

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

May 18, 2023
2:00 p.m.

Due to COVID-19 and California State Assembly Bill 361 that amends the Ralph M. Brown Act to include new authorization for remote meetings, including remote public comment for all local agencies. California State Assembly Bill 361 extends the provision of Governor Newsom's Executive Order N-29-20 and N-35-20 until January 2024. The meeting will be a hybrid meeting both in person at this Housing Authority office and remotely. Members of the Board of Directors and HACB staff will be participating either in person or remotely. The Board of Directors welcomes and encourages public participation in the Board meetings either in person or remotely from a safe location.

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

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

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If you have any trouble accessing the meeting agenda, or attachments; or if you are disabled and need special assistance to participate in this meeting, please email marysolp@butte-housing.com or call 530-895-4474 x.210. Notification at least 24 hours prior to the meeting will enable the Housing Authority to make a reasonable attempt to assist you.

NEXT RESOLUTION NO. 23-9C

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

- 3.1 Minutes of Meeting on February 16, 2023
Minutes of Special Meeting on March 16, 2023
Minutes of Special Meeting on April 20, 2023

3.2 BCAHDC – Financial Report

3.3 Tax Credit Report

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

5.1 Gridley Springs I Audit Report – Accept FY2022 Audit Report.

Recommendation: Motion

5.2 Harvest Park Audit Report – Accept FY2022 Audit Report.

Recommendation: Motion

5.3 1200 Park Avenue Audit Report – Accept FY2022 Audit Report.

Recommendation: Motion

5.4 Walker Commons Audit Report – Accept FY2022 Audit Report.

Recommendation: Motion

5.5 1200 Park Avenue – CY2022 Surplus Cash Flow Distribution.

Recommendation: Motion

5.6 Walker Commons – CY2022 Surplus Cash Flow Distribution.

Recommendation: Motion

5.7 Development Activity – Status Review.

Recommendation: Information/Discussion

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 17, 2023**
13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 16, 2023

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:58 p.m.

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

1. ROLL CALL

Present for the Directors: Charles Alford, Randy Coy, Rich Ober, David Pittman, Sarah Richter and Regina Sayles-Lambert. All attended in person with the exception of Director Richter, who attended by means of web-conference.

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Pittman moved to accept the Consent Calendar as presented. Director Sayles-Lambert seconded. Director Coy abstained from voting due to being new to the Director role.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

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

*Butte County Affordable Housing Development Corporation
Board of Directors
Minutes – Meeting of February 16, 2022
Page 1*

the HACB to perform two kinds of services, corporate services to maintain the corporate entity, and other services, including asset management and property improvements. The resolution presented seeks to maintain the services agreement with HACB, adopting HACB's 2023 billing rates starting March 1, 2023, authorizing up to \$20,000 in corporate services, and up to \$200,000 in extraordinary services relating to development and property re-positioning activity.

RESOLUTION NO. 23-1C

Director Sayles-Lambert moved that Resolution No. 23-1C be adopted by reading of title only: "HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2023 BILLING RATES AND SERVICES AUTHORIZATIONS". Director Ober seconded. The vote in favor was unanimous.

- 5.2 Eaglepointe Apartments, Paradise – Resolution includes corporate authorizations to sign all transaction documents associated with the 43-unit affordable low-income housing development dedicated to serve families in Paradise. The resolution is necessary to authorize BCAHDC participation as Managing General Partner in the owning partnership, providing authorizations to sign on behalf of the partnership in securing loans, tax credit proceeds, and effecting the development as agreed in the Development Memorandum of Agreement with Pacific West Communities.

RESOLUTION NO. 23-2C

Director Alford moved that Resolution No. 23-2C be adopted by reading of title only: "EAGLEPOINTE APARTMENTS, PARADISE CORPORATE AUTHORIZATIONS". Director Sayles-Lambert seconded. The vote in favor was unanimous.

- 5.3 Development Activity – President Mayer provided an update to development activity, including a memo with pictures of new developments in which BCAHDC is partner, and a attachment identifying all current known affordable housing development projects and their status in Butte and Glenn Counties.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM BOARD MEMBERS

None.

10. MATTERS INITIATED BY BOARD MEMBERS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 18, 2023.

13. ADJOURNMENT

Director Ober moved that the meeting be adjourned. Director Pittman seconded. The meeting was adjourned at 3:15 p.m.

Dated: February 16, 2023.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

March 16, 2023

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:59 p.m.

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

1. ROLL CALL

Present for the Directors: Charles Alford, Randy Coy, Darlene Fredericks, David Pittman, and Sarah Richter. All attended in person with the exception of Commissioner Richter, who attended by means of web-conference.

Others Present: President Edward Mayer, Chief Financial Officer Hope Stone, Secretary Marysol Perez, Larry Guanzon, Tamra Young, Angie Little and Taylor Gonzalez.

Public Present: Javi Pinedo, HACB Special Programs Coordinator, and Janelle Kelly, Program Manager II, Glenn County Social Services. Janelle Kelly, attended by means of web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Lincoln Family Apartments, Oroville – Resolution includes corporate authorizations to sign all transaction documents associated with the 61-unit affordable low-income housing development that would serve families in Oroville. The resolution is necessary to authorize BCAHDC participation in the owning partnership as Managing General Partner, providing authorizations to sign on behalf of the partnership in securing loans, tax credit proceeds, and effecting the development as agreed in the Development MOA with The Richman Group of California.

RESOLUTION NO. 23-3C

Director Pittman moved that Resolution No. 23-3C be adopted by reading of title only: “LINCOLN FAMILY APARTMENTS, OROVILLE CORPORATE AUTHORIZATIONS”. Director Fredericks 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 18, 2023.

13. ADJOURNMENT

Director Pittman moved that the meeting be adjourned. Director Fredericks seconded. The meeting was adjourned at 3:12 p.m.

Dated: March 16, 2023.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

BUTTE COUNTY AFFORDABLE
HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

**SPECIAL MEETING
MEETING MINUTES**

April 20, 2023

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 4:10 p.m.

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

1. ROLL CALL

Present for the Directors: Charles Alford, Randy Coy, Rich Ober, David Pittman, Sarah Richter, and Regina Sayles-Lambert: all attended in person with the exception of Commissioner Richter, who attended by means of web-conference.

Others Present: President Edward Mayer, Chief Financial Officer Hope Stone, Secretary Marysol Perez, Larry Guanzon, Tamra Young, Angie Little and Taylor Gonzalez.

Public Present: Tiffany Lee, HACB Section 8 Occupancy Specialist.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 North Creek Crossings I, Chico –
- 5.2 North Creek Crossings II, Chico – In connection with the State of California Infill Infrastructure Grant (IIG) award to the City of Chico for construction of infrastructure improvements in the vicinity of the two regulated affordable housing projects, the Partnerships are authorized and directed to enter into, execute, and deliver an IIG affordable housing covenant and any and all other documents required or deemed necessary or appropriate to acknowledge and carry out the full intent and purpose of the regulated affordable housing. Edward S. Mayer, President, or Hope Stone, Chief Financial Officer are authorized to execute the IIG documents and any amendments or modifications on behalf of BCAHDC in its capacity as Managing General Partner of the owning Partnerships.

RESOLUTION NO. 23-4C

Director Sayles-Lambert moved that Resolution No. 23-4C be adopted by reading of title only: “NORTH CREEK CROSSINGS, RESOLUTION AUTHORIZING THE MANAGING GENERAL PARTNERS TO EXECUTE AN INFILL INFRASTRUCTURE COVENANT ON BEHALF OF THE LIMITED PARTNERSHIP”. Director Pittman seconded. The roll call vote in favor was unanimous.

RESOLUTION NO. 23-5C

Director Sayles-Lambert moved that Resolution No. 23-5C be adopted by reading of title only: “NORTH CREEK CROSSINGS II, RESOLUTION AUTHORIZING THE MANAGING GENERAL PARTNERS TO EXECUTE AN INFILL INFRASTRUCTURE COVENANT ON BEHALF OF THE LIMITED PARTNERSHIP”. Director Pittman seconded. The roll call vote in favor was unanimous.

- 5.3 Orchard View Apartments, Gridley – Resolution includes corporate authorizations to sign all transaction documents associated with the 48-unit affordable low-income housing development that would serve families in Gridley. The resolution is necessary to authorize BCAHDC participation in the owning partnership as Managing General Partner, providing authorizations to sign on behalf of the partnership in securing loans, tax credit proceeds, and effecting the development as agreed in the Development Memorandum of Agreement with Pacific West Communities..

RESOLUTION NO. 23-6C

Director Pittman moved that Resolution No. 23-6C be adopted by reading of title only: “ORCHARD VIEW APARTMENTS, GRIDLEY CORPORATE AUTHORIZATIONS”. Director Ober seconded. The vote in favor was unanimous.

- 5.4 Northwind Senior Apartments, Paradise – The Memorandum of Agreement (MOA) outlines BCAHDC’s role in the proposed development partnership with Pacific West Communities (PWC). The proposed MOA between BCAHDC and PWC is for the developments of a 21-unit affordable low-income housing development serving seniors in Paradise. The development, to be known as Northwind Senior Apartments, is to be located at 6983 Pentz Road, Paradise. Similar to the other

development projects with PWC, this development provides BCAHDC with 10% of the Developer Fee, ongoing Managing General Partner fees, and a shared option/right-of-first-refusal to purchase the development at the end of the 15-year federal tax-credit compliance period.

RESOLUTION NO. 23-7C

Director Pittman moved that Resolution No. 23-7C be adopted by reading of title only: MEMORANDUM OF AGREEMENT WITH PACIFIC WEST COMMUNITIES FOR DEVELOPMENT AND OPERATION OF NORTHWIND SENIOR APARTMENTS, PARADISE”. Director Sayles-Lambert seconded. The vote in favor was unanimous.

- 5.1 Lincoln Senior Apartments, Oroville – The Memorandum of Agreement outlines BCAHDC’s role in the development partnership with The Richman Group of California (TRG). The proposed MOA between BCAHDC and TRG is for development of a 61-unit affordable low-income housing development that would serve seniors in Oroville. The project will be located on a 5.36-acre site, adjacent to the Lincoln Family Apartments, in which BCAHDC also participates with TRG as Managing General Partner.

RESOLUTION NO. 23-8C

Director Sayles-Lambert moved that Resolution No. 23-8C be adopted by reading of title only: “MEMORANDUM OF AGREEMENT WITH THE RICHMAN GROUP FOR DEVELOPMENT AND OPERATION OF LINCOLN SENIOR APARTMENTS, OROVILLE”. Director Ober seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – May 18, 2023.

13. ADJOURNMENT

Director Pittman moved that the meeting be adjourned. Director Sayles-Lambert seconded. The meeting was adjourned at 4:32 p.m.

Dated: April 20, 2023.

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary

Butte County Affordable Housing Development Company
GENERAL FUND BALANCE SHEET
March 31, 2023

CUMULATIVE

ASSETS

Current Assets

Cash - Unrestricted	1,175,849
Cash - Other Restricted	0
Cash - Tenant Security Deposits	0
Account Receivable - Current	45,043
Note Receivable - Current Portion	0
Investments - Unrestricted	0
Investments - Restricted	0
Inventory	0

Total Current Assets	1,220,891
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Fixed Assets

Fixed Assets & Accumulated Depreciation	0
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Total Fixed Assets	0
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Other Assets

Other Assets & Prepaid Expenses	0
Organizational Costs, Net of Amortization	0
Note Receivable - Chico Valley View Part	0
Investment in 1200 Park Avenue	(605)
Investment in Chico Harvest Park	(245)
Investment in DHI - Gridley Springs	37
Investment in Walker Commons	1,475

Total Other Assets	662
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TOTAL ASSETS	1,221,553
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LIABILITIES

Current Liabilities

Accounts Payable	14,637
Accrued Liabilities	0
Accrued Fees to HACB	88,813
Tenant Security Deposits	0
CVVP Interest Reserves	0

Total Current Liabilities	103,450
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Long-Term Liabilities

Long-Term Debt Net of Current	0
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Total Long-Term Liabilities	0
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TOTAL LIABILITIES	103,450
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NET POSITION

Beginning Net Position	1,039,169
Retained Earnings	78,935

TOTAL NET POSITION	1,118,103
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TOTAL LIABILITIES AND NET POSITION	1,221,553
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Butte County Affordable Housing Development Company
GENERAL FUND INCOME STATEMENT
March 31, 2023

	Month to Date			Year to Date		
	Actual	Budget	Remaining	Actual	Budget	Remaining
Partnership Fees	10,000	3,242	(6,758)	10,000	19,454	9,454
Investment Income-unrestricted	0	125	125	51	750	699
Other Income	0	7,508	7,508	122,054	45,050	(77,004)
TOTAL REVENUES	10,000	10,876	876	132,105	65,254	(66,851)
Audit & Accounting Fees	207	375	168	2,547	2,250	(297)
Corporate Services	0	18,333	18,333	1,263	110,000	108,737
Consulting Fees	58	3,333	3,275	2,700	20,000	17,300
Legal Expenses	3	2,500	2,497	8	15,000	14,992
Misc. Admin. Expenses	446	83	(363)	775	500	(275)
Outside Management Fees	1,469	3,392	1,923	(9,248)	20,350	29,598
Partnership Losses	0	8	8	0	50	50
Taxes and Fees	0	14	14	0	85	85
Total Operating Admin Costs	2,184	28,039	25,856	(1,955)	168,235	170,190
TOTAL EXPENSES	2,184	28,039	25,856	(1,955)	168,235	170,190
RETAINED EARNINGS	7,816	(17,164)		134,060	(102,982)	

MEMO

Date: May 12, 2023

To: BCAHDC Board of Directors

From: Larry Guanzon, HACB Deputy Executive Director

Subject: Status Report – LIHTC Properties

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

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

Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property has no vacancies as of May 1st, and one turnover since - AWI is working to re-lease the unit. Unpaid rents consisted of one household. The property continues to seek a maintenance technician. Estimates are being sought for an automatic lock system for the community and laundry rooms. Dry rot repairs to exterior posts are being completed and will be paid from operations. Senior service provider, Passages, has been contacted to provide supportive services to residents. YTD income is higher than budgeted, by \$13,000+. Expenses are lower than anticipated, bringing property NOI to \$50,000+ more than budget, at \$63,712.76. Please find AWI's monthly narrative and owners report following. The property is subject to repositioning, involving refinance, capital improvements and replacements. Gutters, downspouts and fascia boards, windows, siding, and PTAC units are needing attention. The property generates significant cash, which will help with anticipated renovations.



Walker Commons Apartments, Chico



Gridley Springs I Apartments, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Sackett Corporation) – There is no vacancy, and no notices to vacate. YTD revenue and expenses are in line, with NOI at more than \$15,000+ above budget, at \$28,482.76. Please find Sackett Corporation’s Owner’s report, following.

1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – There are three vacancies as of this memo; applications are being processed. There is one thirty-day notice to vacate for non-payment of rent. Unpaid rents for May were collected, excepting five households. April rents are all collected, with the exception of one unit. The on-site manager will be resigning to return to school and further her education. AWI has started the recruitment process for a new on-site manager. There was an update to the outstanding legal complaint, which continues, awaiting trial – no settlement offer has been proposed by the plaintiff. CAA Food Distribution is on-going; resident supportive services are being sought from Passages, North Valley Catholic Social Services, or others, to provide activities for property residents. Monthly bingo and birthdays are celebrated with cake, for residents who wish to participate. In addition, a “craft day” has begun with a small group of residents. Please find AWI’s monthly financials and narrative following. YTD income is down due to not being able to increase rents to maximum allowed by tax-credit regulation, because of State and local rent restrictions. But lower YTD expenses has yielded a NOI that is \$14,000+ more than budget, totaling \$34,563.59.





Harvest Park Apartments, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has four vacancies, with no 30-day notices to vacate. There are unpaid rents in various units due to COVID-19, and or job loss. WINN Residential has several resident's under repayment agreements and at least one Unlawful Detainer in process. Continual follow up is required by property manager WINN Residential, as they are working with resident's on payment plans and or possible eviction. Overall, year to date unpaid rents continue to decrease. A new resident manager has been retained, and Winn Residential is seeking a maintenance person. Total YTD income is down by \$18,625.00+ due to vacancy loss, payroll costs for temporary services, and unit turnover costs. Total expenses are \$1,890.00 over projection, at \$174,789.00, bringing YTD NOI to \$160,189.00, or \$20,516.00 less than budgeted. Please find WINN Residential Owner's Report following.



Ford Oaks Apartments, Gridley (36 units, LIHTC, Family, MGP: BCAHDC, AGP: The Pacific Companies, PM: Cambridge RE) This property is newest to the BCAHDC portfolio, with completion of construction and lease-up accomplished by the end of August 2022. The property is fully occupied, having been well received by the Gridley low income family market.

Mitchell Avenue Apts I, Oroville (36 units, LIHTC, Seniors, MGP: BCAHDC, AGP: The Pacific Companies, PM: Cambridge RE) This property saw completion of construction and lease-up by the end of December 2022. Phase I is complete and occupied.



Walker Commons April 2023



Separate Variance Report explaining budget differences and expenditures.

Updates:

Walker Commons currently has one vacant. No move-ins and one move-out during the month of April. Staff is working to turn and lease the unit.

There are 3 April rent payments pending, the Property Manager is following up with the households.

To date in May, 1 rent payment is outstanding.

The repair / replacement of exterior posts is approved and will be scheduled. The vendor will notify staff of the start date. The expense will be paid from operating cash.

Estimates are still in process to install an automatic lock/unlock system for the community room and laundry room.

Recruitment for the full time maintenance technician is in process. Resumes for candidates with experience have been limited. Two interviews are scheduled for this week. Local techs are covering the day to day until the position is filled with the right candidate.

Trimming of the spruce trees and shrubs has been completed. It sure looks nice and clean!



Walker Commons 550
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 41,533.00	\$ 38,993.00	\$ 2,540.00	\$ 167,401.00	\$ 155,972.00	\$ 11,429.00
Vacancies	186.00	(1,169.75)	1,355.75	(2,462.00)	(4,679.00)	2,217.00
Rent Adjustments	(20.00)	(44.17)	24.17	(19.74)	(176.67)	156.93
Manager's Unit	(728.00)	(728.00)	0.00	(2,912.00)	(2,912.00)	0.00
Total Tenant Rent	\$ 40,971.00	\$ 37,051.08	\$ 3,919.92	\$ 162,007.26	\$ 148,204.33	\$ 13,802.93
Other Project Income:						
Laundry Income	\$ 0.00	\$ 341.08	\$ (341.08)	\$ 852.54	\$ 1,364.33	\$ (511.79)
Interest Income	13.77	6.08	7.69	53.50	24.33	29.17
Restricted Reserve Interest Incom	34.69	0.00	34.69	136.41	0.00	136.41
Late Charges	35.00	4.17	30.83	188.00	16.67	171.33
Other Tenant Income	\$ 0.00	\$ 123.75	\$ (123.75)	\$ 564.00	\$ 495.00	\$ 69.00
Other Project Income	\$ 83.46	\$ 475.08	\$ (391.62)	\$ 1,794.45	\$ 1,900.33	\$ (105.88)
Total Project Income	\$ 41,054.46	\$ 37,526.16	\$ 3,528.30	\$ 163,801.71	\$ 150,104.66	\$ 13,697.05
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 5,101.11	\$ 13,672.91	\$ (8,571.80)	\$ 33,879.04	\$ 54,691.66	\$ (20,812.62)
Utilities (From Pg 2)	3,007.84	4,355.00	(1,347.16)	12,680.79	17,420.00	(4,739.21)
Administrative (From Pg 2)	6,906.55	7,340.67	(434.12)	25,674.09	29,362.67	(3,688.58)
Taxes & Insurance (From Pg 2)	1,880.32	1,720.91	159.41	6,841.33	6,883.66	(42.33)
Other Taxes & Insurance (Fr Page	1,543.81	3,255.68	(1,711.87)	6,934.53	13,022.68	(6,088.15)
Other Project Expenses	312.82	1,073.25	(760.43)	2,845.81	4,293.00	(1,447.19)
Total O&M Expenses	\$ 18,752.45	\$ 31,418.42	\$ (12,665.97)	\$ 88,855.59	\$ 125,673.67	\$ (36,818.08)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management 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	\$ 21,560.79	\$ 34,226.75	\$ (12,665.96)	\$ 100,088.95	\$ 136,907.00	\$ (36,818.05)
Net Profit (Loss)	\$ 19,493.67	\$ 3,299.41	\$ 16,194.26	\$ 63,712.76	\$ 13,197.66	\$ 50,515.10
Other Cash Flow Items:						
Reserve Transfers	\$ (34.69)	\$ 0.00	\$ (34.69)	\$ (136.41)	\$ 0.00	\$ (136.41)
T & I Transfers	(1,722.95)	0.00	(1,722.95)	(6,891.26)	0.00	(6,891.26)
Operating - MMKT- FFB*	(10.82)	0.00	(10.82)	(42.24)	0.00	(42.24)

Walker Commons 550
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Security Deposits Held	\$ 680.00	\$ 0.00	\$ 680.00	\$ 40.00	\$ 0.00	\$ 40.00
Authorized Reserve - Other	0.00	(3,166.67)	3,166.67	0.00	(12,666.67)	12,666.67
Tenant Receivables	11.00	0.00	11.00	469.00	0.00	469.00
Other Receivables	2,505.32	0.00	2,505.32	1,841.33	0.00	1,841.33
Accounts Payable - Trade	(81.99)	0.00	(81.99)	(1,267.43)	0.00	(1,267.43)
Accounts Payable Other	(1,530.00)	0.00	(1,530.00)	(394.00)	0.00	(394.00)
Accrued Interest - City of Chico	1,250.00	0.00	1,250.00	5,000.00	0.00	5,000.00
Accrued Partnership Fees	625.00	0.00	625.00	2,500.00	0.00	2,500.00
Total Other Cash Flow Items	\$ 1,690.87	\$ (3,166.67)	\$ 4,857.54	\$ 1,118.99	\$ (12,666.67)	\$ 13,785.66
Net Operating Cash Change	<u>\$ 21,184.54</u>	<u>\$ 132.74</u>	<u>\$ 21,051.80</u>	<u>\$ 64,831.75</u>	<u>\$ 530.99</u>	<u>\$ 64,300.76</u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating - FFB	\$ 72,386.24	\$ 137,217.99	\$ 64,831.75
Operating - MMKT- FFB*	255,144.80	255,187.04	42.24
Tax & Insurance - FFB	12,989.64	19,880.90	6,891.26
Security Deposit - FFB	20,950.00	20,950.00	0.00
Reserve Acct - FFB	100,746.74	34,558.78	(66,187.96)
Reserve Acct MMKT-FFB*	346,158.60	416,216.33	70,057.73

Payables & Receivables:			
Accounts Payable - Trade	3,348.97	2,081.54	(1,267.43)
Rents Receivable - Current Tenants	177.00	(451.00)	(628.00)
Other Tenant Charges Receivable	81.00	240.00	159.00

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
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Maintenance & Operating Expenses:

Maintenance Payroll	\$ 2,369.73	\$ 3,474.67	\$ (1,104.94)	\$ 11,448.73	\$ 13,898.67	\$ (2,449.94)
Janitorial/Cleaning Supplies	0.00	110.58	(110.58)	46.85	442.33	(395.48)
Plumbing Repairs	0.00	375.00	(375.00)	0.00	1,500.00	(1,500.00)
Painting & Decorating	46.44	166.67	(120.23)	3,179.22	666.67	2,512.55
Repairs & Maintenance - Supply	206.17	1,089.08	(882.91)	1,729.54	4,356.33	(2,626.79)
Repairs & Maintenance - Contract	182.77	1,250.00	(1,067.23)	2,534.12	5,000.00	(2,465.88)
Grounds Maintenance	1,700.00	1,908.33	(208.33)	6,800.00	7,633.33	(833.33)
Pest Control Service	249.00	333.33	(84.33)	996.00	1,333.33	(337.33)
Fire/Alarm Services	347.00	276.75	70.25	794.00	1,107.00	(313.00)
Capital Improvements - Other	0.00	2,481.50	(2,481.50)	2,460.00	9,926.00	(7,466.00)
Capital Improvements - Flooring	0.00	700.00	(700.00)	3,334.00	2,800.00	534.00
Capital Improvements - Appliance	0.00	425.00	(425.00)	0.00	1,700.00	(1,700.00)
Capital Improvements - HVAC Repl	0.00	544.50	(544.50)	0.00	2,178.00	(2,178.00)

Walker Commons 550
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Carpet Cleaning	\$ 0.00	\$ 70.83	\$ (70.83)	\$ 0.00	\$ 283.33	\$ (283.33)
HVAC Repairs	0.00	200.00	(200.00)	0.00	800.00	(800.00)
Cable Service	0.00	66.67	(66.67)	289.65	266.67	22.98
Tenant Services	0.00	200.00	(200.00)	266.93	800.00	(533.07)
Total Maint. & Operating Exp.	\$ 5,101.11	\$ 13,672.91	\$ (8,571.80)	\$ 33,879.04	\$ 54,691.66	\$ (20,812.62)
Utilities:						
Electricity	\$ 395.92	\$ 713.33	\$ (317.41)	\$ 1,796.91	\$ 2,853.33	\$ (1,056.42)
Water	527.53	775.00	(247.47)	2,109.64	3,100.00	(990.36)
Sewer	946.18	2,178.92	(1,232.74)	4,806.82	8,715.67	(3,908.85)
Heating Fuel/Other	306.61	177.50	129.11	1,899.82	710.00	1,189.82
Garbage & Trash Removal	831.60	510.25	321.35	2,067.60	2,041.00	26.60
Total Utilities	\$ 3,007.84	\$ 4,355.00	\$ (1,347.16)	\$ 12,680.79	\$ 17,420.00	\$ (4,739.21)
Administrative:						
Manager's Salary	\$ 3,201.55	\$ 3,565.67	\$ (364.12)	\$ 11,974.09	\$ 14,262.67	\$ (2,288.58)
Management Fees	3,080.00	2,800.00	280.00	11,200.00	11,200.00	0.00
Bad Debt Expense	0.00	208.33	(208.33)	0.00	833.33	(833.33)
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	0.00	16.67	(16.67)	0.00	66.67	(66.67)
Total Administrative Expense	\$ 6,906.55	\$ 7,340.67	\$ (434.12)	\$ 25,674.09	\$ 29,362.67	\$ (3,688.58)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 10.58	\$ (10.58)	\$ 0.00	\$ 42.33	\$ (42.33)
Property Insurance	1,880.32	1,710.33	169.99	6,841.33	6,841.33	0.00
Total Taxes & Insurance Expense	\$ 1,880.32	\$ 1,720.91	\$ 159.41	\$ 6,841.33	\$ 6,883.66	\$ (42.33)
Other Taxes & Insurance:						
Payroll Taxes	\$ 407.36	\$ 617.92	\$ (210.56)	\$ 2,351.18	\$ 2,471.67	\$ (120.49)
Other Taxes, Fees & Permits	27.68	295.92	(268.24)	929.43	1,183.67	(254.24)
Bond Premiums	0.00	23.25	(23.25)	0.00	93.00	(93.00)
Worker's Compensation Insurance	187.81	542.42	(354.61)	808.03	2,169.67	(1,361.64)
Personnel Medical Insurance	920.96	1,776.17	(855.21)	2,845.89	7,104.67	(4,258.78)
Total Other Taxes & Insurance	\$ 1,543.81	\$ 3,255.68	\$ (1,711.87)	\$ 6,934.53	\$ 13,022.68	\$ (6,088.15)
Other Project Expenses						
Telephone & Answering Service	\$ 69.00	\$ 223.00	\$ (154.00)	\$ 751.50	\$ 892.00	\$ (140.50)
Internet Service	0.00	197.00	(197.00)	215.85	788.00	(572.15)
Advertising	0.00	16.67	(16.67)	0.00	66.67	(66.67)
Water/Coffee Service	0.00	2.08	(2.08)	31.98	8.33	23.65
Office Supplies & Expense	0.00	325.00	(325.00)	1,170.86	1,300.00	(129.14)
Postage	27.37	81.00	(53.63)	139.30	324.00	(184.70)

Walker Commons 550
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Toner/Copier Expense	\$ 0.00	\$ 110.33	\$ (110.33)	\$ 21.40	\$ 441.33	\$ (419.93)
Office Furniture & Equipment Expe	0.00	0.00	0.00	298.47	0.00	298.47
Travel & Promotion	0.00	33.33	(33.33)	0.00	133.33	(133.33)
Training Expense	187.44	43.17	144.27	187.44	172.67	14.77
Credit Checking	29.01	41.67	(12.66)	29.01	166.67	(137.66)
Total Other Project Expenses	<u>\$ 312.82</u>	<u>\$ 1,073.25</u>	<u>\$ (760.43)</u>	<u>\$ 2,845.81</u>	<u>\$ 4,293.00</u>	<u>\$ (1,447.19)</u>
Lease Up Expenses						
Total Lease Up Expenses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 5,000.00	\$ 5,000.00	\$ 0.00
Reporting / Partner Management 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>\$ 21,560.79</u>	<u>\$ 34,226.75</u>	<u>\$ (12,665.96)</u>	<u>\$ 100,088.95</u>	<u>\$ 136,907.00</u>	<u>\$ (36,818.05)</u>
Authorized Reserve - Other	<u>\$ 0.00</u>	<u>\$ 3,166.67</u>	<u>\$ (3,166.67)</u>	<u>\$ 0.00</u>	<u>\$ 12,666.67</u>	<u>\$ (12,666.67)</u>
	\$ 0.00	\$ 3,166.67	\$ (3,166.67)	\$ 0.00	\$ 12,666.67	\$ (12,666.67)



GRIDLEY SPRINGS May 2023

Property Status:

1. GSI has 0 vacant units with Zero notices to vacate
2. GSII has 1 vacant units with Zero notices to vacate.
3. Both properties are operating well and are super quiet as always. There are no notable projects happening or scheduled for this month. There are no open audits or any audits/inspections scheduled at this time.

Sincerely,
Mac Upshaw



DHI GRIDLEY SPRINGS I
As of
April 30, 2023

CASH SUMMARY - Operating Account	APRIL		4 months YTD	
	2023	%%	2023	%%
Total Rent Revenue	26,873.76	100.00%	98,923.60	100.00%
Vacancies	(598.00)	-2.23%	(2,309.00)	-2.33%
Net Rental Revenue	26,275.76	97.77%	96,614.60	97.67%
Other Income	245.42	0.91%	3,035.44	3.07%
Total Revenue	26,521.18	98.69%	99,650.04	100.73%
Expenses:				
Administrative Expenses	13,867.88	51.60%	29,138.75	29.46%
Utilities	2,666.07	9.92%	11,012.99	11.13%
Operating & Maintenance	7,412.88	27.58%	22,247.39	22.49%
Depreciation and Amortization Expense	0.00	0.00%	0.00	0.00%
Taxes & Insurance	749.73	2.79%	3,636.37	3.68%
Total Expenses	24,696.56	89.11%	66,035.50	36.92%
Net Operating Income	1,824.62	37.50%	33,614.54	33.62%
Interest and Finance Expense	1,278.34	4.76%	5,131.78	5.19%
Replacement Costs	5,164.11	19.22%	5,690.43	5.75%
Net Cash Flow from Operations	(4,617.83)		22,792.33	
Plus (Minus)				
Interest Income	(72.25)		(110.09)	
Unpaid Rent Collected (Owed)	2.00		205.00	
Unpaid Subsidy Rent Collected (Owed)	365.00		(12,438.02)	
Prepaid Expenses	0.00		0.00	
Impound/Escrow Funds	(3,823.31)		(15,295.07)	
Prepaid Rent Received (Absorbed)	41.00		619.00	
Security Deposits Received (Refunded)	1.25		828.25	
Mortgage Principle payment	(2,716.02)		(10,857.49)	
Net Cash Increase (Decrease)	(10,820.16)		(14,256.09)	
Beginning of Period Cash Balance	28,017.87		31,520.80	
Owner Contribution	0.00		0.00	
Transfer from (to) Savings	0.00		0.00	
Transfer From (To) Impound Account	0.00		0.00	
Transfer from (to) Security account	0.00		(67.00)	
Ending Cash Balance - Operating Account	\$17,197.71		\$17,197.71	
- Security Deposit Accounts			\$17,867.90	
- USDA Reserves			\$93,067.31	

	Current Month		Current Month
TENANT RECEIVABLES		UNIT STATUS	
Rent and Rent Related Receivables		Total Units	32
Balance at Beginning of Month	5,070.00	Vacant units at beginning of month	1
Uncollected (Collected) During Month	(2.00)	Plus Units vacated during month	0
Written off to Bad Debts	0.00	Less move ins and deposits to hold	1
Balance at End of Month	<u>\$5,068.00</u>	Vacant units at end of month	<u>0</u>
Move out Repairs, Cleaning & Legal Fees, etc.			
Balance at Beginning of Month	0.00		
Uncollected (Collected) During Month	0.00		
Written off to Bad Debts	0.00		
Balance at End of Month	<u>\$0.00</u>		

Balance Sheet
DHI GRIDLEY SPRINGS I
As of
April 30, 2023

***** ASSETS *****

Petty Cash	250.00	
Cash - Operating	17,197.71	
Cash - USDA Reserve	93,067.31	
Cash - Security Deposit Account	17,867.90	
Cash - Charles Schwab-Transition Reserve	76,634.00	
Cash - Charles Schwab-Operating Deficit	112,309.00	
Cash - First Republic Distribution	725.00	
Cash - Charles Schwab #2285	10,159.00	
Cash - Charles Schwab #5750	10,159.00	
Total Cash		338,368.92

ACCOUNTS RECEIVABLE

Tenant Rent Receivable	5,068.00	
Tenant Subsidy Rent Receivable	12,438.02	
Accounts Receivable	4,180.00	
Total Accounts Receivable		21,686.02

OTHER CURRENT ASSETS

Prepaid Expenses	5,486.32	
Reserve Escrow (Bonneville-USDA Fee)	3,797.93	
Reserve Escrow (Bonneville-Insurance)	20,280.56	
Reserve Escrow (Bonneville-Tax Escrow)	5,057.37	
Reserve Escrow (Lewiston-Replacement Res)	78,026.57	
Reserve Escrow (Lewiston CD-Replacement Res)	158,243.00	
Total Other Assets		270,891.75
Total Current Assets		630,946.69

CAPITAL IMPROVEMENTS

Land	149,957.00	
Building	3,137,787.00	
Improvements	165,810.00	
Furniture and Equipment	381,682.00	
Accumulated Depreciation	(1,105,489.00)	
Tangible Assets: Acquisition	20,129.00	
Accumulated Amortization	(10,735.00)	
Debt Issuance Costs	66,675.00	
Accumulated Amortization-Debt Issuance	(11,114.00)	
Total Fixed Assets		2,794,702.00
TOTAL ASSETS		3,425,648.69

***** LIABILITIES *****

Short Term Liabilities

Accrued Management GP fee	3,200.00	
Accrued Mortgage Insurance	423,800.00	
Accrued Interest	4,014.00	
Accrued Rpting/PTR Management	3,076.00	
Security Deposit Liability	17,852.85	
Prepaid Rent	719.00	
Total Current Liabilities		452,661.85

Long Term Liabilities

Note Payable - Bonneville	320,497.11	
Note Payable - USDA	982,249.04	
Note Payable - Gridley	12,040.00	
Note Payable - City of Gridley	2,080,000.00	
Total Long Term Liabilities		3,394,786.15
Total Liabilities		3,847,448.00

***** OWNER'S EQUITY *****

Partner's Equity	926,183.91	
Partner's Equity	(20,000.00)	
AGP Cash Flow Distributions	80,159.00	
MGP Cash Flow Distributions	(80,159.00)	
Retained Earnings	(1,267,418.55)	
Owner Contribution/Distribution	(83,357.00)	
Current Year Net Income (Loss)	22,792.33	
Total Equity		(421,799.31)
Total Liabilities & Equity		3,425,648.69

**Income Statement
DHI GRIDLEY SPRINGS I**

**As of
April 30, 2023**

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
*** REVENUES ***						
Rent Revenue - Gross Potential						
Apartment Rents	12,341.76	25,105.00	(12,763.24)	41,673.60	100,420.00	(58,746.40)
Tenant Assistance Payments	14,532.00	0.00	14,532.00	57,250.00	0.00	57,250.00
Total Revenue	26,873.76	25,105.00	1,768.76	98,923.60	100,420.00	(1,496.40)
Apartment Vacancies	(598.00)	(484.00)	(114.00)	(2,309.00)	(1,937.00)	(372.00)
Total Vacancies	(598.00)	(484.00)	(114.00)	(2,309.00)	(1,937.00)	(372.00)
NET RENTAL REVENUE	26,275.76	24,621.00	1,654.76	96,614.60	98,483.00	(1,868.40)
Interest Income-Other Cash	60.61	3.00	57.61	92.38	12.00	80.38
Interest Income-Sec Deposits	11.64	4.00	7.64	17.71	17.00	0.71
Total Financial Revenue	72.25	7.00	65.25	110.09	29.00	81.09
Misc Tenant Charges/Damages & Cleaning	45.17	0.00	45.17	659.17	0.00	659.17
NSF and Late Fee Income	0.00	13.00	(13.00)	758.00	50.00	708.00
Other Income/Application Fee	128.00	0.00	128.00	128.00	0.00	128.00
Laundry Revenue	0.00	390.00	(390.00)	1,380.18	1,562.00	(181.82)
Total Other Revenue	173.17	403.00	(229.83)	2,925.35	1,612.00	1,313.35
TOTAL REVENUE	26,521.18	25,031.00	1,490.18	99,650.04	100,124.00	(473.96)
*** EXPENSES ***						
Administrative Expenses						
Advertising and Promotions	0.00	0.00	0.00	0.00	0.00	0.00
Rent Concessions	0.00	0.00	0.00	0.00	0.00	0.00
Credit Reports	76.00	0.00	76.00	104.00	0.00	104.00
Uniforms	0.00	0.00	0.00	0.00	0.00	0.00
IT Support Services	171.00	171.00	0.00	684.00	684.00	0.00
Telephone & Answering Service	81.92	52.00	29.92	333.39	209.00	124.39
USDA 538 Boneville Fee/Surcharges	0.00	0.00	0.00	0.00	0.00	0.00
USDA 515 MINC Fee/Surcharges	0.00	0.00	0.00	0.00	0.00	0.00
Postage and Mailing	0.00	0.00	0.00	19.89	0.00	19.89
Administrative Expenses	192.00	0.00	192.00	608.00	0.00	608.00
Office Supplies/Expenses	122.22	217.00	(94.78)	670.81	867.00	(196.19)
Dues and Subscriptions	0.00	0.00	0.00	85.71	0.00	85.71
Management Fee	2,220.00	2,294.00	(74.00)	8,954.00	9,176.00	(222.00)
Manager Salaries	2,111.89	2,278.00	(166.11)	8,063.60	9,110.00	(1,046.40)
Education/Registration Fees	142.85	250.00	(107.15)	142.85	1,000.00	(857.15)
Legal Expense	0.00	92.00	(92.00)	722.50	367.00	355.50
Auditing Fees	8,750.00	500.00	8,250.00	8,750.00	2,000.00	6,750.00
Accounting Services	0.00	0.00	0.00	0.00	0.00	0.00
Total Administrative Expenses	13,867.88	5,854.00	8,013.88	29,138.75	23,413.00	5,725.75
Utility Expenses						
Electricity	424.62	783.00	(358.38)	1,779.80	3,133.00	(1,353.20)
Water	185.53	439.00	(253.47)	993.59	1,757.00	(763.41)
Gas	176.71	38.00	138.71	589.31	150.00	439.31
Sewer	1,201.13	680.00	521.13	4,626.27	2,719.00	1,907.27
Garbage and Trash Removal	678.08	624.00	54.08	3,024.02	2,495.00	529.02
Total Utility Expenses	2,666.07	2,564.00	102.07	11,012.99	10,254.00	758.99
Operating & Maintenance Expense						
Rec Room Cleaning and Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Clean/Repair Apartment	309.00	0.00	309.00	678.00	0.00	678.00
Cleaning Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating Contract	100.00	0.00	100.00	600.00	0.00	600.00
Tree Service	0.00	0.00	0.00	0.00	0.00	0.00
Grounds Maintenance and Supplies	0.00	417.00	(417.00)	1,520.16	1,667.00	(146.84)
Grounds Contract	1,000.00	1,355.00	(355.00)	4,000.00	5,418.00	(1,418.00)
Maintenance Personnel	2,111.89	2,278.00	(166.11)	8,255.59	9,110.00	(854.41)
Repair Materials	512.26	304.00	208.26	1,048.26	1,217.00	(168.74)
Repair Contract/Vendor Labor	0.00	233.00	(233.00)	0.00	933.00	(933.00)
Electrical Repair/Supplies	0.00	0.00	0.00	0.00	0.00	0.00
HVAC Repair and Maintenance	0.00	0.00	0.00	198.00	0.00	198.00
Appliance Repair and Maintenance	0.00	0.00	0.00	113.82	0.00	113.82
Plumbing Repair and Supplies	2,179.73	0.00	2,179.73	3,002.42	0.00	3,002.42
Interior Painting and Supplies	1,200.00	92.00	1,108.00	2,831.14	367.00	2,464.14
Gas, Oil and Mileage	0.00	0.00	0.00	0.00	0.00	0.00
Equipment Leasing	0.00	0.00	0.00	0.00	0.00	0.00
Fire Protection Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating & Maint Expenses	7,412.88	4,679.00	2,733.88	22,247.39	18,712.00	3,535.39

Income Statement
DHI GRIDLEY SPRINGS I
As of
April 30, 2023

	***** Current Month *****			***** Year-to-Date *****		
	Actual	Budget	Variance	Actual	Budget	Variance
Taxes & Insurance Expenses						
Property Taxes	0.00	0.00	0.00	(719.06)	940.00	(1,659.06)
Payroll Taxes	382.18	479.00	(96.82)	2,128.83	1,917.00	211.83
Misc Taxes & Licenses	0.00	850.00	(850.00)	800.00	3,400.00	(2,600.00)
Property & Liability Insurance	0.00	1,317.00	(1,317.00)	0.00	5,267.00	(5,267.00)
Worker's Compensation	181.09	221.00	(39.91)	701.88	884.00	(182.12)
Health/Dental Insurance	186.46	463.00	(276.54)	724.72	1,853.00	(1,128.28)
Other Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Total Taxes & Insurance Expenses	749.73	3,330.00	(2,580.27)	3,636.37	14,261.00	(10,624.63)
TOTAL EXPENSES	24,696.56	16,427.00	8,269.56	66,035.50	66,640.00	(604.50)
NET OPERATING INCOME (LOSS)	1,824.62	8,604.00	(6,779.38)	33,614.54	33,484.00	130.54
Interest & Finance Expense						
Mortgage Interest	1,243.34	2,352.00	(1,108.66)	4,981.78	9,408.00	(4,426.22)
General Partner Fee	0.00	2,700.00	(2,700.00)	0.00	10,800.00	(10,800.00)
Bank Fees	35.00	0.00	35.00	150.00	0.00	150.00
Total Interest & Finance Expense	1,278.34	5,052.00	(3,773.66)	5,131.78	20,208.00	(15,076.22)
OPERATING PROFIT (LOSS)	546.28	3,552.00	(3,005.72)	28,482.76	13,276.00	15,206.76
Replacements						
Roofing/Paving/Exterior	3,157.20	0.00	3,157.20	3,157.20	0.00	3,157.20
Appliance Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Drapery and Blind Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Carpet/ Flooring Replacement	1,915.00	833.00	1,082.00	1,915.00	3,333.00	(1,418.00)
HVAC Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Plumbing Replacement	0.00	0.00	0.00	526.32	0.00	526.32
Glass Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Furniture and Equipment Replacement	91.91	0.00	91.91	91.91	0.00	91.91
Door & Screen Repair/ Replacement	0.00	0.00	0.00	0.00	0.00	0.00
Total Cost of Replacements	5,164.11	833.00	4,331.11	5,690.43	3,333.00	2,357.43
NET CASH FLOW FROM OPERATIONS	(4,617.83)	2,719.00	(7,336.83)	22,792.33	9,943.00	12,849.33

1200 Park Avenue Apartments April 2023



Separate Variance Report explaining budget differences and expenditures.

Updates:

1200 Park Avenue currently has 3 vacancies. Two move-ins and two move-outs during the month of April.

Vacancies:

- **Unit #305** – Applicant close to an approval.
- **Unit #260** – Unit is nearly market ready. This was a heavy turn with all belongings left behind. Applicants in process.
- **Unit #120** – Working on unit turn and applicants.

Upcoming Vacancies:

- Unit #237- Eviction for non-payment.

To date in May, 5 Rent payments are outstanding – PM following up to collect.

The Property Manager will resign at the end of May to return to school and further her education. An ad is being placed to start the recruitment for a replacement.

The pressure washing of the exterior balconies on 12th Street and Oakdale Street has been completed.

Staff meet with Kelvin (the Landscaper) to plan for shrubs and new plants to be installed on the corner of 12th and along Park Avenue. Before and after pictures will be shared!

It is time to obtain bids and schedule the annual window washing. Residents will be notified in advance of the date.

Residents continue to enjoy monthly bingo and birthday cake day. A small group has also started a 'craft day'. It is exciting to see the residents getting together and fostering a sense of community!



Park Avenue 569
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 86,739.00	\$ 92,602.00	\$ (5,863.00)	\$ 347,834.00	\$ 370,408.00	\$ (22,574.00)
Vacancies	(3,353.00)	(2,778.08)	(574.92)	(8,687.00)	(11,112.33)	2,425.33
Rent Adjustments	387.52	0.00	387.52	46.88	0.00	46.88
Manager's Unit	(912.00)	(912.00)	0.00	(3,648.00)	(3,648.00)	0.00
Total Tenant Rent	\$ 82,861.52	\$ 88,911.92	\$ (6,050.40)	\$ 335,545.88	\$ 355,647.67	\$ (20,101.79)
Other Project Income:						
Laundry Income	\$ 0.00	\$ 819.50	\$ (819.50)	\$ 2,000.00	\$ 3,278.00	\$ (1,278.00)
Interest Income	2.99	0.00	2.99	7.77	0.00	7.77
Restricted Reserve Interest Incom	13.90	16.42	(2.52)	56.79	65.67	(8.88)
Late Charges	38.00	41.67	(3.67)	478.00	166.67	311.33
Other Tenant Income	\$ 421.01	\$ 350.00	\$ 71.01	\$ 2,570.23	\$ 1,400.00	\$ 1,170.23
Miscellaneous Income	\$ 115.50	\$ 12.50	\$ 103.00	\$ 705.50	\$ 50.00	\$ 655.50
Other Project Income	\$ 591.40	\$ 1,240.09	\$ (648.69)	\$ 5,818.29	\$ 4,960.34	\$ 857.95
Total Project Income	\$ 83,452.92	\$ 90,152.01	\$ (6,699.09)	\$ 341,364.17	\$ 360,608.01	\$ (19,243.84)
Project Expenses:						
Maint. & Oper. Exp. (Fr Page 2)	\$ 20,494.39	\$ 17,410.24	\$ 3,084.15	\$ 63,936.76	\$ 69,640.99	\$ (5,704.23)
Utilities (From Pg 2)	8,524.10	12,597.93	(4,073.83)	35,084.44	50,391.68	(15,307.24)
Administrative (From Pg 2)	11,394.48	12,243.58	(849.10)	44,055.54	48,974.33	(4,918.79)
Taxes & Insurance (From Pg 2)	12,249.83	6,618.16	5,631.67	26,318.33	26,472.66	(154.33)
Other Taxes & Insurance (Fr Page	2,420.05	4,217.08	(1,797.03)	10,804.93	16,868.33	(6,063.40)
Other Project Expenses	1,531.98	1,948.93	(416.95)	6,458.26	7,795.68	(1,337.42)
Total O&M Expenses	\$ 56,614.83	\$ 55,035.92	\$ 1,578.91	\$ 186,658.26	\$ 220,143.67	\$ (33,485.41)
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,242.49	\$ 26,300.42	\$ (57.93)	\$ 104,969.96	\$ 105,201.67	\$ (231.71)
Managing General Partner Fees	\$ 1,118.09	\$ 1,118.08	\$.01	\$ 4,472.36	\$ 4,472.33	\$.03
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	\$ 30,035.58	\$ 30,093.50	\$ (57.92)	\$ 120,142.32	\$ 120,374.00	\$ (231.68)
Total Project Expenses	\$ 86,650.41	\$ 85,129.42	\$ 1,520.99	\$ 306,800.58	\$ 340,517.67	\$ (33,717.09)
Net Profit (Loss)	\$ (3,197.49)	\$ 5,022.59	\$ (8,220.08)	\$ 34,563.59	\$ 20,090.34	\$ 14,473.25
Other Cash Flow Items:						
Reserve Transfers	\$ (10.42)	\$ 0.00	\$ (10.42)	\$ (42.58)	\$ 0.00	\$ (42.58)
T & I Transfers	(6,491.64)	0.00	(6,491.64)	(25,965.56)	0.00	(25,965.56)

Park Avenue 569
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Operating - MMKT- FFB*	\$ (.38)	\$ 0.00	\$ (.38)	\$ (100,001.24)	\$ 0.00	\$ (100,001.24)
Security Deposits Held	(300.00)	0.00	(300.00)	(1,500.00)	0.00	(1,500.00)
Authorized Reserve - Other	0.00	(7,660.42)	7,660.42	0.00	(30,641.67)	30,641.67
Pending Reserves	(3,995.96)	0.00	(3,995.96)	(22,324.61)	0.00	(22,324.61)
Tenant Receivables	(704.35)	0.00	(704.35)	1,178.93	0.00	1,178.93
Other Receivables	12,874.83	0.00	12,874.83	20,470.33	0.00	20,470.33
Accounts Payable - Trade	2,041.28	0.00	2,041.28	2,465.56	0.00	2,465.56
Accrued Expenses	2,648.00	0.00	2,648.00	2,648.00	0.00	2,648.00
Accrued Interest City of Chico	6,125.00	0.00	6,125.00	24,500.00	0.00	24,500.00
Accrued Local Administration Fee	416.67	0.00	416.67	1,666.68	0.00	1,666.68
Accrued Managing GP Fee	701.42	0.00	701.42	2,805.68	0.00	2,805.68
Accrued Interest Housing Authority	4,922.85	0.00	4,922.85	19,691.40	0.00	19,691.40
Total Other Cash Flow Items	\$ 18,227.30	\$ (7,660.42)	\$ 25,887.72	\$ (74,407.41)	\$ (30,641.67)	\$ (43,765.74)
Net Operating Cash Change	<u>\$ 15,029.81</u>	<u>\$ (2,637.83)</u>	<u>\$ 17,667.64</u>	<u>\$ (39,843.82)</u>	<u>\$ (10,551.33)</u>	<u>\$ (29,292.49)</u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating - FFB	\$ 142,129.42	\$ 102,285.60	\$ (39,843.82)
Operating - MMKT- FFB*	10,153.81	110,155.05	100,001.24
Tax & Insurance-FFB	3,022.77	28,988.33	25,965.56
Security Deposit - FFB	36,064.00	36,064.00	0.00
Repl Reserves - Berkadia - IMP	357,868.79	368,611.37	10,742.58

Payables & Receivables:			
Accounts Payable - Trade	3,126.97	5,592.53	2,465.56
Rents Receivable - Current Tenants	3,518.00	2,657.34	(860.66)
Other Tenant Charges Receivable	1,644.78	1,326.51	(318.27)

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 6,630.59	\$ 7,313.33	\$ (682.74)	\$ 22,783.24	\$ 29,253.33	\$ (6,470.09)
Janitorial/Cleaning Supplies	180.07	318.25	(138.18)	1,091.43	1,273.00	(181.57)
Plumbing Repairs	0.00	191.50	(191.50)	300.00	766.00	(466.00)
Painting & Decorating	20.62	223.83	(203.21)	263.99	895.33	(631.34)
Repairs & Maintenance - Supply	1,078.77	1,000.00	78.77	5,019.11	4,000.00	1,019.11
Repairs & Maintenance - Contract	5,079.19	2,083.33	2,995.86	11,159.33	8,333.33	2,826.00
Grounds Maintenance	1,700.00	1,816.67	(116.67)	7,232.18	7,266.67	(34.49)
Elevator Maintenance & Contract	0.00	847.33	(847.33)	1,831.00	3,389.33	(1,558.33)
Pest Control Service	0.00	1,000.00	(1,000.00)	0.00	4,000.00	(4,000.00)
Fire/Alarm Services	1,422.60	773.33	649.27	3,075.66	3,093.33	(17.67)

Park Avenue 569
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Security Service	\$ 618.00	\$ 701.00	\$ (83.00)	\$ 1,935.00	\$ 2,804.00	\$ (869.00)
Capital Improvements - Other	343.26	0.00	343.26	343.26	0.00	343.26
Capital Improvements - Flooring	3,087.29	0.00	3,087.29	6,174.58	0.00	6,174.58
Carpet Cleaning	95.00	891.67	(796.67)	470.00	3,566.67	(3,096.67)
HVAC Repairs	239.00	125.00	114.00	789.00	500.00	289.00
Cable Service	0.00	0.00	0.00	1,087.86	0.00	1,087.86
Tenant Services	0.00	125.00	(125.00)	381.12	500.00	(118.88)
Total Maint. & Operating Exp.	\$ 20,494.39	\$ 17,410.24	\$ 3,084.15	\$ 63,936.76	\$ 69,640.99	\$ (5,704.23)
Utilities:						
Electricity	\$ 3,801.16	\$ 6,182.42	\$ (2,381.26)	\$ 15,935.40	\$ 24,729.67	\$ (8,794.27)
Water	917.11	1,037.92	(120.81)	3,303.60	4,151.67	(848.07)
Sewer	1,789.00	4,081.67	(2,292.67)	8,491.79	16,326.67	(7,834.88)
Heating Fuel/Other	695.27	416.92	278.35	2,779.41	1,667.67	1,111.74
Garbage & Trash Removal	1,321.56	879.00	442.56	4,574.24	3,516.00	1,058.24
Total Utilities	\$ 8,524.10	\$ 12,597.93	\$ (4,073.83)	\$ 35,084.44	\$ 50,391.68	\$ (15,307.24)
Administrative:						
Manager's Salary	\$ 4,835.00	\$ 5,857.33	\$ (1,022.33)	\$ 19,367.33	\$ 23,429.33	\$ (4,062.00)
Management Fees	5,885.00	5,350.00	535.00	21,400.00	21,400.00	0.00
Bad Debt Expense	46.00	208.33	(162.33)	149.00	833.33	(684.33)
Auditing	625.00	625.00	0.00	2,500.00	2,500.00	0.00
Legal	0.00	177.92	(177.92)	625.00	711.67	(86.67)
Other Administrative Expenses	3.48	25.00	(21.52)	14.21	100.00	(85.79)
Total Administrative Expense	\$ 11,394.48	\$ 12,243.58	\$ (849.10)	\$ 44,055.54	\$ 48,974.33	\$ (4,918.79)
Taxes & Insurance Reserve For:						
Special Assessments	\$ 0.00	\$ 26.08	\$ (26.08)	\$ 0.00	\$ 104.33	\$ (104.33)
Property Insurance	12,131.33	6,461.08	5,670.25	25,844.33	25,844.33	0.00
Other Insurance	118.50	131.00	(12.50)	474.00	524.00	(50.00)
Total Taxes & Insurance Expense	\$ 12,249.83	\$ 6,618.16	\$ 5,631.67	\$ 26,318.33	\$ 26,472.66	\$ (154.33)
Other Taxes & Insurance:						
Payroll Taxes	\$ 973.98	\$ 1,166.25	\$ (192.27)	\$ 4,278.02	\$ 4,665.00	\$ (386.98)
Other Taxes, Fees & Permits	97.48	233.33	(135.85)	1,055.01	933.33	121.68
Bond Premiums	0.00	108.75	(108.75)	0.00	435.00	(435.00)
Worker's Compensation Insurance	417.03	982.58	(565.55)	1,551.52	3,930.33	(2,378.81)
Personnel Medical Insurance	931.56	1,726.17	(794.61)	3,920.38	6,904.67	(2,984.29)
Total Other Taxes & Insurance	\$ 2,420.05	\$ 4,217.08	\$ (1,797.03)	\$ 10,804.93	\$ 16,868.33	\$ (6,063.40)
Other Project Expenses						
Telephone & Answering Service	\$ 540.52	\$ 556.00	\$ (15.48)	\$ 2,339.58	\$ 2,224.00	\$ 115.58
Internet Service	391.03	355.92	35.11	391.03	1,423.67	(1,032.64)

Park Avenue 569
For the Month Ended April 30, 2023
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Water/Coffee Service	\$ 0.00	\$ 75.00	\$ (75.00)	\$ 286.02	\$ 300.00	\$ (13.98)
Office Supplies & Expense	96.38	433.33	(336.95)	2,020.37	1,733.33	287.04
Postage	0.00	87.67	(87.67)	224.18	350.67	(126.49)
Toner/Copier Expense	240.16	297.92	(57.76)	1,284.31	1,191.67	92.64
Office Furniture & Equipment Expe	0.00	0.00	0.00	(435.42)	0.00	(435.42)
Travel & Promotion	13.50	41.67	(28.17)	13.50	166.67	(153.17)
Training Expense	187.44	63.92	123.52	187.44	255.67	(68.23)
Credit Checking	62.95	29.17	33.78	147.25	116.67	30.58
Employee Meals	0.00	8.33	(8.33)	0.00	33.33	(33.33)
Total Other Project Expenses	<u>\$ 1,531.98</u>	<u>\$ 1,948.93</u>	<u>\$ (416.95)</u>	<u>\$ 6,458.26</u>	<u>\$ 7,795.68</u>	<u>\$ (1,337.42)</u>
Lease Up Expenses						
Total Lease Up Expenses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,242.49	\$ 26,300.42	\$ (57.93)	\$ 104,969.96	\$ 105,201.67	\$ (231.71)
Managing General Partner Fees	\$ 1,118.09	\$ 1,118.08	\$.01	\$ 4,472.36	\$ 4,472.33	\$.03
Transfer - Reserves	2,675.00	2,675.00	0.00	10,700.00	10,700.00	0.00
Total Mortgage & Owner's Exp.	<u>\$ 30,035.58</u>	<u>\$ 30,093.50</u>	<u>\$ (57.92)</u>	<u>\$ 120,142.32</u>	<u>\$ 120,374.00</u>	<u>\$ (231.68)</u>
Total Expenses	<u>\$ 86,650.41</u>	<u>\$ 85,129.42</u>	<u>\$ 1,520.99</u>	<u>\$ 306,800.58</u>	<u>\$ 340,517.67</u>	<u>\$ (33,717.09)</u>
Authorized Reserve - Other	\$ 0.00	\$ 7,660.42	\$ (7,660.42)	\$ 0.00	\$ 30,641.67	\$ (30,641.67)
Pending Reserves	<u>3,995.96</u>	<u>0.00</u>	<u>3,995.96</u>	<u>22,324.61</u>	<u>0.00</u>	<u>22,324.61</u>
	<u>\$ 3,995.96</u>	<u>\$ 7,660.42</u>	<u>\$ (3,664.46)</u>	<u>\$ 22,324.61</u>	<u>\$ 30,641.67</u>	<u>\$ (8,317.06)</u>

April 13, 2023

Leona Hughes & Christy Cruz
AWI Management Corporation
120 Center Street
Auburn, CA 95603

RE: HOME Monitoring for 1200 Park Avenue (Park Avenue) Apartments
2022 Monitoring Summary/Clearance Report

Dear Ms. Hughes:

Thank you for your response to the Long-Term Monitoring conducted on January 31, 2023. Based upon your comments, submittals, and follow up inspection, we are clearing the findings and concerns noted in the Summary Report Letter sent on **March 1, 2023**.

As of the date of this letter, the City of Chico is satisfied that appropriate corrective actions were taken to comply with federal HOME requirements.

Your responses to the findings and concerns are addressed as follows:

Findings

Finding #1: Finding # 1_Accessibility (Section 504) and Fair Housing trainings need to be completed annually by property staff, and need to be dated within 12 months of inspection. Current Fair Housing Certificate is dated August 2021.

Please send us planned Accessibility and FHT training dates for 2023.

Clearance: AWI provided copies of 3 Fair Housing Training Certificates, completed on September 20, 2022.

AWI informed us that Accessibility Trainings are not required of the property managers because it not part of their job description.

The most important training is for fair housing, which includes aspects of accessibility, this item is cleared.

Finding #2 for Unit 120: Copy of 90-120 Day Recertification Notice was not in the file.
Please provide a copy of the Recertification Notice.

Clearance: AWI provided a copy of the 90-120 day recertification notice, dated 12/2022, given to Unit 120. This item is cleared.

Finding #3 for Unit 228: Annual Inspection Notices – due to Covid Protocols, there were no Unit Inspections in Years of 2021-2022. Annual Inspection Notices will be added to files for 2023.
Please send a template of a 2023 Inspection Notice.

Clearance: AWI provided a copy of the Annual Unit Inspection Notice given to unit 228. This item is cleared.

Finding #4 for Unit 228: Copy of 90-120 Day Tenant Recertification Notice was not in the file. *Please provide a copy of the Recertification Notice.*

Clearance: AWI provided a copy of the 90-120 day recertification notice, dated 01/2022, given to Unit 228. This item is cleared.

Finding #5 Annual Compliance Report: In Column D State Rent Limits should be consistent with the Column C Federal HOME Rent Limits. Currently, Federal HOME rent limits are shown at 50% AMI for each HOME-assisted unit, which meets the HOME requirements for rent limits.
Please update the Annual Compliance Report.

Clearance: AWI provided a copy of the updated and corrected Annual Compliance Report. This item is cleared.

Finding #6 Annual Compliance Report: Unit 207 should not be vacant for a floating HOME Unit.
Please select another Unit that meets the requirements of the HOME program and update the Annual Compliance Report with Unit information.

Clearance: Per AWI's response, Unit 206 has been designated as a HOME Unit in place of the vacant unit. AWI provided an updated Annual Compliance Report. This item is cleared.

Concerns**Tenant File Review**

Concern #1 for Unit 111: Annual Inspection Notices – due to Covid Protocols, there were no Unit Inspections in Years of 2021-2022. Annual Inspection Notices will be added to files for 2023.

No further action needed

Clearance: AWI provided a copy of the Annual Unit Inspection Notice, which has not been served. Annual Inspections will not be completed until fall of 2023. This item is cleared.

Concern #2 for Unit 228: Annual Inspection Notices – due to Covid Protocols, there were no Unit Inspections in Years of 2021-2022. Annual Inspection Notices will be added to files for 2023.

No further action needed

Clearance: AWI provided at Template of the 2023 Inspection Notice. This item is cleared.

Concern #3 for Unit 327: Annual Inspection Notices – due to Covid Protocols, there were no Unit Inspections in 2021-2022. Annual Inspection Notices will be added to files for 2023.

Please send a template of a 2023 Inspection Notice.

Clearance: AWI provided at Template of the 2023 Inspection Notice. This item is cleared.

Concern #4 Tenant Income Recertification of all HOME Units: For future recertifications, the Federal HOME Rent Limit selected should be 50% of Area Median Income (AMI). *No action needed.*

Clearance: No Action Needed. This item is cleared.

Unit 228 Inspection

Concern #5: In Living room, screen is slightly frayed, which can let pests in.

Clearance: AWI provided the photo showing the repaired screen. This item is cleared.

Concern #6: In Bathroom, the toilet seat is worn and is heavily stained, which can make it hard to properly clean.

Clearance: AWI provided the photo showing a replaced toilet seat. This item is cleared.

Concern #7: In the Bedroom of Unit 228, the window latch broke.

Please send me photos of the repairs for Unit #228.

Clearance: AWI provided a work order for the repair listed and the photo of completed latch replacement. This item is cleared.

Unit 327 Inspection

Concern #8: In the porch area, there is a crack on the wall along the ceiling.

Please send me photos of the repairs for Unit #327.

Clearance: AWI provided a work order for the repair listed and the photo of completed crack repair. This item is cleared.

Property External Inspection

Concern #9: Some balconies' exteriors have Mildew/Water Staining. Property maintenance company should pressure wash outside of buildings once per year.

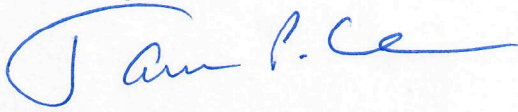
Please send the date of anticipated pressure washing exterior maintenance.

Clearance: AWI provided an estimate for the pressure washing of the outside of buildings which will be scheduled in early April, as soon as weather permits. This item is cleared.

In summary, all items are cleared.

If you should need further information, please contact us at 530-715-0744 or tle@housing-tools.com.

Sincerely,



Tam Le

Consultant for City of Chico

cc: Marie Demers, City of Chico Housing Manager

Monthly Property Summary Report

75 Harvest Park Court

April 2023



**HARVEST
P A R K**

CHICO, CA.
90 UNITS
TAX CREDIT

MONTHLY PROPERTY SUMMARY REPORT

INCOME AND EXPENSE SUMMARY

• Total Operating Income Actual/Month:	\$79,854.77	-\$8,281.02	9.39%
• Total Operating Income Budget/Month:	\$88,135.79		
• Total Operating Income Actual/YTD:	\$334,979.00	-\$18,625.16	5.26%
• Total Operating Income Budget/YTD:	\$353,604.16		
• Total Operating Expenses Actual/Month:	\$37,940.44	\$503.14	1.30%
• Total Operating Expenses Budget/Month:	\$38,443.58		
• Total Operating Expenses Actual/YTD:	\$174,789.39	-\$1,890.97	1.09%
• Total Operating Expenses Budget/YTD:	\$172,898.42		
• Total Net Operating Income Actual/Month:	\$41,941.33	-\$7,777.88	15.65%
• Total Net Operating Income Budget/Month:	\$49,692.21		
• Total Net Operating Income Actual/YTD:	\$160,189.61	-\$20,516.13	11.35%
• Total Net Operating Income Budget/YTD:	\$180,705.74		

BUDGET VARIANCE REPORT

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

April Financials - Expense Variances

Month Ending 03/31/2023					
GL / Description	Actual	Budget	Variance	%	Comments:
6317-0000 Temporary Services	\$2,622.27	\$0.00	(\$2,622.27)	#DIV/0!	Temp help for grounds, maintenance to cover work orders and turns, one weeks payroll for Manager through Temp agency
6330-0000 Manager Payroll	\$2,698.39	\$5,010.00	\$2,311.61	46.14%	Manager started with Winn 3/13
6547-0000 Repairs- Contract-HVAC	\$4,630.00	\$0.00	(\$4,630.00)	#DIV/0!	\$4,201 are for services rendered in 2022, vendor didn't send in invoices and we didn't accrue.
6586-0000 Fire and Safety Systems	\$200.00	\$775.00	\$575.00	74.19%	Quarterly invoice for monitoring was processed in April

RESIDENT DELINQUENT RENT STATUS

(Table below sorted by "total" highest to lowest delinquency)

Bldg/Unit	Name	Total Delinquent	Delinquency Comment
07 - 238		10,987.00	DEL Comment : Eviction Process started(09/27/2022;AHaver)
01 - 107		8,502.00	DEL Comment : Payment plan of \$700 a month in Place.(04/10/2023;MRadcliff)
03 - 216		8,489.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
04 - 123		3,161.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
04 - 221		2,734.00	DEL Comment : Payment plan \$400 a month in place.(04/10/2023;MRadcliff)
04 - 225		2,197.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
03 - 215		1,748.00	DEL Comment : Payment Plan of \$500 in place.(04/10/2023;MRadcliff)
03 - 115		1,395.00	DEL Comment : Payment Plan of \$240 in place.(04/10/2023;MRadcliff)
04 - 219		1,236.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
04 - 119		1,057.00	DEL Comment : Pending subsidy contract.(04/10/2023;MRadcliff)
03 - 218		1,010.00	DEL Comment : Payment Plan of \$213 a month in place.(04/10/2023;MRadcliff)
06 - 230		818.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
06 - 232		586.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
01 - 201		535.00	DEL Comment : 3 day notice to pay or quit issued.(04/10/2023;MRadcliff)
07 - 138		417.00	DEL Comment : Payment plan of \$150 a month in place.(04/10/2023;MRadcliff)
07 - 137		355.00	DEL Comment : Pending check coming through mail.(04/10/2023;MRadcliff)

SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

2023 Capital Expenditures:

Property/SPM	Capital Project	Status	Funding Sources				Monitoring Status			
			Replacement Reserves (0001)	Replacement Reserves GL Codes	Operating Cash (0002)	Operating Cash GL Codes	3 Bid Package Status	Project Status	Actual Cost	Variance to Budget
Harvest Park	Lava Rock Install (Perimeter - Harvest Park Ct, and W. East Ave) (NorCal Landscape)	Completed	\$0	-	\$6,000	1415-0002		Completed	\$6,375.00	\$375
Derrek Hammes	Pool Metal Fence (Custom Express)	Fence Repaired. Paint Scheduled for 5/12/23	\$0	-	\$20,000	1415-0002		Scheduled	\$8,700.00	(\$11,300)
	Access Panels for Water Heaters (83 Total @ \$157.68/ea) Phase 1 2023 (43 Total) & Phase 2 2024 (40 Total) (Accurate Plumbing)	Scheduled for May	\$0	-	\$6,780	1431-0002		Scheduled for May	\$9,377.48	\$2,597
	Pool Furniture (TexaCraft)	Expected delivery by end of May	\$0	-	\$14,629	1461-0002		Expected delivery by end of May	\$13,236.48	(\$1,393)
As Needed Items:	Carpet/Vinyl	As Needed		-	\$14,000	1440-0002	N/A			
(annual allocation)	Appliances	As Needed		-	\$12,000	1486-0000	N/A			
	Total:		\$0		\$73,409				\$37,689	-\$9,720

- YTD Actual Capital Improvements Completed \$37,689.00
- YTD Budgeted Capital Improvements Budgeted \$73,409.00

Telephone 559-489-9945
2499 W. Shaw Ave. Ste 103 Fresno, CA 93711

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GENERAL PROPERTY ISSUES and HIGHLIGHTS

We ended the month with (4) Vacant Units; (0) Units On-Notice. 98% leased & 94% occupied.

Harvest Park - 1649

Budget Comparison

April 30, 2023

	Month Ending 04/30/2023				Year to Date 04/30/2023				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
INCOME									
RENTAL INCOME									
5120-0000 - Rental Income	67,840.00	61,512.00	6,328.00	10.28	267,265.00	246,048.00	21,217.00	8.62	738,144.00
5150-0000 - Rental Assistance	16,865.00	23,526.00	(6,661.00)	(28.31)	71,203.00	94,104.00	(22,901.00)	(24.33)	282,312.00
5221-0000 - Gain/(Loss) to Lease	1,749.00	6,225.00	(4,476.00)	(71.90)	6,978.00	24,900.00	(17,922.00)	(71.97)	74,700.00
TOTAL RENTAL INCOME	86,454.00	91,263.00	(4,809.00)	(5.26)	345,446.00	365,052.00	(19,606.00)	(5.37)	1,095,156.00
MISC. INCOME									
5330-0000 - Tenant Services	0.00	0.00	0.00	0.00	25.00	50.00	(25.00)	(50.00)	125.00
5332-0000 - Application Fees	0.00	0.00	0.00	0.00	270.00	140.00	130.00	92.85	350.00
5385-0000 - Late/Term Fees	650.00	450.00	200.00	44.44	2,100.00	1,800.00	300.00	16.66	5,400.00
5390-0002 - Damages	800.00	300.00	500.00	166.66	1,096.00	1,200.00	(104.00)	(8.66)	3,600.00
5341-0000 - Cable Revenue	0.00	0.00	0.00	0.00	1,205.23	1,161.00	44.23	3.80	4,644.00
5341-0001 - Contra Cable Revenue	0.00	0.00	0.00	0.00	0.00	(290.00)	290.00	100.00	(1,160.00)
TOTAL MISC. INCOME	1,450.00	750.00	700.00	93.33	4,696.23	4,061.00	635.23	15.64	12,959.00
VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000 - Free Rent-Marketing Concession	(50.00)	(100.00)	50.00	50.00	(200.00)	(400.00)	200.00	50.00	(1,200.00)
5220-0000 - Vacancies Apartment	(2,304.00)	(2,281.00)	(23.00)	(1.00)	(5,935.00)	(9,124.00)	3,189.00	34.95	(27,372.00)
6370-0000 - Bad Debt	(6,153.00)	(380.21)	(5,772.79)	(1,518.31)	(6,153.00)	(1,520.84)	(4,632.16)	(304.57)	(4,562.52)
)					
6370-0001 - Bad Debt Local Housing Authority	1,618.77	0.00	1,618.77	100.00	1,618.77	0.00	1,618.77	100.00	0.00
6370-0004 - Bad Debt-Miscellaneous	(50.00)	0.00	(50.00)	(100.00)	(50.00)	0.00	(50.00)	(100.00)	0.00
6539-0002 - Maintenance Staff Rent Free Unit	(1,111.00)	(1,116.00)	5.00	0.44	(4,444.00)	(4,464.00)	20.00	0.44	(13,392.00)
TOTAL VACANCY	(8,049.23)	(3,877.21)	(4,172.02)	(107.60)	(15,163.23)	(15,508.84)	345.61	2.22	(46,526.52)
TOTAL INCOME	79,854.77	88,135.79	(8,281.02)	(9.39)	334,979.00	353,604.16	(18,625.16)	(5.26)	1,061,588.48
EXPENSES									
MANAGEMENT FEES									
6320-0000 - Management Fees	3,935.90	4,392.00	456.10	10.38	16,704.40	17,574.00	869.60	4.94	52,719.00
TOTAL MANAGEMENT FEES	3,935.90	4,392.00	456.10	10.38	16,704.40	17,574.00	869.60	4.94	52,719.00
REAL ESTATE TAXES									
6710-0000 - Taxes Real Estate	13.41	14.00	0.59	4.21	53.64	56.00	2.36	4.21	168.00
6712-0000 - Taxes Other	0.00	0.00	0.00	0.00	0.00	87.00	87.00	100.00	389.00
TOTAL REAL ESTATE TAXES	13.41	14.00	0.59	4.21	53.64	143.00	89.36	62.48	557.00
INSURANCE									
6720-0000 - Insurance Property	3,423.29	3,325.00	(98.29)	(2.95)	12,095.94	11,998.00	(97.94)	(0.81)	38,598.00
6720-0001 - Misc Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	540.00
6720-0002 - Franchise Tax - Calif Pnps	0.00	0.00	0.00	0.00	800.00	800.00	0.00	0.00	800.00
TOTAL INSURANCE	3,423.29	3,325.00	(98.29)	(2.95)	12,895.94	12,798.00	(97.94)	(0.76)	39,938.00

Harvest Park - 1649

Budget Comparison

April 30, 2023

	Month Ending 04/30/2023				Year to Date 04/30/2023				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
UTILITIES EXPENSES									
6430-0000 - Electricity Vacant	114.11	25.00	(89.11)	(356.44)	446.77	100.00	(346.77)	(346.77)	300.00
6430-0001 - Employee Unit Utility	91.38	66.00	(25.38)	(38.45)	365.52	264.00	(101.52)	(38.45)	858.00
6440-0000 - Gas/Oil Heat Vacant	68.27	12.50	(55.77)	(446.16)	388.17	50.00	(338.17)	(676.34)	150.00
6450-0000 - Electricity	1,027.47	750.00	(277.47)	(36.99)	3,702.60	3,137.00	(565.60)	(18.02)	12,174.00
6451-0000 - Water and Sewer	3,956.47	4,740.00	783.53	16.53	16,060.65	18,216.00	2,155.35	11.83	57,667.00
6452-0000 - Natural Gas Heat	199.47	81.00	(118.47)	(146.25)	2,013.18	1,408.00	(605.18)	(42.98)	2,550.00
6470-0000 - Rubbish Removal	0.00	1,090.00	1,090.00	100.00	3,490.92	4,360.00	869.08	19.93	13,080.00
6470-0001 - Rubbish Removal - Bulk	0.00	200.00	200.00	100.00	0.00	200.00	200.00	100.00	1,000.00
6454-0000 - Utility Processing	49.68	55.00	5.32	9.67	194.40	215.00	20.60	9.58	1,066.00
TOTAL UTILITY EXPENSES	5,506.85	7,019.50	1,512.65	21.54	26,662.21	27,950.00	1,287.79	4.60	88,845.00
PAYROLL									
6310-0000 - Office Payroll	170.05	145.00	(25.05)	(17.27)	1,515.64	580.00	(935.64)	(161.31)	1,840.00
6317-0000 - Temporary Services	3,660.50	0.00	(3,660.50)	(100.00)	6,996.35	0.00	(6,996.35)	(100.00)	0.00
6330-0000 - Managers Payroll	5,122.08	4,878.00	(244.08)	(5.00)	19,404.64	22,947.00	3,542.36	15.43	72,171.00
6539-0000 - Maintenance Payroll General	3,680.87	3,696.00	15.13	0.40	18,026.77	14,784.00	(3,242.77)	(21.93)	49,183.00
6714-0001 - Taxes-Payroll Administrative	549.10	373.00	(176.10)	(47.21)	2,037.65	2,148.00	110.35	5.13	5,915.00
6714-0002 - Taxes-Payroll Maintenance	266.19	283.00	16.81	5.93	1,577.54	1,447.00	(130.54)	(9.02)	4,079.00
6724-0001 - Workers Comp. - Payroll Admin	387.34	366.00	(21.34)	(5.83)	1,549.36	1,722.00	172.64	10.02	5,418.00
6724-0002 - Workers Compensation-Payroll Maintenance	352.83	278.00	(74.83)	(26.91)	1,411.32	1,112.00	(299.32)	(26.91)	3,698.00
6726-0001 - Health Ins. & Benefits-Payroll Admin	507.04	1,523.00	1,015.96	66.70	4,406.26	6,194.00	1,787.74	28.86	18,816.00
6726-0002 - Health Ins. & Benefits-Payroll Maint.	1,159.71	1,208.00	48.29	3.99	5,342.91	4,832.00	(510.91)	(10.57)	14,750.00
TOTAL PAYROLL	15,855.71	12,750.00	(3,105.71)	(24.35)	62,268.44	55,766.00	(6,502.44)	(11.66)	175,870.00
OPERATING & MAINTENANCE EXPENSE									
6462-0000 - Exterminating Contract	450.00	700.00	250.00	35.71	2,069.00	2,800.00	731.00	26.10	8,400.00
6511-0000 - Security Contract and Repairs	0.00	0.00	0.00	0.00	378.45	135.00	(243.45)	(180.33)	540.00
6521-0000 - Grounds Supplies	0.00	75.00	75.00	100.00	610.00	1,970.00	1,360.00	69.03	2,920.00
6522-0000 - Grounds Contract	2,310.00	2,150.00	(160.00)	(7.44)	9,440.00	8,600.00	(840.00)	(9.76)	25,800.00
6541-0000 - Maintenance Supplies	1,575.82	1,000.00	(575.82)	(57.58)	4,369.84	4,000.00	(369.84)	(9.24)	12,000.00
6545-0000 - Repairs Contract General	0.00	960.00	960.00	100.00	430.70	2,160.00	1,729.30	80.06	7,310.00
6546-0000 - Repairs Contract Electric	0.00	100.00	100.00	100.00	0.00	400.00	400.00	100.00	1,200.00
6547-0000 - Repairs - Contract - HVAC	447.00	0.00	(447.00)	(100.00)	5,077.00	0.00	(5,077.00)	(100.00)	1,500.00
6548-0000 - Repairs - Contract - Plumbing	0.00	1,030.00	1,030.00	100.00	0.00	2,530.00	2,530.00	100.00	7,280.00
6552-0000 - Uniforms	0.00	0.00	0.00	0.00	(254.18)	0.00	254.18	100.00	250.00
6581-0000 - Appliance Repair	0.00	210.00	210.00	100.00	0.00	840.00	840.00	100.00	2,520.00
6582-0000 - Lock and Key Expense	0.00	50.00	50.00	100.00	0.00	150.00	150.00	100.00	500.00
6586-0000 - Fire and Safety Systems	0.00	700.00	700.00	100.00	344.45	1,675.00	1,330.55	79.43	5,900.00
6991-0000 - Pool Supplies	40.00	175.00	135.00	77.14	119.96	280.00	160.04	57.15	1,460.00
6992-0000 - Pool Contract	332.57	275.00	(57.57)	(20.93)	1,326.87	1,100.00	(226.87)	(20.62)	3,300.00
TOTAL OPERATING & MAINT. EXPS.	5,155.39	7,425.00	2,269.61	30.56	23,912.09	26,640.00	2,727.91	10.23	80,880.00

Harvest Park - 1649

Budget Comparison

April 30, 2023

	Month Ending 04/30/2023				Year to Date 04/30/2023				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
TURNOVER COSTS									
6531-0000 - Cleaning Supplies	0.00	125.00	125.00	100.00	0.00	250.00	250.00	100.00	500.00
6532-0000 - Cleaning Contract	280.00	350.00	70.00	20.00	2,520.00	1,400.00	(1,120.00)	(80.00)	4,200.00
6561-0000 - Decorator Supplies	0.00	200.00	200.00	100.00	985.63	800.00	(185.63)	(23.20)	2,400.00
6562-0000 - Decorator Contract Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
TOTAL TURNOVER COSTS	280.00	675.00	395.00	58.51	3,505.63	2,450.00	(1,055.63)	(43.08)	10,100.00
MARKETING									
6210-0000 - Rental Advertising	0.00	55.00	55.00	100.00	116.60	220.00	103.40	47.00	660.00
6212-0000 - Collateral Materials/Brand Identity	181.55	173.58	(7.97)	(4.59)	745.95	944.32	198.37	21.00	2,332.96
6290-0000 - Miscellaneous Renting Expense	0.00	137.50	137.50	100.00	316.24	630.00	313.76	49.80	1,970.00
6981-0000 - Resident Supplies	0.00	70.00	70.00	100.00	0.00	280.00	280.00	100.00	1,420.00
TOTAL MARKETING	181.55	436.08	254.53	58.36	1,178.79	2,074.32	895.53	43.17	6,382.96
ADMINISTRATIVE EXPENSES									
6280-0000 - Credit Reports and Fees	32.99	11.00	(21.99)	(199.90)	374.90	44.00	(330.90)	(752.04)	132.00
6311-0000 - Office Expenses	1,133.27	533.00	(600.27)	(112.62)	3,106.91	3,050.10	(56.81)	(1.86)	7,434.10
6312-0000 - Copy Machine	174.96	174.00	(0.96)	(0.55)	808.05	696.00	(112.05)	(16.09)	2,088.00
6313-0000 - Postage	6.60	25.00	18.40	73.60	99.12	100.00	0.88	0.88	300.00
6316-0000 - Travel/Mileage	383.35	100.00	(283.35)	(283.35)	1,367.14	1,050.00	(317.14)	(30.20)	2,520.00
6316-0003 - Training	13.86	0.00	(13.86)	(100.00)	423.86	700.00	276.14	39.44	1,948.00
6316-0004 - Training - New Employee Orientation	450.00	0.00	(450.00)	(100.00)	450.00	0.00	(450.00)	(100.00)	0.00
6340-0000 - Legal Expense	390.81	0.00	(390.81)	(100.00)	2,354.15	1,200.00	(1,154.15)	(96.17)	2,400.00
6350-0000 - Auditing	0.00	0.00	0.00	0.00	14,076.50	14,080.00	3.50	0.02	14,080.00
6355-0001 - Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,700.00
6360-0000 - Telephone	309.19	1,184.00	874.81	73.88	3,084.15	4,736.00	1,651.85	34.87	14,208.00
6380-0000 - Advertising - Employees	450.00	0.00	(450.00)	(100.00)	450.00	0.00	(450.00)	(100.00)	0.00
6385-0000 - Dues and Memberships	9.25	180.00	170.75	94.86	54.12	775.00	720.88	93.01	1,738.00
6390-0000 - Miscellaneous	0.00	0.00	0.00	0.00	28.05	0.00	(28.05)	(100.00)	211.00
6392-0000 - Bank Charges	188.00	220.00	32.00	14.54	746.88	880.00	133.12	15.12	2,640.00
6392-0001 - RP Transaction Fees	92.80	60.00	(32.80)	(54.66)	344.51	302.00	(42.51)	(14.07)	1,016.00
6392-0002 - Paymode Rebates	(46.74)	(80.00)	(33.26)	(41.57)	(160.09)	(110.00)	50.09	45.53	(267.00)
TOTAL ADMINISTRATIVE EXPENSES	3,588.34	2,407.00	(1,181.34)	(49.07)	27,608.25	27,503.10	(105.15)	(0.38)	53,148.10
TOTAL EXPENSES	37,940.44	38,443.58	503.14	1.30	174,789.39	172,898.42	(1,890.97)	(1.09)	508,440.06
NET OPERATING INCOME	41,914.33	49,692.21	(7,777.88)	(15.65)	160,189.61	180,705.74	(20,516.13)	(11.35)	553,148.42
REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000 - Escrow - Replacement Reserve	2,332.50	2,333.00	0.50	0.02	9,330.00	9,332.00	2.00	0.02	27,996.00
TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	2,332.50	2,333.00	0.50	0.02	9,330.00	9,332.00	2.00	0.02	27,996.00
DEBT SERVICE									
2320-0000 - Mortgage Payable 1st Mortgage	5,833.34	5,833.00	(0.34)	0.00	22,500.02	22,499.00	(1.02)	0.00	69,163.00
6820-0000 - Interest on Mortgage	10,670.00	10,670.00	0.00	0.00	42,739.38	42,739.00	(0.38)	0.00	127,804.00

Harvest Park - 1649

Budget Comparison

April 30, 2023

	Month Ending 04/30/2023				Year to Date 04/30/2023				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
6824-0000 - Interest on Mortgage - 4th	1,297.17	1,449.00	151.83	10.47	5,188.68	5,796.00	607.32	10.47	17,388.00
6828-0000 - Service Fee	5,819.03	5,837.00	17.97	0.30	23,324.54	23,379.00	54.46	0.23	69,903.00
TOTAL DEBT SERVICE	23,619.54	23,789.00	169.46	0.71	93,752.62	94,413.00	660.38	0.69	284,258.00
MISCELLANEOUS									
6890-0000 - Miscellaneous Financial Exp	2,666.67	417.00	(2,249.67)	(539.48)	3,916.68	1,668.00	(2,248.68)	(134.81)	5,004.00
6892-0000 - Trustee Fees	283.33	283.00	(0.33)	(0.11)	1,133.32	1,132.00	(1.32)	(0.11)	3,396.00
TOTAL MISCELLANEOUS	2,950.00	700.00	(2,250.00)	(321.42)	5,050.00	2,800.00	(2,250.00)	(80.35)	8,400.00
CAPITAL EXPENDITURES									
1415-0002 - Landscape and Land Improvements	13,875.00	0.00	(13,875.00)	(100.00)	13,875.00	0.00	(13,875.00)	(100.00)	26,000.00
1431-0002 - Building Improvements	0.00	0.00	0.00	0.00	0.00	6,780.00	6,780.00	100.00	6,780.00
1440-0002 - Carpet/Flooring	6,190.89	0.00	(6,190.89)	(100.00)	8,272.73	4,000.00	(4,272.73)	(106.81)	14,000.00
1461-0002 - Furniture & Fixtures	0.00	14,630.00	14,630.00	100.00	0.00	14,630.00	14,630.00	100.00	14,630.00
1486-0000 - Appliances	0.00	1,000.00	1,000.00	100.00	762.22	4,000.00	3,237.78	80.94	12,000.00
TOTAL CAPITAL EXPENDITURES	20,065.89	15,630.00	(4,435.89)	(28.38)	22,909.95	29,410.00	6,500.05	22.10	73,410.00
MORTGAGOR EXPENSES									
7115-0000 - Non Profit Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
7135-0000 - Asset Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,667.00
7153-0000 - Administration Fee Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,079.00
TOTAL MORTGAGOR EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,746.00
PROFIT/LOSS	(7,053.60)	7,240.21	(14,293.81)	(197.42)	29,147.04	44,750.74	(15,603.70)	(34.86)	116,338.42
Additional Adjustments to Cash Flow									
Accounts Payable	7,473.94	0.00	7,473.94	100.00	7,392.24	0.00	7,392.24	100.00	0.00
Resident Accounts Receivable	4,755.00	0.00	4,755.00	100.00	(1,261.00)	0.00	(1,261.00)	(100.00)	0.00
Subsidy Accounts Receivable	684.00	0.00	684.00	100.00	(541.00)	0.00	(541.00)	(100.00)	0.00
Prepaid Expenses	(37,642.78)	0.00	(37,642.78)	(100.00)	(32,193.82)	0.00	(32,193.82)	(100.00)	0.00
Prepaid Rent	(3,972.77)	0.00	(3,972.77)	(100.00)	(244.77)	0.00	(244.77)	(100.00)	0.00
Net Accruals	740.17	0.00	740.17	100.00	414.13	0.00	414.13	100.00	0.00
Security Deposits	(367.00)	0.00	(367.00)	(100.00)	(1,384.00)	0.00	(1,384.00)	(100.00)	0.00
Accrued Interest on Deferred Loans	1,297.17	(1,297.00)	2,594.17	200.01	5,188.68	(5,188.00)	10,376.68	200.01	(15,564.00)
Capital Expenditures	0.00	0.00	0.00	0.00	(577.30)	0.00	(577.30)	(100.00)	0.00
Escrow Tax	(13.68)	(14.00)	0.32	2.28	25.72	(56.00)	81.72	145.92	(168.00)
Escrow Insurance	38,044.04	(3,325.00)	41,369.04	1,244.18	28,937.72	(11,998.00)	40,935.72	341.18	(38,598.00)
Total Additional Adjustments to Cash Flow	10,998.09	(4,636.00)	15,634.09	337.23	5,756.60	(17,242.00)	22,998.60	133.38	(54,330.00)
Total Net Adjusted Cash Flow	3,944.49	2,604.21	1,340.28	51.46	34,903.64	27,508.74	7,394.90	26.88	62,008.42
Net Change in Cash from TB	3,944.49	0.00	3,944.49	100.00	34,903.64	0.00	34,903.64	100.00	0.00

Harvest Park - 1649
Budget Comparison
April 30, 2023

	Month Ending 04/30/2023				Year to Date 04/30/2023				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Variance	0.00	(2,604.21)	2,604.21	100.00	0.00	(27,508.74)	27,508.74	100.00	(62,008.42)

May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.1 - CY 2022 Gridley Springs I Apartments, Gridley, Audit Report

The Gridley Springs I Apartments 2022 Audit Report is presented for approval. The audit was completed with no questioned costs, concerns, or findings.

Comparing the CY 2022 audit to the 2021 audit reveals the following:

- Revenues increased \$16,867 (6%),
- Expenses decreased \$5,279 (2%),
- Operating Income increased \$22,146 (32%),
- Net loss for the year was \$16,617 (11%) higher than the prior year. This increase was due to a large ‘Non-Project’ expense – a State RHCP loan charge of \$45,681 compared to the same charge in the prior year totaling \$6,275 (the State takes a large percentage of net operating income in repayment of its deferred interest and principal loan).

Recommendation: Motion to approve the 2022 Gridley Springs I Apartments, Gridley, Audit Report.

**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, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Partners

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P. ("the Partnership"), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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Stockton, CA 95219

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information to the financial statements as referenced in the table of contents, and as required by the *United States Department of Agriculture Rural Development*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 01, 2023, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance.

Baum & Co. P.C.

Stockton, California
March 01, 2023

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

BALANCE SHEETS
December 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,771	\$ 8,235
Accounts receivable - tenant	5,273	6,362
Accounts receivable - other	3,957	4,180
Prepaid expenses	8,360	13,056
Tax and insurance impounds	15,439	11,922
Total current assets	<u>64,800</u>	<u>43,755</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Guarantee fee reserve	1,640	1,659
Partnership cash	40,225	725
Rental security deposits	17,783	16,726
Replacement reserve	323,659	397,806
Transition reserve	1,707	76,634
Operating deficit reserve	3,343	112,309
	<u>388,357</u>	<u>605,859</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	381,682	381,682
	<u>3,835,236</u>	<u>3,835,236</u>
Less accumulated depreciation	<u>(1,196,536)</u>	<u>(1,105,489)</u>
	<u>2,638,700</u>	<u>2,729,747</u>
OTHER ASSETS		
Investments - transition reserve	84,498	10,159
Investments - operating deficit reserve	119,007	10,159
Tax credit fees, net of accumulated amortization of \$12,077 and \$10,735 in 2022 and 2021, respectively	8,052	9,394
Total other assets	<u>211,557</u>	<u>29,712</u>
Total assets	<u>\$ 3,303,414</u>	<u>\$ 3,409,073</u>

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

BALANCE SHEETS (Cont.)
December 31, 2022 and 2021

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accrued interest payable, current portion	\$ 4,014	\$ 4,014
Partnership fees payable	20,173	6,276
Prepaid rent	100	-
Developer fee payable	-	12,040
Note payable, USDA Rural Development, current portion	12,580	12,193
Note payable, Bonneville, current portion	4,411	4,211
Total current liabilities	<u>41,278</u>	<u>38,734</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>17,025</u>	<u>16,726</u>
 LONG-TERM LIABILITIES		
Note payable, Bonneville, less current portion	317,536	321,947
Less unamortized debt issuance cost	<u>(53,894)</u>	<u>(55,561)</u>
	263,642	266,386
 Note payable, USDA Rural Development, less current portion	995,108	1,007,688
Note payable, City of Gridley	2,080,000	2,080,000
Accrued interest payable, less current portion	<u>486,200</u>	<u>423,800</u>
	3,824,950	3,777,874
 Total liabilities	<u>3,883,253</u>	<u>3,833,334</u>
 PARTNERS' EQUITY (DEFICIT)	<u>(579,839)</u>	<u>(424,261)</u>
 Total liabilities and partners' equity (deficit)	<u>\$ 3,303,414</u>	<u>\$ 3,409,073</u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
Tenant rental income	\$ 107,513	\$ 117,317
Rental assistance - USDA Rural Development	179,839	151,496
Laundry income	4,399	4,062
Interest income	1,335	3,653
Tenant charges	1,037	728
Total revenue	<u>294,123</u>	<u>277,256</u>
OPERATING AND MAINTENANCE EXPENSES		
Maintenance and repairs payroll	22,855	22,515
Maintenance and repairs supply	6,018	14,403
Maintenance and repairs contract	8,347	12,503
Painting and decorating	3,235	- -
Grounds	14,834	21,066
Services	1,500	1,600
Furniture and furnishings replacement	4,890	6,502
	<u>61,679</u>	<u>78,589</u>
Electricity	8,630	10,889
Water	4,080	4,998
Sewer	12,654	11,413
Gas	1,774	398
Garbage and trash removal	7,371	6,909
	<u>34,509</u>	<u>34,607</u>
Site management payroll	27,038	25,749
Management fee	26,936	24,050
Project auditing expense	7,750	8,000
Project bookkeeping and accounting	750	- -
Legal	425	- -
Telephone and answering service	1,610	1,376
Office supplies	2,236	2,038
Health insurance and other employee benefits	2,793	2,424
Payroll taxes	5,335	5,221
Workers' compensation insurance	3,779	2,973
Other administrative expenses	6,506	5,554
	<u>85,158</u>	<u>77,385</u>

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

STATEMENTS OF INCOME (Cont.)
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Real estate taxes	1,438	1,439
Other taxes licenses and permits	1,600	1,600
Property and liability insurance	<u>17,724</u>	<u>13,767</u>
	<u>20,762</u>	<u>16,806</u>
 Total operating and maintenance expenses	 <u>202,108</u>	 <u>207,387</u>
 OTHER EXPENSES		
Unrealized (gain) loss on investment	1,961	2,526
USDA Rural Development authorized expenditures - repairs and replacements	5,134	4,686
Depreciation	91,047	90,273
Amortization	1,342	1,342
Interest expense - mortgage payable	93,508	95,320
Interest expense - debt issuance cost	1,667	1,667
Interest - overages	2,788	3,256
USDA guarantee fees	1,631	1,651
Non-project expense - partnership fees	<u>45,681</u>	<u>6,275</u>
Total other expenses	<u>244,759</u>	<u>206,996</u>
 Total expenses	 <u>446,867</u>	 <u>414,383</u>
 Net loss	 <u><u>\$ (152,744)</u></u>	 <u><u>\$ (137,127)</u></u>

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

STATEMENT OF PARTNERS' EQUITY (DEFICIT)
Years Ended December 31, 2022 and 2021

	Managing General Partner	Administrative General Partners	Special Limited Partner	Limited Partner	Total
Balance, December 31, 2020	\$ 37	\$ (57)	\$ (19)	\$ (287,095)	\$ (287,134)
Net loss	<u>(1)</u>	<u>(12)</u>	<u>(14)</u>	<u>(137,100)</u>	<u>(137,127)</u>
Balance, December 31, 2021	36	(69)	(33)	(424,195)	(424,261)
Distributions	--	--	--	(2,834)	(2,834)
Net loss	<u>(2)</u>	<u>(14)</u>	<u>(15)</u>	<u>(152,713)</u>	<u>(152,744)</u>
Balance, December 31, 2022	<u>\$ 34</u>	<u>\$ (83)</u>	<u>\$ (48)</u>	<u>\$ (579,742)</u>	<u>\$ (579,839)</u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (152,744)	\$ (137,127)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	92,389	91,615
Amortization of debt issuance cost	1,667	1,667
Unrealized gain on investment	1,961	2,526
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenant	1,089	(3,914)
Accounts receivable - other	223	210
Prepaid expenses	4,696	(7,961)
Increase (decrease) in:		
Accrued interest payable	62,400	63,665
Partnership fees payable	13,897	90
Tenant security deposits	299	(344)
Prepaid rent	100	(51)
Net cash provided by operating activities	<u>25,977</u>	<u>10,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	175,000	- -
Purchase of investments	(360,148)	(22,844)
Acquisition of property and equipment	- -	(7,742)
Net cash used in investing activities	<u>(185,148)</u>	<u>(30,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(16,404)	(15,839)
Payment of developer fee payable	(12,040)	(26,165)
Partners distribution	(2,834)	- -
Net cash used in financing activities	<u>(31,278)</u>	<u>(42,004)</u>
Decrease in cash, cash equivalents and restricted cash	(190,449)	(62,214)
Cash, cash equivalents and restricted cash		
Beginning	626,016	688,230
Ending	<u>\$ 435,567</u>	<u>\$ 626,016</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 31,108</u>	<u>\$ 31,655</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 31,771	\$ 8,235
Tax and insurance impounds	15,439	11,922
Guarantee fee reserve	1,640	1,659
Partnership cash	40,225	725
Rental security deposits	17,783	16,726
Replacement reserve	323,659	397,806
Transition reserve	1,707	76,634
Operating deficit reserve	3,343	112,309
	<u>\$ 435,567</u>	<u>\$ 626,016</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

Basis of presentation:

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

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

NOTES TO FINANCIAL STATEMENTS

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

Cash, cash equivalents and restricted cash:

For purposes of reporting the statements of cash flows, the Partnership includes all cash, cash equivalents and restricted cash accounts as cash.

Operating deficit reserve:

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

Transition reserve account:

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

Replacement reserve:

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

Revenue recognition:

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Subsidy income is considered part of the lease and is not considered a contribution as government payments to specifically identified participants are considered exchange transactions. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

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

NOTES TO FINANCIAL STATEMENTS

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

Accounts receivable:

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. 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>
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, 2022 and 2021, 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.)

Investments:

The Partnership carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value. Unrealized gains and losses are included in the accompanying statements of income.

Fair value of financial instruments:

The carrying amount of financial instruments, including cash, 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 March 01, 2023, 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, 2022 and 2021 was \$16,031 and \$16,404, respectively. For years ending December 31, 2022 and 2021, accrued interest was \$2,749.

The future amounts of principal payments under this mortgage note at December 31, 2022 were as follows:

2023	\$ 12,580
2024	12,978
2025	13,390
2026	13,815
2027	14,252
Thereafter	<u>940,673</u>
	<u>\$ 1,007,688</u>

Note 3. Note Payable – Bonneville Multifamily Loan

In January 2015, the Partnership signed a promissory note with Bonneville Mortgage Company, a Utah corporation, for \$350,000. The loan is guaranteed through the USDA Section 538 Guaranteed Rural Rental Housing Program. The note is secured by the multifamily deed of trust, assignments of rents, security agreement and fixture filing. The interest rate on the loan is 4.65% and requires monthly principal and interest payments of \$1,607. The loan matures in January 2055. As of December 31, 2022 and 2021, principal due on the note was \$321,947 and \$326,158, respectively. For years ending December 31, 2022 and 2021, interest on the note was \$15,077 and \$16,516, respectively. For years ending December 31, 2022 and 2021, accrued interest was \$1,265.

As of December 31, 2022 and 2021, debt issuance costs, net of accumulated amortization of \$12,781 and \$11,114, 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, 2022 were as follows:

2023	\$ 4,411
2024	4,621
2025	4,840
2026	5,070
2027	5,311
Thereafter	297,694
	<u>\$ 321,947</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, 2022 and 2021, the outstanding principal was \$2,080,000. For years ending December 31, 2022 and 2021, accrued interest was \$486,200 and \$423,800, 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, 2022 and 2021, \$3,167 and \$3,075 was earned, respectively. As of December 31, 2022 and 2021, \$3,167 and \$3,076 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, 2022 and 2021, \$3,200, was paid. As of December 31, 2022 and 2021, \$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, 2022 and 2021, the Administrative General Partners incurred an incentive management fee of \$19,657, which includes \$12,754 of prior period fees earned, and \$0, respectively. As of December 31, 2022 and 2021, \$6,903 and \$0 was payable, respectively.

Tax credit compliance fee

In accordance with the Partnership Agreement, commencing in 2014, the Administrative General Partners receive a noncumulative tax credit compliance fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2022 and 2021, the Administrative General Partners incurred a tax credit compliance fee of \$19,657, which includes \$12,754 of prior period fees earned, and \$0, respectively. As of December 31, 2022 and 2021, \$6,903 and \$0 was payable, respectively.

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, 2022 and 2021, \$0 and \$12,040, respectively, was payable.

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

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Partnership's own assumptions in determining fair value investments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the cash and cash equivalents and investments are deemed to be Level 1 within the valuation hierarchy.

Note 7. Investments

The Partnership holds investments consisting of the following at December 31, 2022:

	<u>Cost</u>	<u>Fair Market Value</u>
Fixed income investments	\$ 184,894	\$ 186,346
Equity mutual funds	<u>23,338</u>	<u>17,159</u>
	<u>\$ 208,232</u>	<u>\$ 203,505</u>

The following schedule summarizes the investment returns and its classification in the statements of income for the year ended December 31, 2022:

Interest income	\$ <u>1,255</u>
Unrealized gain (loss) on investment	\$ <u>(1,962)</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 8. Low-Income Housing Tax Credits

The Partnership expects to generate an aggregate total of \$1,169,912 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2013. In order to qualify for those credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 40 years after the above period ends. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized and failure to meet all such requirements may result in generating less Tax Credits than expected. As of December 31, 2022 and 2021, the Partnership had generated \$1,097,544 and \$981,504 of Tax Credits, respectively.

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

2023	\$ <u>72,368</u>
------	------------------

Note 9. Return to Owner

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

Note 10. Current Vulnerability Due to Certain Concentrations

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



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Partners

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2022, 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 March 01, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Established 1949
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Facsimile: 209.473.9771

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baum & Company, LLP

Stockton, California
March 01, 2023



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR RD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF RD PROGRAMS

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

Report on Compliance for Each Major RD Program

Opinion on Each Major RD Program

We have audited DHI-DFA Gridley Springs Associates, L.P.'s (the "Partnership") compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of RD Programs* (the Guide) that could have a direct and material effect on the Partnership's major U.S. Department of Rural Development (RD) program for the year ended December 31, 2022. The Partnership's major RD program and the related direct and material compliance requirements are as follows:

Name of Major RD Program	Direct and Material Compliance Requirements
Section 515 Rural Rental Housing Loan	Mortgage status, replacement reserve, return on investment or return to owner, equity skimming, cash receipts, cash disbursements, tenant security deposits, management functions, unauthorized change of ownership/acquisition of liabilities and unauthorized loans of project funds.

In our opinion, the Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major RD program for the year ended December 31, 2022.

Basis for Opinion on Each Major RD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence provides a reasonable basis for our opinion on compliance for its major RD program. Our audit does not provide a legal determination of the Partnership's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major RD program.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Partnership's compliance with the requirements of its major RD program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Stockton, California
March 01, 2023

Baum & Company, L.L.P.

**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, 2022
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	8
Total occupied units	364
	X
Fee per unit (Effective 01/22)	\$ 74
Management fee expense	<u>\$ 26,936</u>

B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

	Deductible	Coverage
Property coverage on buildings*	<u>\$ 25,000</u>	<u>\$ 404,759,543</u>
Comprehensive business liability (per occurrence/aggregate)	<u>\$ - -</u>	<u>1,000,000 / \$ 2,000,000</u>
Fidelity/employee dishonesty	<u>\$ 10,000</u>	<u>\$ 300,000</u>

*Blanket coverage

C. Return to Owner

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

Maximum Return to Owner	<u>\$ 32,400</u>
Budgeted Return to Owner	<u>\$ 32,400</u>
Return to Owner Paid:	
2020 RTO paid	\$ 14,258
2021 RTO paid	32,400
	<u>\$ 46,658</u>

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

SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT

December 31, 2022
See Auditors' Report

D. Schedule of Changes in Fixed Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 149,957	\$ --	\$ --	\$ 149,957
Building and improvements	3,137,787	--	--	3,137,787
Site improvements	165,810	--	--	165,810
Personal property	381,682	--	--	381,682
Total fixed assets	\$ <u>3,835,236</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>3,835,236</u>
Accumulated depreciation				
Building and improvements	\$ 642,343	\$ 78,445	\$ --	\$ 720,788
Site improvements	88,432	11,054	--	99,486
Personal property	374,714	1,548	--	376,262
Total accumulated depreciation	\$ <u>1,105,489</u>	\$ <u>91,047</u>	\$ <u>--</u>	\$ <u>1,196,536</u>

Fixed asset additions for the year ended December 31, 2022

None

Fixed asset disposals for the year ended December 31, 2022

None

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

**SUPPLEMENTAL INFORMATION AS REQUIRED BY
RURAL DEVELOPMENT**

December 31, 2022
See Auditors' Report

1. Reconcile the reserve account:

Required reserve balance, December 31, 2021	(1) \$	311,249
Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments)	(2)	20,378
Actual 2022 reserve account deposit		17,544

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

Purpose	Date	Amount	Regular or Excess	USDA Authorized
1. RTO and developer fee	09/28/22	\$ 86,557	Regular	Yes
2. Flooring	10/03/22	5,134	Regular	Yes

* denotes capitalized items

Total all authorized <u>regular</u> reserve withdrawals	(3)	91,691
Total all authorized <u>excess</u> reserve withdrawals		--
Total all unauthorized reserve withdrawals		--
Required reserve balance, December 31, 2022 (1) + (2) - (3) = (4)	(4)	239,936
Confirmed balance, December 31, 2022		323,659
Amount account over (under) funded		\$ 83,723

2. Return on investment (ROI) calculation:

Net cash/deficit (Part I, Line 30)	\$	(7,860)
Add: Return to owner, paid this year for prior year(s)		32,400
Add: Reserve deposits over (under) required in the USDA loan agreement		(2,834)
Net cash/deficit, earned from current year's operation	\$	21,706
Maximum annual allowable distribution	\$	32,400

Project earned a partial ROI for the period ending December 31, 2022

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
---	--	--

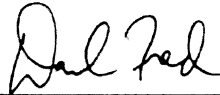
		CURRENT YEAR 1/1/22 12/31/22	PRIOR YEAR 1/1/21 12/31/21	COMMENTS
ASSETS				
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT.....		\$ 31,771	\$ 8,235	
2. R.E. TAX & INSURANCE ACCOUNT.....		15,439	11,922	
3. RESERVE ACCOUNT.....		323,659	397,806	
4. SECURITY DEPOSIT ACCOUNT.....		17,783	16,726	
5. OTHER CASH.....		0	0	
6. OTHER (identify) Deposits.....		0	0	
7. ACCOUNTS RECEIVABLE	AR USDA; AR tenants;	9,230	10,542	
	AR other			
... ACCTS RCBL 0-30 DAYS	\$ 0			
... ACCTS RCBL 30-60 DAYS	\$ 9,230			
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....		0	0	
9. INVENTORIES (supplies).....		0	0	
10. PREPAYMENTS.....		8,360	13,056	
11. OTHER - PARTNERSHIP CASH.....		46,915	191,327	
12. TOTAL CURRENT ASSETS (Add 1 thru 11)		453,157	649,614	
FIXED ASSETS				
13. LAND.....		149,957	149,957	
14. BUILDINGS.....		3,303,597	3,303,597	
15. LESS: ACCUMULATED DEPRECIATION.....		(820,274)	(730,775)	
16. FURNITURE & EQUIPMENT.....		381,682	381,682	
17. LESS: ACCUMULATED DEPRECIATION.....		(376,262)	(374,714)	
18.		0	0	
19. TOTAL FIXED ASSETS (Add 13 thru 18)		2,638,700	2,729,747	
OTHER ASSETS				
20. TAX CREDIT FEES, NET.....		211,557	29,712	
21. TOTAL ASSETS (Add 12, 19, and 20)		3,303,414	3,409,073	
LIABILITIES AND OWNERS EQUITY				
CURRENT LIABILITIES				
22. ACCOUNTS PAYABLE (Attach list)		0	0	
... ACCTS PAY 0-30 DAYS	\$ 0			
... ACCTS PAY 30-60 DAYS	\$			
23. NOTES PAYABLE	P'ship fees pay'l; acc'd int pay'l - current; dev fee pay'l; NP USDA - current; ppd rent; NP Bonn - current	41,278	38,734	
24. SECURITY DEPOSITS.....		17,025	16,726	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24)		58,303	55,460	
26. NOTES PAYABLE Rural Development.....		995,108	1,007,688	
27. OTHER NP Bonn less unamort debt issuance costs; NP City of Gridley; acc'd int pay'l		2,829,842	2,770,186	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)		3,824,950	3,777,874	
29. TOTAL LIABILITIES (Add 25 and 28)		3,883,253	3,833,334	
30. OWNER'S EQUITY (Net Worth)(21 minus 29)		(579,839)	(424,261)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)		\$ 3,303,414	\$ 3,409,073	

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.

3/9/2023

(Date)



(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Administrative General Partner

(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 type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input checked="" type="checkbox"/> Electricity <input 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 28. Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET (01/01/22) (12/31/22)	ACTUAL (01/01/22) (12/31/22)	PROPOSED BUDGET () ()	
BEGINNING DATES> ENDING DATES>				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME.....	301,260	107,513	0	
2. RHS RENTAL ASSISTANCE RECEIVED.....		179,839		
3. APPLICATION FEES RECEIVED.....				
4. LAUNDRY AND VENDING.....	3,000	4,399	0	
5. INTEREST INCOME.....	100	1,335	0	
6. TENANT CHARGES.....	150	1,037	0	
7. OTHER - PROJECT SOURCES.....	0	0	0	
8. LESS (Vacancy and Contingency Allowance).....	(5,811)		(0)	
9. LESS (Agency Approved Incentive Allowance).....	(0)		(0)	
10. SUB-TOTAL [(1 thru 7)-(8&9)].....	298,699	294,123	0	
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	12,990	91,691	0	
14. SUB-TOTAL (11 thru 13).....	12,990	91,691	0	
15. TOTAL CASH SOURCES (10+14).....	311,689	385,814	0	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II).....	194,950	200,108	0	
17. RHS DEBT PAYMENT.....	28,224	28,224	0	
18. RHS PAYMENT (Overage).....		2,788		
19. RHS PAYMENT (Late Fee).....		0		
20. REDUCTION IN PRIOR YEAR PAYABLES(See Part IV).....		0		
21. TENANT UTILITY PAYMENTS.....		0		
22. TRANSFER TO RESERVE.....	20,378	17,544	0	
23. RETURN TO OWNER.....	32,400	32,400	0	
24. SUB-TOTAL (16 thru 23).....	275,952	281,064	0	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	19,289	19,288	0	
26. ANNUAL CAPITAL BUDGET (From Part III, Line 4 - 6).....	12,990	91,691	0	
27. MISCELLANEOUS.....	0	1,631	0	Guarantee fee
28. SUB-TOTAL (25 thru 27).....	32,279	112,610	0	
29. TOTAL CASH USES (24+28).....	308,231	393,674	0	
30. NET CASH (DEFICIT) (15-29).....	3,458	(7,860)	0	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	0	20,157	0	
32. ACCRUAL TO CASH ADJUSTMENT.....		34,913		
33. ENDING CASH BALANCE (30+31+32).....	3,458	47,210	0	

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.....	25,074	22,855	0	
2. MAINTENANCE & REPAIRS SUPPLY	3,650	6,018	0	
3. MAINTENANCE & REPAIRS CONTRACT	2,800	8,347	0	
4. PAINTING AND DECORATING	1,100	3,235	0	
5. SNOW REMOVAL	0	0	0	
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	
7. GROUNDS	15,480	14,834	0	
8. SERVICES	4,800	1,500	0	
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0	4,890	0	
10. OTHER OPERATING EXPENSES(Itemize)	0	0	0	
11. SUB-TOTAL MAINT.& OPERATING (1 thru 10)	52,904	61,679	0	
12. ELECTRICITY	9,260	8,630	0	
13. WATER	5,272	4,080	0	
14. SEWER	8,400	12,654	0	
15. FUEL (Oil/Coal/Gas).....	400	1,774	0	
16. GARBAGE & TRASH REMOVAL.....	7,128	7,371	0	
17. OTHER UTILITIES	0	0	0	
18. SUB-TOTAL UTILITIES (12 thru 17)	30,460	34,509	0	
19. SITE MANAGEMENT PAYROLL	25,074	27,038	0	
20. MANAGEMENT FEE	27,528	26,936	0	
21. PROJECT AUDITING EXPENSE	8,000	7,750	0	
22. PROJECT BOOKKEEPING/ACCOUNTING	0	350	0	
23. LEGAL EXPENSES	1,000	425	0	
24. ADVERTISING	0	0	0	
25. TELEPHONE & ANSWERING SERVICE	2,680	1,610	0	
26. OFFICE SUPPLIES	1,800	2,236	0	
27. OFFICE FURNITURE & EQUIPMENT	600	0	0	
28. TRAINING EXPENSE	3,000	0	0	
29. HEALTH INS. & OTHER EMP. BENEFITS	5,560	2,793	0	
30. PAYROLL TAXES	5,325	5,335	0	
31. WORKMAN'S COMPENSATION	2,652	3,779	0	
32. OTHER ADMINISTRATIVE EXPENSES(Itemize).....	0	6,506	0	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	83,219	84,758	0	
34. REAL ESTATE TAXES	1,899	1,438	0	
35. SPECIAL ASSESSMENTS	0	0	0	
36. OTHER TAXES, LICENSES & PERMITS	12,200	0	0	
37. PROPERTY & LIABILITY INSURANCE	14,268	17,724	0	
38. FIDELITY COVERAGE INSURANCE	0	0	0	
39. OTHER INSURANCE	0	0	0	
40. SUB-TOTAL TAXES & INSURANCE(34 thru 39)	28,367	19,162	0	
41. TOTAL O&M EXPENSES (11+18+33+40).....	194,950	200,108	0	

PART III - ACCOUNT BUDGETING / STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	97,122	397,806	0	
2. TRANSFER TO RESERVE	20,378	17,544	0	
TRANSFER FROM RESERVE:				
3. OPERATING DEFICIT	0	0	0	
4. ANNUAL CAPITAL BUDGET	12,990	5,134	0	
5. BUILDING & EQUIPMENT REPAIRS	0	0	0	
6. OTHER NON-OPERATING EXPENSES	0	86,557	0	
7. TOTAL (3 thru 6)	(12,990)	(91,691)	(0)	
8. ENDING BALANCE [(1+2)-7]	104,510	323,659	0	

GENERAL OPERATING ACCOUNT: *

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

a	8,235
b	31,771

Beginning
20,157

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

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

c	11,922
d	15,439

Ending
47,210

TENANT SECURITY DEPOSIT ACCOUNT:*

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

16,726
17,783

(* Complete upon submission of actual expenses.)

Part II, Line 32, Itemization

	Actual
Admin expense/office personnel	\$ 2,125
IT support services	2,052
Education/registration fees	600
Dues and subscriptions	429
Bank fees	390
Credit check	385
Uniforms	273
Travel	252
\$	6,506

PART V - ANNUAL CAPITAL BUDGET	
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Gridley Springs Apartments

Gridley Springs Apartments		Proposed # of units/ items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total
Appliances:							
	Range	2	1,500	0	0	633	633
	Refrigerator	2	1,300	0	0	0	0
	Range Hood	2	350	0	0	0	0
	Other	0	0	0	0	0	0
Carpet and Vinyl:							
	1 BR	1	2,680	2,250	0	3,757	6,007
	2 BR	1	3,280	2,884	0	0	2,884
	3 BR	1	3,880	0	0	0	0
Cabinets:							
	Kitchens	0	0	0	0	0	0
	Bathroom	0	0	0	0	0	0
Doors:							
	Exterior	0	0	0	0	500	500
	Interior	0	0	0	0	0	0
Window Coverings:							
	Blinds	0	0	0	0	0	0
Heating and Air Conditioning:							
	Heating	0	0	0	0	0	0
	Air conditioning	0		0	0	0	0
Plumbing:							
	Water Heater	0	0	0	0	0	0
	Bath Sinks	0	0	0	0	0	0
	Kitchen Sinks	0	0	0	0	0	0
	Tub	0	0	0	0	0	0
	Other	0	0	0	0	0	0
Major Electrical:							
	Lighting		0	0	0	0	0
Structures:							
	Windows	0	0	0	0	0	0
	Screens	0	0	0	0	0	0
	Walls		0	0	0	0	0
	Roofing		0	0	0	0	0
	Exterior Painting		0	0	0	0	0
	Other		0	0	0	0	0
Paving:							
	Asphalt		0	0	0	0	0
	Concrete		0	0	0	0	0
	Seal and Stripe		0	0	0	0	0
Landscape and grounds:							
	Landscaping		0	0	0	0	0
	Lawn Equipment		0	0	0	0	0
	Fencing		0	0	0	0	0
	Recreation area		0	0	0	0	0
	Other: signs		0	0	0	0	0
	ADA inspection		0	0	0	0	0
Automation equipment:							
	Site management		0	0	0	0	0
	Common area		0	0	0	0	0
Other:							
List:			0	0	0	0	0
List:			0	0	0	0	0
List:			0	0	0		0
TOTAL CAPITAL EXPENSES:		9	12,990	5,134	0	4,890	10,024

Form RD 3560-7

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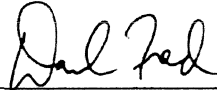
PART VI - SIGNATURES, DATES AND COMMENTS

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.

3/9/2023

(Date)



(Signature of Borrower or Borrower's Representative)

Member, DFA Development LLC as Co- Administrative General Partner

(Title)

AGENCY APPROVAL (Rural development Approval Official):

DATE:

COMMENTS:

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

See Auditors' Report

For the year ended December 31, 2022:

There were no findings or questioned costs for the year ended December 31, 2022.

For the year ended December 31, 2021:

There were no findings or questioned costs for the year ended December 31, 2021.

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

SCHEDULE OF LEAD AUDITOR

See Auditors' Report

Auditor Information:	Bowman and Company, LLP 10100 Trinity Parkway Suite 310 Stockton, CA 95219
Phone Number:	(209) 473-1040
Fax Number:	(209) 473-9771
Auditor Contact:	Tobbie J. Wells, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	Twells@cpabowman.com

May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.2 - CY 2022 Harvest Park Apartments, Chico, Audit Report

The Harvest Park Apartments 2022 Audit Report found not questioned costs, concerns, or findings. Comparing CY 2022's audit to the 2021 audit revealed the following:

- Revenues increased \$39,915 (4%),
- Expenses increased \$103,557 (21%),
- Operating Income decreased \$63,642 (13%),
- Net loss for the year was \$65,600 (15%) higher than the prior year. This increase was due to the over \$100,000 increase in expenses year over year.

Revenues were challenged by Covid-19 regulatory requirements, and statutory rent forbearance provided tenants. Expenses were particularly aggravated by the year's high inflation, and material supply chain issues.

Recommendation: Motion to approve the 2022 Harvest Park Apartments Audit Report.

Chico Harvest Park, L.P.

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

December 31, 2022 and 2021

Chico Harvest Park, L.P.

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Statements of Cash Flows	7
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Schedules of Certain Income and Expenses	18

Independent Auditor's Report

To the Administrative General Partner
Chico Harvest Park, L.P.

Opinion

We have audited the financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico Harvest Park, L.P. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Harvest Park, L.P. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Harvest Park, L.P.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico Harvest Park, L.P.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Harvest Park, L.P.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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



Sacramento, California
March 13, 2023

Chico Harvest Park, L.P.

**Balance Sheets
December 31, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
Investment in rental property, net	\$ 11,519,520	\$ 11,952,983
Cash	271,171	336,291
Restricted deposits and funded reserves		
Escrows	49,539	46,045
Tenants' security deposits	55,250	58,775
Replacement reserve	244,159	216,136
Operating reserve	250,000	250,000
Other reserves	<u>98,262</u>	<u>98,262</u>
Total restricted deposits and funded reserves	<u>697,210</u>	<u>669,218</u>
Tenants' accounts receivable, net	25,447	30,272
Prepaid expenses	15,028	7,675
Tax credit monitoring fees, net	17,881	20,863
Other assets	<u>-</u>	<u>2,000</u>
Total assets	<u>\$ 12,546,257</u>	<u>\$ 13,019,302</u>

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 17,719	\$ 10,685
Accrued property management fees	3,764	3,967
Other accrued liabilities	19,757	25,999
Accrued interest - first mortgage	67,246	67,365
Accrued interest - other loans	1,223,846	1,158,059
Tenants' security deposits liability	54,363	57,275
Payable to general partner and affiliates	12,299	31,941
Annual fee payable to the investor limited partner	9,785	9,500
Mortgages and notes payable, net	13,271,809	13,291,875
Other liabilities - construction	<u>5,950</u>	<u>5,950</u>
Total liabilities	<u>14,686,538</u>	<u>14,662,616</u>
Contingency	-	-
Partners' equity (deficit)	<u>(2,140,281)</u>	<u>(1,643,314)</u>
Total liabilities and partners' equity (deficit)	<u>\$ 12,546,257</u>	<u>\$ 13,019,302</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Operations
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Revenue		
Rental income	\$ 1,005,819	\$ 973,621
Vacancies and concessions	(9,686)	(8,474)
Other operating income	<u>14,639</u>	<u>5,710</u>
Total revenue	<u>1,010,772</u>	<u>970,857</u>
Operating expenses		
Salaries and employee benefits	171,491	101,493
Repairs and maintenance	159,249	151,328
Utilities	95,685	77,013
Property management fee	48,134	45,563
Real estate taxes	161	161
Property insurance	33,693	29,775
Miscellaneous operating expenses	<u>91,558</u>	<u>91,081</u>
Total operating expenses	<u>599,971</u>	<u>496,414</u>
Net operating income	<u>410,801</u>	<u>474,443</u>
Other income (expense)		
Interest income	33	20
Interest expense - first mortgage	(152,307)	(153,732)
Interest expense - other loans	(192,996)	(192,612)
Other financial income (expense)	(79,115)	(80,189)
Miscellaneous other income (expense)	-	3,443
Annual fee payable to the investor limited partner	(9,785)	(9,500)
Other related party fees and expenses	(32,299)	(31,941)
Depreciation	(438,317)	(438,317)
Amortization	<u>(2,982)</u>	<u>(2,982)</u>
Total other income (expense)	<u>(907,768)</u>	<u>(905,810)</u>
Net loss	<u><u>\$ (496,967)</u></u>	<u><u>\$ (431,367)</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2022 and 2021**

	<u>Administrative general partner</u>	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2021	\$ (245)	\$ (245)	\$ (1,211,457)	\$ (1,211,947)
Net loss	<u>(21)</u>	<u>(22)</u>	<u>(431,324)</u>	<u>(431,367)</u>
Balance, December 31, 2021	(266)	(267)	(1,642,781)	(1,643,314)
Net loss	<u>(25)</u>	<u>(25)</u>	<u>(496,917)</u>	<u>(496,967)</u>
Balance, December 31, 2022	<u><u>\$ (291)</u></u>	<u><u>\$ (292)</u></u>	<u><u>\$ (2,139,698)</u></u>	<u><u>\$ (2,140,281)</u></u>
Partners' percentage of partnership losses	<u><u>0.005%</u></u>	<u><u>0.005%</u></u>	<u><u>99.99%</u></u>	<u><u>100.00%</u></u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net loss	\$ (496,967)	\$ (431,367)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	438,317	438,317
Amortization	2,982	2,982
Amortization of debt issuance costs	23,198	23,198
Bad debt	27,456	20,133
Changes in		
Tenants' accounts receivable	(22,631)	(44,114)
Prepaid expenses	(7,353)	(877)
Other assets	2,000	9,500
Accounts payable - operations	7,034	(18,709)
Accrued property management fees	(203)	222
Prepaid rent	(6,242)	7,367
Accrued interest - first mortgage	(119)	(119)
Accrued interest - other loans	82,523	30,606
Tenants' security deposits liability	(2,912)	1,065
Payable to general partner and affiliates	(19,642)	348
Annual fee payable to investor limited partner	285	277
	<u>27,726</u>	<u>38,829</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Expenditures on rental property paid	(4,854)	(27,279)
Deposits to replacement reserve	(28,023)	(28,010)
Change in other reserves	-	(3,443)
Change in escrows	(3,494)	(2,397)
	<u>(36,371)</u>	<u>(61,129)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payments of mortgage note payable	(60,000)	(60,000)
	<u>(60,000)</u>	<u>(60,000)</u>
Net cash used in financing activities		
Net decrease in cash and restricted cash	(68,645)	(82,300)
Cash and restricted cash, beginning	645,066	727,366
Cash and restricted cash, end	<u>\$ 576,421</u>	<u>\$ 645,066</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 253,561</u>	<u>\$ 292,659</u>
Supplemental schedule of noncash investing and financing activities		
Accrued interest converted to loan principal	<u>\$ 16,736</u>	<u>\$ 16,358</u>

See Notes to Financial Statements.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021, the allowance for doubtful accounts was \$28,526 and \$23,508, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

Investment in rental property

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

Building and improvements	40 years
Land improvements	15 years
Building equipment	5 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2022 and 2021.

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, 2022 and 2021, accumulated amortization was \$26,846 and \$23,864, respectively.

Estimated amortization expense for each of the next five years following December 31, 2022 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 file and does file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

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 2019 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.

New accounting pronouncements

The Partnership adopted Accounting Standards Update 2016-02 (as amended), Leases ("Topic 842") on January 1, 2022 (Adoption Date). Additionally, the Partnership elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting the Partnership to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Partnership accounted for its existing operating leases with residential tenants of the property as operating leases. Adopting Topic 842 in accounting for residential tenant leases did not result in adjustments to the financial statements.

Note 3 - Investment in rental property, net

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

	2022	2021
Land	\$ 1,375,634	\$ 1,375,634
Land improvements	2,110,048	2,110,048
Buildings and improvements	11,974,275	11,974,275
Furniture and equipment	1,294,870	1,290,016
Subtotal	16,754,827	16,749,973
Accumulated depreciation	(5,235,307)	(4,796,990)
Net	<u>\$ 11,519,520</u>	<u>\$ 11,952,983</u>

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

Note 4 - Restricted deposits and funded reserves

Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Beginning from the conversion of the construction loan to permanent financing, monthly deposits are required based upon an initial amount of \$300 per unit per year. As of December 31, 2022 and 2021, the balance in the replacement reserve account is \$244,159 and \$216,136, respectively. The replacement reserve activity is as follows:

	2022	2021
Balance, January 1	\$ 216,136	\$ 188,126
Deposits	27,990	27,990
Interest earnings	33	20
	<u>244,159</u>	<u>216,136</u>
Balance, December 31	\$ 244,159	\$ 216,136

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 amount of \$250,000. As of December 31, 2022 and 2021, the balance in the operating reserve is \$250,000 and \$250,000, respectively.

Other reserves

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

	2022	2021
Interest account	\$ 60,527	\$ 60,527
Borrower equity account	2,401	2,401
Principal redemption account	25,000	25,000
Fee's account	10,334	10,334
	<u>98,262</u>	<u>98,262</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, 2022, all capital contributions from the limited partner have been received.

As of December 31, 2022, all capital contributions from the general partners have been received.

Developer fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

until all development work is complete. The total fee was \$2,182,816; however, due to the limitations imposed by the California Tax Credit Allocation Committee, only \$1,995,743 has been incurred and capitalized as a cost of the rental property. The developer fee was paid in full in 2015.

Managing general partner fee

The Partnership entered into an agreement with the managing general partner for its services in monitoring the tenants and performing other duties as managing general partner, as defined in the partnership agreement. The annual fee is \$20,000. The fee is cumulative and payable only from the available cash flow of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, an \$11,000 portion shall not be payable or accrue. For the years ended December 31, 2022 and 2021, \$20,000 and \$20,000, respectively, was incurred and expensed. As of December 31, 2022 and 2021, \$0 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, 2022 and 2021, \$12,299 and \$11,941, respectively, was incurred. As of December 31, 2022 and 2021, \$12,299 and \$11,941, 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, 2022 and 2021, \$9,785 and \$9,500, respectively, was incurred and expensed. As of December 31, 2022 and 2021, \$9,785 and \$9,500, 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;

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2022 and 2021**

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
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, 2022, 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, 2022, no amounts were due under the guaranty.

Chico Harvest Park, L.P.

**Notes to Financial Statements
December 31, 2022 and 2021**

Note 6 - Statements of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.

	2022	2021
Cash	\$ 271,171	\$ 336,291
Tenants' security deposits	55,250	58,775
Operating reserve	250,000	250,000
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 576,421</u>	<u>\$ 645,066</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the project and the operating reserve as required by the partnership agreement.

Note 7 - Mortgages and notes payable

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

The Series 2013 A-1 bonds bear interest at a fixed interest rate of 3.30% and mature on July 1, 2030. The Series 2013 A-1 bonds 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, 2022 and 2021, interest of \$129,109 and \$130,534, respectively, was incurred and expensed. As of December 31, 2022 and 2021, the outstanding principal was \$3,910,000 and \$3,970,000, respectively, and accrued interest was \$67,246 and \$67,365 at December 31, 2022 and 2021, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$179,436 and \$202,634 as of December 31, 2022 and 2021, respectively, and are related to the first mortgage. During 2022 and 2021, 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, 2022 and 2021, interest of \$176,000 and \$176,000, respectively, was incurred and expensed. As of December 31, 2022 and 2021, the outstanding principal was \$8,800,000 and \$8,800,000, respectively, and accrued interest was \$1,212,352 and \$1,146,825 at December 31, 2022 and 2021, respectively.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

The Partnership entered into a loan agreement in the amount of \$600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2022 and 2021, interest of \$16,996 and \$16,612, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2022 and 2021, the outstanding principal was \$741,245 and \$724,509, respectively, and accrued interest was \$11,494 and \$11,234 at December 31, 2022 and 2021, 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, 2022 are as follows:

	Series 2013 A-1	CRA	HACB	Total
2023	\$ 65,000	\$ -	\$ -	\$ 65,000
2024	70,000	-	-	70,000
2025	70,000	-	-	70,000
2026	80,000	-	-	80,000
2027	80,000	-	-	70,000
Thereafter	3,545,000	8,800,000	741,245	13,086,245
Subtotal	3,910,000	8,800,000	741,245	13,451,245
Less unamortized debt issuance costs	(179,436)	-	-	(179,436)
Total	\$ 3,730,564	\$ 8,800,000	\$ 741,245	\$ 13,271,809

Note 8 - Management agreement

The Project is managed by WinnResidential California L.P., a related party, pursuant to a management agreement that provides for a management fee of 5.00% of monthly rental collections. For the years ended December 31, 2022 and 2021, management fees of \$48,134 and \$45,563, respectively, were incurred and expensed.

Note 9 - Economic concentrations

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

The Partnership received rental assistance payments from local housing agencies on behalf of the tenants. During the years ended December 31, 2022 and 2021, rental assistance payments of \$270,708 and \$252,207, respectively, were received by the Partnership and are included in rental income in the statements of operations.

Chico Harvest Park, L.P.

Notes to Financial Statements December 31, 2022 and 2021

Note 10 - Contingency

Low-income housing tax credits

The Partnership has been allocated federal low-income housing tax credits by the California Tax Credit Allocation Committee amounting to \$4,972,730. As of December 31, 2022, \$4,465,286 in tax credits has been allocated to the partners. The expected availability of the remaining tax credits is as follows:

Year	Amount
2023	\$ 497,273
2024	10,171
	<u>\$ 507,444</u>

Note 11 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains bond funded escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2022.

Note 12 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 13, 2023, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Supplementary Information

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Rental income		
Rent revenue - gross potential	\$ 735,111	\$ 721,414
Tenant assistance payments	<u>270,708</u>	<u>252,207</u>
Total rental income	<u><u>\$ 1,005,819</u></u>	<u><u>\$ 973,621</u></u>
Vacancies and concessions		
Apartment vacancies	<u>\$ 9,686</u>	<u>\$ 8,474</u>
Total vacancies and concessions	<u><u>\$ 9,686</u></u>	<u><u>\$ 8,474</u></u>
Other operating income		
Cable contract revenue	\$ 4,190	\$ 3,474
Damages income	3,954	1,641
Late fees	6,000	-
Application fees	245	420
Miscellaneous other income	<u>250</u>	<u>175</u>
Total other operating income	<u><u>\$ 14,639</u></u>	<u><u>\$ 5,710</u></u>
Salaries and employee benefits		
Salaries - administrative	\$ 59,747	\$ 44,437
Salaries - maintenance	70,461	32,825
Payroll taxes	9,786	6,286
Health insurance and other benefits	27,185	13,223
Workmen's compensation insurance	<u>4,312</u>	<u>4,722</u>
Total salaries and employee benefits	<u><u>\$ 171,491</u></u>	<u><u>\$ 101,493</u></u>
Repairs and maintenance		
Exterminating	\$ 8,400	\$ 5,900
Grounds	37,380	39,983
Fire protection	8,479	3,185
Security services/contract	2,083	1,783
Supplies	22,328	26,081
Painting, decorating and cleaning	-	3,360
Pool	3,669	3,352
Repairs and maintenance - other than contracts	15,999	19,456
Repairs and maintenance - contracts	43,983	36,208
Carpeting	15,931	10,846
Miscellaneous maintenance expenses	<u>997</u>	<u>1,174</u>
Total repairs and maintenance	<u><u>\$ 159,249</u></u>	<u><u>\$ 151,328</u></u>

Chico Harvest Park, L.P.

**Schedules of Certain Income and Expenses
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Utilities		
Electricity	\$ 12,886	\$ 10,389
Sewer	66,366	52,316
Trash removal	13,997	12,290
Gas	<u>2,436</u>	<u>2,018</u>
Total utilities	<u>\$ 95,685</u>	<u>\$ 77,013</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 9,172	\$ 12,044
Training and travel	3,216	2,921
Telephone and answering service	12,258	12,288
Bad debt expense	27,456	20,133
Other rent expense	1,041	345
Miscellaneous administrative	18,317	12,516
Rent free unit	1,711	14,301
Advertising and newspaper	1,965	1,468
Legal	2,573	-
Accounting	12,660	13,880
Other taxes, licenses and insurance	<u>1,189</u>	<u>1,185</u>
Total miscellaneous operating expenses	<u>\$ 91,558</u>	<u>\$ 91,081</u>
Interest expense - other loans		
Interest expense CRA loan	\$ 176,000	\$ 176,000
Interest expense HACB loan	<u>16,996</u>	<u>16,612</u>
Total interest expense - other loans	<u>\$ 192,996</u>	<u>\$ 192,612</u>
Other financial income (expense)		
Trustee fees	\$ (3,400)	\$ (3,400)
Credit enhancement, issuer, and servicing fees	<u>(75,715)</u>	<u>(76,789)</u>
Total other financial income (expense)	<u>\$ (79,115)</u>	<u>\$ (80,189)</u>
Miscellaneous other income (expense)		
Miscellaneous other income	<u>\$ -</u>	<u>\$ 3,443</u>
Total miscellaneous other income (expense)	<u>\$ -</u>	<u>\$ 3,443</u>
Other related party fees and expenses		
Managing general partner fee	\$ 20,000	\$ 20,000
Administrative general partner fee	<u>12,299</u>	<u>11,941</u>
Total other related party fees and expenses	<u>\$ 32,299</u>	<u>\$ 31,941</u>

See Independent Auditor's Report.



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May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.3 - CY 2022 1200 Park Avenue Apartments, Chico, Audit Report

The 1200 Park Avenue Apartments 2022 Audit Report is presented for approval. The audit was completed with no questioned costs, concerns, or findings.

Comparing the CY 2022 audit to the 2021 audit reveals the following:

- Revenues increased \$68,525 (7%),
- Expenses increased \$51,873 (9%),
- Operating Income increased \$16,652 (4%),
- Net loss for the year was \$8,3013 (18%) less than the prior year. This reduction was due to higher revenues and reduced reserve withdrawals.

The property maintained its characteristically high occupancy rate. Rent increases were limited by regulatory and statutory restrictions associated with the Covid-19 pandemic and ongoing payout of post 2018 Camp Fire Disaster measures.

Recommendation: Motion to approve the 2022 1200 Park Avenue Apartments, Chico, Audit Report.

1200 PARK AVENUE LP
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2022 and 2021

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 1200 Park Avenue, L.P. (the "Partnership"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 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.

Baum & Company, L.P.

Stockton, CA
February 25, 2023

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

BALANCE SHEETS
December 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 152,533	\$ 53,054
Accounts receivable - tenant	5,163	8,388
Accounts receivable - other	-	51,971
Prepaid expenses	65,188	77,822
Total current assets	<u>222,884</u>	<u>191,235</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	3,023	6,017
Tenant security deposits	36,064	35,879
Reserve for replacements	357,869	325,837
	<u>396,956</u>	<u>367,733</u>
PROPERTY AND EQUIPMENT, at cost		
Land	629,523	629,523
Building and improvements	18,390,783	18,390,783
Furniture and equipment	128,913	128,913
	<u>19,149,219</u>	<u>19,149,219</u>
Less accumulated depreciation	(7,673,998)	(7,213,779)
	<u>11,475,221</u>	<u>11,935,440</u>
OTHER ASSETS		
Deposit	<u>329</u>	<u>329</u>
Total assets	<u>\$ 12,095,390</u>	<u>\$ 12,494,737</u>

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

BALANCE SHEETS (Cont.)
December 31, 2022 and 2021

LIABILITIES AND PARTNERS' EQUITY	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,127	\$ 30,558
Due to affiliate	2,438	2,438
Accrued interest expense, current portion	36,128	34,529
Note payable - Berkadia, current portion	67,097	62,511
Partnership fees payable	13,267	13,026
Total current liabilities	<u>122,057</u>	<u>143,062</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>34,514</u>	<u>34,114</u>
 LONG-TERM LIABILITIES		
Note payable - Berkadia, less current portion	1,586,346	1,653,443
Less unamortized debt issuance costs	(12,970)	(13,925)
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	1,279,615	1,220,540
	<u>7,116,760</u>	<u>7,123,827</u>
 Total liabilities	<u>7,273,331</u>	<u>7,301,003</u>
 PARTNERS' EQUITY	<u>4,822,059</u>	<u>5,193,734</u>
 Total liabilities and partners' equity	<u><u>\$ 12,095,390</u></u>	<u><u>\$ 12,494,737</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
Tenant rental income	\$ 989,112	\$ 922,046
Tenant charges	4,830	5,239
Laundry	8,500	7,000
Other income	471	104
Interest income	127	126
Total revenue	<u>1,003,040</u>	<u>934,515</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	155,134	125,134
Utilities	116,504	116,223
Wages and salaries	117,038	123,911
Property management fees	57,780	46,830
Services	22,509	31,720
Insurance	70,090	34,114
General and administrative	28,546	21,715
Health insurance and other employee benefits	10,711	11,184
Professional fees	10,100	22,395
Payroll taxes and workers' compensation insurance	14,385	16,697
Bad debt expense (recovery)	12,883	4,688
Other taxes and licenses	3,535	12,731
Total operating and maintenance expenses	<u>619,215</u>	<u>567,342</u>
 Net operating income	<u>383,825</u>	<u>367,173</u>
 OTHER EXPENSES		
Depreciation expense	460,219	460,219
Interest expense	253,999	256,254
Partnership fees	30,950	48,394
Amortization expense	--	4,134
Reserve withdrawals	--	42,528
Interest expense - debt issuance costs	955	955
Total other expenses	<u>746,123</u>	<u>812,484</u>
 Net income (loss)	<u><u>\$ (362,298)</u></u>	<u><u>\$ (445,311)</u></u>

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
Years Ended December 31, 2022 and 2021

	Managing General Partner	Investor Limited Partner	Special Limited Partner	Total
Balance, December 31, 2020	\$ (605)	\$ 5,657,943	\$ (605)	\$ 5,656,733
Partner distributions	- -	(17,685)	(3)	\$ (17,688)
Net loss	<u>(45)</u>	<u>(445,221)</u>	<u>(45)</u>	<u>(445,311)</u>
Balance, December 31, 2021	(650)	5,195,037	(653)	5,193,734
Partner distributions	- -	(9,377)	- -	(9,377)
Net loss	<u>(36)</u>	<u>(362,226)</u>	<u>(36)</u>	<u>(362,298)</u>
Balance, December 31, 2022	<u><u>\$ (686)</u></u>	<u><u>\$ 4,823,434</u></u>	<u><u>\$ (689)</u></u>	<u><u>\$ 4,822,059</u></u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (362,298)	\$ (445,311)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	460,219	464,353
Amortization of debt issuance costs	955	955
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	3,225	(2,369)
Accounts receivable - other	51,971	(51,971)
Prepaid expenses	12,634	(52,743)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(27,431)	19,111
Accrued interest payable	60,674	24,678
Tenant security deposits	400	200
Partnership fees payable	241	234
Net cash provided by (used in) operating activities	<u>200,590</u>	<u>(42,863)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of long-term debt	(62,511)	(58,239)
Partners distributions	<u>(9,377)</u>	<u>(17,688)</u>
Net cash provided by (used in) financing activities	<u>(71,888)</u>	<u>(75,927)</u>
 Increase (decrease) in cash, cash equivalents and restricted cash	 128,702	 (118,790)
Cash, cash equivalents and restricted cash		
Beginning	420,787	539,577
Ending	<u>\$ 549,489</u>	<u>\$ 420,787</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 193,325</u>	<u>\$ 231,576</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 152,533	\$ 53,054
Tax and insurance impounds	3,023	6,017
Tenant security deposits	36,064	35,879
Reserve for replacements	<u>357,869</u>	<u>325,837</u>
	<u>\$ 549,489</u>	<u>\$ 420,787</u>

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consisted of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, Butte County Affordable Housing Development Corporation (BCAHDC); a 92.2177% Investor Limited Partner, Centerline Corporate Partners XXVIII, LP; a 7.7623% Investor Limited Partner, Centerline Corporate Partners XXXIII, LP; and a 0.001% Special Limited Partner, Related Corporate XXXVIII SLP LLC.

In November 2020, under the Third Amended and Restated Agreement of Limited Partnership, the Housing Authority of the County of Butte (HACB), a public body, corporate and politic, purchased the limited partners’ interests of the Partnership. Pursuant to the Third Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 0.00% Administrative General Partner, 1200 Park Avenue LLC; a 0.01% Managing General Partner, BCAHDC; a 99.98% Investor Limited Partner, HACB; and a 0.01% Special Limited partner, HACB. All profits, losses and credits, except those gains and losses referred to in Sections 9.1, 9.2, and 9.3 of the Partnership Agreement, shall be allocated to the partners in accordance with their percentage interest.

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

Basis of presentation

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

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash and restricted cash accounts as cash.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

Replacement reserve

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

Accounts receivable

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

Property and equipment

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

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

Expenditures for maintenance and repairs are expensed as incurred.

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the years ended December 31, 2022 and 2021.

Debt issuance costs

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

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

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

Fair value of financial instruments

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

Rental revenue

The rental property is generally leased to tenants under one-year non-cancelable operating leases. Rental revenue is recognized when due from tenants, generally the first day of each month. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

Use of estimates

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

Income taxes

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

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

Subsequent events

Management has evaluated subsequent events through February 25, 2023, the date the financial statements were available to be issued.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Parties Transactions

Annual local administrative fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Special Limited Partner a cumulative annual fee of \$5,000. As of December 31, 2022 and 2021, \$5,000 annual local administrative fee was payable. For the years ending December 31, 2022 and 2021, \$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 Managing General Partner a cumulative annual fee of \$5,000, to be increased at an annual rate of 3%. As of December 31, 2022 and 2021, \$8,267 and \$8,026, respectively, of the social services reimbursement fee was earned and payable.

Tax credit monitoring fee

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Managing General Partner an annual fee of 2% of gross effective income. For the years ending December 31, 2022 and 2021, \$17,683 and \$17,680, respectively, of the tax credit monitoring fee was paid.

Supervisory management fee

Pursuant to the Amended and Restated Agreement of Limited Partnership, the Partnership agreed to pay the Managing General Partner an annual fee equal to 50% of the cash flow otherwise available for distribution. The supervisory management fee cannot exceed 8% of gross effective income. For the years ending December 31, 2022 and 2021, \$0, and \$17,688, respectively, of the supervisory management fee was paid.

Note 3. Excess Cash Distributions

The 2022 excess cash distributions to be paid subsequent to December 31, 2022 of \$169,458 is to be distributed to the Special Limited Partner for the annual local administrative fee for \$5,000, to the Managing General Partner for the social services reimbursement fee for \$8,267, to the Managing General Partner for the tax credit monitoring fee for \$19,865, to the Managing General Partner for the supervisory management fee of \$13,349, to HACB for interest on its loan for \$36,128, to the City of Chico for \$73,500 for interest on its loan, and \$13,349 distributed to the Partners.

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt

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

	<u>2022</u>	<u>2021</u>
Note payable to the City of Chico, acting as the successor agency to Chico Redevelopment Agency, issued in May 2003, in the amount of \$3,675,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 2.00% simple interest. The note matures on May 29, 2058. The Partnership incurred \$73,500 and \$73,500, respectively, of interest expense during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, accrued interest was \$588,769 and \$588,769, respectively.	\$ 3,675,000	\$ 3,675,000
Note payable to Berkadia, issued in June 2007 in the amount of \$2,261,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 7.10%. Monthly principal and interest payments in the amount of \$15,195 are due monthly. The note matures in July 2037. The Partnership incurred \$119,825 and \$124,097 of interest expense during the years ended December 31, 2022 and 2021, respectively.	1,653,443	1,715,954
Note payable to the Housing Authority of the County of Butte (HACB), issued in November 2004, in the amount of \$675,000. The loan is secured by land and building. The loan bears interest at a fixed rate of 4.84% compounding interest. The loan matures in November 2054. Principal and interest payments are required to be paid from residual receipts as defined in the promissory note. The Partnership incurred interest expense of \$60,674 and \$58,657 during the years ended December 31, 2022 and 2021, respectively. The accrued interest expense not paid during the year is included with principal. At December 31, 2022 and 2021, accrued interest was \$36,128 and \$34,529, respectively.	<u>1,279,615</u> \$ <u>6,608,058</u>	<u>1,220,540</u> \$ <u>6,611,494</u>

1200 PARK AVENUE LP
(A California Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Cont.)

The future amounts of principal payments under the note payables at December 31, 2022 were as follows:

2023	\$ 67,097
2024	72,019
2025	77,302
2026	82,972
2027	89,059
Thereafter	<u>6,219,609</u>
	<u>\$ 6,608,058</u>

As of December 31, 2022 and 2021, debt issuance costs, net of accumulated amortization of \$15,677 and \$14,722, 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, 2022

NET INCOME (LOSS)	\$ (362,298)
Add: depreciation and interest expense - debt issuance costs	<u>461,174</u>
CASH FLOW FROM OPERATIONS	98,876
Less:	
Transfers to replacement reserve (including interest)	(32,181)
Capital improvements	- -
Mortgage loan principal payments - Berkadia	(62,511)
Add:	
Tax credit monitoring fee	17,683
Supervisory management fee	- -
Social service reimbursement fee	8,267
Annual local administrative fee	5,000
Interest expense - HACB	60,674
Interest expense - City of Chico	73,500
Transfers in from reserves	<u>150</u>
NET CASH FLOWS AVAILABLE FOR DISTRIBUTION	<u><u>\$ 169,458</u></u>

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

EXCESS CASH DISTRIBUTION CALCULATION
Year Ended December 31, 2022

EXCESS CASH FLOW \$ 169,458

DISTRIBUTION OF CASH FLOW

Local administrative fee	(5,000)
City of Chico annual interest payment (as per Loan Agreement 75% RR)	(73,500)
Social services reimbursement fee	(8,267)
Tax credit monitoring fee (2% of gross effective income)	

Gross potential rent	1,014,852	
Other income (tenant charges/laundry/misc.)	13,801	
Vacancy loss & concessions	(25,740)	
Change in accounts receivable-tenant	3,225	
Tenant bad debt (direct write-off/reversal)	(12,883)	
	993,255	(19,865)

HACB annual interest payment	(36,128)
	26,698

Supervisory management fee (50% of remainder, not to exceed 8% of gross effective income)	79,460
	(13,349)

Balance to be distributed to Partners	13,349
---------------------------------------	--------

Limited Partner (HACB)	99.98%	13,347
Special Limited Partner (HACB)	0.01%	1
General Partner (BCAHDC)	0.01%	1
		\$ - -

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

CALCULATION OF DEBT SERVICE COVERAGE RATIO
Year Ended December 31, 2022

Gross potential rent	\$ 1,014,852
Other income (tenant charges/laundry/misc./interest)	13,928
Vacancy loss and concessions	(25,740)
Change in prepaid rent	--
Change in accounts receivable - tenant	<u>3,225</u>
Gross income	1,006,265
Operating expenses*	<u>(724,815)</u>
Net income	281,450
Debt service (Citibank P&I)	<u>182,340</u>
Debt Service Coverage Ratio	<u><u>1.54</u></u>

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

May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.4 - CY 2022 Walker Commons Apartments, Chico, Audit Report

The Walker Commons Apartments 2022 Audit Report is presented for approval. The Audit revealed no questioned costs, concerns, or findings.

Comparing the CY2022 audit to the 2021 audit reveals the following:

- Revenues decreased \$4,451 (1%),
- Expenses increased \$71, (< 1%),
- Operating Income decreased \$4,522 (2%),
- Net income for the year was \$4,487 (4%) lower than the prior year. This decrease was due to the slight decrease in revenue and the slight increase in expenses year over year.

While occupancy remained characteristically high, revenues were challenged by Covid-19 pandemic regulatory restrictions and statutory rent forbearance provided tenants. Expenses increased via high inflation, including material supply chain issues.

Recommendation: Motion to approve the 2022 Walker Commons Apartments, Chico, Audit Report.

WALKER COMMONS, L.P.
(A California Limited Partnership)
COMPARATIVE FINANCIAL REPORT
December 31, 2022 and 2021

C O N T E N T S

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B O W M A N
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Walker Commons, L.P. (the "Partnership"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bauman & Capay, L.L.P.

Stockton, California
February 25, 2023

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

BALANCE SHEETS
December 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 327,881	\$ 241,461
Accounts receivable - tenant	258	21
Prepaid expenses	26,503	6,668
Total current assets	<u>354,642</u>	<u>248,150</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tax and insurance impounds	12,990	37,959
Tenant security deposits	20,950	20,950
Reserve for replacements	446,906	435,431
	<u>480,846</u>	<u>494,340</u>
 PROPERTY AND EQUIPMENT, at cost		
Land	600,000	600,000
Building and improvements	2,797,998	2,797,998
Furniture and equipment	75,044	75,044
	<u>3,473,042</u>	<u>3,473,042</u>
Less accumulated depreciation	(1,879,113)	(1,804,168)
	<u>1,593,929</u>	<u>1,668,874</u>
 Total assets	 <u><u>\$ 2,429,417</u></u>	 <u><u>\$ 2,411,364</u></u>

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

BALANCE SHEETS (Cont.)
December 31, 2022 and 2021

LIABILITIES AND PARTNERS' EQUITY	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,743	\$ 16,623
Accrued interest expense, current portion	15,000	15,000
Partnership fees payable	<u>7,500</u>	<u>7,500</u>
Total current liabilities	<u>26,243</u>	<u>39,123</u>
 DEPOSIT LIABILITIES		
Tenant security deposits	<u>20,150</u>	<u>20,950</u>
 LONG-TERM LIABILITIES		
Accrued interest expense, less current portion	18,402	18,402
Note payable - Redevelopment Agency of the City of Chico	500,000	500,000
Less unamortized debt issuance costs	<u>(2,086)</u>	<u>(2,616)</u>
	<u>516,316</u>	<u>515,786</u>
 Total liabilities	<u>562,709</u>	<u>575,859</u>
 PARTNERS' EQUITY	<u>1,866,708</u>	<u>1,835,505</u>
 Total liabilities and partners' equity	<u><u>\$ 2,429,417</u></u>	<u><u>\$ 2,411,364</u></u>

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

STATEMENTS OF INCOME
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
Tenant rental income	\$ 490,527	\$ 494,656
Tenant charges	1,407	1,901
Laundry	3,686	2,975
Interest income	396	304
Other income	- -	563
Total revenue	<u>495,948</u>	<u>500,399</u>
 OPERATING AND MAINTENANCE EXPENSES		
Repairs and maintenance	88,592	92,697
Wages and salaries	70,489	67,935
Utilities	38,529	37,984
Property management fees	30,240	28,896
Health insurance and other employee benefits	14,885	15,713
Services	6,998	4,461
Insurance	18,127	14,239
General and administrative	11,969	14,390
Payroll taxes and workers' compensation insurance	8,941	8,795
Professional fees	8,208	10,128
Other taxes and licenses	1,665	3,334
Total operating and maintenance expenses	<u>298,643</u>	<u>298,572</u>
 Net operating income	<u>197,305</u>	<u>201,827</u>
 OTHER EXPENSES		
Interest expense	15,000	15,000
Interest expense - debt issuance costs	530	530
Depreciation expense	74,945	74,980
Partnership fees	7,500	7,500
Total other expenses	<u>97,975</u>	<u>98,010</u>
 Net income (loss)	<u>\$ 99,330</u>	<u>\$ 103,817</u>

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

STATEMENTS OF PARTNERS' EQUITY
Years Ended December 31, 2022 and 2021

	<u>BCAHDC</u>	<u>HACB</u>	<u>Total</u>
Balance, December 31, 2020	\$ 30,263	\$ 1,744,392	\$ 1,774,655
Partner distributions	(28,788)	(14,179)	(42,967)
Net income (loss)	<u>1,038</u>	<u>102,779</u>	<u>103,817</u>
Balance, December 31, 2021	2,513	1,832,992	1,835,505
Partner distributions	(45,645)	(22,482)	(68,127)
Net income (loss)	<u>993</u>	<u>98,337</u>	<u>99,330</u>
Balance, December 31, 2022	<u><u>\$ (42,139)</u></u>	<u><u>\$ 1,908,847</u></u>	<u><u>\$ 1,866,708</u></u>

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

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 99,330	\$ 103,817
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	74,945	74,980
Amortization of debt issuance costs	530	530
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - tenant	(237)	(3)
Prepaid expenses	(19,835)	4,222
Increase (decrease) in:		
Accounts payable and accrued liabilities	(12,880)	1,847
Prepaid rent	--	(16,580)
Tenant security deposits	(800)	--
Net cash provided by (used in) operating activities	<u>141,053</u>	<u>168,813</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners distributions	<u>(68,127)</u>	<u>(42,967)</u>
Net cash provided by (used in) financing activities	<u>(68,127)</u>	<u>(42,967)</u>
Increase (decrease) in cash and cash equivalents and restricted cash	72,926	125,846
Cash, cash equivalents and restricted cash		
Beginning	735,801	609,955
Ending	<u>\$ 808,727</u>	<u>\$ 735,801</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 15,000</u>	<u>\$ 31,580</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY		
Cash and cash equivalents	\$ 327,881	\$ 241,461
Tax and insurance impounds	12,990	37,959
Reserve for replacements	446,906	435,431
Tenant security deposits	20,950	20,950
	<u>\$ 808,727</u>	<u>\$ 735,801</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

Pursuant to the Second Amended and Restated Agreement of Limited Partnership, the Partnership consists of a 1% General Partner, Butte County Affordable Housing Development Corporation (BACK) and a 99% Limited Partner, Housing Authority of the County of Butte (HACK).

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

Basis of presentation

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

Cash, cash equivalents and restricted cash

For purposes of reporting the statements of cash flows, the Partnership includes all cash, cash equivalents and restricted cash accounts as cash.

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, 2022 and 2021.

Debt issuance costs

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

Fair value of financial instruments

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

Rental revenue

Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for a period of up to one year, with rental payments due monthly. Rental income is shown at its maximum gross potential. Vacancies and concessions are shown as a reduction in rental income. Other income is recorded when earned and consists primarily of laundry and other tenant charges.

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

NOTES TO FINANCIAL STATEMENTS

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

Use of estimates

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

Income taxes

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

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

Subsequent events

Management has evaluated subsequent events through February 25, 2023, 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, 2022 and 2021, \$7,500 partnership management fee was payable. For the years ending December 31, 2022 and 2021, a partnership management fee of \$7,500 was earned.

Cash flows

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt

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

	<u>2022</u>	<u>2021</u>
Note payable to the City of Chico, issued in July 1995, in the amount of \$500,000. The loan is secured by a subordinate deed of trust. The loan bears interest at a fixed rate of 3.00% simple interest and requires annual interest only payments. The note matures in May 2051. Payments are deferred to the extent they exceed the residual receipts of the Partnership. The Partnership incurred \$15,000 of interest expense during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, accrued interest was \$33,402 and \$33,402, respectively.	\$ <u>500,000</u>	\$ <u>500,000</u>

As of December 31, 2022 and 2021, debt issuance costs, net of accumulated amortization of \$13,828 and \$13,298, respectively, are amortized using the straight-line method.

Note 4. City of Chico Home Program Regulatory Agreement

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

Note 5. Current Vulnerability Due to Certain Concentrations

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

May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.5 - CY 2022 1200 Park Ave Surplus Cash Flow - Distribution

The 1200 Park Ave 2022 Residuals Receipts from operations are \$169,458, see next page. As per the Agreement of Limited Partnership (LPA), surplus cash is distributed to the partners after the close of the year.

After the annual fees and interest payments are made, there will be a balance of \$13,349. This amount allows for partnership distribution as follows:

Limited Partner (HACB)	99.98%	\$	13,346
Special Limited Partner (HACB)	0.01%	\$	1
General Partner (BCAHDC)	0.01%	\$	1
		\$	-

Recommendation: Motion to approve authorization to make annual fee and interest payments with disbursement to partners as described above.

1200 PARK AVENUE, L.P.
Calculation of Surplus Cash
December 31, 2022
FINAL

PROFIT or (LOSS) FROM OPERATIONS	\$ (362,298)
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	<u>\$ 461,174</u>
CASH FLOW FROM OPERATIONS	<u>\$ 98,876</u>
 SUBTRACT: TRANSFERS TO REPLACEMENT RESERVES (including interest)	 \$ (32,181)
SUBTRACT: CAPITAL IMPROVEMENTS AND OTHER ASSETS	\$ -
ADD: MGP FEES (Paid from Prior Year Cash Flow)	\$ 17,683
ADD: INCREASE TO ACCRUED FEES (Payable from Residual Receipts)	\$ 13,267
ADD: INCREASE TO ACCRUED INTEREST (Payable from Residual Receipts)	\$ 134,174
ADD: TRANSFERS FROM RESERVES	\$ 150
ADD: interest-non restricted	\$ -
SUBTRACT: MORTGAGE LOAN PRINCIPAL PAYMENTS	<u>\$ (62,511)</u>
 TOTAL CASH FLOW ADJUSTMENTS	 <u>\$ 70,582</u>
NET CASH FLOW AVAILABLE FOR DISTRIBUTION	<u>\$ 169,458</u>

1200 PARK AVENUE, L.P.
(A California Limited Partnership)
EXCESS CASH DISTRIBUTION CALCULATION - AS PER LP AGREEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
FINAL

Excess Cash Flow	<u>\$ 169,458</u>
<u>Distribution of Cash Flow, as per LPA Section 9.2.A.</u>	
i Management Agent for any accrued mgt fees (N/A)	\$ -
ii Repay loan to any partner other than general partner (N/A)	\$ -
iii AHDC for completion loans (N/A)	\$ -
iv Developer for Contingent Developer Fee (paid in full)	\$ -
v Special Limited Partner Annual Local Admin Fee	\$ (5,000)
inserted Chico RDA Annual Interest Payment (as per Loan Agreement 75% RR)	\$ (73,500)
vi General Partners Social Services Reimbursement Fee	\$ (8,267)
vii General Partners Tax Credit Monitoring Fee 2% Gross Effective Income	
<i>Gross Potential Rent</i>	\$ 1,014,852.00
<i>Other Income (Tenant Charges/Laundry/Interest)</i>	\$ 13,801.00 no interest
<i>Vacancy Loss & Concessions</i>	\$ (25,740.00)
<i>Change in Prepaid Rent</i>	\$ -
<i>Change in Accounts Receivable</i>	\$ 3,225.00
<i>Tenant Bad Debt (direct write-off/reversal)</i>	<u>\$ (12,883.00)</u>
<i>Gross Effective Income</i>	\$ 993,255.00
	<u>\$ (19,865)</u>
	Remainder \$ 62,826
viii General Partners for Completion Loans (N/A)	\$ -
	Remainder \$ 62,826
ix 50% of remaining cash to Guarantors, Operating Loans (N/A)	\$ -
	Remainder \$ 62,826
x HACB to pay HACB loan	<u>\$ (36,128)</u>
	Remainder \$ 26,698
xi Supervisory Mgt Fee to General Partners	
<i>(As per LPA Sec. 6.4: 50% of remainder, not to exceed 8% of Gross Effective Income)</i>	\$ 79,460.40
	<u>\$ (13,349)</u>
	Remainder \$ 13,349
Limited Partner (HACB)	99.98% \$ 13,346
Special Limited Partner (HACB)	0.01% \$ 1
General Partner (BCAHDC)	0.01% \$ 1
	<u>\$ -</u>

May 12, 2023

MEMO

To: BCAHDC Board of Directors

From: Hope Stone, CFO
Ed Mayer, President

Subject: Agenda Item 5.6 - CY 2022 Walker Commons Surplus Cash Flow - Distribution

The Walker Commons 2022 Residuals Receipts from operations are \$178,609, see next page. This amount exceeds the \$142,967 maximum allowed for partnership distribution, as per the City of Chico Loan Agreement; therefore, the City will receive any additional accrued interest payment of \$20,642. Furthermore, full distribution of this year's surplus cash flow presents accounting and structural issues with pushing the BCAHDC capital account into the negative. Staff proposes holding back \$100,000 from the distribution and depositing the funds into the replacement reserves account for future capital improvements. The proposed distribution amount is in line with past years.

2017	31,279	
2018	26,622	100K withheld
2019	56,882	
2020	42,967	100K withheld
2021	68,127	
AVERAGE	45,175	
2022	\$42,967	100K withheld

BCAHDC, as Managing General Partner (MGP) of Walker Commons, L.P., has certain power and authority as outlined in the Limited Partnership Agreement (LPA), as amended. Section 1.10 Cash Flow from Operations is defined to exclude Reserves deposits. Section 8.2 Other Reserves gives the General Partner authority to maintain contingent Reserves at its "sole discretion". Section 9.3 Specific Powers of the General Partner, part (e) states: "In the Partnership's name and behalf, the General Partner may deposit, withdraw, invest, pay, retain and distribute Partnerships funds in a manner consistent with the provisions of this Agreement". Furthermore, Section 4.k. of the Second Amendment to the LPA gives the MGP the authority to "determine the amount and timing of distributions to partners and establish and maintain all required reserves".

Recommendation: Motion to approve the withholding of \$100,000 from 2022 Operational Surplus Cash Flow and depositing it into the Walker Commons' Replacement account, and authorization to make Distributions as described above.

WALKER COMMONS, L.P.
CALCULATION OF EXCESS CASH
CALENDAR YEAR ENDING DECEMBER 31, 2022

PROFIT or (LOSS) FROM OPERATIONS	99,330.00	
ADD: DEPRECIATION; AMORTIZATION; INTEREST ON DEBT ISSUANCE	75,475.00	
NET CASH FLOW FROM OPERATIONS	174,805.00	
SUBTRACT: TRANSFERS TO RESERVES	-11,196.00	
SUBTRACT: CAPITAL EXPENDITURES	0.00	
ADD: ACCRUED INTEREST TO CITY OF CHICO	15,000.00	
ADD: WITHDRAWAL FROM RESERVE	0.00	
RESIDUAL RECEIPTS	178,609.00	
ANNUAL INTEREST DUE TO CITY OF CHICO	-15,000.00	
SUBTOTAL	163,609.00	
AMOUNT OVER 8% OF CAP. INVEST. PER CITY LOAN AGREEMENT	-20,642.00	goes to City
SUBTOTAL	142,967.00	
PENDING BOARD APPROVAL TRANSFER TO RESERVES	-100,000.00	
TOTAL DISTRIBUTION	42,967.00	

<u>PARTNER DISTRIBUTION DETAIL</u>	<u>SPLIT</u>
HACB - LIMITED PARTNER'S SHARE OF NET EXCESS CASH @ 33%	14,179.11
BCAHDC - GENERAL PARTNER'S SHARE OF NET EXCESS CASH @ 67%	28,787.89
TOTAL PARTNER DISTRIBUTIONS	42,967.00

Capital-beg
1,730,212.70
29,060.80

		<u>book gain/loss</u>
HACB	99%	119,003.88
BCAHDC	1%	1,202.06
		120,205.94