

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING AGENDA

August 21, 2025
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. 25-6C

ITEMS OF BUSINESS

1. ROLL CALL
2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

- 3.1 Minutes of Meeting on May 15, 2025
Minutes of Special Meeting on July 17, 2025

- 3.2 BCAHDC Properties – Status Report

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

- 5.1 Deer Creek Apartments, Chico (Chico Pacific Associates II, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.2 Deer Creek Apartments II, Chico (Chico Pacific Associates III, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.3 Eaglepointe Apartments, Paradise (Pacific Associates, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.4 Orchard View Apartments, Gridley (Gridley, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.5 Mitchell Avenue Apartments, Oroville (Oroville Senior Apartments LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.6 Riverbend Apartments II, Oroville (Oroville Family Associates II, LP) – Accept FY2024 Audit Report.

Recommendation: Motion

- 5.7 The Foundation Apartments, Chico (Park Avenue Housing Partners, LP) – Accept FY2024 Financial Audit Report.

Recommendation: Motion

- 5.8 Lincoln Street Family Apartments, Oroville (Richman Oroville, LP) – Accept FY2024 Financial Audit Report.

Recommendation:

Motion

- 5.9 Butte County Affordable Housing Development Corporation (BCAHDC) – Adoption of FY2026 BCAHDC General Fund Proposed Operating Budget.

Recommendation:

Resolution No. 25-6C

6. MEETING OPEN FOR PUBLIC DISCUSSION
7. MATTERS CONTINUED FOR DISCUSSION
8. SPECIAL REPORTS
9. REPORTS FROM DIRECTORS
10. MATTERS INITIATED BY DIRECTORS
11. EXECUTIVE SESSION
12. DIRECTORS' CALENDAR
 - **Next meeting – November 20, 2025**
13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

May 15, 2025

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:13 p.m.

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

1. ROLL CALL

Present for the Directors: Randy Coy, Bob Crowe, Rich, Ober, David Pittman, and Sarah Richter; all attended in person.

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 1200 Park Avenue Apartments, Chico (1200 Park Avenue, LP) – The 1200 Park Avenue audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the 1200 Park Avenue Apartments audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.2 Bar Triangle Apartments, Chico (Chico Bar Triangle, LP) – The Bar Triangle Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Bar Triangle Apartments, Chico (Chico Bar Triangle, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.3 Ford Oaks Apartments, Gridley (Gridley Family Associates, LP) – The Ford Oaks Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Ford Oaks Apartments, Gridley (Gridley Family Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.4 Gridley Springs Apartments I, Gridley (DHI-DFA Gridley Springs Associates, LP) – The Gridley Springs Apartments I audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Gridley Springs Apartments I, Gridley (DHI-DFA Gridley Springs Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.5 Harvest Park Apartments, Chico (Chico Harvest Park, LP) – The Harvest Park Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Harvest Park Apartments, Chico (Chico Harvest Park, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.6 Liberty Bell Apartments, Orland (Orland Senior Associates, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Liberty Bell Apartments, Orland (Orland Senior Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.7 Mitchell Avenue Apartments II, Oroville (Oroville Senior Associates II, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Mitchell Avenue Apartments II, Oroville (Oroville Senior Associates II, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.8 North Creek Crossings Apartments, Chico (Chico North Creek, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the North Creek Crossings Apartments, Chico (Chico North Creek, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.9 North Creek Crossings Apartments II, Chico (Chico North Creek II, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the North Creek Crossings Apartments II, Chico (Chico North Creek II, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.10 Riverbend Apartments, Oroville (Oroville Family Associates, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Riverbend Apartments, Oroville (Oroville Family Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.11 Sunrise Village Apartments, Gridley (Gridley Senior Associates, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Sunrise Village Apartments, Gridley (Gridley Senior Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.12 Walker Commons Apartments, Chico (Walker Commons, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Walker Commons Apartments, Chico (Walker Commons, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.13 Woodward Apartments, Orland (Orland Family Associates, LP) – Apartments audited financial statements, for the year ended December 31, 2024, were presented. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs, expenses, concerns or findings.

MOTION

Director Crowe moved that the Woodward Apartments, Orland (Orland Family Associates, LP) audit be accepted as presented. Director Ober seconded. The vote in favor was unanimous.

- 5.14 1200 Park Avenue – 1200 Park Avenue Apartments Chico saw 2024 residual receipts at \$140,993. After payment of annual fees and interest, in accordance with the property's Partnership Agreement, there will be a balance of \$0. Allowing for no partnership distributions.

MOTION

Director Pittman moved to approve authorization to make annual fee and interest payments with disbursement to partners as described. Director Ober seconded. The vote in favor was unanimous.

- 5.15 Walker Commons – Walker Commons realized surplus cash flow in the amount of \$127,898, this amount does not exceed the \$142,967 maximum providing for partnership distribution; per the City of Chico Loan Agreement; meaning the city will not receive any additional accrued interest payment, additionally staff proposes depositing \$100,000 from the partnership distribution and depositing those funds into the replacement reserves account for future capital needs of the property.

MOTION

Director Pittman moved to approve the withholding of \$100,000 from 2024 Operational Surplus Cash Flow and depositing in into the Walker Commons Replacement account and authorization to make distributions as outlined. Director Crowe seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

Director Pittman informed of a drainage and flooding issue at Riverbend Apartments, Oroville. BCAHDC is a Managing General Partners at the property. The city of Oroville is being proactive with the developer; The Pacific Companies and hopes the issue can be fixed before the commencement of the rainy season.

Director Crowe also shared he had attended a meeting regarding a downtown Chico re-envisioning plan which includes housing.

9. REPORTS FROM BOARD MEMBERS

None.

10. MATTERS INITIATED BY BOARD MEMBERS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

- **Next Meeting – August 21, 2025.**

13. ADJOURNMENT

The meeting was adjourned at 3:41 p.m.

Dated: May 15, 2025.

Lawrence C. Guanzon, 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**

July 17, 2025

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:00 p.m.

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

1. ROLL CALL

Present for the Directors: Randy Coy, Bob Crowe, Rich Ober, Sarah Richter and David Pittman; all attended in person.

Others Present: President Larry Guanzon, Secretary Marysol Perez, Tamra Young, Angie Little, Taylor Gonzalez and Juan Meza, all attended in person.

Public Present: Tiffany Lee, Special Programs Coordinator.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Lincoln Family Apartments, Oroville – The resolution amends the original resolution which was adopted March 16, 2023. Lincoln Family Apartments consists of sixty-one (61) family units in Oroville. The project was completed and began leasing last summer 2024, and is now converting from construction to permanent loan financing, due to this an updated resolution authorizing permanent loan financing is required. The resolution was drafted and vetted by BCAHDC attorney.

RESOLUTION NO. 25-5C

Director Pittman moved that Resolution No. 25-5C be adopted by reading of title only: “LINCOLN FAMILY APARTMENTS, OROVILLE CORPORATE AUTHORIZATIONS”. Director Crowe 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 15, 2025.

13. ADJOURNMENT

The meeting was adjourned at 2:05 p.m.

Dated: July 17, 2025.

ATTEST:

Lawrence C. Guanzon, President

Marysol Perez, Secretary

August 15, 2025

Memo

To: BCAHDC Board of Directors

From: Larry Guanzon, Executive Director
Taylor Gonzalez, Project Manager

Subject: BCAHDC Properties – Status Report

This memo details the status of the twenty-eight LIHTC Partnerships in which BCAHDC is Managing General Partner, including:

- Fourteen (14) properties leased and under management,
- Nine (9) properties with construction completed are leasing,
- Two (2) developments under construction,
- Three (3) developments seeking financing to complete their funding packages.

In Service:

1996 - Walker Commons Apartments, Chico (56 units, LIHTC, Senior & Disabled, MGP: BCAHDC, PM: AWI) – The property has zero (0) vacancies as of August 1st. There are two (2) additional thirty (30) day notices to vacate as of this memo. Residents and staff have continued to partner to create monthly activities supporting all residents, such as donut and ice cream socials, bingo nights monthly. The community resident garden is being used by residents. YTD income is higher than budget by approximately \$42,338 at \$317,815 with overall YTD expenses lower than anticipated by \$13,510 at \$254,953. This brought the property's Net Profit to \$55,849 more than budget, at \$62,861. Total Property Reserves balance is \$687,952.81. Bids are being collected for elimination of trip hazards. Tree Trimming & Path-Lighting underground wiring is also being planned. The property is subject to repositioning, involving refinance, capital improvements and replacements. Whitney Vaughan is the new on-site manager. The property generates significant cash, which will help with anticipated renovations. Please find the AWI monthly owners report following.



Walker Commons Apartments, Buttonwillow Lane, Chico

2006 – 1200 Park Avenue Apartments, Chico (107 units, LIHTC, Senior, MGP: BCAHDC, PM: AWI) – There are four (4) vacancies as of August 1st. There were two moveouts last month. AWI

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Property Status Memo
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reviews the turnover and market ready status of these 4 units in their report, following. There is four (4) additional 30-day notices as reiterated in AWI's narrative. Any unpaid rents are also being collected. AWI is processing applications and preparing the units for lease. Marketing efforts, including flyers have increased due to vacancies; many fixed-extremely low-income applicants on the waiting lists have insufficient income to pay the 50-60% AMI rents. Bids are being sought for "sun" damaged or frayed window screens throughout the property & Pressure Washing. Landscaping needs are being addressed. CAA Food Distribution is on-going. North Valley Catholic Social Services and others are continuing to be contacted to provide activities for property residents. The residents and AWI staff continue to calendar events - monthly bingo and birthdays are celebrated. Butte County Library continues to serve property residents. Total income is up by \$919, at \$645,063. Total expenses come in at \$657,977, or \$18,142 more than budget. This brought the YTD net monthly profit to a negative \$12,913. or \$17,223 more than anticipated. Our YTD Maintenance, Operating & Administrative expenses all come in higher than budget. Total Reserve balance is \$348,764.08. The property is subject to repositioning, involving refinancing and capital improvements. Please find AWI's monthly financials following.



1200 Park Avenue Apartments, 1200 Park Avenue, Chico

2012 – **Gridley Springs I Apartments**, Gridley (32 units, LIHTC, Family, MGP: BCAHDC, PM: Arrowhead Housing) – There is one (1) vacancy as of this memo, and one (1) thirty-day notices to vacate. Property management has transitioned to Arrowhead Housing. Total YTD income comes in above budget by \$2,989 at \$221,781. Total YTD expenses are \$11,581 more than budget at \$167,304. YTD NOI is approximately \$8,591 less than budget at \$54,477. The property's cost of insurance came in higher than anticipated; thus, the decrease in NOI. A new maintenance tech started the latter part of July. The annual HOME audit was completed

with no findings but we are still awaiting the formal "all clear" letter from the HOME inspectors. New mailboxes were installed. Parking lot repairs have been completed. Please find Arrowhead Housing Inc. Owner's report and narrative, following.



Gridley Springs I Apartments, Ford Avenue

2013 - **Harvest Park Apartments**, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has four (4) vacancies. There are

two (2) additional 30-day notices to vacate. There are unpaid rents in various units and WINN residential is in the process of collecting. Four (4) units there is a pending

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Unlawful Detainer actions, plus units under notice or repayment agreements. Overall, year to date unpaid rents continue to decrease. A new resident manager has been retained. Total monthly YTD income is down by \$2,995 compared to budget at \$683,838. Total expenses are \$7,098 more than projection, at \$371,419 bringing NOI to \$312,419 or \$10,094 less than budgeted. Please find WINN Residential's Owner's Report following.



Harvest Park Apartments, East Avenue, Chico

2022 - **Ford Oaks Apts, Gridley** (36 units, family, The Pacific Companies/BCAHDC. Lender: Umpqua Bank. LIHTC Investor: CREA) The project is complete and was fully leased as of August 23, 2022. Loan conversion is in process. BCAHDC is coordinating with partner, The Pacific Companies, to generate monthly and quarterly financial and management reporting.



Ford Oaks Apartments, 180 Ford Avenue, Gridley

2022/2023 - **Mitchell Ave Apts I & II, Oroville** (36/35 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank. LIHTC Investor: Phase I, Redstone; Phase II, The Richman Group) Leased, BCAHDC is coordinating with partner, The Pacific Companies, to generate monthly and quarterly financial and management reporting.



Mitchell Avenue Apartments I & II, 500 Mitchell Avenue, Oroville

2023/2024 - **North Creek Crossings Apts I & II, Chico** (106 units, family, CCHC/BCAHDC. Lender: Wells Fargo/Berkadia. LIHTC Investor: R4 Capital) – located in Meriam Park, both phases are complete and leased. Thirty-nine Section 8 vouchers are project-based at the property. Coordination with the AGP and property manager Winn Residential is underway to delivery property management reporting.



North Creek Crossings Apartments I & II, Meriam Park, Chico

2023 - **Sunrise Village Apts, Gridley** (37 units, seniors, The Pacific Companies/BCAHDC) Construction and lease-up are complete. Section 8 Vouchers serve the low-income occupants. Property management reporting protocols are being established with the AGP and the property manager, Cambridge Real Estate.



Sunrise Village Apartments, 1460 Hwy 99, Gridley

2023 - **Riverbend Apts I & II, Oroville** (120 units (72/48), family, The Pacific Companies/BCAHDC. Lender: Union Bank. LIHTC Investor: CREA) Both Phases are complete and leased. Property management reporting is being established with the AGP and property manager, Cambridge Real Estate.



Riverbend Apartments I & II, Nelson and Table Mountain Boulevards, Oroville

2024 - **Prospect View Apts, Oroville** (40 units, formerly homeless singles, 15 NPLH units, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank. LIHTC investor: Boston Financial) HACB committed 39 Section 8 Vouchers to the project. It is fully occupied and in service.



Prospect View Apartments, 145 Nelson Avenue, Oroville

2024 - **Woodward Apts, Orland** (36 units, family, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – the project is complete and leased. HACB committed 25 Section 8 project-based vouchers to this family project in Glenn County.



Woodward Family Apartments, 207 East Swift Street, Orland

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Property Status Memo
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Newly Constructed and Leasing:

Liberty Bell Apts, Orland (32 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – Construction is complete; lease-up is well underway. Thirty-one Section 8 Vouchers have been committed to support the low-income seniors.



Liberty Bell Courtyard Apartments, North 6th Street, Orland

The Foundation Apts, Chico (1297 Park Ave) (59 units, formerly homeless singles, Jamboree & BCAHDC. Lender: Banner Bank. LIHTC Investor, CREA) – Construction is complete; lease-up is well underway. Forty-three (43) Section 8 vouchers are committed to this supportive housing project.



Park Avenue Apartments, 1297 Park Avenue, Chico

Deer Creek Apts I and II, Chico (204 units, families, The Pacific Companies/BCAHDC. Lender: Bank of America/CitiBank. LIHTC Investor: Bank of America) – Construction is complete and leasing is underway.



Deer Creek Apartments I & II, Highway 32, Chico

Eaglepointe Apartments, Paradise (43 units, family, The Pacific Companies/BCAHDC. Lender and LIHTC investor: KeyBank) – Construction is complete and leasing is underway.



Eaglepointe Apts, 5975 Maxwell Drive, Paradise

Lincoln Family Apartments, Oroville (61 units, family, The Richman Group & BCAHDC. Lender: Merchant Bank. LIHTC investor: The Richman Group) – Construction is complete and leasing is underway. Twenty-five (25) Section 8 vouchers are committed to this project.



Lincoln Family Apts, 3300 Lincoln Boulevard, Oroville

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Orchard View Apartments I, Gridley (48 units, family, The Pacific Companies & BCAHDC. Lender: KeyBank, LIHTC investor: Merritt Capital.) – Construction is complete and leasing is underway.



Orchard View Apts I, 1445 State Hwy 99, Gridley

Northwind Senior Apartments, Paradise (21 units, seniors, Pacific Companies / BCAHDC, Lender: Banner Bank, LIHTC investor: Merritt Capital) – Construction is complete and leasing is underway. Twenty-one (21) Section 8 vouchers are committed to this project.



Northwind Senior Apartments, 6983 Pentz Road

Oleander Community Housing Apartments, Chico (38-units, special needs homeless, Pacific Companies/BCAHDC. Lender and LIHTC investor unknown at this time.) – Construction is complete and leasing is underway. Thirty-seven (37) Section 8 vouchers are committed to this supportive housing project.

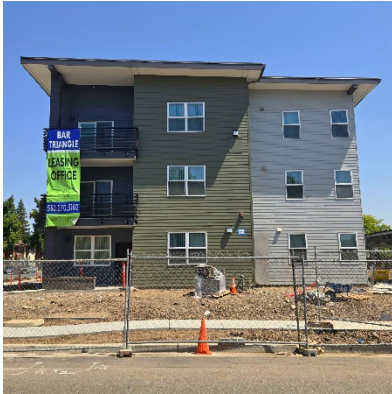


Oleander Community Housing Apartments, 2324 Esplanade, Chico

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Property Status Memo
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Under Construction:

Bar Triangle Apartments, Chico - (70 units, family, CCHC/BCAHDC. Lender: Wells Fargo & Berkadia. LIHTC investor: R4 Capital) – 25 Section 8 Vouchers have been committed for use by very-low income family occupants. Construction is well underway with completion expected Winter 2025.



Bar Triangle Apartments, 2225 Bar Triangle Street, Chico – Construction underway

Lincoln Senior Apartments, Oroville – (61 units, seniors, TRG/BCAHDC) The project utilizes CDBG-DR MHP funds (DR18 and DR20), Infill Infrastructure Grant Program funds (IIG), funds from the City of Oroville and 9% LIHTC to complete the funding package. 25 Section 8 Vouchers have been committed for use by very-low income senior occupants. Construction recently began with completion expected Spring 2027.



Lincoln Senior Apartments, 3300 Lincoln Boulevard, Oroville – Construction underway

Seeking Funding:

Orchard View Apartments II, Gridley - BCAHDC has entered into a development agreement with the Pacific Companies for development of 36 units of family housing. The project financing package is currently being finalized with a targeted close of Fall 2025. The project received CDBG-DR MHP and HOME funds from the City of Gridley, along with 9% LIHTC's.

Villabona Courtyards Apartments, Chico – BCAHDC has entered into a development agreement with the Pacific Companies to develop a 31-unit affordable housing project for seniors on the north Esplanade. CDBG-DR monies will be sought from the State, and 9% LIHTC's.

Nelson Pointe Apartments, Oroville - BCAHDC has entered into a development agreement with The Pacific Companies (TPC) to develop a 72-unit affordable housing project for families on Nelson Avenue, located between the Prospect View Apartments and Hamman Park Public Housing sites. CDBG-DR monies will be sought from the State, and 9% LIHTC's. Cameron Johnson, AMG (TPC agent) and President Mayer provided project information to the Oroville City Council on the evening of January 16th.

Other Business:

California Energy Commission's (CEC) Reliable, Equitable, and Accessible Charging for Multi-family Housing (REACH) 3.0 Funding Opportunity – Staff was approached by Brighton Energy and the Chico State College of Engineering, Computer Science, and Construction Management (ECC) about their CEC REACH funding application. The ECC team plans to use the funding to build cost-effective and convenient electric vehicle (EV) charging stations at and near multi-family communities in Butte County. The ECC team confirmed that this funding would be provided at no cost to regulated multi-family affordable housing communities. As a result, staff identified the following properties for ECC's funding application, which was submitted in late January.

Chico Commons: (10) Level 2 accessible EV chargers

Harvest Park: (9) Level 2 accessible EV chargers

Walker Commons: (6) Level 2 accessible EV chargers

The ECC team expects to hear back from the CEC by mid-2025. Staff has reached out to the ECC team to inquire if changes in the new Presidential Administration will impact the program, but the effects are currently unknown.

**Walker Commons
July 2025**



Separate *Variance Report* explaining budget differences and expenditures.

The current reserve balance is \$687,952.81.

Updates:

Walker Commons is currently 100% occupied. There were 2 move-ins and 0 move-outs during the month of July.

Upcoming Vacancies:

- **Unit #37 (50%):** (Medical)
- **Unit #16 (60%):** (Personal)

Landscaping Improvements:

- DG installed in the garden area.
- New benches installed throughout the complex
- Remove trees that pose a risk to the buildings.

Bids on hand for capital projects:

- Gutters for the remainder of the property.
- Concrete repairs are scheduled for the rear of the site.
- Tree Trimming
- Restore the crushed dust around the site.

Events:

- The site continues to host bingo events monthly.
- We have expanded events to include weekly card games as well. The games are a great success and appreciated by the residents.
- Will be planning a birthday cake event monthly for the site soon.



Walker Commons 550
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 37,047.00	\$ 40,595.50	\$ (3,548.50)	\$ 264,330.00	\$ 284,168.50	\$ (19,838.50)
Private Subsidy Income	\$ 9,931.00	\$ 0.00	\$ 9,931.00	\$ 59,089.00	\$ 0.00	\$ 59,089.00
Vacancies	(637.00)	(608.92)	(28.08)	(8,203.00)	(4,262.42)	(3,940.58)
Rent Adjustments	0.00	(18.00)	18.00	0.00	(126.00)	126.00
Manager's Unit	(906.00)	(906.00)	0.00	(6,342.00)	(6,342.00)	0.00
Total Tenant Rent	<u>\$ 45,435.00</u>	<u>\$ 39,062.58</u>	<u>\$ 6,372.42</u>	<u>\$ 308,874.00</u>	<u>\$ 273,438.08</u>	<u>\$ 35,435.92</u>
Other Project Income:						
Laundry Income	\$ 938.54	\$ 271.83	\$ 666.71	\$ 2,562.86	\$ 1,902.83	\$ 660.03
Interest Income	143.75	6.08	137.67	989.94	42.58	947.36
Restricted Reserve Interest Income	553.54	0.00	553.54	3,797.73	0.00	3,797.73
Late Charges	15.00	4.17	10.83	1,181.00	29.17	1,151.83
Application Fees	0.00	0.00	0.00	(25.00)	0.00	(25.00)
Other Tenant Income	0.00	9.17	(9.17)	435.23	64.17	371.06
Other Project Income	<u>\$ 1,650.83</u>	<u>\$ 291.25</u>	<u>\$ 1,359.58</u>	<u>\$ 8,941.76</u>	<u>\$ 2,038.75</u>	<u>\$ 6,903.01</u>
Total Project Income	<u><u>\$ 47,085.83</u></u>	<u><u>\$ 39,353.83</u></u>	<u><u>\$ 7,732.00</u></u>	<u><u>\$ 317,815.76</u></u>	<u><u>\$ 275,476.83</u></u>	<u><u>\$ 42,338.93</u></u>
Project Expenses:						
Maint. & Oper. Exp. (Page 3)	\$ 12,985.06	\$ 14,480.41	\$ (1,495.35)	\$ 115,244.77	\$ 101,362.91	\$ 13,881.86
Utilities (Page 3)	2,998.02	4,920.08	(1,922.06)	20,133.31	34,440.58	(14,307.27)
Administrative (Page 3)	9,521.36	8,827.24	694.12	57,742.83	61,790.74	(4,047.91)
Taxes & Insurance (Page 3)	2,572.50	2,585.33	(12.83)	17,548.67	18,097.33	(548.66)
Other Taxes & Insurance (Page 4)	3,255.35	3,702.25	(446.90)	17,785.82	25,915.75	(8,129.93)
Other Project Expenses (Page 4)	1,304.28	1,028.41	275.87	6,840.09	7,198.91	(358.82)
Total O&M Expenses	<u>\$ 32,636.57</u>	<u>\$ 35,543.72</u>	<u>\$ (2,907.15)</u>	<u>\$ 235,295.49</u>	<u>\$ 248,806.22</u>	<u>\$ (13,510.73)</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 8,750.00	\$ 8,750.00	\$ 0.00
Reporting / Partner Management F	\$ 625.00	\$ 625.00	\$ 0.00	\$ 4,375.00	\$ 4,375.00	\$ 0.00
Transfer - Reserves	933.34	933.33	.01	6,533.38	6,533.33	.05
Total Mortgage & Owner's Exp.	<u>\$ 2,808.34</u>	<u>\$ 2,808.33</u>	<u>\$.01</u>	<u>\$ 19,658.38</u>	<u>\$ 19,658.33</u>	<u>\$.05</u>
Total Project Expenses	<u><u>\$ 35,444.91</u></u>	<u><u>\$ 38,352.05</u></u>	<u><u>\$ (2,907.14)</u></u>	<u><u>\$ 254,953.87</u></u>	<u><u>\$ 268,464.55</u></u>	<u><u>\$ (13,510.68)</u></u>
Net Profit (Loss)	<u><u>\$ 11,640.92</u></u>	<u><u>\$ 1,001.78</u></u>	<u><u>\$ 10,639.14</u></u>	<u><u>\$ 62,861.89</u></u>	<u><u>\$ 7,012.28</u></u>	<u><u>\$ 55,849.61</u></u>

Walker Commons 550
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Cash Flow Items:						
Reserve Transfers	\$ (553.54)	\$ 0.00	\$ (553.54)	\$ (3,797.73)	\$ 0.00	\$ (3,797.73)
T & I Transfers	(2,615.35)	0.00	(2,615.35)	(18,287.77)	0.00	(18,287.77)
Operating - MMKT- FFB*	(113.73)	0.00	(113.73)	(801.66)	0.00	(801.66)
Security Deposits Held	389.00	0.00	389.00	(261.00)	0.00	(261.00)
Authorized Reserve - Other	0.00	(6,458.33)	6,458.33	0.00	(45,208.33)	45,208.33
Tenant Receivables	1,248.00	0.00	1,248.00	(1,668.23)	0.00	(1,668.23)
Other Receivables	3,220.65	0.00	3,220.65	(11,175.51)	0.00	(11,175.51)
Accounts Payable - Trade	(4,974.75)	0.00	(4,974.75)	(17,858.64)	0.00	(17,858.64)
Accrued Interest - City of Chico	1,250.00	0.00	1,250.00	8,750.00	0.00	8,750.00
Accrued Partnership Fees	625.00	0.00	625.00	4,375.00	0.00	4,375.00
Total Other Cash Flow Items	<u>\$ (1,524.72)</u>	<u>\$ (6,458.33)</u>	<u>\$ 4,933.61</u>	<u>\$ (40,725.54)</u>	<u>\$ (45,208.33)</u>	<u>\$ 4,482.79</u>
Net Operating Cash Change	<u><u>\$ 10,116.20</u></u>	<u><u>\$ (5,456.55)</u></u>	<u><u>\$ 15,572.75</u></u>	<u><u>\$ 22,136.35</u></u>	<u><u>\$ (38,196.05)</u></u>	<u><u>\$ 60,332.40</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 92,257.74	\$ 114,394.09	\$ 22,136.35
Operating - MMKT- FFB*	138,328.81	139,130.47	801.66
Tax & Insurance - FFB	58,478.71	76,766.48	18,287.77
Security Deposit - FFB	21,230.00	21,230.00	0.00
Reserve Acct - FFB	53,777.13	20,455.57	(33,321.56)
Reserve Acct MMKT-FFB*	623,844.57	667,497.24	43,652.67
Payables & Receivables:			
Accounts Payable - Trade	19,214.82	1,356.18	(17,858.64)
Rents Receivable - Current Tenants	1,832.74	2,803.74	971.00
Other Tenant Charges Receivable	217.00	820.23	603.23

Walker Commons 550
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 2,823.87	\$ 4,370.00	\$ (1,546.13)	\$ 25,706.05	\$ 30,590.00	\$ (4,883.95)
Janitorial/Cleaning Supplies	25.09	133.08	(107.99)	1,994.55	931.58	1,062.97
Plumbing Repairs	0.00	239.92	(239.92)	2,683.43	1,679.42	1,004.01
Painting & Decorating	0.00	301.25	(301.25)	627.33	2,108.75	(1,481.42)
Repairs & Maintenance - Supply	1,047.66	1,089.08	(41.42)	11,030.62	7,623.58	3,407.04
Repairs & Maintenance - Contract	2,225.98	1,299.83	926.15	6,837.53	9,098.83	(2,261.30)
Grounds Maintenance	3,645.00	2,008.33	1,636.67	15,860.00	14,058.33	1,801.67
Pest Control Service	378.38	333.33	45.05	2,597.38	2,333.33	264.05
Fire/Alarm Services	0.00	276.75	(276.75)	378.00	1,937.25	(1,559.25)
Capital Improvements - Other	0.00	1,169.17	(1,169.17)	23,573.10	8,184.17	15,388.93
Capital Improvements - Flooring	1,541.58	1,041.67	499.91	11,749.28	7,291.67	4,457.61
Capital Improvements - Appliances	0.00	387.50	(387.50)	6,503.27	2,712.50	3,790.77
Capital Improvements - HVAC Repl.	845.37	583.33	262.04	2,837.37	4,083.33	(1,245.96)
Capital Improvements - Water Heaters	0.00	666.67	(666.67)	0.00	4,666.67	(4,666.67)
Carpet Cleaning	0.00	70.83	(70.83)	379.00	495.83	(116.83)
HVAC Repairs	0.00	200.00	(200.00)	893.00	1,400.00	(507.00)
Cable Service	260.40	109.67	150.73	1,002.50	767.67	234.83
Tenant Services	191.73	200.00	(8.27)	592.36	1,400.00	(807.64)
Total Maint. & Operating Exp.	\$ 12,985.06	\$ 14,480.41	\$ (1,495.35)	\$ 115,244.77	\$ 101,362.91	\$ 13,881.86
Utilities:						
Electricity	\$ 1,036.78	\$ 819.33	\$ 217.45	\$ 4,262.58	\$ 5,735.33	\$ (1,472.75)
Water	600.60	775.00	(174.40)	4,156.22	5,425.00	(1,268.78)
Sewer	879.34	2,178.92	(1,299.58)	6,155.38	15,252.42	(9,097.04)
Heating Fuel/Other	87.70	386.58	(298.88)	855.53	2,706.08	(1,850.55)
Garbage & Trash Removal	393.60	760.25	(366.65)	4,703.60	5,321.75	(618.15)
Total Utilities	\$ 2,998.02	\$ 4,920.08	\$ (1,922.06)	\$ 20,133.31	\$ 34,440.58	\$ (14,307.27)
Administrative:						
Manager's Salary	\$ 5,244.36	\$ 4,368.33	\$ 876.03	\$ 23,693.64	\$ 30,578.33	\$ (6,884.69)
Management Fees	3,136.00	3,136.00	0.00	21,952.00	21,952.00	0.00
Bad Debt Expense	141.00	0.00	141.00	3,467.00	0.00	3,467.00
Auditing	1,000.00	1,000.00	0.00	6,666.67	7,000.00	(333.33)
Legal	0.00	171.08	(171.08)	0.00	1,197.58	(1,197.58)
Other Administrative Expenses	0.00	151.83	(151.83)	1,963.52	1,062.83	900.69
Total Administrative Expense	\$ 9,521.36	\$ 8,827.24	\$ 694.12	\$ 57,742.83	\$ 61,790.74	\$ (4,047.91)
Taxes & Insurance Reserve For:						
Real Estate Taxes	\$ 0.00	\$ 12.83	\$ (12.83)	\$ 0.00	\$ 89.83	\$ (89.83)
Property Insurance	2,572.50	2,572.50	0.00	17,548.67	18,007.50	(458.83)
Total Taxes & Insurance Expense	\$ 2,572.50	\$ 2,585.33	\$ (12.83)	\$ 17,548.67	\$ 18,097.33	\$ (548.66)

Walker Commons 550
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Taxes & Insurance:						
Payroll Taxes	\$ 575.15	\$ 827.17	\$ (252.02)	\$ 4,610.09	\$ 5,790.17	\$ (1,180.08)
Other Taxes, Fees & Permits	18.72	295.92	(277.20)	818.72	2,071.42	(1,252.70)
Bond Premiums	86.69	25.83	60.86	333.94	180.83	153.11
Worker's Compensation Insurance	429.77	380.50	49.27	1,832.74	2,663.50	(830.76)
Personnel Medical Insurance	2,145.02	2,172.83	(27.81)	10,190.33	15,209.83	(5,019.50)
Total Other Taxes & Insurance	<u>\$ 3,255.35</u>	<u>\$ 3,702.25</u>	<u>\$ (446.90)</u>	<u>\$ 17,785.82</u>	<u>\$ 25,915.75</u>	<u>\$ (8,129.93)</u>
Other Project Expenses						
Telephone & Answering Service	\$ 428.71	\$ 237.58	\$ 191.13	\$ 2,011.76	\$ 1,663.08	\$ 348.68
Internet Service	143.90	100.00	43.90	575.60	700.00	(124.40)
Advertising	0.00	16.67	(16.67)	0.00	116.67	(116.67)
Water/Coffee Service	177.34	24.50	152.84	667.34	171.50	495.84
Office Supplies & Expense	268.57	325.00	(56.43)	2,249.58	2,275.00	(25.42)
Postage	20.72	81.00	(60.28)	186.43	567.00	(380.57)
Toner/Copier Expense	123.03	110.33	12.70	261.93	772.33	(510.40)
Office Furniture & Equipment Expense	142.01	0.00	142.01	142.01	0.00	142.01
Travel & Promotion	0.00	33.33	(33.33)	505.50	233.33	272.17
Training Expense	0.00	58.33	(58.33)	214.08	408.33	(194.25)
Credit Checking	0.00	41.67	(41.67)	0.00	291.67	(291.67)
Employee Meals	0.00	0.00	0.00	25.86	0.00	25.86
Total Other Project Expenses	<u>\$ 1,304.28</u>	<u>\$ 1,028.41</u>	<u>\$ 275.87</u>	<u>\$ 6,840.09</u>	<u>\$ 7,198.91</u>	<u>\$ (358.82)</u>
Mortgage & Owner's Expense						
Mortgage Payment	\$ 1,250.00	\$ 1,250.00	\$ 0.00	\$ 8,750.00	\$ 8,750.00	\$ 0.00
Reporting / Partner Management Fee	\$ 625.00	\$ 625.00	\$ 0.00	\$ 4,375.00	\$ 4,375.00	\$ 0.00
Transfer - Reserves	933.34	933.33	.01	6,533.38	6,533.33	.05
Total Mortgage & Owner's Exp.	<u>\$ 2,808.34</u>	<u>\$ 2,808.33</u>	<u>\$.01</u>	<u>\$ 19,658.38</u>	<u>\$ 19,658.33</u>	<u>\$.05</u>
Total Expenses	<u><u>\$ 35,444.91</u></u>	<u><u>\$ 38,352.05</u></u>	<u><u>\$ (2,907.14)</u></u>	<u><u>\$ 254,953.87</u></u>	<u><u>\$ 268,464.55</u></u>	<u><u>\$ (13,510.68)</u></u>
Reserves						
Authorized Reserve - Other	<u>\$ 0.00</u>	<u>\$ 6,458.33</u>	<u>\$ (6,458.33)</u>	<u>\$ 0.00</u>	<u>\$ 45,208.33</u>	<u>\$ (45,208.33)</u>
	\$ 0.00	\$ 6,458.33	\$ (6,458.33)	\$ 0.00	\$ 45,208.33	\$ (45,208.33)

1200 Park Avenue Apartments July 2025



Separate *Variance Report* explaining budget differences and expenditures.
The current reserve balance is \$348,764.08.

Currently there are 4 units available for occupancy, 2 move-outs in July.

Vacancies:

- **Unit #242 (50%):** (RA Transfer) Rent Ready – Looking for applicants that qualify.
- **Unit #231 (50%):** (Skipped, Non-Payment) - Minor repairs
- **Unit #131 (50%):** (Skipped, Non-Payment) - Minor repairs
- **Unit #102 (50%):** (Personal) - Minor repairs

Upcoming Vacancies:

- **Unit #239** is currently in legal for non-compliance with pest control treatments and causing a nuisance to the complex and staff. UD Signed.
- **Unit #253:** (Medical) - Resident passed away on 7/24
- **Unit #103:** (Medical) - Resident will not be returning from the hospital
- **Unit #307:** (Medical) - Resident is moving in with family

Bids on hand for capital projects:

- Pressure washing the buildings
- Window cleaning
- Facia repairs
- Landscaping improvements
- Hallway / Stair flooring

Estimates will be submitted for consideration based on priority and funds.



Park Avenue 569
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Rental Income						
Gross Rents	\$ 152,003.00	\$ 95,845.08	\$ 56,157.92	\$ 675,066.00	\$ 670,915.58	\$ 4,150.42
Vacancies	\$ (1,106.00)	\$ (3,833.83)	\$ 2,727.83	\$ (27,536.00)	\$ (26,836.83)	\$ (699.17)
Manager's Unit	(1,111.00)	(1,111.00)	0.00	(7,777.00)	(7,777.00)	0.00
Total Tenant Rent	\$ 149,786.00	\$ 90,900.25	\$ 58,885.75	\$ 639,753.00	\$ 636,301.75	\$ 3,451.25
Other Project Income:						
Laundry Income	\$ 0.00	\$ 666.67	\$ (666.67)	\$ 3,000.00	\$ 4,666.67	\$ (1,666.67)
Interest Income	90.55	0.00	90.55	361.41	0.00	361.41
Restricted Reserve Interest Income	20.42	18.17	2.25	147.62	127.17	20.45
Late Charges	92.98	68.50	24.48	1,132.46	479.50	652.96
Application Fees	0.00	13.92	(13.92)	25.00	97.42	(72.42)
Other Tenant Income	(1,075.00)	333.33	(1,408.33)	(330.75)	2,333.33	(2,664.08)
Miscellaneous Income	200.00	19.83	180.17	974.93	138.83	836.10
Other Project Income	\$ (671.05)	\$ 1,120.42	\$ (1,791.47)	\$ 5,310.67	\$ 7,842.92	\$ (2,532.25)
Total Project Income	\$ 149,114.95	\$ 92,020.67	\$ 57,094.28	\$ 645,063.67	\$ 644,144.67	\$ 919.00
Project Expenses:						
Maint. & Oper. Exp. (Page 3)	\$ 21,530.33	\$ 21,761.42	\$ (231.09)	\$ 176,401.37	\$ 152,329.92	\$ 24,071.45
Utilities (Page 3)	18,624.75	13,232.49	5,392.26	68,653.38	92,627.49	(23,974.11)
Administrative (Page 3)	25,249.58	13,035.42	12,214.16	113,244.70	91,247.92	21,996.78
Taxes & Insurance (Page 3)	7,269.41	7,439.75	(170.34)	49,643.12	52,078.25	(2,435.13)
Other Taxes & Insurance (Page 4)	3,936.48	3,453.91	482.57	22,414.81	24,177.41	(1,762.60)
Other Project Expenses (Page 4)	2,031.16	2,401.09	(369.93)	18,559.03	16,807.59	1,751.44
Total O&M Expenses	\$ 78,641.71	\$ 61,324.08	\$ 17,317.63	\$ 448,916.41	\$ 429,268.58	\$ 19,647.83
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,105.39	\$ 26,300.42	\$ (195.03)	\$ 182,737.73	\$ 184,102.92	\$ (1,365.19)
Managing General Partner Fees	\$ 1,085.50	\$ 1,105.50	\$ (20.00)	\$ 7,598.50	\$ 7,738.50	\$ (140.00)
Transfer - Reserves	2,675.00	2,675.00	0.00	18,725.00	18,725.00	0.00
Total Mortgage & Owner's Exp.	\$ 29,865.89	\$ 30,080.92	\$ (215.03)	\$ 209,061.23	\$ 210,566.42	\$ (1,505.19)
Total Project Expenses	\$ 108,507.60	\$ 91,405.00	\$ 17,102.60	\$ 657,977.64	\$ 639,835.00	\$ 18,142.64
Net Profit (Loss)	\$ 40,607.35	\$ 615.67	\$ 39,991.68	\$ (12,913.97)	\$ 4,309.67	\$ (17,223.64)

Park Avenue 569
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Other Cash Flow Items:						
Reserve Transfers	\$ (15.31)	\$ 0.00	\$ (15.31)	\$ 65,449.61	\$ 0.00	\$ 65,449.61
T & I Transfers	(7,480.34)	0.00	(7,480.34)	17,030.70	0.00	17,030.70
Operating - MMKT- FFB*	(49.96)	0.00	(49.96)	(60,095.36)	0.00	(60,095.36)
Other Cash Changes	0.00	0.00	0.00	419.36	0.00	419.36
Security Deposits Held	(267.00)	0.00	(267.00)	1,697.00	0.00	1,697.00
Authorized Reserve - Other	0.00	(10,941.67)	10,941.67	(65,410.32)	(76,591.67)	11,181.35
Pending Reserves	(9,100.14)	0.00	(9,100.14)	(31,078.05)	0.00	(31,078.05)
Tenant Receivables	(43,182.55)	0.00	(43,182.55)	(3,860.05)	0.00	(3,860.05)
Other Receivables	7,597.13	0.00	7,597.13	42,004.66	0.00	42,004.66
Accounts Payable - Trade	10,427.21	0.00	10,427.21	18,389.76	0.00	18,389.76
Accrued Expenses	(1,200.00)	0.00	(1,200.00)	0.00	0.00	0.00
Accrued Interest City of Chico	6,125.00	0.00	6,125.00	42,875.00	0.00	42,875.00
Accrued Local Administration Fee	416.67	0.00	416.67	2,916.69	0.00	2,916.69
Accrued Managing GP Fee	668.83	0.00	668.83	4,681.81	0.00	4,681.81
Accrued Interest Housing Authority	4,785.75	0.00	4,785.75	33,500.25	0.00	33,500.25
Partner's Equity	0.00	0.00	0.00	(535.00)	0.00	(535.00)
Total Other Cash Flow Items	<u>\$ (31,274.71)</u>	<u>\$ (10,941.67)</u>	<u>\$ (20,333.04)</u>	<u>\$ 67,986.06</u>	<u>\$ (76,591.67)</u>	<u>\$ 144,577.73</u>
Net Operating Cash Change	<u><u>\$ 9,332.64</u></u>	<u><u>\$ (10,326.00)</u></u>	<u><u>\$ 19,658.64</u></u>	<u><u>\$ 55,072.09</u></u>	<u><u>\$ (72,282.00)</u></u>	<u><u>\$ 127,354.09</u></u>

Cash Accounts	End Balance 1 Year Ago	Current Balance	Change
Operating-FFB	\$ 26,393.72	\$ 81,465.81	\$ 55,072.09
Operating - MMKT- FFB*	1,026.23	61,121.59	60,095.36
Tax & Insurance-FFB	125,483.44	108,452.74	(17,030.70)
Security Deposit - FFB	36,064.00	36,064.00	0.00
Repl Reserves - Berkadia - IMP**	395,488.69	348,764.08	(46,724.61)
Payables & Receivables:			
Accounts Payable - Trade	1,892.81	20,282.57	18,389.76
Rents Receivable - Current Tenants	6,428.44	13,779.41	7,350.97
Other Tenant Charges Receivable	3,750.94	1,080.02	(2,670.92)

Park Avenue 569
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Maintenance & Operating Expenses:						
Maintenance Payroll	\$ 6,916.18	\$ 7,900.00	\$ (983.82)	\$ 55,705.90	\$ 55,300.00	\$ 405.90
Janitorial/Cleaning Supplies	294.04	318.25	(24.21)	1,104.88	2,227.75	(1,122.87)
Plumbing Repairs	0.00	219.75	(219.75)	0.00	1,538.25	(1,538.25)
Painting & Decorating	314.75	223.83	90.92	1,236.03	1,566.83	(330.80)
Repairs & Maintenance - Supply	558.66	1,547.75	(989.09)	9,146.96	10,834.25	(1,687.29)
Repairs & Maintenance - Contract	523.75	2,250.00	(1,726.25)	16,761.64	15,750.00	1,011.64
Grounds Maintenance	2,465.00	1,966.67	498.33	14,405.00	13,766.67	638.33
Elevator Maintenance & Contract	2,061.30	984.17	1,077.13	10,175.25	6,889.17	3,286.08
Pest Control Service	2,980.00	1,000.00	1,980.00	7,347.16	7,000.00	347.16
Fire/Alarm Services	1,391.00	1,523.92	(132.92)	9,988.91	10,667.42	(678.51)
Security Service	0.00	711.00	(711.00)	4,767.00	4,977.00	(210.00)
Capital Improvements - Other	3,136.49	1,660.00	1,476.49	13,306.18	11,620.00	1,686.18
Capital Improvements - Flooring	118.00	0.00	118.00	14,317.45	0.00	14,317.45
Capital Improvements - Appliances	771.16	826.33	(55.17)	5,255.78	5,784.33	(528.55)
Capital Improvements - HVAC Repl.	0.00	0.00	0.00	3,054.75	0.00	3,054.75
Carpet Cleaning	0.00	416.67	(416.67)	7,404.00	2,916.67	4,487.33
HVAC Repairs	0.00	86.00	(86.00)	2,016.00	602.00	1,414.00
Tenant Services	0.00	127.08	(127.08)	408.48	889.58	(481.10)
Total Maint. & Operating Exp.	\$ 21,530.33	\$ 21,761.42	\$ (231.09)	\$ 176,401.37	\$ 152,329.92	\$ 24,071.45
Utilities:						
Electricity	\$ 14,581.20	\$ 8,621.08	\$ 5,960.12	\$ 33,802.26	\$ 60,347.58	\$ (26,545.32)
Water	936.84	1,149.33	(212.49)	9,559.45	8,045.33	1,514.12
Sewer	1,950.97	1,963.58	(12.61)	13,656.79	13,745.08	(88.29)
Heating Fuel/Other	412.18	454.92	(42.74)	5,427.96	3,184.42	2,243.54
Garbage & Trash Removal	743.56	1,043.58	(300.02)	6,206.92	7,305.08	(1,098.16)
Total Utilities	\$ 18,624.75	\$ 13,232.49	\$ 5,392.26	\$ 68,653.38	\$ 92,627.49	\$ (23,974.11)
Administrative:						
Manager's Salary	\$ 6,702.24	\$ 5,411.67	\$ 1,290.57	\$ 39,222.36	\$ 37,881.67	\$ 1,340.69
Management Fees	5,992.00	5,992.00	0.00	41,944.00	41,944.00	0.00
Bad Debt Expense	12,454.43	0.00	12,454.43	17,370.18	0.00	17,370.18
Auditing	1,000.00	1,000.00	0.00	6,687.50	7,000.00	(312.50)
Legal	1,020.20	407.17	613.03	4,572.70	2,850.17	1,722.53
Reporting Ptr/Mgmt Fees	0.00	0.00	0.00	(535.00)	0.00	(535.00)
Other Administrative Expenses	(1,919.29)	224.58	(2,143.87)	3,982.96	1,572.08	2,410.88
Total Administrative Expense	\$ 25,249.58	\$ 13,035.42	\$ 12,214.16	\$ 113,244.70	\$ 91,247.92	\$ 21,996.78
Taxes & Insurance Reserve For:						
Special Assessments	\$ 0.00	\$ 27.75	\$ (27.75)	\$ 0.00	\$ 194.25	\$ (194.25)
Property Insurance	7,112.08	7,112.08	0.00	48,541.81	49,784.58	(1,242.77)
Other Insurance	157.33	299.92	(142.59)	1,101.31	2,099.42	(998.11)

Park Avenue 569
For the Month Ended July 31, 2025
Statement of Income & Cash Flow

	Current Activity	Current Budget	Current Variance	YTD Activity	YTD Budget	YTD Variance
Total Taxes & Insurance Expense	\$ 7,269.41	\$ 7,439.75	\$ (170.34)	\$ 49,643.12	\$ 52,078.25	\$ (2,435.13)
Other Taxes & Insurance:						
Payroll Taxes	\$ 987.79	\$ 1,350.83	\$ (363.04)	\$ 8,849.41	\$ 9,455.83	\$ (606.42)
Other Taxes, Fees & Permits	35.77	233.33	(197.56)	835.77	1,633.33	(797.56)
Bond Premiums	165.64	108.75	56.89	638.07	761.25	(123.18)
Worker's Compensation Insurance	764.48	641.25	123.23	3,576.53	4,488.75	(912.22)
Personnel Medical Insurance	1,982.80	1,119.75	863.05	8,515.03	7,838.25	676.78
Total Other Taxes & Insurance	\$ 3,936.48	\$ 3,453.91	\$ 482.57	\$ 22,414.81	\$ 24,177.41	\$ (1,762.60)
Other Project Expenses						
Telephone & Answering Service	\$ 821.11	\$ 592.33	\$ 228.78	\$ 4,981.16	\$ 4,146.33	\$ 834.83
Internet Service	719.88	558.33	161.55	4,361.94	3,908.33	453.61
Advertising	0.00	39.75	(39.75)	53.52	278.25	(224.73)
Water/Coffee Service	162.86	111.25	51.61	523.83	778.75	(254.92)
Office Supplies & Expense	201.35	468.00	(266.65)	4,167.31	3,276.00	891.31
Postage	81.98	87.67	(5.69)	464.44	613.67	(149.23)
Toner/Copier Expense	43.98	297.92	(253.94)	735.99	2,085.42	(1,349.43)
Office Furniture & Equipment Expense	0.00	0.00	0.00	2,168.96	0.00	2,168.96
Travel & Promotion	0.00	144.42	(144.42)	575.00	1,010.92	(435.92)
Training Expense	0.00	63.92	(63.92)	476.88	447.42	29.46
Credit Checking	0.00	29.17	(29.17)	0.00	204.17	(204.17)
Employee Meals	0.00	8.33	(8.33)	50.00	58.33	(8.33)
Total Other Project Expenses	\$ 2,031.16	\$ 2,401.09	\$ (369.93)	\$ 18,559.03	\$ 16,807.59	\$ 1,751.44
Mortgage & Owner's Expense						
Mortgage Payment	\$ 26,105.39	\$ 26,300.42	\$ (195.03)	\$ 182,737.73	\$ 184,102.92	\$ (1,365.19)
Managing General Partner Fees	\$ 1,085.50	\$ 1,105.50	\$ (20.00)	\$ 7,598.50	\$ 7,738.50	\$ (140.00)
Transfer - Reserves	2,675.00	2,675.00	0.00	18,725.00	18,725.00	0.00
Total Mortgage & Owner's Exp.	\$ 29,865.89	\$ 30,080.92	\$ (215.03)	\$ 209,061.23	\$ 210,566.42	\$ (1,505.19)
Total Expenses	<u>\$ 108,507.60</u>	<u>\$ 91,405.00</u>	<u>\$ 17,102.60</u>	<u>\$ 657,977.64</u>	<u>\$ 639,835.00</u>	<u>\$ 18,142.64</u>
Reserves						
Authorized Reserve - Other	\$ 0.00	\$ 10,941.67	\$ (10,941.67)	\$ 65,410.32	\$ 76,591.67	\$ (11,181.35)
Pending Reserves	<u>9,100.14</u>	<u>0.00</u>	<u>9,100.14</u>	<u>31,078.05</u>	<u>0.00</u>	<u>31,078.05</u>
	\$ 9,100.14	\$ 10,941.67	\$ (1,841.53)	\$ 96,488.37	\$ 76,591.67	\$ 19,896.70

Property Update – August 1, 2025

Gridley Springs 1 (GS1)

Occupancy:

- One current vacant unit: **2- Turned in Keys today, August 1, 2025**
- One notice to vacate: **25- Canceled notice**

Move-Ins:

- We are actively working on move-in files:
 - **Unit #2:** The Original applicant was over-income. We have a new applicant, and their application is pending approval.

HOME Inspection:

- The inspection was conducted on **May 15, 2025**.
- As of **August 1**, we have not received a formal report; however, the inspector indicated that everything appeared satisfactory during the visit.
- GS1-WNC file audit is underway and will be submitted August 4th.

Maintenance Staffing:

- Our new maintenance technician started on July 21st and is doing a great job and is motivated to keep the property looking wonderful.

Gridley Springs 2 (GS2)

Occupancy:

- Two current vacant units: **1 and #16**.

Move-Ins:

- **#16** is moving in today, August 1st
- **#1** will be moving in on August 8th

Inspections & Maintenance:

- Annual inspections have been completed.
- Blind replacements are continuing, and we are charging the residents for any damage.

Gridley Springs 1 Budget Comparison July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Income								
Rental Income								
5120 - Rent Revenue -- Gross Potential	15,476.00	31,800.00	(16,324.00)	(51.33)	74,521.00	222,600.00	(148,079.00)	(66.52)
5121 - Tenant Assistance Payments	16,879.00	0.00	16,879.00	100.00	147,465.00	0.00	147,465.00	100.00
Total Rental Income	32,355.00	31,800.00	555.00	1.74	221,986.00	222,600.00	(614.00)	(0.27)
Vacancy, Losses & Concessions								
5220 - Vacancy Loss - Apartments	(438.00)	(954.00)	516.00	54.08	(3,039.00)	(6,678.00)	3,639.00	54.49
Total Vacancy, Losses & Concessions	(438.00)	(954.00)	516.00	54.08	(3,039.00)	(6,678.00)	3,639.00	54.49
Net Rental Income	31,917.00	30,846.00	1,071.00	3.47	218,947.00	215,922.00	3,025.00	1.40
Financial Income								
5410 - Interest Revenue	58.88	65.00	(6.12)	(9.41)	304.54	455.00	(150.46)	(33.06)
Total Financial Income	58.88	65.00	(6.12)	(9.41)	304.54	455.00	(150.46)	(33.06)
Other Income								
5910 - Laundry Revenue	339.61	305.00	34.61	11.34	2,125.25	2,135.00	(9.75)	(0.45)
5920 - Tenant Charges (Late Fees, Damages)	10.00	40.00	(30.00)	(75.00)	405.17	280.00	125.17	44.70
Total Other Income	349.61	345.00	4.61	1.33	2,530.42	2,415.00	115.42	4.77
Total Income	32,325.49	31,256.00	1,069.49	3.42	221,781.96	218,792.00	2,989.96	1.36
Expenses								
Administrative Expenses								
6255 - Credit Check Expense	106.08	15.00	(91.08)	(607.20)	197.16	105.00	(92.16)	(87.77)
6308 - Training	27.84	100.00	72.16	72.16	194.87	700.00	505.13	72.16
6311 - Office Supplies	58.31	110.00	51.69	46.99	616.59	770.00	153.41	19.92
6315 - Software Expenses	182.14	215.00	32.86	15.28	1,698.58	2,005.00	306.42	15.28
6318 - Computer Licenses, Maint (IT services) and Supplies	122.85	118.00	(4.85)	(4.11)	865.59	826.00	(39.59)	(4.79)
6320 - Management Fee Expense	2,950.00	3,200.00	250.00	7.81	20,560.00	22,400.00	1,840.00	8.21
6330 - Manager Salaries	2,606.97	2,684.22	77.25	2.87	16,888.89	18,789.54	1,900.65	10.11
6331 - Admin Rent Free Unit	1,044.00	0.00	(1,044.00)	(100.00)	3,132.00	0.00	(3,132.00)	(100.00)
6337 - Compliance Fees Expense	343.30	264.00	(79.30)	(30.03)	4,141.43	1,848.00	(2,293.43)	(124.10)
6340 - Legal Expense - Project	0.00	115.00	115.00	100.00	5,000.00	805.00	(4,195.00)	(521.11)
6350 - Audit Expense	250.00	729.16	479.16	65.71	12,250.00	5,104.12	(7,145.88)	(140.00)
6360 - Telephone Expense	0.00	84.00	84.00	100.00	377.12	588.00	210.88	35.86
6390 - Misc. Administrative Expenses	0.00	0.00	0.00	0.00	235.00	0.00	(235.00)	(100.00)
7004 - Employee Mileage	0.00	40.00	40.00	100.00	365.75	280.00	(85.75)	(30.62)
Total Administrative Expenses	7,691.49	7,674.38	(17.11)	(0.22)	66,522.98	54,220.66	(12,302.32)	(22.68)
Marketing Expenses								
6210 - Advertising and Marketing	35.52	5.00	(30.52)	(610.40)	137.28	35.00	(102.28)	(292.22)

Gridley Springs 1 Budget Comparison July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Total Marketing Expenses	35.52	5.00	(30.52)	(610.40)	137.28	35.00	(102.28)	(292.22)
Utilities								
6450 - Electricity	681.89	708.00	26.11	3.68	3,945.01	4,956.00	1,010.99	20.39
6451 - Water	1,260.80	394.00	(866.80)	(220.00)	2,421.20	2,758.00	336.80	12.21
6452 - Gas	0.00	118.00	118.00	100.00	591.15	826.00	234.85	28.43
6453 - Sewer	2,417.53	1,222.00	(1,195.53)	(97.83)	8,583.02	8,554.00	(29.02)	(0.33)
Total Utilities	4,360.22	2,442.00	(1,918.22)	(78.55)	15,540.38	17,094.00	1,553.62	9.08
Operating & Maintenance Expenses								
6512 - Maintenance Salaries	5,763.03	2,684.22	(3,078.81)	(114.70)	20,041.31	18,789.54	(1,251.77)	(6.66)
6515 - Supplies - Maint. & Repairs	222.25	30.00	(192.25)	(640.83)	1,885.10	210.00	(1,675.10)	(797.66)
6517 - Cleaning Contracts (Units)	0.00	110.00	110.00	100.00	510.00	770.00	260.00	33.76
6519 - Pest Control	0.00	53.00	53.00	100.00	1,225.00	371.00	(854.00)	(230.18)
6520 - Contracts - Maint. & Repairs	0.00	40.00	40.00	100.00	0.00	280.00	280.00	100.00
6525 - Garbage & Trash Removal	506.10	599.00	92.90	15.50	3,542.70	4,193.00	650.30	15.50
6534 - Uniforms	0.00	17.00	17.00	100.00	0.00	119.00	119.00	100.00
6535 - Grounds - Tree Care	0.00	100.00	100.00	100.00	0.00	700.00	700.00	100.00
6536 - Grounds Supplies	496.56	220.00	(276.56)	(125.70)	875.46	1,540.00	664.54	43.15
6537 - Grounds Contracts	0.00	1,279.00	1,279.00	100.00	8,258.27	8,953.00	694.73	7.75
6538 - Services Contracts	0.00	700.00	700.00	100.00	0.00	4,900.00	4,900.00	100.00
6540 - Repair Materials	0.00	361.00	361.00	100.00	313.76	2,527.00	2,213.24	87.58
6541 - Repairs - Appliances	0.00	35.00	35.00	100.00	201.48	245.00	43.52	17.76
6542 - Repairs - Electrical	125.00	160.00	35.00	21.87	125.00	1,120.00	995.00	88.83
6543 - Repairs - Plumbing	0.00	270.00	270.00	100.00	2,677.47	1,890.00	(787.47)	(41.66)
6544 - Repairs - Fire * Safety	0.00	20.00	20.00	100.00	590.34	140.00	(450.34)	(321.67)
6546 - Repairs - HVAC Repairs & Maintenance	0.00	0.00	0.00	0.00	224.47	0.00	(224.47)	(100.00)
6548 - Repairs - Carpet/Floors	0.00	50.00	50.00	100.00	758.32	350.00	(408.32)	(116.66)
6549 - Repairs - Misc.	0.00	250.00	250.00	100.00	115.33	1,750.00	1,634.67	93.40
6554 - Repairs - Parking Lot	0.00	0.00	0.00	0.00	2,025.00	0.00	(2,025.00)	(100.00)
6555 - Repairs - Lights/Fans/Fixtures	430.00	0.00	(430.00)	(100.00)	430.00	0.00	(430.00)	(100.00)
6561 - Painting Supplies	0.00	230.00	230.00	100.00	130.02	1,610.00	1,479.98	91.92
6630 - Overages/Surcharges (RD)	2,120.00	0.00	(2,120.00)	(100.00)	8,310.00	0.00	(8,310.00)	(100.00)
Total Operating & Maintenance Expenses	9,662.94	7,208.22	(2,454.72)	(34.05)	52,239.03	50,457.54	(1,781.49)	(3.53)
Taxes & Insurance								
6598 - Income Taxes -- State	0.00	0.00	0.00	0.00	800.00	0.00	(800.00)	(100.00)
6710 - Real Estate Taxes	0.00	158.25	158.25	100.00	731.44	1,107.75	376.31	33.97
6711 - Payroll Taxes	508.57	550.26	41.69	7.57	3,357.43	3,851.82	494.39	12.83
6720 - Property & Liability Insurance (Hazard)	0.00	2,084.42	2,084.42	100.00	18,537.93	14,590.94	(3,946.99)	(27.05)
6721 - Fidelity Bond Insurance	0.00	0.00	0.00	0.00	0.00	217.00	217.00	100.00
6722 - Workers Compensation Ins	626.86	501.15	(125.71)	(25.08)	2,835.89	3,508.05	672.16	19.16
6723 - Health Insurance and Other Employee Benefits	699.53	1,370.11	670.58	48.94	5,038.01	9,590.77	4,552.76	47.47
6790 - Miscellaneous Taxes / Licenses / Permits / Insurance	0.00	150.00	150.00	100.00	1,564.57	1,050.00	(514.57)	(49.00)

Gridley Springs 1 Budget Comparison July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Total Taxes & Insurance	1,834.96	4,814.19	2,979.23	61.88	32,865.27	33,916.33	1,051.06	3.09
Total Operating Expenses	23,585.13	22,143.79	(1,441.34)	(6.50)	167,304.94	155,723.53	(11,581.41)	(7.43)
Net Operating Income (Loss)	8,740.36	9,112.21	(371.85)	(4.08)	54,477.02	63,068.47	(8,591.45)	(13.62)
Non-Operating Expenses								
Capital Expenditures								
7350 - Carpet/Floor Replacement	0.00	0.00	0.00	0.00	550.00	0.00	(550.00)	(100.00)
7380 - Appliance Replacement	0.00	0.00	0.00	0.00	388.01	0.00	(388.01)	(100.00)
7385 - Drapery and Blind Replacement	0.00	0.00	0.00	0.00	97.11	0.00	(97.11)	(100.00)
Total Capital Expenditures	0.00	0.00	0.00	0.00	1,035.12	0.00	(1,035.12)	(100.00)
Debt Services								
6820 - Interest on Mortgage Payable - 1st	1,203.27	1,233.00	29.73	2.41	8,455.46	8,631.00	175.54	2.03
6830 - Mortgage Payment - USDA	2,351.98	2,352.00	0.02	0.00	16,708.86	16,464.00	(244.86)	(1.48)
Total Debt Services	3,555.25	3,585.00	29.75	0.82	25,164.32	25,095.00	(69.32)	(0.27)
Other Non-Operating Expenses								
8140 - Return to Owner	0.00	2,700.00	2,700.00	100.00	0.00	18,900.00	18,900.00	100.00
Total Other Non-Operating Expenses	0.00	2,700.00	2,700.00	100.00	0.00	18,900.00	18,900.00	100.00
Total Non-Operating Expenses	3,555.25	6,285.00	2,729.75	43.43	26,199.44	43,995.00	17,795.56	40.44
Net Income (Loss)	5,185.11	2,827.21	2,357.90	83.40	28,277.58	19,073.47	9,204.11	48.25

Monthly Property Summary Report

75 Harvest Park Court

July 2025



**HARVEST
P A R K**

CHICO, CA.
90 UNITS
TAX CREDIT

MONTHLY PROPERTY SUMMARY REPORT

INCOME AND EXPENSE SUMMARY

• Total Operating Income Actual/Month:	\$84,253.69	-\$13,662.31	-13.95%
• Total Operating Income Budget/Month:	\$97,916		
• Total Operating Income Actual/YTD:	\$683,704.22	-\$3,129.78	-\$.45%
• Total Operating Income Budget/YTD:	\$686,834		
• Total Operating Expenses Actual/Month:	\$66,125.91	-\$17,582.01	-36.21%
• Total Operating Expenses Budget/Month:	\$48,543.90		
• Total Operating Expenses Actual/YTD:	\$371,419.19	-\$7,098.80	-1.94%
• Total Operating Expenses Budget/YTD:	\$364,320.39		
• Total Net Operating Income Actual/Month:	\$18,127.78	-\$31,244.32	-63.28%
• Total Net Operating Income Budget/Month:	\$49,372.10		
• Total Net Operating Income Actual/YTD:	\$312,285.03	-\$10,228.58	-3.17%
• Total Net Operating Income Budget/YTD:	\$322,513.61		

BUDGET VARIANCE REPORT

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

July Financials - Expense Variances					
GL / Description	Actual	Month Ending 7/31/2025			Comments:
		Budget	Variance	%	
5332-0000 Application Fees	\$720.00	\$180.00	\$540.00	300.00%	More application fees due to higher vacancy.
5332-0001 Damages	\$5,779.50	\$600.00	\$5,179.05	863.17%	Charged for damages at move outs unit 228 and reclass.
5220-0000 Vacancies	(\$7,072.00)	(\$2,563.00)	(\$4,509.00)	-175.92%	More vacant units than budgeted.
6370-0000 Bad Debt	(\$11,433.00)	(\$1,538.00)	(\$9,895.00)	-643.36%	Bad debt write off for unit 218, 216, 230, 122.
6370-0004 Bad Debt - Miscellaneous	(\$7,558.36)	(\$525.00)	(\$7,033.36)	-1339.68%	Bad debt write off for unit 218, 216, 230, 122.
6450-0000 Electricity	\$3,509.64	\$2,768.00	(\$741.64)	-26.79%	Paid one invoice for June and July.
6310-0010 Office Payroll - Temp Labor	\$783.12	\$0.00	(\$783.12)	-100.00%	Office Temp.
6317-0000 Temporry Services	(\$783.12)	\$0.00	\$783.12	100.00%	Credit due to reclass from 6317-0000 to 6310-00010.
6330-0000 Manager Payroll	\$3,766.78	\$5,319.00	\$1,552.22	29.18%	Open PM position.
6539-0000 Maintenance Payroll General	\$5,953.39	\$4,935.00	(\$1,018.39)	-20.63%	Overtime for emergency work orders and completing turns.
6541-0000 Maintenance Supplies	\$1,267.40	\$1,932.00	\$664.60	34.39%	Underage is favorable.
6548-0000 Repairs Contract Plumbing	\$1,750.00	\$300.00	(\$1,450.00)	-483.33%	Emergency call for backed up kitchen sink unit 114.
6583-0000 Window Expense	\$678.19	\$0.00	(\$678.19)	-100.00%	Replaced bathroom mirror unit 125, insulated window unit 124.
6532-0000 Cleaning Contract	\$2,475.00	\$404.00	(\$2,071.00)	-512.62%	Apartment clean and carpet clean for unit 208, 216, 218, 125, 208.
6562-0000 Decorator Contract Services	\$0.00	\$1,350.00	\$1,350.00	100.00%	No expense this month.
6210-00006 Signs/Display	\$1,449.32	\$0.00	(\$1,449.32)	-100.00%	Leasing signs, flags, and balloons.
6312-0000 Copy Machine	\$1,242.58	\$250.00	(\$992.58)	-397.03%	Annual contract fees and June copy machine fee.
6316-0000 Travel Mileage	\$1,544.66	\$120.00	(\$1,424.66)	-1187.21%	Other Winn employees traveled to assist property.
6316-0004 Training	\$708.69	\$0.00	(\$708.69)	-100.00%	New hire training and hire right chargeback fees, new hire gift.
6350-0000 Auditing	\$3,391.50	\$0.00	(\$3,391.50)	-100.00%	Preparation of income tax return fees.
6360-0000 Telephone	\$308.11	\$958.40	\$650.29	67.85%	Received a credit of \$616.24 from Spectrotel for the cancellation of phone lines that were no longer needed.
1440-0001 Carpet/Flooring R/R	\$4,089.61	\$2,605.00	(\$1,484.61)	-56.99%	Replaced floorings unit 125.
1486-0001 Appliance R/R	\$1,132.92	\$0.00	(\$1,132.92)	100.00%	Replaced washer and dryer for unit 218.

RESIDENT DELINQUENT RENT STATUS

(Table below sorted by “total” highest to lowest delinquency)

Unit	Name	Status	Balance	Comments
04-220		Current resident	\$ 3,513.00	In eviction
06-232		Current resident	\$ 3,222.00	In eviction
04-225		Current resident	\$ 2,713.00	In eviction
07-237		Current resident	\$ 1,161.00	In eviction
05-226		Current resident	\$ 1,111.00	Paid in full
01-205		Current resident	\$ 412.00	Paid in full
06 - 130		Current resident	\$ 399.00	Pending LHA
02 - 210		Current resident	\$ 306.00	Paid in full
01 - 101		Current resident	\$ 200.00	Paid in full
03 - 215		Current resident	\$ 154.00	Sent balance letter
08 - 242		Current resident	\$ 107.00	Sent balance letter
03-218		Current resident	\$ 90.00	Paid in full
03 -118		Current resident	\$ 79.00	Paid in full
06 - 234		Current resident	\$ 100.00	Sent balance letter
06 - 131		Current resident	\$ 50.00	Paid in full
01-104		Current resident	\$ 47.00	Paid in full
03-115		Current resident	\$ 13.00	Paid in full

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SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

2025 Capital Expenditures:

Property/SPM	Capital Project	Status	Funding Sources				Monitoring Status				Project Timing						
			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	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY
Harvest Park	Dry Rot Repair		\$0	-	\$3,000	1431-0002		DM Construction	\$0.00	(\$3,000)			X				
Cher Cha	Golf Cart (March)		\$0	-	\$7,200	1480-0000		Nick's Golf Cart	\$0.00	(\$7,200)			X				
	Backflow Covers 6 (May)		\$0		\$2,500	1415-0002		Trites Backflow	\$0.00	(\$2,500)					X		
	Install lava rock in office and pool area (March)		\$0		\$1,250	1415-0002		NorCal Landscape	\$0.00	(\$1,250)			X				
	Water extraction machine (Feb)		\$0		\$3,577	1415-0002		HD Supply	\$0.00	(\$3,577)		X					
	Tree trimming - 45 trees		\$0		\$15,000	1415-0002		Rod's Landscaping	\$0.00	(\$15,000)				X			
As Needed Items:	Carpet	As Needed	\$31,260	1440-0001	\$0	1440-0002	N/A										
(annual allocation)	Appliances	As Needed	\$6,681	1486-0001	\$0	1486-0000	N/A										
	Total:		\$37,941		\$32,527				\$0	-\$32,527	0	1	3	1	1	0	0

- YTD Actual Capital Improvements Completed \$27,790.21
- YTD Budgeted Capital Improvements Budgeted \$32,527

GENERAL PROPERTY ISSUES and HIGHLIGHTS

We ended the month with (4) Vacant Units; (2) Units On-Notice. 97% leased & 96% occupied.

Harvest Park - 1649

Budget Comparison

July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
INCOME									
RENTAL INCOME									
5120-0000 - Rental Income	78,323.00	79,702.00	(1,379.00)	(1.73)	541,581.33	557,914.00	(16,332.67)	(2.92)	956,424.00
5150-0000 - Rental Assistance	21,904.00	20,525.00	1,379.00	6.71	160,007.67	143,675.00	16,332.67	11.36	246,300.00
5221-0000 - Gain/(Loss) to Lease	4,104.00	2,298.00	1,806.00	78.59	25,927.67	16,086.00	9,841.67	61.18	27,576.00
TOTAL RENTAL INCOME	104,331.00	102,525.00	1,806.00	1.76	727,516.67	717,675.00	9,841.67	1.37	1,230,300.00
MISC. INCOME									
5330-0000 - Tenant Services	0.00	0.00	0.00	0.00	75.00	0.00	75.00	100.00	0.00
5332-0000 - Application Fees	720.00	180.00	540.00	300.00	1,669.00	1,260.00	409.00	32.46	2,160.00
5385-0000 - Late/Term Fees	850.00	550.00	300.00	54.54	5,400.00	3,850.00	1,550.00	40.25	6,600.00
5390-0000 - Miscellaneous Income	0.00	0.00	0.00	0.00	1,558.70	0.00	1,558.70	100.00	0.00
5390-0002 - Damages	5,779.05	600.00	5,179.05	863.17	18,055.56	4,200.00	13,855.56	329.89	7,200.00
5341-0000 - Cable Revenue	0.00	0.00	0.00	0.00	2,106.94	2,006.00	100.94	5.03	4,012.00
5341-0001 - Contra Cable Revenue	0.00	0.00	0.00	0.00	(248.01)	(584.00)	335.99	57.53	(1,168.00)
TOTAL MISC. INCOME	7,349.05	1,330.00	6,019.05	452.56	28,617.19	10,732.00	17,885.19	166.65	18,804.00
OTHER INCOME									
5491-0000 - Interest on Security Deposits	134.18	0.00	134.18	100.00	929.60	0.00	929.60	100.00	0.00
TOTAL OTHER INCOME	134.18	0.00	134.18	100.00	929.60	0.00	929.60	100.00	0.00
VACANCY LOSS/RENTAL LOSS/BAD DEBT									
5218-0000 - Free Rent-Marketing Concession	(50.00)	0.00	(50.00)	(100.00)	(350.00)	0.00	(350.00)	(100.00)	0.00
5220-0000 - Vacancies Apartment	(7,072.00)	(2,563.00)	(4,509.00)	(175.92)	(30,597.00)	(17,941.00)	(12,656.00)	(70.54)	(30,756.00)
6370-0000 - Bad Debt	(11,433.00)	(1,538.00)	(9,895.00)	(643.36)	(24,846.27)	(10,766.00)	(14,080.27)	(130.78)	(18,456.00)
6370-0004 - Bad Debt - Miscellaneous	(7,558.36)	(525.00)	(7,033.36)	(1,339.68)	(8,344.79)	(3,675.00)	(4,669.79)	(127.06)	(6,300.00)
6371-0000 - Bad Debt Recovery - Resident Rent	0.00	0.00	0.00	0.00	(26.00)	0.00	(26.00)	(100.00)	0.00
6539-0002 - Maintenance Staff Rent Free Unit	(1,313.00)	(1,313.00)	0.00	0.00	(9,061.00)	(9,191.00)	130.00	1.41	(15,756.00)
TOTAL VACANCY	(27,426.36)	(5,939.00)	(21,487.36)	(361.80)	(73,225.06)	(41,573.00)	(31,652.06)	(76.13)	(71,268.00)
TOTAL INCOME	84,387.87	97,916.00	(13,528.13)	(13.81)	683,838.40	686,834.00	(2,995.60)	(0.43)	1,177,836.00
EXPENSES									
MANAGEMENT FEES									
6320-0000 - Management Fees	4,378.91	4,866.00	487.09	10.01	33,472.06	34,062.00	589.94	1.73	58,392.00
TOTAL MANAGEMENT FEES	4,378.91	4,866.00	487.09	10.01	33,472.06	34,062.00	589.94	1.73	58,392.00
REAL ESTATE TAXES									
6710-0000 - Taxes Real Estate	137.93	17.00	(120.93)	(711.35)	237.66	119.00	(118.66)	(99.71)	204.00
6712-0000 - Taxes Other	0.00	0.00	0.00	0.00	327.00	414.00	87.00	21.01	414.00
TOTAL REAL ESTATE TAXES	137.93	17.00	(120.93)	(711.35)	564.66	533.00	(31.66)	(5.93)	618.00

Harvest Park - 1649

Budget Comparison

July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
INSURANCE									
6720-0000 - Insurance Property	4,678.47	5,445.00	766.53	14.07	33,562.91	36,630.00	3,067.09	8.37	63,855.00
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	4,678.47	5,445.00	766.53	14.07	34,362.91	37,430.00	3,067.09	8.19	64,655.00
UTILITIES EXPENSES									
6430-0000 - Electricity Vacant	0.00	51.00	51.00	100.00	0.00	357.00	357.00	100.00	612.00
6430-0001 - Employee Unit Utility	96.00	102.00	6.00	5.88	720.00	714.00	(6.00)	(0.84)	1,224.00
6440-0000 - Gas/Oil Heat Vacant	0.00	16.00	16.00	100.00	0.00	112.00	112.00	100.00	192.00
6450-0000 - Electricity	3,509.64	2,768.00	(741.64)	(26.79)	9,567.47	11,871.00	2,303.53	19.40	20,838.00
6451-0000 - Water and Sewer	5,977.26	5,687.00	(290.26)	(5.10)	36,492.05	34,864.00	(1,628.05)	(4.66)	60,644.00
6452-0000 - Natural Gas Heat	0.00	21.00	21.00	100.00	3,612.51	2,009.09	(1,603.42)	(79.80)	3,747.09
6470-0000 - Rubbish Removal	1,163.64	1,222.00	58.36	4.77	8,145.48	8,206.00	60.52	0.73	14,316.00
6470-0001 - Rubbish Removal - Bulk	375.00	250.00	(125.00)	(50.00)	3,095.00	1,050.00	(2,045.00)	(194.76)	2,000.00
6454-0000 - Utility Processing	73.50	72.00	(1.50)	(2.08)	695.44	916.00	220.56	24.07	1,276.00
TOTAL UTILITY EXPENSES	11,195.04	10,189.00	(1,006.04)	(9.87)	62,327.95	60,099.09	(2,228.86)	(3.70)	104,849.09
PAYROLL									
6310-0000 - Office Payroll	2,839.93	240.00	(2,599.93)	(1,083.30)	5,815.05	1,680.00	(4,135.05)	(246.13)	2,980.00
6310-0010 - Office Payroll - Temp Labor	783.12	0.00	(783.12)	(100.00)	2,112.64	0.00	(2,112.64)	(100.00)	0.00
6317-0000 - Temporary Services	(783.12)	0.00	783.12	100.00	1,522.01	0.00	(1,522.01)	(100.00)	0.00
6330-0000 - Managers Payroll	3,766.78	5,319.00	1,552.22	29.18	19,693.78	44,997.00	25,303.22	56.23	74,757.00
6539-0000 - Maintenance Payroll General	5,953.39	4,935.00	(1,018.39)	(20.63)	40,586.50	36,779.00	(3,807.50)	(10.35)	64,371.00
6714-0001 - Taxes-Payroll Administrative	602.89	406.00	(196.89)	(48.49)	2,232.89	3,790.00	1,557.11	41.08	6,063.00
6714-0002 - Taxes-Payroll Maintenance	422.64	378.00	(44.64)	(11.80)	3,141.27	3,129.00	(12.27)	(0.39)	5,241.00
6724-0001 - Workers Comp. - Payroll Admin	375.01	310.00	(65.01)	(20.97)	2,625.07	2,623.00	(2.07)	(0.07)	4,358.00
6724-0002 - Workers Compensation-Payroll Maintenance	346.16	288.00	(58.16)	(20.19)	2,423.12	2,146.00	(277.12)	(12.91)	3,756.00
6726-0001 - Health Ins. & Benefits-Payroll Admin	794.15	1,481.00	686.85	46.37	5,961.64	10,610.00	4,648.36	43.81	18,109.00
6726-0002 - Health Ins. & Benefits-Payroll Maint.	2,415.76	1,451.00	(964.76)	(66.48)	16,069.18	10,290.00	(5,779.18)	(56.16)	17,687.00
TOTAL PAYROLL	17,516.71	14,808.00	(2,708.71)	(18.29)	102,183.15	116,044.00	13,860.85	11.94	197,322.00
OPERATING & MAINTENANCE EXPENSE									
6462-0000 - Exterminating Contract	310.00	355.00	45.00	12.67	1,440.00	4,295.00	2,855.00	66.47	5,890.00
6511-0000 - Security Contract and Repairs	127.86	57.00	(70.86)	(124.31)	1,316.12	399.00	(917.12)	(229.85)	684.00
6521-0000 - Grounds Supplies	4,815.00	375.00	(4,440.00)	(1,184.00)	6,220.00	6,470.00	250.00	3.86	7,245.00
6522-0000 - Grounds Contract	2,580.00	2,583.00	3.00	0.11	18,060.00	18,081.00	21.00	0.11	30,996.00
6522-0001 - Landscaping	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,950.00
6541-0000 - Maintenance Supplies	1,267.40	1,932.00	664.60	34.39	12,250.41	13,524.00	1,273.59	9.41	23,184.00
6545-0000 - Repairs Contract General	500.00	515.00	15.00	2.91	3,895.00	10,480.00	6,585.00	62.83	13,055.00
6546-0000 - Repairs Contract Electric	0.00	0.00	0.00	0.00	0.00	400.00	400.00	100.00	600.00
6547-0000 - Repairs - Contract - HVAC	95.00	400.00	305.00	76.25	1,119.00	2,800.00	1,681.00	60.03	4,800.00
6548-0000 - Repairs - Contract - Plumbing	1,750.00	300.00	(1,450.00)	(483.33)	5,254.80	2,700.00	(2,554.80)	(94.62)	3,900.00

Harvest Park - 1649

Budget Comparison

July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
6552-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	300.00	300.00	100.00	300.00
6581-0000 - Appliance Repair	0.00	0.00	0.00	0.00	0.00	1,500.00	1,500.00	100.00	2,250.00
6582-0000 - Lock and Key Expense	0.00	0.00	0.00	0.00	0.00	250.00	250.00	100.00	500.00
6583-0000 - Window Expense	678.19	0.00	(678.19)	(100.00)	887.76	852.00	(35.76)	(4.19)	1,102.00
6586-0000 - Fire and Safety Systems	315.00	0.00	(315.00)	(100.00)	8,997.88	1,085.00	(7,912.88)	(729.29)	8,311.00
6991-0000 - Pool Supplies	766.27	408.00	(358.27)	(87.81)	1,169.04	1,195.00	25.96	2.17	2,446.00
6992-0000 - Pool Contract	382.22	384.00	1.78	0.46	2,186.95	2,688.00	501.05	18.64	4,608.00
TOTAL OPERATING & MAINT. EXPS.	13,586.94	7,309.00	(6,277.94)	(85.89)	62,796.96	67,019.00	4,222.04	6.29	113,821.00
TURNOVER COSTS									
6532-0000 - Cleaning Contract	2,475.00	404.00	(2,071.00)	(512.62)	8,875.00	3,936.00	(4,939.00)	(125.48)	6,510.00
6561-0000 - Decorator Supplies	630.54	490.00	(140.54)	(28.68)	1,666.84	3,430.00	1,763.16	51.40	5,880.00
6562-0000 - Decorator Contract Services	0.00	1,350.00	1,350.00	100.00	3,750.00	2,700.00	(1,050.00)	(38.88)	2,700.00
TOTAL TURNOVER COSTS	3,105.54	2,244.00	(861.54)	(38.39)	14,291.84	10,066.00	(4,225.84)	(41.98)	15,090.00
MARKETING									
6210-0006 - Signs/Exhibit/Display	1,449.32	0.00	(1,449.32)	(100.00)	1,449.32	0.00	(1,449.32)	(100.00)	0.00
6212-0000 - Collateral Materials/Brand Identity	123.25	127.00	3.75	2.95	1,356.97	1,447.00	90.03	6.22	2,082.00
6290-0000 - Miscellaneous Renting Expense	309.00	110.50	(198.50)	(179.63)	1,343.43	853.50	(489.93)	(57.40)	1,486.00
6981-0000 - Resident Supplies	0.00	108.00	108.00	100.00	202.10	756.00	553.90	73.26	1,746.00
TOTAL MARKETING	1,881.57	345.50	(1,536.07)	(444.59)	4,351.82	3,056.50	(1,295.32)	(42.37)	5,314.00
ADMINISTRATIVE EXPENSES									
6280-0000 - Credit Reports and Fees	194.65	11.00	(183.65)	(1,669.54)	893.94	77.00	(816.94)	(1,060.96)	132.00
6311-0000 - Office Expenses	862.43	634.00	(228.43)	(36.02)	5,326.59	5,541.00	214.41	3.86	8,741.00
6312-0000 - Copy Machine	1,242.58	250.00	(992.58)	(397.03)	2,201.18	1,750.00	(451.18)	(25.78)	4,049.00
6313-0000 - Postage	11.68	45.00	33.32	74.04	768.65	315.00	(453.65)	(144.01)	540.00
6316-0000 - Travel/Mileage	1,544.66	120.00	(1,424.66)	(1,187.21)	8,383.78	790.00	(7,593.78)	(961.23)	2,590.00
6316-0003 - Training	0.00	0.00	0.00	0.00	850.44	995.00	144.56	14.52	2,623.00
6316-0004 - Training - New Employee Orientation	708.69	0.00	(708.69)	(100.00)	1,432.34	0.00	(1,432.34)	(100.00)	0.00
6340-0000 - Legal Expense	1,153.33	1,178.00	24.67	2.09	13,590.04	2,356.00	(11,234.04)	(476.82)	3,534.00
6350-0000 - Auditing	3,391.50	0.00	(3,391.50)	(100.00)	15,529.50	16,270.00	740.50	4.55	16,270.00
6355-0001 - Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,781.00
6360-0000 - Telephone	308.11	958.40	650.29	67.85	6,621.45	6,708.80	87.35	1.30	11,500.80
6385-0000 - Dues and Memberships	7.68	0.00	(7.68)	(100.00)	233.34	0.00	(233.34)	(100.00)	963.00
6392-0000 - Bank Charges	129.47	120.00	(9.47)	(7.89)	894.35	840.00	(54.35)	(6.47)	1,440.00
6392-0001 - RP Transaction Fees	90.02	79.00	(11.02)	(13.94)	557.93	553.00	(4.93)	(0.89)	948.00
6392-0002 - Paymode Rebates	0.00	(75.00)	(75.00)	(100.00)	(215.69)	(185.00)	30.69	16.58	(267.00)
TOTAL ADMINISTRATIVE EXPENSES	9,644.80	3,320.40	(6,324.40)	(190.47)	57,067.84	36,010.80	(21,057.04)	(58.47)	55,844.80
TOTAL EXPENSES	66,125.91	48,543.90	(17,582.01)	(36.21)	371,419.19	364,320.39	(7,098.80)	(1.94)	615,905.89
NET OPERATING INCOME	18,261.96	49,372.10	(31,110.14)	(63.01)	312,419.21	322,513.61	(10,094.40)	(3.12)	561,930.11

Harvest Park - 1649

Budget Comparison

July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
REPLACEMENT RESERVE/OTHER ESCROWS									
1316-0000 - Escrow - Replacement Reserve	2,332.50	2,333.00	0.50	0.02	16,327.50	16,331.00	3.50	0.02	27,996.00
1317-0000 - Res for Replacement Withdrawals	0.00	(9,489.00)	(9,489.00)	(100.00)	10,585.27	(18,022.00)	(28,607.27)	(158.73)	(37,941.00)
TOTAL REPLACEMENT RESERVE/OTHER ESCROWS	2,332.50	(7,156.00)	(9,488.50)	(132.59)	26,912.77	(1,691.00)	(28,603.77)	(1,691.52)	(9,945.00)
)
DEBT SERVICE									
2320-0000 - Mortgage Payable - Wells Fargo	5,833.34	5,833.00	(0.34)	0.00	40,833.38	40,831.00	(2.38)	0.00	69,996.00
6820-0000 - Interest Expense - Wells Fargo	10,285.00	10,285.00	0.00	0.00	72,091.25	71,995.00	(96.25)	(0.13)	123,420.00
6824-0000 - Interest Expense - HACB	1,904.57	1,905.00	0.43	0.02	13,331.99	13,335.00	3.01	0.02	22,860.00
6828-0000 - Service Fee	5,553.07	5,616.00	62.93	1.12	39,042.68	39,420.00	377.32	0.95	67,423.00
TOTAL DEBT SERVICE	23,575.98	23,639.00	63.02	0.26	165,299.30	165,581.00	281.70	0.17	283,699.00
MISCELLANEOUS									
6890-0000 - Miscellaneous Financial Exp	416.67	417.00	0.33	0.07	2,916.69	4,169.00	1,252.31	30.03	7,504.00
6892-0000 - Trustee Fees	325.00	283.00	(42.00)	(14.84)	2,233.33	1,981.00	(252.33)	(12.73)	7,608.00
TOTAL MISCELLANEOUS	741.67	700.00	(41.67)	(5.95)	5,150.02	6,150.00	999.98	16.25	15,112.00
CAPITAL EXPENDITURES									
1415-0002 - Landscape and Land Improvements	0.00	0.00	0.00	0.00	14,922.00	22,327.00	7,405.00	33.16	22,327.00
1431-0002 - Building Improvements	0.00	0.00	0.00	0.00	2,650.00	3,000.00	350.00	11.66	3,000.00
1440-0001 - Carpet/Flooring R/R	4,089.61	2,605.00	(1,484.61)	(56.99)	40,611.22	18,235.00	(22,376.22)	(122.71)	31,260.00
1446-0002 - Computers	0.00	0.00	0.00	0.00	3,804.06	0.00	(3,804.06)	(100.00)	0.00
1486-0001 - Appliances - R/R	1,132.92	0.00	(1,132.92)	(100.00)	8,411.38	2,392.00	(6,019.38)	(251.64)	6,681.00
1480-0000 - Motor Vehicles	0.00	0.00	0.00	0.00	6,884.29	7,200.00	315.71	4.38	7,200.00
TOTAL CAPITAL EXPENDITURES	5,222.53	2,605.00	(2,617.53)	(100.48)	77,282.95	53,154.00	(24,128.95)	(45.39)	70,468.00
MORTGAGOR EXPENSES									
7115-0000 - Non Profit Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,703.00
7135-0000 - Asset Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,687.00
7153-0000 - Administration Fee Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,114.00
TOTAL MORTGAGOR EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,504.00
PROFIT/LOSS	(13,610.72)	29,584.10	(43,194.82)	(146.00)	37,774.17	99,319.61	(61,545.44)	(61.96)	159,092.11
Additional Adjustments to Cash Flow									
Cash Other	(2,604.26)	0.00	(2,604.26)	(100.00)	(103,272.26)	0.00	(103,272.26)	(100.00)	0.00
))		
Accounts Payable	(1,017.50)	0.00	(1,017.50)	(100.00)	5.03	0.00	5.03	100.00	0.00
Resident Accounts Receivable	14,517.00	0.00	14,517.00	100.00	1,240.00	0.00	1,240.00	100.00	0.00
Subsidy Accounts Receivable	(565.00)	0.00	(565.00)	(100.00)	(1,116.67)	0.00	(1,116.67)	(100.00)	0.00
Other Accounts Receivable	16.51	0.00	16.51	100.00	10,585.27	0.00	10,585.27	100.00	0.00
Prepaid Expenses	5,416.26	0.00	5,416.26	100.00	(23,119.36)	0.00	(23,119.36)	(100.00)	0.00
Prepaid Rent	2,173.25	0.00	2,173.25	100.00	2,807.68	0.00	2,807.68	100.00	0.00

Harvest Park - 1649

Budget Comparison

July 31, 2025

	Month Ending 07/31/2025				Year to Date 07/31/2025				Annual
	Actual	Budget	Variance	%	Actual	Budget	Variance	%	Budget
Net Accruals	0.00	0.00	0.00	0.00	(6,757.02)	0.00	(6,757.02)	(100.00)	0.00
Security Deposits	986.54	0.00	986.54	100.00	360.82	0.00	360.82	100.00	0.00
Accrued Interest on Deferred Loans	1,904.57	0.00	1,904.57	100.00	13,331.99	0.00	13,331.99	100.00	0.00
Distributions to Owners	0.00	0.00	0.00	0.00	(36,143.00)	0.00	(36,143.00)	(100.00)	0.00
Escrow Tax	(16.52)	0.00	(16.52)	(100.00)	(15.90)	0.00	(15.90)	(100.00)	0.00
Escrow Insurance	(5,197.16)	0.00	(5,197.16)	(100.00)	19,761.51	0.00	19,761.51	100.00	0.00
Total Additional Adjustments to Cash Flow	15,613.69	0.00	15,613.69	100.00	(122,331.91)	0.00	(122,331.91)	(100.00)	0.00
Total Net Adjusted Cash Flow	<u>2,002.97</u>	<u>29,584.10</u>	<u>(27,581.13)</u>	<u>(93.22)</u>	<u>(84,557.74)</u>	<u>99,319.61</u>	<u>(183,877.35)</u>	<u>(185.13)</u>	<u>159,092.11</u>
Net Change in Cash from TB	<u>2,002.97</u>	<u>0.00</u>	<u>2,002.97</u>	<u>100.00</u>	<u>(84,557.74)</u>	<u>0.00</u>	<u>(84,557.74)</u>	<u>100.00</u>	<u>0.00</u>
Variance	<u>0.00</u>	<u>(29,584.10)</u>	<u>29,584.10</u>	<u>100.00</u>	<u>0.00</u>	<u>(99,319.61)</u>	<u>99,319.61</u>	<u>100.00</u>	<u>(159,092.11)</u>

August 15, 2025

MEMO

To: BCAHDC Board of Directors

From: Larry Guanzon, President

Subject: Agenda Items 5.1 -5.8 – CY 2024 Property Audits

The following 2024 Audit Reports have been reviewed and provided for the Board acceptance. There were no questioned costs, expenses, concerns or findings.

- 5.1 Deer Creek Apartments, Chico (Chico Pacific Associates II, LP)
- 5.2 Deer Creek Apartments II, Chico (Chico Pacific Associates III, LP)
- 5.3 Eaglepointe Apartments, Paradise (Pacific Associates, LP)
- 5.4 Orchard View Apartments, Gridley (Gridley, LP)
- 5.5 Mitchell Avenue Apartments, Oroville (Oroville Senior Apartments LP)
- 5.6 Riverbend Apartments II, Oroville (Oroville Family Associates II, LP)
- 5.7 The Foundation Apartments, Chico (Park Avenue Housing Partners, LP)
- 5.8 Lincoln Street Family Apartments, Oroville (Richman Oroville, LP)

The following partnership audits are not yet available, once BCAHDC staff receives we will bring them forward for Board acceptance.

- Prospect View Apartments, Oroville
- Northwind Senior Apartments, Paradise

Recommendation: Motion to approve the eight (8) partnership audits detailed in this memo.

Chico Pacific Associates II, LP

Financial Statements and Independent Auditor's Report

For the Period Beginning December 30, 2021 and Ending December 31, 2024

Chico Pacific Associates II, LP

December 31, 2024

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Chico Pacific Associates II, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Chico Pacific Associates II, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and the related statements of income, changes in partners' capital, and cash flows for the period beginning December 30, 2021 ending December 31, 2024, 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 Chico Pacific Associates II, LP as of December 31, 2024, and the results of its operations and its cash flows for the period beginning December 30, 2021 ending December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Chico Pacific Associates II, LP and to meet our 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 these 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 Pacific Associates II, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Chico Pacific Associates II, LP '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 Pacific Associates II, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
April 29, 2025

Chico Pacific Associates II, LP

Balance Sheet

December 31, 2024

	<u>2024</u>
Assets	
Cash and Cash Equivalents	\$ 26,234
Accounts Receivable, net	15,056
Prepaid Expenses	75,772
Restricted Cash:	
Tenant Security Deposits	37,051
Escrow Deposits	1,345
Rental Property, net	51,930,999
Other Assets	<u>281,867</u>
Total Assets	<u><u>\$ 52,368,324</u></u>
 Liabilities and Partners' Capital	
Liabilities	
Accounts Payable	\$ 157,327
Accrued Interest Payable	75,032
Security Deposits Liability	42,878
Prepaid Rent	121
Related Party Payables	5,667,377
Long-Term Debt, net	<u>12,748,265</u>
Total Liabilities	<u>18,691,000</u>
 Partners' Capital	
Partners' Capital	<u>33,677,324</u>
Total Liabilities and Partners' Capital	<u><u>\$ 52,368,324</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates II, LP

Statement of Income

For the Period Beginning December 30, 2021 and Ending December 31, 2024

	<u>2024</u>
Operating Revenue	
Gross Rental Income	\$ 421,619
Less: Vacancy Loss	(339,986)
Less: Rental Concessions	<u>(17,797)</u>
Net Rental Income	<u>63,836</u>
Total Operating Revenue	<u>76,376</u>
Operating Expenses	
Administrative Expenses	186,119
Utilities	6,449
Operating and Maintenance Expenses	10,898
Taxes and Insurance	<u>51,338</u>
Total Operating Expenses	<u>254,804</u>
Net Operating Income	<u>(178,428)</u>
Non-Operating Income (Expenses)	
Interest Income	3,268
Interest Expense	(796,892)
Depreciation Expense	(396,590)
Amortization Expense	(20,133)
Lease-Up and Marketing Expenses	(8,402)
MGP Startup Fee	<u>(10,000)</u>
Total Non-Operating Income (Expenses)	<u>(1,228,749)</u>
Net Loss	<u><u>\$(1,407,177)</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates II, LP

Statement of Changes in Partners' Capital

For the Period Beginning December 30, 2021 and Ending December 31, 2024

	Butte County Affordable Housing Development Corporation (0.005%)	TPC Holdings IX, LLC (0.005%)	Bank of America N.A. (99.99%)	Bank of America CDC Special Holding Company Inc (0.00%)	Total (100.00%)
Current Year Activity					
Capital Contributed	\$ -	\$ -	\$ 35,084,501	\$ -	\$ 35,084,501
Net loss for the period	(70)	(71)	(1,407,036)	-	(1,407,177)
Balance, December 31, 2024	\$ (70)	\$ (71)	\$ 33,677,465	\$ -	\$ 33,677,324

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates II, LP

Statement of Cash Flows

For the Period Beginning December 30, 2021 and Ending December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts	
Rental Receipts	\$ 49,401
Interest Receipts	3,268
Other Operating Receipts	12,040
Tenant Security Deposits	42,878
	<u>107,587</u>
Total Receipts	<u>107,587</u>
Disbursements	
Administrative	(15,429)
Management Fee	(19,613)
Utilities	(6,449)
Operating and Maintenance	(10,898)
Real Estate Taxes	(6,406)
Property Insurance	(90,801)
Taxes and Insurance	(29,903)
	<u>(179,499)</u>
Total Disbursements	<u>(179,499)</u>
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>(71,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Purchase of Fixed Assets	(46,653,962)
Tax Credit Fees	(302,000)
	<u>(46,955,962)</u>
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>(46,955,962)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Borrowings - Mortgages, Loans, or Notes Payable	41,356,328
Principal Payments - Mortgages and Notes Payable	(28,569,263)
Payment of Post Completion Construction Loan Interest	(683,060)
Principal Proceeds - PWB Loan Payable	1,650,000
Principal Payments - PWB Loan Payable	(1,650,000)
Capital Contributions	35,084,501
Debt Issuance Costs Paid by Development	(77,600)
MGP Start Up Fees Paid by Development	(10,000)
Marketing and Operating Expense Paid by Development	(8,402)
	<u>47,092,504</u>
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>47,092,504</u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates II, LP

Statement of Cash Flows

For the Period Beginning December 30, 2021 and Ending December 31, 2024

	<u>2024</u>
Net change in cash, cash equivalents, and restricted cash	<u>64,630</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 64,630</u></u>
Cash, cash equivalents, and restricted cash consist of the following:	
Cash and Cash Equivalents	\$ 12,105
Construction Cash Account	14,129
Tenant Security Deposits	37,051
Escrow Deposits	<u>1,345</u>
	<u><u>\$ 64,630</u></u>
Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities	
Net Loss	(1,407,177)
Adjustments to reconcile net loss to net cash provided by (used by) operating activities	
Depreciation	396,590
Amortization	20,133
Amortization/Interest Debt Issuance Costs	38,800
Other Financing Activities: Payments of Construction Loan Interest	683,060
Other Financing Activities: MGP Start Up Fees	10,000
Other Financing Activities: Marketing and Operating Expenses	8,402
(Increase) decrease in assets	
Accounts Receivable, net	(15,056)
Prepaid Expenses	(75,772)
Increase (decrease) in liabilities	
Accounts Payable	151,077
Accrued Interest Payable	75,032
Security Deposits Liability	42,878
Prepaid Rent	<u>121</u>
Net cash provided by (used by) operating activities	<u><u>\$ (71,912)</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

1. Organization

a. Partnership

The financial statements reflect the accounts of Chico Pacific Associates II, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed October 20, 2020. The General Partners are: TPC Holdings IX, LLC (0.005%)(Administrative General Partner), and Butte County Affordable Housing Development Corporation, (0.005%)(Managing General Partner). The Limited Partner is Bank of America N.A. (99.99%) and the Special Limited partner is Bank of America CDC Special Holding Company Inc (0.00%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 156-unit apartment complex project in Chico, California known as Deer Creek Apartments. The project construction was completed September 26, 2024, when rental operations also began. The project operates in accordance with a regulatory agreement signed with the California Tax Credit Allocation Committee (CTCAC) intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

2. Significant Accounting Policies

d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from ten to forty years. Depreciation expense for December 31, 2024 was \$ 396,590.

e. 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 their carrying amounts, 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 loss has been recognized during the period beginning December 30, 2021 and ending December 31, 2024.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$302,000 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period. Accumulated amortization totaled \$20,133 as of December 31, 2024.

g. Debt Issuance Costs

Unamortized debt issuance costs of \$38,800 at December 31, 2024 is reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$38,800 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under a section 8 voucher. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and managements evaluation of periodic aging of accounts. As of December 31, 2024, the balance of allowance for doubtful accounts was \$1,105.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

2. Significant Accounting Policies

i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the period beginning December 30, 2021 and ending December 31, 2024, advertising and marketing costs totaled \$19,984.

j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

k. Economic Concentrations and Contingencies

The partnership operates on property located in Chico, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

l. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

3. Related Party Transactions

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

3. Related Party Transactions

a. Partner Fees

Asset Management Fee

The partnership shall pay to the Asset Manager an annual fee of \$7,500 per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of 3%. The Asset Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds and shall accrue, without interest, until there is sufficient cash available to pay the accrued Asset Management Fee.

Partnership Management Fee

For services rendered, the Partnership shall pay the Managing General Partner \$15,600 per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year), without escalation. The Partnership Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds as provided in the Partnership Management Agreement, and shall accrue, without interest, until there is sufficient cash available to pay accrued Partnership Management Fee.

b. Developer Fee Payable

Pacific West Communities, Inc. (the "Developer"), an affiliate of the General Partner, earned a development fee of \$2,200,000 for services related to the development of the Property. The development fee will be paid from Investor Limited Partner capital contributions, as described in the Development Agreement. Any unpaid development fee will be paid from net cash flow. If the deferred development fee is not paid by the 13th anniversary of the completion date, then the Administrative General Partner shall make an additional capital contribution pursuant to the Limited Partnership Agreement and the Developer's sole recourse for nonpayment shall be against the General Partner. At December 31, 2024, \$2,200,000 remained payable.

c. Construction Contract Payable - PWB, Inc.

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on December 14, 2021 in the amount of \$37,012,377. Any modifications to the contract will require the approval of the Special Limited Partner. As of December 31, 2024, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$3,467,377 remained payable as of December 31, 2024.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

3. Related Party Transactions

d. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. The payment of any unpaid adjustments to Limited Partner's Capital Contribution or Tax Credit Shortfall Payments not paid.
2. If with respect to the Fiscal Year to which such Cash Flow relates, a Limited Partner that has a tax liability with respect to the net Profits of the Partnership allocated to such Partner for such Fiscal Year, then Cash Flow will be distributed to Limited Partner up to the amount of such tax liability.
3. To the Limited Partner in payment of any interest and due principal on any loan made by Limited Partner to the Partnership.
4. To payment of Asset Management Fee to Special Limited Partner.
5. To payment of the Investor Limited Partner an amount equal to any amounts contributed by the Investor Limited Partner pursuant to Section 6.4Q(iii) of Partnership Agreement.
6. To payment of the Partnership Management Fee to the Managing General Partner.
7. To payment of any Deferred Development Fee.
8. To the repayment of any Completion Loans and Operating Expense Loans outstanding.
9. To replenish the Operating Reserve.
10. To payment of priority distribution to Administrative General Partner equal to 90% of remaining Cash Flow
11. Any balance remaining shall be distributed to the Partners in accordance with their Percentage Interest.

Notwithstanding the foregoing, if the amount distributable to the Limited Partner under this Section 10.1A of the Partnership Agreement with respect to any Fiscal Year shall be less than 10% of the total amounts paid or distributable with respect to such Fiscal Year under Clauses Sixth, Tenth and Eleventh shown above, then the amounts which would otherwise have been paid or distributed to the General Partners and their Affiliates shall be reduced in reverse priority and the amount which would otherwise have been distributed to the Investor Limited Partner shall be increased to the extent necessary to assure that the Investor Limited Partner receives its 10% share of such total payments and distributions.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

3. Related Party Transactions

e. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$585,205 outstanding at any one time. An operating reserve of \$585,780 shall be established out of the proceeds of the third capital contribution of the limited partner.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$250 per unit per year starting on the commencement date, escalating by 3% annually.

f. Development Advances Loan Payable

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$1,650,000 which have been repaid as of December 31, 2024. The loan does not have a stated maturity date and bears interest at a rate of three percent. As of December 31, 2024 the balance of the loan was \$0.

g. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$15,029 for the period beginning December 30, 2021 and ending December 31, 2024. For the period beginning December 30, 2021 and ending December 31, 2024 payments to PWC for insurance amounted to \$90,168.

h. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024
Due to Related Parties:	
Deferred Developer Fee Payable	\$ 2,200,000
Construction Contract Payable	3,467,377
Total Related Party Payables	\$ 5,667,377

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

4. Property Management Fees

The property is managed by Cambridge Real Estate Services who is not affiliated with the owners. Management Fees of \$19,613 were incurred at the greater of \$2,000 per month or 4.25% of gross operating revenues during the period beginning December 30, 2021 and ending December 31, 2024. If the budget is met there is a quarterly bonus fee of 0.25%

5. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Chico, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

6. Rental Property

Rental property consists of the following:

	2024
Land	\$ 3,684,022
Buildings	41,006,399
Land Improvements	4,050,339
Office Furniture and Equipment	3,586,829
Total cost	52,327,589
Accumulated Depreciation	(396,590)
Total Rental Property, net	\$ 51,930,999

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

7. Restricted Cash

a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account with contributions by the partnership of \$250 per unit per year, escalating by 3% per annum, commencing on Final Closing. The deposits will be released to the partnership upon requests for capital repairs and improvements deemed necessary by the General Partners. As of December 31, 2024 the replacement reserve has not been funded.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$37,051. As of December 31, 2024 the tenant security deposit was underfunded by \$5,827.

c. Tax and Insurance Account

The partnership has set aside funds in separate accounts for the payment of property taxes and insurance. The balance of the property tax and insurance account at December 31, 2024 was \$1,345.

d. Operating Reserve Account

An operating reserve shall be established in an amount equal to \$585,780. The operating reserve shall be funded from the proceeds of the third installment from the capital contributions of the Investor Limited Partner. If for any reason such proceeds shall be insufficient to fully fund the Operating Reserve at such time, the General Partners shall promptly fund any such shortfall. As of December 31, 2024 the operating reserve has not been funded.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

8. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
Construction Loan - Bank of America N.A.		
The construction loan payable with Bank of America N.A. originated on December 30, 2021 in the amount of \$43,516,003. The loan shall bear interest at a fluctuating rate per annum equal to the BSBY Daily Floating Rate for that day plus two hundred forty basis points. A fluctuating rate of interest per annum equal to the BSBY Screen Rate two business days prior to such day for a term of one month. If the rate is not published on such determination date then the BSBY Daily Floating Rate will be the first business day immediately prior thereto. Additionally, if the BSBY Daily Floating Rate would otherwise be less than three quarters of one percent, then the rate shall be deemed to be three quarters of one percent for purposes of this note. The interest rate as of December 31, 2024 was 6.96%. The payments on the loan are interest only. The loan has a maturity date of June 30, 2024, with the option to extend until June 30, 2025. Construction period interest of \$3,757,480 was capitalized to fixed assets. Interest expense for 2024 totaled \$758,092.	\$ 75,032	\$ 12,787,065
Long-Term Debt Interest and Principal	75,032	12,787,065
Less: Unamortized Debt Issuance Costs	-	(38,800)
Long-Term Debt, Net of Unamortized Debt Issuance Costs	<u>\$ 75,032</u>	<u>\$ 12,748,265</u>

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 12,787,065
------	---------------

9. 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 April 29, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Chico Pacific Associates II, LP

Notes to the Financial Statements

For the Period Beginning December 30, 2021 and Ending December 31, 2024

10. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$50,000,000 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$261,099 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 5,000,000
2026	5,000,000
2027	5,000,000
2028	5,000,000
2029	5,000,000
2030	5,000,000
2031	5,000,000
2032	5,000,000
2033	5,000,000
2034	4,738,901
Total	<u>\$ 49,738,901</u>

11. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

Supplementary Information

Chico Pacific Associates II, LP

For the Year Ended December 31, 2024

Schedule of Operating Expenses

	<u>2024</u>
Administrative Expenses	
Advertising and Marketing	\$ 19,984
Office Expenses	29,843
Property Management Fees	19,613
Manager or Superintendent Salaries	70,656
Legal Expense - Project	35,000
Miscellaneous Administrative Expenses	<u>11,023</u>
Total Administrative Expenses	186,119
Utilities	
Electricity	2,366
Water	3,264
Gas	172
Sewer	<u>647</u>
Total Utilities	6,449
Operating and Maintenance	
Payroll	1,354
Supplies	2,163
Contracts	1,221
Garbage and Trash	5,080
Miscellaneous Operating and Maintenance Expense	<u>1,080</u>
Total Operating and Maintenance	10,898
Taxes and Insurance	
Real Estate Taxes	6,406
Payroll Taxes	10,002
Property & Liability Insurance (Hazard)	15,029
Fidelity Bond Insurance	885
Workmen's Compensation	3,898
Health Insurance and Other Employee Benefits	<u>15,118</u>
Total Taxes and Insurance	51,338
Total operating expenses	<u>\$ 254,804</u>

Chico Pacific Associates II, LP

For the Year Ended December 31, 2024

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	2024
Net Cash Provided by Operating Activities	\$ (71,912)
Add:	
Deduct:	
Change in Mortgage Escrow Accounts	(1,345)
Change In Tenant Security Deposit Account	(37,051)
Cash Flow Available for Distribution	<u>\$ (110,308)</u>

Chico Pacific Associates III, LP

Financial Statements and Independent Auditor's Report

For the Period Beginning March 17, 2022 and Ending December 31, 2024

Chico Pacific Associates III, LP

December 31, 2024

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Chico Pacific Associates III, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Chico Pacific Associates III, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and the related statements of income, changes in partners' capital, and cash flows for the period beginning March 17, 2022 ending December 31, 2024, 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 Chico Pacific Associates III, LP as of December 31, 2024, and the results of its operations and its cash flows for the period beginning March 17, 2022 ending December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Chico Pacific Associates III, LP and to meet our 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 these 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 Pacific Associates III, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Chico Pacific Associates III, LP'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 Pacific Associates III, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
May 13, 2025

Chico Pacific Associates III, LP

Balance Sheet

December 31, 2024

	<u>2024</u>
Assets	
Cash and Cash Equivalents	\$ 276,714
Accounts Receivable, net	12,518
Prepaid Expenses	23,315
Related Party Receivables	7,500
Restricted Cash:	
Tenant Security Deposits	35,092
Escrow Deposits	388
Rental Property, net	17,273,936
Other Assets	<u>141,865</u>
Total Assets	<u><u>\$ 17,771,328</u></u>
 Liabilities and Partners' Capital	
Liabilities	
Accounts Payable	\$ 45,590
Accrued Interest Payable	29,832
Security Deposits Liability	35,849
Prepaid Rent	1,254
Related Party Payables	4,700
Long-Term Debt, net	<u>4,820,297</u>
Total Liabilities	<u>4,937,522</u>
 Partners' Capital	
Partners' Capital	<u>12,833,806</u>
Total Liabilities and Partners' Capital	<u><u>\$ 17,771,328</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates III, LP

Statement of Income

For the Period Beginning March 17, 2022 and Ending December 31, 2024

	<u>2024</u>
Operating Revenue	
Gross Rental Income	\$ 137,829
Less: Vacancy Loss	(10,259)
Less: Rental Concessions	<u>(16,204)</u>
Net Rental Income	111,366
Miscellaneous Income	<u>1,040</u>
Total Operating Revenue	<u>112,406</u>
Operating Expenses	
Administrative Expenses	105,067
Utilities	1,242
Operating and Maintenance Expenses	14,107
Taxes and Insurance	<u>24,820</u>
Total Operating Expenses	<u>145,236</u>
Net Operating Income	<u>(32,830)</u>
Non-Operating Income (Expenses)	
Interest Income	1,075
Interest Expense	(211,009)
Depreciation Expense	(120,661)
Amortization Expense	(10,133)
Lease-Up and Marketing Expenses	(2,163)
Incentive Management Fee	<u>(10,000)</u>
Total Non-Operating Income (Expenses)	<u>(352,891)</u>
Net Loss	<u><u>\$ (385,721)</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates III, LP

Statement of Changes in Partners' Capital

For the Period Beginning March 17, 2022 and Ending December 31, 2024

	Butte County Affordable Housing Development Corporation (0.005%)	TPC Holdings IX, LLC (0.005%)	Bank of America N.A. (99.99%)	Bank of America CDC Special Holding Company Inc (0.00%)	Total (100.00%)
Capital Contributed	\$ -	\$ -	\$ 13,219,527	\$ -	\$ 13,219,527
Net loss for the period	(19)	(19)	(385,683)	-	(385,721)
Balance, December 31, 2024	\$ (19)	\$ (19)	\$ 12,833,844	\$ -	\$ 12,833,806

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates III, LP

Statement of Cash Flows

For the Period Beginning March 17, 2022 and Ending December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts	
Rental Receipts	\$ 100,102
Interest Receipts	1,075
Other Operating Receipts	1,040
Tenant Security Deposits	<u>35,849</u>
Total Receipts	138,066
Disbursements	
Administrative	(65,768)
Management Fee	(17,768)
Utilities	(1,242)
Operating and Maintenance	(14,107)
Real Estate Taxes	(1,847)
Property Insurance	(27,939)
Taxes and Insurance	<u>(18,349)</u>
Total Disbursements	<u>(147,020)</u>
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>(8,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Purchase of Fixed Assets	(17,373,338)
Tax Credit Fees	<u>(151,998)</u>
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>(17,525,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payments - Mortgages and Notes Payable	(10,084,737)
Principal Borrowings - Mortgages, Loans, or Notes Payable	15,006,657
Payment of Post Completion Construction Loan Interest	(174,402)
Capital Contributions	13,219,527
Debt Issuance Costs Paid By Development	(108,398)
MGP Start Up Fees Paid By Development	(10,000)
Marketing and Operating Expenses Paid By Development	<u>(2,163)</u>
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>17,846,484</u>
Net change in cash, cash equivalents, and restricted cash	<u>312,194</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 312,194</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates III, LP

Statement of Cash Flows

For the Period Beginning March 17, 2022 and Ending December 31, 2024

	<u>2024</u>
Cash, cash equivalents, and restricted cash consist of the following:	
Cash and Cash Equivalents	\$ 18,001
Construction Cash Account	258,713
Tenant Security Deposits	35,092
Escrow Deposits	<u>388</u>
	<u>\$ 312,194</u>
 Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities	
Net Loss	(385,721)
Adjustments to reconcile net loss to net cash provided by (used by) operating activities	
Depreciation	120,661
Amortization	10,133
Amortization/Interest Debt Issuance Costs	6,775
Other Financing Activities: Payments of Construction Loan Interest	174,402
Other Financing Activities: MGP Start Up Fees	10,000
Other Financing Activities: Marketing and Operating Expenses	2,163
(Increase) decrease in assets	
Accounts Receivable, net	(12,518)
Related Party Receivables	(7,500)
Prepaid Expenses	(23,315)
Increase (decrease) in liabilities	
Accounts Payable	29,031
Accrued Interest Payable	29,832
Security Deposits Liability	35,849
Prepaid Rent	<u>1,254</u>
Net cash provided by (used by) operating activities	<u><u>\$ (8,954)</u></u>

The accompanying notes are an integral part of these financial statements.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

1. Organization

a. Partnership

The financial statements reflect the accounts of Chico Pacific Associates III, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed September 21, 2021. The General Partners are: TPC Holdings IX, LLC (0.005%)(Administrative General Partner), and Butte County Affordable Housing Development Corporation, (0.005%)(Managing General Partner). The Limited Partner is Bank of America N.A. (99.99%) and the Special Limited partner is Bank of America CDC Special Holding Company Inc (0.00%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 48-unit apartment complex project in Chico, California known as Deer Creek Apartments II. The project construction was completed September 16, 2024, when rental operations also began. The project operates in accordance with a regulatory agreement signed with the California Tax Credit Allocation Committee (CTCAC) intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

d. Rental Property

Property, plant and equipment property is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from ten to forty years. Depreciation expense for December 31, 2024 was \$ 120,661.

e. 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 their carrying amounts, 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 loss has been recognized during the for the period beginning March 17, 2022 and ending December 31, 2024.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$151,998 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period. Accumulated amortization totaled \$10,133 as of December 31, 2024.

g. Debt Issuance Costs

Unamortized debt issuance costs of \$101,623 at December 31, 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$6,775 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under section 8 voucher. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and managements evaluation of periodic aging of accounts. As of December 31, 2024, the balance of allowance for doubtful accounts was \$270.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the period beginning March 17, 2022 and ending December 31, 2024, advertising and marketing costs totaled \$7,910.

j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

k. Economic Concentrations and Contingencies

The partnership operates on property located in Chico, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

l. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

3. Related Party Transactions

a. Partner Fees

Asset Management Fee

The partnership shall pay to the Asset Manager an annual fee of \$7,500 per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of 3%. The Asset Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds and shall accrue, without interest, until there is sufficient cash available to pay the accrued Asset Management Fee.

Partnership Management Fee

For services rendered, the Partnership shall pay the Managing General Partner \$4,800 per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year), without escalation. The Partnership Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds as provided in the Partnership Management Agreement, and shall accrue, without interest, until there is sufficient cash available to pay accrued Partnership Management Fee.

b. Construction Contract Payable - PWB, Inc.

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on February 15, 2022 in the amount of \$12,620,525. Any modifications to the contract will require the approval of the Special Limited Partner. As of December 31, 2024, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$4,700 remained payable as of December 31, 2024.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

3. Related Party Transactions

c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the payment of any unpaid adjustments to Limited Partner's Capital Contribution or Tax Credit Shortfall Payments not paid.
2. If with respect to the Fiscal Year to which such Cash Flow relates, a Limited Partner that has a tax liability with respect to the net Profits of the Partnership allocated to such Partner for such Fiscal Year, then Cash Flow will be distributed to Limited Partner up to the amount of such tax liability.
3. To the Limited Partner in payment of any interest and due principal on any loan made by Limited Partner to the Partnership.
4. To payment of Asset Management Fee to Special Limited Partner.
5. To payment of the Investor Limited Partner an amount equal to any amounts contributed by the Investor Limited Partner pursuant to Section 6.4Q(iii) of Partnership Agreement.
6. To payment of the Partnership Management Fee to the Managing General Partner.
7. Reserved
8. To the repayment of any Completion Loans and Operating Expense Loans outstanding.
9. To replenish the Operating Reserve.
10. To payment of priority distribution to Administrative General Partner equal to 90% of remaining Cash Flow
11. Any balance remaining shall be distributed to the Partners in accordance with their Percentage Interest.

Notwithstanding the foregoing, if the amount distributable to the Investor Limited Partner shall be less than 10% of the total amounts paid or distributable with respect to the fiscal year under clauses six, ten, and eleven shown above then the amounts which would have otherwise been paid or distributed to the General Partners and their affiliates shall be reduced in reverse priority. The amount that would have otherwise been distributed to the Investor Limited Partner shall be increased to the extent necessary to assure that they receive their 10% share of the total payments and distributions.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

3. Related Party Transactions

d. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$172,380 outstanding at any one time. An operating reserve of \$173,668 shall be established out of the proceeds of the third capital contribution of the limited partner. The guaranty period begins upon rental achievement (which was September 16, 2024) and continues until the third (3rd) anniversary of rental achievement. Repayment will come solely from cash flow as outlined above.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$250 per unit per year starting on the commencement date.

e. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$4,624 for the period beginning March 17, 2022 and ending December 31, 2024. For the period beginning March 17, 2022 and ending December 31, 2024 payments to PWC for insurance amounted to \$27,744.

f. Related Party Payables

Amounts due from and due to related parties are as follows:

	<u>2024</u>
Due From Related Parties:	
Due from Deer Creek I(*)	\$ 7,500
	<u>2024</u>
Due to Related Parties:	
Construction Contract Payable	\$ 4,700

(*) - During the period beginning March 17, 2022 and ending December 31, 2024 the partnership paid for expenses relating to manager payroll for an affiliate of the General Partner, Deer Creek Apartments I. A related party receivable was recorded for the funds due from the affiliate of the General Partner.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

4. Property Management Fees

The property is managed by Cambridge Real Estate Services who is not affiliated with the owners. Management Fees of \$17,768 were incurred at the greater of \$1,800 per month or 4.25% of gross operating revenues for the period beginning March 17, 2022 and ending December 31, 2024. If the budget is met there is a quarterly bonus fee of 0.25%

5. Rental Property

Rental property consists of the following:

	2024
Land	\$ 815,979
Buildings	14,385,159
Land Improvements	1,156,419
Office Furniture and Equipment	1,037,040
Total cost	17,394,597
Accumulated Depreciation	(120,661)
Total Rental Property, net	\$ 17,273,936

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

6. Restricted Cash

a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account with contributions by the partnership of \$250 per unit per year, escalating by 3% per annum, commencing on Final Closing. The deposits will be released to the partnership upon requests for capital repairs and improvements deemed necessary by the General Partners. As of December 31, 2024 the replacement reserve account has not been funded.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$35,092.

c. Tax and Insurance Account

Management has established a tax and insurance account. The tax and insurance account is a reconciling item on the reconciliation of the operating account. They are setting aside funds to pay for tax and insurance payments required annually.

d. Operating Reserve Account

An operating reserve shall be established in an amount equal to \$173,668. The operating reserve shall be funded from the proceeds of the third installment from the capital contributions of the Investor Limited Partner. If for any reason such proceeds shall be insufficient to fully fund the Operating Reserve at such time, the General Partners shall promptly fund any such shortfall. As of December 31, 2024 the operating reserve has not been funded.

	Replacement Reserve	T & I Account	Other Reserves
Current Year Activity			
Deposits	\$ -	\$ 388	\$ -
Subtotal, Current Year Activity	-	388	-
Balance, End of Period	\$ -	\$ 388	\$ -

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

7. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
Construction Loan - Bank of America N.A.		
The construction loan payable with Bank of America N.A. originated on March 17, 2022 in the amount of \$15,930,099. Interest shall bear at a fluctuating rate per annum equal to the BSBY Daily Floating Rate for that day plus two hundred and forty basis points. A fluctuating rate of interest per annum (6.96% as of December 31, 2024) equal to the BSBY Screen Rate two Business Days prior to such day for a term of one month; provided that if the rate is not published on such determination date then the BSBY Daily Floating Rate means the BSBY Screen Rate on the first (1st) Business Day immediately prior thereto; provided, further, if the BSBY Daily Floating Rate determined in accordance with the foregoing provisions of this definition would otherwise be less than three quarters of one percent (0.75%), the BSBY Daily Floating Rate shall be deemed to be three quarters of one percent (0.75%) for purposes of this Note. The payments on the loan are interest only. The loan has a maturity date of March 17, 2025. Construction period interest of \$1,100,257 was capitalized to fixed assets. The loan Interest expense for 2024 totaled \$204,234.	\$ 29,832	\$ 4,921,920
Long-Term Debt Interest and Principal	29,832	4,921,920
Less: Unamortized Debt Issuance Costs	-	(101,623)
Long-Term Debt, Net of Unamortized Debt Issuance Costs	<u>\$ 29,832</u>	<u>\$ 4,820,297</u>

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 4,921,920
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8. 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 May 13, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Chico Pacific Associates III, LP

Notes to the Financial Statements

For the Period Beginning March 17, 2022 and Ending December 31, 2024

9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$18,749,770 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$459,815 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,874,977
2026	1,874,977
2027	1,874,977
2028	1,874,977
2029	1,874,977
2030	1,874,977
2031	1,874,977
2032	1,874,977
2033	1,874,977
2034	1,415,162
Total	<u>\$ 18,289,955</u>

10. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

11. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Chico, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

Supplementary Information

Chico Pacific Associates III, LP

For the Year Ended December 31, 2024

Schedule of Operating Expenses

	<u>2024</u>
Administrative Expenses	
Advertising and Marketing	\$ 7,910
Office Expenses	9,923
Property Management Fees	17,768
Manager or Superintendent Salaries	27,383
Administrative Rent Free Unit	2,709
Legal Expense - Project	35,000
Miscellaneous Administrative Expenses	<u>4,374</u>
Total Administrative Expenses	105,067
Utilities	
Water	1,242
Operating and Maintenance	
Payroll	10,808
Supplies	615
Contracts	216
Garbage and Trash	2,149
Miscellaneous Operating and Maintenance Expense	<u>319</u>
Total Operating and Maintenance	14,107
Taxes and Insurance	
Real Estate Taxes	1,847
Payroll Taxes	5,190
Property & Liability Insurance (Hazard)	4,624
Fidelity Bond Insurance	272
Workmen's Compensation	2,198
Health Insurance and Other Employee Benefits	9,925
Miscellaneous Taxes, Licenses, Permits, & Insurance	<u>764</u>
Total Taxes and Insurance	24,820
Total operating expenses	<u>\$ 145,236</u>

Chico Pacific Associates III, LP

For the Year Ended December 31, 2024

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	<u>\$ (8,954)</u>
Add:	
Deduct:	
Change in Mortgage Escrow Accounts	(388)
Change In Tenant Security Deposit Account	<u>(35,092)</u>
Cash Flow Available for Distribution	<u><u>\$ (44,434)</u></u>

Eaglepointe Pacific Associates, LP

Financial Statements and Independent Auditor's Report

For the Period Beginning May 2, 2022 and Ending December 31, 2024

Eaglepointe Pacific Associates, LP

December 31, 2024

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Eaglepointe Pacific Associates, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Eaglepointe Pacific Associates, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and the related statements of income, changes in partners' capital, and cash flows for the period beginning May 2, 2022 and ending December 31, 2024, 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 Eaglepointe Pacific Associates, LP as of December 31, 2024, and the results of its operations and its cash flows for the period beginning May 2, 2022 and ending December 31, 2024 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 Eaglepointe Pacific Associates, LP and to meet our 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 these 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 Eaglepointe Pacific Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Eaglepointe Pacific Associates, LP '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 Eaglepointe Pacific Associates, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
June 18, 2025

Eaglepointe Pacific Associates, LP

Balance Sheet

December 31, 2024

	<u>2024</u>
Assets	
Cash and Cash Equivalents	\$ 47,050
Accounts Receivable, net	2,333
Prepaid Expenses	68,323
Restricted Cash:	
Tenant Security Deposits	7,430
Other Reserves	5,197
Rental Property, net	21,523,835
Other Assets	<u>118,663</u>
Total Assets	<u><u>\$ 21,772,831</u></u>
Liabilities and Partners' Capital	
Liabilities	
Accounts Payable	\$ 1,289,365
Accrued Interest Payable	14,958
Security Deposits Liability	8,309
Prepaid Rent	355
Related Party Payables	2,225,814
Long-Term Debt, net	<u>9,270,037</u>
Total Liabilities	<u>12,808,838</u>
Partners' Capital	
Partners' Capital	<u>8,963,993</u>
Total Liabilities and Partners' Capital	<u><u>\$ 21,772,831</u></u>

The accompanying notes are an integral part of these financial statements.

Eaglepointe Pacific Associates, LP

Statement of Income

For the Period Beginning May 2, 2022 and Ending December 31, 2024

	<u>2024</u>
Operating Revenue	
Gross Rental Income	\$ 72,905
Less: Vacancy Loss	<u>(58,122)</u>
Net Rental Income	<u>14,783</u>
Total Operating Revenue	<u>16,763</u>
Operating Expenses	
Administrative Expenses	41,121
Operating and Maintenance Expenses	6,974
Taxes and Insurance	<u>34,728</u>
Total Operating Expenses	<u>86,072</u>
Net Operating Income	<u>(69,309)</u>
Non-Operating Income (Expenses)	
Interest Income	1,869
Interest Expense	(150,094)
Depreciation Expense	(156,306)
Amortization Expense	(2,011)
Lease-Up and Marketing Expenses	(9,392)
Asset Management Fee	(7,500)
Partnership Management Fee	(4,300)
MGP Startup Fee	<u>(60,000)</u>
Total Non-Operating Income (Expenses)	<u>(387,734)</u>
Net Loss	<u><u>\$ (457,043)</u></u>

The accompanying notes are an integral part of these financial statements.

Eaglepointe Pacific Associates, LP

Statement of Changes in Partners' Capital

For the Period Beginning May 2, 2022 and Ending December 31, 2024

	Butte County Affordable Housing Development Corporation (0.001%)	TPC Holdings IX, LLC (0.009%)	KCIC LIHTC Fund 11 LP BEG (00.00%) END (99.99%)	Key Community Development Corporation BEG (99.99%) END (00.00%)	Total (100.00%)
Balance, May 2, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Contributed	-	-	6,956,742	2,529,724	9,486,466
Syndication Costs	-	-	-	(65,430)	(65,430)
Net loss for the period	(5)	(41)	(458,428)	1,431	(457,043)
Capital Transfer	-	-	2,465,725	(2,465,725)	-
Balance, December 31, 2024	<u>\$ (5)</u>	<u>\$ (41)</u>	<u>\$ 8,964,039</u>	<u>\$ -</u>	<u>\$ 8,963,993</u>

The accompanying notes are an integral part of these financial statements.

Eaglepointe Pacific Associates, LP

Statement of Cash Flows

For the Period Beginning May 2, 2022 and Ending December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts	
Rental Receipts	\$ 12,805
Interest Receipts	1,869
Other Operating Receipts	<u>1,980</u>
Total Receipts	16,654
Disbursements	
Administrative	(34,621)
Management Fee	(6,500)
Utilities	(3,249)
Operating and Maintenance	(6,974)
Property Insurance	(81,953)
Taxes and Insurance	(7,084)
Tenant Security Deposits	<u>8,309</u>
Total Disbursements	<u>(132,072)</u>
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>(115,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Purchase of Fixed Assets	(20,525,912)
Tax Credit Fees	<u>(120,674)</u>
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>(20,646,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payments - Mortgages and Notes Payable	(6,136,421)
Principal Payments on Loans or Notes Payable	2,200,000
MGP Start Up Fees Paid by Development	(60,000)
Capital Contributions	9,486,466
Other Financing Activities	(65,430)
Debt Issuance Costs Paid by Development	(20,000)
Marketing and Operating Expense Paid by Development	(9,392)
Principal Borrowings - Mortgages, Loans, or Notes Payable	<u>15,426,458</u>
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>20,821,681</u>
Net change in cash, cash equivalents, and restricted cash	<u>59,677</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 59,677</u></u>

The accompanying notes are an integral part of these financial statements.

Eaglepointe Pacific Associates, LP

Statement of Cash Flows

For the Period Beginning May 2, 2022 and Ending December 31, 2024

	<u>2024</u>
Cash, cash equivalents, and restricted cash consist of the following:	
Cash and Cash Equivalents	\$ 47,050
Tenant Security Deposits	7,430
Other Reserves	<u>5,197</u>
	<u>\$ 59,677</u>
Supplemental data (from cash flow worksheet):	
Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities	
Net Loss	(457,043)
Adjustments to reconcile net loss to net cash provided by (used by) operating activities	
Depreciation	156,306
Amortization	2,011
(Increase) decrease in assets	
Accounts Receivable, net	(2,333)
Prepaid Expenses	(68,323)
Increase (decrease) in liabilities	
Other Financing Activities: Payments of Construction Loan Interest	135,136
Accrued Interest Payable	14,958
Security Deposits Liability	8,309
Prepaid Rent	355
Related Party Payables	25,814
Other Financing Activities: MGP Start Up Fees	60,000
Other Financing Activities: Marketing and Operating Expenses	<u>9,392</u>
Net cash provided by (used by) operating activities	<u><u>\$ (115,418)</u></u>

The accompanying notes are an integral part of these financial statements.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

1. Organization

a. Partnership

The financial statements reflect the accounts of Eaglepointe Pacific Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on May 2, 2022. The General Partners are: TPC Holdings IX, LLC (0.009%) (Administrative General Partner) and Butte County Affordable Housing Development Corporation, (0.001%) (Managing General Partner). The Limited Partner is Key Community Development Corporation (99.99%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 43-unit multifamily rental housing project in Paradise, California known as Eaglepointe Apartments. The project construction was completed on September 27, 2024 when rental operations began. The project operates in accordance with a regulatory agreement signed with the California Tax Credit Allocation Committee (CTCAC) intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

As of June 26, 2024, Key Community Development Corporation transferred its 99.99% Limited Partner interest in the partnership to KCIC LIHTC Fund 11 LP.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

d. Rental Property

Rental property is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for the period ending December 31, 2024 was \$ 156,306.

e. 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 their carrying amounts, 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 loss has been recognized during the period ended December 31, 2024.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$120,674 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$2,011 as of December 31, 2024.

g. Debt Issuance Costs

Unamortized debt issuance costs of \$20,000 at December 31, 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$0 and \$0 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the period ending December 31, 2024, advertising and marketing costs totaled \$709.

j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

k. Economic Concentrations and Contingencies

The partnership operates on property located in Paradise, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

l. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

3. Related Party Transactions

a. Partner Fees

Asset Management Fee

The Partnership shall pay to the Asset Manager an Asset Management Fee in the amount of \$7,500, which shall be paid in advance, on an annual basis (with each payment due on or before the 10th day of each Fiscal Year, except for the first year in which such fee applies, which shall be pro-rated and payable on or before the 10th day of the month in which the first unit in the Project is occupied), for property management oversight, tax credit compliance monitoring and related services provided by the Asset Manager. The Asset Management Fee shall accrue, without interest, until there is sufficient cash available to pay any current and accrued Asset Management Fees. For the period ended December 31, 2024 the Asset Manager earned an Asset Management Fee in the amount of \$7,500. As of December 31, 2024 the Asset Manager was owed an Asset Management Fee in the amount of \$7,500.

Partnership Management Fee

The Partnership shall pay to the Managing General Partner, as a guaranteed payment (pursuant to Code 707(c)), the Partnership Management Fee in the amount of \$4,300 to compensate the Managing General Partner managing the Partnership's operations and assets and coordinating the preparation of the required State Housing Finance Agency, state and local tax and other required filings and financial reports. The Partnership Management Fee shall be paid to the extent that there are funds available in any year from available Cash Flow at the payment priority level set forth in section 4.1 of the Partnership Agreement. The Partnership Management Fee shall accrue if not paid. For the period ended December 31, 2024 the Managing General Partner earned a Partnership Management Fee in the amount of \$4,300. As of December 31, 2024 the Managing General Partner was owed a Partnership Management Fee in the amount of \$4,300.

Incentive Management Fee

The Partnership shall pay to the Administrative General Partner a noncumulative fee from Cash Flow in the manner set forth in Section 4.2(a) of the Partnership Agreement. The Incentive Management Fee shall be noncumulative so that if there is not sufficient Cash Flow in any Fiscal Year to pay the amount of the Incentive Management Fee specified for such use, the Partnership shall have no obligation to pay such shortfall in any future Fiscal Year.

Due Diligence Fee

The Partnership shall pay to the Limited Partner the Due Diligence Fee of \$55,000 out of the proceeds of the First Installment for advisory services in connection with the development and construction of the Project and shall be payable at Partnership closing. For the period ended December 31, 2024 the Limited Partner earned a Due Diligence Fee in the amount of \$55,000.

b. Developer Fee Payable

A developer fee of \$2,200,000 was accrued to Pacific West Communities, Inc., an affiliate of the Administrative General Partner upon completion of the project in 2024. The General Partner guaranteed construction completion and any development deficits by agreeing to defer a portion of the fee that could not be paid out of all sources of debt and equity until sufficient cash flows for payment could be generated from operations.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

3. Related Party Transactions

c. Construction Contract Payable - PWB, Inc.

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on January 26, 2023 in the amount of \$15,239,920. Any modifications to the contract will require the approval of the Limited Partner. As of December 31, 2024, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$1,179,394 remained payable as of December 31, 2024.

d. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$13,630 and \$0 for the period ended December 31, 2024. For the period ended December 31, 2024 payments to PWC for insurance amounted to \$81,778.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

3. Related Party Transactions

e. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the Limited Partner to the extent of any amount to which the Limited Partner is entitled to receive Cash Flow to satisfy any payment pursuant to Section 5.10 of the Partnership Agreement;
2. To repay (on a prorata basis) any unpaid loans made pursuant to Section 2.6 of the Partnership Agreement;
3. To payment of the Asset Management Fee (including any accrued but unpaid Asset Management Fee);
4. To the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount;
5. To pay accrued interest and then principal on the Development Note, if any;
6. To pay the Partnership Management Fee (including any accrued but unpaid Partnership Management Fee);
7. To pay the balance, if any, to the Administrative General Partner to repay any amounts treated as loans to the Partnership by the Administrative General Partner pursuant to Section 5.4(h)(2) of the Partnership Agreement and not yet repaid;
8. To pay accrued interest and any principal portion of the Loan Shortfall Note then payable as a result of a Loan Shortfall;
9. To the Administrative General Partner, Developer, or Guarantor to repay any loan amounts treated as made to the Partnership by such party pursuant to the Guaranty Agreement;
10. The balance thereof, if any, shall be paid or distributed annually 10% to the Limited Partner, 0.001% to the Managing General Partner, 89.999% to the Administrative General Partner (first as payment of the Inventive Management Fee (up to a maximum of 10% of the Project's gross income) and then as a distribution to the Administrative General Partner).

Notwithstanding any other provision of Section 4.1 of the Partnership Agreement to the contrary, for each Fiscal Year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such Fiscal Year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after Section 4.1(a)(9) of the Partnership Agreement with respect to such Fiscal Year.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

3. Related Party Transactions

f. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$161,000 outstanding at any one time. An operating reserve of \$80,291 shall be established out of the proceeds of the first and third capital contributions of the limited partner. The guaranty period begins with the date that breakeven operations occurs and ending on the date on which each of the following has occurred and is true (i) the fourth anniversary of the achievement of breakeven operations, (ii) the Partnership achieving a 1.15 to 1 debt coverage ratio for two consecutive calendar quarters, (iii) the Project has attained 95% actual economic occupancy, and (iv) the balance remaining in the operating reserve is not less than the operating reserve amount.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$21,500 per year starting on the commencement date.

g. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024
Due to Related Parties:	
Deferred Developer Fee Payable	\$ 2,200,000
Asset Management Fee Payable	7,500
Partnership Management Fee Payable	4,300
Related Party Payables - Due to General Partner	14,014
Total Related Party Payables	<u>\$ 2,225,814</u>

4. Property Management Fees

The property is managed by Cambridge Real Estate Services who is not affiliated with the owners. Management Fees of \$6,500 were incurred at six percent (6%) of gross operating revenues, or a minimum monthly fee of \$1,300, which is calculated with respect to the preceding calendar month and payable in the month during which it was earned, during 2024.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

5. Rental Property

a. Rental Property

Rental property consists of the following:

	2024
Land	\$ 880,000
Buildings	17,482,167
Land Improvements	2,872,625
Furniture and Fixtures	445,349
Total cost	21,680,141
Accumulated Depreciation	(156,306)
Total Rental Property, net	\$ 21,523,835

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

6. Restricted Cash

a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account with contributions by the partnership of at least \$500 per unit per year, commencing upon the earlier of (1) the month following the month in which breakeven operations occurs and (2) the fourth month following the month in which construction completion occurs. The deposits will be released to the partnership upon requests for capital improvements and repairs. The replacement reserve account has not yet been funded and the balance as of December 31, 2024 was \$-.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance as of December 31, 2024 was \$7,430. The security account is underfunded by an immaterial amount.

c. Operating Reserve Account

An operating reserve shall be established in an amount equal to \$80,291, which is estimated to be approximately three months' operating expenses and debt service. The operating reserve shall be held in an operating reserve account at KeyBank National Association, which account shall be maintained during the Compliance Period. The only exception to the foregoing is the release of the operating reserve to pay deferred development fees following the achievement of a minimum annual debt service ratio of 1.15 for three (3) consecutive years following stabilized occupancy. The operating reserve account has not yet been funded and the balance as of December 31, 2024 was \$0.

d. Restricted Account Activity

	Other Reserves
Prior Year Activity	
Current Year Activity	
Deposits	\$ 5,016
Interest	181
Subtotal, Current Year Activity	5,197
Balance, End of Period	\$ 5,197

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

7. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
Construction Loan Payable - KeyBank The construction loan payable with KeyBank National Association originated on March 22, 2023 in the amount of \$8,872,538. The loan bears interest at a rate calculated using the Adjusted Daily Simple SOFR plus 2%. The payments on the loan are interest only and has a maturity date of April 25, 2025. During the period ended December 31, 2024, \$515,797 of construction-period interest was capitalized. Interest expense for 2024 totaled \$150,094.	\$ 14,958	\$ 2,639,037
Town Loan - Town of Paradise The CDBG-DR MHP Loan finances the leasing and development of the property. The loan amount is \$7,390,000 and is non-interest bearing. The loan does not require regular payments of principal and interest and matures after a fifty-five (55) year term.	-	6,651,000
Long-Term Debt Interest and Principal	14,958	9,290,037
Less: Unamortized Debt Issuance Costs	-	(20,000)
Long-Term Debt, Net of Unamortized Debt Issuance Costs	<u>\$ 14,958</u>	<u>\$ 9,270,037</u>

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

Subsequent	<u>\$ 9,290,037</u>
------------	---------------------

8. 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 June 18, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Eaglepointe Pacific Associates, LP

Notes to the Financial Statements

For the Period Beginning May 2, 2022 and Ending December 31, 2024

9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$14,709,170 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$0 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,470,917
2026	1,470,917
2027	1,470,917
2028	1,470,917
2029	1,470,917
2030	1,470,917
2031	1,470,917
2032	1,470,917
2033	1,470,917
2034	1,470,917
Total	<u>\$ 14,709,170</u>

Supplementary Information

Eaglepointe Pacific Associates, LP

For the Year Ended December 31, 2024

Schedule of Operating Expenses

	<u>2024</u>
Administrative Expenses	
Advertising and Marketing	\$ 709
Other Renting Expenses	1,659
Office Expenses	2,107
Property Management Fees	6,500
Manager or Superintendent Salaries	19,405
Administrative Rent Free Unit	1,415
Miscellaneous Administrative Expenses	<u>9,326</u>
Total Administrative Expenses	41,121
Utilities	
Water	3,249
Operating and Maintenance	
Payroll	1,404
Miscellaneous Operating and Maintenance Expense	<u>5,570</u>
Total Operating and Maintenance	6,974
Taxes and Insurance	
Real Estate Taxes	12,711
Payroll Taxes	3,177
Property & Liability Insurance (Hazard)	13,630
Fidelity Bond Insurance	244
Workmen's Compensation	1,076
Health Insurance and Other Employee Benefits	<u>3,890</u>
Total Taxes and Insurance	<u>34,728</u>
Total operating expenses	<u><u>\$ 86,072</u></u>

Eaglepointe Pacific Associates, LP

For the Year Ended December 31, 2024

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	2024
Net Cash Provided by Operating Activities	\$ (67,793)
Add:	
Deduct:	
Change in Operating Reserve Accounts	5,197
Change In Tenant Security Deposit Account	7,430
Cash Flow Available for Distribution	<u><u>\$ (55,166)</u></u>

Gridley Orchard Associates, LP

Financial Statements and Independent Auditor's Report

For the Period Beginning May 3, 2022 and Ending December 31, 2024

Gridley Orchard Associates, LP

December 31, 2024

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Gridley Orchard Associates, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Gridley Orchard Associates, LP, a limited partnership, which comprise the balance sheet as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the period beginning May 3, 2022 and ending December 31, 2024, 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 Gridley Orchard Associates, LP as of December 31, 2024, and the results of its operations and its cash flows for the period 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 Gridley Orchard Associates, LP and to meet our 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 these 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 Gridley Orchard Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Gridley Orchard Associates, LP '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 Gridley Orchard Associates, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
April 22, 2025

Gridley Orchard Associates, LP

Balance Sheet

December 31, 2024

	<u>2024</u>
Assets	
Cash and Cash Equivalents	\$ 16,633
Accounts Receivable, net	4,031
Restricted Cash:	
Tenant Security Deposits	1,294
Rental Property, net	25,794,198
Other Assets	<u>143,417</u>
Total Assets	<u><u>\$ 25,959,573</u></u>
 Liabilities and Partners' Capital	
Liabilities	
Accounts Payable	\$ 142,358
Accrued Interest Payable	87,421
Security Deposits Liability	3,699
Related Party Payables	3,948,495
Long-Term Debt, net	<u>14,619,733</u>
Total Liabilities	<u>18,801,706</u>
Partners' Capital	
Partners' Capital	<u>7,157,867</u>
Total Liabilities and Partners' Capital	<u><u>\$ 25,959,573</u></u>

The accompanying notes are an integral part of these financial statements.

Gridley Orchard Associates, LP

Statement of Income

For the Period Beginning May 3, 2022 and Ending December 31, 2024

	<u>2024</u>
Operating Revenue	
Gross Rental Income	\$ 46,589
Less: Vacancy Loss	<u>(44,963)</u>
Net Rental Income	<u>1,626</u>
Total Operating Revenue	<u>2,931</u>
Operating Expenses	
Administrative Expenses	42,616
Utilities	2,587
Operating and Maintenance Expenses	2,330
Taxes and Insurance	<u>1,899</u>
Total Operating Expenses	<u>49,432</u>
Net Operating Income	<u>(46,501)</u>
Non-Operating Income (Expenses)	
Interest Income	2,715
Interest Expense	(128,583)
Depreciation Expense	(65,072)
Amortization Expense	(801)
Lease-Up and Marketing Expenses	<u>(13,433)</u>
Total Non-Operating Income (Expenses)	<u>(205,174)</u>
Net Loss	<u><u>\$ (251,675)</u></u>

The accompanying notes are an integral part of these financial statements.

Gridley Orchard Associates, LP

Statement of Changes in Partners' Capital

For the Period Beginning May 3, 2022 and Ending December 31, 2024

	Butte County Affordable Housing Development Corporation (0.00001%)	TPC Holdings IX, LLC (0.00009%)	Merritt Community Capital Fund 23, L.P. (69.99993%)	Merritt Community Capital Fund 24, L.P. (29.99997%)	Total (100.00%)
Current period activity					
Capital Contributed	\$ -	\$ -	\$ 5,239,179	\$ 2,245,363	\$ 7,484,542
Syndication Costs	-	-	(52,500)	(22,500)	(75,000)
Net loss for the period	-	-	(176,173)	(75,502)	(251,675)
Balance, December 31, 2024	\$ -	\$ -	\$ 5,010,506	\$ 2,147,361	\$ 7,157,867

The accompanying notes are an integral part of these financial statements.

Gridley Orchard Associates, LP

Statement of Cash Flows

For the Period Beginning May 3, 2022 and Ending December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts	
Rental Receipts	\$ (2,405)
Interest Receipts	2,715
Other Operating Receipts	1,305
Tenant Security Deposits	<u>3,699</u>
Total Receipts	5,314
Disbursements	
Administrative	(13,186)
Management Fee	(3,900)
Utilities	(2,587)
Operating and Maintenance	(2,330)
Taxes and Insurance	(1,899)
Interest on Mortgage and Notes Payable	(41,162)
Lease Up and Marketing Expenses	<u>(13,433)</u>
Total Disbursements	<u>(78,497)</u>
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>(73,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Purchase of Fixed Assets	(21,793,947)
Tax Credit Fees	<u>(144,218)</u>
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>(21,938,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Borrowings - Mortgages, Loans, or Notes Payable	14,619,733
Capital Contributions	7,484,542
Syndication Costs	<u>(75,000)</u>
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>22,029,275</u>
Net change in cash, cash equivalents, and restricted cash	<u>17,927</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 17,927</u></u>

The accompanying notes are an integral part of these financial statements.

Gridley Orchard Associates, LP

Statement of Cash Flows

For the Period Beginning May 3, 2022 and Ending December 31, 2024

	<u>2024</u>
Cash, cash equivalents, and restricted cash consist of the following:	
Cash and Cash Equivalents	\$ 695
Construction Cash Account	15,938
Tenant Security Deposits	<u>1,294</u>
	<u>\$ 17,927</u>
 Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities	
Net Loss	(251,675)
Adjustments to reconcile net loss to net cash provided by (used by) operating activities	
Depreciation	65,072
Amortization	801
(Increase) decrease in assets	
Accounts Receivable, net	(4,031)
Increase (decrease) in liabilities	
Accounts Payable	25,530
Accrued Interest Payable	87,421
Security Deposits Liability	<u>3,699</u>
Net cash provided by (used by) operating activities	<u><u>\$ (73,183)</u></u>

The accompanying notes are an integral part of these financial statements.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

1. Organization

a. Partnership

The financial statements reflect the accounts of Gridley Orchard Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on May 3, 2022. The General Partners are: TPC Holdings IX, LLC (0.00009%) and Butte County Affordable Housing Development Corporation, (0.00001%). The Limited Partners are: Merritt Community Capital Fund 23, L.P. (69.99993%) and Merritt Community Capital Fund 24, L.P. (29.99997%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 48-unit multifamily rental housing project in Gridley, California known as Orchard View Apartments. The project was completed on December 01, 2024 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee (CTCAC), intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

d. Rental Property

Rental property is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for December 31, 2024 was \$ 65,072.

e. 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 their carrying amounts, 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 loss has been recognized during the year ended December 31, 2024.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$144,218 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$801 as of December 31, 2024.

g. Revenue recognition

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

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 determination is made. U.S. generally accepted accounting principles ("GAAP") requires 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.

h. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ending 2024, advertising and marketing costs totaled \$2,001.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

2. Significant Accounting Policies

i. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

j. Economic Concentrations and Contingencies

The partnership operates on property located in Gridley, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

k. Nature of business/basis of preparation

l. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

3. Related Party Transactions

a. Partner Fees

Partnership Management Fee

As compensation for the services of the Managing General Partner in connection with the management of the business of the Partnership and commencing as of funding date of the Conversion Capital Contribution (pro-rated on monthly basis), the Partnership shall pay an annual "Partnership Management Fee" to the Managing General Partner in the amount of \$4,800 per annum, payable as provided in the Partnership Management Agreement, which shall be paid pursuant to Article 8 and shall accrue if not paid in any given year; provided, however, that if any portion of the Partnership Management Fee is allocated to the Limited Partner and the Limited Partner has a negative capital account balance, and the Partners are unable to agree upon another method to avoid such negative capital account balance, then at the request of the Limited Partner, the Managing General Partners shall agree that the Partnership Management Fee shall not accrue. The Conversion Capital Contribution has not been funded therefore no accrual has been recorded as of the year ended December 31, 2024.

AGP Partnership Management Fee

As compensation for the services of the Administrative General Partner in connection with the management of the business of the Partnership and commencing as of funding date of the Conversion Capital Contribution (pro-rated on a monthly basis), the Partnership shall pay an annual "AGP Partnership Management Fee" to the Administrative General Partner in the amount of \$30,000 per annum, which shall be paid pursuant to Article 8 and shall accrue if not paid in any given year; provided, however, that if any portion of the AGP Partnership Management Fee is allocated to the Limited Partner and the Limited Partner has a negative capital account balance, and the Partners are unable to agree upon another method to avoid such negative capital account balance, then at the request of the Limited Partner, the Administrative General Partners shall agree that the Partnership Management Fee shall not accrue. The Conversion Capital Contribution has not been funded therefore no accrual has been recorded as of the year ended December 31, 2024.

Asset Management Fee

As compensation for the services of the Limited Partner in connection with their investment in the business of the Partnership and commencing as of funding date of the Conversion Capital Contribution (pro-rated on a monthly basis), the Partnership shall pay an annual "LP Asset Management Fee" to the Limited Partner in the amount of \$5,000 per annum, which shall be paid pursuant to Article 8 and shall accrue if not paid in any given year. The Conversion Capital Contribution has not been funded therefore no accrual has been recorded as of the year ended December 31, 2024.

b. Developer Fee Payable

For its services in connection with the development of the Apartment Complex and the supervision of the construction of the Apartment Complex, and as reimbursement for Development Advances, the Developer shall receive a fee (the "Development Fee") in the amount of \$2,200,000. The remainder of the Development Fee shall be deemed to have been earned as and when the Developer's services are rendered and such Development Fee shall be paid out of Designated Construction Proceeds, provided, however, that no portion of the Development Fee shall be paid out of the proceeds of the First Installment, Second Installment, Third

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

3. Related Party Transactions

b. Developer Fee Payable

Installment, not more than \$1,700,000 of the Development Fee shall be paid out of the proceeds of the Fourth Installment, and not more than \$500,000 of the Development Fee shall be paid out of the proceeds of the Fifth Installment. e

c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. Payment of the Change in Law Obligation until satisfied in full.
2. Payment of any amounts due or payable under the Indemnification Agreement.
3. Payment of any current and accrued LP Asset Management Fee until paid in full.
4. Deposited into the Operating Reserve until the amount therein equals or exceeds the Initial Operating Reserve Amount.
5. Payment of any current and accrued Partnership Management Fee.
6. Payment of any current and accrued AGP Partnership Management Fee.
7. Payment of any deferred Development Fee, until paid in full.
8. Payment of any subordinated and deferred property management fee under Section 11.1(e).
9. 50% to the payment of the County Loan and pursuant to the terms of the Loan Documents.
10. Payment of any Voluntary Loans.
11. Payment of any Operating Deficit Loans.
12. With respect to Net Cash Flow generated prior to Bank Loan Conversion only, repayment of Development Advances.
13. Then, among the Partners in accordance with their percentage interests during the Energy Credit Compliance Period, and thereafter, 89.99% to the Administrative General Partner, 0.01% the Managing General Partner and 10% to the Limited Partner.

d. Construction Contract

The partnership entered into a fixed price construction contract for the construction of the apartment complex

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

3. Related Party Transactions

with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on June 23, 2023, in the amount of \$17,824,857. Any modifications to the contract will require the approval of the Special Limited Partner. As of December 31, 2024, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$1,748,495 remained payable as of December 31, 2024.

e. Development Advances Loan Payable - PWB

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$116,828 which have not been repaid as of December 31, 2024. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2024, the balance of the loan was \$116,828.

f. Related Party Payables

Amounts due from and due to related parties are as follows:

	<u>2024</u>
Due to Related Parties:	
Deferred Developer Fee Payable	\$ 2,200,000
Related Party Payables - Due to General Partner	<u>1,748,495</u>
Total Related Party Payables	<u>\$ 3,948,495</u>

4. Property Management Fees

The property is managed by Cambridge Property Management who is not affiliated with the owners. Management Fees of \$3,900 were incurred equal to six percent (6%) of Gross Operating Revenues, or a minimum monthly fee of \$1,300. The management fee is calculated with respect to the preceding calendar month and payable at the conclusion of the calendar month during which it was earned during 2024.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

5. Rental Property

Rental property consists of the following:

	2024
Land	\$ 558,000
Buildings	21,300,495
Land Improvements	3,034,491
Office Furniture and Equipment	966,284
Total cost	25,859,270
Accumulated Depreciation	(65,072)
Total Rental Property, net	\$ 25,794,198

6. Restricted Cash

a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account. This account has not yet been established by the partnership as of December 31, 2024. Contributions are to be made monthly in the amount \$2,000 (\$500 per unit per year or \$24,000 annually). The deposits will be released to the partnership upon requests for capital replacements. The balance on December 31, 2024 was \$0.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 was \$1,294. The tenant security deposits account was underfunded by an immaterial amount as of December 31, 2024.

c. Operating Reserves Account

An operating reserve in the amount of \$106,365 shall be established and maintained by the partnership at or prior to the permanent conversion date. This account has not yet been established by the partnership as of December 31, 2024. The balance at December 31, 2024 was \$0.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

7. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>
	Interest Payable	Principal
Construction Loan - KeyBank		
The construction loan in an original amount of 7,663,501 closed on June 26, 2023. The loan requires payments of interest only at an annual rate equal to the adjusted daily simple SOFR plus 2%. The loan has an initial maturity date of June 26, 2025, with an optional extended maturity date of December 26, 2025. Construction period interest of \$211,874 was capitalized to fixed assets. Interest expense for 2024 totaled \$82,823.	\$ 41,661	\$ 7,348,693
CDBG-DR MHP Butte County Loan		
The loan with Butte County is dated June 23, 2022 for \$8,650,000. The interest rate is three percent (3%) and the loan matures fifty-five (55) years from the issuance of the final certificate of occupancy. Payments are calculated through partnership cash flow listed above. Interest expense for 2024 totaled \$45,760.	45,760	7,271,040
Long-Term Debt Interest and Principal	\$ 87,421	\$ 14,619,733

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 7,348,693
Subsequent	7,271,040
Total	<u>\$ 14,619,733</u>

8. 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 April 22, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Gridley Orchard Associates, LP

Notes to the Financial Statements

For the Period Beginning May 3, 2022 and Ending December 31, 2024

9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$17,652,240 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$0 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,765,224
2026	1,765,224
2027	1,765,224
2028	1,765,224
2029	1,765,224
2030	1,765,224
2031	1,765,224
2032	1,765,224
2033	1,765,224
2034	1,765,224
Total	<u>\$ 17,652,240</u>

Supplementary Information

Gridley Orchard Associates, LP

For the Year Ended December 31, 2024

Schedule of Operating Expenses

	<u>2024</u>
Administrative Expenses	
Advertising and Marketing	\$ 2,001
Office Expenses	1,460
Property Management Fees	3,900
Manager or Superintendent Salaries	4,679
Miscellaneous Administrative Expenses	<u>30,576</u>
Total Administrative Expenses	42,616
Utilities	
Electricity	2,490
Water	<u>97</u>
Total Utilities	2,587
Operating and Maintenance	
Payroll	593
Supplies	795
Miscellaneous Operating and Maintenance Expense	<u>942</u>
Total Operating and Maintenance	2,330
Taxes and Insurance	
Payroll Taxes	680
Workmen's Compensation	131
Health Insurance and Other Employee Benefits	<u>1,088</u>
Total Taxes and Insurance	<u>1,899</u>
Total operating expenses	<u><u>\$ 49,432</u></u>

Gridley Orchard Associates, LP

For the Year Ended December 31, 2024

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ (73,183)
Add:	
Operating Costs Paid From Development	36,725
Deduct:	
Change In Tenant Security Deposit Account	<u>(1,294)</u>
Cash Flow Available for Distribution	<u><u>\$ (37,752)</u></u>

Oroville Senior Associates, LP

Financial Statements

For the Years Ended December 31, 2024 and 2023

Oroville Senior Associates, LP

December 31, 2024and 2023

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Oroville Senior Associates, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Oroville Senior Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, 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 Oroville Senior Associates, LP as of December 31, 2024 and for the years ended December 31, 2024 and 2023, 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 Oroville Senior Associates, LP and to meet our 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 these 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 Oroville Senior Associates, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Oroville Senior Associates, LP '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 Oroville Senior Associates, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
April 17, 2025

Oroville Senior Associates, LP

Balance Sheets

December 31, 2024 and 2023

	2024	2023
Assets		
Cash and Cash Equivalents	\$ 23,910	\$ 99,460
Accounts Receivable, net	3,724	-
Prepaid Expenses	-	17,625
Restricted Cash:		
Tenant Security Deposits	22,169	20,865
Escrow Deposits	1,700	-
Replacement Reserve	9,774	-
Other Reserves	156,721	147,581
Rental Property, net	12,065,722	12,501,246
Other Assets	94,200	101,493
Total Assets	\$ 12,377,920	\$ 12,888,270
Liabilities and Partners' Capital		
Liabilities		
Accounts Payable	\$ 1,909	\$ 10,025
Accrued Interest Payable	6,235	-
Security Deposits Liability	22,169	20,865
Prepaid Rent	3	9,924
Related Party Payables	950,809	1,254,023
Long-Term Debt, net	1,300,662	1,308,381
Total Liabilities	2,281,787	2,603,218
Partners' Capital		
Partners' Capital	10,096,133	10,285,052
Total Liabilities and Partners' Capital	\$ 12,377,920	\$ 12,888,270

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Statements of Income

For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenue		
Gross Rental Income	\$ 359,917	\$ 337,383
Less: Vacancy Loss	(8,164)	(15,775)
Net Rental Income	351,753	321,608
Miscellaneous Income	79,876	8,252
Total Operating Revenue	431,629	329,860
Operating Expenses		
Administrative Expenses	98,219	80,972
Utilities	44,872	43,234
Operating and Maintenance Expenses	70,451	49,481
Taxes and Insurance	29,433	52,521
Total Operating Expenses	242,975	226,208
Net Operating Income	188,654	103,652
Non-Operating Income (Expenses)		
Interest Income	9,295	1,819
Interest Expense	(82,248)	(340,790)
Depreciation Expense	(435,524)	(440,463)
Amortization Expense	(7,293)	(7,293)
Lease-Up and Marketing Expenses	(27)	(1,427)
Asset Management Fee	(7,957)	(7,725)
Partnership Management Fee	(3,819)	(3,708)
Total Non-Operating Income (Expenses)	(527,573)	(799,587)
Net Loss	\$ (338,919)	\$ (695,935)

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Statements of Changes in Partners' Capital

For the Years Ended December 31, 2024 and 2023

	Nationwide Affordable Housing Fund 64 - Red Stone Equity Fund 92, LP (99.99%)	TPC Holdings IX, LLC (0.0045%)	Butte County Affordable Housing (0.0045%)	Red Stone Equity Manager, LLC (0.001%)	Total (100.00%)
Prior period activity					
Balance, January 1, 2023	\$ 978,376	\$ (5)	\$ (5)	\$ (1)	\$ 978,365
Capital Contributed	10,002,622	-	-	-	10,002,622
Net income for the period	(695,865)	(32)	(31)	(7)	(695,935)
Balance, December 31, 2023	10,285,133	(37)	(36)	(8)	10,285,052
Current Year Activity					
Capital Contributed	150,000	-	-	-	150,000
Net loss for the period	(338,885)	(16)	(15)	(3)	(338,919)
Balance, December 31, 2024	\$10,096,248	\$ (53)	\$ (51)	\$ (11)	\$ 10,096,133

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts		
Rental Receipts	\$ 338,108	\$ 337,449
Interest Receipts	9,295	1,819
Other Operating Receipts	40,529	8,252
Tenant Security Deposits	1,304	211
Total Receipts	389,236	347,731
Disbursements		
Administrative	(75,295)	(69,002)
Management Fee	(21,040)	(19,828)
Utilities	(44,872)	(43,234)
Operating and Maintenance	(70,451)	(49,481)
Real Estate Taxes	(3,662)	(45,786)
Property Insurance	(100)	(17,453)
Taxes and Insurance	(8,046)	(6,735)
Interest on Mortgage and Notes Payable	(73,900)	(369,196)
Partner Fees	(27,533)	-
Total Disbursements	(324,899)	(620,715)
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	64,337	(272,984)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Purchase of Fixed Assets	-	(17,134)
Refund of TCAC Fees	39,347	-
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	39,347	(17,134)

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Borrowings (Payments) - Construction Loan Payable	-	(8,638,357)
Principal Borrowings - Mortgages, Loans, or Notes Payable	-	1,345,000
Principal Payments - First Mortgage	(9,832)	(4,134)
Principal Borrowings (Payments) - PWB Loan Payable	-	(620,000)
Capital Contributions	150,000	10,002,622
Payment of Deferred Developer Fee	(287,457)	(300,000)
Other Financing Activities - Lease Up and Marketing Expenses	(27)	(1,427)
Other Financing Activities - Construction and Development Costs Payable	(10,000)	(1,236,485)
Other Financing Activities - Debt Issuance Costs	-	(14,993)
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	(157,316)	532,226
Net change in cash, cash equivalents, and restricted cash	(53,632)	242,108
Cash, cash equivalents, and restricted cash at beginning of year	267,906	25,798
Cash, cash equivalents, and restricted cash at end of year	\$ 214,274	\$ 267,906

Cash, cash equivalents, and restricted cash consist of the following:

Cash and Cash Equivalents	\$ 23,910	\$ 99,460
Tenant Security Deposits	22,169	20,865
Escrow Deposits	1,700	-
Replacement Reserve	9,774	-
Other Reserves	156,721	147,581
	\$ 214,274	\$ 267,906

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Net Income to Net Cash Flow Provided By (Used By)		
Operating Activities		
Net Loss	(338,919)	(695,935)
Adjustments to reconcile net loss to net cash provided by (used by) operating activities		
Depreciation	435,524	440,463
Amortization	7,293	7,293
Amortization/Interest Debt Issuance Costs	2,113	1,332
Financing Activities Paid by Development	27	1,427
Investing Activities Refund of TCAC Fees	(39,347)	-
(Increase) decrease in assets		
Accounts Receivable, net	(3,724)	9,409
Prepaid Expenses	17,625	(17,453)
Increase (decrease) in liabilities		
Accounts Payable	1,884	(7,858)
Accrued Interest Payable	6,235	(29,738)
Security Deposits Liability	1,304	211
Prepaid Rent	(9,921)	6,432
Related Party Payables	(15,757)	11,433
Net cash provided by (used by) operating activities	<u><u>\$ 64,337</u></u>	<u><u>\$ (272,984)</u></u>

The accompanying notes are an integral part of these financial statements.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

1. Organization

The financial statements reflect the accounts of Oroville Senior Associates, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on May 1, 2022. The General Partners are: TPC Holdings IX, LLC (Administrative General Partner) (0.0045%) and Butte County Affordable Housing (Managing General Partner) (0.0045%). The Limited Partners are: Nationwide Affordable Housing Fund 64 - Red Stone Equity Fund 92 (99.99%) and Red Stone Equity Manager, LLC (Special Limited Partner) (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 36-unit multifamily rental housing project in Oroville, CA known as Mitchell Avenue Senior Apartments. Construction on the project was finished in 2022 when rental operations began. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for December 31, 2024 was \$ 435,524 (2023 - \$ 440,463).

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

2. Significant Accounting Policies

e. 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 their carrying amounts, 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 loss has been recognized during the years ended December 31, 2024 and 2023.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$109,394 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period). Accumulated amortization totaled \$15,194 and \$7,901 as of December 31, 2024 and 2023.

g. 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 which is not significantly different than the effective interest method.

h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for certain low-income eligible tenants is provided under a Section 8 voucher. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and management's evaluation of periodic aging of accounts. As of December 31, 2024 and 2023, the balance of allowance for doubtful accounts was \$0 and \$0, respectively.

i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the years ending 2024 and 2023, advertising and marketing costs totaled \$1,163 and \$809.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

2. Significant Accounting Policies

j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

k. Economic Concentrations and Contingencies

The partnership operates on property located in Oroville, CA. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

l. Financial Instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

m. Concentrations of Credit Risk

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

3. Related Party Transactions

a. Partner Fees

Asset Management Fee

The Partnership shall pay, from Net Cash Flow, an annual asset management fee equal to \$7,500 to the Special Limited Partner or its affiliate for an annual review of the operations of the Partnership and the Apartment Complex. Such fee shall begin accruing at initial closing, shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing at Stabilized Operations. Such fee shall increase annually by three percent (3%).

Partnership Management Fee

The Partnership shall pay, from Net Cash Flow, an annual fee, the Partnership Management Fee, equal to \$3,600 to the Managing General Partner. Such fee shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing on the first year the Managing General Partner obtains the property tax exemption for the Apartment Complex. Such fee shall increase annually by three percent (3%) of the Partnership Management Fee for the preceding year.

b. Developer Fee Payable

The Partnership has entered into a Development Agreement with the Developer for its services in connection with the development and construction of the Apartment Complex. In consideration for such services, a Development Fee in a total amount equal to \$1,526,490 shall be payable by the Partnership, in accordance with the terms of the Development Agreement and the Limited Partnership Agreement.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

3. Related Party Transactions

c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To the Limited Partners, pro rata in proportion to the Assumed Limited Partner Tax Liability of each such Partner;
2. to the Limited Partners, in an amount equal to any amounts due and owing to the Limited Partners including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances and Special Additional Capital Contributions;
3. to the payment of any accrued but unpaid Asset Management Fee;
4. to replenish the Operating Reserve up to the Operating Reserve Floor;
5. to the payment of any accrued but unpaid Partnership Management Fee;
6. until all amounts due under the Development Agreement has been paid in full;
7. to the pro rata payment of any outstanding Operating Deficit Loans and General Partner Loans;
8. 90% of remaining cash flow to the payment of the Incentive Management Fee;
9. to the Partners in accordance with their percentage interests; provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner is less than 10% of total net cash flow, then the Limited Partner shall receive a priority distribution before any distribution noted above in an amount such that the Limited Partner's total distributions equal 10% of net cash flow.

d. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$109,644 outstanding at any one time. An operating reserve of \$109,644 shall be established out of the proceeds of the third capital contribution of the limited partner. The guaranty period begins upon rental achievement (which was December 1, 2022) and continues until the fifth (5th) anniversary of rental achievement. Repayment will come solely from cash flow as outlined above.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

3. Related Party Transactions

e. Construction Contract

The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on March 10, 2021 in the amount of \$7,603,161. Any modifications to the contract will require the approval of the Special Limited Partner. As of December 31, 2022, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$0 and \$0 remained payable as of December 31, 2024 and 2023, respectively.

f. Development Advances Loan Payable - PWB/PWC/TPC

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$620,000 which have now been repaid as of December 31, 2024. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2024 and 2023, the balance of the loan was \$0 and \$0, respectively.

g. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$17,725 and \$0 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023 payments to PWC for insurance amounted to \$0 and \$9,152, respectively,

h. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 939,033	\$ 1,226,490
Asset Management Fee Payable	7,957	20,225
Partnership Management Fee Payable	3,819	7,308
Total Related Party Payables	\$ 950,809	\$ 1,254,023

4. Property Management Fees

The property is managed by Cambridge Property Management who is not affiliated with the owners. Management Fees of \$21,040 were incurred at the greater of \$1,000 per month or 6% of gross rent collections during 2024.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 325,000	\$ 325,000
Buildings	10,181,292	10,181,292
Land Improvements	1,313,630	1,313,630
Furniture and Fixtures	1,153,104	1,153,104
Total cost	12,973,026	12,973,026
Accumulated Depreciation	(907,304)	(471,780)
Total Rental Property, net	\$ 12,065,722	\$ 12,501,246

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

6. Restricted Cash

a. Replacement Reserve Account

The limited partnership agreement requires the establishment of a capital replacement reserve account. This account has not yet been funded. Contributions are to be made monthly in the amount of \$750 (\$9,000 annually, increasing 3% each year). The deposits will be released to the partnership upon requests for capital replacements. The balance on December 31, 2024 and 2023 was \$9,774 and \$0, respectively.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 and 2023 was \$22,169 and \$20,865, respectively.

c. Tax and Insurance Account

The partnership has set aside funds in separate accounts for the payment of property taxes and insurance. The balance of the property tax and insurance account at December 31, 2024 and 2023 was \$1,700 and \$0, respectively.

d. Operating Reserve Account

The Partnership shall establish an Operating Reserve account in the minimum amount of \$109,644 out of the third capital installment. As of December 31, 2024 and 2023 the balance of the operating reserve was \$156,721 and \$147,581, respectively.

e. Restricted Account Activity

	Replacement Reserve	T & I Account	Operating Reserve
Prior Year Activity			
Deposits	\$ -	\$ -	\$ 146,000
Interest	-	-	1,581
Balance, End of Period	-	-	147,581
Current Year Activity			
Deposits	9,774	1,700	-
Interest	-	-	9,140
Subtotal, Current Year Activity	9,774	1,700	9,140
Balance, End of Period	\$ 9,774	\$ 1,700	\$ 156,721

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

7. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
Permanent Loan - Pacific Western Bank (Tranche A)				
The construction loan converted into the permanent phase with Pacific Western Bank in the amount of \$1,345,000 on November 15, 2023. The loan is split into two tranches. Tranche A has a principal balance of \$925,000. The loan bears interest at a rate of 4.50% with monthly required payments of principal and interest in the amount of \$4,189. The maturity date of the loan is November 1, 2040. Interest expense for 2024 totaled \$45,586 (2023 - \$734)	\$ 3,543	\$ 914,203	\$ -	\$ 922,430
Permanent Loan - Pacific Western Bank (Tranche B)				
The construction loan converted into the permanent phase with Pacific Western Bank in the amount of \$1,345,000 on November 15, 2023. The loan is split into two tranches. Tranche B has a principal balance of \$420,000. The loan bears interest at a rate of 7.50% with monthly required payments of principal and interest in the amount of \$2,789. The maturity date of the loan is November 1, 2040. Interest expense for 2024 totaled \$34,549 (2023 - \$1,225)	2,692	416,831	-	418,436
Long-Term Debt Interest and Principal	6,235	1,331,034	-	1,340,866
Less: Unamortized Debt Issuance Costs	-	(30,372)	-	(32,485)
Long-Term Debt, Net of Unamortized Debt Issuance Costs	<u>\$ 6,235</u>	<u>\$ 1,300,662</u>	<u>\$ -</u>	<u>\$ 1,308,381</u>

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 10,573
2026	11,124
2027	11,706
2028	12,115
2029	12,955
Subsequent	1,272,561
Total	<u>\$ 1,331,034</u>

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

8. 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 April 17, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$13,424,320 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2024 \$1,342,432 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 1,342,432
2026	1,342,432
2027	1,342,432
2028	1,342,432
2029	1,342,432
2030	1,342,432
2031	1,342,432
2032	1,218,880
Total	<u>\$ 10,615,904</u>

10. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

Oroville Senior Associates, LP

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

11. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Oroville, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

Supplementary Information

Oroville Senior Associates, LP

For the Year Ended For the Years Ended December 31, 2024 And the Period Beginning May 14, 2021 and Ended December 31, 2022

Schedule of Operating Expenses

	2024	2023
Administrative Expenses		
Advertising and Marketing	\$ 1,163	\$ 809
Other Renting Expenses	-	(2,064)
Office Expenses	11,000	5,000
Property Management Fees	21,040	19,828
Manager or Superintendent Salaries	20,376	23,061
Administrative Rent Free Unit	10,836	10,331
Legal Expense - Project	7,921	1,905
Audit Expense	13,300	7,496
Bad Debts	1,049	655
Miscellaneous Administrative Expenses	11,534	13,951
Total Administrative Expenses	98,219	80,972
Utilities		
Fuel Oil/Coal	149	572
Electricity	12,696	10,778
Water	21,618	20,790
Sewer	10,409	11,094
Total Utilities	44,872	43,234
Operating and Maintenance		
Payroll	7,143	3,847
Supplies	5,619	3,531
Contracts	28,506	16,713
Garbage and Trash	7,033	7,873
Miscellaneous Operating and Maintenance Expense	22,150	17,517
Total Operating and Maintenance	70,451	49,481

Oroville Senior Associates, LP

For the Year Ended For the Years Ended December 31, 2024 And the Period Beginning May 14, 2021 and Ended December 31, 2022

Schedule of Operating Expenses

	2024	2023
Taxes and Insurance		
Real Estate Taxes	3,662	45,786
Payroll Taxes	964	526
Property & Liability Insurance (Hazard)	17,725	-
Fidelity Bond Insurance	385	426
Workmen's Compensation	2,429	2,594
Health Insurance and Other Employee Benefits	2,577	3,189
Miscellaneous Taxes, Licenses, Permits, & Insurance	1,691	-
Total Taxes and Insurance	29,433	52,521
Total operating expenses	\$ 242,975	\$ 226,208

Oroville Senior Associates, LP

For the Year Ended For the Years Ended December 31, 2024 And the Period Beginning May 14, 2021 and Ended December 31, 2022

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ 64,337
Partner Fees Paid	27,533
Deduct:	
Principal Payments of Long-Term Debt	(9,832)
Change in Replacement Reserve Accounts	(9,774)
Interest Earned in Operating Reserve Account	(9,140)
Change in Mortgage Escrow Accounts	(1,700)
Change In Tenant Security Deposit Account	(1,304)
Cash Flow Available for Distribution	<u><u>\$ 60,120</u></u>

Distribution of Available Cash Flow

Cash flow available for distribution from 2024 will be distributed in 2025 as follows:

	<u>2024</u>
Asset Management Fee Payable	\$ 7,957
Partnership Management Fee Payable	3,819
Deferred Developer Fee Payable	48,344
Total	<u><u>\$ 60,120</u></u>

Oroville Family Associates II, LP

Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

Oroville Family Associates II, LP

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

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Grigg, Bratton & Brash, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Partners
Oroville Family Associates II, LP

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Oroville Family Associates II, LP, a limited partnership, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in partners' capital, and cash flows for the year ended December 31, 2024 and for the period beginning April 1, 2022 and ending December 31, 2023, 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 Oroville Family Associates II, LP as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the periods 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 Oroville Family Associates II, LP and to meet our 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 these 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 Oroville Family Associates II, LP's ability to continue as a going concern within one year after the date 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 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 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, including omissions, 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 Oroville Family Associates II, LP '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 Oroville Family Associates II, LP'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

The accompanying supplementary information referenced in the table of contents 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. Such 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.

Boise, ID
April 24, 2025

Oroville Family Associates II, LP

Balance Sheets

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

	2024	2023
Assets		
Cash and Cash Equivalents	\$ 191,901	\$ 4,874,222
Accounts Receivable, net	2,925	2,134
Prepaid Expenses	10,278	-
Restricted Cash:		
Tenant Security Deposits	37,976	21,919
Rental Property, net	19,124,523	18,894,385
Other Assets	150,736	161,567
Total Assets	\$ 19,518,339	\$ 23,954,227
Liabilities and Partners' Capital		
Liabilities		
Accounts Payable	\$ 783	\$ 14,021
Accrued Expenses	-	35,373
Accrued Interest Payable	12,043	19,225
Security Deposits Liability	39,104	23,873
Prepaid Rent	485	219
Related Party Payables	3,554,179	2,557,343
Long-Term Debt, net	3,978,307	8,686,579
Total Liabilities	7,584,901	11,336,633
Partners' Capital		
Partners' Capital	11,933,438	12,617,594
Total Liabilities and Partners' Capital	\$ 19,518,339	\$ 23,954,227

The accompanying notes are an integral part of these financial statements.

Oroville Family Associates II, LP

Statements of Income

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

	2024	2023
Operating Revenue		
Gross Rental Income	\$ 547,260	\$ -
Less: Vacancy Loss	(21,584)	-
Less: Rental Concessions	(2,292)	-
Net Rental Income	523,384	-
Miscellaneous Income	42,441	5,764
Total Operating Revenue	565,825	5,764
Operating Expenses		
Administrative Expenses	96,979	17,228
Utilities	47,669	35,851
Operating and Maintenance Expenses	78,676	335
Taxes and Insurance	92,976	1,537
Total Operating Expenses	316,300	54,951
Net Operating Income	249,525	(49,187)
Non-Operating Income (Expenses)		
Interest Income	221	1,104
Interest Expense	(142,420)	(19,318)
Depreciation Expense	(768,103)	(63,204)
Amortization Expense	(10,831)	(903)
Lease-Up and Marketing Expenses	(2,208)	(1,075)
Asset Management Fee	(5,150)	(8,750)
Partnership Management Fee	(4,944)	(14,800)
Incentive Management Fee	(246)	-
Total Non-Operating Income (Expenses)	(933,681)	(106,946)
Net Loss	\$ (684,156)	\$ (156,133)

The accompanying notes are an integral part of these financial statements.

Oroville Family Associates II, LP

Statements of Changes in Partners' Capital

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

	Butte County Affordable Housing Development Corporation (0.005%)	TPC Holdings IX, LLC (0.005%)	CREA Riverbend Apartments II, LP (99.989%)	CREA SLP, LLC (0.001%)	Total (100.00%)
Prior year activity					
Capital Contributed	\$ -	\$ -	\$ 12,823,627	\$ 100	\$ 12,823,727
Syndication Costs	-	-	(50,000)	-	(50,000)
Net loss for the period	(8)	(7)	(156,116)	(2)	(156,133)
Balance, December 31, 2023	(8)	(7)	12,617,511	98	12,617,594
Current Period Activity					
Net loss for the period	(34)	(34)	(684,081)	(7)	(684,156)
Balance, December 31, 2024	\$ (42)	\$ (41)	\$ 11,933,430	\$ 91	\$ 11,933,438

The accompanying notes are an integral part of these financial statements.

Oroville Family Associates II, LP

Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts		
Rental Receipts	\$ 522,859	\$ 219
Interest Receipts	221	1,104
Other Operating Receipts	7,068	3,630
Tenant Security Deposits	15,231	23,873
Total Receipts	545,379	28,826
Disbursements		
Administrative	(83,935)	(207)
Management Fee	(26,282)	(3,000)
Utilities	(47,669)	(478)
Operating and Maintenance	(78,676)	(335)
Real Estate Taxes	(36,181)	-
Property Insurance	(53,372)	-
Taxes and Insurance	(13,701)	(1,537)
Partner Fees	(246)	(5,000)
Total Disbursements	(340,062)	(10,557)
NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES	205,317	18,269
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Purchase of Fixed Assets	(531,499)	(16,408,796)
Payments of Tax Credit Fees	-	(162,470)
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	(531,499)	(16,571,266)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Borrowings - Construction Loan Payable	-	8,706,486
Principal Payments - Construction Loan Payable	(4,857,874)	-
Principal Borrowing - PWB Loan Payable	520,000	-
Capital Contributions	-	12,823,727
Other Financing Activities - Payments of Debt Issuance Costs	-	(20,000)
Other Financing Activities - Lease Up and Marketing Expenses	(2,208)	(1,075)
Other Financing Activities - Payments of Syndication Fees	-	(50,000)
Payment of Partnership Management Fee from Development	-	(10,000)
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	(4,340,082)	21,449,138

The accompanying notes are an integral part of these financial statements.

Oroville Family Associates II, LP

Statements of Cash Flows

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

	2024	2023
Net change in cash, cash equivalents, and restricted cash	(4,666,264)	4,896,141
Cash, cash equivalents, and restricted cash at beginning of year	4,896,141	-
Cash, cash equivalents, and restricted cash at end of year	\$ 229,877	\$ 4,896,141

Cash, cash equivalents, and restricted cash consist of the following:

Cash and Cash Equivalents	\$ 189,565	\$ 476
Construction Cash Account	2,336	4,873,746
Tenant Security Deposits	37,976	21,919
	\$ 229,877	\$ 4,896,141

Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities

Net Loss	(684,156)	(156,133)
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Adjustments to reconcile net loss to net cash provided by (used by) operating activities

Depreciation	768,103	63,204
Amortization	10,831	903
Amortization/Interest Debt Issuance Costs	1,111	93
Financing Activities paid by Development	2,208	1,075
Partnership Management Fee paid by Development	-	10,000
Accrued Interest Included as Principal of Construction Loan	148,491	-

(Increase) decrease in assets

Accounts Receivable, net	(791)	(2,134)
Prepaid Expenses	(10,278)	-

Increase (decrease) in liabilities

Accounts Payable	(13,238)	14,021
Accrued Expenses	(35,373)	35,373
Accrued Interest Payable	(7,182)	19,225
Security Deposits Liability	15,231	23,873
Prepaid Rent	266	219
Related Party Payables	10,094	8,550

Net cash provided by (used by) operating activities	\$ 205,317	\$ 18,269
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The accompanying notes are an integral part of these financial statements.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

1. Organization

a. Partnership

The financial statements reflect the accounts of Oroville Family Associates II, LP (a California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on April 1, 2021. The General Partners are: Butte County Affordable Housing Development Corporation (0.005%)(Managing General Partner) and TPC Holdings IX, LLC (0.005%)(Administrative General Partner). The Limited Partners are CREA Riverbend Apartments II, LP (99.989%) and CREA SLP, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 48-unit workforce housing community in Oroville, California known as Riverbend Family Apartments II. The limited partnership agreement was amended and restated on April 1, 2022 when the investor limited partner was admitted. The project operates in accordance with a regulatory agreement with the California Tax Credit Allocation Committee intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. Each building of the project must meet the provisions of these regulations (occupant eligibility and unit gross rent) in order to remain qualified to receive the credits.

2. Significant Accounting Policies

a. Accounting Method

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment.

b. Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

c. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

2. Significant Accounting Policies

d. Rental Property

Property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 10 to 40 years. Depreciation expense for December 31, 2024 was \$ \$768,103 (2023 - \$ 63,204).

e. 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 their carrying amounts, 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 loss has been recognized during the year ended December 31, 2024 and for the period beginning April 1, 2022 and ending December 31, 2023.

f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of \$162,470 related to obtaining the application and allocation of low income housing tax credits from the state agency. Other assets are amortized on a straight-line basis over the life of the 15 year compliance period. Accumulated amortization totaled \$11,734 and \$903 as of December 31, 2024.

g. Debt Issuance Costs

Unamortized debt issuance costs of \$18,796 and \$19,907 at December 31, 2024 and 2023 is reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of \$1,111 is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

h. Revenue Recognition - Rental Revenue and Receivable

The partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The partnership records revenue for such leases at gross potential rent. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Revenue streams include: tenant reimbursement of consumption-based costs paid by the partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

The partnership provides an allowance for losses on tenant receivables based on a review of the current status of existing receivables and managements evaluation of periodic aging of accounts. As of December 31, 2024 and 2023, the balance of allowance for doubtful accounts was \$4,703 and \$0, respectively.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

2. Significant Accounting Policies

i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ending 2024 and for the period beginning April 1, 2022 and ending December 31, 2023, advertising and marketing costs totaled \$1,074 and \$1,246, respectively.

j. Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years dating back three years remain open.

k. Economic Concentrations and Contingencies

The partnership operates on property located in Oroville, California. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. The project's low-income housing tax credits and regulatory agreement require compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital of the limited partner.

l. Financial instruments

The partnership has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

m. Concentrations of Credit Risk

The partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The partnership has not experienced any losses in such accounts. The partnership believes it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash.

3. Related Party Transactions

a. Partner Fees

Asset Management Fee

The Partnership shall pay a fee equal to (i) \$50,000 payable in connection with the First Capital Installment and (ii) \$5,000 per year, earned on an annual basis and increasing annually at a rate of 3% beginning the year following the first full calendar year of the Partnership (with a pro-rata share of such fee earned for any partial

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

3. Related Party Transactions

a. Partner Fees

calendar year). The first year's Asset Management Fee will be paid at closing and the amount payable for the second year's Asset Management Fee will be adjusted pro-rata. The Asset Management Fee is not covered by the Operating Deficit Loan and shall be payable only out of available Cash Flow and shall accrue, without interest, until there is sufficient cash available to pay any current and accrued Asset Management Fee. For the year ended December 31, 2024 and for the period beginning April 1, 2022 and ending December 31, 2023 the Asset Manager earned \$5,150 and \$8,750, respectively. As of December 31, 2024 and 2023 the Asset Manager was owed \$8,900 and \$3,750, respectively.

Partnership Management Fee

The Partnership shall pay to the Managing General Partner the following as a partnership management fee: (a) an up-front payment of \$10,000; and (b) beginning upon the year of receipt of the Property Tax Exemption without any pro-ration, solely from the Cash Flow of the Partnership specifically designated for payment of the Partnership Management Fee, an annual cumulative amount equal to \$4,800, increasing annually at a rate of 3%. Any Partnership Management Fee which is not paid in any year shall accrue and be payable in subsequent years pursuant to Note 3(c) Operating Cash Flow below. For the year ended December 31, 2024 and for the period beginning April 1, 2022 and ending December 31, 2023 the Managing General Partner earned \$4,944 and \$14,800, respectively. As of December 31, 2024 and 2023 the Managing General Partner was owed \$9,744 and \$3,750, respectively.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

3. Related Party Transactions

a. Partner Fees

Incentive Management Fee

In consideration of its services, the Partnership shall pay to the Administrative General Partner an annual, noncumulative fee (the "Incentive Management Fee"). The Incentive Management Fee shall be earned and payable only to the extent of Cash Flow available for distribution pursuant to Note 3(c) Operating Cash Flow below. Section 4.1(a) of the Partnership Agreement; provided, however, that the Incentive Management Fee with respect to any Fiscal Year and any management fees payable to the Management Agent pursuant to the terms of the Management Agreement shall not exceed twelve percent (12%) of the Partnership's gross revenues for such year; and provided, further, however, that no Incentive Management Fee shall accrue or be payable unless and until the Development Costs have been paid in full and any outstanding Credit Reduction Payments shall have been paid to the Limited Partner under Section 5.10 of the Partnership Agreement. For the year ended December 31, 2024 and the period beginning April 1, 2022 and ending December 31, 2023 the Administrative General Partner was paid \$0 and \$0, respectively.

b. Developer Fee Payable

The Developer shall be paid an amount equal to \$2,200,000 for its services in connection with the development and supervision of the project. No portion of the Development Fee shall be paid prior to the payment of the Third Installment. Not more than \$182,342 of the Development Fee shall be paid out of the proceeds of the Third Installment, not more than \$253,041 of the Development Fee shall be paid out of the proceeds of the Fourth Installment, and not more than \$1,709,817 of the Development Fee shall be paid out of the proceeds of the Fifth Installment. It is currently anticipated that the Deferred Development Fee is equal to \$54,800. Any installment of the Development Amount not paid shall be deferred ("Deferred Development Fee") bearing interest at the rate of 1.0% per annum, and shall be paid, first to accrued interest on the Development Amount, then to the principal amount outstanding, from Net Cash Flow.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

3. Related Party Transactions

c. Operating Cash Flow

Cash flow, which means the excess of Cash Receipts over Cash Expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined by the partnership agreement.

1. To payment of the Asset Management Fee (including any accrued but unpaid Asset Management Fee);
2. To repay any unpaid loans made by a Limited Partner, or the Special Limited Partner pursuant to Section 2.6. Loans made by the Limited Partner will be fully repaid prior to making any payments on loans made by the Special Limited Partner;
3. To the Limited Partner of the full amount (including interest) of any amounts owed to the Limited Partner pursuant to Section 5.10 or any other amounts owed to the Limited Partner or Special Limited Partner pursuant to this Agreement or the Guaranty Agreement;
4. To payment of the Partnership Management Fee;
5. To payment of any Deferred Development Fee Note and any accrued interest thereon and then as a return of capital to the Administrative General Partner to the extent of any Administrative General Partner Capital Contribution made pursuant to Section 2.1(c) hereof;
6. To the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount and then to the Replacement Reserve Account to replenish expenditures not contemplated in the approved capital budget;
7. To the Administrative General Partner to repay any amounts treated as loans to the Partnership by the Administrative General Partner pursuant to Section 2.6 and not yet repaid;
8. To repay on a pro rata basis any unpaid loans made by the Administrative General Partner pursuant to Sections 5.4(h), 5.4(j), 5.4(m), 5.10(a) and 5.10(b);
9. To the payment of any Deferred Property Management Fee (if applicable); and
10. Of the balance remaining: (i) 10% to the Limited Partner, (ii) 0.005% to the Managing General Partner, and (iii) 89.995% to the Administrative General Partner, first, as an Incentive Management Fee (but not in excess of 12% of the gross revenues of the Partnership, less any fees payable to the Administrative General Partner or its Affiliates) and, thereafter, as a distribution.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

3. Related Party Transactions

d. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The general partners are not obligated in excess of \$261,000 outstanding at any one time. An operating reserve of \$89,433 shall be established not later than the fourth capital contribution of the limited partner. The guaranty period begins upon Stabilized Operations and continuing for sixty months thereafter. Repayment will come solely from cash flow as outlined above.

Other Partner Guarantees - The general partners have also guaranteed construction completion. The completion guaranty includes paying all operating expenses in excess of income until stabilization. The general partners have promised that they will cause the partnership to fund a replacement reserve account based upon \$12,000 per year starting on the commencement date.

e. Development Advances Loan Payable - PWB/PWC/TPC

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of \$520,000 which have not been repaid as of December 31, 2024. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2024 and 2023, the balance of the loan was \$520,000 and \$0, respectively.

f. Payments of Insurance Premiums to GP Affiliate

The partnership pays annual premiums for property and liability insurance to Pacific West Communities, Inc. ("PWC") a related party which is wholly owned by an affiliate of the general partner. PWC administers a group insurance policy that provides property and liability insurance coverage to multiple entities including the partnership. Insurance premium expenses amounted to \$43,094 and \$0 for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024 and for the period beginning April 1, 2022 and ending December 31, 2023 payments to PWC for insurance amounted to \$40,335 and \$0, respectively,

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

3. Related Party Transactions

g. Related Party Payables

Amounts due from and due to related parties are as follows:

	2024	2023
Due to Related Parties:		
Deferred Developer Fee Payable	\$ 2,200,000	\$ 2,200,000
Asset Management Fee Payable	8,900	3,750
Partnership Management Fee Payable	9,744	4,800
Loans Payable - PWB, Inc.	520,000	-
Construction Contract Payable*	815,535	348,793
Total Related Party Payables	\$ 3,554,179	\$ 2,557,343

*The partnership entered into a fixed price construction contract for the construction of the apartment complex with Pacific West Builders, Inc. ("PWB"), an affiliate of TPC Holdings IX, LLC on February 15, 2022 in the amount of \$11,753,650. Any modifications to the contract will require the approval of the Special Limited Partner. As of December 31, 2024, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling \$815,535 and \$348,793 remained payable as of December 31, 2024 and 2023, respectively.

4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of \$26,282 and \$3,000 were incurred at the greater of \$1,500 per month or five percent (5%) of gross operating revenues during 2024 and the period beginning April 1, 2022 and ending December 31, 2023.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

5. Rental Property

Rental property consists of the following:

	2024	2023
Land	\$ 480,000	\$ 480,000
Buildings	14,231,227	12,947,466
Land Improvements	2,242,765	2,364,834
Office Furniture and Equipment	2,188,613	3,165,289
Solar Equipment	813,225	-
Total cost	19,955,830	18,957,589
Accumulated Depreciation	(831,307)	(63,204)
Total Rental Property, net	\$ 19,124,523	\$ 18,894,385

6. Restricted Cash

a. Replacement Reserve Account

The limited partnership agreement requires the establishment of a capital replacement reserve account. Contributions are to be made monthly in the amount of \$250 per unit per year (\$12,000 annually) or the amount required by the Project Lenders.. The deposits will be released to the partnership upon requests for capital replacements. As of December 31, 2024 was \$0 the replacement reserve accounts has not been funded.

b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on December 31, 2024 and 2023 was \$37,976 and \$21,919 respectively.

c. Operating Reserve Account

The Operating Reserve shall be established no later than the fourth equity installment in the amount of \$89,433, which amount shall increase to an amount equal to three months of operating expenses, replacement reserve deposits, and principal and interest payments due and owing on the Permanent Loans. As of December 31, 2024 the operating reserve account has not been funded.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

7. Long-Term Debt

a. Mortgage and Notes Payable

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Interest Payable	Principal	Interest Payable	Principal
Construction Loan - Pacific Western Bank				
The Partnership entered into an construction loan agreement with Pacific Western Bank on April 1, 2022 in the amount of \$15,400,000. The construction loan shall bear interest at a rate of 3.50%. Payments of the construction loan shall be interest only and the maturity date of the loan is October 1, 2024. The lender approved the extension of the maturity date to April 1, 2025. In 2023 there was \$248,204 of construction loan interest capitalized. Interest expense for the period ended December 31, 2024 totaled \$141,309.	\$ 12,043	\$ 3,997,103	\$ 19,225	\$ 8,706,486
Long-Term Debt Interest and Principal	12,043	3,997,103	19,225	8,706,486
Less: Unamortized Debt Issuance Costs	-	(18,796)	-	(19,907)
Long-Term Debt, Net of Unamortized Debt Issuance Costs	<u>\$ 12,043</u>	<u>\$ 3,978,307</u>	<u>\$ 19,225</u>	<u>\$ 8,686,579</u>

b. Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2025	\$ 3,997,103
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8. 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 April 24, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Oroville Family Associates II, LP

Notes to the Financial Statements

For the Year Ended December 31, 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

9. Federal Low-Income Housing Tax Credits

The partnership expects to receive low-income housing tax credits from the California Tax Credit Allocation Committee (CTCAC) amounting to \$20,058,710 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2024 \$2,005,871 federal tax credits will be utilized by the partners.

The expected availability of the remaining federal tax credits in the future are estimated as follows:

2025	\$ 2,005,871
2026	2,005,871
2027	2,005,871
2028	2,005,871
2029	2,005,871
2030	2,005,871
2031	2,005,871
2032	2,005,871
2033	1,905,498
Total	<u>\$ 17,952,466</u>

10. Commitments and Contingencies

The partnership has qualified for low-income housing tax credits which are contingent on its ability to remain in compliance with the applicable requirements of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specific time period, could result in recapture of previously issued tax credits plus interest. In addition, under the terms of the Limited Partnership Agreement, such potential non-compliance could require a refund of previously contributed capital by the Investor Limited Partner.

11. Property Tax Exemption

The limited partnership has obtained a certificate from the California Board of Equalization a low-income housing property welfare exemption from property taxes for the apartment complex and property located in Oroville, California. The partnership must demonstrate the property meets the requirements of a low-income housing property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

Supplementary Information

Oroville Family Associates II, LP

For the Year Ended December 31 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

Schedule of Operating Expenses

	2024	2023
Administrative Expenses		
Advertising and Marketing	\$ 1,074	\$ 1,246
Other Renting Expenses	2,025	7,349
Office Expenses	8,067	1,460
Property Management Fees	26,282	3,000
Manager or Superintendent Salaries	26,532	3,438
Legal Expense - Project	4,017	3
Audit Expense	6,251	-
Bad Debts	7,247	-
Miscellaneous Administrative Expenses	15,484	732
Total Administrative Expenses	96,979	17,228
Utilities		
Fuel Oil/Coal	1,701	212
Electricity	15,434	266
Water	10,161	-
Sewer	20,373	35,373
Total Utilities	47,669	35,851
Operating and Maintenance		
Payroll	10,135	-
Supplies	3,525	-
Contracts	37,668	-
Garbage and Trash	20,094	-
Miscellaneous Operating and Maintenance Expense	7,254	335
Total Operating and Maintenance	78,676	335

Oroville Family Associates II, LP

For the Year Ended December 31 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

Schedule of Operating Expenses

	2024	2023
Taxes and Insurance		
Real Estate Taxes	36,181	-
Payroll Taxes	4,826	426
Property & Liability Insurance (Hazard)	43,094	-
Fidelity Bond Insurance	272	-
Workmen's Compensation	2,352	232
Health Insurance and Other Employee Benefits	5,451	879
Miscellaneous Taxes, Licenses, Permits, & Insurance	800	-
Total Taxes and Insurance	92,976	1,537
Total operating expenses	\$ 316,300	\$ 54,951

Oroville Family Associates II, LP

For the Year Ended December 31 2024 and For the Period Beginning April 1, 2022 and Ending December 31, 2023

Cash Flow Available for Distribution

The calculation of cash flow available for distribution is as follows:

	<u>2024</u>
Net Cash Provided by Operating Activities	\$ 205,317
Add:	
Partner Fees Paid	246
Deduct:	
Interest Income Earned on Development Funds	(221)
Change In Tenant Security Deposit Account	<u>(16,057)</u>
Cash Flow Available for Distribution	<u>\$ 189,285</u>

Distribution of Available Cash Flow

Cash flow available for distribution from 2024 will be distributed in 2025 as follows:

	<u>2024</u>
Asset Management Fee Payable	\$ 8,900
Partnership Management Fee Payable	9,744
Deferred Developer Fee Payable	<u>170,641</u>
Total	<u>\$ 189,285</u>

PARK AVENUE HOUSING PARTNERS LP

Financial Statements with Report of Independent Auditors

For the period from October 1, 2021 (inception) to December 31, 2024



Report of Independent Auditors

To the Partners of
Park Avenue Housing Partners LP:

Opinion

We have audited the accompanying financial statements of Park Avenue Housing Partners LP, a California limited partnership, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in partners' capital, and cash flows for the period from October 1, 2021 (inception) to December 31, 2024, 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 Park Avenue Housing Partners LP as of December 31, 2024, and the results of its operations and its cash flows for the period from October 1, 2021 (inception) to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Park Avenue Housing Partners LP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Park Avenue Housing Partners LP'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, including omissions, 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 Park Avenue Housing Partners LP'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 Park Avenue Housing Partners LP'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.

Novogradac & Company LLP

Petaluma, California
April 24, 2025

PARK AVENUE HOUSING PARTNERS LP

BALANCE SHEET

December 31, 2024

ASSETS

Cash and cash equivalents	\$	241,662
Restricted cash:		
Tenant security deposits		35,056
Replacement reserve		10,325
Tax and insurance reserve		16,785
Accounts receivable		5,423
Prepaid expenses		2,356
Deposit		106,575
Fixed assets, net of accumulated depreciation		25,494,098
Deferred charges, net of accumulated amortization		<u>116,054</u>
 Total assets	 \$	 <u><u>26,028,334</u></u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities		
Accounts payable	\$	24,955
Tenant security deposits payable		33,650
Deferred revenue		488
Accrued interest		172,137
Construction costs payable		159,624
Amounts payable to related parties		
Accrued asset management fee		13,811
Development fee payable		1,319,818
Accrued partnership management fee		69,545
Notes payable, net of unamortized debt issuance costs		<u>3,588,359</u>
Total liabilities		5,382,387
 Partners' capital		 <u>20,645,947</u>
 Total liabilities and partners' capital	 \$	 <u><u>26,028,334</u></u>

see accompanying notes

PARK AVENUE HOUSING PARTNERS LP
STATEMENT OF OPERATIONS
For the period from October 1, 2021 (inception) to December 31, 2024

REVENUE	
Rental revenue	\$ 381,786
Other revenue	<u>4,885</u>
Total revenue	386,671
OPERATING EXPENSES	
General and administrative	48,164
Salaries	15,224
Utilities	28,385
Taxes and insurance	8,503
Property management fees	21,476
Repairs and maintenance	39,310
Professional fees	14,403
Social services	15,000
Marketing and advertising	<u>50,342</u>
Total operating expenses	<u>240,807</u>
Income before entity and financial income (expenses)	145,864
ENTITY AND FINANCIAL INCOME (EXPENSES)	
Interest income	28
Interest expense	(340,006)
Organizational costs	(110,486)
Depreciation expense	(546,917)
Amortization expense	(4,696)
Asset management fee	(2,126)
Partnership management fee	<u>(8,109)</u>
Total entity and financial income (expenses), net	<u>(1,012,312)</u>
Net loss	<u><u>\$ (866,448)</u></u>

see accompanying notes

PARK AVENUE HOUSING PARTNERS LP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
For the period from October 1, 2021 (inception) to December 31, 2024

	General Partner	Limited Partner	Special Limited Partner	Total Partners' Capital
Balance, October 1, 2021 (inception)	\$ -	\$ -	\$ -	\$ -
Capital contributions	200	21,562,095	100	21,562,395
Syndication costs	-	(50,000)	-	(50,000)
Net loss	(87)	(866,352)	(9)	(866,448)
Balance, December 31, 2024	<u>\$ 113</u>	<u>\$ 20,645,743</u>	<u>\$ 91</u>	<u>\$ 20,645,947</u>

see accompanying notes

PARK AVENUE HOUSING PARTNERS LP

STATEMENT OF CASH FLOWS

For the period from October 1, 2021 (inception) to December 31, 2024

Cash flows from operating activities:

Net loss	\$ (866,448)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation expense	546,917
Amortization expense	4,696
Interest expense - debt issuance costs	64,933
Increase in assets:	
Accounts receivable	(5,423)
Prepaid expenses	(2,356)
Increase in liabilities:	
Accounts payable and accrued expenses	24,955
Tenant security deposits payable	33,650
Deferred revenue	488
Accrued interest	27,549
Asset management fee payable	2,126
Partnership management fee payable	8,109
Net cash used in operating activities	<u>(160,804)</u>

Cash flows from investing activities:

Purchase of fixed assets	(24,058,039)
Payment for deferred charges	(120,750)
Payment for deposit	<u>(106,575)</u>
Net cash used in investing activities	<u>(24,285,364)</u>

Cash flows from financing activities:

Payment of debt issuance costs	(350,758)
Proceeds from notes payable	3,588,359
General Partner contribution	200
Special Limited Partner contribution	100
Limited Partner contribution	21,562,095
Payment of syndication costs	<u>(50,000)</u>
Net cash provided by financing activities	<u>24,749,996</u>

Net change in cash, cash equivalents and restricted cash	303,828
Cash, cash equivalents and restricted cash at beginning of period	-
Cash, cash equivalents and restricted cash at end of period	<u>\$ 303,828</u>

Cash and cash equivalents	\$ 241,662
Restricted cash	<u>62,166</u>
Total cash, cash equivalents and restricted cash	<u>\$ 303,828</u>

see accompanying notes

PARK AVENUE HOUSING PARTNERS LP
STATEMENT OF CASH FLOWS (CONTINUED)
For the period from October 1, 2021 (inception) to December 31, 2024

Supplemental disclosure of cash flow information:

Cash paid for interest capitalized	\$ 517,689
Cash paid for interest expense	\$ 247,524

Supplemental disclosure of noncash investing and financing transactions:

Increase in fixed assets and construction costs payable	\$ 159,624
Increase in fixed assets and accrued interest	\$ 144,588
Increase in fixed assets from capitalized debt issuance costs	\$ 285,825
Increase in fixed assets and development fee payable	\$ 1,319,818
Increase in fixed assets and asset management fee payable	\$ 11,685
Increase in fixed assets and partnership management fee payable	\$ 61,436

see accompanying notes

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. Organization

Park Avenue Housing Partners LP (the “Partnership”) is a limited partnership between JHC–Park Avenue LLC (the “General Partner”), CREA California Tax Credit Fund 84, LP (the “Limited Partner”), and CREA SLP, LLC (the “Special Limited Partner”). The Partnership was formed on October 1, 2021, for the purpose of developing and operating a 59-unit project located in Chico, California known as The Foundation (the “Project”). The Project received a tax credit allocation on October 14, 2020 and was placed in service on May 22, 2024. The Project is rented to low-income tenants and operates in a manner necessary to qualify for federal low-income housing tax credits provided under Internal Revenue Code Section 42.

Pursuant to the Amended and Restated Agreement of Limited Partnership dated October 1, 2021 (the “Partnership Agreement”), profits, losses and tax credits are generally allocated 0.010% to the General Partner, 99.989% to the Limited Partner and 0.001% to the Special Limited Partner, subject to other limitations described in the Partnership Agreement. Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to make capital contributions totaling \$23,022,484 subject to potential adjustments 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. As of December 31, 2024, the Limited Partner had provided cumulative capital contributions of \$21,562,095. As of December 31, 2024, the Special Limited Partner had provided cumulative capital contributions of \$100. Pursuant to the terms of the Partnership Agreement, the General Partner is required to make capital contributions totaling \$200. As of December 31, 2024, the General Partner had provided capital contributions of \$200.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Partnership’s year end for tax and financial reporting purposes is December 31.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with maturity of three months or less from the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, repairs or improvements to the buildings that extend their useful lives and annual tax and insurance payments.

Concentration of credit risk

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash and cash equivalents.

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2024, the balance of the allowance for doubtful accounts was \$3,660.

Fixed assets and depreciation

Fixed assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful life of 40 years using the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years using the straight-line method.

Deferred charges and amortization

Tax credit fees are amortized on a straight-line basis over the 15-year tax credit compliance period.

Impairment of long-lived assets

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized for the period from October 1, 2021 (inception) to December 31, 2024.

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.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Partnership to report information regarding its exposure to various tax positions taken by the Partnership. Management has determined whether any tax positions have met the recognition threshold and has measured the Partnership's exposure to those tax positions. Management believes that the Partnership has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. Any interest or penalties assessed to the Partnership are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition for tenant leases and tenant charges

The Partnership is the lessor of the Property and accounts for tenant leases as operating leases. The Partnership determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to tenant leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other tenant charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. Summary of significant accounting policies and nature of operations (continued)

Economic concentrations

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

Marketing and advertising

The Partnership expenses marketing and advertising costs as they are incurred.

Organizational costs

Organizational costs are expensed as they are incurred.

Subsequent events

Subsequent events have been evaluated through April 24, 2025, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

3. Restricted cash

Tenant security deposits

Tenant security deposits are placed into an account and are generally held until termination of the lease, at which time some or all deposits may be returned to the lessee. As of December 31, 2024, the balance of the security deposit account was \$35,056.

Replacement reserve

Pursuant to the Partnership Agreement, the Partnership makes monthly deposits of \$300 per unit, increasing annually by 3.0%. The replacement reserve is to fund major repair, capital expenditures, and replacement of capital items in the Project.

	<u>2024</u>
Balance, October 1, 2021	\$ -
Deposits	10,325
Interest earned	-
Withdrawals	-
Balance, December 31, 2024	<u>\$ 10,325</u>

Tax and insurance reserve

Monthly deposits are placed into a tax and insurance reserve for the purpose of making annual tax and insurance payments.

	<u>2024</u>
Balance, October 1, 2021	\$ -
Deposits	16,785
Interest earned	-
Balance, December 31, 2024	<u>\$ 16,785</u>

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. Fixed assets

Fixed assets consist of the following as of December 31, 2024:

Land	\$ 1,513,656
Building and improvements	19,291,830
Site improvements	1,365,512
Furniture and equipment	<u>3,870,017</u>
Total fixed assets	26,041,015
Accumulated depreciation	<u>(546,917)</u>
Net fixed assets	<u>\$ 25,494,098</u>

For the period from October 1, 2021 (inception) to December 31, 2024 depreciation expense was \$546,917.

5. Deferred Charges

Deferred charges consist of the following at December 31, 2024:

State agency fees	\$ 120,750
Accumulated amortization	<u>(4,696)</u>
Deferred charges, net	<u>\$ 116,054</u>

For the period from October 1, 2021 (inception) to December 31, 2024, amortization expense was \$4,696.

6. Notes payable

Construction Loan

On October 1, 2020, the Partnership obtained a loan from Banner Bank in the amount of \$17,352,311 (the "Construction Loan"). The loan was secured by the Deed of Trust and bore interest at a fixed rate of 3%. Payments of interest were due monthly. On December 27, 2024, the Construction Loan and remaining interest were paid in full. For the period from October 1, 2021 (inception) to December 31, 2024, interest was \$731,764, of which \$484,240 was capitalized to fixed assets and \$247,524 was expensed.

Debt issuance costs were amortized to interest expense over the term of the Construction Loan. For the period from October 1, 2021 (inception) to December 31, 2024, the effective interest rate was 2.96%. For the period from October 1, 2021 (inception) to December 31, 2024, amortization for debt issuance costs was \$350,758, of which \$285,825 was capitalized to fixed assets and \$64,933 was expensed.

City Loans

On October 1, 2023, the Partnership obtained a loan from the City of Chico in the amount of \$1,822,975, (the "CDBG Loan"). The CDBG Loan is secured by the Deed of Trust and bears simple interest at 3% per annum. Annual payments are due from residual receipts, as defined in the loan agreement. The loan matures on August 29, 2079. As of December 31, 2024, the principal balance was \$1,822,975, and accrued interest was \$108,482. For the period from October 1, 2021 (inception) to December 31, 2024, interest was \$108,482, of which \$92,209 was capitalized to fixed assets and \$16,273 was expensed.

On October 1, 2023, the Partnership obtained a loan from the City of Chico in the amount of \$1,106,384, (the "HOME Loan"). The HOME Loan is secured by the Deed of Trust and bears simple interest at 3% per annum. Annual payments are due from residual receipts, as defined in the loan agreement. The loan matures on August 29, 2079. As of December 31, 2024, the principal balance was \$1,106,384, and accrued interest was \$63,655. For the period from October 1, 2021 (inception) to December 31, 2024, interest was \$63,655, of which \$52,379 was capitalized to fixed assets and \$11,276 was expensed.

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. Notes payable (continued)

County Loan

On October 1, 2023, the Partnership obtained a loan from the County of Butte in the amount of \$659,000, (the "County Loan"). The County Loan is secured by the Deed of Trust and does not bear interest. The loan matures and becomes due on August 29, 2079. As of December 31, 2024, the principal balance was \$659,000.

Future principal payments on notes payable are as follows:

2025	\$	-
2026		-
2027		-
2028		-
2029		-
Thereafter		3,588,359
Total		<u>\$ 3,588,359</u>

7. Property management fee

Pursuant to the Management Agreement, the Partnership agreed to pay Domus Management Company, a monthly management fee equal to \$50 per unit per month, increasing annually by 3%, for management and compliance services provided to the Project. Property management fees incurred and paid for the period from October 1, 2021 (inception) to December 31, 2024, were \$21,476.

8. Contractor

Pursuant to the Partnership Agreement, the Partnership and Modern Building, Inc. entered into a construction contract in the amount of \$15,824,407. The construction contract is a guaranteed maximum price agreement, which includes materials and labor at a cost consistent with the development budget. Net approved change orders of \$2,545,604 during construction increased the total contract costs to \$18,370,011. For the period from October 1, 2021 (inception) to December 31, 2024, the construction costs incurred and capitalized to fixed assets was \$18,370,011. As of December 31, 2024, construction costs payable was \$159,624.

9. Related party transactions

Predevelopment loan

Jamboree Housing Corporation ("JHC"), an affiliate of the General Partner, advanced funds for acquisition and predevelopment costs. For the period from October 1, 2021 (inception) to December 31, 2024, interest was \$33,449, which was capitalized to fixed assets. As of December 31, 2024, no predevelopment advances remained outstanding.

Asset management fee

Pursuant to the Partnership Agreement, the Partnership pays CREA, LLC, an affiliate of the Special Limited Partner a cumulative, annual partnership management fee of \$5,900, increasing annually by 3%, beginning in 2023. Any unpaid fees accrue without interest. For the period from October 1, 2021 (inception) to December 31, 2024, the asset management fee was \$19,711, of which \$17,585 was capitalized to fixed assets and \$2,126 was expensed. As of December 31, 2024, accrued asset management fee was \$13,811.

Supportive services fee

Pursuant to the Memorandum of Understanding dated June 15, 2020, the Partnership agreed to pay Housing with Heart, an affiliate of the General Partner, an annual supportive services fee in the amount of \$61,455 beginning no later than January 2025. In 2024, the Partnership paid Housing with Heart a one-time start-up fee of \$15,000.

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

9. Related party transactions (continued)

Development fee

Pursuant to the Development Agreement dated October 1, 2021 (the "Development Agreement"), the Partnership incurred a developer fee of \$2,200,000 for services relating to the development of the Project. The developer fee is payable 90% to JHC and 10% to Butte County Affordable Housing Development Corporation. The development fee bears 1% interest annually beginning on the date the Limited Partner makes its final capital contribution. The development fee is payable from capital contributions and available cash flow. For the period from October 1, 2021 (inception) to December 31, 2024, the development fee incurred and capitalized to fixed assets was \$2,200,000. As of December 31, 2024, development fee payable was \$1,319,818.

Partnership management fee

Pursuant to the Partnership Agreement, the Partnership pays the General Partner a cumulative, annual partnership management fee of \$22,500, increasing annually by 3%, beginning in 2023. The Partnership Management Fee, and any management fees payable to an affiliate of the General Partner shall not exceed twelve percent of the Partnership's cash receipts for such year. Any unpaid fees accrue without interest. For the period from October 1, 2021 (inception) to December 31, 2024, the partnership management fee was \$69,545, of which \$61,436 was capitalized to fixed assets and \$8,109 was expensed. As of December 31, 2024, accrued partnership management fee was \$69,545.

Operating deficit loans

The General Partner agreed to provide funds to the Partnership as necessary to pay any operating deficit if an operating deficit exists, at any time during the period beginning the date that stabilized operations is achieved, as defined in the Partnership Agreement, and ending 60 months after (1) the Project has operated at or above a expense coverage ratio of at least 1.05:1.00 for twelve consecutive months (2) the balance of the operating reserve has been restored to \$135,191 and (3) any and all subsidies are in good standing or have been renewed (the "Operating Deficit Guaranty Period") as defined in the Partnership Agreement. Funds provided after the Operating Deficit Guaranty Period will be in the form of a loan to the Partnership; provided, however, that the General Partner is not obligated to make an operating deficit loan if and to the extent such loan would cause the outstanding operating loans to exceed \$353,000. The operating deficit loans are repayable solely from available cash flow. As of December 31, 2024, there were no operating deficit loans.

10. Distributions

Cash flow, as defined by the Partnership Agreement, is distributed as follows:

- First – To the asset manager for any accrued but unpaid asset management fee;
- Second – To repay any unpaid loan made by a Limited Partner of the Special Limited Partner;
- Third – To the Limited Partner or Special Limited Partner for any amounts owed pursuant to Section 5.10 of the Partnership Agreement or the guaranty agreement;
- Fourth – To pay any unpaid supportive services fees;
- Fifth – To the payment of any unpaid Developer Fee and accrued interest;
- Sixth – To replenish the operating reserve then to any unpaid replacement reserve;
- Seventh – To repay any unpaid loans made by the General Partner;
- Eighth – To the payment of any deferred management fee and then to any accrued but unpaid partnership management fee;

PARK AVENUE HOUSING PARTNERS LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

10. Distributions (continued)

- Ninth – To the General Partner to repay any loans to the Partnership by the General Partner;
- Tenth – To the payment of the City Loans; and
- Eleventh – Any remaining cash flow is distributable 0.010% to the General Partner, 99.989% to the Limited Partner and 0.001% to the Special Limited Partner.

11. Low-income housing tax credits

The Partnership expects to generate an aggregate of \$26,643,860 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a fifteen-year period, which is expected to begin in 2024. In order to qualify for these 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 with the California Tax Credit Allocation Committee to maintain and operate the Project as low-income housing for an additional 40 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance 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 a lesser amount of Tax Credits than expected in future years, a requirement to correct noncompliance within a specified time period, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require deficit payments to the Limited Partner under the terms of the Partnership Agreement.

The expected Tax Credit delivery is as follows:

Year ending December 31,	
2024	\$ 1,664,114
2025	2,664,386
2026	2,664,386
2027	2,664,386
2028	2,664,386
2029	2,664,386
2030	2,664,386
2031	2,664,386
2032	2,664,386
2033	2,664,386
2034	1,000,272
Total	<u>\$ 26,643,860</u>

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

HCD CONTRACT NO. 21-DRMHP-21003

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT**

PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Richman Oroville Apartments, LP
(A Delaware Limited Partnership)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Richman Oroville Apartments, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the period June 16, 2022 (inception) through December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richman Oroville Apartments, LP as of December 31, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Richman Oroville Apartments, LP 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 Richman Oroville Apartments, LP's ability to continue as a going concern within 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 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 judgment made by a reasonable user based on the financial statements.

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 Richman Oroville Apartments, LP'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 Richman Oroville Apartments, LP'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 supplementary information 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 supplementary 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 13, 2025 on our consideration of Richman Oroville Apartments, LP'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 Richman Oroville Apartments, LP'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 Richman Oroville Apartments, LP's internal control over financial reporting and compliance.

March 13, 2025
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**BALANCE SHEET
DECEMBER 31, 2024**

ASSETS

Current assets

Cash and cash equivalents

Cash - operations	\$ 4,829
Cash - construction	1,220
Resident security deposits	<u>19,552</u>

Total cash and cash equivalents **25,601**

Accounts receivable	29,931
Prepaid expenses	<u>17,757</u>

Total current assets **73,289**

Property and equipment

Land	1,720,745
Buildings and land improvements	30,010,265
Equipment	<u>3,029,538</u>

34,760,548

Less: accumulated depreciation	<u>(422,821)</u>
--------------------------------	------------------

Total property and equipment **34,337,727**

Other assets

Deferred tax credit fees, net	94,241
Performance deposit	<u>87,318</u>

Total other assets **181,559**

Total assets **\$ 34,592,575**

RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)

BALANCE SHEET
DECEMBER 31, 2024

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)

Current liabilities

Accounts payable and accrued expenses	\$ 41,296
Accounts payable - construction	2,330,504
Accrued management fees	706
Accrued interest - first mortgage	83,994
Prepaid revenue	6,265

Total current liabilities **2,462,765**

Deposits liabilities

Resident security deposits	26,449
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Long term liabilities

Construction loan payable	12,150,618
CDBG-DR mortgage payable	7,189,938
Less: unamortized debt issuance costs	(155,395)
Due to affiliates	74,131
Accrued interest - CDBG-DR mortgage	267,311
Developer fee payable	2,200,000

Total long term liabilities **21,726,603**

Total liabilities **24,215,817**

Partners' equity (deficit) **10,376,758**

Total liabilities and Partners' equity (deficit) **\$ 34,592,575**

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

STATEMENT OF OPERATIONS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Rental income

Rental income - gross potential	\$ 266,425
Less: vacancies	(224,742)
Less: rental concessions	(1,687)
	<u> </u>

Total net rental income **39,996**

Interest income	45,054
Resident charges	4,985
	<u> </u>

Total income **90,035**

Operating expenses

Administrative	42,927
Utilities	5,068
Operating and maintenance	4,831
Taxes and insurance	35,583
	<u> </u>

Total operating expenses **88,409**

Net operating income (loss) **1,626**

Financial, partnership and other expenses (income)

Interest expense - construction loan	307,471
Interest expense - CDBG-DR mortgage	53,925
Depreciation	422,821
Amortization	1,597
Lease up costs	92,006
Managing General Partner overhead fee	10,000
	<u> </u>

Total other (income) expense **887,820**

Net income (loss) **\$ (886,194)**

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

	Administrative General Partner	Managing General Partner	Co-General Partner	Limited Partner	Total Partners' Equity (Deficit)
Balance June 16, 2022 (inception)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	11,262,952	11,262,952
Net income (loss)	(71)	(9)	(9)	(886,105)	(886,194)
Balance December 31, 2024	\$ (71)	\$ (9)	\$ (9)	\$ 10,376,847	\$ 10,376,758
Ownership percentages at December 31, 2024	0.008%	0.001%	0.001%	99.990%	100.000%

See notes to financial statements

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

STATEMENT OF CASH FLOWS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Cash flow from operating activities

Revenue:

Rental income	\$ 9,264
Interest income	45,054
Other operating receipts	4,985

Total revenue	59,303
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Expenditures:

Utilities	(3,758)
Real estate taxes	(70)
Property insurance	(53,270)
Interest payments - first mortgage	(223,477)
Lease up costs	(92,006)
Managing General Partner overhead fee	(10,000)
Resident security deposits	26,449

Total expenditures	(356,132)
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Net cash provided by (used in) operating activities	(296,829)
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Cash flow from investing activities

Purchase of property and equipment	(30,016,658)
Performance deposits	(87,318)

Net cash provided by (used in) investing activities	(30,103,976)
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Cash flow from financing activities

Payments on first mortgage	(8,447,214)
Proceeds from first mortgage	20,597,832
Proceeds from CDBG-DR mortgage	7,189,938
Contributions	11,262,952
Payment of debt issuance costs	(155,395)
Repayment of affiliate advances	(2,017,495)
Advances from affiliates	2,091,626
Payment of tax credit fees	(95,838)

Net cash provided by (used in) financing activities	30,426,406
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Net change in cash and cash equivalents	25,601
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Cash and cash equivalents at beginning of period	-
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Cash and cash equivalents at end of period	\$ 25,601
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**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

STATEMENT OF CASH FLOWS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Reconciliation of changes in net income (loss) to net cash provided by (used in) operating activities

Net income (loss)	<u>\$ (886,194)</u>
Adjustments to reconcile changes in net income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	422,821
Amortization expense	1,597
Changes in:	
Accounts receivable	(29,931)
Prepaid expenses	(17,757)
Accounts payable and accrued expenses	41,296
Accrued liabilities	706
Accrued interest	137,919
Resident security deposits	26,449
Prepaid revenue	<u>6,265</u>
Total adjustments	<u>589,365</u>
Net cash provided by (used in) operating activities	<u>\$ (296,829)</u>

Supplemental information

Cash flow from investing activities related to the purchase of property and equipment excludes \$4,530,504, which remains unpaid at December 31, 2024.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Richman Oroville Apartments, LP (the Partnership) was formed as a limited partnership under the laws of the State of Delaware on June 16, 2022 for the purpose of developing, owning and operating a low-income rental housing community known as Lincoln Street Family Apartments (the Property), which consists of 61 apartment units and is located in Oroville, California. The Property commenced rental operations in October 2024. The Partnership will continue in perpetuity, unless dissolved earlier in accordance with the Partnership Agreement.

The Property's buildings qualify for low-income housing credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the Property as to occupant eligibility and unit gross rent, among other requirements. The buildings must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

The Partnership has executed a PBV Agreement to enter into a Housing Assistance Payments Contract (HAP Contract) with the Housing Authority of the County of Butte (HACB), which governs the operations of the 25 units receiving housing assistance payments. The Partnership receives housing assistance payments from HACB on behalf of eligible families so that they may afford to rent the units. HACB had executed an Annual Contributions Contract with HUD by which HUD agrees to provide funds to HACB to make these housing assistance payments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

For the statement of cash flows, all unrestricted investments with original maturities of three months or less are considered cash. As of December 31, 2024, cash consists of operating checking accounts and a construction checking account.

Resident receivable and bad debt policy

Resident rent charges for the current month are due on the first of the month. Residents who are evicted or move-out are charged with damages and/or cleaning fees, if applicable. Resident receivables consist of amounts due for rental income, security deposit or the charges for damages and/or cleaning fees. The Partnership does not accrue interest on the resident receivable balances.

Resident receivables are charged to bad debt expense when they are determined to be uncollectible based upon a monthly review of the accounts by management. 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 material to the financial statements for the period June 16, 2022 (inception) through December 31, 2024.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Rental property

Rental property is carried at cost. Depreciation is computed on the straight-line method with service lives of five to forty years. Deductions are made for retirements resulting from renewals or betterments. The cost of maintenance and repairs is charged to income as incurred. Significant renewals and betterments are capitalized.

The Partnership is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Partnership's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment loss was recognized during the period June 16, 2022 (inception) through December 31, 2024.

Costs capitalized during construction

Interest, property taxes, and insurance related to the construction period have been capitalized and are included in property and equipment.

Deferred costs

Tax credit fees are amortized over their useful life using the straight-line method. See Note 3.

Debt issuance costs

The Partnership is subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the period June 16, 2022 (inception) through December 31, 2024. See Note 4.

Rental income

Rental income is recognized for residential units as they accrue. Advance receipts of rental income will be deferred until earned. All leases between the Partnership and residents of the property are operating leases under FASB ASC 842 Leases and are not within the scope of FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606).

Advertising costs

Advertising costs are expensed as incurred and are included in administrative expense in the statements of operations.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Property taxes

The Property is exempt from real estate taxes pursuant to Section 214(g) of the California Revenue and Taxation Code and pays direct assessments only.

Payroll and benefits

All site personnel of the Property are employees of Richman Property Services, Inc., the Management Agent, an affiliate of the Administrative General Partner and Co-General Partner. All payroll and related expenses are recorded and paid by Richman Property Services, Inc. The Partnership reimburses Richman Property Services, Inc. for these expenses throughout the year as incurred. The reimbursed payroll and related expenses are included as payroll and benefits on the accompanying statement of operations.

Concentration of credit risk

The Partnership deposits its cash in financial institutions. At times, deposits may exceed federally insured limits. The Partnership has not experienced any losses in such accounts.

The Partnership's operations are concentrated in the multifamily 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. Such administrative directives, rules and regulations are subject to change by an act of Congress. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

Use of estimates in the preparation of financial statements

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value

The Partnership is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The Fair Value Measurement did not have a material impact on the Partnership's financial statements for the period June 16, 2022 (inception) through December 31, 2024.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Accounting for uncertainty in income taxes

The Partnership is treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, 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 limited partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service 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 it must consider for disclosure. There has been no interest or penalties recognized in the statement of operations or balance sheet for the period June 16, 2022 (inception) through December 31, 2024. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Subsequent events

Management performed an evaluation of the Partnership's activity through March 13, 2025, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

NOTE 2-CAPITAL CONTRIBUTIONS

The Partnership has one Administrative General Partner, Richman Oroville GP, LLC, which has a 0.008% interest and is responsible for a capital contribution of \$100. The Partnership has one Managing General Partner, Butte County Affordable Housing Development Corporation which has a 0.001% interest and is responsible for a capital contribution of \$100. The Partnership has one Co-General Partner, The Richman Group of California Development Company LLC which has a 0.001% interest and is responsible for a capital contribution of \$100. The Partnership as one Limited Partner, MCI Oroville Lincoln Street Family, L.P., which has a 99.99% interest and is responsible for capital contributions of \$18,771,587. The Partnership also has a Special Limited Partner, MCI Oroville Lincoln Street Family, L.P. (also the Limited Partner) which has no percentage interest.

The total capital contributions from the Limited Partner may be increased or reduced by an upward or downward adjustment amount, as defined in the Partnership Agreement, if the actual annual low-income housing credit allocated to the Limited Partner is more or less than the amount specified in the Partnership Agreement.

As of December 31, 2024, the Limited Partner has contributed \$11,262,952.

The Administrative General Partner and Co-General Partner are affiliates.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

NOTE 3-DEFERRED COSTS

Tax credit fees in the amount of \$95,838 were incurred and are being amortized using the straight-line method over the term of the tax credit compliance period. Amortization expense for the period June 16, 2022 (inception) through December 31, 2024 totaled \$1,597. Accumulated amortization at December 31, 2024 is \$1,597.

NOTE 4-FINANCING

Construction loan payable

On April 10, 2023, the Partnership entered into a Construction Loan Agreement and a Promissory Note with Merchants Bank of Indiana, an affiliate of the Limited Partner, in the original amount of \$21,256,000 (the Construction Note). The Construction Note is secured by, among other things, an assignment of rents and leases, and a first lien on the Property. The Note bears interest equal to the SOFR Rate plus 3.25% (7.11% at December 31, 2024) and requires monthly interest only payments until maturity. The Construction Note matures on October 10, 2025, at which time all unpaid principal and interest is due, which may be extended as set forth in the loan agreements. The Construction Note may be prepaid at any time, in full or in part, subject to a prepayment premium as set forth in the loan agreements. During the period June 16, 2022 (inception) through December 31, 2024, interest incurred totaled \$1,062,454, of which \$754,983 was capitalized to property and equipment and \$307,471 was expensed. At December 31, 2024, outstanding principal is \$12,150,618 and accrued interest is \$83,994.

First mortgage commitment

The Partnership entered into a Delivery Assurance Note with Merchants Capital Corp., an affiliate of the Limited Partner, in the original amount of \$5,038,759 (the Note) related to the commitment to permanent financing of the Property. The Note will bear interest at 6.28% per annum, require monthly payments of principal and interest in the amount of \$29,684, and will mature 216 months after closing, at which time all unpaid principal and interest will be due. As of December 31, 2024, the Partnership has not converted to permanent financing and no funds have been drawn on the Note.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

CDBG-DR mortgage payable

On April 10, 2023, the Partnership entered into a CDBG-DR MHP Development Agreement with the City of Oroville, California in the original amount of \$7,988,820 (the CDBG Loan), which was funded with proceeds from an allocation of Community Development Block Grant – Disaster Recovery funds through the State of California Department of Housing and Community Development (HCD) and from the United States Department of Housing and Urban Development (HUD). The CDBG Loan bears interest at 3% per annum and matures 55 years from the date of the issuance of the final certificate of occupancy of the Property, October 10, 2079, at which time all unpaid principal and interest are due. The CDBG Loan is secured by, among other things, a Deed of Trust on the Property. The CDBG Loan is payable from 50% of Net Cash Flow, as defined in the Regulatory Agreement. The CDBG Loan may be prepaid in part or in full at any time without penalty, as set forth in the agreements. During the period June 16, 2022 (inception) through December 31, 2024, interest incurred totaled \$267,311, of which \$213,386 was capitalized to property and equipment and \$53,925 was expensed. As of December 31, 2024, the outstanding principal balance is \$7,189,938 and accrued interest payable is \$267,311.

PLHA loan commitment

On October 10, 2024, the Partnership entered into a PLHA Loan Agreement and Promissory Note in the original amount of \$2,437,500 (the PLHA Loan) with the City of Oroville, California. The PLHA Loan bears interest at 3% per annum and annual payments from Net Cash Flow, as defined in the PLHA Loan Agreement, on a pro rata basis with other public soft lenders, commencing on December 31, 2025, and continuing annually thereafter. The PLHA Loan matures 55 years after project completion as evidenced by the certificate of occupancy, October 10, 2079, at which time all unpaid principal and interest are due. The PLHA Loan may be prepaid in whole or in part at any time without penalty or premium. As of December 31, 2024, no funds have been drawn on the PLHA Loan.

Estimated principal payments for the next five years and thereafter are as follows:

2025	\$ 12,150,618
2026	-
2027	-
2028	-
2029	-
Thereafter	<u>7,189,938</u>
	19,340,556
Debt issuance costs	<u>(155,395)</u>
	<u>\$19,185,161</u>

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Debt issuance costs in the amount of \$155,395 incurred in connection with the acquisition of the permanent financing of the Property were capitalized and will be amortized on a straight-line basis over the lives of the respective mortgages upon conversion to permanent financing. Interest expense - debt issuance costs for the period June 16, 2022 (inception) through December 31, 2024 totaled \$0. Accumulated amortization of debt issuance costs at December 31, 2024 is \$0.

NOTE 5-REQUIRED RESERVES

Operating reserve

The Partnership is required to establish an operating reserve in accordance with the Partnership Agreement in the amount of \$393,443, using proceeds from the Limited Partner's third installment of capital contributions. Funds from the operating reserve may be used only to fund Operating Deficits, as defined. Subject to HCD approval, at the end of the Tax Credit Compliance Period, as defined in the Partnership Agreement, the funds in the operating reserve may be withdrawn and distributed as set forth in the Partnership Agreement. In accordance with the Regulatory Agreement with HCD, the Partnership is required to establish and maintain an operating reserve in the amount of \$297,542. Withdrawals from the HCD required operating reserve require prior approval from HCD. The Partnership shall replace any withdrawals from the operating reserve account using available cash flow prior to use of any cash flow to pay deferred developer fee, partnership management or similar fees, or distributions. As of December 31, 2024, the operating reserve has not been established.

Reserve for replacements

In accordance with the Partnership Agreement and Regulatory Agreement with HCD, the Partnership is required to establish and maintain a reserve for replacements. The reserve for replacements is funded as required by the lender in monthly deposits equal to \$2,542, but in no event less than \$500 per unit per year, increasing 3% annually. Funds in the reserve shall be utilized exclusively for replacement expenditures approved by the lender, if required, and consent of the Limited Partner. At December 31, 2024, the balance of the reserve for replacements has not been established.

NOTE 6-RELATED PARTIES

Management fee

The Partnership entered into an agreement with Richman Property Services, Inc. (the Management Agent or RPS), an affiliate of the Administrative General Partner and Co-General Partner, in connection with the management of the rental operations of the Property. In accordance with the agreement, the Management Agent earns a fee equal to 5% of gross receipts as defined in the agreement. For the period June 16, 2022 (inception) through December 31, 2024, the Management Agent earned \$706 and \$0, respectively. At December 31, 2024, accrued management fees are \$706 and \$0, respectively.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Operating deficit obligation

Pursuant to the Partnership Agreement, the Administrative General Partner is obligated to fund any Excess Development Costs, as that term is defined in the Partnership Agreement. Further, pursuant to the Partnership Agreement, the Administrative General Partner is obligated through the fifth-year anniversary of the Property achieving breakeven operations, as defined in the Partnership Agreement to advance funds to cover operating deficits in the maximum amount of \$393,443. The operating deficit loan period shall be automatically extended if the operations of year five fail to evidence a debt service coverage ratio and minimum reserve balances as described in the Partnership Agreement. In the event that the debt service coverage ratio and minimum reserve balances are not met, the operating deficit loan period shall extend as set forth in the Partnership Agreement. Operating deficit obligations will bear no interest and are repayable from net cash flow available for distribution as defined in the Partnership Agreement. As of December 31, 2024, no advances have been required.

Development fee

The Partnership is obligated under the terms of the Development Agreement with The Richman Group of California Development Company, LLC and Butte County Affordable Housing Development Corporation, both affiliates of certain partners, in the amount of \$2,200,000 for its services in connection with the development and rehabilitation of the Property. This amount has been earned and capitalized into the property and equipment. The liability for the fee is non-interest bearing. Under the terms of the agreement the fee is payable from capital contributions, mortgage loan proceeds or net cash flow as defined. At December 31, 2024, \$2,200,000 remains payable.

Partnership administration fee

In accordance with the Partnership Agreement and Partnership Administration Services Agreement, the Partnership is required to pay an annual partnership administration fee to the Managing General Partner and Administrative General Partner for certain management and administrative services. The fee is payable, commencing upon substantial completion, \$6,100 (increasing by 3% annually) to the Managing General Partner and \$8,900 (increasing by 3% annually) to the Administrative General Partner. To the extent fee is not paid each year, such amount shall accrue and be payable from future cash flow. In addition, the Administrative General Partner shall earn an additional partnership administration fee equal to 90% of the remaining net cash flow, less the mandatory fee, as set forth in the Partnership Agreement. During the period June 16, 2022 (inception) through December 31, 2024, no partnership administration fee was earned or paid.

Asset management fee

In accordance with the Partnership Agreement, the Partnership is required to pay an annual asset management fee to the Limited Partner or its designee for its services in monitoring the operations of the Partnership. Commencing the year in which Substantial Completion occurs, the annual asset management fee shall be in the amount of \$5,000, increasing annually by 3%. The asset management fee shall accrue and is payable from Net Cash Flow, as set forth in the Partnership Agreement. During the period June 16, 2022 (inception) through December 31, 2024, no asset management fee was earned or paid.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Due to affiliates

The Partnership received advances from affiliates of certain partners for costs incurred in connection with the development and construction of the Property. The advances bear no interest and have no formal repayment terms. During the period June 16, 2022 (inception) through December 31, 2024, the Partnership received advances of \$2,091,626 and repaid advances of \$2,017,495. At December 31, 2024, advances of \$74,131 remain payable.

Related party loans – see Note 4

NOTE 7-PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits, losses and credits other than from sales, refinancing, or other dispositions are allocated pro-rata to the partners in accordance with their percentage interest, subject to certain special allocations as set forth in the Partnership Agreement. Net Interim Income may be applied to pay or repay any of the following in the sole discretion of the General Partner: (i) Deficit Loans; (ii) Operating Deficit Loans and/or (iii) Excess Development Costs. In the event there is excess Net Interim Income after items (i) through (iii) have been paid in full, the Administrative General Partner may establish reserves it deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership. Any remaining Net Interim Income shall be distributed to the General Partners. During the period June 16, 2022 (inception) through December 31, 2024, no Net Interim Income was distributed.

Net Cash Flow, as defined in the Partnership Agreement and the loan documents, subject to certain restrictions outlined in the Partnership Agreement and the loan documents, is to be distributed as follows unless the Administrative General Partner in its discretion determines the order of the following priorities shall be modified for any year:

1. Payment to the Limited Partner of any credit adjuster;
2. Payment to the Limited Partner of the asset management fee;
3. To replenish the Operating Reserve to a minimum balance of \$393,443;
4. Repayment of any Excess Development Loans;
5. Repayment of any Operating Deficit Loans and Voluntary Loans made by the Administrative General Partner;
6. Payment of the Partnership Administration Fee of \$6,100 per annum (increasing annually by 3%) to the Managing General Partner;
7. Payment of the Partnership Administration Fee of \$8,900 per annum (increasing annually by 3%) to the Administrative General Partner (the AGP Mandatory Fee);
8. Payment of any accrued and unpaid Development Fee;
9. 50% of the balance of the Net Cash Flow shall be applied pro rata to the repayment of the Second Mortgage Loan and the Third Mortgage Loan; and
10. The balance shall then be allocated and distributed 10% to the Limited Partner, 0.001% to the Managing General Partner, and 89.999% to the Administrative General Partner as an additional partnership administrative fee. In calculating the percentages for this clause, the AGP Mandatory Fee will be credited to the Administrative General Partner's share.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**NOTES TO FINANCIAL STATEMENTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Profits, losses, and cash flow from sales, refinancing or other dispositions are allocated in accordance with the Partnership Agreement.

NOTE 8-COMMITMENTS AND CONTINGENCIES

Tax credit compliance

The Property's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of IRC Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Housing Assistance Payment Contract

The Housing Authority of the County of Butte has awarded the Property a twenty-year Housing Assistance Payment Contract (HAP). This assistance will provide rental subsidies for 30 units. The rental income from the HAP contract totaled \$29,931 or 11% of gross rent potential for the years ended December 31, 2024. The contract expires April 10, 2043. Renewal of the contract is subject to appropriations to HUD from Congress. Management cannot reasonably estimate the ramifications, if any, of this uncertainty.

Regulatory Agreements

In connection with the financing of the Property, the Partnership entered into various regulatory agreements with state and local authorities and lenders which, among other things, regulate the operations of the Property. The Senior Regulatory Agreement and Regulatory Agreement with HCD governs the affordability restrictions and rental operations of the 30 DR-MHP assisted units, as further set forth in the agreement. In accordance with the Regulatory Agreement, the Partnership shall be limited to annual distributions equal to 50% of Net Cash Flow, as defined, and the remaining 50% of Net Cash Flow shall be used for payment on the second and third mortgages. The term of the Senior Regulatory Agreement and Regulatory Agreement is for 55 years, expiring on October 10, 2079, regardless of any prepayment of the CDBG-DR Loan or sale of the Property.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING REVENUES
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Rent revenue		
5120	Rent revenue - gross potential	\$ 236,494
5121	Tenant assistance payments	29,931
5140	Rent revenue - stores and commercial	-
5170	Rent revenue - garage and parking	-
5180	Flexible subsidy revenue	-
5190	Miscellaneous rent revenue	-
5100T	Total rent revenue	266,425
Vacancies		
5220	Apartments	224,742
5240	Stores and commercial	-
5250	Rental concessions	1,687
5270	Garage and parking spaces	-
5290	Miscellaneous	-
5200T	Total vacancies	226,429
5152N	Net rental revenue (rental revenue less vacancies)	39,996
Financial revenue		
5410	Financial revenue - project operations	45,054
5430	Revenue from investments - residual receipts	-
5440	Revenue from investments - reserve for replacements	-
5490	Revenue from investments - miscellaneous	-
5400T	Total financial revenue	45,054
Other revenue		
5910	Laundry and vending revenue	-
5920	Resident charges	4,985
5990	Miscellaneous revenue	-
5900T	Total other revenue	4,985
5000T	Total revenue	\$ 90,035

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Administrative expenses		
6210	Conventions and meetings	\$ -
6250	Management consultants	-
6210	Advertising and marketing	434
6250	Other renting expenses	-
6310	Office salaries	18,203
6311	Office expenses	5,943
6312	Office or model apartment rent	-
6320	Management fee	706
6330	Manager or superintendent salaries	-
6331	Administrative rent free unit	-
6340	Legal expense - project	-
6350	Audit expense	10,575
6351	Bookkeeping fees/accounting services	-
6370	Bad debts	7,066
6390	Miscellaneous administrative expenses	-
6263T	Total administrative expenses	42,927
Utilities expenses		
6450	Electricity	3,924
6451	Water	679
6452	Gas	465
6453	Sewer	-
6400T	Total utilities expenses	\$ 5,068

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Operating and maintenance expenses		
6510	Payroll	\$ -
6515	Supplies	166
6520	Contracts	949
6521	Operating and maintenance rent free unit	-
6525	Garbage and trash removal	3,716
6530	Security payroll/contracts	-
6531	Security rent free unit	-
6546	Heating/cooling repairs and maintenance	-
6548	Snow removal	-
6570	Vehicle and maintenance equipment operation and repairs	-
6580	Lease expense	-
6590	Miscellaneous operating and maintenance expenses	-
6500T	Total operating and maintenance expenses	4,831
Taxes and insurance		
6710	Real estate taxes	70
6711	Payroll taxes (Project's share)	-
6720	Property and liability insurance (hazard)	35,513
6721	Fidelity bond insurance	-
6722	Workers' compensation	-
6723	Health insurance and other benefits	-
6790	Miscellaneous taxes, licenses, permits and insurance	-
6700T	Total taxes and insurance	35,583
	Total operating expenses	88,409
Financial expenses		
6820	Interest on mortgage (or bonds) payable	307,471
6825	Interest on other mortgages	53,925
6830	Interest on notes payable (long term)	-
6840	Interest on notes payable (short term)	-
6850	Mortgage insurance premium/service charge	-
6890	Miscellaneous financial expenses	-
6800T	Total financial expenses	\$ 361,396

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES**

PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Supportive services costs:		
6990	Supportive services costs - resident services coordinator	\$ -
6900T	Total supportive services costs	-
6000	Total cost of operations before depreciation	449,805
5060	Operating profit (loss)	(359,770)
Depreciation and amortization expenses		
6600	Depreciation expense	422,821
6610	Amortization expense	1,597
5060N	Operating profit (loss)	(784,188)
Net entity expenses		
7120	Legal expenses	50,345
7141	Interest on notes payable	-
7141	Interest on mortgages payable	-
7190	Other (income) expenses	51,661
7100T	Total net entity expenses	(102,006)
3250	Change in total net assets from operations (net loss)	\$ (886,194)

Detail for miscellaneous accounts:

Managing General Partner overhead fee	10,000
Lease up costs	41,661
	\$ 51,661

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

SUPPLEMENTARY INFORMATION
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Cash on hand and in banks

Unrestricted accounts

Cash - operating	Bank of America	\$ 4,829
Cash - construction	Bank of America	1,220
		<u><u>\$ 6,049</u></u>

Restricted accounts

Resident security deposits	Bank of America	\$ 19,552
		<u><u>\$ 19,552</u></u>

Resident security deposits are maintained in a separate account, and interest earned on these deposits is credited to a liability account to be refunded or applied for the benefit of tenants.

Security deposit interest earned during the year period	<u><u>\$ -</u></u>
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Accounts receivable

Accounts receivable consists of the following as of year end:

Due from residents - current	\$ -
Due from residents - in excess of 30 days	-
	<u><u>\$ -</u></u>
Due from subsidy	<u><u>\$ 29,931</u></u>
Total accounts receivable	<u><u>\$ 29,931</u></u>

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

SUPPLEMENTARY INFORMATION
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Mortgagee impound accounts

	<u>Property insurance</u>
Balance, June 16, 2022 (inception)	\$ -
Monthly deposits	-
Other deposits	-
Interest	-
Withdrawals	-
Transfers or other withdrawals	-
	<u>-</u>
Balance, December 31, 2024	<u><u>\$ -</u></u>

Reserve for replacements, operating reserve, and transition reserve

In accordance with the provisions of the regulatory agreement, restricted cash is to be used for replacements of property or other reserve requirements with the approval of the agency, as follows:

	<u>Reserve for replacements</u>	<u>Operating reserve</u>
Balance, June 16, 2022 (inception)	\$ -	\$ -
Monthly deposits	-	-
Other deposits	-	-
Interest	-	-
Transfer	-	-
unrealized gain / loss	-	-
Withdrawals - capitalized	-	-
	<u>-</u>	<u>-</u>
Balance, December 31, 2024	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

SUPPLEMENTARY INFORMATION
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024

Property, equipment and improvements

Details of property, equipment and improvements are as follows:

	Balance, June 16, 2022 (inception)	Additions (Deletions)	Balance, December 31, 2024
Land	\$ -	\$ 1,720,745	\$ 1,720,745
Building and improvements	-	30,010,265	30,010,265
Equipment	-	3,029,538	3,029,538
Total	\$ -	\$ 34,760,548	\$ 34,760,548

Accounts payable and accrued expenses

Accounts payables and accrued expenses consist of the following due to vendors:

Current amounts payable or accrued	\$ 42,002
Greater than 30 days amounts payable or accrued	-
	\$ 42,002

Gross potential rents

Resident rental payments	\$ 11,752
Housing assistance payments	29,931
Employee quarters shown as an expense	-
Vacancy loss and concessions	224,742
Total gross potential rents	\$ 266,425

Management fee

A property management fee was incurred during the period for property management services as follows:

Richman Property Services, Inc.	\$ 706
	\$ 706

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUPPLEMENTARY INFORMATION
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Computation Of Operating Cash Flow/Surplus Cash

Operating income

Total income	\$	90,035
Interest earned on restricted reserve accounts		-
Adjusted operating income		<u>90,035</u>

Operating expenses

Adjusted net income		<u>(88,409)</u>
		<u>1,626</u>

Other activity

Mandatory debt service		-
Deposits into reserve for replacements account		-
Loan fees and servicing fees		-
Deposits into other restricted accounts per regulatory agreement		-
Withdrawals from reserve for replacements account included in operating expenses		-
Total other activity		<u>-</u>

Operating cash flow/surplus cash

\$	<u>1,626</u>
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Distribution of operating cash flow/surplus cash

Developer fee - paid		-
Developer fee - payable		<u>(2,200,000)</u>

Total cash available for distributions (Net Cash Flow)

\$	<u>(2,198,374)</u>
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There is no cash available for distributions to owners or loan payments to lenders.

Distributions and loan payments

50% to be distributed to owner

\$	<u>-</u>
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50% split and paid as follows per regulatory agreement

To the CDBG Loan	76.62%	\$	-
To the PLHA Loan	23.38%		-
Total distributions and loan payments			<u>-</u>

Total distributions to owners and lenders

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

To the Partners of
Richman Oroville Apartments, LP
(A Delaware Limited Partnership)

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 Richman Oroville Apartments, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in 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 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richman Oroville Apartments, LP'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 Richman Oroville Apartments, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Richman Oroville Apartments, LP'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 entity'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richman Oroville Apartments, LP'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 13, 2025
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Our audit disclosed no findings or questioned costs that are required to be reported.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**CORRECTIVE ACTION PLAN
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

Name of auditee: Richman Oroville Apartments, LP

HCD CONTRACT NO: 21-DRMHP-21003

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Period June 16, 2022 (inception) through December 31, 2024

CAP prepared by

Name: Samantha Anderes

Position: Controller

Telephone number: 203-869-0900

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

There were no open findings or questioned costs from a prior audit.

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**MANAGEMENT AGENT CERTIFICATION
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Richman Oroville Apartments, LP, and to the best of our knowledge and belief, the same are complete and accurate.

Signed by:

04BCCCCB79DC482
(Signature of Management Agent's Representative)

Controller
(Title)

Samantha Anderes
(Management Agent's Name)

March 13, 2025
Date

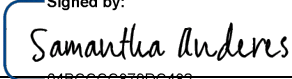
26-0003536
Managing Agent I.D. Number

**RICHMAN OROVILLE APARTMENTS, LP
(A DELAWARE LIMITED PARTNERSHIP)**

**CERTIFICATION OF PARTNERS
PERIOD JUNE 16, 2022 (INCEPTION) THROUGH DECEMBER 31, 2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Richman Oroville Apartments, LP, and to the best of our knowledge and belief, the same are complete and accurate.

Partner:

Signed by:

04BCCCC679DC482...
(Signature of General Partner)

Samantha Anderes
(Print Name of General Partner)

March 13, 2025
Date

August 15, 2025

MEMO

To: BCAHDC Board of Directors

From: Larry Guanzon, President
Marco Cruz, CFO Consultant

Subject: Resolution No. 25-6C
FYE 2026 BCAHDC Operating Budget

The Resolution adopting the FYE 2026 BCAHDC General Fund Operating Budget is attached for review and approval.

BCAHDC receives Partnership Fees as the Managing General Partner (MGP) for nineteen (19) tax credit partnerships; the revenue sources are noted at the bottom of the budget.

BCAHDC contracts with the Housing Authority for the performance of:

- Corporate services in administering the affairs of BCAHDC;
- Managing General Partner (MGP) duties associated with the nineteen (19) Limited Partnerships that own the following Properties:
Chico - Walker Commons Apartments, 1200 Park Avenue Apartments, Harvest Park Apartments, North Creek Crossing Apartments I & II, 1297 Park Avenue Apartments, Dear Creek Apartments I & II
Oroville - Riverbend Apartments I & II, Mitchell Avenue Apartments I & II, Prospect View Apartments, Lincoln Family Apartments,
Gridley – Gridley Springs I Apartments, Ford Oaks Apartments, Sunrise Village Apartment; and,
- Extraordinary Services related to the making of extraordinary capital improvements to the nineteen (19) properties beyond those included in the third-party management Operations Budget, and planned repositioning of the first two of the listed assets.

Legal was budgeted for Orchard View II's construction to close conversion and for negotiation of potential new development partnerships. The detail of the Outside Management Fees expense is noted at the bottom of the budget.

The excess cash and cash equivalent's balance at the beginning of FYE 2026 is estimated to be about \$2.3 million, sufficient to address anticipated expenses.

Recommendation: Adoption of Resolution No. 25-6C

BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION

RESOLUTION NO. 25-6C

APPROVAL OF
BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION
FISCAL YEAR ENDING 2026 GENERAL FUND OPERATING BUDGET

WHEREAS, Butte County Affordable Housing Development Corporation (BCAHDC) approves its General Fund Operating Budget on an annual basis; and

WHEREAS, the Board of Directors of BCAHDC has reviewed the BCAHDC General Fund Operating Budget as proposed and found the budget to be in the best interest of BCAHDC;

THEREFORE, BE IT RESOLVED by the Board of Directors of the Butte County Affordable Housing Development Corporation to hereby approve and adopt the Butte County Affordable Housing Development Corporation General Fund Operating Budget for fiscal year ending 2026, extending from October 1, 2025 through September 30, 2026, such Operating Budget attached to and made a part of this Resolution No. 25-6C.

Dated: August 21, 2025

Lawrence C. Guanzon, President

ATTEST:

Marysol Perez, Secretary

BCAHDC - GENERAL FUND
PROPOSED OPERATING BUDGET
October 1, 2025 to September 30, 2026

	FYE 2026 Proposed Budget	FYE 2025 Approved Budget	2025 Estimated to FYE	Notes
REVENUE				
Investment Income	1,500	1,500	0	<i>Interest / LP Gains</i>
Developer & MGP Fees	50,000	152,007	653,285	<i>Developer fees lower in 2026</i>
Partnership Fees	38,907	90,100	22,000	<i>Management fees</i>
TOTAL REVENUE	90,407	243,607	675,285	
EXPENSES				
Audit & Accounting Fees	2,500	4,500	2,000	<i>Audit and tax preparation</i>
Corporate Services	240,000	220,000	235,733	<i>Corp. & extraordinary services paid to HACB</i>
Consulting Fees	35,000	40,000	0	<i>Placeholder for new deals & refinancing</i>
Legal Expenses	10,000	30,000	3,500	<i>Fees for development close</i>
Misc. Admin. Expenses	3,000	1,000	4,000	
Outside Management Fees**	40,700	40,700	40,700	<i>Management services paid to HACB</i>
Partnership Losses	100	100	100	<i>Estimated LP losses</i>
Taxes and Fees	1,000	170	700	<i>CA filing fees</i>
TOTAL EXPENSES	332,300	336,470	286,733	
NET INCOME	-241,893	-92,863	388,552	
LP Distributions	<u>20,000</u>	<u>20,000</u>	<u>28,788</u>	<i>Walker Commons/1200 Park Ave LPA</i>
Net Cash Flow	<u>-221,893</u>	<u>-72,863</u>	<u>417,340</u>	<i>Cash on Hand > \$1 mill</i>

Cash & Investments as of 6/30/2025 = \$2,299,396

* Partnership Fees:

1200 Park Ave LP \$8,207; Walker Commons \$7,500; Gridley Springs I \$3,200; Harvest Pk \$20,000

1200 Park Avenue fees from excess cash flow vary from year to year

** Outside Management Fees:

1200 Park Ave LP \$10,000; Walker Commons \$7,500; Gridley Springs I \$3,200; Harvest Pk \$20,000