

**BANYARD MANAGEMENT
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

August 16, 2018
2:00 p.m.

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

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

NEXT RESOLUTION NO. 18-2B

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes for the meeting of May 17, 2018
 - 3.2 Banyard Management – Financial Report
 - 3.3 Chico Commons – HACB report
4. CORRESPONDENCE
5. REPORTS FROM PRESIDENT
 - 5.1 Banyard Management Budget – Adopt FY2019 Banyard budget.
Recommendation: Resolution No. 18-2B
 - 5.2 Chico Commons Audit – Accept FY2017 Audit Report.
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 – November 15, 2018

13. ADJOURNMENT

**BANYARD MANAGEMENT
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

May 17, 2018

Director Anderson called the meeting of Banyard Management to order at 4:20 p.m.

1. ROLL CALL

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

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

None.

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 – August 16, 2018.

13. ADJOURNMENT

Director Jones moved that the meeting be adjourned. Director Besser seconded. The meeting was adjourned at 4:25 p.m.

Dated: May 17, 2018.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary

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BANYARD MANAGEMENT
BALANCE SHEET
June 30, 2018

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

Current Assets

Cash - Unrestricted	191,976
Total Current Assets	<u>191,976</u>

Other Assets

Investment in Chico Commons, L.P.	356,317	<i>updated: \$862 2017 LP Profit</i>
Total Other Assets	<u>356,317</u>	

TOTAL ASSETS	<u><u>548,293</u></u>
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***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	714
Accrued Liabilities - Other	0
Total Current Liabilities	<u>714</u>

TOTAL LIABILITIES	<u><u>714</u></u>
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Equity

Prior Year Equity Balance	554,146
Retained Earnings	-6,567
Total Equity	<u>547,579</u>

TOTAL EQUITY	<u><u>547,579</u></u>
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TOTAL LIABILITIES AND EQUITY	<u><u>548,293</u></u>
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BANYARD-GEN. FUND INCOME STATEMENT

June 30, 2018

YTD %

75.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	1,080	1,080	0	10,582	12,960	-2,378	81.65
Investment Income	11	15	-4	103	180	-77	56.96
TOTAL REVENUES	1,091	1,095	-4	10,685	13,140	-2,455	81.32
Audit Fee	0	63	-63	0	750	-750	0.00
Corporate Services	714	1,250	-536	7,532	15,000	-7,468	50.21
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	0	0	0	0	0	0.00
Outside Management Fees	1,080	1,080	0	9,720	12,960	-3,240	75.00
Partnership Losses	0	42	-42	0	500	-500	0.00
Taxes and Fees	0	42	-42	0	500	-500	0.00
TOTAL EXPENSES	1,794	2,601	-807	17,252	31,210	-13,958	55.28
RETAINED EARNINGS	-703	-1,506	803	-6,567	-18,070	11,503	36.34

MEMO

Date: August 10, 2018

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) - As of the first of the month vacancy has increased from one (1) to three (3) vacancies. *Following this memo is AWI's detailed report on current status, with applications and prospective move-ins to occur by the end of August.* The next phase of exterior siding replacements has been scheduled for October of 2018; we anticipate there will be one additional phase of siding replacement in 2019 to finish all buildings at the property. Curb Appeal projects, tree trimming are occurring at the property as you can see by reviewing the AWI monthly narrative. Water-conserving landscape upgrades, and ADA-related site improvements are being planned.

8/1/2018

CHICO COMMONS
BALANCE SHEET
June 30, 2018

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

Current Assets

Cash - Unrestricted	12,847
Cash - Tenant Security Deposits	40,885
Cash- Restricted Reserves	74,040
Accounts Receivable - Misc.	0
Accounts Receivable - Tenants	13,035
Prepaid Expenses and Other Assets	3,295
Total Current Assets	144,102

Fixed Assets

Land	607,476
Buildings	5,319,474
Furniture and Equipment	175,661
Accumulated Depreciation	-3,369,476
Total Fixed Assets	2,733,135

Other Assets

Organizational Fees, Net of Amortization	78,677
Total Other Assets	78,677

TOTAL ASSETS	2,955,914
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***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	13,193
Accrued Interest Payable - Current	15,624
Tenant Security Deposits	40,885
Prepaid Rent	3,056
Long Term Debt - Current	26,205
Accrued liabilities - Other	2,742
Total Current Liabilities	101,705

Long-Term Liabilities

Accrued Interest Payable - Net of Current	147,911
Long-Term Debt, Net of Current - Capital	625,000
Long-Term Debt, Net of Current - Operating	0
Total Long-Term Liabilities	772,911

TOTAL LIABILITIES	874,616
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Equity

Partner's Equity	2,059,939
Retained Earnings	21,359
Total Equity	2,081,298

TOTAL EQUITY	2,081,298
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TOTAL LIABILITIES AND EQUITY	2,955,914
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CHICO COMMONS INCOME STATEMENT

June 30, 2018

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
Potential Dwelling Rent	53,979	53,819	160	323,028	645,824	-322,796	50.02
Vacancy Loss	-1,685	-2,691	1,006	-24,366	-32,291	7,925	75.46
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	52,294	51,128	1,166	298,663	613,533	-314,870	48.68
Tenant Charges	1,681	833	847	4,142	10,000	-5,858	41.42
Laundry Revenue	0	917	-917	4,125	11,000	-6,875	37.50
Miscellaneous Income	0	0	0	0	0	0	0.00
Investment Income	15	17	-2	74	200	-126	37.13
TOTAL REVENUES	53,989	52,894	1,095	307,004	634,733	-327,729	48.37
Advertising	0	54	-54	0	650	-650	0.00
Audit Fee	381	381	0	2,284	4,568	-2,284	50.00
Credit & Collection Expense	80	100	-20	625	1,200	-575	52.08
Franchise Tax Board	0	67	-67	800	800	0	100.00
Insurance-Liability/Property	3,622	1,181	2,441	7,195	14,177	-6,982	50.75
Legal	850	250	600	2,505	3,000	-495	83.50
Management Fees	2,808	2,952	-144	16,848	35,424	-18,576	47.56
Misc. Administrative Costs	259	23	236	520	279	241	186.48
Office Supplies	699	304	395	2,142	3,650	-1,508	58.69
Partnership Expense	1,080	1,080	0	6,480	12,960	-6,480	50.00
Property Taxes	274	279	-5	1,642	3,350	-1,708	49.02
Resident Activities	20	42	-22	154	500	-346	30.85
Telephone	217	195	22	1,472	2,340	-868	62.90
Training & Travel	60	142	-82	1,127	1,700	-573	66.27
Total Admin Costs	10,350	7,050	3,301	43,794	84,598	-40,804	51.77
Site Maintenance: Salary	1,972	2,865	-892	16,380	34,378	-17,998	47.65
Site Manager: Salary & Free Rent	3,605	3,368	237	19,759	40,417	-20,658	48.89
Payroll Taxes & Benefits	897	2,517	-1,620	8,020	30,204	-22,184	26.55
Total Salary & Benefits	6,474	8,750	-2,276	44,158	104,999	-60,841	42.06
Electricity	523	1,033	-510	3,525	12,400	-8,875	28.43
Gas	1,320	1,492	-172	9,264	17,900	-8,636	51.75
Water & Sewer	3,664	3,146	518	18,468	37,755	-19,287	48.92
Total Utilities	5,507	5,671	-164	31,257	68,055	-36,798	45.93
Landscape Maintenance	1,573	837	736	7,123	10,040	-2,917	70.95
Maintenance Materials	2,519	1,250	1,269	15,365	15,000	365	102.43
Trash Removal	1,200	870	330	6,263	10,445	-4,182	59.96
Other Maintenance Contracts	2,059	1,841	218	11,057	22,089	-11,032	50.06
Unit Turnover Maintenance	0	77	-77	0	920	-920	0.00
Total Maintenance Costs	7,351	4,875	2,477	39,808	58,494	-18,686	68.05
Capital Improvements (expensed)	11,054	3,317	7,737	31,876	39,800	-7,924	80.09
Depreciation & Amortization	17,453	11,775	5,678	73,270	141,305	-68,035	51.85
Interest Expense-City of Chico	2,604	2,604	0	15,625	31,250	-15,625	50.00
Interest Expense-HACB	299	278	21	2,889	3,340	-451	86.51
Tenant Bad Debt	1,817	1,000	817	2,967	12,000	-9,034	24.72
Total Other Expenses	33,227	18,975	14,252	126,627	227,695	-101,068	55.61
TOTAL EXPENSES	62,910	45,320	17,590	285,644	543,841	-258,197	52.52
RETAINED EARNINGS	-8,921	7,574	-16,495	21,359	90,892	-69,533	23.50
+ Deprec & Amort	17,453	11,775	5,678	73,270	141,305	-68,035	51.85
- Capital Improvements (capitalized)	0	11,250	-11,250	0	135,000	-135,000	0.00
- Debt Payments	-12,698	-9,469	-3,229	-75,093	-113,633	38,540	66.08
- Transfer to/from Reserves	-2,500	3,750	-6,250	-15,000	45,000	-60,000	-33.33
NET CASH FLOW	-6,666	2,380	-9,046	4,536	28,564	-24,028	15.88

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Chico Commons July 2018

Variance report sent explaining budget differences and expenses.

Updates:

There are currently three vacancies, with applications in process for all units. One approved applicant scheduled for move in on 8/20. A second applicant close to an approval, pending one paystub and a landlord verification.

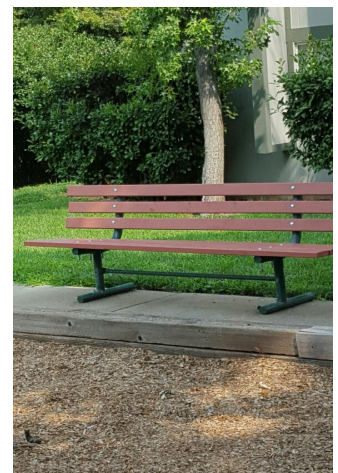
Tax Credit has scheduled a project inspection for September 13th. Staff has begun to complete pre inspections on units and double check tenant files in preparation for the audit. Two additional local maintenance techs are assisting with the inspections and follow up repairs.

The quarterly HVAC filter change was recently completed.

An order of playground bark is scheduled for delivery to replenish filler to required levels.

Staff continues curb appeal projects. The Property Manager and Maintenance Technician are working together on the most recent items which include repainting the monument signs and community benches. These small projects can make a big impact!

Fresh coat of paint!



Before and After!
5 benches received a
make-over .

(530) 745-6170 tel
(530) 745-6173 fax
www.awimc.com

AWI Management Corporation
PO Box 550
Auburn CA 95604



AWI Management Corporation is an Equal Opportunity provider and employer.

Chico Commons
For the Month Ended July 31, 2018
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 54,015.00	\$ 53,818.67	\$ 196.33	\$ 378,332.00	\$ 376,730.67	\$ 1,601.33
Vacancies	(264.00)	(2,690.92)	2,426.92	(24,629.84)	(18,836.42)	(5,793.42)
Rent Adjustments	(3,571.30)	0.00	(3,571.30)	(4,859.88)	0.00	(4,859.88)
Manager's Unit	(771.00)	(771.00)	0.00	(5,397.00)	(5,397.00)	0.00
Total Tenant Rent	\$ 49,408.70	\$ 50,356.75	\$ (948.05)	\$ 343,445.28	\$ 352,497.25	\$ (9,051.97)
Other Project Income:						
Laundry Income	\$ 1,729.70	\$ 916.67	\$ 813.03	\$ 5,855.03	\$ 6,416.67	\$ (561.64)
Restricted Reserve Interest Incom	14.87	0.00	14.87	89.12	0.00	89.12
Late Charges	286.22	166.67	119.55	1,830.15	1,166.67	663.48
Other Tenant Income	\$ 390.85	\$ 666.67	\$ (275.82)	\$ 2,872.11	\$ 4,666.67	\$ (1,794.56)
Miscellaneous Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 116.32	\$ 0.00	\$ 116.32
Other Project Income	\$ 2,421.64	\$ 1,750.01	\$ 671.63	\$ 10,762.73	\$ 12,250.01	\$ (1,487.28)
Total Project Income	\$ 51,830.34	\$ 52,106.76	\$ (276.42)	\$ 354,208.01	\$ 364,747.26	\$ (10,539.25)
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 11,838.82	\$ 15,185.59	\$ (3,346.77)	\$ 93,793.69	\$ 106,299.09	\$ (12,505.40)
Utilities (From Pg 2)	7,930.69	6,541.67	1,389.02	45,450.35	45,791.67	(341.32)
Administrative (From Pg 2)	6,880.17	7,188.08	(307.91)	46,715.38	50,316.58	(3,601.20)
Taxes & Insurance (From Pg 2)	1,372.02	1,460.59	(88.57)	9,724.12	10,224.09	(499.97)
Other Taxes & Insurance (Fr Page	1,004.65	2,623.84	(1,619.19)	10,309.30	18,366.84	(8,057.54)
Other Project Expenses	637.06	795.01	(157.95)	6,424.37	5,565.01	859.36
Total O&M Expenses	\$ 29,663.41	\$ 33,794.78	\$ (4,131.37)	\$ 212,417.21	\$ 236,563.28	\$ (24,146.07)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 12,997.06	\$ 9,747.75	\$ 3,249.31	\$ 90,979.42	\$ 68,234.25	\$ 22,745.17
Interest Expense - City of Chico	\$ 2,604.17	\$ 2,604.17	\$ 0.00	\$ 18,229.19	\$ 18,229.17	\$.02
Reporting / Partner Management F	1,080.00	1,080.00	0.00	7,560.00	7,560.00	0.00
Transfer - Reserves	2,500.00	2,500.00	0.00	17,500.00	17,500.00	0.00
Total Mortgage & Owner's Exp.	\$ 19,181.23	\$ 15,931.92	\$ 3,249.31	\$ 134,268.61	\$ 111,523.42	\$ 22,745.19
Total Project Expenses	\$ 48,844.64	\$ 49,726.70	\$ (882.06)	\$ 346,685.82	\$ 348,086.70	\$ (1,400.88)
Net Profit (Loss)	\$ 2,985.70	\$ 2,380.06	\$ 605.64	\$ 7,522.19	\$ 16,660.56	\$ (9,138.37)

Other Cash Flow Items:

BANYARD MANAGEMENT

RESOLUTION NO. 18-2B

APPROVAL OF BANYARD MANAGEMENT OPERATING BUDGET FOR F/Y 2019

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

WHEREAS, Banyard Management is Managing General Partner of Chico Commons LP, itself owner of the Chico Commons Apartments multi-family affordable housing property, Chico, California; and

WHEREAS, the Board of Directors of BCAHDC has reviewed the Operating Budget as proposed and determined the budget to be in the best interest of Banyard Management;

THEREFORE, BE IT RESOLVED by the Board of Directors of Banyard Management, Managing General Partner of Chico Commons LP, owner of the Chico Commons Apartments, Chico, California, to hereby approve and adopt the Banyard Management Operating Budget for fiscal year 2019, extending from October 1, 2018 through September 30, 2019, such Operating Budget attached to and made a part of this Resolution No. 18-2B.

Dated: August 16, 2018.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

BANYARD MANAGEMENT
PROPOSED OPERATING BUDGET
October 1, 2018 to September 30, 2019

	2019 Proposed Budget	2018 Approved Budget	2018 Estimated to FYE	2017 Audited Actuals	Variance 2018 Actual 2019 Budget	<u>Notes</u>
REVENUE						
Investment income	600	180	500	608	20.0%	bank acct interest/LP gains
Partnership Fees	12,960	12,960	12,960	12,960	0.0%	Chico Commons MGP Fee
TOTAL REVENUE	13,560	13,140	13,460	13,568	0.7%	
EXPENSES						
Audit Fee	630	750	600	599	5.0%	
Corporate Services	15,000	15,000	10,042	8,023	49.4%	budgeted up to contract max
Consulting Fees	0	0	0	0	0.0%	none planned
Legal Expenses	1,500	1,500	0	0	0.0%	placeholder
Misc. Admin. Expenses	500	500	0	25	0.0%	Misc.
Outside Management Fees	12,960	12,960	12,960	12,960	0.0%	HACB - MGP Services
Partnership Losses	500	500	0	0	0.0%	Chico Commons
Taxes and Fees	20	0	0	20	0.0%	CA filing fees (odd years)
TOTAL EXPENSES	31,110	31,210	23,602	21,627	31.8%	
NET INCOME	-17,550	-18,070	-10,142	-8,059	73.0%	
LP Distributions	10,000		35,000	10,549		Chico Commons excess cash
Net Cash Flow	-7,550		24,858	2,490		

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, 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

Patel & Associates, LLP

Oakland, California
June 25, 2018

CHICO COMMONS, L.P.
(A California Limited Partnership)
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 82,114	\$ 152,512
Reserved cash (Note 5)	98,550	68,292
Prepaid expenses	22,882	9,531
Accounts receivable	<u>6,294</u>	<u>3,270</u>
Total current assets	<u>209,840</u>	<u>233,605</u>
Property and equipment- net (Note 2)	2,803,788	2,945,095
Other assets - net (Note 3)	<u>81,295</u>	<u>86,620</u>
Total assets	<u><u>\$ 3,094,923</u></u>	<u><u>\$ 3,265,320</u></u>
 LIABILITIES AND PARTNERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,496	\$ 107,062
Tenancy security deposits	37,535	39,335
Accrued interest payable - current (Note 4)	31,250	31,250
Unearned rent	3,056	3,056
Current portion on long tem debt (Note 4)	<u>101,299</u>	<u>143,379</u>
Total current liabilities	189,636	324,082
Accrued interest payable, net of current portion (Note 4)	147,910	147,885
Long term debt, net of current portion (Note 4)	<u>625,000</u>	<u>726,299</u>
Total liabilities	<u>962,546</u>	<u>1,198,266</u>
Partners' equity	<u>2,132,377</u>	<u>2,067,054</u>
Total liabilities & partners' equity	<u><u>\$ 3,094,923</u></u>	<u><u>\$ 3,265,320</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Rental income	\$ 583,574	\$ 595,820
Miscellaneous other income	21,200	15,623
Interest income	<u>11</u>	<u>120</u>
Total revenue	<u>604,785</u>	<u>611,563</u>
Expenses:		
Administration	78,390	82,360
Tenant services	77	168
Utilities	47,478	64,344
Maintenance	108,209	161,085
Management	33,696	30,598
Franchise tax	800	800
Insurance	19,255	10,738
General expenses	11,441	9,051
Interest	44,329	53,501
Partnership fee	12,960	12,960
Bad debts	15,307	1,357
Amortization	5,325	5,325
Depreciation	<u>141,307</u>	<u>132,028</u>
Total expenses	<u>518,574</u>	<u>564,315</u>
Net income	<u>\$ 86,211</u>	<u>\$ 47,248</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, 2017 AND 2016

	Banyard Management	Housing Authority of the County of Butte	Total
Balance, January 1, 2016	\$ 392,670	\$ 1,680,874	\$ 2,073,544
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>366,004</u>	<u>1,701,050</u>	<u>2,067,054</u>
Net income	862	85,349	86,211
Distributions	<u>(10,549)</u>	<u>(10,339)</u>	<u>(20,888)</u>
Balance, December 31, 2017	<u><u>\$ 356,317</u></u>	<u><u>\$ 1,776,060</u></u>	<u><u>\$ 2,132,377</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 86,211	\$ 47,248
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	146,632	137,353
(Increase) in prepaid expenses	(13,351)	(2,867)
Decrease/(Increase) in reserved cash	(30,258)	116,100
Increase in accounts receivable	(3,024)	(270)
Increase/(Decrease) in accounts payable	(90,566)	33,233
(Decrease)/Increase in unearned rent	-	482
Decrease in other liabilities	<u>(1,800)</u>	<u>(2,475)</u>
Net cash provided by operating activities	<u>93,844</u>	<u>328,804</u>
Cash flows from financing activities:		
Repayment of debt	<u>(143,354)</u>	<u>(133,712)</u>
Net cash used in financing activities	<u>(143,354)</u>	<u>(133,712)</u>
Cash flows from investing activities:		
Acquisition of capital asset		(143,625)
Distributions	<u>(20,888)</u>	<u>(53,738)</u>
Net cash used in investing activities	<u>(20,888)</u>	<u>(197,363)</u>
Net increase in cash	(70,398)	(2,271)
Cash, beginning of the year	<u>152,512</u>	<u>154,783</u>
Cash, end of the year	\$ <u><u>82,114</u></u>	\$ <u><u>152,512</u></u>
Supplemental disclosures:		
Interest paid	\$ <u><u>44,329</u></u>	\$ <u><u>53,501</u></u>
Income taxes paid	\$ <u><u>800</u></u>	\$ <u><u>800</u></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, 2017 AND 2016

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 First Foundation Bank .

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2017 AND 2016

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, 2017 and December 31, 2016 was \$141,307 and \$132,028 respectively.

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 607,476	\$ 607,476
Building	5,319,474	5,319,474
Furnishings	<u>175,661</u>	<u>175,661</u>
Total	6,102,611	6,102,611
Accumulated depreciation	<u>(3,298,823)</u>	<u>(3,157,516)</u>
Net property and equipment	<u>\$ 2,803,788</u>	<u>\$ 2,945,095</u>

NOTE 3: OTHER ASSETS

Other assets consist of the following:

	<u>2017</u>	<u>2016</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>(252,970)</u>	<u>(247,645)</u>
Net other assets	<u>\$ 81,295</u>	<u>\$ 86,620</u>

Straight line amortization is used on all above assets. Amortization for the years ended December 31, 2017 and December 31, 2016 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, 2017 AND 2016

NOTE 4: LONG-TERM DEBT

Long-term debt at December 31, 2017 consists of the following:

	<u>2017</u>	<u>2016</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.	\$ 101,299	\$ 244,678

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 2017. At December 31, 2017, the accumulated accrued interest on the note was \$179,160.

	<u>625,000</u>	<u>625,000</u>
	726,299	869,678
Less: Current maturities included in current liabilities	<u>(101,299)</u>	<u>(143,379)</u>
	<u>\$ 625,000</u>	<u>\$ 726,299</u>

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

2018	101,299
2019	-
2020	-
2021	-
Thereafter	<u>625,000</u>
Total	<u>\$ 726,299</u>

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2017 AND 2016

NOTE 5: RESERVED CASH

As of December 31, 2017 and 2016, the reserved cash balance was \$98,550 and \$68,292 respectively. As part of the partnership agreement, the following cash reserves have been segregated:

	<u>2017</u>	<u>2016</u>
Replacement reserve	\$ 58,966	\$ 28,957
Security deposits reserve	<u>39,584</u>	<u>39,335</u>
	<u>\$ 98,550</u>	<u>\$ 68,292</u>

During 2017, the Partnership made deposits and withdrawals into two Bank accounts namely First Foundation Bank (Account # 315303591) and First Foundation Bank (Account # 315008576) as follows:

First Foundation Bank (Account # 315303591)	
Deposits	\$ 30,000
Interest	9
Closure Proceeds of Umpqua Bank Account	28,957
First Foundation Bank (Account # 315008576)	
Deposits	<u>39,584</u>
Total Reserve cash balance	<u>\$ 98,550</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.

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2017 AND 2016

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.

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).

CHICO COMMONS, L.P.
(A California Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2017 AND 2016

NOTE 8: RELATED PARTY TRANSACTIONS

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

	<u>2017</u>		<u>2016</u>	
	<u>Paid</u>	<u>Unpaid</u>	<u>Paid</u>	<u>Unpaid</u>
Partnership fee	\$ 12,960	\$ -	\$ 12,960	\$ -

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

	<u>2017</u>		<u>2016</u>	
	<u>Paid</u>	<u>Unpaid</u>	<u>Paid</u>	<u>Unpaid</u>
Management fee	\$ -	\$ -	\$ 2,038	\$ -

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, 2017 through June 25, 2018, 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, 2017

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, 2017

There were no findings reported in the prior year.