

BANYARD MANAGEMENT
Board of Directors Meeting
2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

November 16, 2017
2:00 p.m.

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

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

NEXT RESOLUTION NO. 17-2B

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes of Meeting on August 17, 2017.
 - 3.2 Banyard Management – Financial Report
 - 3.3 Chico Commons – HACB Report/AWI Report
4. CORRESPONDENCE
5. REPORTS FROM PRESIDENT
 - 5.1 Chico Commons Budget – Adopt FY2018 Chico Commons budget.

Recommendation:

Resolution No. 17-2B

- 5.2 Chico Commons Audit Report – Accept FY2016 Audit Report.

| Recommendation: | Motion |
|-----------------|--------|
|-----------------|--------|

- ### 5.3 Chico Commons Apartments – No-smoking policy implementation.

| 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 – February 15, 2018.

- ### 13. ADJOURNMENT

BANYARD MANAGEMENT
Board of Directors Meeting
2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

August 17, 2017

President Mayer called the meeting of Banyard Management to order at 2:01 p.m.

1. ROLL CALL

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

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Banyard Management Budget – The FY2018 Banyard Management budget was presented for approval. The budget stays status quo; while it shows a negative cash flow, Banyard receives a cash distribution from Chico Commons LP (last year's cash distribution was \$12,960). Excess cash balance at the beginning of FY 2017 is estimated to be \$185,000. Chief Financial Officer Kemp acknowledged the odd budget; the balance sheet will change at year end, and there will be a year-end adjustment.

RESOLUTION NO 17-1B

Director Hamman moved that Resolution No. 16-3B be adopted by reading of title only: "APPROVAL OF BANYARD MANAGEMENT OPERATING BUDGET FOR F/Y 2018". Director Jones 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 – November 16, 2017.

13. ADJOURNMENT

Director Hamman moved that the meeting be adjourned. Director Hart seconded. The meeting was adjourned at 2:06 p.m.

Dated: August 17, 2017.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary

22 EV

BANYARD MANAGEMENT
BALANCE SHEET
September 30, 2017

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

Current Assets

| | |
|-----------------------------|----------------|
| Cash - Unrestricted | 199,616 |
| Total Current Assets | 199,616 |

Other Assets

| | |
|-----------------------------------|-----------------------------|
| | 2016 Gain \$473 |
| Investment in Chico Commons, L.P. | 355,454 |
| | 2016 Distribution -\$10,548 |
| Total Other Assets | 355,454 |

| | |
|---------------------|----------------|
| TOTAL ASSETS | 555,070 |
|---------------------|----------------|

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

Current Liabilities

| | |
|----------------------------------|------------|
| Accounts Payable | 924 |
| Accrued Liabilities - Other | 0 |
| Total Current Liabilities | 924 |

| | |
|--------------------------|------------|
| TOTAL LIABILITIES | 924 |
|--------------------------|------------|

Equity

| | |
|---------------------------|----------------|
| Prior Year Equity Balance | 562,204 |
| Retained Earnings | -8,058 |
| Total Equity | 554,146 |

| | |
|---------------------|----------------|
| TOTAL EQUITY | 554,146 |
|---------------------|----------------|

| | |
|-------------------------------------|----------------|
| TOTAL LIABILITIES AND EQUITY | 555,070 |
|-------------------------------------|----------------|

SL
BPA

BANYARD-GEN. FUND INCOME STATEMENT

September 30, 2017

YTD %
100.00

| | Month to Date | | | Year to Date | | | % used |
|----------------------------|---------------|---------------|--------------|---------------|----------------|---------------|---------------|
| | Actual | Budget | Remaining | Actual | Budget | Remaining | |
| REVENUES | | | | | | | |
| Partnership Income | 1,080 | 1,080 | 0 | 12,960 | 12,960 | 0 | 100.00 |
| Investment Income | 484 | 15 | 469 | 609 | 180 | 429 | 338.07 |
| TOTAL REVENUES | 1,564 | 1,095 | 469 | 13,569 | 13,140 | 429 | 103.26 |
| | | | | | | | |
| Audit Fee | 0 | 75 | -75 | 599 | 900 | -301 | 66.50 |
| Corporate Services | 925 | 1,250 | -326 | 8,023 | 15,000 | -6,977 | 53.49 |
| Consulting Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Legal Expenses | 0 | 125 | -125 | 0 | 1,500 | -1,500 | 0.00 |
| Misc. Administrative Costs | 0 | 42 | -42 | 25 | 500 | -475 | 5.00 |
| Outside Management Fees | 1,080 | 1,080 | 0 | 12,960 | 12,960 | 0 | 100.00 |
| Partnership Losses | 0 | 42 | -42 | 0 | 500 | -500 | 0.00 |
| Taxes and Fees | 0 | 2 | -2 | 20 | 20 | 0 | 100.00 |
| TOTAL EXPENSES | 2,005 | 2,615 | -610 | 21,627 | 31,380 | -9,753 | 68.92 |
| | | | | | | | |
| RETAINED EARNINGS | -441 | -1,520 | 1,079 | -8,058 | -18,240 | 10,182 | 44.18 |

MEMO

Date: November 9, 2017

To: Board of Directors, Banyard Management

From: Larry Guanzon, HACB Deputy Executive Director

Subject: Status Report – Chico Commons Apartments, Chico

Chico Commons Apartments, Chico (72 units, LIHTC, Family, MGP, Banyard Management, PM: AWI) –

The property currently as of the beginning of the month has six (6) vacancies; two (2) families were asked to leave for behavioral reasons. The vacancy level warrants attention, though past operations has shown that it is difficult to find households with low-enough qualifying incomes *and* no dis-qualifying characteristics.

Budgeting sees the next and last phase of siding replacements scheduled for 2018. Further capital work includes replacement of aging HVAC units, exterior painting of all buildings, landscape and ADA-related site accessibility improvements, and ultimately interiors.

The property is being transitioned to a no smoking property, with AWI property management leading the way. AWI operates the majority of their managed properties as non-smoking, and has experience converting multi-family properties from smoking to non-smoking.

Sh

CHICO COMMONS
BALANCE SHEET
September 30, 2017

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

Current Assets

| | |
|-----------------------------------|----------------|
| Cash - Unrestricted | 77,449 |
| Cash - Tenant Security Deposits | 39,584 |
| Cash- Restricted Reserves | 51,457 |
| Accounts Receivable - Misc. | 7 |
| Accounts Receivable - Tenants | 19,888 |
| Prepaid Expenses and Other Assets | 26,177 |
| Total Current Assets | 214,562 |

Fixed Assets

| | |
|---------------------------|------------------|
| Land | 607,476 |
| Buildings | 5,319,474 |
| Furniture and Equipment | 175,661 |
| Accumulated Depreciation | -3,253,993 |
| Total Fixed Assets | 2,848,618 |

Other Assets

| | |
|--|---------------|
| Organizational Fees, Net of Amortization | 82,627 |
| Total Other Assets | 82,627 |

TOTAL ASSETS 3,145,807

***** L I A B I L I T I E S A N D E Q U I T Y *****

Current Liabilities

| | |
|------------------------------------|----------------|
| Accounts Payable | 8,728 |
| Accrued Interest Payable - Current | 23,437 |
| Tenant Security Deposits | 37,865 |
| Prepaid Rent | 3,055 |
| Long Term Debt - Current | 133,713 |
| Accrued liabilities - Other | 1,020 |
| Total Current Liabilities | 207,818 |

Long-Term Liabilities

| | |
|--|----------------|
| Accrued Interest Payable - Net of Current | 147,911 |
| Long-Term Debt, Net of Current - Capital | 641,495 |
| Long-Term Debt, Net of Current - Operating | 0 |
| Total Long-Term Liabilities | 789,406 |

TOTAL LIABILITIES 997,224

Equity

| | |
|---------------------|------------------|
| Partner's Equity | 2,046,166 |
| Retained Earnings | 102,417 |
| Total Equity | 2,148,583 |

TOTAL EQUITY 2,148,583

TOTAL LIABILITIES AND EQUITY 3,145,807

2023

CHICO COMMONS INCOME STATEMENT

September 30, 2017

YTD %
75.00

| | Month to Date | | | Year to Date | | | % used |
|--|---------------|---------------|----------------|----------------|----------------|-----------------|---------------|
| | Actual | Budget | Remaining | Actual | Budget | Remaining | |
| Potential Dwelling Rent | 52,068 | 54,084 | -2,016 | 468,813 | 649,008 | -180,195 | 72.24 |
| Vacancy Loss | -3,624 | -2,704 | -920 | -22,990 | -32,450 | 9,460 | 70.85 |
| Rebates | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Manager's Unit - moved to expense line | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Net Dwelling Rent | 48,444 | 51,380 | -2,936 | 445,823 | 616,558 | -170,735 | 72.31 |
| Tenant Charges | 2,634 | 1,040 | 1,594 | 8,828 | 12,480 | -3,652 | 70.74 |
| Laundry Revenue | 0 | 833 | -833 | 6,334 | 10,000 | -3,666 | 63.34 |
| Miscellaneous Income | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Investment Income | 1 | 17 | -16 | 5 | 200 | -195 | 2.32 |
| TOTAL REVENUES | 51,079 | 53,270 | -2,191 | 460,990 | 639,238 | -178,248 | 72.12 |
| Advertising | 0 | 83 | -83 | 0 | 1,000 | -1,000 | 0.00 |
| Audit Fee | 381 | 381 | 0 | 3,426 | 4,568 | -1,142 | 75.00 |
| Credit & Collection Expense | 120 | 292 | -172 | 687 | 3,500 | -2,813 | 19.63 |
| Franchise Tax Board | -800 | 67 | -867 | 800 | 800 | 0 | 100.00 |
| Insurance-Liability/Property | 2,670 | 858 | 1,813 | 10,111 | 10,290 | -179 | 98.26 |
| Legal | 0 | 167 | -167 | 2,714 | 2,000 | 714 | 135.71 |
| Management Fees | 2,808 | 2,952 | -144 | 25,272 | 35,424 | -10,152 | 71.34 |
| Misc. Administrative Costs | 268 | 375 | -107 | 785 | 4,500 | -3,715 | 17.45 |
| Office Supplies | 230 | 150 | 80 | 3,839 | 1,800 | 2,039 | 213.29 |
| Partnership Expense | 1,080 | 1,080 | 0 | 9,720 | 12,960 | -3,240 | 75.00 |
| Property Taxes | 628 | 628 | 0 | 5,651 | 7,535 | -1,884 | 75.00 |
| Resident Activities | 0 | 300 | -300 | 139 | 3,600 | -3,461 | 3.86 |
| Telephone | 224 | 120 | 104 | 1,942 | 1,440 | 502 | 134.87 |
| Training & Travel | 0 | 100 | -100 | 1,836 | 1,200 | 636 | 152.96 |
| Total Admin Costs | 7,609 | 7,551 | 58 | 66,923 | 90,617 | -23,694 | 73.85 |
| Site Maintenance: Salary | 3,840 | 2,773 | 1,067 | 17,276 | 33,280 | -16,004 | 51.91 |
| Site Manager: Salary & Free Rent | 4,337 | 3,371 | 966 | 28,012 | 40,452 | -12,440 | 69.25 |
| Payroll Taxes & Benefits | 1,847 | 2,044 | -197 | 11,015 | 24,527 | -13,512 | 44.91 |
| Total Salary & Benefits | 10,024 | 8,188 | 1,836 | 56,304 | 98,259 | -41,955 | 57.30 |
| Electricity | 1,426 | 667 | 759 | 9,280 | 8,000 | 1,280 | 116.00 |
| Gas | 1,276 | 1,067 | 209 | 13,696 | 12,800 | 896 | 107.00 |
| Water & Sewer | 4,254 | 3,208 | 1,045 | 23,228 | 38,500 | -15,273 | 60.33 |
| Total Utilities | 6,955 | 4,942 | 2,014 | 46,204 | 59,300 | -13,096 | 77.92 |
| Landscape Maintenance | 1,083 | 1,513 | -429 | 11,838 | 18,150 | -6,312 | 65.22 |
| Maintenance Materials | 922 | 583 | 339 | 10,697 | 7,000 | 3,697 | 152.81 |
| Trash Removal | 960 | 400 | 560 | 4,906 | 4,800 | 106 | 102.21 |
| Other Maintenance Contracts | 507 | 2,917 | -2,409 | 6,306 | 35,000 | -28,694 | 18.02 |
| Unit Turnover Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Total Maintenance Costs | 3,473 | 5,413 | -1,939 | 33,747 | 64,950 | -31,203 | 51.96 |
| Capital Improvements (expensed) | 1,983 | 3,333 | -1,350 | 19,258 | 40,000 | -20,742 | 48.14 |
| Depreciation & Amortization | 11,163 | 11,292 | -128 | 100,471 | 135,500 | -35,029 | 74.15 |
| Interest Expense-City of Chico | 2,630 | 2,604 | 26 | 23,463 | 31,250 | -7,787 | 75.08 |
| Interest Expense-HACB | -13,888 | 1,854 | -15,742 | 9,506 | 22,252 | -12,746 | 42.72 |
| Tenant Bad Debt | 0 | 2,084 | -2,084 | 2,697 | 25,011 | -22,314 | 10.78 |
| Total Other Expenses | 1,888 | 21,168 | -19,280 | 155,395 | 254,013 | -98,618 | 61.18 |
| TOTAL EXPENSES | 29,950 | 47,262 | -17,312 | 358,573 | 567,139 | -208,566 | 63.22 |
| RETAINED EARNINGS | 21,129 | 6,008 | 15,121 | 102,417 | 72,099 | 30,318 | 142.05 |
| + Deprec & Amort | 11,163 | 11,292 | -128 | 100,471 | 135,500 | -35,029 | 74.15 |
| - Capital Improvements (capitalized) | 0 | 6,250 | -6,250 | 0 | 75,000 | -75,000 | 0.00 |
| - Debt Payments | -12,051 | -11,143 | -908 | -94,470 | -133,713 | 39,243 | 70.65 |
| - Transfer to/from Reserves | -2,500 | 3,750 | -6,250 | -22,500 | 45,000 | -67,500 | -50.00 |
| NET CASH FLOW | 17,742 | 3,657 | 14,085 | 85,918 | 43,886 | 42,032 | 195.77 |

Chico Commons

October 2017

Variance report sent explaining budget differences and expenses.

Updates:

Staff is diligently working to turn and lease units. Three evictions, an abandonment and the move out of a long time problem resident has presented heavy turns taking longer than usual to bring to a market ready status, including the installation of new lower cabinets and countertops in unit 25. The maintenance tech is installing these in house.

Currently, units 63 and 2 are market ready with applications close to an approval and move ins expected the week of November 13th.

Unit 25, pending cabinet / countertop, flooring and minor maintenance. All other maintenance items and cleaning complete.

Unit 35, undergoing treatment for an excessive flea infestation before maintenance can start on the unit turn.

Finding applicants that income qualify under the maximum limits for Butte County has been challenging. Last week two applicants denied as over income and another for providing fraudulent information. Generating flyers and placing ads on craigslist to generate new prospects.

Unit 13 was served a 3 day Notice of Termination for assaulting the resident in unit 11. The 16 year old household member that was involved in the assault continues to cause disturbances while the unlawful detainer process plays out. The attorney is acting as expeditiously as possible.

On a positive note, all households that had their PGE in the name of the community have transferred utilities into their own names and are making payments on the balances. Overall rent collection has improved and residents are beginning to pay their balances earlier in the month.

Fall gutter cleaning is scheduled for Monday November 13th.

2018 budget drafts have been finalized! ☺

Notices have gone out to all residents regarding the non-smoking implementation. Signage has been ordered and will be posted by the end of November.

Looking forward to 2018!



| Chico Commons For the Month Ended October 31, 2017 Statement of Income & Cash Flow | | | | | | |
|--|------------------------|---------------------|------------------------|----------------------|----------------------|-----------------------|
| | Current Activity | Current Budget | Current Variance | YTD Activity | YTD Budget | YTD Variance |
| Rental Income | | | | | | |
| Gross Rents | \$ 52,016.00 | \$ 54,084.00 | \$ (2,068.00) | \$ 521,179.00 | \$ 540,840.00 | \$ (19,661.00) |
| Vacancies | (7,972.30) | (2,704.17) | (5,268.13) | (30,961.85) | (27,041.67) | (3,920.18) |
| Rent Adjustments | (128.00) | 0.00 | (128.00) | (478.38) | 0.00 | (478.38) |
| Manager's Unit | (771.00) | (771.00) | 0.00 | (7,710.00) | (7,710.00) | 0.00 |
| Total Tenant Rent | <u>\$ 43,144.70</u> | <u>\$ 50,608.83</u> | <u>\$ (7,464.13)</u> | <u>\$ 482,028.77</u> | <u>\$ 506,088.33</u> | <u>\$ (24,059.56)</u> |
| Other Project Income: | | | | | | |
| Laundry Income | \$ 0.00 | \$ 833.33 | \$ (833.33) | \$ 6,334.34 | \$ 8,333.33 | \$ (1,998.99) |
| Interest Income | 0.00 | 16.67 | (16.67) | 0.00 | 166.67 | (166.67) |
| Restricted Reserve Interest Income | .86 | 0.00 | .86 | 4.81 | 0.00 | 4.81 |
| Late Charges | 244.62 | 0.00 | 244.62 | 2,216.60 | 0.00 | 2,216.60 |
| Other Tenant Income | \$ 225.22 | \$ 1,040.00 | \$ (814.78) | \$ 6,654.87 | \$ 10,400.00 | \$ (3,745.13) |
| Miscellaneous Income | \$ 12.50 | \$ 0.00 | \$ 12.50 | \$ 438.73 | \$ 0.00 | \$ 438.73 |
| Other Project Income | <u>\$ 483.20</u> | <u>\$ 1,890.00</u> | <u>\$ (1,406.80)</u> | <u>\$ 15,649.35</u> | <u>\$ 18,900.00</u> | <u>\$ (3,250.65)</u> |
| Total Project Income | <u>\$ 43,627.90</u> | <u>\$ 52,498.83</u> | <u>\$ (8,870.93)</u> | <u>\$ 497,678.12</u> | <u>\$ 524,988.33</u> | <u>\$ (27,310.21)</u> |
| Project Expenses: | | | | | | |
| Maint. & Oper. Exp. (Fr Page 2) | \$ 8,208.06 | \$ 11,427.50 | \$ (3,219.44) | \$ 73,721.52 | \$ 114,275.00 | \$ (40,553.48) |
| Utilities (From Pg 2) | 6,916.56 | 5,341.68 | 1,574.88 | 58,236.07 | 53,416.68 | 4,819.39 |
| Administrative (From Pg 2) | 16,996.20 | 8,480.26 | 8,515.94 | 74,908.07 | 84,802.51 | (9,894.44) |
| Taxes & Insurance (From Pg 2) | 68.88 | 1,485.42 | (1,416.54) | 13,550.66 | 14,854.17 | (1,303.51) |
| Other Taxes & Insurance (Fr Page 2) | 1,470.59 | 2,180.58 | (709.99) | 13,754.07 | 21,805.83 | (8,051.76) |
| Other Project Expenses | 601.34 | 745.00 | (143.66) | 9,431.19 | 7,450.00 | 1,981.19 |
| Total O&M Expenses | <u>\$ 34,261.63</u> | <u>\$ 29,660.44</u> | <u>\$ 4,601.19</u> | <u>\$ 243,601.58</u> | <u>\$ 296,604.19</u> | <u>\$ (53,002.61)</u> |
| Mortgage & Owner's Expense | | | | | | |
| Mortgage Payment | \$ 146,710.30 | \$ 11,142.75 | \$ 135,567.55 | \$ 116,973.54 | \$ 111,427.50 | \$ 5,546.04 |
| Interest Expense - City of Chico | \$ 2,604.17 | \$ 2,604.17 | \$ 0.00 | \$ 26,041.69 | \$ 26,041.67 | \$.02 |
| Reporting / Partner Management F | 1,080.00 | 1,080.00 | 0.00 | 10,800.00 | 10,800.00 | 0.00 |
| Interest Expense - HACB | (16,688.98) | 1,854.33 | (18,543.31) | 0.00 | 18,543.33 | (18,543.33) |
| Transfer - Reserves | 2,500.00 | 2,500.00 | 0.00 | 25,000.00 | 25,000.00 | 0.00 |
| Total Mortgage & Owner's Exp. | <u>\$ 136,205.49</u> | <u>\$ 19,181.25</u> | <u>\$ 117,024.24</u> | <u>\$ 178,815.23</u> | <u>\$ 191,812.50</u> | <u>\$ (12,997.27)</u> |
| Total Project Expenses | <u>\$ 170,467.12</u> | <u>\$ 48,841.69</u> | <u>\$ 121,625.43</u> | <u>\$ 422,416.81</u> | <u>\$ 488,416.69</u> | <u>\$ (65,999.88)</u> |
| Net Profit (Loss) | <u>\$ (126,839.22)</u> | <u>\$ 3,657.14</u> | <u>\$ (130,496.36)</u> | <u>\$ 75,261.31</u> | <u>\$ 36,571.64</u> | <u>\$ 38,689.67</u> |

Chico Commons
For the Month Ended October 31, 2017
Statement of Income & Cash Flow

| | Current Activity | Current Budget | Current Variance | YTD Activity | YTD Budget | YTD Variance |
|----------------------------------|----------------------|--------------------|----------------------|---------------------|---------------------|---------------------|
| Other Cash Flow Items: | | | | | | |
| Reserve Transfers | \$ (.86) | \$ 0.00 | \$ (.86) | \$ (4,551.08) | \$ 0.00 | \$ (4,551.08) |
| Cash - Program Umpqua Bank | 0.00 | 0.00 | 0.00 | (35,917.15) | 0.00 | (35,917.15) |
| Other Cash Changes | (515.11) | 0.00 | (515.11) | (250.00) | 0.00 | (250.00) |
| Security-Comm 1st | 0.00 | 0.00 | 0.00 | (39,584.35) | 0.00 | (39,584.35) |
| Security Deposits Held | (2,179.00) | 0.00 | (2,179.00) | 35,163.55 | 0.00 | 35,163.55 |
| Authorized Reserve - Other | 0.00 | 0.00 | 0.00 | (153,558.75) | 0.00 | (153,558.75) |
| Authorized Reserve (Contra) | 0.00 | 0.00 | 0.00 | 153,558.75 | 0.00 | 153,558.75 |
| Tenant Receivables | 13,769.15 | 0.00 | 13,769.15 | (3,389.13) | 0.00 | (3,389.13) |
| Other Receivables | 1,238.17 | 0.00 | 1,238.17 | (14,846.54) | 0.00 | (14,846.54) |
| Depreciation | 0.00 | 0.00 | 0.00 | 3,405,160.53 | 0.00 | 3,405,160.53 |
| Fixed Assets | 0.00 | 0.00 | 0.00 | (6,436,876.36) | 0.00 | (6,436,876.36) |
| Accounts Payable - Trade | (7,415.85) | 0.00 | (7,415.85) | (11,684.41) | 0.00 | (11,684.41) |
| Accrued Interest - City of Chico | 2,604.17 | 0.00 | 2,604.17 | 26,041.69 | 0.00 | 26,041.69 |
| Accrued Interest - HACB | (16,688.98) | 0.00 | (16,688.98) | 0.00 | 0.00 | 0.00 |
| Accrued Property Taxes | (788.62) | 0.00 | (788.62) | 1,094.76 | 0.00 | 1,094.76 |
| Prepaid Rents | 0.00 | 0.00 | 0.00 | 3,055.50 | 0.00 | 3,055.50 |
| Other Notes Payable | 133,713.24 | 0.00 | 133,713.24 | 1,017,562.63 | 0.00 | 1,017,562.63 |
| Unclaimed Property | 223.10 | 0.00 | 223.10 | 451.20 | 0.00 | 451.20 |
| Partner's Equity | 0.00 | 0.00 | 0.00 | 2,067,054.30 | 0.00 | 2,067,054.30 |
| Total Other Cash Flow Items | \$ 123,959.41 | \$ 0.00 | \$ 123,959.41 | \$ 8,485.14 | \$ 0.00 | \$ 8,485.14 |
| Net Operating Cash Change | <u>\$ (2,879.81)</u> | <u>\$ 3,657.14</u> | <u>\$ (6,536.95)</u> | <u>\$ 83,746.45</u> | <u>\$ 36,571.64</u> | <u>\$ 47,174.81</u> |

| Cash Accounts | End Balance 1 Year Ago | Current Balance | Change |
|------------------------------------|---------------------------|--------------------|--------------|
| Operating-Comm 1st | \$ 0.00 | \$ 83,746.45 | \$ 83,746.45 |
| Cash - Program Umpqua Bank | 0.00 | 35,917.15 | 35,917.15 |
| Security-Comm 1st | 0.00 | 39,584.35 | 39,584.35 |
| Reserve- Comm 1st Bank | 0.00 | 25,003.56 | 25,003.56 |
| Cash - Restricted Reserves | 0.00 | 4,547.52 | 4,547.52 |
| Payables & Receivables: | | | |
| Accounts Payable - Trade | 0.00 | (11,684.41) | (11,684.41) |
| Rents Receivable - Current Tenants | 0.00 | 5,018.51 | 5,018.51 |
| Other Tenant Charges Receivable | 0.00 | 1,530.04 | 1,530.04 |
| Prepaid Rents | 0.00 | (3,055.50) | (3,055.50) |

| Current Activity | Current Budget | Current Variance | YTD Activity | YTD Budget | YTD Variance |
|---------------------|-------------------|---------------------|-----------------|---------------|-----------------|
|---------------------|-------------------|---------------------|-----------------|---------------|-----------------|

Chico Commons
For the Month Ended October 31, 2017
Statement of Income & Cash Flow

| | Current Activity | Current Budget | Current Variance | YTD Activity | YTD Budget | YTD Variance |
|-----------------------------------|---------------------|-------------------|---------------------|-----------------|---------------|-----------------|
| Maintenance & Operating Expenses: | | | | | | |
| Maintenance Payroll | \$ 2,560.00 | \$ 2,781.67 | \$ (221.67) | \$ 19,835.85 | \$ 27,816.67 | \$ (7,980.82) |
| Janitorial/Cleaning Supplies | 434.24 | 0.00 | 434.24 | 1,721.16 | 0.00 | 1,721.16 |
| Plumbing Repairs | 184.16 | 0.00 | 184.16 | 259.16 | 0.00 | 259.16 |
| Painting & Decorating | 73.06 | 0.00 | 73.06 | (791.41) | 0.00 | (791.41) |
| Repairs & Maintenance - Supply | 1,311.13 | 583.33 | 727.80 | 10,721.06 | 5,833.33 | 4,887.73 |
| Repairs & Maintenance - Contract | 300.00 | 2,916.67 | (2,616.67) | 5,654.87 | 29,166.67 | (23,511.80) |
| Grounds Maintenance | 795.00 | 1,512.50 | (717.50) | 7,648.22 | 15,125.00 | (7,476.78) |
| Pest Control Service | 1,900.00 | 0.00 | 1,900.00 | 6,885.00 | 0.00 | 6,885.00 |
| Fire/Alarm Services | 106.00 | 0.00 | 106.00 | 106.00 | 0.00 | 106.00 |
| Capital Improvements - Other | 0.00 | 3,333.33 | (3,333.33) | 945.53 | 33,333.33 | (32,387.80) |
| Capital Improvements - Flooring | 0.00 | 0.00 | 0.00 | 3,426.03 | 0.00 | 3,426.03 |
| Capital Improvements - Appliance | 521.65 | 0.00 | 521.65 | 5,209.82 | 0.00 | 5,209.82 |
| Capital Improvements - HVAC Repl | 0.00 | 0.00 | 0.00 | 5,623.62 | 0.00 | 5,623.62 |
| Carpet Cleaning | 0.00 | 0.00 | 0.00 | 350.00 | 0.00 | 350.00 |
| HVAC Repairs | 0.00 | 0.00 | 0.00 | 5,964.69 | 0.00 | 5,964.69 |
| Cable Service | 9.95 | 0.00 | 9.95 | 84.70 | 0.00 | 84.70 |
| Tenant Services | 12.87 | 300.00 | (287.13) | 77.22 | 3,000.00 | (2,922.78) |
| Total Maint. & Operating Exp. | \$ 8,208.06 | \$ 11,427.50 | \$ (3,219.44) | \$ 73,721.52 | \$ 114,275.00 | \$ (40,553.48) |
| Utilities: | | | | | | |
| Electricity | \$ 992.75 | \$ 666.67 | \$ 326.08 | \$ 10,272.91 | \$ 6,666.67 | \$ 3,606.24 |
| Water | 2,204.72 | 1,604.17 | 600.55 | 14,953.34 | 16,041.67 | (1,088.33) |
| Sewer | 1,654.56 | 1,604.17 | 50.39 | 12,133.44 | 16,041.67 | (3,908.23) |
| Heating Fuel/Other | 1,194.11 | 1,066.67 | 127.44 | 14,890.23 | 10,666.67 | 4,223.56 |
| Garbage & Trash Removal | 870.42 | 400.00 | 470.42 | 5,776.68 | 4,000.00 | 1,776.68 |
| Other Utilities | 0.00 | 0.00 | 0.00 | 209.47 | 0.00 | 209.47 |
| Total Utilities | \$ 6,916.56 | \$ 5,341.68 | \$ 1,574.88 | \$ 58,236.07 | \$ 53,416.68 | \$ 4,819.39 |
| Administrative: | | | | | | |
| Manager's Salary | \$ 2,320.00 | \$ 2,521.67 | \$ (201.67) | \$ 23,393.34 | \$ 25,216.67 | \$ (1,823.33) |
| Management Fees | 2,808.00 | 2,952.00 | (144.00) | 28,080.00 | 29,520.00 | (1,440.00) |
| Bad Debt Expense | 9,609.14 | 2,084.25 | 7,524.89 | 15,035.45 | 20,842.50 | (5,807.05) |
| Auditing | 380.67 | 380.67 | 0.00 | 3,806.70 | 3,806.67 | .03 |
| Legal | 1,850.00 | 166.67 | 1,683.33 | 4,564.19 | 1,666.67 | 2,897.52 |
| Other Administrative Expenses | 28.39 | 375.00 | (346.61) | 28.39 | 3,750.00 | (3,721.61) |
| Total Administrative Expense | \$ 16,996.20 | \$ 8,480.26 | \$ 8,515.94 | \$ 74,908.07 | \$ 84,802.51 | \$ (9,894.44) |
| Taxes & Insurance Reserve For: | | | | | | |
| Real Estate Taxes | \$ (788.62) | \$ 627.92 | \$ (1,416.54) | \$ 4,862.66 | \$ 6,279.17 | \$ (1,416.51) |
| Property Insurance | 857.50 | 857.50 | 0.00 | 8,688.00 | 8,575.00 | 113.00 |
| Total Taxes & Insurance Expense | \$ 68.88 | \$ 1,485.42 | \$ (1,416.54) | \$ 13,550.66 | \$ 14,854.17 | \$ (1,303.51) |

Chico Commons
For the Month Ended October 31, 2017
Statement of Income & Cash Flow

| | Current Activity | Current Budget | Current Variance | YTD Activity | YTD Budget | YTD Variance |
|-----------------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| Other Taxes & Insurance: | | | | | | |
| Payroll Taxes | \$ 360.68 | \$ 825.33 | \$ (464.65) | \$ 4,081.44 | \$ 8,253.33 | \$ (4,171.89) |
| Other Taxes, Fees & Permits | 0.00 | 66.67 | (66.67) | 800.00 | 666.67 | 133.33 |
| Bond Premiums | 0.00 | 0.00 | 0.00 | 468.00 | 0.00 | 468.00 |
| Worker's Compensation Insurance | 400.67 | 0.00 | 400.67 | 3,506.29 | 0.00 | 3,506.29 |
| Personnel Medical Insurance | 709.24 | 1,288.58 | (579.34) | 4,898.34 | 12,885.83 | (7,987.49) |
| Total Other Taxes & Insurance | <u>\$ 1,470.59</u> | <u>\$ 2,180.58</u> | <u>\$ (709.99)</u> | <u>\$ 13,754.07</u> | <u>\$ 21,805.83</u> | <u>\$ (8,051.76)</u> |
| Other Project Expenses | | | | | | |
| Telephone & Answering Service | \$ 152.96 | \$ 120.00 | \$ 32.96 | \$ 1,405.60 | \$ 1,200.00 | \$ 205.60 |
| Internet Service | 69.95 | 0.00 | 69.95 | 759.50 | 0.00 | 759.50 |
| Advertising | 0.00 | 83.33 | (83.33) | 30.00 | 833.33 | (803.33) |
| Office Supplies & Expense | 126.64 | 150.00 | (23.36) | 2,853.87 | 1,500.00 | 1,353.87 |
| Postage | 58.50 | 0.00 | 58.50 | 554.20 | 0.00 | 554.20 |
| Toner/Copier Expense | 50.29 | 0.00 | 50.29 | 1,088.28 | 0.00 | 1,088.28 |
| Office Furniture & Equipment Expe | 0.00 | 0.00 | 0.00 | 74.00 | 0.00 | 74.00 |
| Travel & Promotion | 0.00 | 100.00 | (100.00) | 1,338.72 | 1,000.00 | 338.72 |
| Training Expense | 0.00 | 0.00 | 0.00 | 496.84 | 0.00 | 496.84 |
| Credit Checking | 143.00 | 291.67 | (148.67) | 830.18 | 2,916.67 | (2,086.49) |
| Total Other Project Expenses | <u>\$ 601.34</u> | <u>\$ 745.00</u> | <u>\$ (143.66)</u> | <u>\$ 9,431.19</u> | <u>\$ 7,450.00</u> | <u>\$ 1,981.19</u> |
| Mortgage & Owner's Expense | | | | | | |
| Mortgage Payment | \$ 146,710.30 | \$ 11,142.75 | \$ 135,567.55 | \$ 116,973.54 | \$ 111,427.50 | \$ 5,546.04 |
| Interest Expense - City of Chico | \$ 2,604.17 | \$ 2,604.17 | \$ 0.00 | \$ 26,041.69 | \$ 26,041.67 | \$.02 |
| Reporting / Partner Management F | 1,080.00 | 1,080.00 | 0.00 | 10,800.00 | 10,800.00 | 0.00 |
| Interest Expense - HACB | (16,688.98) | 1,854.33 | (18,543.31) | 0.00 | 18,543.33 | (18,543.33) |
| Transfer - Reserves | 2,500.00 | 2,500.00 | 0.00 | 25,000.00 | 25,000.00 | 0.00 |
| Total Mortgage & Owner's Exp. | <u>\$ 136,205.49</u> | <u>\$ 19,181.25</u> | <u>\$ 117,024.24</u> | <u>\$ 178,815.23</u> | <u>\$ 191,812.50</u> | <u>\$ (12,997.27)</u> |
| Total Expenses | <u>\$ 170,467.12</u> | <u>\$ 48,841.69</u> | <u>\$ 121,625.43</u> | <u>\$ 422,416.81</u> | <u>\$ 488,416.69</u> | <u>\$ (65,999.88)</u> |
| Authorized Reserve - Other | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 153,558.75 | \$ 0.00 | \$ 153,558.75 |
| Authorized Reserve (Contra) | 0.00 | 0.00 | 0.00 | (153,558.75) | 0.00 | (153,558.75) |

November 9, 2017

M E M O

To: Banyard Management Board of Directors

From: Larry Guanzon, HACB Deputy Exec. Director 
Sue Kemp, Banyard Mgt CFO 

Subject: Chico Commons, LP Proposed 2018 Operating Budget

Attached please find the proposed Operating Budget for Chico Commons' calendar year 2018. The budget was created in coordination with AWI, the third party property manager.

AWI has been managing the property since February and is now more familiar with the cost to operate.

The goal is to replace the siding on the last two buildings that remain to be completed. No siding work was completed in 2017; therefore, a request may be made in February to deposit additional funds in Reserves to complete the siding in 2018. In 2018, asphalt repairs and restriping of the parking lots is proposed. Maintenance contracts are less and are offset by higher onsite Maintenance payroll.

The mortgage will be paid in full on September 1, 2018, freeing up an additional \$12,997 in cash flow each month going forward.

If you have any questions we will gladly answer them at the Board Meeting.

Recommend motion to approve Resolution No. 17-2B

CHICO COMMONS, LP
PROPOSED OPERATING BUDGET
January 1, 2018 to December 31, 2018

| | 2017 Approved Budget | 2017 Estimated Actuals | 2018 Proposed Budget | Change from 2017 to 2018 | Notes |
|---------------------------------|----------------------------|------------------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Potential Dwelling Rent | 649,008 | 625,083 | 645,824 | -3,184 | |
| Vacancy Loss | -32,450 | -30,653 | -32,291 | 159 | 5.0% |
| Manager's Unit (expensed) | 0 | 0 | 0 | 0 | \$9,252 |
| Net Dwelling Rent | 616,558 | 594,431 | 613,533 | -3,025 | |
| Tenant Charges | 12,480 | 11,770 | 10,000 | -2,480 | |
| Laundry Revenue | 10,000 | 8,446 | 11,000 | 1,000 | |
| Investment Income | 200 | 7 | 200 | 0 | |
| TOTAL REVENUES | 639,238 | 614,654 | 634,733 | -4,505 | |
| EXPENSES | | | | | |
| Advertising & Leasing Expenses | 1,000 | 0 | 650 | -350 | |
| Audit Fee | 4,568 | 4,518 | 4,568 | 0 | |
| Credit & Collection Expense | 3,500 | 916 | 1,200 | -2,300 | |
| Franchise Tax Board | 800 | 800 | 800 | 0 | |
| Insurance-Liability/Property | 10,290 | 13,482 | 14,177 | 3,887 | |
| Legal Fees | 2,000 | 3,619 | 3,000 | 1,000 | |
| Management Fees | 35,424 | 33,696 | 35,424 | 0 | |
| Misc. Admin. Costs | 4,500 | 1,047 | 279 | -4,221 | |
| Office Supplies | 1,800 | 5,119 | 3,650 | 1,850 | supplies, postage, copies |
| Partnership Fee | 12,960 | 12,960 | 12,960 | 0 | |
| Property Taxes | 7,535 | 7,535 | 3,350 | -4,185 | |
| Resident Activities | 3,600 | 185 | 500 | -3,100 | |
| Telephone & Internet | 1,440 | 2,590 | 2,340 | 900 | |
| Training & Travel | 1,200 | 2,447 | 1,700 | 500 | |
| Total Admin Costs | 90,617 | 88,914 | 84,598 | -6,019 | |
| Site Manager | 40,452 | 33,034 | 40,417 | -35 | includes free rent \$771/mo |
| Site Maintenance | 33,280 | 37,350 | 34,378 | 1,098 | |
| Payroll Taxes & Benefits | 24,527 | 14,687 | 30,204 | 5,677 | |
| Total Payroll | 98,259 | 85,072 | 104,999 | 6,740 | |
| Electricity | 8,000 | 12,374 | 12,400 | 4,400 | |
| Gas | 12,800 | 18,261 | 17,900 | 5,100 | |
| Water & Sewer | 38,500 | 30,970 | 37,755 | -745 | |
| Total Utilities | 59,300 | 61,605 | 68,055 | 8,755 | |
| Landscape Maintenance | 18,150 | 15,784 | 10,040 | -8,110 | |
| Maintenance Materials | 7,000 | 14,262 | 15,000 | 8,000 | |
| Other Maintenance Contracts | 35,000 | 6,542 | 22,089 | -12,911 | |
| Trash Removal | 4,800 | 8,408 | 10,445 | 5,645 | |
| Unit Turnover Maintenance | 0 | 0 | 920 | 920 | |
| Total Maintenance Costs | 64,950 | 44,996 | 58,494 | -6,456 | |
| Total Operating Expenses | 313,126 | 280,587 | 316,146 | 3,020 | |
| Net Operating Income | 326,113 | 334,067 | 318,587 | -7,525 | |
| Depreciation & Amortization | 135,500 | 140,756 | 141,305 | 5,805 | |
| Capital Improvements (expensed) | 40,000 | 25,677 | 39,800 | -200 | |
| Interest Expense-Chico RDA | 31,250 | 31,250 | 31,250 | 0 | |
| Interest Expense-HACB | 22,252 | 22,252 | 3,340 | -18,912 | Paid off 9/1/2018 |
| Tenant Bad Debt | 25,011 | 5,000 | 12,000 | -13,011 | |
| Total Other Expenses | 254,013 | 224,935 | 227,695 | -26,318 | |
| TOTAL EXPENSES | 567,139 | 505,522 | 543,841 | -23,298 | |
| RETAINED EARNINGS | 72,100 | 109,131 | 90,892 | 18,793 | |
| + Deprec & Amort | 135,500 | 140,756 | 141,305 | 5,805 | |
| + Transfer from Reserves | 75,000 | 0 | 75,000 | 0 | siding/paint |
| - Capital Improvements (Assets) | -75,000 | 0 | -135,000 | -60,000 | siding/paint & asphalt repairs |
| - Debt Payments | -133,713 | -133,713 | -113,633 | 20,080 | Paid off 9/1/2018 |
| - Transfer to Reserves | -30,000 | -30,000 | -30,000 | 0 | |
| NET CASH FLOW | 43,887 | 86,174 | 28,564 | -15,322 | |

BANYARD MANAGEMENT

RESOLUTION NO. 17-2B

APPROVAL OF THE OPERATING BUDGET FOR F/Y 2018
FOR CHICO COMMONS APARTMENTS, CHICO, CA

WHEREAS, Banyard Management approves its Operating Budget on an annual basis; and

WHEREAS, Banyard Management, as Managing General Partner of Chico Commons LP, itself owner of the Chico Commons Apartments, Chico, California, prepares the budget for Chico Commons Apartments in conjunction with costs projected by its Managing General Partner agent, Housing Authority of the County of Butte; and

WHEREAS, the Board of Directors of Banyard Management has reviewed the budget as proposed and found the budget to be in the best interest of the Chico Commons Apartments property and Banyard Management;

THEREFORE, BE IT RESOLVED by the Board of Directors of Banyard Management, acting as Managing General Partner of Chico Commons LP, the owner of Chico Commons Apartments, Chico, California, to hereby approve and adopt the Operating Budget for fiscal year 2018 for Chico Commons Apartments, Chico, California, such Operating Budget attached to and made a part of this Resolution No. 17-2B.

Dated: November 16, 2017.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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INDEPENDENT AUDITOR'S REPORT

To Partners of
Chico Commons, L.P.
Chico, California

Report on the Financial Statements

We have audited the accompanying financial statements of Chico Commons, L.P. (a California Limited Partnership), which comprise the balance sheets as of December 31, 2016 and December 31, 2015, and the related statements of operations, partners equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico Commons, L.P. as of December 31, 2016 and December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patel & Associates, LLP
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Anwar Hashmi", written in a cursive style.

Oakland, California
August 30, 2017

CHICO COMMONS, L.P.
(A California Limited Partnership)
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 152,512 | \$ 154,783 |
| Reserved cash (Note 5) | 68,292 | 184,392 |
| Prepaid expenses | 9,531 | 6,664 |
| Accounts receivable | <u>3,270</u> | <u>3,000</u> |
| Total current assets | <u>233,605</u> | <u>348,839</u> |
| Property and equipment- net (Note 2) | 2,945,095 | 2,933,499 |
| Other assets - net (Note 3) | <u>86,620</u> | <u>91,945</u> |
| Total assets | <u><u>\$ 3,265,320</u></u> | <u><u>\$ 3,374,283</u></u> |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 107,062 | \$ 73,829 |
| Tenancy security deposits | 39,335 | 41,810 |
| Accrued interest payable - current (Note 4) | 31,250 | 31,250 |
| Unearned rent | 3,056 | 2,574 |
| Current portion on long tem debt (Note 4) | <u>143,379</u> | <u>133,713</u> |
| Total current liabilities | 324,082 | 283,176 |
| Accrued interest payable, net of current portion (Note 4) | 147,885 | 147,885 |
| Long term debt, net of current portion (Note 4) | <u>726,299</u> | <u>869,678</u> |
| Total liabilities | <u>1,198,266</u> | <u>1,300,739</u> |
| Partners' equity | <u>2,067,054</u> | <u>2,073,544</u> |
| Total liabilities & partners' equity | <u><u>\$ 3,265,320</u></u> | <u><u>\$ 3,374,283</u></u> |

The accompanying notes are an integral part of these financial statements

CHICO COMMONS, L.P.
(A California Limited Partnership)
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|----------------------------|------------------|------------------|
| Revenue: | | |
| Rental income | \$ 595,820 | \$ 594,658 |
| Miscellaneous other income | 15,623 | 35,935 |
| Interest income | <u>120</u> | <u>194</u> |
| Total revenue | <u>611,563</u> | <u>630,787</u> |
| Expenses: | | |
| Administration | 82,360 | 83,029 |
| Tenant services | 168 | 485 |
| Utilities | 64,344 | 55,122 |
| Maintenance | 161,085 | 144,934 |
| Management | 30,598 | 37,084 |
| Franchise tax | 800 | 800 |
| Insurance | 10,738 | 8,782 |
| General expenses | 9,051 | 6,664 |
| Interest | 53,501 | 62,516 |
| Partnership fee | 12,960 | 12,960 |
| Bad debts | 1,357 | 9,974 |
| Amortization | 5,325 | 5,325 |
| Depreciation | <u>132,028</u> | <u>128,636</u> |
| Total expenses | <u>564,315</u> | <u>556,311</u> |
| Net income | <u>\$ 47,248</u> | <u>\$ 74,476</u> |

The accompanying notes are an integral part of these financial statements

CHICO COMMONS, L.P.
(A California Limited Partnership)
STATEMENT OF PARTNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>Banyard Management</u> | <u>Housing Authority of the County of Butte</u> | <u>Total</u> |
|----------------------------|-------------------------------|---|----------------------------|
| Balance, January 1, 2015 | \$ 404,605 | \$ 1,619,572 | \$ 2,024,177 |
| Net income | <u>745</u> | <u>73,731</u> | <u>74,476</u> |
| Distributions | <u>(12,680)</u> | <u>(12,429)</u> | <u>(25,109)</u> |
| Balance, December 31, 2015 | <u>392,670</u> | <u>1,680,874</u> | <u>2,073,544</u> |
| Net income | 472 | 46,776 | 47,248 |
| Distributions | <u>(27,138)</u> | <u>(26,600)</u> | <u>(53,738)</u> |
| Balance, December 31, 2016 | <u><u>\$ 366,004</u></u> | <u><u>\$ 1,701,050</u></u> | <u><u>\$ 2,067,054</u></u> |

The accompanying notes are an integral part of these financial statements

CHICO COMMONS, L.P.
(A California Limited Partnership)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 47,248 | \$ 74,476 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 137,353 | 133,961 |
| (Increase) in prepaid expenses | (2,867) | (103) |
| Decrease/(Increase) in reserved cash | 116,100 | 21,130 |
| Increase in accounts receivable | (270) | 321 |
| Increase/(Decrease) in accounts payable | 33,233 | 55,908 |
| (Decrease)/Increase in unearned rent | 482 | (465) |
| Decrease in other liabilities | <u>(2,475)</u> | <u>835</u> |
| Net cash provided by operating activities | <u>328,804</u> | <u>286,063</u> |
| Cash flows from financing activities: | | |
| Repayment of debt | <u>(133,713)</u> | <u>(124,699)</u> |
| Net cash used in financing activities | <u>(133,713)</u> | <u>(124,699)</u> |
| Cash flows from investing activities: | | |
| Acquisition of capital asset | (143,625) | (51,965) |
| Distributions | <u>(53,738)</u> | <u>(25,109)</u> |
| Net cash used in investing activities | <u>(197,363)</u> | <u>(77,074)</u> |
| Net increase in cash | (2,272) | 84,290 |
| Cash, beginning of the year | <u>154,783</u> | <u>70,493</u> |
| Cash, end of the year | <u>\$ 152,511</u> | <u>\$ 154,783</u> |
| Supplemental disclosures: | | |
| Interest paid | <u>\$ 53,501</u> | <u>\$ 62,516</u> |
| Income taxes paid | <u>\$ 800</u> | <u>\$ 800</u> |

The accompanying notes are an integral part of these financial statements

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chico Commons, L.P. (a California Limited Partnership) was formed in June 1991, to own, maintain and operate a 72-unit apartment complex. The complex is for persons of low and moderate income pursuant to the rules and regulations of Section 42 of the Internal Revenue Code. The project is located in Chico, California. The major activities of the partnership are governed by the partnership agreement.

Organization

The Partnership consists of a General Partner, Banyard Management with a 1% share, and one limited partner, Housing Authority of the County of Butte with a 99% share.

Method of Accounting

The partnership uses the accrual basis of accounting.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements. Partners are taxed individually on their shares of the partnership earnings. The net income or loss is allocated to the partners in accordance with the regulations of the partnership.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reserved Cash

The reserved cash is maintained in a FDIC insured money market account. The Partnership is required to make monthly deposits to the Replacement Reserve account held at Umpqua Bank. During 2016 and 2015 the Partnership made deposits of \$30,000 and \$30,000 respectively, and withdrawals of \$143,625 and \$51,965 respectively. The account earned interest that is not considered restricted therefore it was not added to the restricted cash balance. As of December 31, 2016 and 2015, the reserved cash balance was \$68,292 and \$184,392 respectively.

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2: PROPERTY AND EQUIPMENT

Fixed assets are recorded at cost. Depreciation is determined using the straight line method which is generally over a period of seven years for furniture, fixtures, and equipment to 40 years for buildings. Depreciation expense for the years ended December 31, 2016 and December 31, 2015 was \$128,636 and \$125,960 respectively.

Property and equipment consist of the following:

| | <u>2016</u> | <u>2015</u> |
|----------------------------|---------------------|---------------------|
| Land | \$ 607,476 | \$ 607,476 |
| Building | 5,319,474 | 5,175,849 |
| Furnishings | <u>175,661</u> | <u>175,661</u> |
| Total | 6,102,611 | 5,958,986 |
| Accumulated depreciation | <u>(3,157,516)</u> | <u>(3,025,487)</u> |
| Net property and equipment | <u>\$ 2,945,095</u> | <u>\$ 2,933,499</u> |

NOTE 3: OTHER ASSETS

Other assets consist of the following:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------|------------------|------------------|
| Tax credits - 15 years | \$ 85,600 | \$ 85,600 |
| Organization expenses - 5 years | 42,025 | 42,025 |
| Syndication costs- 40 years | 202,835 | 202,835 |
| Refinancing costs- 15 years | <u>3,805</u> | <u>3,805</u> |
| Total | 334,265 | 334,265 |
| Accumulated amortization | <u>(247,645)</u> | <u>(242,320)</u> |
| Net other assets | <u>\$ 86,620</u> | <u>\$ 91,945</u> |

Straight line amortization is used on all above assets. Amortization for the years ended December 31, 2016 and December 31, 2015 was \$5,325 and \$5,325 respectively.

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4: LONG-TERM DEBT

Long-term debt at December 31, 2016 consists of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Note payable to the Housing Authority of the County of Butte, secured by facilities, payable in monthly installments of \$12,997, including interest at 7%, balance due September 2018. | \$ 244,678 | \$ 378,391 |

Note payable to the City of Chico, acting as the successor agency to the Chico Redevelopment Agency, was granted to facilitate the development of property located at 2071 Amanda Way, Chico, CA as a low income housing project. This note is secured by a deed of trust on the developed property and matures after 55 years from the date upon which a certificate of occupancy is issued for the first building within the Housing Project. Interest accrued prior to January 1, 2000 was accumulated and shall be paid at the maturity date. Subsequent interest is accrued and paid annually at different rates defined in the note agreement. Effective from January 1, 2014 until the maturity date, interest is accrued and paid annually from residual receipts in the amount of \$31,250. The Partnership paid \$31,250 of interest during fiscal year 2016. At December 31, 2016, the accumulated accrued interest on the note was \$179,135.

| | | |
|--|-------------------|-------------------|
| | <u>625,000</u> | <u>625,000</u> |
| | 869,678 | 1,003,391 |
| Less: Current maturities included in current liabilities | <u>(143,379)</u> | <u>(133,713)</u> |
| | <u>\$ 726,299</u> | <u>\$ 869,678</u> |

The following are maturities of long-term debt for each of the next five years and thereafter:

| | |
|------------|-------------------|
| 2017 | 143,379 |
| 2018 | 101,299 |
| 2019 | - |
| 2020 | - |
| Thereafter | <u>625,000</u> |
| Total | <u>\$ 869,678</u> |

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5: RESERVED CASH

As part of the partnership agreement, the following cash reserves have been segregated:

| | 2016 | 2015 |
|---------------------------|------------------|-------------------|
| Replacement reserve | \$ 28,957 | \$ 142,582 |
| Security deposits reserve | <u>39,335</u> | <u>41,810</u> |
| | <u>\$ 68,292</u> | <u>\$ 184,392</u> |

NOTE 6: CITY OF CHICO, ACTING AS THE SUCCESSOR AGENCY TO THE CHICO REDEVELOPMENT AGENCY REGULATORY AGREEMENT

The agency made a loan to the partnership and a grant to the Housing Authority of the County of Butte, who later assigned the funds to Banyard Management as its capital contribution. In consideration for the grant and the loan, the partnership has entered into a regulatory agreement with the agency. This agreement sets forth certain covenants, conditions, and restrictions regarding the manner in which Chico Commons will hold and use the property and the Chico Commons Housing Project. Generally, Chico Commons agrees that for a 55-year period following the issuance of an unconditional certificate of occupancy, it will cause 71 units of the 72-unit project to be used and held as a residence for low-income tenants subject to various covenants and conditions.

NOTE 7: PARTNERSHIP DISTRIBUTIONS AND PROFITS AND LOSSES

Distribution of excess cash as defined in the partnership agreement is as follows:

From and after the close of the Citibank loan, the partnership shall distribute excess cash (as defined in the agreement) that is not otherwise subject to restrictions on distribution imposed by an authority at least once annually, no later than March 15th of the year following the year in which the excess cash arises, in the following manner:

- (i) First, to repay the Deferred Developer Loan in the amount sufficient to amortize the loan ratably over no longer than the Credit Period (10 years);
- (ii) Second, to repay any outstanding Operating Deficit Loan;
- (iii) 50% of any remaining excess cash, to the General Partner as an incentive management fee; and
- (iv) Thereafter, to the partners in proportion to their respective percentage interests.

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 7: PARTNERSHIP DISTRIBUTIONS AND PROFITS AND LOSSES-CONT'D

Allocations of profit and losses are as follows:

- (a) Except as provided elsewhere in the agreement, Profits for any year shall be allocated to the partners.
 - (i) First, to the extent of prior allocations of losses (other than Nonrecourse Deductions), in proportion to the amount of losses allocated to each partner; and
 - (ii) Thereafter, to the partners in proportion to their percentage interests.
- (b) Except as provided elsewhere in the agreement, losses for any year (including those losses attributable to Nonrecourse Deductions) shall be allocated to the Partners in proportion to their percentage interests.
- (c) Allocation of specific items shall in any event be in the manner necessary to assure compliance with Treasury Regulations Section 1.704-1(b).

NOTE 8: RELATED PARTY TRANSACTIONS

Fees paid or due to the Housing Authority of the County of Butte through Banyard Management are as follows:

| | 2016 | | 2015 | |
|-----------------|-----------|--------|-----------|--------|
| | Paid | Unpaid | Paid | Unpaid |
| Partnership fee | \$ 12,960 | \$ - | \$ 12,960 | \$ - |

Fees paid or due to the Housing Authority of the County of Butte.

| | 2016 | | 2015 | |
|----------------|-----------|--------|-----------|--------|
| | Paid | Unpaid | Paid | Unpaid |
| Management fee | \$ 30,598 | \$ - | \$ 37,084 | \$ - |

NOTE 9: SUBSEQUENT EVENTS

The management of Chico Commons, L.P. have reviewed the results of operations for the period of time from its year end December 31, 2016 through August 30, 2017, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

CHICO COMMONS, L.P.
(A California Limited Partnership)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

There were no findings reported in the current year.

CHICO COMMONS, L.P.
(A California Limited Partnership)
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

There were no findings reported in the prior year.

November 9, 2017

Memo

To: Banyard Management Board of Directors

From: Ed Mayer, President

Subject: Chico Commons Apts, Chico
No-smoking policy implementation

The Chico Commons Apartments, a 72-unit multi-family apartment property serving families, has been managed by third-party property manager AWI since the first of the year. AWI has proposed moving to a no-smoking policy at the property, having successfully implemented no-smoking policies at many of the residential properties for which it is responsible.

To date, the issue has been raised conceptually by Housing Authority management and discussed positively by the Board of Commissioners of the Housing Authority. The Housing Authority has itself committed to a no-smoking policy for its HUD Public Housing properties. The Butte County Department of Public Health stands by in support, with informational materials for residents, smoking cessation classes, and applicable site and building signage.

Housing Authority management recommends such policy implementation for the Chico Commons Apartments, based on health-related reasons for property residents and their guests, whether smokers or subject to second-hand smoke, and based on projected savings associated with maintenance and turnover of dwelling units in which smokers have been present.

Recommended: motion to direct AWI, property manager, to implement a no-smoking policy at the Chico Commons Apartments, Chico.