

**BANYARD MANAGEMENT
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 20, 2021
2:00 p.m.

Coronavirus (COVID-19) Advisory Notice: The health and safety of Butte County residents and community members, public officials and employees is a top priority for the Housing Authority of the County of Butte and the Board of Commissioners.

Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, Board of Commissioners meetings will be closed to the public for the foreseeable future. Members of the Board of Commissioners and HACB staff will be participating either in person or via teleconference. The Board of Commissioners encourages members of the public to participate remotely from a safe location.

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

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Access Code: 650-818-029

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 marysolk@butte-housing.com or call 530-895-4474 x.210. Notification at least 24 hours prior to the meeting will enable the Housing Authority to make a reasonable attempt to assist you.

NEXT RESOLUTION NO. 21-2B

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes for the meeting of May 20, 2021
 - 3.2 Banyard Management – Financial Report
 - 3.3 Chico Commons – HACB report/AWI Report

4. CORRESPONDENCE
5. REPORTS FROM PRESIDENT
 - 5.1 Chico Commons Audit Report – Accept FY 2020 Audit Report.
Recommendation: Resolution No. 21-2B
 - 5.2 Chico Commons - CY2020 Operational Surplus Cash Flow
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 19, 2021.
13. ADJOURNMENT

BANYARD MANAGEMENT

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 18, 2021

President Mayer called the meeting of Banyard Management to order at 3:18 p.m.

(Pursuant to current State Public Health directives to shelter-in-place and practice social distancing, and as authorized by Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, This Board of Directors meeting observed "social distancing" protocols, and was conducted via teleconference and web-conference. Meeting notice and public participation was addressed consistent with the State Governor's COVID-19 Executive Order, providing for Brown Act exceptions.)

1. ROLL CALL

Present for the Directors: Kate Anderson, Theresa Ayers, Larry Hamman, Laura Moravec, Rich Ober and David Pittman. Commissioners Hamman, Moravec and Pittman attended in person, the balance by means of web-conference.

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Tamra Young, and Jerry Martin, all in person, with the exception of Sue Kemp, Chief Financial Officer, who attended by means of web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Moravec moved to accept the Consent Calendar as presented. Director Hamman 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) - Banyard Management has an ongoing Corporate Services Agreement with the HACB. The agreement sets the rates of compensation and an annual contract maximum. Banyard Management contracts with the

HACB to perform two basic kinds of services; corporate services to maintain the corporate entity, and other services which include asset management and property improvements. This year is extraordinary due to the financial repositioning activity associated with the Chico Commons property, which includes consideration for dissolution of Banyard in its entirety, and the restructuring of Chico Commons with two additional properties. Billing rates for the Housing Authority were adopted during the recent HACB Board of Commissioners meeting. The resolution presented seeks to amend its services agreement with Banyard Management, adopting HACBs billing rates starting March 1, 2021, authorization of up to \$15,000 in expenditures for basic corporate services, and authorization of up to \$100,000 in extraordinary services relating to asset repositioning. The agreement is re-occurring, subject to annual revisions.

RESOLUTION NO. 21-1B

Director Pittman moved that Resolution No. 21-1B be adopted by reading of title only: “HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2021 BILLING RATES AND SERVICES AUTHORIZATION”. Director Ober 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 20, 2021.

13. ADJOURNMENT

Director Ober moved that the meeting be adjourned. Director Anderson seconded. The meeting was adjourned at 3:22 p.m.

Dated February 18, 2021.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

Date/Time
5/13/2021 12:11:54 PM

BANYARD BALANCE SHEET

March 31, 2021

	Cumulative
ASSETS	
Current Assets	
Cash - Unrestricted	245,682.63
Cash - Other Restricted	0.00
Cash - Tenant Security Deposits	0.00
Accounts Receivable	0.00
Accrued Interest Receivable	0.00
Investments - Unrestricted	0.00
Investments - Restricted	0.00
Inventories	0.00
Total Current Assets	245,682.63
Fixed Assets	
Fixed Assets & Accumulated Depreciation	0.00
Total Fixed Assets	0.00
Other Assets	
Prepaid Expenses and Other Assets	0.00
Investment in Chico Commons, L.P.	275,752.34
Total Other Assets	275,752.34
TOTAL ASSETS	521,434.97
LIABILITIES	
Current Liabilities	
Accounts Payable	652.00
Accrued Liabilities - Other	0.00
Total Current Liabilities	652.00
Long-Term Liabilities	
Long-Term Debt Net of Current	0.00
Total Long-Term Liabilities	0.00
TOTAL LIABILITIES	652.00
NET POSITION	
Beginning Net Position	524,593.40
Retained Earnings	-3,810.43
TOTAL NET POSITION	520,782.97
TOTAL LIABILITIES AND NET POSITION	521,434.97

BANYARD-GEN. FUND INCOME STATEMENT

March 31, 2021

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	1,080	1,122	-42	6,480	13,460	-6,980	48.14
Investment Income	6	17	-10	37	200	-163	18.54
TOTAL REVENUES	1,086	1,138	-52	6,517	13,660	-7,143	47.71
Audit Fee	0	54	-54	0	650	-650	0.00
Corporate Services	652	1,250	-598	3,848	15,000	-11,153	25.65
Consulting Fees	0	1,250	-1,250	0	15,000	-15,000	0.00
Legal Expenses	0	417	-417	0	5,000	-5,000	0.00
Misc. Administrative Costs	0	0	0	0	0	0	0.00
Outside Management Fees	1,080	1,080	0	6,480	12,960	-6,480	50.00
Partnership Losses	0	0	0	0	0	0	0.00
Taxes and Fees	0	43	-43	0	520	-520	0.00
TOTAL EXPENSES	1,732	4,094	-2,362	10,328	49,130	-38,803	21.02
RETAINED EARNINGS	-646	-2,956	2,310	-3,810	-35,470	31,660	10.74

MEMO

Date: May 14, 2021

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) – There currently are (3) vacancies as of the 1st of the month; since, a fourth vacancy has occurred. Last month there were two units that moved out and two units that moved in. There are three pending applications to occupy three of the vacant units. There is one pending moveout, and an unlawful detainer regarding a resident that moved out and allowed an unauthorized guest to remain. Unpaid rent for April was 9% of collections. The delinquent households involve a total of seven units, a situation described in detail in the accompanying AWI narrative report. Total unpaid rent due to various reason's is at \$20,797.00. The eviction moratorium was extended through June 30, 2021, and AWI is working with two local attorneys regarding noticing and repayment agreements. We are continuing to work with PG&E to use their low-income energy efficiency program to replace common area water heaters, washing machines, and lighting - the owner pays for improvements up front, with PG&E reimbursing after completion. The details of its progress are found in AWI's narrative. The wooden fence on the west side of the property needs replacement and we are in the process of obtaining bids - either wood, or chain link with privacy slats. AWI will commence annual interior inspections as LIHTC and HUD plan to reinstate actual inspections later in 2021. The property continues to be operated subject to COVID-19 pandemic response protocols, and leasing dynamics are being watched carefully – please find AWI's narrative property report and financials, following. The property has been evaluated by consultant Brawner & Associates as to repositioning, and determined to be infeasible for re-syndication using LIHTC's. A path is being sought to re-finance the property to accomplish modernization work ensuring the property's longevity as a community affordable housing asset.

Chico Commons



Separate *Variance Report* sent explaining budget differences and expenses.

Updates:

Chico Commons currently has four vacancies: Two move-ins and two move outs during April.

- #26 is market ready with an applicant approved for move in.
- #20 is market ready with an application pending minor corrections
- #5 turn in process, applications in process
- #66 will be a very full turn. This resident abandoned the unit owing several months of rent

Upcoming Vacancy:

- #59 – Termination in process. The resident of record vacated, leaving an unauthorized guest in possession. This household has a large rent balance.

Outstanding April rent is 9%. Details of household's owing more than current rent below:

- **Unit 6; balance \$3,444**, paying sporadically – Declaration of Covid-19 Hardship submitted. This resident is protected and has applied for rental assistance through the California Rent Relief Program. The program funds 80%, however a recent update from the Governor indicates 100% rental relief may be available.
- **Unit 8; past due \$749**. Also owes current month and has been paying around the 20th of each month plus chipping away at older balance.
- **Unit 14; balance \$2,915**. Resident paid three months' rent in April for a total of \$1248 and is working diligently to get caught up.
- **Unit 16; balance \$7,218**. Resident is paying only occasionally and did not honor the payment plan. A Declaration of Covid-19 hardship has not been submitted, however the resident has expressed verbally that she fell behind on rent due to Covid-19 related loss of employment and daycare. The resident is not cooperating with the application for rental assistance. We will continue to follow up as court action would be a big risk as Judges have been allowing residents to complete the hardship declaration during the hearing at which point the time and attorney's fees have been wasted.

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

AWI Management Corporation
PO Box 550
Auburn CA 95604



- **Unit 33; past due \$712.** Also owes current rent.
- **Unit: 53: past due \$793.61,** paying according to a payment plan.
- **Unit 59; \$4,965.** Eviction in process for nuisance activity, unauthorized guests and drugs.

The PGE measures are finally nearing completion. All of the parking lot lighting has been upgraded to LED. The new lighting is much brighter and staff is extremely pleased.

Water Heater replacements are more than half complete. 12 of the 16 water heaters have been replaced with the remaining four planned for install by the end of May. The new installs required a dedicated circuit be added for each water heater and PGE accepted the change order and has approved funding for the circuits.

Washing machines are expected to arrive by mid-June.

Other capital improvement items with bids underway include: upgrading trash enclosure doors, gutters/ downspouts, replacing one of the property border fences.

Beginning in May AWI has reinstated annual apartment inspections at the communities. The inspections will be completed while continuing to practice all established Covid-19 prevention protocols. With HUD and Tax Credit announcing they will go back to in person audits by year end we felt it prudent to follow suit and begin inspections.

Stay Safe!



Chico Commons 549
For the Month Ended April 30, 2021
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 63,834.00	\$ 59,950.00	\$ 3,884.00	\$ 254,190.00	\$ 239,800.00	\$ 14,390.00
Vacancies	(2,527.84)	(2,398.00)	(129.84)	(7,591.84)	(9,592.00)	2,000.16
Rent Adjustments	(1,959.55)	(245.83)	(1,713.72)	(1,961.55)	(983.33)	(978.22)
Manager's Unit	(796.00)	(845.00)	49.00	(3,184.00)	(3,380.00)	196.00
Total Tenant Rent	<u>\$ 58,550.61</u>	<u>\$ 56,461.17</u>	<u>\$ 2,089.44</u>	<u>\$ 241,452.61</u>	<u>\$ 225,844.67</u>	<u>\$ 15,607.94</u>
Other Project Income:						
Laundry Income	\$ 2,199.20	\$ 677.83	\$ 1,521.37	\$ 4,019.09	\$ 2,711.33	\$ 1,307.76
Interest Income	9.86	4.17	5.69	34.47	16.67	17.80
Restricted Reserve Interest Incom	2.73	0.00	2.73	13.19	0.00	13.19
Other Tenant Income	\$ 690.00	\$ 428.50	\$ 261.50	\$ 990.00	\$ 1,714.00	\$ (724.00)
Miscellaneous Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,348.99	\$ 0.00	\$ 4,348.99
Other Project Income	<u>\$ 2,901.79</u>	<u>\$ 1,110.50</u>	<u>\$ 1,791.29</u>	<u>\$ 9,405.74</u>	<u>\$ 4,442.00</u>	<u>\$ 4,963.74</u>
Total Project Income	<u><u>\$ 61,452.40</u></u>	<u><u>\$ 57,571.67</u></u>	<u><u>\$ 3,880.73</u></u>	<u><u>\$ 250,858.35</u></u>	<u><u>\$ 230,286.67</u></u>	<u><u>\$ 20,571.68</u></u>
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 14,788.76	\$ 23,260.74	\$ (8,471.98)	\$ 66,412.94	\$ 93,042.99	\$ (26,630.05)
Utilities (From Pg 2)	8,999.23	7,340.25	1,658.98	31,079.52	29,361.00	1,718.52
Administrative (From Pg 2)	6,464.25	8,549.74	(2,085.49)	27,488.25	34,198.99	(6,710.74)
Taxes & Insurance (From Pg 2)	1,304.83	1,685.50	(380.67)	5,867.66	6,742.00	(874.34)
Other Taxes & Insurance (Fr Page	898.37	3,371.66	(2,473.29)	5,163.99	13,486.66	(8,322.67)
Other Project Expenses	1,004.99	1,581.24	(576.25)	3,726.46	6,324.99	(2,598.53)
Total O&M Expenses	<u>\$ 33,460.43</u>	<u>\$ 45,789.13</u>	<u>\$ (12,328.70)</u>	<u>\$ 139,738.82</u>	<u>\$ 183,156.63</u>	<u>\$ (43,417.81)</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense - City of Chico	\$ 2,604.17	\$ 2,604.17	\$ 0.00	\$ 10,416.68	\$ 10,416.67	\$.01
Reporting / Partner Management F	1,080.00	1,080.00	0.00	4,320.00	4,320.00	0.00
Transfer - Reserves	2,500.00	2,500.00	0.00	10,000.00	10,000.00	0.00
Total Mortgage & Owner's Exp.	<u>\$ 6,184.17</u>	<u>\$ 6,184.17</u>	<u>\$ 0.00</u>	<u>\$ 24,736.68</u>	<u>\$ 24,736.67</u>	<u>\$.01</u>
Total Project Expenses	<u><u>\$ 39,644.60</u></u>	<u><u>\$ 51,973.30</u></u>	<u><u>\$ (12,328.70)</u></u>	<u><u>\$ 164,475.50</u></u>	<u><u>\$ 207,893.30</u></u>	<u><u>\$ (43,417.80)</u></u>
Net Profit (Loss)	<u><u>\$ 21,807.80</u></u>	<u><u>\$ 5,598.37</u></u>	<u><u>\$ 16,209.43</u></u>	<u><u>\$ 86,382.85</u></u>	<u><u>\$ 22,393.37</u></u>	<u><u>\$ 63,989.48</u></u>

Other Cash Flow Items:

CHICO COMMONS, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2020 and 2019

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners

Chico Commons, L.P.

(A California Limited Partnership)

We have audited the accompanying financial statement of Chico Commons, L.P. (A California Limited Partnership), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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. (A California Limited Partnership) as of December 31, 2020 and 2019, 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.

Established 1949
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Stockton, CA 95219

Telephone: 209.473.1040
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Emphasis of Matter

As discussed in Note 6 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Bauman & Company, L.L.P.

Stockton, California
March 10, 2021

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

BALANCE SHEETS
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 301,403	\$ 163,517
Accounts receivable - tenant, net of allowance for doubtful accounts of \$15,737 and \$0 in 2020 and 2019, respectively	13,792	4,923
Prepaid expenses	<u>20,292</u>	<u>16,844</u>
Total current assets	<u>335,487</u>	<u>185,284</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	8,496	6,067
Tenant security deposits	43,475	42,985
Reserve for replacements	<u>41,644</u>	<u>11,618</u>
	<u>93,615</u>	<u>60,670</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	607,476	607,476
Building and improvements	5,405,926	5,405,926
Furniture and equipment	<u>175,661</u>	<u>175,661</u>
	6,189,063	6,189,063
Less accumulated depreciation	<u>(3,641,986)</u>	<u>(3,488,470)</u>
	<u>2,547,077</u>	<u>2,700,593</u>
 OTHER ASSETS		
Syndication fees, net of accumulated amortization of \$136,917 and \$131,846 in 2020 and 2019, respectively	<u>65,918</u>	<u>70,989</u>
 Total assets	<u><u>\$ 3,042,097</u></u>	<u><u>\$ 3,017,536</u></u>

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

BALANCE SHEETS (Cont.)
December 31, 2020 and 2019

LIABILITIES AND PARTNERS' EQUITY	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,910	\$ 49,570
Accrued interest expense, current portion	<u>31,250</u>	<u>31,250</u>
Total current liabilities	<u>39,160</u>	<u>80,820</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>41,575</u>	<u>41,935</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	147,910	147,910
Note payable - Redevelopment Agency of the City of Chico	<u>625,000</u>	<u>625,000</u>
	<u>772,910</u>	<u>772,910</u>
 Total liabilities	<u>853,645</u>	<u>895,665</u>
 PARTNERS' EQUITY	<u>2,188,452</u>	<u>2,121,871</u>
 Total liabilities and partners' equity	<u><u>\$ 3,042,097</u></u>	<u><u>\$ 3,017,536</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
Tenant rental income	\$ 709,387	\$ 659,000
Tenant charges	5,406	9,194
Laundry	12,667	15,302
Interest income	131	230
Other income	3,109	6,370
Total revenue	<u>730,700</u>	<u>690,096</u>
OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	119,391	100,725
Utilities	93,867	83,542
Wages and salaries	84,662	79,959
Property management fees	35,424	35,424
Services	7,497	10,371
Insurance	16,729	13,541
General and administrative	8,858	12,505
Payroll taxes and workers' compensation insurance	12,884	13,174
Professional fees	11,376	14,076
Bad debt expense	19,255	5,802
Health insurance and other employee benefits	208	1,847
Other taxes and licenses	2,753	2,528
Total operating and maintenance expenses	<u>412,904</u>	<u>373,494</u>
Net operating income	<u>317,796</u>	<u>316,602</u>
OTHER EXPENSES		
Interest expense	31,250	31,250
Depreciation expense	153,516	142,645
Amortization expense	5,071	5,071
Loss on disposal of property	--	60,451
Partnership management fee	12,960	12,960
Total other expenses	<u>202,797</u>	<u>252,377</u>
Net income (loss)	<u><u>\$ 114,999</u></u>	<u><u>\$ 64,225</u></u>

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

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2020 and 2019

	<u>Banyard Management</u>	<u>HACB</u>	<u>Total</u>
Balance, December 31, 2018	\$ 326,956	\$ 1,784,643	\$ 2,111,599
Partner distributions	(27,393)	(26,560)	(53,953)
Net income (loss)	<u>642</u>	<u>63,583</u>	<u>64,225</u>
Balance, December 31, 2019	300,205	1,821,666	2,121,871
Partner distributions	(24,451)	(23,967)	(48,418)
Net income (loss)	<u>1,150</u>	<u>113,849</u>	<u>114,999</u>
Balance, December 31, 2020	<u><u>\$ 276,904</u></u>	<u><u>\$ 1,911,548</u></u>	<u><u>\$ 2,188,452</u></u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 114,999	\$ 64,225
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	158,587	147,716
Loss on disposal of property	--	60,451
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(8,869)	2,931
Prepaid expenses	(3,448)	(2,685)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(41,660)	38,247
Tenant security deposits	(360)	(1,050)
Net cash provided by (used in) operating activities	<u>219,249</u>	<u>309,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	--	(241,206)
Net cash provided by (used in) investing activities	<u>--</u>	<u>(241,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	(48,418)	(53,953)
Net cash provided by (used in) financing activities	<u>(48,418)</u>	<u>(53,953)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	170,831	14,676
Cash, cash equivalents and restricted cash		
Beginning	224,187	209,511
Ending	<u>\$ 395,018</u>	<u>\$ 224,187</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 31,250</u>	<u>\$ 31,250</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 301,403	\$ 163,517
Tax and insurance impounds	8,496	6,067
Tenant security deposits	43,475	42,985
Reserve for replacements	41,644	11,618
	<u>\$ 395,018</u>	<u>\$ 224,187</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Chico Commons, L.P. (the “Partnership”), a California limited partnership, was formed in June 1991, to own, maintain and operate a 72-unit apartment complex, known as Chico 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 Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 1% General Partner, Banyard Management and a 99% Limited Partner, Housing Authority of the County of Butte (HACB).

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.

Change for adoption of new accounting guidance:

During the year ended December 31, 2019, the Partnership adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-18 Statement of Cash Flows (Topic 230) Restricted Cash. The amendments in the ASU are an improvement to GAAP because it reduces the diversity in the classification and presentation of restricted cash or restricted cash equivalents in the statements of cash flows. The Partnership has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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.

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 \$2,500 per month.

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

NOTES TO FINANCIAL STATEMENTS

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

Accounts receivable

Accounts receivable are principally from tenants of the Partnership. During 2020, the Partnership changed from the direct write-off method to the allowance method for bad debt. There were no impacts to opening equity as a result of the retrospective application of the policy change. Management continues to conduct ongoing evaluations of its tenants and identifies those accounts that are determined to be uncollectible and writes them off. At December 31, 2020 and 2019, the allowance for doubtful accounts was \$15,737 and \$0, respectively.

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	15 - 40
Furniture and fixtures	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, 2020 and 2019.

Amortization

Syndication costs are amortized over a forty year period, using the straight-line method.

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.

CHICO COMMONS, L.P.
(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, prepaid expenses, accounts payable, and accrued liabilities 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.

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, 2021, the date the financial statements were available to be issued.

CHICO COMMONS, L.P.

(A California Limited Partnership)

NOTES TO 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 an annual fee of \$12,960. For the years ending December 31, 2020 and 2019, a partnership management fee of \$12,960 was paid.

Note 3. Long-Term Debt

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

	<u>2020</u>	<u>2019</u>
Note payable to the City of Chico, issued in July 1995, in the amount of \$625,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 5.00% simple interest and requires annual interest only payments. The note matures in June 2050. The Partnership incurred \$31,250 of interest expense during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, accrued interest was \$179,160.	\$ <u>625,000</u>	\$ <u>625,000</u>

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.

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Chico 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.

Note 6. Contingency

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America ("U.S"). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown.

May 14, 2021

MEMO

To: Banyard Management Board of Directors

From: Sue Kemp, CFO
Ed Mayer, President

Subject: CY 2020 Chico Commons Operational Surplus Cash Flow

The Chico Commons 2020 Residuals Receipts from operations are \$274,836, see the second page. As per the Agreement of Limited Partnership (LPA), surplus cash is distributed to the partners after the close of the year. Furthermore, Section 4.k. of Second Amendment to the LPA gives the Managing General Partner, Banyard Management, the authority to "...determine the amount and timing of distributions to partners and establish and maintain all required reserves..."

Chico Commons has high cash flow; no hard debt service; substantial capital needs; and a very low Replacement Reserves balance of \$54,144.

As per the authority outlined in the Limited Partnership Agreement, as amended, staff recommends that the Board of Directors approve the deposit of \$200,000 into the Replacement Reserves from CY 2020 Surplus Cash Flow. The resulting Replacement Reserve balance would be approximately \$254,144 with the balance of funds distributed to the partners. The resulting distribution would be in line with the average of past 5 years distributions.

Chico Commons -Average Distribution

2015	\$26,869
2016	\$20,889
2017	\$59,490
2018	\$53,656
2019	<u>\$48,419</u>
AVERAGE	\$41,865

2020	\$43,586 \$200k withheld
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Recommendation: Motion to approve the withholding of \$200,000 from 2020 Operational Surplus Cash Flow and depositing it into the Chico Commons' Replacement Reserves account, and distribution of remaining surplus finds as described above.

CHICO COMMONS, L.P.
CALCULATION OF SURPLUS CASH
CALENDAR YEAR ENDING DECEMBER 31, 2020
DRAFT 3/18/2021

Profit/(Loss) from Operations	114,999.00
ADD: Depreciation; Amortization; Interest on debt issuance	158,587.00
NET CASH FLOW FROM OPERATIONS	273,586.00
SUBTRACT: Transfers to Replacement Reserves	-30,000.00
SUBTRACT: Capital Expenditures	0.00
SUBTRACT: Mortgage Principal Payments	0.00
ADD: Interest Expense - City of Chico Loan	31,250.00
ADD: Transfers from Replacement Reserves	0.00
RESIDUAL RECEIPTS	274,836.00
Interest Payable to the City of Chico from Residual Receipts	-31,250.00
SUBTOTAL	243,586.00
TRANSFER TO RESERVES, PENDING BOARD APPROVAL	-200,000.00
NET EXCESS CASH AVAILABLE FOR DISTRIBUTION	43,586.00

<u>Partner Distribution Details</u>			
Banyard Management - General Partner 50% of Excess Cash			21,793.00
Banyard Management - General Partner's Share of excess cash @ 1% of 50%	1.0%		217.93
HACB - Limited Partner's share of excess cash @ 99% of 50%	99.0%		21,575.07
TOTAL PARTNER DISTRIBUTIONS			43,586.00

<u>Partner Gains/Losses</u>		<u>SPLIT</u>
Banyard Management - General Partner's Share Gains/Losses	1.0%	1,149.99
HACB - Limited Partner's share Gains/Losses	99.0%	113,849.01
		114,999.00

<u>*Distributions capped @ 8% of partner's capital investment, per City of Chico agreements</u>			
Special Limited Partner, as per LPA dated 10/8/1993			625,000.00
Investor Limited Partners, as per LPA			3,030,000.00
Banyard, as per LPA			625,000.00
Less Syndication Costs (not verified)			-202,835
		Net Capital Contribution	4,077,165.00
		Max Distribution	8% 326,173.00