

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 16, 2019
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 the Board of Directors to make reasonable arrangements.

NEXT RESOLUTION NO. 19-2C

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS
3. CONSENT CALENDAR
 - 3.1 Minutes of Meeting on February 21, 2019
Minutes of Special Meeting on March 21, 2019
 - 3.2 BCAHDC Financial Report
 - 3.3 Tax Credit Report & Cordillera Apartments Report
 - 3.3.1 1200 Park Avenue Clearance Letter, 2019 HOME Monitoring for 1200 Park Avenue
4. CORRESPONDENCE
5. REPORTS FROM PRESIDENT
 - 5.1 Gridley Springs I Audit Report – Accept FY2018 Audit Report.

Recommendation:

Motion

5.2 Harvest Park Audit Report – Accept FY 2018 Audit Report.

Recommendation: Motion

5.3 1200 Park Avenue Audit Report – Accept FY2018 Audit Report.

Recommendation: Motion

5.4 Walker Commons Audit Report – Accept FY2018 Audit Report.

Recommendation: Motion

5.5 Property Insurance Coverage Levels – Re-evaluate insurance coverage levels for properties owned by Butte County Affordable Housing Development Corporation.

Recommendation: Information/Discussion/Motion

5.6 Chico Veterans Village – Veterans Housing Development Corporation (VHDC) Chico Veterans Village Funding Request.

Recommendation: Information/Discussion Motion

6. MEETING OPEN FOR PUBLIC DISCUSSION

7. MATTERS CONTINUED FOR DISCUSSION

8. SPECIAL REPORTS

9. REPORTS FROM DIRECTORS

10. MATTERS INITIATED BY DIRECTORS

11. EXECUTIVE SESSION

12. DIRECTORS' CALENDAR

Next meeting – August 15, 2019

13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue

Chico, CA 95928

MEETING MINUTES

February 21, 2019

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:08 p.m.

1. ROLL CALL

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

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

Public Present: Loren Freeman, HACB Public Housing Resident.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Anderson moved that the Consent Calendar be accepted as presented. Director Hamman seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Corporate Services Agreement – The Corporate Services Agreement between HACB and Butte County Affordable Housing Development Corporation (BCAHDC) sets out terms for compensation and a contract maximum. Contract updates include proposed HACB billing rates, to be made effective March 1, 2019, and affirmation of the contract maximum, which is currently set at \$18,500 per year, extending through the operating year, from October 1, 2018 through September 30, 2019.

Butte County Affordable Housing Development Corporation

Board of Directors

Minutes –Meeting of February 21, 2019

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MOTION

Director Hamman moved Motion to accept HACB proposed billing rates established February 21, 2019, effective March 1, 2019, and to further accept continuance of the limit to total annual compensation in an amount no not exceed \$18,500.00 for the year extending from October 1, 2018 through September 30, 2019. Director Besser seconded, the vote in favor was unanimous.

- 5.2 Walker Commons – Completion of Phase II Roofing of Walker Commons property is budgeted at \$150,000, with Architectural Services for future capital improvements budgeted at \$35,000. Project Reserves are insufficient to cover this activity. Staff recommends retention of \$100,000 from the unaudited 2018 Operational Surplus Cash Flow, estimated at \$122,000 to be deposited into Replacement Reserve, resulting in a Replacement Reserve balance of \$171,453. In accordance with the authorities provided in the Limited Partnership Agreement (LPA), staff recommends that BCAHDC Board of Directors, acting as Managing General Partner of the Partnership, approve deposit of \$100,000 into the Replacement Reserves from CY 2018 Surplus Cash Flow. The remaining balance of funds will be distributed to the Partners.

MOTION

Director Pittman moved Motion to approve, the deposit of \$100,000 from 2018 Operational Surplus Cash Flow into the Walker Commons Replacement Account. 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 DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 16, 2019.

13. ADJOURNMENT

Director Hamman moved that the meeting be adjourned. Director Jones seconded. The meeting was adjourned at 2:23 p.m.

Dated: February 21, 2019.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary

**BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION
Board of Directors Meeting**

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

March 21, 2019

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:24 p.m.

1. ROLL CALL

Present for the Directors: Patricia Besser, Larry Hamman, Anne Jones, David Pittman and Heather Schlaff.

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Walker Commons – Phase II of this project includes replacement of roofs for units 31-56 and the Clubhouse, completing the second half of roofing replacements at the property. Steele's Roofing Company, provided the lowest responsive and responsible bid for this work at \$103,225.00. Contract compensation will be paid for with Walker Commons Apartments Reserves Funds. The contract amount is greater than \$50,000, so requires approval of the Board. Staff recommended contract authorization to work with the responsive low bidder, Steele's Roofing Company, for Phase II of the Walker Commons Roofing Replacements at Walker Commons Apartments.

RESOLUTION NO. 19-1C

Director Hamman moved that Resolution No. 19-1C be adopted by reading of title only: "AUTHORIZATION TO ENTER INTO CONTRACT WITH STEELE'S ROOFING COMPANY FOR PHASE II ROOFING REPLACEMENTS AT WALKER COMMONS APARTMENTS, CHICO". Director Pittman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 16, 2019.

13. ADJOURNMENT

Director Hamman moved that the meeting be adjourned. Director Jones seconded. The meeting was adjourned at 3:26 p.m.

Dated: March 21, 2019.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

**BCAHDC GENERAL FUND
BALANCE SHEET
March 31, 2019**

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

Current Assets

Cash-Unrestricted	331,576
Accounts Receivable-Misc	47,556
Tenant Security Deposits	0
Investments-Unrestricted	250,000
Investments-Restricted	0
Interprogram Due From Cordillera	674
Total Current Assets	629,806

Fixed Assets

Land	0
Buildings	0
Appliances - Dwelling units	0
Accumulated Depreciation	0
Total Fixed Assets	0

Other Assets

Prepaid Expenses	0	
Organizational Costs, Net of Amortization	0	
Note Receivable - Chico Valley View Partners	0	
Investment in 1200 Park Avenue, L.P.	-520	\$36 decrease: 2018 LP loss
Investment in Chico Harvest Park, L.P.	-202	\$38 decrease: 2018 LP loss
Investment in DHI-DFA Gridley Springs Associates, L.P.	-8	\$1 decrease: 2018 LP loss
Investment in Walker Commons, L.P.	84,798	\$700 increase: 2018 LP gain
Total Other Assets	84,068	

TOTAL ASSETS

713,874

***** LIABILITIES AND NET POSITION *****

Current Liabilities

Accounts Payable	1,689
Accrued Interest Payable	0
Interprogram Due to Cordillera	0
Accrued Fees due to HACB	50,875
CVVP Interest Reserves	0
Total Current Liabilities	52,564

Long-Term Liabilities

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

TOTAL LIABILITIES

52,564

Net Position

Beginning Net Position	668,546
Retained Earnings	-7,236
Total Net Position	661,310

TOTAL NET POSITION

661,310

TOTAL LIABILITIES AND NET POSITION

713,874

BCAHDC-GENERAL FUND INCOME STATEMENT
March 31, 2019

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
REVENUES							
Partnership Income	3,871	3,184	687	19,723	38,210	-18,487	51.62
Misc. Income	31	8	23	31	100	-69	31.41
Investment Income	23	125	-102	259	1,500	-1,241	17.25
TOTAL REVENUES	3,925	3,318	607	20,013	39,810	-19,797	50.27
Audit Fee	0	258	-258	0	3,100	-3,100	0.00
Corporate Services	1,689	1,542	147	6,804	18,500	-11,696	36.78
Consulting Fees	0	417	-417	0	5,000	-5,000	0.00
Legal Expenses	0	250	-250	0	3,000	-3,000	0.00
Misc. Administrative Costs	0	83	-83	0	1,000	-1,000	0.00
Outside Management Fees	3,392	3,392	0	20,350	40,700	-20,350	50.00
Partnership Losses	75	42	34	75	500	-425	15.07
Taxes and Fees	0	7	-7	20	80	-60	25.00
TOTAL EXPENSES	5,156	5,990	-834	27,249	71,880	-44,631	37.91
RETAINED EARNINGS	-1,231	-2,673	1,441	-7,236	-32,070	24,834	22.56

**CORDILLERA APTS
BALANCE SHEET
March 31, 2019**

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

Current Assets

Cash - Unrestricted	377,101
Accounts Receivable-Misc	0
Accounts Receivable-Tenants	10,990
Interprogram Due from General Fund	0
Tenant Security Deposits	9,999
Investments - Unrestricted	0
Investments - Restricted	0
Total Current Assets	398,090

Fixed Assets

Land	188,299
Buildings	613,026
Appliances - Dwelling units	10,722
Accumulated Depreciation	-444,219
Total Fixed Assets	367,828

Other Assets

Prepaid Expenses	498
Total Other Assets	498

TOTAL ASSETS	766,416
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***** LIABILITIES AND EQUITY *****

Current Liabilities

Accounts Payable	0
Interprogram Due to General Fund	674
Accrued Interest Payable	119
Prepaid Rent	217
Tenant Security Deposits	11,050
Total Current Liabilities	12,060

Long-Term Liabilities

Long-Term Debt, Net of Current	23,855
Total Long-Term Liabilities	23,855

TOTAL LIABILITIES	35,915
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Net Position

Beginning Net Position	715,491
Retained Earnings	15,010
Total Net Position	730,501

TOTAL NET POSITION	730,501
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TOTAL LIABILITIES AND NET POSITION	766,416
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CORDILLERA INCOME STATEMENT

March 31, 2019

YTD %
50.00

	Month to Date			Year to Date			% used
	Actual	Budget	Remaining	Actual	Budget	Remaining	
Gross Potential Rent	14,685	14,353	333	87,110	172,230	-85,120	50.58
Manager's Unit - moved to expense	0	0	0	0	0	0	0.00
Vacancy Loss	0	-368	368	-1,600	-4,410	2,810	36.28
Rebates	0	0	0	0	0	0	0.00
Net Dwelling Rent	14,685	13,985	700	85,510	167,820	-82,310	50.95
Tenant Charges	438	129	309	2,158	1,550	608	139.21
Laundry Revenue	339	150	189	1,242	1,800	-558	69.00
Other Income	0	0	0	0	0	0	0.00
Investment Income	25	26	-1	147	312	-165	47.13
TOTAL REVENUES	15,487	14,290	1,196	89,057	171,482	-82,425	51.93
Resident Manager Expense	1,770	1,190	580	9,553	14,280	-4,727	66.90
Advertising	0	33	-33	0	400	-400	0.00
Audit	0	38	-38	0	450	-450	0.00
Bad Debts	0	140	-140	0	1,680	-1,680	0.00
Credit and Collection Expense	75	38	38	205	450	-245	45.56
Legal Expense	5	117	-112	1,890	1,400	490	134.97
Management Fees (RSC)	783	669	114	3,943	8,030	-4,087	49.10
Management Fees (HACB)	600	600	0	3,600	7,200	-3,600	50.00
Consulting Fees	0	0	0	0	0	0	0.00
Office Supplies	1,223	77	1,146	2,306	924	1,382	249.54
Other Admin. Expense	0	21	-21	10	250	-240	4.00
Property Taxes	0	150	-150	109	1,800	-1,691	6.06
Resident Activities	0	33	-33	0	400	-400	0.00
Telephone	135	132	3	809	1,584	-775	51.09
Total Admin Costs	4,591	3,237	1,354	22,425	38,848	-16,423	57.72
Electricity	251	215	36	963	2,580	-1,617	37.34
Gas	483	377	106	1,445	4,521	-3,076	31.95
Water	325	700	-375	2,529	8,400	-5,871	30.11
Sewer	460	477	-18	2,298	5,727	-3,429	40.13
Total Utilities-Project	1,519	1,769	-250	7,235	21,228	-13,993	34.08
Unit Turnover Maintenance	10,193	1,442	8,752	10,529	17,300	-6,771	60.86
Grounds Maintenance	655	707	-52	3,831	8,480	-4,649	45.18
Routine Maintenance Contracts	2,299	1,478	820	10,941	17,740	-6,799	61.67
Capital Improv/Replacements	0	1,425	-1,425	5,050	17,100	-12,050	29.53
Trash-Project	568	456	112	2,505	5,472	-2,967	45.77
Total Maintenance Costs	13,716	5,508	8,208	32,855	66,092	-33,237	49.71
Interest Expense	20	20	0	119	239	-120	49.91
Insurance-Liab/Auto/Prop	498	522	-25	2,985	6,269	-3,284	47.62
Total Other Expenses	517	542	-25	3,104	6,508	-3,404	47.70
TOTAL EXPENSES	20,343	11,056	9,286	65,620	132,676	-67,056	49.46
RETAINED EARNINGS	-4,856	3,234	-8,090	23,437	38,806	-15,369	60.39
- Principal Payments	0	-190	190	0	-2,280	2,280	0.00
- Capital Improvements-Assets	0	0	0	0	0	0	0.00
+ Reserves Usage	0	0	0	0	0	0	0.00
NET CASH FLOW	-4,856	3,044	-7,900	23,437	36,526	-13,089	64.16
Depreciation & Amortization	1,405	0	1,405	8,427	0	8,427	0.00

MEMO

Date: May 10, 2019

To: BCAHDC Board of Directors

From: Larry Guanzon, Deputy Executive Director

Subject: Status Report – LIHTC Properties & Cordillera Apartments

- Walker Commons Apartments, Chico (56 units, LIHTC, senior/disabled)
- 1200 Park Avenue Apartments, Chico (107 units, LIHTC, senior)
- Harvest Park Apartments, Chico (90 units, LIHTC, family)
- Gridley Springs I Apartments, Gridley (32 units, LIHTC, family)
- Cordillera Apartments, Chico (20 units, family)

For Walker Commons Apartments and 1200 Park Ave, please also see monthly reports provided by the property manager, AWI, following this memo. Property manager Winn Residential provides monthly reports for Harvest Park; Sackett Corporation for Gridley Springs I; and RSC Associates for Cordillera Apartments.

Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property had zero (0) vacancy as of the first of the month. The second phase of roofing replacement will happen in the next thirty (30) days as Steele’s Roofing schedules the property for their work. The new maintenance person is Nicole Campbell, hired by AWI, property manager. Please find the AWI monthly owners report following, as well as a brief property narrative by the AWI regional property manager.

1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – This property currently had one (1) vacancy but as of this memo the vacancy has been filled. Roof repair is scheduled for this quarter to address selected flat-roof replacements due to age and deterioration. The cost will be approximately \$18,500.00; the work will be paid thru property reserves. The new on-site manager, Jasmine Quintanilla, has mobilized and is settling into her new role. The recent HOME inspection/monitoring received an “all clear” letter. Please find the AWI’s monthly financials and property manager monthly narrative for your review.

Harvest Park Apartments, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has one (1) vacancy. The property continues operations per budget. Please find WINN Residential Owner’s Report following.

Gridley Springs I Apartments, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Sackett Corporation) – There is zero (0) vacancy at this time. The new on-site manager, “Devin”,

has moved in and the transition is going well. Please find Sackett Corporation's Owner's report, following.

Cordillera Apartments, Chico (20 units, Family, Owner: BCAHDC, PM: RSC Assoc.) The property has zero (0) vacancy. We will continue to make capital improvements as cash flow allows: replacement of patios railings has been completed with exterior painting being the last item to complete. Please find RSC's monthly Owner's report, following.

Walker Commons 550
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 36,861.00	\$ 32,622.00	\$ 4,239.00	\$ 147,332.00	\$ 130,488.00	\$ 16,844.00
Vacancies	0.00	(326.25)	326.25	(349.00)	(1,305.00)	956.00
Rent Adjustments	(10.00)	(39.58)	29.58	(644.46)	(158.33)	(486.13)
Manager's Unit	(637.00)	(637.00)	0.00	(2,539.00)	(2,548.00)	9.00
Total Tenant Rent	\$ 36,214.00	\$ 31,619.17	\$ 4,594.83	\$ 143,799.54	\$ 126,476.67	\$ 17,322.87
Other Project Income:						
Laundry Income	\$ 155.67	\$ 134.42	\$ 21.25	\$ 623.62	\$ 537.67	\$ 85.95
Restricted Reserve Interest Incom	21.65	0.00	21.65	83.76	0.00	83.76
Late Charges	0.00	12.50	(12.50)	0.00	50.00	(50.00)
Other Tenant Income	\$ 2.00	\$ 41.67	\$ (39.67)	\$ 363.00	\$ 166.67	\$ 196.33
Other Project Income	\$ 179.32	\$ 188.59	\$ (9.27)	\$ 1,070.38	\$ 754.34	\$ 316.04
Total Project Income	\$ 36,393.32	\$ 31,807.76	\$ 4,585.56	\$ 144,869.92	\$ 127,231.01	\$ 17,638.91
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 7,601.24	\$ 11,986.83	\$ (4,385.59)	\$ 24,537.22	\$ 47,947.33	\$ (23,410.11)
Utilities (From Pg 2)	2,634.34	3,003.00	(368.66)	11,156.95	12,012.00	(855.05)
Administrative (From Pg 2)	5,691.23	6,135.83	(444.60)	24,192.68	24,543.33	(350.65)
Taxes & Insurance (From Pg 2)	765.25	798.67	(33.42)	3,083.92	3,194.67	(110.75)
Other Taxes & Insurance (Fr Page	1,239.30	2,815.34	(1,576.04)	6,872.02	11,261.34	(4,389.32)
Other Project Expenses	1,121.56	755.25	366.31	4,093.70	3,021.00	1,072.70
Total O&M Expenses	\$ 19,052.92	\$ 25,494.92	\$ (6,442.00)	\$ 73,936.49	\$ 101,979.67	\$ (28,043.18)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense - City of Chico	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management F	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Transfer - Reserves	933.34	933.33	.01	3,733.36	3,733.33	.03
Total Mortgage & Owner's Exp.	\$ 2,808.34	\$ 2,808.33	\$.01	\$ 11,233.36	\$ 11,233.33	\$.03
Total Project Expenses	\$ 21,861.26	\$ 28,303.25	\$ (6,441.99)	\$ 85,169.85	\$ 113,213.00	\$ (28,043.15)
Net Profit (Loss)	\$ 14,532.06	\$ 3,504.51	\$ 11,027.55	\$ 59,700.07	\$ 14,018.01	\$ 45,682.06
Other Cash Flow Items:						
Reserve Transfers	\$ (21.65)	\$ 0.00	\$ (21.65)	\$ (58.76)	\$ 0.00	\$ (58.76)

Walker Commons 550
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
T & I Transfers	\$ (9,800.00)	\$ 0.00	\$ (9,800.00)	\$ (9,800.00)	\$ 0.00	\$ (9,800.00)
Security Acct-FFB	0.00	0.00	0.00	600.00	0.00	600.00
Security Deposits Held	0.00	0.00	0.00	170.00	0.00	170.00
Authorized Reserve - Other	0.00	(13,333.33)	13,333.33	0.00	(53,333.33)	53,333.33
Tenant Receivables	267.00	0.00	267.00	1,104.00	0.00	1,104.00
Other Receivables	(8,813.75)	0.00	(8,813.75)	(12,120.08)	0.00	(12,120.08)
Accounts Payable - Trade	(544.90)	0.00	(544.90)	(7,257.98)	0.00	(7,257.98)
Accrued Interest - City of Chico	1,250.00	0.00	1,250.00	5,000.00	0.00	5,000.00
Prepaid Rents	0.00	0.00	0.00	.25	0.00	.25
Other Notes Payable	625.00	0.00	625.00	2,500.00	0.00	2,500.00
Total Other Cash Flow Items	<u>\$ (17,038.30)</u>	<u>\$ (13,333.33)</u>	<u>\$ (3,704.97)</u>	<u>\$ (19,862.57)</u>	<u>\$ (53,333.33)</u>	<u>\$ 33,470.76</u>
Net Operating Cash Change	<u><u>\$ (2,506.24)</u></u>	<u><u>\$ (9,828.82)</u></u>	<u><u>\$ 7,322.58</u></u>	<u><u>\$ 39,837.50</u></u>	<u><u>\$ (39,315.32)</u></u>	<u><u>\$ 79,152.82</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating Acct-FFB	\$ 143,613.49	\$ 183,450.99	\$ 39,837.50
Security Acct-FFB	22,990.00	22,390.00	(600.00)
Reserve Acct-FFB	2,133.84	5,842.94	3,709.10
Reserve Acct MMKT-FFB*	125,210.51	125,293.53	83.02
Owner Held Reserves CD	150,250.00	150,250.00	0.00
Payables & Receivables:			
Accounts Payable - Trade	9,669.78	2,411.80	(7,257.98)
Rents Receivable - Current Tenants	559.00	(408.00)	(967.00)
Other Tenant Charges Receivable	137.00	0.00	(137.00)
Prepaid Rents	.25	0.00	(.25)

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance Payroll	\$ 2,113.26	\$ 2,775.58	\$ (662.32)	\$ 4,700.16	\$ 11,102.33	\$ (6,402.17)
Janitorial/Cleaning Supplies	57.40	66.67	(9.27)	100.00	266.67	(166.67)
Plumbing Repairs	0.00	62.50	(62.50)	0.00	250.00	(250.00)
Painting & Decorating	0.00	83.33	(83.33)	383.06	333.33	49.73
Repairs & Maintenance - Supply	423.37	625.00	(201.63)	2,251.80	2,500.00	(248.20)
Repairs & Maintenance - Contract	110.00	625.00	(515.00)	2,844.48	2,500.00	344.48
Grounds Maintenance	900.00	1,025.00	(125.00)	3,745.00	4,100.00	(355.00)
Pest Control Service	1,677.00	333.00	1,344.00	2,253.00	1,332.00	921.00
Fire/Alarm Services	90.00	160.00	(70.00)	165.00	640.00	(475.00)

Walker Commons 550
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Capital Improvements - Other	\$ 0.00	\$ 3,786.67	\$ (3,786.67)	\$ 41.52	\$ 15,146.67	\$ (15,105.15)
Capital Improvements - Flooring	1,786.11	1,155.83	630.28	5,548.71	4,623.33	925.38
Capital Improvements - Appliance	0.00	208.33	(208.33)	0.00	833.33	(833.33)
Capital Improvements - HVAC Repl	0.00	458.33	(458.33)	0.00	1,833.33	(1,833.33)
Capital Improvements - Water Heat	0.00	266.67	(266.67)	0.00	1,066.67	(1,066.67)
Carpet Cleaning	0.00	33.33	(33.33)	125.00	133.33	(8.33)
HVAC Repairs	0.00	141.67	(141.67)	1,210.00	566.67	643.33
Cable Service	32.65	29.92	2.73	130.60	119.67	10.93
Tenant Services	411.45	150.00	261.45	1,038.89	600.00	438.89
Total Maint. & Operating Exp.	\$ 7,601.24	\$ 11,986.83	\$ (4,385.59)	\$ 24,537.22	\$ 47,947.33	\$ (23,410.11)
Utilities:						
Electricity	\$ 319.43	\$ 551.83	\$ (232.40)	\$ 1,697.81	\$ 2,207.33	\$ (509.52)
Water	623.39	727.83	(104.44)	2,466.37	2,911.33	(444.96)
Sewer	1,286.88	1,286.92	(.04)	5,147.52	5,147.67	(.15)
Heating Fuel/Other	93.24	125.00	(31.76)	599.65	500.00	99.65
Garbage & Trash Removal	311.40	311.42	(.02)	1,245.60	1,245.67	(.07)
Total Utilities	\$ 2,634.34	\$ 3,003.00	\$ (368.66)	\$ 11,156.95	\$ 12,012.00	\$ (855.05)
Administrative:						
Manager's Salary	\$ 2,746.18	\$ 2,864.83	\$ (118.65)	\$ 12,460.69	\$ 11,459.33	\$ 1,001.36
Management Fees	2,296.00	2,296.00	0.00	9,184.00	9,184.00	0.00
Bad Debt Expense	(25.00)	208.33	(233.33)	(99.75)	833.33	(933.08)
Auditing	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Legal	0.00	125.00	(125.00)	0.00	500.00	(500.00)
Other Administrative Expenses	49.05	16.67	32.38	147.74	66.67	81.07
Total Administrative Expense	\$ 5,691.23	\$ 6,135.83	\$ (444.60)	\$ 24,192.68	\$ 24,543.33	\$ (350.65)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 10.50	\$ (10.50)	\$ 0.00	\$ 42.00	\$ (42.00)
Property Insurance	765.25	788.17	(22.92)	3,083.92	3,152.67	(68.75)
Total Taxes & Insurance Expense	\$ 765.25	\$ 798.67	\$ (33.42)	\$ 3,083.92	\$ 3,194.67	\$ (110.75)
Other Taxes & Insurance:						
Payroll Taxes	\$ 474.44	\$ 590.17	\$ (115.73)	\$ 1,956.23	\$ 2,360.67	\$ (404.44)
Other Taxes, Fees & Permits	(211.46)	91.67	(303.13)	1,072.61	366.67	705.94
Bond Premiums	0.00	43.50	(43.50)	0.00	174.00	(174.00)
Worker's Compensation Insurance	203.23	564.17	(360.94)	736.64	2,256.67	(1,520.03)
Personnel Medical Insurance	773.09	1,525.83	(752.74)	3,106.54	6,103.33	(2,996.79)
Total Other Taxes & Insurance	\$ 1,239.30	\$ 2,815.34	\$ (1,576.04)	\$ 6,872.02	\$ 11,261.34	\$ (4,389.32)
Other Project Expenses						
Telephone & Answering Service	\$ 135.90	\$ 122.00	\$ 13.90	\$ 654.33	\$ 488.00	\$ 166.33

Walker Commons 550
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Internet Service	\$ 59.95	\$ 69.92	\$ (9.97)	\$ 299.75	\$ 279.67	\$ 20.08
Advertising	0.00	16.67	(16.67)	38.53	66.67	(28.14)
Water/Coffee Service	0.00	2.08	(2.08)	0.00	8.33	(8.33)
Office Supplies & Expense	683.10	291.67	391.43	1,635.64	1,166.67	468.97
Postage	75.40	68.25	7.15	218.39	273.00	(54.61)
Toner/Copier Expense	0.00	97.83	(97.83)	520.82	391.33	129.49
Office Furniture & Equipment Expe	53.08	0.00	53.08	53.08	0.00	53.08
Travel & Promotion	20.00	33.33	(13.33)	313.45	133.33	180.12
Training Expense	66.13	11.83	54.30	251.21	47.33	203.88
Credit Checking	28.00	41.67	(13.67)	48.50	166.67	(118.17)
Employee Meals	0.00	0.00	0.00	60.00	0.00	60.00
Total Other Project Expenses	<u>\$ 1,121.56</u>	<u>\$ 755.25</u>	<u>\$ 366.31</u>	<u>\$ 4,093.70</u>	<u>\$ 3,021.00</u>	<u>\$ 1,072.70</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense - City of Chico	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management F	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Transfer - Reserves	933.34	933.33	.01	3,733.36	3,733.33	.03
Total Mortgage & Owner's Exp.	<u>\$ 2,808.34</u>	<u>\$ 2,808.33</u>	<u>\$.01</u>	<u>\$ 11,233.36</u>	<u>\$ 11,233.33</u>	<u>\$.03</u>
Total Expenses	<u>\$ 21,861.26</u>	<u>\$ 28,303.25</u>	<u>\$ (6,441.99)</u>	<u>\$ 85,169.85</u>	<u>\$ 113,213.00</u>	<u>\$ (28,043.15)</u>
Authorized Reserve - Other	\$ 0.00	\$ 13,333.33	\$ (13,333.33)	\$ 0.00	\$ 53,333.33	\$ (53,333.33)

**Walker Commons
April 2019**

Variance report sent explaining budget differences and expenditures.

Updates:

Walker Commons is currently 100% occupied with no notices to vacate or evictions in process.

No move-ins or move-outs during the months of April.

Staff has been completing work in occupied units. Maintenance is currently completing a full paint for a long term resident.

Three long term residents recently had flooring replaced. It was old and torn and creating a trip hazard.

Our new Maintenance Technician, Nichole Campbell, is 60 days in from her hire date and all is well. She has completed several projects and continues to organize areas.

All trees were sprayed for Aphids.

The irrigation system is being closely monitored to ensure all landscaping is receiving adequate water.

We are looking forward to the upcoming roofing replacements. We will stay in close communication with Steele Roofing and Jerry Martin to ensure tenants are properly notified as work begins and progresses.

Looks like a May 20th start date.

Build your own Spud was a huge success! Many tenants turned out to enjoy a baked potato with all the fixings. Thank you Nancy for all your hard work and creative menu!



Park Avenue 569
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 66,688.00	\$ 66,372.00	\$ 316.00	\$ 266,428.00	\$ 265,488.00	\$ 940.00
Vacancies	(211.00)	(1,327.42)	1,116.42	(3,342.16)	(5,309.67)	1,967.51
Rent Adjustments	(9.36)	0.00	(9.36)	61.64	0.00	61.64
Manager's Unit	(781.00)	(780.00)	(1.00)	(3,124.00)	(3,120.00)	(4.00)
Total Tenant Rent	<u>\$ 65,686.64</u>	<u>\$ 64,264.58</u>	<u>\$ 1,422.06</u>	<u>\$ 260,023.48</u>	<u>\$ 257,058.33</u>	<u>\$ 2,965.15</u>
Other Project Income:						
Laundry Income	\$ 0.00	\$ 1,000.00	\$ (1,000.00)	\$ 2,500.00	\$ 4,000.00	\$ (1,500.00)
Interest Income	1.33	0.00	1.33	24.24	0.00	24.24
Restricted Reserve Interest Income	10.29	7.25	3.04	43.47	29.00	14.47
Late Charges	91.00	41.67	49.33	353.00	166.67	186.33
Other Tenant Income	\$ 885.00	\$ 365.41	\$ 519.59	\$ 1,566.50	\$ 1,461.66	\$ 104.84
Miscellaneous Income	\$ 38.13	\$ 12.50	\$ 25.63	\$ 1,893.97	\$ 50.00	\$ 1,843.97
Other Project Income	<u>\$ 1,025.75</u>	<u>\$ 1,426.83</u>	<u>\$ (401.08)</u>	<u>\$ 6,381.18</u>	<u>\$ 5,707.33</u>	<u>\$ 673.85</u>
Total Project Income	<u>\$ 66,712.39</u>	<u>\$ 65,691.41</u>	<u>\$ 1,020.98</u>	<u>\$ 266,404.66</u>	<u>\$ 262,765.66</u>	<u>\$ 3,639.00</u>
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 13,506.94	\$ 10,225.57	\$ 3,281.37	\$ 57,288.69	\$ 40,902.32	\$ 16,386.37
Utilities (From Pg 2)	7,637.93	8,736.82	(1,098.89)	33,141.77	34,947.32	(1,805.55)
Administrative (From Pg 2)	7,537.59	8,437.25	(899.66)	31,439.21	33,749.00	(2,309.79)
Taxes & Insurance (From Pg 2)	1,814.92	1,891.00	(76.08)	7,259.68	7,564.00	(304.32)
Other Taxes & Insurance (Fr Page 2)	1,223.24	4,107.75	(2,884.51)	10,096.58	16,431.00	(6,334.42)
Other Project Expenses	2,319.25	1,680.59	638.66	8,321.89	6,722.34	1,599.55
Total O&M Expenses	<u>\$ 34,039.87</u>	<u>\$ 35,078.98</u>	<u>\$ (1,039.11)</u>	<u>\$ 147,547.82</u>	<u>\$ 140,315.98</u>	<u>\$ 7,231.84</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 25,956.27	\$ 26,010.84	\$ (54.57)	\$ 103,825.08	\$ 104,043.34	\$ (218.26)
Managing General Partner Fees	\$ 1,047.08	\$ 1,047.08	\$ 0.00	\$ 4,188.32	\$ 4,188.33	\$ (.01)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	<u>\$ 29,678.35</u>	<u>\$ 29,732.92</u>	<u>\$ (54.57)</u>	<u>\$ 118,713.40</u>	<u>\$ 118,931.67</u>	<u>\$ (218.27)</u>
Total Project Expenses	<u>\$ 63,718.22</u>	<u>\$ 64,811.90</u>	<u>\$ (1,093.68)</u>	<u>\$ 266,261.22</u>	<u>\$ 259,247.65</u>	<u>\$ 7,013.57</u>
Net Profit (Loss)	<u>\$ 2,994.17</u>	<u>\$ 879.51</u>	<u>\$ 2,114.66</u>	<u>\$ 143.44</u>	<u>\$ 3,518.01</u>	<u>\$ (3,374.57)</u>

Other Cash Flow Items:

Park Avenue 569
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Reserve Transfers	\$ (10.29)	\$ 0.00	\$ (10.29)	\$ (43.47)	\$ 0.00	\$ (43.47)
T & I Transfers	(1,306.33)	0.00	(1,306.33)	(5,224.51)	0.00	(5,224.51)
Operating Acct MMKT-FFB*	(100,000.00)	0.00	(100,000.00)	(100,019.73)	0.00	(100,019.73)
Security Deposits Held	0.00	0.00	0.00	335.00	0.00	335.00
Authorized Reserve - Other	0.00	(5,316.67)	5,316.67	0.00	(21,266.67)	21,266.67
Tenant Receivables	184.49	0.00	184.49	583.49	0.00	583.49
Other Receivables	2,439.92	0.00	2,439.92	2,259.68	0.00	2,259.68
Accounts Payable - Trade	(2,107.01)	0.00	(2,107.01)	(1,230.85)	0.00	(1,230.85)
Accrued Expenses	0.00	0.00	0.00	(2,948.91)	0.00	(2,948.91)
Accrued Interest City of Chico	6,125.00	0.00	6,125.00	24,500.00	0.00	24,500.00
Other Notes Payable	5,683.71	0.00	5,683.71	22,734.84	0.00	22,734.84
Total Other Cash Flow Items	<u>\$ (88,990.51)</u>	<u>\$ (5,316.67)</u>	<u>\$ (83,673.84)</u>	<u>\$ (59,054.46)</u>	<u>\$ (21,266.67)</u>	<u>\$ (37,787.79)</u>
Net Operating Cash Change	<u><u>\$ (85,996.34)</u></u>	<u><u>\$ (4,437.16)</u></u>	<u><u>\$ (81,559.18)</u></u>	<u><u>\$ (58,911.02)</u></u>	<u><u>\$ (17,748.66)</u></u>	<u><u>\$ (41,162.36)</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating Acct-FFB	\$ 166,334.85	\$ 107,423.83	\$ (58,911.02)
Operating Acct MMKT-FFB*	40,077.80	140,097.53	100,019.73
Tax & Insurance-FFB	12,482.60	17,707.11	5,224.51
Security Acct-FFB	35,603.00	35,603.00	0.00
Repl Reserve-Berkadia Bank-IMP	293,169.85	303,913.32	10,743.47
Payables & Receivables:			
Accounts Payable - Trade	13,840.33	12,609.48	(1,230.85)
Rents Receivable - Current Tenants	1,827.00	1,122.51	(704.49)
Other Tenant Charges Receivable	575.00	696.00	121.00

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 3,953.15	\$ 4,040.58	\$ (87.43)	\$ 15,029.03	\$ 16,162.33	\$ (1,133.30)
Janitorial/Cleaning Supplies	0.00	183.33	(183.33)	1,393.44	733.33	660.11
Plumbing Repairs	0.00	83.33	(83.33)	335.77	333.33	2.44
Painting & Decorating	0.00	125.00	(125.00)	770.00	500.00	270.00
Repairs & Maintenance - Supply	3,769.58	750.00	3,019.58	7,185.33	3,000.00	4,185.33
Repairs & Maintenance - Contract	1,933.24	416.67	1,516.57	4,662.20	1,666.67	2,995.53
Grounds Maintenance	1,175.00	1,015.00	160.00	5,735.00	4,060.00	1,675.00
Elevator Maintenance & Contract	0.00	706.50	(706.50)	2,059.12	2,826.00	(766.88)
Pest Control Service	150.00	958.33	(808.33)	3,760.00	3,833.33	(73.33)

Park Avenue 569
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Fire/Alarm Services	\$ 1,222.24	\$ 438.50	\$ 783.74	\$ 5,396.20	\$ 1,754.00	\$ 3,642.20
Security Service	1,050.00	450.00	600.00	2,490.00	1,800.00	690.00
Capital Improvements - Other	0.00	333.33	(333.33)	3,641.83	1,333.33	2,308.50
Capital Improvements - Flooring	0.00	0.00	0.00	1,852.00	0.00	1,852.00
Capital Improvements - Appliance	0.00	0.00	0.00	944.81	0.00	944.81
Capital Improvements - Water Heat	0.00	0.00	0.00	1,594.84	0.00	1,594.84
Carpet Cleaning	150.00	333.33	(183.33)	792.00	1,333.33	(541.33)
HVAC Repairs	0.00	225.00	(225.00)	(542.50)	900.00	(1,442.50)
Tenant Services	103.73	166.67	(62.94)	189.62	666.67	(477.05)
Total Maint. & Operating Exp.	\$ 13,506.94	\$ 10,225.57	\$ 3,281.37	\$ 57,288.69	\$ 40,902.32	\$ 16,386.37
Utilities:						
Electricity	\$ 3,754.20	\$ 4,198.50	\$ (444.30)	\$ 14,813.31	\$ 16,794.00	\$ (1,980.69)
Water	620.54	1,170.58	(550.04)	2,784.12	4,682.33	(1,898.21)
Sewer	2,458.86	2,458.83	.03	9,835.44	9,835.33	.11
Heating Fuel/Other	253.94	316.83	(62.89)	2,669.67	1,267.33	1,402.34
Garbage & Trash Removal	550.39	592.08	(41.69)	3,039.23	2,368.33	670.90
Total Utilities	\$ 7,637.93	\$ 8,736.82	\$ (1,098.89)	\$ 33,141.77	\$ 34,947.32	\$ (1,805.55)
Administrative:						
Manager's Salary	\$ 2,620.00	\$ 3,626.00	\$ (1,006.00)	\$ 16,243.32	\$ 14,504.00	\$ 1,739.32
Management Fees	3,297.01	3,284.58	12.43	9,984.78	13,138.33	(3,153.55)
Bad Debt Expense	387.00	175.00	212.00	387.00	700.00	(313.00)
Auditing	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Bookkeeping Fees	535.00	535.00	0.00	2,140.00	2,140.00	0.00
Legal	0.00	100.00	(100.00)	0.00	400.00	(400.00)
Other Administrative Expenses	73.58	91.67	(18.09)	184.11	366.67	(182.56)
Total Administrative Expense	\$ 7,537.59	\$ 8,437.25	\$ (899.66)	\$ 31,439.21	\$ 33,749.00	\$ (2,309.79)
Taxes & Insurance Reserve For:						
Special Assessments	\$ 0.00	\$ 25.67	\$ (25.67)	\$ 0.00	\$ 102.67	\$ (102.67)
Property Insurance	1,814.92	1,768.08	46.84	7,259.68	7,072.33	187.35
Other Insurance	0.00	97.25	(97.25)	0.00	389.00	(389.00)
Total Taxes & Insurance Expense	\$ 1,814.92	\$ 1,891.00	\$ (76.08)	\$ 7,259.68	\$ 7,564.00	\$ (304.32)
Other Taxes & Insurance:						
Payroll Taxes	\$ 585.08	\$ 903.83	\$ (318.75)	\$ 3,904.26	\$ 3,615.33	\$ 288.93
Other Taxes, Fees & Permits	(404.02)	166.67	(570.69)	1,721.20	666.67	1,054.53
Bond Premiums	0.00	83.25	(83.25)	0.00	333.00	(333.00)
Worker's Compensation Insurance	390.73	760.17	(369.44)	1,902.03	3,040.67	(1,138.64)
Personnel Medical Insurance	651.45	2,193.83	(1,542.38)	2,569.09	8,775.33	(6,206.24)
Total Other Taxes & Insurance	\$ 1,223.24	\$ 4,107.75	\$ (2,884.51)	\$ 10,096.58	\$ 16,431.00	\$ (6,334.42)

Park Avenue 569
For the Month Ended April 30, 2019
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Project Expenses						
Telephone & Answering Service	\$ 366.70	\$ 480.00	\$ (113.30)	\$ 1,927.43	\$ 1,920.00	\$ 7.43
Internet Service	114.56	251.00	(136.44)	999.97	1,004.00	(4.03)
Advertising	0.00	16.67	(16.67)	35.29	66.67	(31.38)
Water/Coffee Service	80.71	41.67	39.04	251.77	166.67	85.10
Office Supplies & Expense	543.65	385.83	157.82	2,052.08	1,543.33	508.75
Postage	87.44	84.58	2.86	490.57	338.33	152.24
Toner/Copier Expense	324.31	158.33	165.98	1,019.75	633.33	386.42
Office Furniture & Equipment Expe	618.04	141.67	476.37	703.83	566.67	137.16
Travel & Promotion	0.00	41.67	(41.67)	140.20	166.67	(26.47)
Training Expense	76.33	41.67	34.66	466.99	166.67	300.32
Credit Checking	27.50	29.17	(1.67)	154.00	116.67	37.33
Employee Meals	80.01	8.33	71.68	80.01	33.33	46.68
Total Other Project Expenses	<u>\$ 2,319.25</u>	<u>\$ 1,680.59</u>	<u>\$ 638.66</u>	<u>\$ 8,321.89</u>	<u>\$ 6,722.34</u>	<u>\$ 1,599.55</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 21,319.64	\$ 26,010.84	\$ (4,691.20)	\$ 85,278.56	\$ 104,043.34	\$ (18,764.78)
Managing General Partner Fees	\$ 1,047.08	\$ 1,047.08	\$ 0.00	\$ 4,188.32	\$ 4,188.33	\$ (.01)
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	<u>\$ 25,041.72</u>	<u>\$ 29,732.92</u>	<u>\$ (4,691.20)</u>	<u>\$ 100,166.88</u>	<u>\$ 118,931.67</u>	<u>\$ (18,764.79)</u>
Total Expenses	<u>\$ 59,081.59</u>	<u>\$ 64,811.90</u>	<u>\$ (5,730.31)</u>	<u>\$ 247,714.70</u>	<u>\$ 259,247.65</u>	<u>\$ (11,532.95)</u>
Authorized Reserve - Other	\$ 0.00	\$ 5,316.67	\$ (5,316.67)	\$ 0.00	\$ 21,266.67	\$ (21,266.67)

1200 Park Avenue April 2019

Variance report sent explaining budget differences and expenses.

Updates:

1200 Park Avenue is 100% occupied.
There was one move-in during the month of April and no move-outs.

#264; resident passed away. The family is in the process of cleaning out the apartment and expects to return possession by 5/31.

A small memorial luncheon will be held in the 1200 Park Avenue conference room. Residents will bring dishes to share.

The All Clear letter was received for the recent HOME monitoring.

A lender inspection took place on 5/7. Random units were selected for inspection along with all common areas and the exterior. The inspection went well.

The roof replacement is still pending scheduling by Sierra Roofing.

Staff is gearing up to begin pressure washing the exterior of the buildings for all areas within reach. We are coordinating with local vendors for estimates to clean windows and pressure wash as needed on upper floors. There is a buildup of dirt and webs.

New flowers will be planted at the entrance.

All else is business as usual!



Monthly Property Summary Report

75 Harvest Park Court

April 2019



HARVEST
P A R K

CHICO, CA.

90 UNITS

TAX CREDIT

INCOME AND EXPENSE SUMMARY

Total Operating Income Actual/Month:	\$70,795.14
Total Operating Income Budget/Month:	\$67,983.20
Total Operating Income Actual/YTD:	\$278,718.10
Total Operating Income Budget/YTD:	\$273,887.66
Total Operating Expenses Actual/Month:	\$30,723.27
Total Operating Expenses Budget/Month:	\$40,716.76
Total Operating Expenses Actual/YTD:	\$118,137.64
Total Operating Expenses Budget/YTD:	\$149,262.22
Total Net Operating Income Actual/Month:	\$40,071.87
Total Net Operating Income Budget/Month:	\$27,266.44
Total Net Operating Income Actual/YTD:	\$160,580.46
Total Net Operating Income Budget/YTD:	\$124,625.44

BUDGET VARIANCE REPORT

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

6330-0000 Managers Payroll Variance due to having property manager out on maternity leave, have part time coverage for office.

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

YTD Budgeted Capital Improvements / Cash Flow: \$13,218.00
YTD Actual Capital Improvements / Cash Flow: \$ \$4,470.53
YTD Budgeted Capital Improvements / RR: * See Below
YTD Actual Capital Improvements / RR: * See Below

NOTE: CAPITAL EXPENSE GL CODE IS BEING CHANGED. 1499.0002 IS NO LONGER BEING USED.

Description of Capital Improvements YTD:

Carpet Replacement: Unit

Washer replaced in unit 109 and 218

Fridge replaced in unit

Dishwasher Replaced in unit

GENERAL PROPERTY ISSUES and HIGHLIGHTS

Property Manager is out on maternity leave, no vacancies at the moment and 1 eviction in process due to nonpayment of rent. Tree work was completed at the end of April clearing trees off the roof lines.

Budget Comparison

Period = Apr 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	INCOME									
	RENTAL INCOME									
5120-0000	Rental Income	52,348.00	70,679.00	-18,331.00	-25.94	223,200.71	282,716.00	-59,515.29	-21.05	848,148.00
5150-0000	Rental Assistance	12,851.00	0.00	12,851.00	N/A	47,889.29	0.00	47,889.29	N/A	0.00
5221-0000	Gain/(Loss) to Lease	6,489.00	0.00	6,489.00	N/A	12,339.00	0.00	12,339.00	N/A	0.00
	TOTAL RENTAL INCOME	71,688.00	70,679.00	1,009.00	1.43	283,429.00	282,716.00	713.00	0.25	848,148.00
	MISC. INCOME									
5330-0000	Tenant Services	25.00	0.00	25.00	N/A	25.00	0.00	25.00	N/A	0.00
5332-0000	Application Fees	0.00	105.00	-105.00	-100.00	140.00	420.00	-280.00	-66.67	1,260.00
5385-0000	Late/Term Fees	250.00	200.00	50.00	25.00	500.00	800.00	-300.00	-37.50	2,400.00
5390-0002	Damages	50.00	450.00	-400.00	-88.89	810.00	1,800.00	-990.00	-55.00	5,400.00
	Cable Revenue	0.00	672.57	-672.57	-100.00	-235.84	1,345.14	-1,580.98	-117.53	2,690.28
	TOTAL MISC. INCOME	325.00	1,427.57	-1,102.57	-77.23	1,239.16	4,365.14	-3,125.98	-71.61	11,750.28
	OTHER INCOME									
5493-0000	Int on Replacement Reserve	10.14	2.05	8.09	394.63	10.14	8.20	1.94	23.66	24.60
	TOTAL OTHER INCOME	10.14	2.05	8.09	394.63	10.14	8.20	1.94	23.66	24.60
	VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000	Free Rent-Marketing Concession	-50.00	-50.00	0.00	0.00	-200.00	-200.00	0.00	0.00	-600.00
5220-0000	Vacancies - Apartment	-171.00	-1,525.42	1,354.42	88.79	-1,561.71	-6,101.68	4,539.97	74.41	-18,305.04
5227-0003	Resident Rent Concession	-100.00	0.00	-100.00	N/A	-400.00	0.00	-400.00	N/A	0.00
6539-0002	Maintenance Staff Rent Free Unit	-907.00	-900.00	-7.00	-0.78	-3,628.00	-3,600.00	-28.00	-0.78	-10,800.00
6370-0000	Bad Debt Expense	0.00	-900.00	900.00	100.00	0.00	-1,800.00	1,800.00	100.00	-3,600.00
6370-0004	Bad Debt-Miscellaneous	0.00	-750.00	750.00	100.00	0.00	-1,500.00	1,500.00	100.00	-3,000.00
6371-0000	Bad Debt Recovery - Resident Rent	0.00	0.00	0.00	N/A	-170.49	0.00	-170.49	N/A	0.00
	TOTAL VACANCY	-1,228.00	-4,125.42	2,897.42	70.23	-5,960.20	-13,201.68	7,241.48	54.85	-36,305.04
	TOTAL INCOME	70,795.14	67,983.20	2,811.94	4.14	278,718.10	273,887.66	4,830.44	1.76	823,617.84
	EXPENSES									
	MANAGEMENT FEES									
6320-0000	Management Fee	2,682.12	3,343.03	660.91	19.77	12,702.72	13,537.12	834.40	6.16	40,776.36
	TOTAL MANAGEMENT FEES	2,682.12	3,343.03	660.91	19.77	12,702.72	13,537.12	834.40	6.16	40,776.36
	REAL ESTATE TAXES									
6710-0000	Taxes - Real Estate	13.41	13.00	-0.41	-3.15	53.64	52.00	-1.64	-3.15	162.00
6712-0000	Taxes - Other	112.00	0.00	-112.00	N/A	112.00	0.00	-112.00	N/A	365.00
	TOTAL REAL ESTATE TAXES	125.41	13.00	-112.41	-864.69	165.64	52.00	-113.64	-218.54	527.00

Budget Comparison

Period = Apr 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	INSURANCE									
6720-0000	Insurance - Property	2,122.17	2,770.00	647.83	23.39	10,037.22	10,684.00	646.78	6.05	32,844.00
6720-0002	Franchise Tax - Calif Pnps	0.00	0.00	0.00	N/A	800.00	800.00	0.00	0.00	800.00
	TOTAL INSURANCE	2,122.17	2,770.00	647.83	23.39	10,837.22	11,484.00	646.78	5.63	33,644.00
	UTILITIES EXPENSE									
6430-0000	Electricity Vacant	0.00	38.00	38.00	100.00	0.00	152.00	152.00	100.00	456.00
6430-0001	Employee Unit Utility	70.16	77.00	6.84	8.88	315.72	308.00	-7.72	-2.51	924.00
6440-0000	Gas/Oil Heat Vacant	0.00	10.00	10.00	100.00	0.00	40.00	40.00	100.00	120.00
6450-0000	Electricity	1,166.29	1,300.00	133.71	10.29	5,569.97	5,400.00	-169.97	-3.15	17,050.00
6451-0000	Water & Sewer	3,656.99	4,200.00	543.01	12.93	11,236.81	15,600.00	4,363.19	27.97	49,400.00
6452-0000	Natural Gas Heat	81.43	55.00	-26.43	-48.05	1,170.38	660.00	-510.38	-77.33	1,500.00
6454-0000	Utility Processing	28.56	55.00	26.44	48.07	167.28	820.00	652.72	79.60	1,260.00
6470-0000	Rubbish Removal	912.96	915.00	2.04	0.22	3,820.35	3,810.00	-10.35	-0.27	11,430.00
	TOTAL UTILITY EXPENSE	5,916.39	6,650.00	733.61	11.03	22,280.51	26,790.00	4,509.49	16.83	82,140.00
	PAYROLL									
6310-0000	Office Payroll	24.92	0.00	-24.92	N/A	743.96	0.00	-743.96	N/A	0.00
6330-0000	Manager's Payroll	1,770.70	3,112.00	1,341.30	43.10	8,786.90	16,146.80	7,359.90	45.58	45,787.36
6539-0000	Maintenance Payroll - General	2,620.28	2,581.68	-38.60	-1.50	10,843.82	11,593.56	749.74	6.47	34,218.72
6714-0001	Taxes-Payroll Administrative	158.01	238.07	80.06	33.63	1,165.86	1,768.23	602.37	34.07	4,035.73
6714-0002	Taxes-Payroll Maintenance	187.36	197.50	10.14	5.13	1,175.83	1,419.89	244.06	17.19	3,150.71
6724-0001	Workers Compensation-Payroll Admin	311.71	192.01	-119.70	-62.34	1,246.84	996.26	-250.58	-25.15	2,825.07
6724-0002	Workers Compensation-Payroll Maintenance	241.95	159.29	-82.66	-51.89	967.80	715.32	-252.48	-35.30	2,111.28
6726-0001	Health Ins & Other Benefits-Payroll Admin	212.92	957.80	744.88	77.77	1,025.92	4,000.19	2,974.27	74.35	11,885.90
6726-0002	Health Ins & Other Benefits-Payroll Maint.	626.50	937.64	311.14	33.18	2,530.72	3,844.49	1,313.77	34.17	11,482.46
	TOTAL PAYROLL	6,154.35	8,375.99	2,221.64	26.52	28,487.65	40,484.74	11,997.09	29.63	115,497.23
	OPERATING & MAINTENANCE EXPENSE									
6462-0000	Exterminating Contract	0.00	860.00	860.00	100.00	520.00	2,440.00	1,920.00	78.69	6,320.00
6511-0000	Security Contract & Repairs	0.00	579.00	579.00	100.00	1,224.24	1,158.00	-66.24	-5.72	4,816.00
6521-0000	Grounds Supplies	1,465.00	3,045.00	1,580.00	51.89	1,465.00	4,940.00	3,475.00	70.34	5,890.00
6522-0000	Grounds Contract	1,650.00	1,650.00	0.00	0.00	4,950.00	6,600.00	1,650.00	25.00	19,800.00
6522-0001	Landscaping	-710.00	0.00	710.00	N/A	0.00	0.00	0.00	N/A	0.00
6541-0000	Maintenance Supplies	1,483.40	450.00	-1,033.40	-229.64	3,562.15	1,800.00	-1,762.15	-97.90	5,400.00
6545-0000	Repairs - Contract - General	229.00	500.00	271.00	54.20	476.06	2,000.00	1,523.94	76.20	6,000.00
6546-0000	Repairs - Contract - Electric	484.77	250.00	-234.77	-93.91	1,019.88	500.00	-519.88	-103.98	1,000.00
6547-0000	Repairs - Contract - HVAC	220.00	0.00	-220.00	N/A	660.00	0.00	-660.00	N/A	2,000.00
6548-0000	Repairs - Contract - Plumbing	280.00	521.67	241.67	46.33	280.00	1,246.68	966.68	77.54	3,180.04

Budget Comparison

Period = Apr 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6552-0000	Uniforms	0.00	67.00	67.00	100.00	0.00	268.00	268.00	100.00	804.00
6580-0000	Maintenance Equipment Expense	0.00	0.00	0.00	N/A	0.00	600.00	600.00	100.00	600.00
6581-0000	Appliance Repair	-930.16	333.33	1,263.49	379.05	758.09	1,333.32	575.23	43.14	3,999.96
6582-0000	Lock & Key Expense	0.00	0.00	0.00	N/A	0.00	150.00	150.00	100.00	300.00
6586-0000	Fire & Safety Systems	579.00	0.00	-579.00	N/A	579.00	0.00	-579.00	N/A	0.00
6590-0000	Miscellaneous Maintenance	0.00	250.00	250.00	100.00	0.00	500.00	500.00	100.00	1,000.00
6991-0000	Pool Supplies	0.00	155.00	155.00	100.00	22.13	260.00	237.87	91.49	1,140.00
6992-0000	Pool Contract	314.53	236.25	-78.28	-33.13	764.53	945.00	180.47	19.10	2,835.00
	TOTAL OPERATING & MAINT. EXPS.	5,065.54	8,897.25	3,831.71	43.07	16,281.08	24,741.00	8,459.92	34.19	65,085.00
	TURNOVER COSTS									
6531-0000	Cleaning Supplies	0.00	100.00	100.00	100.00	0.00	200.00	200.00	100.00	400.00
6532-0000	Cleaning Contract	0.00	750.00	750.00	100.00	756.81	1,500.00	743.19	49.55	3,000.00
6532-0001	Carpet Cleaning	0.00	0.00	0.00	N/A	360.00	0.00	-360.00	N/A	0.00
6544-0000	Turnover- Maintenance/Repairs	0.00	0.00	0.00	N/A	151.76	0.00	-151.76	N/A	0.00
6561-0000	Decorator Supplies	0.00	250.00	250.00	100.00	-271.93	500.00	771.93	154.39	1,000.00
6562-0000	Decorator Contract Services	0.00	0.00	0.00	N/A	0.00	300.00	300.00	100.00	600.00
	TOTAL TURNOVER COSTS	0.00	1,100.00	1,100.00	100.00	996.64	2,500.00	1,503.36	60.13	5,000.00
	MARKETING									
6210-0000	Rental Advertising	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	400.00
6212-0000	Collateral Materials/Brand Identity	969.31	103.00	-866.31	-841.08	1,528.70	1,744.00	215.30	12.35	2,768.00
6216-0000	Promotions & Promotional Items	0.00	0.00	0.00	N/A	0.00	156.00	156.00	100.00	312.00
6290-0000	Miscellaneous Renting Expense	0.00	151.00	151.00	100.00	382.75	534.00	151.25	28.32	1,532.00
6981-0000	Resident Supplies	0.00	75.00	75.00	100.00	0.00	300.00	300.00	100.00	1,408.00
	TOTAL MARKETING	969.31	329.00	-640.31	-194.62	1,911.45	2,734.00	822.55	30.09	6,420.00
	ADMINISTRATIVE EXPENSES									
6280-0000	Credit Reports & Fees	0.00	10.60	10.60	100.00	0.00	42.40	42.40	100.00	127.20
6311-0000	Office Expenses	3,575.24	267.00	-3,308.24	-1,239.04	5,253.42	4,217.00	-1,036.42	-24.58	9,002.10
6312-0000	Copy Machine	2,715.93	131.50	-2,584.43	-1,965.35	3,085.63	526.00	-2,559.63	-486.62	1,578.00
6313-0000	Postage	2.00	33.33	31.33	94.00	90.51	133.32	42.81	32.11	399.96
6316-0000	Travel/Mileage	233.26	100.00	-133.26	-133.26	-191.60	400.00	591.60	147.90	975.00
6316-0003	Training	0.00	62.50	62.50	100.00	889.29	1,726.40	837.11	48.49	2,468.80
6316-0004	Training - New Employee Orientation	0.00	0.00	0.00	N/A	175.00	0.00	-175.00	N/A	0.00
6340-0000	Legal Expense	-925.00	0.00	925.00	N/A	-1,047.50	900.00	1,947.50	216.39	1,800.00
6350-0000	Auditing	0.00	7,100.00	7,100.00	100.00	11,750.00	11,750.00	0.00	0.00	11,750.00
6355-0001	Administrative Fees	0.00	0.00	0.00	N/A	0.00	2,250.00	2,250.00	100.00	2,250.00
6360-0000	Telephone	2,051.39	1,110.00	-941.39	-84.81	4,206.26	4,440.00	233.74	5.26	13,320.00
6385-0000	Dues and Memberships	0.00	180.00	180.00	100.00	180.00	180.00	0.00	0.00	450.00

Budget Comparison

Period = Apr 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
6390-0000	Miscellaneous	0.00	200.00	200.00	100.00	-19.09	200.00	219.09	109.54	740.00
6391-0000	Licenses	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	278.00
6392-0000	Bank Charges	35.16	43.56	8.40	19.28	102.81	174.24	71.43	41.00	522.72
	TOTAL ADMINISTRATIVE EXPENSES	7,687.98	9,238.49	1,550.51	16.78	24,474.73	26,939.36	2,464.63	9.15	45,661.78
	TOTAL EXPENSES	30,723.27	40,716.76	9,993.49	24.54	118,137.64	149,262.22	31,124.58	20.85	394,751.37
	NET OPERATING INCOME	40,071.87	27,266.44	12,805.43	46.96	160,580.46	124,625.44	35,955.02	28.85	428,866.47
	REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000	Escrow - Replacement Reserve	2,342.64	2,333.00	-9.64	-0.41	9,340.14	9,332.00	-8.14	-0.09	27,996.00
	TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	2,342.64	2,333.00	-9.64	-0.41	9,340.14	9,332.00	-8.14	-0.09	27,996.00
	DEBT SERVICE									
2320-0000	Mortgage Payable -1st Mortgage	5,000.00	5,000.00	0.00	0.00	20,000.00	20,000.00	0.00	0.00	60,000.00
6820-0000	Interest on Mortgage	11,145.00	11,145.00	0.00	0.00	44,639.38	44,639.38	0.00	0.00	133,502.48
6824-0000	Interest on Mortgage - 4th	1,297.17	1,357.80	60.63	4.47	5,188.68	5,210.79	22.11	0.42	15,941.79
6828-0000	Service Fee	6,178.50	6,168.33	-10.17	-0.16	24,758.75	24,673.32	-85.43	-0.35	74,019.96
	TOTAL DEBT SERVICE	23,620.67	23,671.13	50.46	0.21	94,586.81	94,523.49	-63.32	-0.07	283,464.23
	MISCELLANEOUS									
6890-0000	Miscellaneous Financial Exp	416.67	416.67	0.00	0.00	1,666.68	1,666.68	0.00	0.00	5,000.04
6892-0000	Trustee Fees	283.33	325.00	41.67	12.82	1,133.32	1,300.00	166.68	12.82	3,900.00
	TOTAL MISCELLANEOUS	700.00	741.67	41.67	5.62	2,800.00	2,966.68	166.68	5.62	8,900.04
	CAPITAL EXPENDITURES									
1415-0002	Landscape & Land Improvements	0.00	4,800.00	4,800.00	100.00	0.00	4,800.00	4,800.00	100.00	12,140.00
1440-0002	Carpet/Flooring	2,341.56	6,168.00	3,826.44	62.04	273.23	11,568.00	11,294.77	97.64	24,168.00
1486-0000	Appliances	2,128.97	2,250.00	121.03	5.38	2,552.66	3,100.00	547.34	17.66	5,900.00
	TOTAL CAPITAL EXPENDITURES	4,470.53	13,218.00	8,747.47	66.18	2,825.89	19,468.00	16,642.11	85.48	42,208.00
	MORTGAGOR EXPENSES									
7115-0000	Non Profit Fee	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	20,000.00
7135-0000	Asset Management Fee Paid from Surplus	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	11,255.00
7153-0000	Administration Fee Expense	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	8,955.00
	TOTAL MORTGAGOR EXPENSES	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	40,210.00
	PROFIT / LOSS	8,938.03	-12,697.36	21,635.39	170.39	51,027.62	-1,664.73	52,692.35	3,165.22	26,088.20

Budget Comparison

Period = Apr 2019

Book = Accrual ; Tree = is ahdc

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
	ADDITIONAL ADJUSTMENTS TO CASH FLOW									
	Cash - Other	-553.66	0.00	-553.66	N/A	-2,214.64	0.00	-2,214.64	N/A	0.00
	Accounts Payable	-1,529.70	0.00	-1,529.70	N/A	-6,963.44	0.00	-6,963.44	N/A	0.00
	Net A/R	10,029.52	0.00	10,029.52	N/A	-6,140.77	0.00	-6,140.77	N/A	0.00
	Net Prepaids	2,269.98	0.00	2,269.98	N/A	240.91	0.00	240.91	N/A	0.00
	Net Accruals	1,850.83	-1,357.80	3,208.63	236.31	-170.65	-5,210.79	5,040.14	96.73	-15,941.79
	Net Real Estate Tax	-1,006.88	-13.00	-993.88	-7,645.23	-4,874.15	-52.00	-4,822.15	-9,273.37	-162.00
	Net Insurance	-780.02	-2,770.00	1,989.98	71.84	-2,847.80	-10,684.00	7,836.20	73.35	-32,844.00
	Net Deposits	703.99	0.00	703.99	N/A	0.00	0.00	0.00	N/A	0.00
	Escrows - Other	0.00	-2.05	2.05	100.00	0.00	-8.20	8.20	100.00	-24.60
	TOTAL CASH FLOW ADJUSTMENTS	10,984.06	-4,142.85	15,126.91	365.13	-22,970.54	-15,954.99	-7,015.55	-43.97	-48,972.39
	NET ADJUSTED CASH FLOW	19,922.09	-16,840.21	36,762.30	218.30	28,057.08	-17,619.72	45,676.80	259.24	-22,884.19
	Net Change in Cash from TB	19,922.09	0.00	-19,922.09	N/A	28,057.08	0.00	-28,057.08	N/A	0.00

May 6, 2019

Mr. Ed Mayer, Executive Director
Housing Authority of the County of Butte
2039 Forest Avenue, Suite 10
Chico, CA 95928

RE: CORDILLERA APARTMENTS

Dear Ed:

Please find enclosed for your review the following financial information for the month that ended April 30, 2019. This statement is accompanied by the following financial reports for the Cordillera Apartments.

1. Project Cash Flow and Bank Account Summary, Budget Comparison,
General Ledger, Trial Balance and Tenant Rent Roll.
2. 12 Month Income Statement
3. 2018/2019 Performance Review.
4. Capital Improvement Summary.

Cordillera Apartments ended the month of April with one vacant unit, as the tenant moved out on April 10th.

The total rental income for the month of April came to \$13,202.00 which was over budget by \$417.00. This variance was due to the unpaid rent. Total service income for the month came to \$101.18 and was under budget by \$99.82 as the property did not collect any laundry income. This brought the total April income to \$13,303.18 and \$317.18 higher than what was budgeted for the reasons stated above.

Moving on to the monthly expenses, you will see that the renting expenses came to \$651.30, which was over the budget by \$524.30, due to more office supplies/forms being purchased. Total administrative expenses for the month were \$2,975.71, over budget by \$1,023.71, due to higher resident manager expense. Total utility expenses came to \$3,120.81, which was over budget by \$808.81. The apartment turnover expenses came in at \$3,461.90, which was over budget by \$931.90, due to higher labor and material costs.

Mr. Ed Mayer, Executive Director
Chico, California

May 6, 2019
Page 2

The total maintenance expenses of \$6,634.40 were higher than budget by \$4,304.40 due to higher labor and material costs. We also paid the annual insurance premium in the amount of \$6,402.00, which was higher than budget by \$954.00. This brought the net operating income to a negative figure of \$9,942.94, which was \$8,229.94 over than what was budgeted.

There was \$2,031.00 in capital improvement costs for the month of April, and under budget by \$1,969.00. This included carpeting and linoleum for Unit 37-1.

As you review the Cash Balance Summary on the Cash Flow Statement for April, you will see that the property ended the month with total cash on hand of \$8,997.50. Of that amount, \$3,000.00 is in the general checking account, \$5,887.19 in the general savings account and \$10.31 in the replacement reserve account.

Please give me a call if you have any questions regarding the Cordillera Apartments.

Sincerely yours,

CORDILLERA APARTMENTS



Richard Gillaspie
Property Manager

RG:ph
Enclosures

CORDILLERA APARTMENTS
2018 - 2019 PERFORMANCE REVIEW

CA08pr

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
TOTAL INCOME 2013/14	12142	11712	11065	11430	14576	11920	11848	11872	12906	12019	11183	11554	144,226
TOTAL INCOME 2014/15	13264	11964	11308	10500	9853	9942	10261	11854	13959	13236	12927	11227	140,293
TOTAL INCOME 2015/16	10964	11839	12711	13063	13605	13294	11700	11879	13338	12835	13897	12887	152,013
TOTAL INCOME 2016/17	12897	13454	13984	13050	14438	13207	12429	13965	13308	12985	13292	13451	160,459
TOTAL INCOME 2017/18	12573	11906	12640	13899	12945	12516	11735	13266	13415	12226	13295	11688	152,105
TOTAL INCOME 2018/19	13197	12635	11399	12360	13598	15670	13303						92,162
VARIANCE	624	728	-1241	-1538	653	3153	1568						3,947
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 VACANCY LOSS	-685	-1085	-685	-228	-128	-93	-1357	-731	-55	-685	-685	-685	-7,102
2014/15 VACANCY LOSS	-732	-376	0	-2,509	-3677	-2737	-2550	-1370	-611	0	0	1225	-13,337
2015/16 VACANCY LOSS	0	-695	-400	23	0	0	-348	-118	-701	-303	0	-45	-2,584
2016/17 VACANCY LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0
2017/18 VACANCY LOSS	0	-1377	28	0	0	0	-660	-732	55	0	0	0	-2,687
2018/19 VACANCY LOSS	0	0	0	0	-1600	0	0						-1,600
VARIANCE	0	1377	-28	0	-1600	0	660						410
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 UNPAID RENTS	-1762	-188	-179	-1539	1407	-637	598	0	-250	0	0	-420	-2,971
2014/15 UNPAID RENTS	493	-1190	-2278	588	1301	1	-11	-554	85	475	432	-2162	-2,822
2015/16 UNPAID RENTS	-1094	-302	205	-16	823	-1640	-142	-1307	1698	-66	-430	135	-2,137
2016/17 UNPAID RENTS	-275	-550	-95	512	1220	-18	-755	605	-83	-305	-522	55	-211
2017/18 UNPAID RENTS	-911	-840	-2043	1030	-665	-910	-860	-433	-406	-956	-1112	-2161	-10,267
2018/19 UNPAID RENTS	-1260	-1267	-2794	-1815	5969	971	-745						-941
VARIANCE	-349	-426	-751	-2845	6634	1881	115						4,259
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 TOTAL OPER. EXP.	10653	11934	13419	6836	6025	5393	8312	8774	12084	5946	11078	5747	106,201
2014/15 TOTAL OPER. EXP.	9777	7662	8765	7841	8345	13740	6859	6171	14768	7212	6035	10136	107,310
2015/16 TOTAL OPER. EXP.	7689	6815	13468	10215	5574	8094	11930	9206	11314	8233	7254	8134	107,925
2016/17 TOTAL OPER. EXP.	6951	6078	7857	6823	6924	6880	11809	5761	4565	6685	7877	5482	83,693
2017/18 TOTAL OPER. EXP.	4727	8499	10532	8417	6199	4874	12195	9040	6518	6729	7753	6972	92,454
2018/19 TOTAL OPER. EXP.	8341	6123	7404	7912	8015	14053	23297						75,145
VARIANCE	3614	-2375	-3128	-505	1816	9180	11102						19,703
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEPT.	TOTAL
2013/14 TOTAL NOI	1489	-222	-2354	4595	8551	6527	3535	3098	822	6073	104	5766	37,985
2014/15 TOTAL NOI	3487	4302	2543	2659	1508	-3798	3402	5682	-810	6024	6893	1090	32,983
2015/16 TOTAL NOI	3275	5025	-757	2848	8031	5201	-230	2673	2023	4601	6643	4753	44,087
2016/17 TOTAL NOI	5946	7376	6127	6227	7514	6328	619	8204	8743	6300	5414	7969	76,767
2017/18 TOTAL NOI	7846	3408	2108	5482	6746	7643	-460	4226	6897	5497	5542	4716	59,650
2018/19 TOTAL NOI	4857	6512	3995	4448	5583	1616	-9994						17,017
VARIANCE	-2990	3104	1887	-1033	-1163	-6027	-9534						-15,756

Income Statement
DHI GRIDLEY SPRINGS I
As of
April 30, 2019

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
*** REVENUES ***						
Rent Revenue - Gross Potential						
Apartment Rents	10,196.00	24,214.00	(14,018.00)	42,418.38	96,856.00	(54,437.62)
Tenant Assistance Payments	12,439.00	0.00	12,439.00	46,571.00	0.00	46,571.00
Total Revenue	22,635.00	24,214.00	(1,579.00)	88,989.38	96,856.00	(7,866.62)
Apartment Vacancies	0.00	(484.00)	484.00	(738.00)	(1,937.00)	1,199.00
Total Vacancies	0.00	(484.00)	484.00	(738.00)	(1,937.00)	1,199.00
NET RENTAL REVENUE	22,635.00	23,730.00	(1,095.00)	88,251.38	94,919.00	(6,667.62)
Interest Income-Other Cash	12.22	8.00	4.22	29.79	32.00	(2.21)
Interest Income-Sec Deposits	0.22	4.00	(3.78)	0.83	16.00	(15.17)
Total Financial Revenue	12.44	12.00	0.44	30.62	48.00	(17.38)
Misc Tenant Charges/Damages & Cleaning	0.00	0.00	0.00	0.00	0.00	0.00
NSF and Late Fee Income	0.00	5.00	(5.00)	0.00	19.00	(19.00)
Legal Collections	0.00	0.00	0.00	32.50	0.00	32.50
Laundry Revenue	239.43	161.00	78.43	752.17	643.00	109.17
Total Other Revenue	239.43	166.00	73.43	784.67	662.00	122.67
TOTAL REVENUE	22,886.87	23,908.00	(1,021.13)	89,066.67	95,629.00	(6,562.33)
*** EXPENSES ***						
Administrative Expenses						
Advertising and Promotions	0.00	25.00	(25.00)	0.00	100.00	(100.00)
Credit Reports	299.59	0.00	299.59	299.59	0.00	299.59
Rent Concessions	0.00	0.00	0.00	264.00	0.00	264.00
IT Support Services	171.00	0.00	171.00	2,884.00	0.00	2,884.00
Telephone & Answering Service	106.42	108.00	(1.58)	254.47	433.00	(178.53)
Consulting/Purchased Services (USDA Fee)	13,769.36	0.00	13,769.36	26,570.17	0.00	26,570.17
Postage and Mailing	0.00	0.00	0.00	(29.71)	0.00	(29.71)
Taxes and Licenses	0.00	0.00	0.00	800.00	0.00	800.00
Office Supplies/Expenses	8.79	150.00	(141.21)	260.72	600.00	(339.28)
Rental Housing Fee	0.00	0.00	0.00	0.00	0.00	0.00
Dues and Subscriptions	0.00	0.00	0.00	85.71	0.00	85.71
Management Fee	2,080.00	2,015.00	65.00	8,255.00	8,060.00	195.00
Manager Salaries	1,535.92	1,775.00	(239.08)	6,070.54	7,100.00	(1,029.46)
Education/Registration Fees	650.00	83.00	567.00	1,427.10	333.00	1,094.10
Legal Expense	0.00	67.00	(67.00)	0.00	267.00	(267.00)
Auditing Fees	0.00	0.00	0.00	7,160.00	7,400.00	(240.00)
Other Administrative Costs	0.00	250.00	(250.00)	0.00	1,000.00	(1,000.00)
Total Administrative Expenses	18,621.08	4,473.00	14,148.08	54,301.59	25,293.00	29,008.59
Utility Expenses						
Electricity	121.91	586.00	(464.09)	274.23	2,342.00	(2,067.77)
Water	766.60	525.00	241.60	6,061.15	2,100.00	3,961.15
Gas	0.00	63.00	(63.00)	706.97	250.00	456.97
Sewer	1,285.95	496.00	789.95	1,285.95	1,983.00	(697.05)
Garbage and Trash Removal	1,030.20	533.00	497.20	2,537.86	2,133.00	404.86
Total Utility Expenses	3,204.66	2,203.00	1,001.66	10,866.16	8,808.00	2,058.16
Operating & Maintenance Expense						
Rec Room Cleaning & Supplies	0.00	233.00	(233.00)	0.00	933.00	(933.00)
Clean and Repair Apartment	0.00	0.00	0.00	200.00	0.00	200.00
Exterminating Contract	300.00	0.00	300.00	600.00	0.00	600.00
Tree Service	0.00	0.00	0.00	800.00	0.00	800.00
Grounds Contract	1,000.00	1,167.00	(167.00)	3,000.00	4,667.00	(1,667.00)
Grounds Maintenance and Supplies	35.00	208.00	(173.00)	1,278.00	833.00	445.00
Maintenance Personnel	1,045.66	1,775.00	(729.34)	4,345.51	7,100.00	(2,754.49)
Repair Materials	225.77	225.00	0.77	2,535.27	900.00	1,635.27
Repair Contract/Vendor Labor	0.00	150.00	(150.00)	0.00	600.00	(600.00)
HVAC Repair and Maintenance	596.71	0.00	596.71	596.71	0.00	596.71
Appliance Repair and Maintenance	0.00	0.00	0.00	64.03	0.00	64.03
Plumbing Repair and Supplies	143.00	0.00	143.00	1,054.78	0.00	1,054.78
Exterior Painting and Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Interior Painting and Supplies	0.00	83.00	(83.00)	926.45	333.33	593.12
Gas, Oil and Mileage	10.86	0.00	10.86	196.57	0.00	196.57
Total Operating & Maint Expenses	3,357.00	3,841.00	(484.00)	15,597.32	15,366.33	230.99

Income Statement
DHI GRIDLEY SPRINGS I
As of
April 30, 2019

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
Taxes & Insurance Expenses						
Property Taxes	721.28	0.00	721.28	721.28	2,153.00	(1,431.72)
Payroll Taxes	303.11	292.00	11.11	1,572.44	1,167.00	405.44
Misc Taxes & Licenses	0.00	761.00	(761.00)	0.00	3,043.00	(3,043.00)
Property & Liability Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Worker's Compensation	176.87	258.00	(81.13)	713.12	1,033.00	(319.88)
Health/Dental Insurance	179.68	467.00	(287.32)	496.75	1,867.00	(1,370.25)
Other Insurance	0.00	149.00	(149.00)	0.00	595.00	(595.00)
Total Taxes & Insurance Expenses	1,380.94	1,927.00	(546.06)	3,503.59	9,858.00	(6,354.41)
TOTAL EXPENSES	26,563.68	12,444.00	14,119.68	84,268.66	59,325.33	24,943.33
NET OPERATING INCOME (LOSS)	(3,676.81)	11,464.00	(15,140.81)	4,798.01	36,303.67	(31,505.66)
Interest & Finance Expense						
Mortgage Interest	1,305.02	0.00	1,305.02	5,227.08	0.00	5,227.08
Bank Fees	20.00	0.00	20.00	80.00	0.00	80.00
Total Interest & Finance Expense	1,325.02	0.00	1,325.02	5,307.08	0.00	5,307.08
OPERATING PROFIT (LOSS)	(5,001.83)	11,464.00	(16,465.83)	(509.07)	36,303.67	(36,812.74)
Replacements						
Roofing/Paving/Exterior	0.00	643.00	(643.00)	0.00	2,572.00	(2,572.00)
Appliance Replacement	0.00	199.00	(199.00)	427.93	797.00	(369.07)
Drapery and Blind Replacement	0.00	52.00	(52.00)	0.00	208.00	(208.00)
Carpet/ Flooring Replacement	0.00	668.00	(668.00)	2,759.00	2,671.00	88.00
HVAC Replacement	0.00	458.00	(458.00)	0.00	1,833.00	(1,833.00)
Plumbing Replacement	0.00	167.00	(167.00)	509.00	667.00	(158.00)
Glass Replacement	0.00	375.00	(375.00)	0.00	1,500.00	(1,500.00)
Furniture and Equipment Replacement	0.00	50.00	(50.00)	237.97	200.00	37.97
Door & Screen Repair/ Replacement	0.00	8.00	(8.00)	0.00	30.00	(30.00)
Total Cost of Replacements	0.00	2,620.00	(2,620.00)	3,933.90	10,478.00	(6,544.10)
NET CASH FLOW FROM OPERATIONS	(5,001.83)	8,844.00	(13,845.83)	(4,442.97)	25,825.67	(30,268.64)



GRIDLEY SPRINGS

April 2019

Property Status:

1. All continues to go well at Gridley Springs. Occupancy continues to be at 100% for both GSI and GSII. We do have 1 unit (#9) currently at the attorney for eviction at GSI for non-payment, and have no notices for GSII.
2. Gridley Springs I and II are having minor landscaping watering issues (broken sprinkler lines, broken valves, etc.) that are currently being worked on by the landscaping company to rectify.
3. Annual Unit Inspections have been completed and Kevin is working on making needed repairs.
4. Devin and Kevin have been doing a great job of monitoring parking lots and having the stolen/abandoned and non-operational cars removed from the property.

Thank you!
Mac Upshaw

April 30, 2019

Jenifer McDonell, Regional Manager
AWI Management Corporation
120 Center Street
Auburn, CA 95603

RE: Clearance Letter, 2019 HOME Monitoring for 1200 Park Avenue

Dear Ms. McDonell,

Thank you for your response of April 11, 2019 regarding the April 1, 2019 Monitoring Summary for 1200 Park Avenue. Your response has largely addressed the three findings and this letter therefore closes the 2019 HOME monitoring as follows:

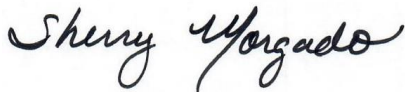
Finding #1: You have provided an insurance certificate which shows the City of Chico as additional insured.

Finding #2: You have provided a copy of the HOME Lease Addendum for the tenants' files which were reviewed (Units 136, 205, 261, 223 and 337). As noted in the monitoring summary letter, please implement procedures to ensure that if the Owner enters into a 6-month lease, the tenant has agreed to this and an executed copy of the HOME Lease Addendum is in the tenant's file.

Finding #3: Regarding the tenant recertification notices, there is no problem with setting up a separate administrative file to assist in tracking the recertifications. However, please ensure that you also place a copy in the tenant file, and do not wait for the completion of the recertification to do so. While I realize this is an extra step for staff, it is important that the tenant file be up to date with all notices at any given time that monitoring may occur.

Thank you again for your timely responses to the issues that were raised and your cooperation during the review.

Sincerely,



Sherry Morgado
City of Chico Representative

C: Marie Demers, City of Chico
Larry Guanzon, Housing Authority of the County of Butte

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

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

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

COMPARATIVE FINANCIAL REPORT

DECEMBER 31, 2018 and 2017

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners

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

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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

Bowman & Company, LLP

Established 1949
www.cpbowman.com

10100 Trinity Parkway, Suite 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DHI-DFA Gridley Springs Associates, L.P. as of December 31, 2018 and 2017 and the results of their operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information to the financial statements as referenced in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019, on our consideration of DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DHI-DFA Gridley Springs Associates, L.P.' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DHI-DFA Gridley Springs Associates, L.P.'s internal control over financial reporting and compliance.

Bowman & Company, L.L.P.

Stockton, California
February 22, 2019

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

BALANCE SHEETS
December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 84,907	\$ 86,570
Accounts receivable - USDA Rural Development	22,453	10,425
Accounts receivable - tenant	991	2,914
Accounts receivable - other	3,870	440
Prepaid expenses	3,948	4,681
Deposits	--	200
Tax and insurance impounds	9,423	7,266
Total current assets	<u>125,592</u>	<u>112,496</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Guarantee fee reserve	1,709	1,708
Partnership cash	13,325	14,545
Rental security deposits	13,067	23,638
Replacement reserve	345,698	330,324
Transition reserve	85,004	85,000
Operating deficit reserve	120,008	120,000
	<u>578,811</u>	<u>575,215</u>
PROPERTY AND EQUIPMENT, at cost		
Land	149,957	149,957
Building and improvements	3,137,787	3,137,787
Site improvements	165,810	165,810
Personal property	373,940	373,940
	<u>3,827,494</u>	<u>3,827,494</u>
Less accumulated depreciation	<u>(793,244)</u>	<u>(637,552)</u>
	<u>3,034,250</u>	<u>3,189,942</u>
OTHER ASSETS		
Tax credit fees, net of accumulated amortization of \$6,709 and \$5,367 in 2018 and 2017, respectively	13,420	14,762
Total other assets	<u>13,420</u>	<u>14,762</u>
Total assets	<u><u>\$ 3,752,073</u></u>	<u><u>\$ 3,892,415</u></u>

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

BALANCE SHEETS (Cont.)
December 31, 2018 and 2017

LIABILITIES AND PARTNERS' EQUITY	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 816	\$ 4,651
Accrued interest payable, current portion	2,815	2,815
Partnership fees payable	6,014	5,932
Prepaid rent	3,034	--
Developer fee payable	88,986	115,454
Note payable, USDA Rural Development, current portion	11,103	10,762
Note payable, Bonneville, current portion	3,664	3,498
Total current liabilities	<u>116,432</u>	<u>143,112</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>13,067</u>	<u>11,262</u>
 LONG-TERM LIABILITIES		
Note payable, Bonneville, less current portion	334,016	337,680
Less unamortized debt issuance cost	<u>(60,562)</u>	<u>(62,229)</u>
	273,454	275,451
 Note payable, USDA Rural Development, less current portion	1,043,155	1,054,258
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	<u>236,600</u>	<u>174,200</u>
	3,633,209	3,583,909
 Total liabilities	<u>3,762,708</u>	<u>3,738,283</u>
 PARTNERS' EQUITY	<u>(10,635)</u>	<u>154,132</u>
 Total liabilities and partners' equity	<u><u>\$ 3,752,073</u></u>	<u><u>\$ 3,892,415</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2018 and 2017

	2018	2017
REVENUE		
Tenant rental income	\$ 110,332	\$ 117,863
Rental assistance - USDA Rural Development	145,352	126,667
Laundry income	2,555	2,869
Interest income	220	348
Tenant charges	4,470	958
Miscellaneous income	113	786
Total revenue	<u>263,042</u>	<u>249,491</u>
OPERATING AND MAINTENANCE EXPENSES		
Maintenance and repairs payroll	12,159	5,149
Maintenance and repairs supply	8,864	4,559
Maintenance and repairs contract	7,827	909
Painting and decorating	1,944	717
Grounds	14,352	14,840
Services	2,101	1,357
Furniture and furnishings replacement	8,870	15,718
	<u>56,117</u>	<u>43,249</u>
Electricity	5,201	5,243
Water	5,352	6,175
Sewer	13,606	10,488
Gas	536	942
Garbage and trash removal	934	13,736
	<u>25,629</u>	<u>36,584</u>
Site management payroll	19,045	17,299
Management fee	17,050	18,300
Project auditing expense	7,400	7,400
Legal	3,165	237
Advertising	80	141
Telephone and answering service	1,246	1,281
Office supplies	1,977	4,934
Office furniture and equipment	--	13
Bad debt expense	7,697	5,719
Training expense	741	972
Health insurance and other employee benefits	111	5,509
Payroll taxes	3,220	2,236
Workers' compensation insurance	3,832	4,306
Other administrative expenses	2,880	4,118
	<u>68,444</u>	<u>72,465</u>

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

STATEMENTS OF INCOME (Cont.)
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Real estate taxes	1,433	1,419
Other taxes licenses and permits	1,600	1,652
Property and liability insurance	8,158	8,812
	<u>11,191</u>	<u>11,883</u>
 Total operating and maintenance expenses	 <u>161,381</u>	 <u>164,181</u>
 OTHER EXPENSES		
USDA Rural Development authorized expenditures - repairs and replacements	1,583	--
Depreciation	155,692	155,692
Amortization	1,342	1,342
Interest expense - mortgage payable	95,654	96,037
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	2,770	3,761
USDA guarantee fees	1,706	1,723
Non-project expense - partnership fees	6,014	5,932
Total other expenses	<u>266,428</u>	<u>266,154</u>
 Total expenses	 <u>427,809</u>	 <u>430,335</u>
 Net loss	 <u><u>\$ (164,767)</u></u>	 <u><u>\$ (180,844)</u></u>

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

STATEMENT OF PARTNERS' EQUITY
Years Ended December 31, 2018 and 2017

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2016	\$ 44	\$ (1)	\$ 43	\$ 334,890	\$ 334,976
Net loss	<u>(2)</u>	<u>(16)</u>	<u>(18)</u>	<u>(180,808)</u>	<u>(180,844)</u>
Balance, December 31, 2017	42	(17)	25	154,082	154,132
Net loss	<u>(2)</u>	<u>(15)</u>	<u>(16)</u>	<u>(164,734)</u>	<u>(164,767)</u>
Balance, December 31, 2018	<u>\$ 40</u>	<u>\$ (32)</u>	<u>\$ 9</u>	<u>\$ (10,652)</u>	<u>\$ (10,635)</u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (164,767)	\$ (180,844)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	157,034	157,034
Amortization of debt issuance cost	1,667	1,667
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - USDA Rural Development	(12,028)	1,013
Accounts receivable - tenant	1,923	(2,908)
Accounts receivable - other	(3,430)	--
Prepaid expenses	733	5,378
Deposits	200	--
Tax and insurance impounds	(2,157)	(706)
Rental security deposits	10,571	(11,719)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(3,835)	(212)
Accrued interest payable	62,400	62,296
Partnership fees payable	82	80
Tenant security deposits	1,805	(161)
Prepaid rent	3,034	(685)
Net cash used in (provided by) operating activities	<u>53,232</u>	<u>30,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawals from (funding of) guarantee fee reserve, net	(1)	16
Funding of operating deficit reserve	(8)	--
Funding of transition reserve	(4)	--
Funding of replacement reserve	(33,981)	(41,728)
Withdrawals from replacement reserve	18,607	30,191
Withdrawals from to partnership cash account, net	1,220	8,231
Net cash used in (provided by) investing activities	<u>(14,167)</u>	<u>(3,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(14,260)	(13,770)
Payment of developer fee payable	(26,468)	(44,248)
Net cash provided by (used in) financing activities	<u>(40,728)</u>	<u>(58,018)</u>

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

STATEMENTS OF CASH FLOWS (Cont.)
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Increase (decrease) in cash and cash equivalents	(1,663)	(31,075)
Cash and cash equivalents		
Beginning	86,570	117,645
Ending	<u>\$ 84,907</u>	<u>\$ 86,570</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 33,254</u>	<u>\$ 33,637</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

Pursuant to the Partnership Agreement, the Limited Partner and the Special Limited Partner will make a Capital Contribution in the aggregate amount of \$1,057,074, subject to potential adjustment based on the amount of low-income housing tax credits ultimately allocated to the Project, in addition to other potential occurrences as more fully explained in the Partnership Agreement. The Limited Partner has provided capital contributions of \$925,984. The Special Limited Partner was required and paid its entire capital contribution of \$100.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation:

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

NOTES TO FINANCIAL STATEMENTS

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

Cash and cash equivalents:

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to restrictions or withdrawal penalties, and all highly liquid investments with maturity of three months or less as cash and cash equivalents on the accompanying balance sheet.

Operating deficit reserve:

Pursuant to the Partnership Agreement dated June 1, 2013, an operating deficit reserve account with an initial capitalization of \$120,000 is to be funded by capital contributions of the Limited Partner. No annual deposit is required and withdrawals are subject to approval by the General Partner and Special Limited Partner. As of December 31, 2018, the operating deficit reserve was fully funded.

Transition reserve account:

Pursuant to the Partnership Agreement dated June 1, 2013, a transition reserve account with an initial capitalization of \$85,000 is to be funded by capital contributions of the Limited Partner. The transition reserve may be used with the consent of the Special Limited Partner to fund any operating deficits that occur as a result of a decrease in the amount of rental assistance provided by RD. As of December 31, 2018, the transition reserve was fully funded.

Replacement reserve:

Pursuant to the Partnership Agreement and the Loan Agreement with RD, the Partnership is required to establish a replacement reserve account with an initial deposit of \$208,736 and thereafter, the Partnership shall deposit the required monthly deposit into an account maintained by the lender to fund certain costs relating to the Project. The annual required deposit is \$16,250, with annual escalating increases. Withdrawals are subject to RD approval.

Revenue recognition:

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income results from fees earned for late payments, cleaning, damages and laundry facilities and are recorded when earned

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

NOTES TO FINANCIAL STATEMENTS

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

Accounts receivable:

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Depreciation:

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

	<u>Years</u>
Buildings and improvements	40
Site improvements	15
Personal property	5-7

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. At December 31, 2018 and 2017, there was no impairment losses recognized.

Amortization:

Tax credit monitoring fees will be amortized under the straight-line method over 15 years, which coincides with the compliance period in accordance with Section 42.

Debt issuance costs:

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

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

NOTES TO FINANCIAL STATEMENTS

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

Fair value of financial instruments:

The carrying amount of financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities approximate their value due to the short-term maturities of these instruments.

Income taxes:

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on their respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management has evaluated subsequent events through February 22, 2019, the date on which the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Note Payable – USDA Rural Development

In June 2013, as partial funding for its purchase of the Project, the Partnership assumed a loan of \$1,108,732 from the seller payable to RD. The note payable to RD is secured by a deed of trust on the real property. The obligation is payable in monthly installments of \$2,352 through May 2043, plus excess rent, if any, with the monthly payment amount applying to principal and interest, and any excess rent to additional interest. While the note payable provides for an interest rate of 3.125%, respectively per annum, RD allows interest reduction subsidies so that the Partnership pays less than the specified mortgage interest rate. The note is being amortized using the USDA Rural Development Predetermined Amortization Schedule System (PASS). Under PASS, the loan principal is amortized at the market interest rate; however, the Partnership is making monthly payments based on a 1% interest rate plus excess rents. Interest costs incurred on the note for the years ended December 31, 2018 and 2017 was \$17,462 and \$17,686, respectively. For years ending December 31, 2018 and 2017, accrued interest was \$1,468.

The future amounts of principal payments under this mortgage note at December 31, 2018 were as follows:

2019	\$ 11,103
2020	11,455
2021	11,818
2022	12,193
2023	12,580
Thereafter	995,109
	<u>\$ 1,054,258</u>

Note 3. Note Payable – Bonneville Multifamily Loan

In January 2015, the Partnership signed a promissory note with Bonneville Mortgage Company, a Utah corporation, for \$350,000. The loan is guaranteed through the USDA Section 538 Guaranteed Rural Rental Housing Program. The note is secured by the multifamily deed of trust, assignments of rents, security agreement and fixture filing. The interest rate on the loan is 4.65% and requires monthly principal and interest payments of \$1,607. The loan matures in January 2055. For years ending December 31, 2018 and 2017, interest on the note was \$15,792 and \$15,952, respectively. For years ending December 31, 2018 and 2017, accrued interest was \$1,347.

As of December 31, 2018 and 2017, debt issuance costs, net of accumulated amortization of \$6,113 and \$4,446, respectively, are amortized using the straight-line method.

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Note Payable – Bonneville Multifamily Loan (Cont.)

The future amounts of principal payments under this mortgage note at December 31, 2018 were as follows:

2019	\$ 3,664
2020	3,838
2021	4,020
2022	4,211
2023	4,411
Thereafter	317,536
	<u>\$ 337,680</u>

Note 4. Note Payable – City of Gridley

The Partnership entered into a loan agreement under the Home program with the City of Gridley (the “Home Loan”) in the amount of \$2,080,000. The Home Loan is secured by a subordinate deed of trust on the Project. The Home Loan bears interest at a fixed rate of 3% simple interest and matures January 31, 2069. All payments on principal and interest have been deferred until 2024. Commencing on June 1, 2024, payments are payable in an amount equal to fifty percent (50%) of the net cash flow after payment of the distributions set forth in the note. The unpaid principal balance of this note shall be due and payable in full at the end of the term. The payments on this note shall first be applied to interest then to unpaid costs and finally principal obligated through the HOME Agreement. As of December 31, 2018 and 2017, the outstanding principal was \$2,080,000. For years ending December 31, 2018 and 2017, accrued interest was \$236,600 and \$174,200, respectively.

Note 5. Related Party Transactions

Asset management fee

In accordance with the Partnership Agreement, the Limited Partner receives an annual cumulative asset management fee in the amount of \$2,500 annually, increasing by 3% per year, commencing in 2014. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the year ended December 31, 2018 and 2017, \$2,814 and \$2,732 was earned, respectively. As of December 31, 2018 and 2017, \$2,814 and \$2,732 was payable, respectively.

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Related Party Transactions (Cont.)

Partnership management fee

In accordance with the Partnership Agreement, the Managing General Partner is entitled to receive an annual cumulative partnership management fee in the amount of \$3,200, commencing in 2013. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the years ending December 31, 2018 and 2017, \$3,200, was paid. As of December 31, 2018 and 2017, \$3,200 was payable.

Incentive management fee

In accordance with the Partnership Agreement, commencing in 2013, the Administrative General Partners receive a noncumulative incentive management fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2018 and 2017, the Administrative General Partners earned an incentive management fee of \$0.

Tax credit compliance fee

In accordance with the Partnership Agreement, commencing in 2014, the Administrative General Partners receive a noncumulative tax credit compliance fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2018 and 2017, the Administrative General Partners earned a tax credit compliance fee of \$0.

Developer fee payable

The Partnership contracted with Dawson Holdings, Inc. ("DHI"), an affiliate of the Administrative General Partner and DFA Development, LLC ("DFA") (the "Developers"), to provide development services relating the acquisition and rehabilitation of the Project for a \$344,348 development fee. The unpaid fee is paid as further described in the Partnership Agreement and the Development Agreement. For the years ending December 31, 2018 and 2017, \$88,986 and \$115,454, respectively, was payable.

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

NOTES TO FINANCIAL STATEMENTS

Note 6. Low-Income Housing Tax Credits

The Partnership expects to generate an aggregate total of \$1,169,912 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2013. In order to qualify for those credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 40 years after the above period ends. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized and failure to meet all such requirements may result in generating less Tax Credits than expected. As of December 31, 2018 and 2017, the Partnership had generated \$633,384 and \$517,344 of Tax Credits, respectively.

The Partnership anticipates generating Tax Credits as follows for December 31:

2019	\$ 116,040
2020	116,040
2021	116,040
2022	116,040
2023	<u>72,368</u>
	<u>\$ 536,528</u>

Note 7. Return to Owner

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

Note 8. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is Gridley Springs Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, Rural Development and the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by Rural Development or the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2018, and the related statement of income, partners equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion of the effectiveness of the Partnership's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Stockton, CA 95219

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baum & Company, L.L.P.

Stockton, California
February 22, 2019

**SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

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

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2018
See Auditors' Report

A. Management Fee Calculation

Total management fee is based on a fee per unit occupied by tenants during the month

Total qualified units (31 * 12 months)	372
Less: vacancies	31
Total occupied units	341
	X
Fee per unit (Effective 01/18)	\$ 50
Management fee expense	\$ 17,050

B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	Deductible	Coverage
Property coverage on buildings*	\$ 10,000	\$ 288,176,498
Comprehensive business liability (per occurrence/aggregate)	\$ - -	1,000,000 / \$ 2,000,000
Fidelity/employee dishonesty	\$ 2,500	\$ 1,000,000
*Blanket coverage		

C. Return to Owner

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

Maximum Return to Owner	\$ 32,400
Budgeted Return to Owner	\$ 32,400
Return to Owner Paid:	
2017 RTO paid	\$ 32,400
	\$ 32,400

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

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

1. Specific identification of any identity of interest which exists between the management agent, any maintenance firm, suppliers, vendors or any other entity or person used to provide services or supplies to the project. Briefly describe the type of transaction and the dollar amount involving any identity of interest entity/person.

None.

2. Identify all funds paid to the management firm in excess of the approved management fee.

In addition to the management fee, amounts reimbursed to the management company during the year ended December 31, 2018 are as follows:

Purpose

Payroll / Employee benefits reimbursement	\$ 38,367
Office supplies	355
Other administrative expenses	277
Training expense	232
Maintenance and repairs contract	211
Grounds	103
Garbage and trash removal	81
Maintenance and repairs supply	46
Advertising	19
	<u>\$ 39,691</u>

3. Identify any changes to the Owner entity.

None.

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

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

See Accountants' Report

4. For each project account, specify the full account title, account number, the name and address of the financial institution in which deposited, the balance and the interest rate.

Account Title/Bank Account #	Institution Name/Address	Balance at 12/31/18	Interest Rate
General Operating Account 410036729	American River Bank 1545 River Park Drive, Suite Sacramento, CA 95815	\$ 84,657	None
Insurance Impound Account 101066	Bonneville Multifamily Capital 111 South Main, Suite 1600 Salt Lake City, UT 84111	\$ 8,911	None
Tax Impound Account 101320	Bonneville Multifamily Capital 111 South Main, Suite 1600 Salt Lake City, UT 84111	\$ 512	None
Security Deposit Account 410036859	American River Bank 1545 River Park Drive, Suite Sacramento, CA 95815	\$ 13,067	0.02%
Guarantee Fee Reserve 500631	Bonneville Multifamily Capital 111 South Main, Suite 1600 Salt Lake City, UT 84111	\$ 1,709	0.13%
Replacement Reserve Account 410036934	American River Bank 1545 River Park Drive, Suite Sacramento, CA 95815	\$ 72,966	0.02%
Replacement Reserve Account 500630	Bonneville Multifamily Capital 111 South Main, Suite 1600 Salt Lake City, UT 84111	\$ 272,732	0.13%
Partnership Cash 01489	First Republic Bank 111 Pine Street San Francisco, CA 94111	\$ 13,325	None

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RURAL DEVELOPMENT
 See Accountants' Report

4. For each project account, specify the full account title, account number, the name and address of the financial institution in which deposited, the balance and the interest rate. (Cont.)

Account Title/Bank Account #	Institution Name/Address	Balance at 12/31/18	Interest Rate
Operating Deficit Reserve Account 410036842	American River Bank 1545 River Park Drive, Suite 107 Sacramento, CA 95815	\$ 120,008	0.03%
Transition Reserve Account 410036941	American River Bank 1545 River Park Drive, Suite 107 Sacramento, CA 95815	\$ 85,004	0.02%

5. State total cash paid to the owners in the last year (year being audited).

ROI paid that was <u>earned</u> in the immediate preceding year	\$ 32,400
Total cash paid to Owners	<u>\$ 32,400</u>

6. Reconcile the reserve account:

Required reserve balance, December 31, 2017	(1) \$ 286,416
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2) 20,378
Actual 2018 reserve account deposit	<u>33,981</u>

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

Purpose	Date	Amount	Regular or Excess	USDA Authorized
1. Refrigerator	02/06/18	\$ 640	Regular	Yes
2. Flooring	03/07/18	943	Regular	Yes
3. RTO	06/06/18	17,024	Excess	Yes

* denotes capitalized items

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
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SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT
 See Accountants' Report

6. Return on investment (ROI) calculation: (Cont.)

Total all authorized <u>regular</u> reserve withdrawals	(3)	<u>1,583</u>
Total all authorized <u>excess</u> reserve withdrawals		<u>17,024</u>
Total all unauthorized reserve withdrawals		<u>- -</u>
Required reserve balance, December 31, 2018	(4)	<u>305,211</u>
(1) + (2) - (3) = (4)		
Confirmed balance, December 31, 2018		<u>345,698</u>
Amount account over (under) funded		<u>\$ 40,487</u>

7. Return on investment (ROI) calculation:

Net cash/deficit (Part I, Line 30)	\$ (15,510)
Add: Return to owner, paid this year for prior year(s)	32,400
Add: Reserve deposits over required in the USDA loan agreement	<u>13,603</u>
Net cash/deficit, earned from current year's operation	<u>\$ 30,493</u>
Maximum annual allowable distribution	<u>\$ 32,400</u>

DHI-DFA GRIDLEY SPRINGS ASSOCIATES, L.P.
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SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT
See Accountants' Report

8. Surplus cash calculation:

Permissible limit (20% of 2019 budgeted O & M less Tax & Insurance)	<u>\$ 28,924</u>
Actual cash balance at December 31, 2018	\$ 94,330
Less: Tax and insurance escrow (3560-7 Line 34-36 1 mo & Line 37 5 mo)	4,312
Accounts payable (3560-10 Line 22)	<u>816</u>
Available cash balance at December 31, 2018	<u>\$ 89,202</u>
Surplus cash balance at December 31, 2018 to be transferred to reserve account	<u>\$ 60,278</u>

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

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

		BEGINNING DATES> ENDING DATES>	CURRENT YEAR 1/1/18 12/31/18	PRIOR YEAR 1/1/17 12/31/17	COMMENTS
ASSETS					
CURRENT ASSETS					
1.	GENERAL OPERATING ACCOUNT.....		\$ 84,907	\$ 86,570	
2.	R.E. TAX & INSURANCE ACCOUNT		9,423	7,266	
3.	RESERVE ACCOUNT		345,698	330,324	
4.	SECURITY DEPOSIT ACCOUNT		13,067	23,638	
5.	OTHER CASH		0	0	
6.	OTHER (identify) Deposits		0	200	
7.	ACCOUNTS RECEIVABLE (Attach List)		27,314	13,779	
	... ACCTS RCBL 0-30 DAYS \$ 27,314				
	... ACCTS RCBL 30-60 DAYS \$				
8.	LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....		0	0	
9.	INVENTORIES (supplies)		0	0	
10.	PREPAYMENTS.....		3,948	4,681	
11.	OTHER - PARTNERSHIP CASH		220,046	221,253	
12.	TOTAL CURRENT ASSETS (Add 1 thru 11)		704,403	687,711	
FIXED ASSETS					
13.	LAND		149,957	149,957	
14.	BUILDINGS		3,303,597	3,303,597	
15.	LESS: ACCUMULATED DEPRECIATION		(462,278)	(372,780)	
16.	FURNITURE & EQUIPMENT		373,940	373,940	
17.	LESS: ACCUMULATED DEPRECIATION.....		(330,966)	(264,772)	
18.		0	0	
19.	TOTAL FIXED ASSETS (Add 13 thru 18)		3,034,250	3,189,942	
OTHER ASSETS					
20.	TAX CREDIT FEES, NET		13,420	14,762	
21.	TOTAL ASSETS (Add 12, 19, and 20)		3,752,073	3,892,415	
LIABILITIES AND OWNERS EQUITY					
CURRENT LIABILITIES					
22.	ACCOUNTS PAYABLE (Attach list)		816	4,651	
	... ACCTS PAY 0-30 DAYS \$ 816				
	... ACCTS PAY 30-60 DAYS \$				
23.	NOTES PAYABLE (Attach list)		115,616	138,461	
24.	SECURITY DEPOSITS		13,067	11,262	
25.	TOTAL CURRENT LIABILITIES (Add 22 thru 24)		129,499	154,374	
26.	NOTES PAYABLE Rural Development		1,043,155	1,054,258	
27.	OTHER		2,590,054	2,529,651	
28.	TOTAL LONG-TERM LIABILITIES (Add 26 and 27)		3,633,209	3,583,909	
29.	TOTAL LIABILITIES (Add 25 and 28)		3,762,708	3,738,283	
30.	OWNER'S EQUITY (Net Worth)(21 minus 29)		(10,635)	154,132	
31.	TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)		\$ 3,752,073	\$ 3,892,415	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/25/19
(Date)

[Signature]
(Signature of Borrower or Borrower's Representative)

MEMBER, ADMINISTRATIVE G. P.
(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

☒ In lieu of the above verification and signature, a compilation, review or audit opinion completed, dated and signed by a person or firm qualified by license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Gridley Springs Apartments		BORROWER NAME DHI-DFA Gridley Springs Associates, L.P.		BORROWER ID AND PROJECT NO. Case No. 04-04-111739358	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other	
<input checked="" type="checkbox"/> I hereby request 0 units of RA. Current number of RA units 26.					Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET (01-01-18) (12-31-18)	ACTUAL (01-01-18) (12-31-18)	PROPOSED BUDGET (01-01-19) (12-31-19)	
BEGINNING DATES> ENDING DATES>				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME.....	275,626	110,332	290,568	
2. RHS RENTAL ASSISTANCE RECEIVED.....		145,352		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	2,484	2,555	1,928	
5. INTEREST INCOME.....	206	220	145	
6. TENANT CHARGES.....	55	4,470	55	
7. OTHER - PROJECT SOURCES.....	0	113	0	
8. LESS (Vacancy and Contingency Allowance).....	(3,465)		(5,811)	
9. LESS (Agency Approved Incentive Allowance).....	(0)		(0)	
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	274,906	263,042	286,885	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	29,493	18,607	31,902	
14. SUB-TOTAL (11 thru 13).....	29,493	18,607	31,902	
15. TOTAL CASH SOURCES (10+14).....	304,399	281,649	318,787	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II).....	158,666	152,484	159,842	
17. RHS DEBT PAYMENT.....	28,224	28,224	28,224	
18. RHS PAYMENT (Overage).....		2,770		
19. RHS PAYMENT (Late Fee).....		0		
20. REDUCTION IN PRIOR YEAR PAYABLES(See Part IV).....		0		
21. TENANT UTILITY PAYMENTS.....		0		
22. TRANSFER TO RESERVE.....	20,378	33,981	20,378	
23. RETURN TO OWNER.....	32,400	32,400	32,400	
24. SUB-TOTAL (16 thru 23).....	239,668	249,859	240,844	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	35,064	19,290	35,064	
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6).....	29,493	18,607	31,902	
27. MISCELLANEOUS.....	0	9,403	0	Guarantee fee & Bad debt
28. SUB-TOTAL (25 thru 27).....	64,557	47,300	66,966	
29. TOTAL CASH USES (24+28).....	304,225	297,159	307,810	
30. NET CASH (DEFICIT) (15-29).....	174	(15,510)	10,977	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	0	93,836	97,834	
32. ACCRUAL TO CASH ADJUSTMENT.....		16,004		
33. ENDING CASH BALANCE (30+31+32).....	174	94,330	108,811	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
1. MAINTENANCE & REPAIRS PAYROLL.....	20,000	12,159	21,300	
2. MAINTENANCE & REPAIRS SUPPLY	2,500	8,864	2,700	
3. MAINTENANCE & REPAIRS CONTRACT	1,700	7,827	1,800	
4. PAINTING AND DECORATING	1,000	1,944	1,000	
5. SNOW REMOVAL	0	0	0	
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	
7. GROUNDS	13,000	14,352	14,000	
8. SERVICES	1,750	2,101	2,800	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	715	8,870	715	
10. OTHER OPERATING EXPENSES(Itemize)	0	0	0	
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	40,665	56,117	44,315	
12. ELECTRICITY	6,692	5,201	7,027	
13. WATER	6,000	5,352	6,300	
14. SEWER	5,665	13,606	5,948	
15. FUEL (Oil/Coal/Gas).....	751	536	751	
16. GARBAGE & TRASH REMOVAL.....	11,905	934	6,400	
17. OTHER UTILITIES	0	0	0	
18. SUB-TOTAL UTILITIES (12 thru 17)	31,013	25,629	26,426	
19. SITE MANAGEMENT PAYROLL	21,300	19,045	21,300	
20. MANAGEMENT FEE	18,600	17,050	24,180	
21. PROJECT AUDITING EXPENSE	7,000	7,000	7,400	
22. PROJECT BOOKKEEPING/ACCOUNTING	0	0	0	
23. LEGAL EXPENSES	660	3,165	800	
24. ADVERTISING	300	80	300	
25. TELEPHONE & ANSWERING SERVICE	1,000	1,246	1,300	
26. OFFICE SUPPLIES	1,500	1,977	1,800	
27. OFFICE FURNITURE & EQUIPMENT	600	0	600	
28. TRAINING EXPENSE	800	741	1,000	
29. HEALTH INS. & OTHER EMP. BENEFITS	8,232	111	5,600	
30. PAYROLL TAXES	6,028	3,220	3,500	
31. WORKMAN'S COMPENSATION	2,820	3,832	3,100	
32. OTHER ADMINISTRATIVE EXPENSES(Itemize).....	3,000	2,880	3,000	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	71,840	60,347	73,880	
34. REAL ESTATE TAXES	4,223	1,433	4,307	
35. SPECIAL ASSESSMENTS	0	0	0	
36. OTHER TAXES, LICENSES & PERMITS	1,784	800	1,784	
37. PROPERTY & LIABILITY INSURANCE	9,141	8,158	9,130	
38. FIDELITY COVERAGE INSURANCE	0	0	0	
39. OTHER INSURANCE	0	0	0	
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	15,148	10,391	15,221	
41. TOTAL O&M EXPENSES (11+18+33+40).....	158,666	152,484	159,842	

PART III - ACCOUNT BUDGETING / STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	318,787	330,324	67,868	
2. TRANSFER TO RESERVE	20,378	33,981	20,378	
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT	0	0	0	
4. ANNUAL CAPITAL BUDGET.....	29,493	1,583	31,902	
5. BUILDING & EQUIPMENT REPAIRS.....	0	0	0	
6. OTHER NON-OPERATING EXPENSES	0	17,024	0	RTO
7. TOTAL (3 thru 6)	(29,493)	(18,607)	(31,902)	
8. ENDING BALANCE [(1+2)-7]	309,672	345,698	56,344	

GENERAL OPERATING ACCOUNT: *

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

a	86,570
b	84,907

Beginning
93,836

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

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

c	7,266
d	9,423

Ending
94,330

TENANT SECURITY DEPOSIT ACCOUNT:*

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

23,638
13,067

(* Complete upon submission of actual expenses.)

Part II, Line 32, Itemization

	Actual
Travel	\$ 1,171
Credit check	899
Mileage	479
Miscellaneous expenses	331
\$	2,880

PART V - ANNUAL CAPITAL BUDGET

Gridley Springs Apartments

Appliances:

Proposed # of units/ items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total
Range	3	1,500	0	0	0
Refrigerator	3	1,950	640	1,267	1,907
Range Hood	3	135	0	0	0
Other	0	0	0	0	0

Carpet and Vinyl:

1 BR	2	3,880	0	2,000	2,000
2 BR	2	4,112	943	2,000	2,943
3 BR	1	4,116	0	2,017	2,017

Cabinets:

Kitchens	0	0	0	0	0
Bathroom	0	0	0	0	0

Doors:

Exterior	1	0	0	90	0
Interior	0	0	0	383	383

Window Coverings:

Blinds	1	0	0	625	52
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Heating and Air Conditioning:

Heating	1	5,000	0	0	0
Air conditioning	0	0	0	0	0

Plumbing:

Water Heater	3	3,000	0	0	0
Bath Sinks	0	0	0	0	0
Kitchen Sinks	0	0	0	0	0
Tub	0	0	0	350	350
Other	0	0	0	0	0

Major Electrical:

Lighting		0	0	0	0
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Structures:

Windows	0	0	0	801	801
Screens	0	0	0	0	0
Walls		0	0	0	0
Roofing		0	0	0	0
Exterior Painting		0	0	0	0
Other		0	0	0	0

Paving:

Asphalt		0	0	0	0
Concrete		0	0	0	0
Seal and Stripe		0	0	0	0

Landscape and grounds:

Landscaping		2,000	0	0	0
Lawn Equipment		0	0	0	0
Fencing		0	0	0	0
Recreation area		0	0	0	0
Other: Gutter		0	0	0	0
ADA inspection		0	0	0	0

Automation equipment:

Site management		0	0	0	0
Common area		0	0	0	0

Other:

List: Other		2,000	0	0	0
List: Gutters		1,800	0	0	0
List:		0	0	0	0

TOTAL CAPITAL EXPENSES:


20	29,493	1,583	715	8,870	10,453
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PART VI - SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/25/19
(Date)


(Signature of Borrower or Borrower's Representative)

MEMBER, ADMINISTRATIVE G.P.
(Title)

AGENCY APPROVAL (Rural development Approval Official):

DATE:

COMMENTS:

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

SUPPORTING DOCUMENTATION TO FORMS RD 3560-10 AND 3560-7
December 31, 2018

1. Accounts Receivable (3560-10, Line 7)

Accounts receivable – USDA Rural Development	\$ 22,453	
Accounts receivable – tenants	991	
Accounts receivable – other	3,870	\$ 27,314

2. Other Cash (3560-10, Line 11)

Operating deficit reserve	\$ 120,008	
Transition reserve	85,004	
Guarantee fee reserve	1,709	
Partnership cash	13,325	\$ 220,046

3. Notes Payable (3560-10, Line 23)

Partnership fees payable	\$ 6,014	
Accrued interest payable, current portion	2,815	
Developer fee payable	88,986	
Note payable, USDA RD, current portion	11,103	
Tenant prepaid rent	3,034	
Note payable, Bonneville, current portion	3,664	\$ 115,616

4. Other (3560-10, Line 27)

Note payable, Bonneville loan	\$ 334,016	
Less unamortized debt issuance cost	(60,562)	
Note payable, City of Gridley	2,080,000	
Accrued interest payable	236,600	\$ 2,590,054

5. Miscellaneous (3560-7, Line 27)

Bad debts	\$ 7,697	
USDA guarantee fee	1,706	\$ 9,403

6. Accrual to cash adjustment (3560-7, Line 32)

Assets

Accounts receivable	\$ (13,535)	
Prepaid expenses	733	
Deposits	200	
Security deposits	10,571	

Liabilities

Accounts payable and accrued liabilities	(3,835)	
Security deposits	1,805	
Tenant prepaid rent	3,034	

Other adjustments

Net non-operational partnership activity	7	
RTO paid from excess replacement reserves	17,024	
2019 Mortgage payment made in 2018	--	\$ 16,004

Chico Harvest Park, L.P.

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

December 31, 2018 and 2017

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Chico Harvest Park, L.P.

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Independent Auditor's Report

To the Partners
Chico Harvest Park, L.P.

We have audited the accompanying financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

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 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 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 Harvest Park, L.P. as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sacramento, California

March 20, 2019

Chico Harvest Park, L.P.

Balance Sheets
December 31, 2018 and 2017

Assets

	2018	2017
Investment in rental property, net	\$ 13,241,016	\$ 13,936,885
Cash	266,457	227,542
Restricted cash		
Escrows	36,002	27,788
Tenants' security deposits	55,600	52,400
Replacement reserve	133,973	105,944
Other reserves	347,646	341,535
Total restricted cash	573,221	527,667
Tenants' accounts receivable, net	628	21,306
Prepaid expenses	8,300	6,861
Tax credit monitoring fees, net	29,809	32,791
Other assets	1,175	16,692
Total assets	\$ 14,120,606	\$ 14,769,744

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 19,981	\$ 17,900
Accrued property management fees	3,560	3,313
Other accrued liabilities	26,231	28,592
Accrued interest - first mortgage	67,721	67,820
Accrued interest - other loans	902,586	776,456
Tenants' security deposits liability	54,100	50,900
Payable to general partner and affiliates	30,927	30,609
Annual fee payable to the investor limited partner	8,693	8,441
Mortgages and notes payable, net	13,354,264	13,365,751
Other liabilities - construction	5,950	5,950
Total liabilities	14,474,013	14,355,732
Contingencies	-	-
Partners' equity (deficit)	(353,407)	414,012
Total liabilities and partners' equity (deficit)	\$ 14,120,606	\$ 14,769,744

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Operations
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Rental income	\$ 843,816	\$ 843,543
Vacancies and concessions	(12,326)	(30,555)
Other operating income	<u>12,885</u>	<u>6,306</u>
Total revenue	<u>844,375</u>	<u>819,294</u>
Operating expenses		
Salaries and employee benefits	110,750	99,965
Repairs and maintenance	99,563	89,538
Utilities	73,228	82,582
Property management fee	41,600	39,585
Real estate taxes	5,911	8,154
Property insurance	30,606	28,150
Miscellaneous operating expenses	<u>59,259</u>	<u>62,344</u>
Total operating expenses	<u>420,917</u>	<u>410,318</u>
Net operating income (loss)	<u>423,458</u>	<u>408,976</u>
Other income (expense)		
Interest income	2,720	25
Interest expense - first mortgage	(157,947)	(158,634)
Interest expense - other loans	(191,552)	(191,160)
Other financial income (expense)	(87,575)	(84,324)
Miscellaneous other income (expense)	(18,101)	1,104
Annual fee payable to the investor limited partner	(8,694)	(8,441)
Other related party fees and expenses	(30,927)	(30,609)
Depreciation	(695,869)	(696,211)
Amortization	<u>(2,982)</u>	<u>(2,982)</u>
Total other income (expense)	<u>(1,190,927)</u>	<u>(1,171,232)</u>
Net loss	<u>\$ (767,469)</u>	<u>\$ (762,256)</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Partners' Equity (Deficit)
Years Ended December 31, 2018 and 2017

	<u>Administrative general partner</u>	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, December 31, 2016	\$ (175)	\$ (176)	\$ 1,176,619	\$ 1,176,268
Net loss	<u>(38)</u>	<u>(38)</u>	<u>(762,180)</u>	<u>(762,256)</u>
Balance, December 31, 2017	(213)	(214)	414,439	414,012
Net loss	(39)	(38)	(767,392)	(767,469)
Contributions	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Balance, December 31, 2018	<u>\$ (252)</u>	<u>\$ (202)</u>	<u>\$ (352,953)</u>	<u>\$ (353,407)</u>
Partners' percentage of partnership losses	<u>0.005%</u>	<u>0.005%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net loss	\$ (767,469)	\$ (762,256)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	695,869	696,211
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	23,198
Bad debt	8,321	(3,921)
Changes in		
Escrows	(8,214)	183
Tenants' accounts receivable	12,357	(14,001)
Prepaid expenses	(1,439)	427
Other assets	15,517	(16,692)
Accounts payable - operations	2,081	(2,634)
Accrued property management fees	247	(72)
Prepaid rent	(2,361)	(1,744)
Accrued interest - first mortgage	(99)	(600)
Accrued interest - other loans	141,445	67,011
Tenants' security deposits liability, net	-	600
Payable to general partner and affiliates	318	(25,191)
Annual fee payable to investor limited partner	252	(3,732)
Net cash provided by (used in) operating activities	123,005	(40,231)
Cash flows from investing activities		
Deposits to replacement reserve	(28,029)	(28,015)
Deposits to other reserves	(6,111)	-
Net cash used in investing activities	(34,140)	(28,015)
Cash flows from financing activities		
Payments of mortgage note payable	(50,000)	(50,000)
Contributions from partners	50	-
Net cash used in financing activities	(49,950)	(50,000)
Net increase (decrease) in cash	38,915	(118,246)
Cash, beginning	227,542	345,788
Cash, end	\$ 266,457	\$ 227,542
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 184,955	\$ 260,185
Supplemental schedule of noncash investing and financing activities		
Accrued interest converted to loan principal	\$ 15,315	\$ 14,929

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2018 and 2017

Note 1 - Organization and nature of operations

Chico Harvest Park, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of California on August 29, 2011 for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project completed construction and commenced operating on December 30, 2013. The Project consists of 90 units located in Chico, California. The Project is currently operating under the name of Harvest Park.

The partnership agreement was amended and restated on January 1, 2013, from which date the Partnership consists of an administrative general partner, Chico Harvest Park, LLC, which owns 0.0050%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.0050%, and one investor limited partner, R4 HP Acquisition LLC, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the amended partnership agreement (the "partnership agreement"), shall be allocated to the partners in accordance with their percentage interests.

Each building of the Project qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of the regulations during each of the 15 consecutive years in order to remain qualified to receive the tax credits. In addition, the Partnership entered into an extended use regulatory agreement with the California tax credit agency which requires the use of the project in accordance with Section 42 for a minimum number of years even after disposition of the buildings by the Partnership.

The partnership agreement provides that the Partnership shall continue in existence until December 31, 2073, unless sooner dissolved and terminated by provisions of the partnership agreement or by operation of law.

Note 2 - Significant accounting policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2018 and 2017, the allowance for doubtful accounts was \$2,440 and \$3,215, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2018 and 2017

Investment in rental property

Rental property is stated at cost and includes all cost of development and construction of the Project. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Method	Estimated useful lives
Building and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Building equipment	Straight-line	5 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2018 and 2017.

Deferred fees and amortization

Tax credit monitoring fees totaling \$44,727 are being amortized over the compliance period using the straight-line method. As of December 31, 2018 and 2017, accumulated amortization was \$14,918 and \$11,936, respectively.

Estimated amortization expense for each of the next five years following December 31, 2018 is \$2,982 per year.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2018 and 2017**

file and does file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2015 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Investment in rental property, net

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

	2018	2017
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,082,769	2,082,769
Buildings and improvements	11,974,275	11,974,275
Furniture and equipment	1,290,016	1,290,016
Subtotal	16,722,694	16,722,694
Accumulated depreciation	(3,481,678)	(2,785,809)
Net	<u>\$ 13,241,016</u>	<u>\$ 13,936,885</u>

Note 4 - Restricted cash

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Beginning from the conversion of the construction loan to permanent financing, monthly deposits are required based upon an initial amount of \$300 per unit per year. As of December 31, 2018 and 2017, the balance in the replacement reserve account is \$133,973 and \$105,944, respectively. The replacement reserve activity is as follows:

	2018	2017
Balance, January 1	\$ 105,944	\$ 77,929
Deposits	27,990	27,990
Interest earnings	39	25
Balance, December 31	<u>\$ 133,973</u>	<u>\$ 105,944</u>

Operating reserve

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

Chico Harvest Park, L.P.

Notes to Financial Statements
December 31, 2018 and 2017

amount of \$250,000. As of December 31, 2018 and 2017, the balance in the operating reserve is \$250,000 and \$250,000, respectively, and is included in other reserves on the balance sheets.

Other reserves

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

	2018	2017
Interest account	62,462	63,057
Borrower equity account	2,350	2,312
Principal redemption account	25,000	20,833
Fee's account	7,834	5,333
	<u>\$ 97,646</u>	<u>\$ 91,535</u>

Note 5 - Related party transactions

Capital contributions

Capital contributions amounting to \$5,019,000 are due from the limited partner when certain milestones are achieved as disclosed in the partnership agreement. The capital contributions due from the limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2018, all capital contributions from the limited partner have been received.

Capital contributions amounting to \$50 are due from the general partners.

Developer fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project until all development work is complete. The total fee was \$2,182,816; however, due to the limitations imposed by the California Tax Credit Allocation Committee, only \$1,995,743 has been earned and capitalized as a cost of the rental property. The developer fee was paid in full in 2015.

Managing general partner fee

The Partnership entered into an agreement with the managing general partner for its services in monitoring the tenants and performing other duties as managing general partner, as defined in the partnership agreement. The annual fee is \$20,000. The fee is cumulative and payable only from the available cash flow of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, an \$11,000 portion shall not be payable or accrue. For the years ended December 31, 2018 and 2017, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2018 and 2017, \$20,000 and \$20,000, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Administrative general partner fee

The Partnership shall pay a fee to the administrative general partner for services rendered as defined in the partnership agreement. The annual fee is \$10,000, with annual increases of 3%. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, the fee shall not be payable or accrue. The annual fee plus any other distributions to the administrative general partner is not to exceed 84.995% of cash flow distributed to the partners. For the years ended December 31, 2018 and 2017, \$10,927 and \$10,609, respectively, was

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2018 and 2017**

incurred. As of December 31, 2018 and 2017, \$10,927 and \$10,609, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

Annual local administration fee

The Partnership is to pay an annual asset management fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. The annual fee is \$7,500 with annual increases of 3%. For the years ended December 31, 2018 and 2017, \$8,694 and \$8,441, respectively, was incurred and expensed. As of December 31, 2018 and 2017, \$8,693 and \$8,441, respectively, remains payable.

Cash flow distributions

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

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

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2018 and 2017

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

Development deficit guaranty

During the development deficit period, as defined, the general partner shall advance the Partnership any amounts required to fund any development deficits and any operating deficits. As of December 31, 2018, no amounts were due under the guaranty.

Guaranty agreement

The partnership agreement provides for a guaranty agreement between affiliates of the general partners and the investor limited partner. The guarantors guarantee the following: i) the full and complete payment and performance by the general partner of the Special Obligations; ii) the full and complete payment and performance by the developer under the development agreement. As of December 31, 2018, no amounts were due under the guaranty.

Note 6 - Mortgages and notes payable

The Partnership entered into a loan agreement in the amount of \$10,711,311 of bonds issued by California Statewide Communities Development Authority from the proceeds of Affordable Multifamily Housing Revenue Bonds Series 2013 A-1 (\$4,300,000) ("Series 2013 A-1 bonds") and Series 2013 A-2 (\$6,411,311) ("Series 2013 A-2 bonds"). The bonds are secured by the Project. The Series 2013 A-2 bonds were paid in full in 2014.

The Series 2013 A-1 bonds bear interest at a fixed interest rate of 3.30% and mature on July 1, 2030. The Series 2013 A-1 bonds will be paid in biannual monthly installments of interest only until conversion on January 1, 2016, when they will be paid in biannual installments of principal and interest as determined under the debt service payment schedule until the maturity date at which time a balloon payment in the principal amount of \$3,325,000 will be due. For the years ended December 31, 2018 and 2017, interest of \$134,749 and \$135,436, respectively, was incurred and expensed. As of December 31, 2018 and 2017, the outstanding principal was \$4,150,000 and \$4,200,000, respectively, and accrued interest was \$67,721 and \$67,820 at December 31, 2018 and 2017, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$272,228 and \$295,426 as of December 31, 2018 and 2017, respectively, and are related to the first mortgage. During 2018 and 2017, amortization of debt issuance costs of \$23,198 and \$23,198, respectively, have been expensed and are included in interest expense - first mortgage in the statements of operations. Debt issuance costs on the above note are being amortized using an imputed interest rate of 4.3%.

The Partnership entered into a loan agreement in the amount of \$8,800,000 payable to CRA. The mortgage is secured by the Project and bears interest at 2%, which is payable from residual receipts. The loan matures March 1, 2066, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2018 and 2017, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2018 and 2017, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$892,097 and \$766,204 at December 31, 2018 and 2017, respectively.

The Partnership entered into a loan agreement in the amount of \$600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2018 and 2017

December 31, 2018 and 2017, interest of \$15,552 and \$15,160, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2018 and 2017, the outstanding principal was \$676,492 and \$661,177, respectively, and accrued interest was \$10,489 and \$10,252 at December 31, 2018 and 2017, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying real estate collateral and an assignment of rents and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter subsequent to December 31, 2018 are as follows:

	Series 2013 A-1	CRA	HACB	Total
2019	60,000	\$ -	\$ -	\$ 60,000
2020	60,000	-	-	60,000
2021	60,000	-	-	60,000
2022	60,000	-	-	60,000
2023	65,000	-	-	65,000
Thereafter	3,845,000	8,800,000	676,492	13,321,492
Subtotal	4,150,000	8,800,000	676,492	13,626,492
Less unamortized debt issuance costs	(272,228)	-	-	(272,228)
Total	<u>\$ 3,877,772</u>	<u>\$ 8,800,000</u>	<u>\$ 676,492</u>	<u>\$ 13,354,264</u>

Note 7 - Management agreement

The property is managed by WinnResidential California L.P., a related party, pursuant to a management agreement that provides for a management fee of 5.00% of monthly rental collections. For the years ended December 31, 2018 and 2017, management fees of \$41,600 and \$39,585, respectively, were incurred and expensed.

Note 8 - Economic concentrations

The Partnership operates a 90-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

The Partnership received rental assistance payments from local housing agencies on behalf of the tenants. During the years ended December 31, 2018 and 2017, rental assistance payments of \$129,310 and \$151,341 were received by the Partnership and are included in rental income in the statement of operations.

Note 9 - Contingencies

Low-income housing tax credits

The Partnership has been allocated federal low-income housing tax credits by the California Tax Credit Allocation Committee amounting to \$4,972,730. As of December 31, 2018, \$2,476,194 in tax

Chico Harvest Park, L.P.

Notes to Financial Statements
December 31, 2018 and 2017

credits has been allocated to the partners. The expected availability of the remaining tax credits is as follows:

Year	Amount
2019	\$ 497,273
2020	497,273
2021	497,273
2022	497,273
2023	497,273
2024	10,171
	<u>\$ 2,496,536</u>

Pending class action lawsuits against the management company

Former and current employees of the management company that performs work at the Partnership's property have brought two class action lawsuits alleging they were not properly compensated for work at the Partnership properties. The lawsuits request lost wages, interest, penalties, and attorney's fees.

The lawsuits are pending against the management company and some of its affiliates. The Partnership is not named in the lawsuit. The Partnership does, however, have certain indemnity obligations in favor of the management company. The Partnership has agreed to reimburse the management company for a portion of the potential wages which could be due to the Plaintiffs for work performed at the Partnership properties. In 2016 the Partnership estimated the potential cost to be \$3,251 which was recorded as a payroll expense in 2016 and included in accrued expenses. During 2018 one of the lawsuits was settled and paid. At December 31, 2018 and 2017, \$2,681 and \$3,251, respectively, is included in accrued expenses on the balance sheets

Note 10 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains bond funded escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2018.

Note 11 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 20, 2019, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Chico Harvest Park, L.P.

Schedules of Certain Income and Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Rental income		
Rent revenue - gross potential	\$ 714,506	\$ 692,202
Tenant assistance payments	129,310	151,341
Total rental income	<u>\$ 843,816</u>	<u>\$ 843,543</u>
Vacancies and concessions		
Apartments vacancies	<u>\$ 12,326</u>	<u>\$ 30,555</u>
Total vacancies and concessions	<u>\$ 12,326</u>	<u>\$ 30,555</u>
Other operating income		
Cable contract revenue	\$ 5,118	\$ 1,559
Damages income	5,297	3,217
Late fees	1,300	550
Application fees	1,120	980
Miscellaneous other income	50	-
Total other operating income	<u>\$ 12,885</u>	<u>\$ 6,306</u>
Salaries and employee benefits		
Salaries - administrative	\$ 40,069	\$ 39,015
Salaries - maintenance	42,118	35,913
Payroll taxes	6,589	6,629
Health insurance and other benefits	20,225	12,279
Workmen's compensation insurance	1,749	6,129
Total salaries and employee benefits	<u>\$ 110,750</u>	<u>\$ 99,965</u>
Repairs and maintenance		
Exterminating	\$ 2,045	\$ 5,840
Grounds	31,779	22,840
Fire protection	664	1,642
Security services/contract	4,580	2,399
Supplies	14,684	17,586
Painting, decorating and cleaning	1,350	-
Pool	2,478	4,394
Repairs and maintenance - other than contracts	8,735	5,115
Repairs and maintenance - contracts	17,047	12,951
Carpeting	15,597	16,080
Miscellaneous maintenance expenses	604	691
Total repairs and maintenance	<u>\$ 99,563</u>	<u>\$ 89,538</u>

Chico Harvest Park, L.P.

Schedules of Certain Income and Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Utilities		
Electricity	\$ 15,629	\$ 17,756
Sewer	43,925	49,442
Trash removal	11,945	13,933
Gas	1,729	1,451
Total utilities	<u>\$ 73,228</u>	<u>\$ 82,582</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 7,624	\$ 7,944
Training and travel	2,372	2,840
Telephone and answering service	13,440	8,308
Bad debt expense	8,321	(3,921)
Other rent expense	1,103	892
Miscellaneous administrative	4,680	24,453
Rent free unit	3,100	1,364
Advertising and newspaper	2,089	1,951
Legal	3,565	6,050
Accounting	11,800	11,400
Other taxes, licenses and insurance	1,165	1,063
Total miscellaneous operating expenses	<u>\$ 59,259</u>	<u>\$ 62,344</u>
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	15,552	15,160
Total interest expense - other loans	<u>\$ 191,552</u>	<u>\$ 191,160</u>
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,400)
Credit enhancement, issuer, and servicing fees	(84,175)	(80,924)
Total other financial income (expense)	<u>\$ (87,575)</u>	<u>\$ (84,324)</u>
Miscellaneous other income (expense)		
Miscellaneous other income (expense)	\$ (18,101)	\$ 1,104
Total miscellaneous other income (expense)	<u>\$ (18,101)</u>	<u>\$ 1,104</u>
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	10,927	10,609
Total other related party fees and expenses	<u>\$ 30,927</u>	<u>\$ 30,609</u>

See Independent Auditor's Report.

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1200 PARK AVENUE, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2018 and 2017

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of 1200 Park Avenue, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2018, and the related statements of income, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 1200 Park Avenue, L.P. (A California Limited Partnership) as of December 31, 2018, 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.

The financial statements of 1200 Park Avenue, L.P. as of December 31, 2017, were audited by other auditors whose report dated February 28, 2018 expressed an unmodified opinion on those statements.

Stockton, California
February 14, 2019

Bowman & Company, L.L.P.

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

BALANCE SHEETS
December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 206,663	\$ 216,441
Accounts receivable - tenant	2,402	5,132
Prepaid expenses	19,890	10,315
Total current assets	<u>228,955</u>	<u>231,888</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	12,483	--
Tenant security deposits	35,603	37,115
Reserve for replacements	293,170	260,985
	<u>341,256</u>	<u>298,100</u>
PROPERTY AND EQUIPMENT, at cost		
Land	629,523	629,523
Building and improvements	18,372,150	18,372,150
Furniture and equipment	128,913	128,913
	<u>19,130,586</u>	<u>19,130,586</u>
Less accumulated depreciation	<u>(5,833,472)</u>	<u>(5,373,720)</u>
	<u>13,297,114</u>	<u>13,756,866</u>
OTHER ASSETS		
Deposit	329	--
Tax credit fees, net of accumulated amortization		
of \$87,976 and \$80,891 in 2018 and 2017, respectively	18,304	25,389
	<u>18,633</u>	<u>25,389</u>
Total assets	<u><u>\$ 13,885,958</u></u>	<u><u>\$ 14,312,243</u></u>

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

BALANCE SHEETS (Cont.)
December 31, 2018 and 2017

LIABILITIES AND PARTNERS' EQUITY	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,789	\$ 25,761
Prepaid rent	--	3,280
Due to affiliate	2,438	2,438
Accrued interest expense, current portion	32,456	31,815
Note payable - Berkadia, current portion	50,550	47,096
Partnership fees payable	12,345	12,131
Total current liabilities	<u>114,578</u>	<u>122,521</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>35,144</u>	<u>35,603</u>
 LONG-TERM LIABILITIES		
Note payable - Berkadia, less current portion	1,828,452	1,879,002
Less unamortized debt issuance cost	(16,790)	(17,745)
Accrued interest expense, less current portion	588,769	588,769
Note payable - Redevelopment Agency of the City of Chico	3,675,000	3,675,000
Note payable - Housing Authority of the County of Butte	1,149,579	1,126,854
	<u>7,225,010</u>	<u>7,251,880</u>
 Total liabilities	<u>7,374,732</u>	<u>7,410,004</u>
 PARTNERS' EQUITY	<u>6,511,226</u>	<u>6,902,239</u>
 Total liabilities and partners' equity	<u><u>\$ 13,885,958</u></u>	<u><u>\$ 14,312,243</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2018 and 2017

	2018	2017
REVENUE		
Tenant rental income	773,059	761,870
Tenant charges	4,830	2,467
Laundry	9,501	11,079
Bad debt recovery	1,682	805
Interest income	174	151
Other income	1,003	--
Total revenue	<u>790,249</u>	<u>776,372</u>
OPERATING AND MAINTENANCE EXPENSES		
Utilities	99,207	100,733
Wages and salaries	79,115	67,895
Repairs and maintenance	50,196	72,169
Property management fees	39,428	38,699
Services	23,565	13,336
Insurance	22,964	16,638
General and administrative	21,747	28,369
Payroll taxes and workers' compensation insurance	12,872	5,964
Health insurance and other employee benefits	9,333	18,998
Professional fees	5,431	22,363
Other taxes and licenses	2,442	1,068
Total operating and maintenance expenses	<u>366,300</u>	<u>386,232</u>
Net operating income	<u>423,949</u>	<u>390,140</u>
OTHER EXPENSES		
Interest expense	263,921	267,846
Interest expense - debt issuance cost	955	955
Depreciation expense	459,753	459,752
Amortization expense	7,085	7,085
Partnership fees	55,623	31,482
Total other expenses	<u>787,337</u>	<u>767,120</u>
Net income (loss)	<u><u>\$ (363,388)</u></u>	<u><u>\$ (376,980)</u></u>

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

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2018 and 2017

	<u>BCAHDC</u>	<u>CCPXXVIII LP</u>	<u>CCPXXXIII LP</u>	<u>RCXXXVIII SLP LLC</u>	<u>Total</u>
Balance, December 31, 2016	\$ (442)	\$ 6,716,861	\$ 567,869	\$ (442)	\$ 7,283,846
Partner distributions	--	(4,268)	(359)	--	(4,627)
Net loss	<u>(38)</u>	<u>(347,642)</u>	<u>(29,262)</u>	<u>(38)</u>	<u>(376,980)</u>
Balance, December 31, 2017	(480)	6,364,951	538,248	(480)	6,902,239
Partner distributions	(3)	(25,475)	(2,144)	(3)	(27,625)
Net loss	<u>(36)</u>	<u>(335,109)</u>	<u>(28,207)</u>	<u>(36)</u>	<u>(363,388)</u>
Balance, December 31, 2018	<u>\$ (519)</u>	<u>\$ 6,004,367</u>	<u>\$ 507,897</u>	<u>\$ (519)</u>	<u>\$ 6,511,226</u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (363,388)	\$ (376,980)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	466,837	466,839
Amortization of debt issuance cost	955	955
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	2,730	(2,081)
Prepaid expenses	(9,575)	(172)
Deposit	(329)	--
Tenant security deposits	1,512	1,895
Tax and insurance impounds	(12,483)	--
Increase (decrease) in:		
Accounts payable and accrued liabilities	(8,972)	786
Accrued interest payable	641	629
Accrued interest payable - HACB	22,725	22,276
Prepaid rent	(3,280)	698
Tenant security deposits	(459)	(1,900)
Partnership fees payable	214	--
Net cash provided by (used in) operating activities	<u>97,128</u>	<u>112,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of reserve for replacement, net	<u>(32,185)</u>	<u>(19,453)</u>
Net cash provided by (used in) investing activities	<u>(32,185)</u>	<u>(19,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of long-term debt	(47,096)	(43,877)
Partners distributions	<u>(27,625)</u>	<u>(4,627)</u>
Net cash provided by (used in) financing activities	<u>(74,721)</u>	<u>(43,877)</u>
Increase (decrease) in cash and cash equivalents	(9,778)	49,615
Cash and cash equivalents		
Beginning	216,441	166,826
Ending	<u>\$ 206,663</u>	<u>\$ 216,441</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 263,280</u>	<u>\$ 243,145</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, Butte County Affordable Housing Development Corporation (BCAHDC); a 92.2177% investor limited partner, Centerline Corporate Partners XXVIII, LP; a 7.7623% investor limited partner, Centerline Corporate Partners XXXIII, LP; and a 0.001% Special Limited Partner, Related Corporate XXXVIII SLP LLC. All profits, losses and credits, except those gains and losses referred to in Sections 9.1, 9.2, and 9.3 of the Partnership agreement, shall be allocated to the partners in accordance with their percentage interest.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all certificates of deposits as cash on the accompanying balance sheets.

Replacement reserve

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

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

NOTES TO FINANCIAL STATEMENTS

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

Accounts receivable

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment

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

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

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2018 and 2017.

Amortization

Organization costs are expensed as incurred. Tax credit monitoring fees are amortized over the fifteen year Low-Income Tax Credit Compliance 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.

1200 PARK AVENUE, 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, and accounts payable approximate their value due to the short-term maturities of these instruments.

Rental revenue

The rental property is generally leased to tenants under one-year non-cancelable operating leases. Rental revenue is recognized when due from tenants, generally the first day of each month.

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.

Reclassification

Certain amounts in the December 31, 2017 financial statements have been classified for comparative purposes to conform to the presentation in the December 31, 2018 financial statements.

Subsequent events

Management has evaluated subsequent events through February 14, 2019, the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Parties Transactions

Annual local administrative fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Special Limited Partner a cumulative annual fee of \$5,000. As of December 31, 2018 and 2017, \$5,000 annual local administrative fee was payable. For the years ending December 31, 2018 and 2017, \$5,000 of the annual local administrative fee was earned.

Social services reimbursement fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners a cumulative annual fee of \$5,000, to be increased at an annual rate of 3%. As of December 31, 2018 and 2017, \$7,345 and \$7,131, respectively, of the social services reimbursement fee was payable. For the years ending December 31, 2018 and 2017, \$7,345 and \$7,131, respectively, of the social services reimbursement fee was earned.

Tax credit monitoring fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners an annual fee of 2% of gross effective income. For the years ending December 31, 2018 and 2017, \$15,654 and \$14,723, respectively, of the social services reimbursement fee was paid.

Supervisory management fee

Pursuant to the Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the General Partners an annual fee equal to 50% of the cash flow otherwise available for distribution. The supervisory management fee cannot exceed 8% of gross effective income. For the years ending December 31, 2018 and 2017, \$27,624 and \$4,628, respectively, of the social services reimbursement fee was paid.

Note 3. Excess Cash Distributions

The 2018 excess cash distributions to be paid subsequent to December 31, 2018 is \$209,428 to be distributed to the Special Limited Partner for the annual local administrative fee for \$5,000, to the General Partners for the social services reimbursement fee for \$7,345, to the General Partners for the tax credit monitoring fee for \$15,813, to the General Partners for the supervisory management fee of \$37,657, to HACB for interest on its loan for \$32,456, to the City of Chico for \$73,500 for interest on its loan, and \$37,657 distributed to the Partners.

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

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt

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

	<u>2018</u>	<u>2017</u>
Note payable to the City of Chico, acting as the successor agency to Chico Redevelopment Agency, issued in May 2003, in the amount of \$3,675,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 2.00% simple interest. The note matures on May 29, 2058. The Partnership incurred \$73,500 of interest expense during the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, accrued interest was \$588,769.	\$ 3,675,000	\$ 3,675,000
Note payable to Berkadia, issued in June 2007 in the amount of \$2,261,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 7.10%. Monthly principal and interest payments in the amount of \$15,195 are due monthly. The note matures in July 2037. The Partnership incurred \$135,240 and \$138,459 of interest expense during the years ended December 31, 2018 and 2017, respectively.	1,879,002	1,926,098
Note payable to the Housing Authority of the County of Butte (HACB), issued in November 2004, in the amount of \$675,000. The loan is secured by land and buildings. The loan bears interest at a fixed rate of 4.84% simple interest. The loan matures in November 2054. Principal and interest payments are required to be paid from residual receipts as defined in the promissory note. The Partnership incurred interest expense of \$55,181 and \$54,090 during the years ended December 31, 2018 and 2017, respectively. The accrued interest expense not paid during the year is included with principal. At December 31, 2018 and 2017, accrued interest was \$32,456 and \$31,815, respectively.	<u>1,149,579</u> \$ <u>6,703,581</u>	<u>1,126,854</u> \$ <u>6,727,952</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Cont.)

The future amounts of principal payments under the note payables at December 31, 2018 were as follows:

2019	\$ 50,550
2020	54,259
2021	58,239
2022	62,511
2023	67,097
Thereafter	<u>6,410,925</u>
Total	\$ <u>6,703,581</u>

As of December 31, 2018 and 2017, debt issuance costs, net of accumulated amortization of \$11,857 and \$10,902, respectively, are amortized using the straight-line method.

Note 5. City of Chico Home Program Regulatory Agreements

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

Note 6. Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is 1200 Park Avenue Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

SUPPLEMENTAL INFORMATION

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

CALCULATION OF SURPLUS CASH
Year Ended December 31, 2018

NET INCOME (LOSS)	\$ (363,388)
Add: depreciation and amortization	<u>467,793</u>
CASH FLOW FROM OPERATIONS	104,405
Less:	
Transfers to replacement reserve (including interest)	(32,185)
Mortgage loan principal payments - Berkadia	(47,096)
Add:	
Tax credit monitoring fee	15,653
Supervisory management fee	27,625
Social service reimbursement fee	7,345
Annual local administrative fee	5,000
Interest expense - HACB	55,181
Interest expense - City of Chico	<u>73,500</u>
NET CASH FLOWS AVAILABLE FOR DISTRIBUTION	<u>\$ 209,428</u>

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

EXCESS CASH DISTRIBUTION CALCULATION
Year Ended December 31, 2018

EXCESS CASH FLOW		\$ 209,428
DISTRIBUTION OF CASH FLOW		
Local administrative fee		(5,000)
City of Chico annual interest payment (as per Loan Agreement 75% RR)		(73,500)
Social services reimbursement fee		(7,345)
Tax credit monitoring fee (2% of gross effective income)		
Gross potential rent	799,937	
Other income (tenant charges/laundry)	15,334	
Vacancy loss & concessions	(26,878)	
Change in prepaid rent	3,280	
Change in accounts receivable	(2,730)	
Tenant bad debt (direct write-off/reversal)	1,682	
	<u>790,625</u>	(15,813)
HACB annual interest payment		<u>(32,456)</u>
		75,314
Supervisory management fee (50% of remainder, not to exceed 8% of gross effective income)	63,250	<u>(37,657)</u>
Balance to be distributed to Partners		37,657
Limited Partner (CCP XXVIII, LP)	92.2177%	\$ (34,726)
Limited Partner (CCP XXXIII, LP)	7.7623%	(2,923)
Special Limited Partner (RC XXXVIII SLP LLC)	0.0100%	(4)
General Partners (BCAHDC)	0.0100%	(4)
		<u>\$ --</u>

WALKER COMMONS, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2018 and 2017

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of Walker Commons, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2018, and the related statements of income, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 Walker Commons, L.P. (A California Limited Partnership) as of December 31, 2018, 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.

The financial statements of Walker Commons, L.P. as of December 31, 2017, were audited by other auditors whose report dated June 25, 2018 expressed an unmodified opinion on those statements.

Stockton, California *Bowman & Company, C. C. P.*
February 25, 2019

Established 1949
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Stockton, CA 95219

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

BALANCE SHEETS
December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 143,963	\$ 150,402
Accounts receivable - tenant	696	-
Prepaid expenses	7,874	4,164
Total current assets	<u>152,533</u>	<u>154,566</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tenant security deposits	22,990	24,742
Reserve for replacements	277,595	293,602
	<u>300,585</u>	<u>318,344</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	600,000	600,000
Building and improvements	2,844,967	2,711,451
Furniture and equipment	75,044	75,044
	<u>3,520,011</u>	<u>3,386,495</u>
Less accumulated depreciation	<u>(1,670,064)</u>	<u>(1,597,072)</u>
	<u>1,849,947</u>	<u>1,789,423</u>
 Total assets	 <u><u>\$ 2,303,065</u></u>	 <u><u>\$ 2,262,333</u></u>

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

BALANCE SHEETS (Cont.)
December 31, 2018 and 2017

LIABILITIES AND PARTNERS' EQUITY	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,694	\$ 4,220
Prepaid rent	-	4,058
Accrued interest expense, current portion	15,000	15,000
Partnership fees payable	7,500	7,500
Total current liabilities	<u>33,194</u>	<u>30,778</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>22,220</u>	<u>23,130</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	34,982	34,982
Note payable - Redevelopment Agency of the City of Chico	500,000	500,000
Less unamortized debt issuance costs	(4,206)	(4,736)
	<u>530,776</u>	<u>530,246</u>
 Total liabilities	<u>586,190</u>	<u>584,154</u>
 PARTNERS' EQUITY	<u>1,716,875</u>	<u>1,678,179</u>
 Total liabilities and partners' equity	<u><u>\$ 2,303,065</u></u>	<u><u>\$ 2,262,333</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Tenant rental income	\$ 391,584	\$ 378,616
Tenant charges	1,205	1,634
Laundry	1,872	2,302
Bad debt recovery	180	--
Interest income	633	148
Other income	231	--
Total revenue	<u>395,705</u>	<u>382,700</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	54,777	60,976
Wages and salaries	53,800	42,841
Utilities	35,794	36,315
Property management fees	26,208	26,208
Health insurance and other employee benefits	13,494	8,269
Services	10,551	3,540
Insurance	10,443	10,206
General and administrative	9,539	12,805
Payroll taxes and workers' compensation insurance	7,206	6,063
Professional fees	6,743	4,778
Other taxes and licenses	1,153	966
Bad debt expense	--	4,754
Total operating and maintenance expenses	<u>229,708</u>	<u>217,721</u>
 Net operating income	<u>165,997</u>	<u>164,979</u>
 OTHER EXPENSES		
Interest expense	15,000	14,938
Interest expense - debt issuance costs	530	530
Depreciation expense	72,992	72,725
Partnership fees	7,500	7,500
Total other expenses	<u>96,022</u>	<u>95,693</u>
 Net income (loss)	<u><u>\$ 69,975</u></u>	<u><u>\$ 69,286</u></u>

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

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2018 and 2017

	<u>BCAHDC</u>	<u>HACB</u>	<u>Total</u>
Balance, December 31, 2016	\$ 200,150	\$ 1,551,710	\$ 1,751,860
Partner distributions	(95,788)	(47,179)	(142,967)
Net income (loss)	<u>693</u>	<u>68,593</u>	<u>69,286</u>
Balance, December 31, 2017	105,055	1,573,124	1,678,179
Partner distributions	(20,957)	(10,322)	(31,279)
Net income (loss)	<u>700</u>	<u>69,275</u>	<u>69,975</u>
Balance, December 31, 2018	<u><u>\$ 84,798</u></u>	<u><u>\$ 1,632,077</u></u>	<u><u>\$ 1,716,875</u></u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 69,976	\$ 69,286
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	72,992	72,725
Amortization of debt issuance costs	530	530
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(696)	7,156
Prepaid expenses	(3,711)	(239)
Tenant security deposits	1,752	(25)
Increase (decrease) in:		
Accounts payable and accrued liabilities	6,474	(2,616)
Accrued interest payable	--	(51,400)
Prepaid rent	(4,058)	(4,281)
Tenant security deposits	(910)	(1,587)
Net cash provided by (used in) operating activities	<u>142,349</u>	<u>89,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of reserve for replacement, net	16,007	(11,202)
Acquisition of property and equipment	(133,516)	--
Net cash provided by (used in) investing activities	<u>(117,509)</u>	<u>(11,202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	(31,279)	(142,967)
Net cash provided by (used in) financing activities	<u>(31,279)</u>	<u>(142,967)</u>
Increase (decrease) in cash and cash equivalents	(6,439)	(64,620)
Cash and cash equivalents		
Beginning	150,402	215,023
Ending	<u>\$ 143,963</u>	<u>\$ 150,402</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 15,000</u>	<u>\$ 14,938</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

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

Cash and cash equivalents

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all certificates of deposits as cash on the accompanying balance sheets.

Replacement reserve

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

Accounts receivable

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

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

NOTES TO FINANCIAL STATEMENTS

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

Property and equipment

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

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

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2018 and 2017.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method.

Fair value of financial instruments

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

Rental revenue

The rental property is generally leased to tenants under one-year non-cancelable operating leases. Rental revenue is recognized when due from tenants, generally the first day of each month.

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

NOTES TO FINANCIAL STATEMENTS

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Partnership's tax returns will not be challenged by the tax authorities and that the Partnership or its partners will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Partnership's tax returns remain open for three to four years for income tax examination.

Reclassification

Certain amounts in the December 31, 2017 financial statements have been classified for comparative purposes to conform to the presentation in the December 31, 2018 financial statements.

Subsequent events

Management has evaluated subsequent events through February 25, 2019, the date the financial statements were available to be issued.

Note 2. Related Parties Transactions

Partnership management fee

Pursuant to the Loan Agreement with the City of Chico, the Partnership agreed to pay the General Partner a cumulative annual fee of \$7,500. As of December 31, 2018 and 2017, \$7,500 partnership management fee was payable. For the years ending December 31, 2018 and 2017, a partnership management fee of \$7,500 was earned.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Parties Transactions (Cont.)

Cash flows

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

Note 3. Long-Term Debt

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

	<u>2018</u>	<u>2017</u>
Note payable to the City of Chico, issued in July 1995, in the amount of \$500,000. The loan is secured by a subordinate deed of trust. The loan bears interest at a fixed rate of 3.00% simple interest and requires annual interest only payments. The note matures in May 2051. Payments are deferred to the extent they exceed the residual receipts of the Partnership. The Partnership incurred \$15,000 and \$14,938 of interest expense during the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, accrued interest was \$49,982.	\$ <u>500,000</u>	\$ <u>500,000</u>
	\$ <u>500,000</u>	\$ <u>500,000</u>

As of December 31, 2018 and 2017, debt issuance costs, net of accumulated amortization of \$11,708 and \$11,178, respectively, are amortized using the straight-line method.

Note 4. City of Chico Home Program Regulatory Agreement

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

WALKER 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 Walker Commons Apartments. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

May 10, 2019

Housing Authority of the County of Butte, Butte County Affordable Housing Development Corporation, Banyard Management

Multi-family Property Insurance Analysis

In the wake of the Camp Fire Disaster, construction costs have increased substantially. Insured values must be adjusted to keep up with increased replacement costs. Properties are currently insured at an average valuation of \$135/sq ft. It is recommended the insured values be increased to a minimum of \$150/sq ft, and to as much as \$200/sq ft.

Entity	Prior	Current Recommendation	Notes:
AWI Prop Mgmt	\$ 120 /sq ft	\$ 131 /sq ft	Typical Multi-family
AWI Prop Mgmt	\$ 145 /sq ft	\$ 156 /sq ft	Senior Properties
HARRP JPA Ins	\$ 135 /sq ft to \$ 175 /sq ft	\$ 175 /sq ft to \$ 250 /sq ft	
Avrit Ins		\$ 165 /sq ft to \$ 265 /sq ft \$ 165 /sq ft to \$ 195 /sq ft	(\$150/sq ft minimum) recommended
RSC Prop Mgmt		\$ 137 /sq ft to \$ 195 /sq ft	(\$137/sq ft minimum)

HARRP and AHARP properties are now insured at an average value of **\$135/sq ft**.

Current **2018-2019 policy premium is \$94,840**. With no changes, 2019-2020 premium would be approximately **\$92,000**.

\$150/ sq ft = \$105,784, an increase of \$13,840/yr

\$175/ sq ft - \$116,296, an increase of \$24,296/yr

\$200/sq ft = \$126,809, an increase of \$34,809/yr

\$215/sq ft = \$133,116, an increase of \$41,116/yr

\$225/sq ft = \$137,321, an increase of \$45,321/yr



153 Hartnell Ave, Redding, Ca. Suite 200. 96002

May 9, 2019

Ed Mayer
Executive Director
Housing Authority of the County of Butte
President
Butte County Affordable Housing Development Corporation
2039 Forest Avenue, Chico, CA 95928

Re: Chico Veterans Village

Dear Mr. Mayer;

This letter is to request \$150,000 in funding from Butte County Affordable Housing Corporation (BCAHC) in order to secure a one-year extension to the purchase contract for Chico Veterans Village located at 1993 Bruce Road, Chico, CA 95928.

Chico Veterans Village is conveniently located down the street from the soon to be completed VA hospital. In addition, is a located in close proximity to bus stops, grocery stores, pharmacy and parks. The entitlements are complete as is a NEPA and CEQA MND. Given the proximity to services, amenities and the completion of entitlements, this development opportunity scores very high for the upcoming HCD-VHHP NOFA due to be released in September of 2019.

Chico Veterans Village will will provide supportive housing and services or veterans. The development will meet green building standards and include energy efficient appliances, low-e windows, increased insulation, room fans, radiant barriers in the roof and solar. There will be a community center with leasing office, service coordinator office, community kitchen, great room and laundry facility. The grounds will include BBQ area, picnic tables and garden beds.

As discussed, the financing for the development is contemplated to include, a conventional loan, 9% tax credits, HCD-VHHP, FHLB-AHP, HOME Depot, VASH vouchers, Section 8 vouchers and deferred developer fee. If we did not have to be concerned with the tie-breaker for the 9% credits, we would not need any additional funding. However, based on the tie-breaker scores for projects awarded 9% tax credits in 2018 it is anticipated this development would need approximately \$5 million in additional funding to have the best opportunity to garner an award. That said, currently there are bills being proposed in California to increase State tax credits and there is a bill in the US Senate that would increase the availability of federal 9% tax credits. Thus, a lessor amount of additional funding may still garner and award in 2020.

Because the BCAHC has the same board as the Housing Corporation of Butte County, if BCAHC is part of the limited partnership any contributions, whether in the form of equity or loan, will not count toward the tie-breaker calculation. Thus, it would be best if the contribution can be in the form of a loan to the partnership.



153 Hartnell Ave, Redding, Ca. Suite 200. 96002

There can be provisions in the loan agreement that would allow BCAHC to replace the MGP should there be a default. Further, BCAHC can have a right of first refusal to purchase the partnership from the Limited Partner should Veterans Resource Center not exercise their rights.

We envision that the loan would be a standard cash residual loan with 3% interest due in 55 years. If structured as a residual receipts loan this would assist us in the tax credit tie breaker by garnering points to secure the tax credits thus providing additional funding for the project.

We appreciate your consideration of this request. This will provide much needed housing to the Chico community. If you should have any questions, please feel free to call me at 530-355-2818.

Sincerely,

Bradley D. Long
Executive Director
VHDC