 Electricity	18,226
6451 Water	14,901
6452 Gas	-
6453 Sewer	12,802
<b>6400T Total Utilities Expense</b>	<b>45,929</b>

# Orland Family Associates, LP

## Schedule of Operating Revenues and Expenses

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	2024
<b>Operating and Maintenance Expenses</b>	
6510 Payroll	7,856
6515 Supplies	5,009
6520 Contracts	3,660
6521 Operating and Maintenance Rent Free Unit	-
6525 Garbage and Trash	12,360
6530 Security Payroll/Contract	5,955
6546 Heating/Cooling Repairs and Maintenance	-
6548 Snow Removal	-
6570 Vehicle and Maintenance Eq & Op Repairs	-
6580 Lease Expense	-
6590 Miscellaneous Operating and Maintenance Expense	6,016
<b>6500T Total Operating and Maintenance Expenses</b>	<b>40,856</b>
<b>Taxes and Insurance</b>	
6710 Real Estate Taxes	-
6711 Payroll Taxes	4,207
6720 Property & Liability Insurance (Hazard)	33,499
6721 Fidelity Bond Insurance	-
6722 Worker's Compensation	3,038
6723 Health Insurance and Other Employee Benefits	2,596
6790 Miscellaneous Taxes, Licenses, Permits, & Ins	1,190
<b>6700T Total Taxes and Insurance</b>	<b>44,530</b>
<b>Total Operating Expenses</b>	<b>247,411</b>
<b>Financial Expenses</b>	
6820 Interest on First Mortgage	364,177
6825 Interest on Other Mortgages	11,346
6830 Interest on Notes Payable (Long Term)	23,018
6840 Interest on Notes Payable (Short Term)	-
6845 Interest on Capital Recovery Payment	-
6850 Mortgage Insurance Premium/Service Charge	-
6890 Miscellaneous Financial Expenses	-
<b>6800T Total Financial Expenses</b>	<b>398,541</b>

# Orland Family Associates, LP

## Schedule of Operating Revenues and Expenses

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	2024
<b>6000T Total Cost of Operations before Depreciation</b>	<b>645,952</b>
<b>5060 Operating Profit (Loss)</b>	<b>(213,444)</b>
6600 Depreciation Expenses	(706,260)
6610 Amortization Expense	(4,495)
<b>5060N Operating Profit (Loss)</b>	<b>(924,199)</b>
<b>Net Entity Expenses</b>	
7190 Other Expenses (Detail Required)	(56,830)
7191 Asset Management Fee	(12,500)
7192 Partnership Management Fee	(6,834)
7193 Partnership Administration Fee	(10,000)
<b>7100T Total Net Entity Expenses</b>	<b>(86,164)</b>
<b>3250 Profit or Loss (Net Income or Loss)</b>	<b>\$ (1,010,363)</b>

# Orland Family Associates, LP

## Miscellaneous Details

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	2024
<b>6390 Miscellaneous Administrative Expenses</b>	
Postage	\$ 354
Training Expense	417
Telephone Services	1,709
Internet	1,875
Computer Expense	3,009
Copier Expense	1,533
Bank Charges	94
<b>Total</b>	<b>8,991</b>
<b>6590 Miscellaneous Operating and Maintenance</b>	
Exterminating	1,825
Furniture and Equipment	1,900
Maintenance Supplies	1,842
Long Term Improvements - Appliances	449
<b>Total</b>	<b>6,016</b>
<b>7190 Other Expenses</b>	
Transition Reserve Fee	\$ 56,830

# Orland Family Associates, LP

## Cash on Hand and in Banks

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	<u>2024</u>
<b>Unrestricted Accounts</b>	
1120 Cash - Operations	\$ 86,355
1121 Construction Cash Account	<u>36,399</u>
<b>Total</b>	<u>122,754</u>
<b>Restricted Accounts</b>	
1191 Tenant/Patient Deposits Held in Trust	19,200
1310 Escrow Deposits	24,800
1330 Other Reserves	<u>107,000</u>
<b>Total</b>	<u><u>\$ 151,000</u></u>

Replacement reserves and operating reserves are maintained in designated and separate accounts. Tenant security deposits are maintained in a separate account and interest earned on these deposits is credited to a liability account to be refunded or applied for the benefit of tenants. Interest earned during 2024 was \$0.

# Orland Family Associates, LP

## Schedule of Reserve for Replacements

For the Period Beginning May 4, 2020 and Ending December 31, 2024

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacements of property or other reserve requirements with the approval of the Department of HCD. As of December 31, 2024 the replacement reserve has not been funded.

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Schedule of Operating Reserves

For the Period Beginning May 4, 2020 and Ending December 31, 2024

See Note 6 restricted cash for further disclosures, description of accounts, and activity details (deposits, withdrawals, and interest earned).

	<u>2024</u>
<b>Operating Reserves:</b>	
Deposits	<u>\$ 107,000</u>
Balance, December 31, 2024	<u><u>\$ 107,000</u></u>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Operating Reserves

For the Period Beginning May 4, 2020 and Ending December 31, 2024

See Note #6 Restricted Cash in the audited financial statements for description and further disclosure of operating reserve account details (i.e. deposits, withdrawals, interest earned)

	2024
Operating Reserve	\$ 107,000

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Mortgage Impound Accounts

For the Period Beginning May 4, 2020 and Ending December 31, 2024

Details of the mortgage impound accounts follow:

	Hazard & Liability Insurance
Monthly deposits:	
Eight months at \$3,100	\$ 24,800
Balance, December 31, 2024	\$ 24,800

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Schedule of Fixed Assets

For the Period Beginning May 4, 2020 and Ending December 31, 2024

Following are details of property, equipment and improvements, at cost:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Fixed Assets</b>				
1410 Land	\$ -	\$ 405,000	\$ -	\$ 405,000
1420 Buildings	-	13,998,175	-	13,998,175
1440 Building Equipment	-	1,708,264	-	1,708,264
1450 Furniture for Project/Tenant Use	-	2,708,925	-	2,708,925
<b>1400T Total Fixed Assets</b>	-	18,820,364	-	18,820,364
1495 Accumulated Depreciation	-	(706,260)	-	(706,260)
<b>Net Book Value</b>				<b><u>\$ 18,114,104</u></b>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Schedule of Accounts Receivable

For the Period Beginning May 4, 2020 and Ending December 31, 2024

Accounts receivable consists of the following:

	2024
1130 Tenant Accounts Receivable	\$ 7,150
1145 Accounts and Notes Receivable - Entity	\$ 28,286

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Accounts Payable and Accrued Expenses

For the Period Beginning May 4, 2020 and Ending December 31, 2024

Accounts payables are payable to vendors and are being paid on a current basis. Detail Follows:

	2024
90 + days past due	\$ -
<b>Current (Less than 90 days past due):</b>	
2110 Accounts Payable - Operations	876
<b>Total Accounts Payable and Accrued Expenses</b>	<b>\$ 876</b>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Gross Potential Rents

For the Period Beginning May 4, 2020 and Ending December 31, 2024

	2024
Tenant Rent Payments	\$ 137,554
Tenant assistance payments	276,579
Employee quarters shown as expense	14,290
Vacancies - Apartments	45,783
<b>Total gross potential rents</b>	<b>\$ 474,206</b>

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Schedule of Management Fees

For the Period Beginning May 4, 2020 and Ending December 31, 2024

See Note #4 in the audited financial statements for description and further disclosure of management fees details.

	2024
6320 Management Fee	\$ 29,740

The accompanying notes are an integral part of these financial statements.

# Orland Family Associates, LP

## Computation of Operating Cash Flow/Surplus Cash

For the Period Beginning May 4, 2020 and Ending December 31, 2024

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the HCD method

	<u>2024</u>
<b>Operating Income</b>	
Total income	<u>432,508</u>
<b>Adjusted operating income</b>	<b>432,508</b>
Operating Expenses	<u>(247,411)</u>
<b>Adjusted net income</b>	<b>\$ 185,097</b>
<b>Other activity</b>	
<b>Mandatory debt service</b>	
Mandatory Debt service - Banc of California	(142,495)
Mandatory Debt service - HCD MHP	(29,002)
Deposits into Replacement Reserve Account	(13,600)
Deferred Developer Fee (2)	-
Asset management fee, partnership management fee (1)	-
<b>Total other activity</b>	<u>(185,097)</u>
<b>Total cash available for distributions (net cash flow)</b>	<u>-</u>

(1) - Per the regulatory agreement par.20(b)(7), to the extent cash flow is available, unpaid asset management, partnership management and similar fees may be accrued for a period not to exceed three project fiscal years following the year during which they are earned, up to the difference between the limit (per regulatory agreement limit is \$39,504 in 2024) for the year and the amount paid for that year.

(2) - Per the regulatory agreement par. 20(b)(6) to the extent cash flow is available, deferred developer fee is approved up to \$385,012, the limit provided by Exhibit C of the regulatory agreement.

The accompanying notes are an integral part of these financial statements.



# Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Partners  
Orland Family Associates, LP

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 Orland Family Associates, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2025.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Orland Family Associates, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orland Family Associates, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Orland Family Associates, LP'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orland Family Associates, LP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not identify any 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GRIGG, BRATTON & BRASH

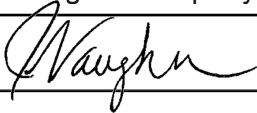
Grigg, Bratton & Brash, P.C.  
Certified Public Accountants

Boise, ID  
March 27, 2025

**Orland Family Associates, LP**  
**HCD Project Number: 20-MHP-15762**

**Management Agent's Certification**  
**12/31/2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Orland Family Associates, LP, HCD Project No. 20-MHP-15762 and, to the best of our knowledge and belief; the same are accurate and complete.

Management Company:	Buckingham Property Management
Signed:	
Title:	CFO
Date:	03/24/2025
Tax Identification Number:	94-2828492
Property Manager:	Buckingham Property Management

**Orland Family Associates, LP**  
**HCD Project Number: 20-MHP-15762**

**Certificate of Partners**  
**12/31/2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Orland Family Associates, LP, HCD Project No. 20-MHP-15762 and, to the best of our knowledge and belief; the same are accurate and complete.

Signed:  \_\_\_\_\_

Title: Manager

Date: 03-25-2025

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Orland Family Associates, LP**  
HCD Project Number: 20-MHP-15762

Auditor's Comments on Audit Resolution  
Matters Relating to HCD Programs  
For the year ended December 31, 2024

**Status of Prior Year Findings and Recommendations:**

There was no audited financial statement requirement in the prior year.

**Status of Current Year Findings and Recommendations:**

**Findings and Recommendations:**

<b>Finding No.</b>	2024-01
<b>Condition:</b>	We identified project funds that were used to pay for expenses of another entity affiliated with the general partner. The partnership has recorded a receivable from the administrative general partner to reimburse the partnership for these expenses.
<b>Criteria:</b>	The California Department of Housing and Community Development (HCD) enforces strict regulations on the use of its funds, particularly concerning loans to affiliates or partners. Under these guidelines, borrowers are prohibited from transferring HCD funds to affiliates or partners unless explicitly permitted by their specific program guidelines and loan agreements.
<b>Cause:</b>	The internal controls in place to ensure compliance with program regulations were circumvented or overridden by management or ownership.
<b>Effect:</b>	Since the transfer/payment was not authorized, the partnership has failed to comply with HCD program requirements.
<b>Recommendation:</b>	The partnership has recorded a receivable as of December 31, 2024 in the amount of the funds not yet returned. Our recommendation is to have the funds totaling \$28,286 returned to the partnership and to implement robust controls over the review and approval of disbursements. Furthermore, HCD approval should be obtained prior to transfer of funds to an affiliate or payments of other unauthorized uses of project funds.
<b>Response:</b>	As of the date of our audit report, ownership has begun the process to have the funds returned to the partnership.

May 8, 2025

**MEMO**

To: BCAHDC Board of Directors

From: Hope Stone, CFO  
Larry Guanzon, President

Subject: Agenda Item - CY 2024 1200 Park Ave Surplus Cash Flow - Distribution

The 1200 Park Ave 2024 Residuals Receipts from operations are \$140,993, 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 \$0. This amount allows for partnership distribution as follows:

Limited Partner (HACB)	99.98%	\$	0
Special Limited Partner (HACB)	0.01%	\$	0
General Partner (BCAHDC)	0.01%	\$	0
		\$	-

*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, 2024**  
**FINAL**

PROFIT or (LOSS) FROM OPERATIONS	\$ (403,606)
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	\$ 462,652
CASH FLOW FROM OPERATIONS	<u>\$ 59,046</u>
 SUBTRACT: TRANSFERS TO REPLACEMENT RESERVES (including interest)	 \$ (32,147)
SUBTRACT: CAPITAL IMPROVEMENTS AND OTHER ASSETS	\$ (29,604)
ADD: MGP FEES (Paid from Prior Year Cash Flow)	\$ 54,256
ADD: INCREASE TO ACCRUED FEES (Payable from Residual Receipts)	\$ 25,757
ADD: INCREASE TO ACCRUED INTEREST (Payable from Residual Receipts)	\$ 135,704
ADD: TRANSFERS FROM RESERVES	\$ -
ADD: interest-non restricted	\$ -
SUBTRACT: MORTGAGE LOAN PRINCIPAL PAYMENTS	<u>\$ (72,019)</u>
TOTAL CASH FLOW ADJUSTMENTS	<u>\$ 81,947</u>
NET CASH FLOW AVAILABLE FOR DISTRIBUTION	<u><u>\$ 140,993</u></u>

**1200 PARK AVENUE, L.P.**  
**(A California Limited Partnership)**  
**EXCESS CASH DISTRIBUTION CALCULATION - AS PER LP AGREEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**FINAL**

Excess Cash Flow		<u>\$ 140,993</u>
<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>	\$ 1,097,281.00
	<i>Other Income (Tenant Charges/Laundry/Interest)</i>	\$ 17,086.00 no interest
	<i>Vacancy Loss &amp; Concessions</i>	\$ (60,761.00)
	<i>Change in Prepaid Rent</i>	\$ (5,172.00)
	<i>Change in Accounts Receivable</i>	\$ -
	<i>Tenant Bad Debt (direct write-off/reversal)</i>	<u>\$ (7,525.00)</u>
	<i>Gross Effective Income</i>	<u>\$ 1,040,909.00</u>
	Remainder	<u>\$ 33,160</u>
viii	General Partners for Completion Loans (N/A)	\$ -
	Remainder	<u>\$ 33,160</u>
ix	50% of remaining cash to Guarantors, Operating Loans (N/A)	\$ -
	Remainder	<u>\$ 33,160</u>
x	HACB to pay HACB loan	<u>\$ (33,160)</u>
	Remainder	<u>\$ -</u>
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>	\$ 83,272.72
	Remainder	<u>\$ -</u>
	Limited Partner (HACB)	99.98% \$ -
	Special Limited Partner (HACB)	0.01% \$ -
	General Partner (BCAHDC)	0.01% \$ -
		<u>\$ -</u>

May 8, 2025

## MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO  
Larry Guanzon, President

Subject: Agenda Item - CY 2024 Walker Commons Surplus Cash Flow - Distribution

The Walker Commons 2024 Residuals Receipts from operations are \$127,898, see next page. This amount does not exceeds the \$142,967 maximum allowed for partnership distribution, as per the City of Chico Loan Agreement; therefore, the City will not receive any additional accrued interest payments. 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 current reserve balance is \$683,507. The proposed distribution amount is in line with past years.

2019	56,882	
2020	42,967	100K withheld
2021	68,127	
2022	42,967	100K withheld
2023	42,967	100K withheld
AVERAGE	50,782	
<b>2024</b>	<b>\$12,898</b>	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 2024 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, 2024**

PROFIT or (LOSS) FROM OPERATIONS	45,811.00	
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	78,283.00	
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>124,094.00</b>	
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	
<b>RESIDUAL RECEIPTS</b>	<b>127,898.00</b>	
ANNUAL INTEREST DUE TO CITY OF CHICO	-15,000.00	
<b>SUBTOTAL</b>	<b>112,898.00</b>	
AMOUNT OVER 8% OF CAP. INVEST. PER CITY LOAN AGREEMENT	0.00	goes to City
<b>SUBTOTAL</b>	<b>112,898.00</b>	
<b>PENDING BOARD APPROVAL TRANSFER TO RESERVES</b>	<b>-100,000.00</b>	
<b>TOTAL DISTRIBUTION</b>	<b>12,898.00</b>	

<b><u>PARTNER DISTRIBUTION DETAIL</u></b>	<b><u>SPLIT</u></b>
HACB - LIMITED PARTNER'S SHARE OF NET EXCESS CASH @ 33%	4,256.34
BCAHDC - GENERAL PARTNER'S SHARE OF NET EXCESS CASH @ 67%	8,641.66
<b>TOTAL PARTNER DISTRIBUTIONS</b>	<b><u>12,898.00</u></b>

		<u>book gain/loss</u>
HACB	99%	45,352.89
BCAHDC	1%	<u>458.11</u>
		45,811.00