BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION
**Board of Directors Meeting**
2039 Forest Avenue
Chico, CA 95928

# MEETING AGENDA

May 21, 2026
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.

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United States (Toll Free):
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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.

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NEXT RESOLUTION NO. 26-4C

## ITEMS OF BUSINESS

1. ROLL CALL

2. AGENDA AMENDMENTS

3. CONSENT CALENDAR

3.1 Minutes of Meeting on February 19, 2026
Minutes of Special Meeting on March 26, 2026

3.2 BCAHDC – Financial Report

3.3 BCAHDC Properties – Status Report

3.3.1 CTCAC Close-Out CA-2021-140 Riverbend Family Apartments II

3.4 BCAHDC MGP Audits

3.4.1 DHI-DFA Gridley Springs Associates LP (Gridley Springs Apartments, Gridley)

3.4.2 Park Avenue Housing Partners, LP (The Foundation Apartments, Chico)

3.4.3 Richman Oroville Apartments, LP (Lincoln Street Family Apartments, Oroville)

3.4.4 Chico Harvest Park, LP (Harvest Park Apartments, Chico)

3.4.5 Chico North Creek, LP (North Creek Crossings Apartments, Chico)

3.4.6 Chico North Creek II, LP (North Creek Crossings II Apartments, Chico)

3.4.7 Chico Bar Triangle, LP (Bar Triangle Apartments, Chico)

3.4.8 Chico Pacific Associates III, LP (Deer Creek II Apartments, Chico)

3.4.9 Eaglepointe Pacific Associates, a California Limited Partnership (Eaglepointe Apartments, Paradise)

3.4.10 Gridley Family Associates, a California Limited Partnership (Ford Oaks Apartments, Gridley)

3.4.11 Gridley Orchard Associates, a California Limited Partnership (Orchard View Apartments, Gridley)

3.4.12 Gridley Senior Associates, LP (Sunrise Village Apartments, Gridley)

3.4.13 Orland Family Associates, LP (Woodward Family Apartments, Orland)

3.4.14 Orland Senior Associates, LP (Liberty Bell Apartments, Orland)

3.4.15 Oroville Family Associates, a California Limited Partnership (Riverbend Family Apartments, Oroville)

3.4.16 Oroville Family Associates II, LP (Riverbend Family II Apartments, Oroville)

3.4.17 Oroville PSH Associates, LP (Prospect View Apartments, Oroville)

3.4.18 Oroville Senior Associates, a California Limited Partnership (Mitchell Avenue Apartments, Oroville)

3.4.19 Oroville Senior Associates II, LP (Mitchell Avenue II Apartments, Oroville)

4. CORRESPONDENCE

5. REPORTS FROM PRESIDENT

6. MEETING OPEN FOR PUBLIC DISCUSSION

7. MATTERS CONTINUED FOR DISCUSSION

8. SPECIAL REPORTS

9. REPORTS FROM DIRECTORS

10. MATTERS INITIATED BY DIRECTORS

11. EXECUTIVE SESSION

12. DIRECTORS' CALENDAR

- **Next meeting – August 20, 2026**

13. ADJOURNMENT

**BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION**

**Board of Directors Meeting**
2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

February 19, 2026

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:25 p.m.

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

1. ROLL CALL

Present for the Directors: Bob Crowe, David Pittman, Sarah Richter, and Jean Snow; all attended in person.

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

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

The Consent Calendar was accepted as presented.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

5.1 Housing Authority of the County of Butte (HACB) – The board reviewed a proposal regarding the services agreement between the Butte County Affordable Development Corporation (BCAHDC) and the Housing Authority of the County of

Butte (HACB), which runs from October to September with automatic annual renewals. Under the revised terms effective March 1, 2026, hourly "Fee for Services" billing rates will increase by an overall 5%, with individual rates shifting between 0% and 26%. To accommodate ongoing corporate administration and an estimated $200,000 in upcoming property development and acquisition activities, the contract caps will be adjusted. The Not-To-Exceed (NTE) limit for Basic Services will increase from $20,000 to $200,000, while the Extraordinary Services cap will remain at $200,000. Staff recommended the adoption of Resolution No. 26-1C to formally authorize these updated billing rates and financial caps.

***RESOLUTION NO. 26-1C***

Director Crowe moved that Resolution No. 26-1B be adopted by reading of title only: "HOUSING AUTHORITY OF THE COUNTY OF BUTTE MANAGEMENT SERVICES AGREEMENT 2026 BILLING RATES AND SERVICES AUTHORIZATIONS". Director Pittman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM BOARD MEMBERS

None.

10. MATTERS INITIATED BY BOARD MEMBERS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

- **Next Meeting – May 21, 2026**

13. ADJOURNMENT

The meeting was adjourned at 3:36 p.m.

Dated: February 19, 2026.

_____
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

March 19, 2026

President Guanzon called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:21 p.m.

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

1. ROLL CALL

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

Others Present: President Larry Guanzon, Secretary Marysol Perez, Angie Little, Taylor Gonzalez and Marco Cruz all attended via web-conference.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

5.1 Northwind Senior Apartments, Paradise – A special Board of Directors meeting was held to authorize specific obligations and borrowings for the partnership in which BCAHDC serves as Managing General Partner. This action is required to facilitate the conversion of the project from construction to permanent financing.

The Board noted the time-sensitivity of this action, with the permanent loan financing package scheduled to close March 31, 2026. The project is officially complete and fully leased. The action is routine for tax-credit partnership transactions and remains consistent with previous Board authorizations. The resolution was drafted by legal counsel and has undergone formal review by the partnership, lenders, and attorneys.

***RESOLUTION NO. 26-2C***

Director Ober moved that Resolution No. 26-2C be adopted by reading of title only: "NORTHWIND SENIOR APARTMENTS, PARADISE CORPORATE AUTHORIZATIONS". Director Pittman seconded. The roll call vote in favor was unanimous.

5.2 Orchard View Apartments, Gridley – A special Board of Directors meeting was held to authorize specific obligations and borrowings for the partnership in which BCAHDC serves as Managing General Partner. This action is required to facilitate the conversion of the project from construction to permanent financing. The Board noted the time-sensitivity of this action, with the permanent loan financing package scheduled to close April 7, 2026. The project is officially complete and fully leased. The action is routine for tax-credit partnership transactions and remains consistent with previous Board authorizations. The resolution was drafted by legal counsel and has undergone formal review by the partnership, lenders, and attorneys.

***RESOLUTION NO. 26-3C***

Director Richter moved that Resolution No. 26-3C be adopted by reading of title only: "ORCHARD VIEW APARTMENTS, GRIDLEY CORPORATE AUTHORIZATIONS". Director Ober seconded. The roll call 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 21, 2026**

13. ADJOURNMENT

The meeting was adjourned at 3:26 p.m.

Dated: March 19, 2026.

_____
Lawrence C. Guanzon, President

ATTEST:

_____
Marysol Perez, Secretary

May 21, 2026

**MEMO**

To: Butte County Affordable Housing Development Corporation's Board of Directors

From: Larry Guanzon, President
Marco Cruz, CFO Consultant

Subject: March 31, 2026 Quarterly Financial Report

**Background:**

Butte County Affordable Housing Development Corporation (BCAHDC) is a non-profit instrumentality of the Housing Authority of the County of Butte (HACB) and is 1.0% partner of Walker Commons, LP, and 0.01% partner of 1200 Park Avenue, LP. It is also the Managing General Partner (MGP) of various Low Income Housing Tax Credit (LIHTC) projects developed in the County of Butte. Revenue streams are management fees, ownership draws, and development fees from the LIHTC projects. Its expenses are primarily management fees to HACB and salary charges (corporate services) from HACB. BCAHDC's fiscal year begins October 1st and ends September 30th.

**Quarterly Activity:**

Quarterly development fees were much higher than budget. Development fees are based on LIHTC developmental and operational milestones and timing of inflows are difficult to predict. Quarterly expenses are lower than expected as less corporate service fees charged to BCAHDC. HACB should review the staff activity being charged to BCAHDC for a possible increase. Administrative expenses include a $9,000.00 credit to correct a cash adjustment done in 2024.

**Year to Date Activity:**

Revenues are higher than expected due to higher LIHTC development fees. Expenses are lower due to less corporate services charged to BCAHDC from HACB.

**Balance Sheet Activity:**

BCAHDC's cash increased Year to Date by $65,000. Other Assets and Liabilities are unchanged.

# Butte County Affordable Housing Dev Corp
## Budget Comparison

Period = Jan 2026-Mar 2026

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2999-99-999 | Revenue & Expenses | | | | | | | | | |
| 3000-00-000 | INCOME | | | | | | | | | |
| 3699-00-000 | OTHER INCOME | 105,125.87 | 60,101.00 | 45,024.87 | 74.92 | 193,734.49 | 70,202.00 | 123,532.49 | 175.97 | (1) |
| 3999-00-000 | TOTAL INCOME | 105,125.87 | 60,101.00 | 45,024.87 | 74.92 | 193,734.49 | 70,202.00 | 123,532.49 | 175.97 | |
| 4000-00-000 | EXPENSES | | | | | | | | | |
| 4199-00-000 | ADMINISTRATIVE EXPENSES | 67,906.35 | 73,425.00 | 5,518.65 | 7.52 | 128,122.19 | 146,850.00 | 18,727.81 | 12.75 | (2) |
| 4499-00-000 | MAINTENANCE AND OPERATIONAL EXPENSES | 0.00 | 0.00 | 0.00 | N/A | 0.00 | 0.00 | 0.00 | N/A | |
| 4599-00-000 | GENERAL EXPENSES | 0.00 | 249.00 | 249.00 | 100.00 | 200.00 | 498.00 | 298.00 | 59.84 | |
| 5999-00-000 | NON-OPERATING ITEMS | 0.00 | 0.00 | 0.00 | N/A | 0.00 | 0.00 | 0.00 | N/A | |
| 8000-00-000 | TOTAL EXPENSES | 67,906.35 | 73,674.00 | 5,767.65 | 7.83 | 128,322.19 | 147,348.00 | 19,025.81 | 12.91 | |
| 9000-00-000 | NET INCOME | 37,219.52 | -13,573.00 | 50,792.52 | 374.22 | 65,412.30 | -77,146.00 | 142,558.30 | 184.79 | |

Notes:
1. Higher than expected development fees from LIHTC properties.
2. Lower than expected corporate service (salary) fees.

# Butte County Affordable Housing Dev Corp
## Balance Sheet (With Period Change)

Period = Oct 2025-Mar 2026

| | | Balance Current Period | Beginning Balance | Net Change |
|---|---|---|---|---|
| 0999-99-000 | All | | | |
| 1000-00-000 | ASSETS | | | |
| 1100-00-000 | CASH | | | |
| 1111-99-000 | Total Unrestricted Cash | 1,955,230.71 | 1,889,928.41 | 65,302.30 |
| 1119-00-000 | TOTAL CASH | 1,955,230.71 | 1,889,928.41 | 65,302.30 |
| 1160-00-000 | OTHER CURRENT ASSETS | | | |
| 1299-00-000 | TOTAL OTHER CURRENT ASSETS | 775,221.82 | 775,221.82 | 0.00 |
| 1999-00-000 | TOTAL ASSETS | 2,730,452.53 | 2,665,150.23 | 65,302.30 |
| 2000-00-000 | LIABILITIES & EQUITY | | | |
| 2800-00-000 | EQUITY | | | |
| 2805-99-000 | CONTRIBUTED CAPITAL | -110.00 | 0.00 | -110.00 |
| 2809-99-000 | RETAINED EARNINGS: | 2,730,562.53 | 2,665,150.23 | 65,412.30 |
| 2899-00-000 | TOTAL EQUITY | 2,730,452.53 | 2,665,150.23 | 65,302.30 |
| 2999-00-000 | TOTAL LIABILITIES AND EQUITY | 2,730,452.53 | 2,665,150.23 | 65,302.30 |
| 9999-99-000 | TOTAL OF ALL | 0.00 | 0.00 | 0.00 |

May 15, 2026

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:

- Twenty-Four (24) properties leased and under management,
- Two (2) development under construction,
- Two (2) 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 one (1) vacancy as of this memo. This unit has since been re-rented. There is no additional 30-day notices to vacate. Residents and staff have continued to partner to create monthly activities supporting all residents, such as donut and ice cream socials, resident birthday cake celebrations, bingo nights monthly, and weekly card games. YTD income is higher than budget by approximately $2,544 at $193,897 with overall YTD expenses lower than anticipated by $10,774 at $135,351. This brought the property's Net Operating Income to $13,318 more than budget, at $58,546. With Capital Replacements Reserves and Administrative GP Fees the NOI came to a positive $45,349. Tree Trimming & Path-Lighting underground wiring is also being planned. Exterior fascia repairs, gutter replacement and exterior painting of wood areas, as well as window replacement are being performed, as needed. The property is subject to repositioning, involving refinance, capital improvements and replacements. Whitney Vaughan continues to excel as the on-site manager but it looks like AWI has plans to transfer the 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 three (3) vacancies as of this memo. AWI reviews the turnover and market ready status of these 3 units in their report, following. There is (1) 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. Pressure Washing, Exterior Window Cleaning, Facia Repairs-Painting & Landscaping needs are being addressed. Roofing repairs, common area flooring, are also being bid and planned. 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 YTD income is lower by $23,443, at $387,180. Gross rents collected have been less contributing to the decrease in projected income. Total YTD expenses come in at $253,580 or $21,213 less than budget. This brought the YTD NOI to $133,600 or $2,229 less than budget. With Debt Service, Capital Reserve Replacements, and MGP fees the net income came in better than anticipated at only a -$564. *AWI, 3rd party property management is re-organizing the office to accommodate more space for ADA accessible wheelchairs, looking at removing a desk located in front of main office for clearance, these changes will streamline entry for potential residents and current residents. The computer room will remain the same to accommodate use of the computer room and not lose this complex amenity. Lastly, the office staff has numerous meeting spaces for privacy to accommodate any resident meetings.* 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 zero (0) vacancies as of this memo. Third Party Property Management continues to be Arrowhead Housing. Total YTD income comes in below budget by $11,997 at $124,181. Gross Rents collected YTD and Vacancy Loss attributed to the decrease in income YTD. Total YTD expenses are $4,138 less than budget at $86,641. NOI is approximately $7,859 less than budget at a $34,540. With Debt Service, Capital Expenditures, Net Income came to $15,014 or $9,489 more than anticipated. New mailboxes were installed. Parking lot repairs have been completed. The annual preventive maintenance inspections have been completed. Tree Trimming and Gutter Cleaning are being planned. Please find Arrowhead Housing Inc. Owner's report and narrative, following.




*Gridley Springs I Apartments, Ford Avenue*

NOI to $178,070 or $6,316 more than budgeted. Please find WINN Residential's Owner's Report following.



*Harvest Park Apartments, East Avenue, Chico*

2013 - **Harvest Park Apartments**, Chico (90 units, LIHTC, Family, MGP: BCAHDC, PM Winn Residential) – Harvest Park currently has zero (0) 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. A new resident manager has been retained. Total YTD income is up by $2,054 at $414,758. Total YTD expenses are $4,262 less than projection, at $236,688 bringing

2022 - **Ford Oaks Apts, Gridley** (36 units, family, The Pacific Companies/BCAHDC. Lender: Umpqua Bank. LIHTC Investor: CREA) The project is complete and leased. 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.



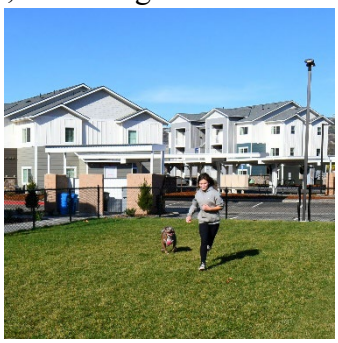

*North Creek Crossings Apartments I &I I, Meriam Park, Chico*

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*

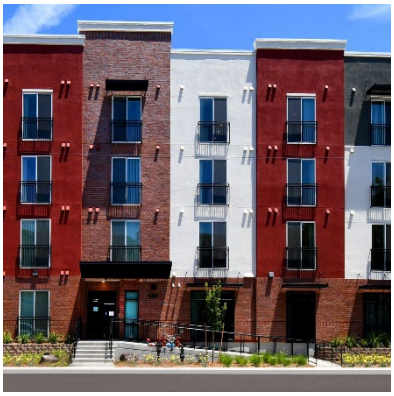
**Liberty Bell Apts, Orland** (32 units, seniors, The Pacific Companies/BCAHDC. Lender: Pacific Western Bank, LIHTC investor: Redstone) – The project is complete and leased. Thirty-one Section 8 Vouchers have been committed to support the low-income seniors.





*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) – The project is complete and leased. 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) – The project is complete and leased.





*Deer Creek Apartments I & II, Highway 32, Chico*

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




*Eaglepointe Apartments, 5975 Maxwell Drive, Paradise*

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





*Lincoln Family Apartments, 3300 Lincoln Boulevard, Oroville*

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





*Orchard View Apartments I, 1445 State Hwy 99, Gridley*

**Northwind Senior Apartments, Paradise** (21 units, seniors, Pacific Companies / BCAHDC, Lender: Banner Bank, LIHTC investor: Merritt Capital) – The project is complete and leased. 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.) – The project is complete and leased. Thirty-seven (37) Section 8 vouchers are committed to this supportive housing project.





*Oleander Community Housing Apartments, 2324 Esplanade, Chico*

**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. The project is complete and leased.





*Bar Triangle Apartments, 2225 Bar Triangle Street, Chico*

## Under Construction:

**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 is progressing with completion expected Winter 2026.





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

**Orchard View Apartments II, Gridley –** (36 units, family, The Pacific Companies/BCAHDC) The project utilizes CDBG-DR MHP funds, Infill Infrastructure Grant Program funds (IIG), HOME funds from the City of Gridley and 9% LIHTC to complete the funding package. Construction is progressing with completion expected Spring 2027.




*Orchard View Apartments II, 1445 State Hwy 99, Gridley – Construction underway*

## Seeking Funding:

**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.

# Walker Commons

April 2026

**1 units available • 1 Move-in • 1 Move-out**

## Vacancy Advertising

- The site is not currently running advertising.
- Working off a healthy waiting list when needed.

## Current Staffing

**Staffing**

**Manager:** Whitney Vaughan
**Maintenance:** Gregory Ramirez

## Vacancy Overview

### CURRENT

**#30 (60%):** (Medical) – Full Flooring, Painting, appliance replacement underway.

### UPCOMING

## Capital Projects

### Budgeted Items planned for 2026

**Windows:** Replace as needed

**Siding:** Several facia repairs are needed around the site

**Painting:** ~~Full complex painting~~

**Gutter Replacement:** Continue the replacement of the front of the site

### Current Status

**Windows:** Replace as needed

**Siding:** Identifying the areas that need replaced in more detail.

**Painting:** ~~Per HA this is on hold until further notice.~~

**Gutter Replacement:** Bids on hand, Narrowing the scope of work to necessary areas.

## Community Events

### ONGOING

**Monthly Bingo Games**

**Wednesday the community holds card games**

### HIGHLIGHT

**No events scheduled for April**

## Additional Notes

**The Manager will be transferring to another property effective 5/15/26. We are in the process of doing an in-house transfer to the site with training from Whitney starting on 5/12/26.**


AWI Management Corporation is an Equal Opportunity provider.

Walker Commons (p0550)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| **4000-03** | **INCOME** | | | | | | | | | |
| 4110-00 | Market/Contract Rent | 44,335 | 49,723 | -5,388 | -11 | 173,571 | 198,893 | -25,322 | -13 | 596,679 |
| 4190-00 | Gain/Loss to Lease | 4,498 | 0 | 4,498 | N/A | 20,616 | 0 | 20,616 | N/A | 0 |
| 4999-99 | GROSS POTENTIAL RENT | 48,833 | 49,723 | -890 | -2 | 194,187 | 198,893 | -4,706 | -2 | 596,679 |
| 5000-00 | INCOME ADJUSTMENTS | | | | | | | | | |
| 5110-00 | Vacancy Loss | -338 | -1,243 | 905 | 73 | -1,790 | -4,972 | 3,182 | 64 | -14,917 |
| 5120-00 | Admin Unit-Non Rev | -906 | -933 | 27 | 3 | -3,624 | -3,733 | 109 | 3 | -11,198 |
| 5190-00 | Bad Debt Expense | -781 | 0 | -781 | N/A | -781 | 0 | -781 | N/A | 0 |
| 5199-98 | TOTAL INCOME ADJUSTMENTS | -2,025 | -2,176 | 151 | 7 | -6,195 | -8,705 | 2,510 | 29 | -26,115 |
| 5199-99 | NET RENTAL INCOME | 46,808 | 47,547 | -739 | -2 | 187,992 | 190,188 | -2,196 | -1 | 570,564 |
| 5500-00 | OTHER INCOME | | | | | | | | | |
| 5510-00 | Laundry Income | 206 | 272 | -66 | -24 | 1,780 | 1,087 | 693 | 64 | 3,262 |
| 5520-00 | Late Charges | 0 | 4 | -4 | -100 | 39 | 17 | 22 | 134 | 50 |
| 5590-00 | Other Tenant Income | 0 | 9 | -9 | -100 | 60 | 37 | 23 | 64 | 110 |
| 5600-00 | Interest Income | 252 | 6 | 246 | 4,052 | 1,226 | 24 | 1,201 | 4,940 | 73 |
| 5610-00 | Interest Income-Restricted Reserve | 556 | 0 | 556 | N/A | 2,800 | 0 | 2,800 | N/A | 0 |
| 5999-98 | TOTAL OTHER INCOME | 1,014 | 291 | 723 | 248 | 5,905 | 1,165 | 4,740 | 407 | 3,495 |
| **5999-99** | **TOTAL INCOME** | **47,822** | **47,838** | **-16** | **0** | **193,897** | **191,353** | **2,544** | **1** | **574,059** |
| **6000-00** | **OPERATING EXPENSES** | | | | | | | | | |
| 6000-01 | NON-CONTROLLABLE EXPENSES | | | | | | | | | |
| 6000-02 | TAXES AND INSURANCE | | | | | | | | | |
| 6100-10 | Real Estate Taxes-Special Assessments | 0 | 12 | 12 | 100 | 83 | 50 | -33 | -66 | 150 |
| 6120-00 | Other Taxes/Fees/Permits | 0 | 296 | 296 | 100 | 45 | 1,184 | 1,138 | 96 | 3,551 |
| 6120-10 | Other Taxes/Fees/Permits-FTB Fee | 0 | 0 | 0 | N/A | 800 | 0 | -800 | N/A | 0 |
| 6150-00 | Property Insurance-GL | 2,102 | 2,604 | 502 | 19 | 8,408 | 10,416 | 2,007 | 19 | 31,247 |
| 6170-00 | Bond Premiums | 0 | 29 | 29 | 100 | 0 | 117 | 117 | 100 | 350 |
| 6199-99 | TOTAL TAXES AND INSURANCE | 2,102 | 2,942 | 839 | 29 | 9,336 | 11,766 | 2,430 | 21 | 35,298 |
| 6200-00 | UTILITIES | | | | | | | | | |
| 6210-00 | Electricity-Common Areas | 0 | 819 | 819 | 100 | 0 | 3,277 | 3,277 | 100 | 9,832 |
| 6210-10 | Electricity-Units | 43 | 0 | -43 | N/A | 5,083 | 0 | -5,083 | N/A | 0 |
| 6220-00 | Water-Domestic | 1,199 | 775 | -424 | -55 | 4,660 | 3,100 | -1,560 | -50 | 9,300 |
| 6230-00 | Sewer-Standard Billing | 904 | 1,000 | 96 | 10 | 4,535 | 4,000 | -535 | -13 | 12,000 |
| 6240-00 | Gas/Heating Fuel-Units | 0 | 387 | 387 | 100 | 900 | 1,546 | 646 | 42 | 4,639 |
| 6250-00 | Trash-Standard Pickup | 394 | 760 | 366 | 48 | 1,968 | 3,041 | 1,073 | 35 | 9,123 |
| 6250-10 | Trash-Bulk Pickup | 690 | 0 | -690 | N/A | 1,398 | 0 | -1,398 | N/A | 0 |
| 6299-99 | TOTAL UTILITIES | 3,230 | 3,741 | 511 | 14 | 18,545 | 14,965 | -3,580 | -24 | 44,894 |
| 6300-00 | PROPERTY MANAGEMENT FEES | | | | | | | | | |
| 6320-00 | Management Fees | 3,246 | 3,246 | 0 | 0 | 12,983 | 12,983 | 0 | 0 | 38,949 |

Walker Commons (p0550)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 6399-98 | TOTAL PROPERTY MANAGEMENT FEES | 3,246 | 3,246 | 0 | 0 | 12,983 | 12,983 | 0 | 0 | 38,949 |
| 6399-99 | TOTAL NON-CONTROLLABLE EXPENSES | 8,578 | 9,928 | 1,350 | 14 | 40,865 | 39,714 | -1,151 | -3 | 119,141 |
| 6400-00 | CONTROLLABLE EXPENSES | | | | | | | | | |
| 6400-01 | PROFESSIONAL FEES | | | | | | | | | |
| 6410-00 | Audit Fees | 1,042 | 1,042 | 0 | 0 | 4,167 | 4,167 | 0 | 0 | 12,500 |
| 6430-00 | Legal-Evictions | 0 | 171 | 171 | 100 | 0 | 684 | 684 | 100 | 2,053 |
| 6499-99 | TOTAL PROFESSIONAL FEES | 1,042 | 1,213 | 171 | 14 | 4,167 | 4,851 | 684 | 14 | 14,553 |
| 6500-00 | PERSONNEL COSTS | | | | | | | | | |
| 6510-00 | Maintenance Wages-Base | 3,040 | 5,033 | 1,993 | 40 | 10,308 | 20,131 | 9,823 | 49 | 60,393 |
| 6510-10 | Maintenance Wages-Overtime | 18 | 0 | -18 | N/A | 43 | 0 | -43 | N/A | 0 |
| 6510-30 | Maintenance Wages-Vacation | 123 | 0 | -123 | N/A | 1,717 | 0 | -1,717 | N/A | 0 |
| 6510-40 | Maintenance Wages-PTO | 194 | 0 | -194 | N/A | 1,273 | 0 | -1,273 | N/A | 0 |
| 6520-00 | Manager Wages-Base | 3,098 | 6,614 | 3,516 | 53 | 13,561 | 26,458 | 12,897 | 49 | 79,374 |
| 6520-10 | Manager Wages-Overtime | 233 | 0 | -233 | N/A | 797 | 0 | -797 | N/A | 0 |
| 6520-30 | Manager Wages-Vacation | 166 | 0 | -166 | N/A | 1,486 | 0 | -1,486 | N/A | 0 |
| 6520-40 | Manager Wages-PTO | 178 | 0 | -178 | N/A | 1,944 | 0 | -1,944 | N/A | 0 |
| 6540-00 | Employer Social Security | 396 | 1,129 | 733 | 65 | 1,717 | 4,516 | 2,799 | 62 | 13,548 |
| 6540-10 | Employer Medicare | 93 | 0 | -93 | N/A | 402 | 0 | -402 | N/A | 0 |
| 6540-20 | FUTA (Federal Unemployment) | 0 | 0 | 0 | N/A | 78 | 0 | -78 | N/A | 0 |
| 6540-30 | SUTA (State Unemployment) | 0 | 0 | 0 | N/A | 572 | 0 | -572 | N/A | 0 |
| 6540-40 | 401(k) Match (Employer) | 0 | 0 | 0 | N/A | 2 | 0 | -2 | N/A | 0 |
| 6550-00 | Workers Comp Insurance | 439 | 502 | 63 | 13 | 1,740 | 2,008 | 269 | 13 | 6,025 |
| 6555-00 | Personnel Medical Insurance | 490 | 2,715 | 2,226 | 82 | 2,470 | 10,861 | 8,391 | 77 | 32,584 |
| 6560-00 | Life Insurance | 3 | 0 | -3 | N/A | 13 | 0 | -13 | N/A | 0 |
| 6599-99 | TOTAL PERSONNEL COSTS | 8,471 | 15,994 | 7,523 | 47 | 38,123 | 63,975 | 25,852 | 40 | 191,924 |
| 6600-00 | MARKETING AND LEASING COSTS | | | | | | | | | |
| 6610-00 | Advertising | 0 | 17 | 17 | 100 | 0 | 67 | 67 | 100 | 200 |
| 6620-00 | Credit Checking | 0 | 42 | 42 | 100 | 0 | 167 | 167 | 100 | 500 |
| 6699-99 | TOTAL MARKETING AND LEASING COSTS | 0 | 58 | 58 | 100 | 0 | 233 | 233 | 100 | 700 |
| 6700-00 | GENERAL AND ADMINISTRATIVE | | | | | | | | | |
| 6700-01 | CONTRACT/RECURRING G/A | | | | | | | | | |
| 6700-10 | P/M IT | 0 | 0 | 0 | N/A | 296 | 0 | -296 | N/A | 0 |
| 6700-20 | P/M Software | 0 | 0 | 0 | N/A | 955 | 0 | -955 | N/A | 0 |
| 6700-30 | P/M Software-Yardi | 722 | 0 | -722 | N/A | 3,078 | 0 | -3,078 | N/A | 0 |
| 6710-00 | Telephone | 242 | 273 | 31 | 11 | 1,661 | 1,091 | -570 | -52 | 3,273 |
| 6710-10 | Internet | 109 | 100 | -9 | -9 | 984 | 400 | -584 | -146 | 1,200 |
| 6710-20 | Cell Phone Reimbursement | 120 | 0 | -120 | N/A | 405 | 0 | -405 | N/A | 0 |
| 6715-30 | Toner/Copier Expense | 0 | 110 | 110 | 100 | 250 | 441 | 191 | 43 | 1,324 |
| 6720-00 | Postage/Freight | -1,086 | 81 | 1,167 | 1,441 | 118 | 324 | 206 | 64 | 972 |
| 6730-00 | Office Supplies/Expense | 28 | 350 | 322 | 92 | 1,195 | 1,400 | 205 | 15 | 4,200 |
| 6740-00 | Water/Coffee Service | 7 | 67 | 60 | 90 | 257 | 268 | 11 | 4 | 805 |

Walker Commons (p0550)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 6820-00 | Tenant Services-General | 0 | 200 | 200 | 100 | 0 | 800 | 800 | 100 | 2,400 |
| 6820-30 | Tenant Services-Other | 0 | 0 | 0 | N/A | 427 | 0 | -427 | N/A | 0 |
| 6880-00 | Pest Control-Svc Contract | 230 | 333 | 103 | 31 | 1,000 | 1,333 | 333 | 25 | 4,000 |
| 6890-00 | Fire/Alarm-Svc Contract | 0 | 277 | 277 | 100 | 165 | 1,107 | 942 | 85 | 3,321 |
| 6895-00 | Cable-Internet/TV Service | 144 | 130 | -14 | -11 | 576 | 521 | -56 | -11 | 1,562 |
| 6899-99 | TOTAL CONTRACT/RECURRING G/A | 516 | 1,921 | 1,405 | 73 | 11,368 | 7,686 | -3,682 | -48 | 23,057 |
| 6900-00 | OTHER G/A | | | | | | | | | |
| 6910-00 | Other Admin-General | 165 | 1,117 | 952 | 85 | 170 | 4,469 | 4,299 | 96 | 13,406 |
| 6910-20 | Other Admin-Bank Fee | 160 | 0 | -160 | N/A | 160 | 0 | -160 | N/A | 0 |
| 6930-00 | Mileage | 91 | 0 | -91 | N/A | 215 | 0 | -215 | N/A | 0 |
| 6940-00 | Travel and Promotion | 1,086 | 67 | -1,019 | -1,529 | 1,086 | 267 | -819 | -307 | 800 |
| 6950-00 | Training Expense | 217 | 58 | -158 | -272 | 318 | 233 | -85 | -36 | 700 |
| 6999-98 | TOTAL OTHER G/A | 1,720 | 1,242 | -477 | -38 | 1,948 | 4,969 | 3,020 | 61 | 14,906 |
| 6999-99 | TOTAL GENERAL AND ADMINISTRATIVE | 2,236 | 3,164 | 928 | 29 | 13,316 | 12,654 | -662 | -5 | 37,963 |
| 7000-00 | REPAIRS AND MAINTENANCE | | | | | | | | | |
| 7000-01 | CONTRACT/RECURRING R/M | | | | | | | | | |
| 7010-00 | R/M Contract-General | 0 | 1,300 | 1,300 | 100 | 25,251 | 5,199 | -20,052 | -386 | 15,598 |
| 7015-00 | R/M Contract-Plumbing | 0 | 309 | 309 | 100 | 392 | 1,235 | 843 | 68 | 3,705 |
| 7025-00 | R/M Contract-HVAC | 0 | 200 | 200 | 100 | 3,097 | 800 | -2,297 | -287 | 2,400 |
| 7030-00 | R/M Contract-Carpet Cleaning-Non Unit Turn | 0 | 75 | 75 | 100 | 0 | 300 | 300 | 100 | 900 |
| 7065-00 | Grounds-Svc Contract | 1,930 | 2,099 | 169 | 8 | 5,865 | 8,395 | 2,530 | 30 | 25,184 |
| 7099-99 | TOTAL CONTRACT/RECURRING R/M | 1,930 | 3,982 | 2,052 | 52 | 34,606 | 15,929 | -18,677 | -117 | 47,787 |
| 7100-00 | OTHER R/M | | | | | | | | | |
| 7110-00 | Janitorial Supplies | 20 | 255 | 235 | 92 | 161 | 1,021 | 860 | 84 | 3,063 |
| 7115-00 | Painting and Decorating | 0 | 301 | 301 | 100 | 45 | 1,205 | 1,160 | 96 | 3,615 |
| 7120-00 | R/M Supplies-General | 1,642 | 1,636 | -6 | 0 | 4,041 | 6,543 | 2,502 | 38 | 19,629 |
| 7130-00 | R/M Supplies-Electrical | 26 | 0 | -26 | N/A | 26 | 0 | -26 | N/A | 0 |
| 7199-99 | TOTAL OTHER R/M | 1,688 | 2,192 | 504 | 23 | 4,275 | 8,769 | 4,494 | 51 | 26,307 |
| 7299-99 | TOTAL REPAIRS AND MAINTENANCE | 3,618 | 6,174 | 2,556 | 41 | 38,880 | 24,698 | -14,182 | -57 | 74,094 |
| 7399-97 | TOTAL CONTROLLABLE EXPENSES | 15,366 | 26,603 | 11,237 | 42 | 94,486 | 106,411 | 11,925 | 11 | 319,234 |
| **7399-98** | **TOTAL OPERATING EXPENSES** | **23,944** | **36,531** | **12,587** | **34** | **135,351** | **146,125** | **10,774** | **7** | **438,375** |
| **7399-99** | **NET OPERATING INCOME** | **23,878** | **11,307** | **12,571** | **111** | **58,546** | **45,228** | **13,318** | **29** | **135,684** |
| 7400-00 | DEBT SERVICE | | | | | | | | | |
| 7410-00 | Interest-Mortgage USDA-RD | 1,250 | 1,250 | 0 | 0 | 5,000 | 5,000 | 0 | 0 | 15,000 |
| 7499-99 | TOTAL DEBT SERVICE | 1,250 | 1,250 | 0 | 0 | 5,000 | 5,000 | 0 | 0 | 15,000 |
| 7500-00 | REPLACEMENT COSTS/OTHER | | | | | | | | | |
| 7500-01 | REPLACEMENT COSTS - OPERATING | | | | | | | | | |
| 7500-02 | TURNOVER REPLACEMENT COSTS | | | | | | | | | |

Walker Commons (p0550)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 7510-00 | R/M Replacement-General | 0 | 2,071 | 2,071 | 100 | 0 | 8,283 | 8,283 | 100 | 24,850 |
| 7515-00 | R/M Replacement-Plumbing | 0 | 56 | 56 | 100 | 0 | 225 | 225 | 100 | 675 |
| 7525-00 | R/M Replacement-Door | 0 | 67 | 67 | 100 | 0 | 267 | 267 | 100 | 800 |
| 7530-00 | R/M Replacement-Window | 0 | 1,042 | 1,042 | 100 | 0 | 4,167 | 4,167 | 100 | 12,500 |
| 7545-10 | R/M Flooring Replacement-1Bed | 1,202 | 1,125 | -77 | -7 | 1,202 | 4,500 | 3,298 | 73 | 13,500 |
| 7550-00 | R/M Replacement-Refrigerator | 0 | 396 | 396 | 100 | 0 | 1,583 | 1,583 | 100 | 4,750 |
| 7560-00 | R/M Replacement-Range | 0 | 333 | 333 | 100 | 771 | 1,333 | 562 | 42 | 4,000 |
| 7570-00 | R/M Replacement-HVAC Unit | 0 | 583 | 583 | 100 | 3,724 | 2,333 | -1,390 | -60 | 7,000 |
| 7580-00 | R/M Replacement-Water Heater | 0 | 667 | 667 | 100 | 0 | 2,667 | 2,667 | 100 | 8,000 |
| 7599-97 | TOTAL TURNOVER REPLACEMENT COSTS | 1,202 | 6,340 | 5,138 | 81 | 5,697 | 25,358 | 19,662 | 78 | 76,075 |
| 7799-99 | TOTAL REPLACEMENT COSTS - OPERATING | 1,202 | 6,340 | 5,138 | 81 | 5,697 | 25,358 | 19,662 | 78 | 76,075 |
| 7800-00 | OTHER NON-OPERATING COSTS | | | | | | | | | |
| 7815-00 | Administrative General Partner Fees | 625 | 625 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 7,500 |
| 7899-98 | TOTAL OTHER NON-OPERATING COSTS | 625 | 625 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 7,500 |
| 7899-99 | TOTAL REPLACEMENT COSTS/OTHER | 1,827 | 6,965 | 5,138 | 74 | 8,197 | 27,858 | 19,662 | 71 | 83,575 |
| **7999-99** | **NET INCOME (LOSS) BEFORE CAPEX** | **20,801** | **3,092** | **17,708** | **573** | **45,349** | **12,370** | **32,980** | **267** | **37,109** |
| 8000-00 | CAPEX/REPLACEMENT RESERVE | | | | | | | | | |
| 8100-00 | Authorized Reserve-Other | 0 | 13,750 | 13,750 | 100 | 0 | 55,000 | 55,000 | 100 | 165,000 |
| 8999-99 | TOTAL CAPEX/REPLACEMENT RESERVE | 0 | 13,750 | 13,750 | 100 | 0 | 55,000 | 55,000 | 100 | 165,000 |
| **9999-98** | **NET INCOME (LOSS)** | **20,801** | **-10,658** | **31,458** | **295** | **45,349** | **-42,630** | **87,980** | **206** | **-127,891** |

# 1200 Park Avenue

April 2026

**3 units available • 0 Move-in • 0 Move-out**

## Vacancy Advertising

- The property is offering move-in specials and referral incentives to attract qualified applicants
- Staff has been coordinating with the Housing Authorities and VA to encourage Section 8 move-ins
- Flyers have been placed in heavily trafficked areas
- Banners and balloons are displayed on the grounds to increase visibility
- Staff have redistributed resident referrals

## Current Staffing

### Staffing

**Manager:** Cindi Weber
**Assistant Manager:** Amber Akins
**Maintenance:** John Rainger
**Assistant Maintenance:** Sergio Valdez

## Vacancy Overview

### CURRENT

**#239 (60%):** (Eviction) – Cabinets delivered, install pending

**#245 (45%):** (Transfer) – Cabinets on order, pending delivery

**#249 (60%):** (Transfer) – ***Rent Ready***

### UPCOMING

**#334 (60%):** (Eviction) Forbearance signed, Vacate date is 5/31/26

## Capital Projects

### Budgeted Items planned for 2026

**Roofing:** Identifying roofing that needs replacement/repairs.

**Stucco Repairs (Office Exterior Wall):** Gather updated bids for the siding.

**Painting:** Gather bids to follow the office repairs.

**Trash Chute Cleaning:** Semi-Annually

**Dryer Vent Cleaning:** Semi-Annually

### Current Status

**Roofing:** Pending quotes, also requested a list of top priority roofs

**Stucco Repairs (Office Exterior Wall):** Updated bids on hand.

**Painting:** This will follow the Stucco repairs

**Trash Chute Cleaning:** ~~March~~ & September unless more is needed

**Dryer Vent Cleaning:** ~~March~~ & September unless more is needed

## Community Events

### ONGOING

**Monthly Bingo Games**

**Birthday Cake Celebrations**

### HIGHLIGHT

**Karaoke Event 4/25/2026**

**Held our 2nd Karaoke event per the request of the residents.**

**[42] Residents and guests in attendance**

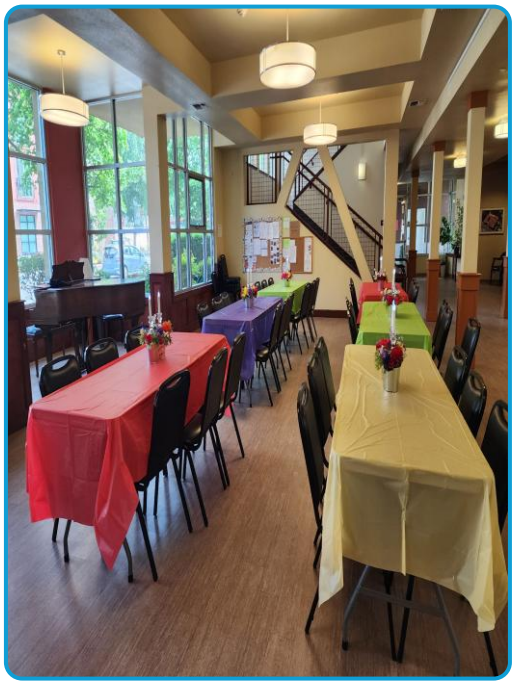
## Additional Notes

On April 25, 2026, the site hosted a karaoke party for residents. The provided meal consisted of spaghetti & meatballs, garlic bread, salad, and drinks. Resident feedback was incorporated into the planning of the event and menu; residents have been encouraged to contribute desserts.


AWI Management Corporation is an Equal Opportunity provider.

# EVENT PHOTOS

**Karaoke – 04/25/26**








AWI Management Corporation is an Equal Opportunity provider.

Park Avenue (p0569)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| **4000-03** | **INCOME** | | | | | | | | | |
| 4110-00 | Market/Contract Rent | 101,511 | 106,457 | -4,946 | -5 | 404,944 | 425,829 | -20,885 | -5 | 1,277,487 |
| 4999-99 | GROSS POTENTIAL RENT | 101,511 | 106,457 | -4,946 | -5 | 404,944 | 425,829 | -20,885 | -5 | 1,277,487 |
| 5000-00 | INCOME ADJUSTMENTS | | | | | | | | | |
| 5110-00 | Vacancy Loss | -2,880 | -3,726 | 846 | 23 | -14,543 | -14,904 | 361 | 2 | -44,712 |
| 5120-00 | Admin Unit-Non Rev | -1,197 | -1,196 | -1 | 0 | -4,788 | -4,784 | -4 | 0 | -14,352 |
| 5190-00 | Bad Debt Expense | 300 | 0 | 300 | N/A | 114 | 0 | 114 | N/A | 0 |
| 5199-98 | TOTAL INCOME ADJUSTMENTS | -3,777 | -4,922 | 1,145 | 23 | -19,217 | -19,688 | 471 | 2 | -59,064 |
| 5199-99 | NET RENTAL INCOME | 97,734 | 101,535 | -3,801 | -4 | 385,727 | 406,141 | -20,414 | -5 | 1,218,423 |
| 5500-00 | OTHER INCOME | | | | | | | | | |
| 5510-00 | Laundry Income | 0 | 667 | -667 | -100 | 0 | 2,667 | -2,667 | -100 | 8,000 |
| 5520-00 | Late Charges | 0 | 68 | -68 | -100 | 40 | 274 | -234 | -85 | 822 |
| 5530-00 | Application Fees | 0 | 14 | -14 | -100 | 0 | 56 | -56 | -100 | 167 |
| 5590-00 | Other Tenant Income | 70 | 333 | -263 | -79 | 813 | 1,333 | -520 | -39 | 4,000 |
| 5600-00 | Interest Income | 68 | 18 | 50 | 275 | 302 | 73 | 229 | 316 | 218 |
| 5610-00 | Interest Income-Restricted Reserve | 20 | 0 | 20 | N/A | 98 | 0 | 98 | N/A | 0 |
| 5690-00 | Miscellaneous Income | 100 | 20 | 80 | 404 | 200 | 79 | 121 | 152 | 238 |
| 5999-98 | TOTAL OTHER INCOME | 258 | 1,120 | -862 | -77 | 1,453 | 4,482 | -3,029 | -68 | 13,445 |
| **5999-99** | **TOTAL INCOME** | **97,992** | **102,656** | **-4,664** | **-5** | **387,180** | **410,623** | **-23,443** | **-6** | **1,231,868** |
| **6000-00** | **OPERATING EXPENSES** | | | | | | | | | |
| 6000-01 | NON-CONTROLLABLE EXPENSES | | | | | | | | | |
| 6000-02 | TAXES AND INSURANCE | | | | | | | | | |
| 6100-10 | Real Estate Taxes-Special Assessments | 0 | 28 | 28 | 100 | 198 | 111 | -87 | -79 | 333 |
| 6120-00 | Other Taxes/Fees/Permits | 0 | 167 | 167 | 100 | 100 | 667 | 566 | 85 | 2,000 |
| 6120-10 | Other Taxes/Fees/Permits-FTB Fee | 0 | 67 | 67 | 100 | 1,600 | 267 | -1,333 | -500 | 800 |
| 6150-00 | Property Insurance-GL | 7,112 | 6,947 | -165 | -2 | 28,448 | 27,787 | -661 | -2 | 83,362 |
| 6150-20 | Property Insurance-Flood | 157 | 300 | 143 | 48 | 629 | 1,200 | 570 | 48 | 3,599 |
| 6170-00 | Bond Premiums | 0 | 58 | 58 | 100 | 0 | 233 | 233 | 100 | 700 |
| 6199-99 | TOTAL TAXES AND INSURANCE | 7,269 | 7,566 | 297 | 4 | 30,976 | 30,265 | -711 | -2 | 90,794 |
| 6200-00 | UTILITIES | | | | | | | | | |
| 6210-00 | Electricity-Common Areas | 3,492 | 7,060 | 3,569 | 51 | 19,662 | 28,242 | 8,580 | 30 | 84,726 |
| 6210-10 | Electricity-Units | 97 | 0 | -97 | N/A | 641 | 0 | -641 | N/A | 0 |
| 6220-00 | Water-Domestic | 65 | 1,522 | 1,456 | 96 | 5,525 | 6,086 | 562 | 9 | 18,259 |
| 6220-10 | Water-Irrigation | 0 | 0 | 0 | N/A | 138 | 0 | -138 | N/A | 0 |
| 6230-00 | Sewer-Standard Billing | 2,043 | 1,964 | -80 | -4 | 8,173 | 7,854 | -319 | -4 | 23,563 |
| 6240-00 | Gas/Heating Fuel-Units | 0 | 629 | 629 | 100 | 239 | 2,515 | 2,276 | 91 | 7,545 |
| 6240-10 | Gas/Heating Fuel-Common Areas | 305 | 0 | -305 | N/A | 4,594 | 0 | -4,594 | N/A | 0 |
| 6250-00 | Trash-Standard Pickup | 463 | 1,129 | 665 | 59 | 2,694 | 4,515 | 1,822 | 40 | 13,546 |
| 6250-10 | Trash-Bulk Pickup | 130 | 0 | -130 | N/A | 620 | 0 | -620 | N/A | 0 |

Park Avenue (p0569)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 6299-99 | TOTAL UTILITIES | 6,595 | 12,303 | 5,708 | 46 | 42,285 | 49,213 | 6,928 | 14 | 147,639 |
| 6300-00 | PROPERTY MANAGEMENT FEES | | | | | | | | | |
| 6320-00 | Management Fees | 6,202 | 6,202 | 0 | 0 | 24,807 | 24,807 | 0 | 0 | 74,421 |
| 6399-98 | TOTAL PROPERTY MANAGEMENT FEES | 6,202 | 6,202 | 0 | 0 | 24,807 | 24,807 | 0 | 0 | 74,421 |
| 6399-99 | TOTAL NON-CONTROLLABLE EXPENSES | 20,066 | 26,071 | 6,005 | 23 | 98,068 | 104,285 | 6,217 | 6 | 312,854 |
| 6400-00 | CONTROLLABLE EXPENSES | | | | | | | | | |
| 6400-01 | PROFESSIONAL FEES | | | | | | | | | |
| 6410-00 | Audit Fees | 1,042 | 1,042 | 0 | 0 | 4,167 | 4,167 | 0 | 0 | 12,500 |
| 6430-00 | Legal-Evictions | 3,582 | 407 | -3,175 | -780 | 5,954 | 1,629 | -4,325 | -266 | 4,886 |
| 6499-99 | TOTAL PROFESSIONAL FEES | 4,624 | 1,449 | -3,175 | -219 | 10,121 | 5,795 | -4,325 | -75 | 17,386 |
| 6500-00 | PERSONNEL COSTS | | | | | | | | | |
| 6510-00 | Maintenance Wages-Base | 3,937 | 10,683 | 6,746 | 63 | 20,964 | 42,733 | 21,769 | 51 | 128,200 |
| 6510-10 | Maintenance Wages-Overtime | 702 | 0 | -702 | N/A | 1,112 | 0 | -1,112 | N/A | 0 |
| 6510-30 | Maintenance Wages-Vacation | 235 | 0 | -235 | N/A | 3,438 | 0 | -3,438 | N/A | 0 |
| 6510-40 | Maintenance Wages-PTO | 232 | 0 | -232 | N/A | 3,056 | 0 | -3,056 | N/A | 0 |
| 6510-90 | Maintenance Wages-Other | 0 | 0 | 0 | N/A | 164 | 0 | -164 | N/A | 0 |
| 6520-00 | Manager Wages-Base | 6,166 | 9,018 | 2,852 | 32 | 24,764 | 36,072 | 11,308 | 31 | 108,216 |
| 6520-10 | Manager Wages-Overtime | 176 | 0 | -176 | N/A | 449 | 0 | -449 | N/A | 0 |
| 6520-30 | Manager Wages-Vacation | 318 | 0 | -318 | N/A | 2,378 | 0 | -2,378 | N/A | 0 |
| 6520-40 | Manager Wages-PTO | 519 | 0 | -519 | N/A | 3,979 | 0 | -3,979 | N/A | 0 |
| 6540-00 | Employer Social Security | 686 | 1,916 | 1,231 | 64 | 3,265 | 7,665 | 4,401 | 57 | 22,996 |
| 6540-10 | Employer Medicare | 160 | 0 | -160 | N/A | 764 | 0 | -764 | N/A | 0 |
| 6540-20 | FUTA (Federal Unemployment) | 0 | 0 | 0 | N/A | 156 | 0 | -156 | N/A | 0 |
| 6540-30 | SUTA (State Unemployment) | 0 | 0 | 0 | N/A | 1,141 | 0 | -1,141 | N/A | 0 |
| 6540-40 | 401(k) Match (Employer) | 4 | 0 | -4 | N/A | 28 | 0 | -28 | N/A | 0 |
| 6550-00 | Workers Comp Insurance | 694 | 839 | 145 | 17 | 2,887 | 3,356 | 469 | 14 | 10,068 |
| 6555-00 | Personnel Medical Insurance | 1,517 | 1,667 | 150 | 9 | 6,874 | 6,667 | -208 | -3 | 20,000 |
| 6560-00 | Life Insurance | 5 | 0 | -5 | N/A | 26 | 0 | -26 | N/A | 0 |
| 6599-99 | TOTAL PERSONNEL COSTS | 15,351 | 24,123 | 8,772 | 36 | 75,445 | 96,493 | 21,049 | 22 | 289,480 |
| 6600-00 | MARKETING AND LEASING COSTS | | | | | | | | | |
| 6610-00 | Advertising | 0 | 40 | 40 | 100 | 0 | 159 | 159 | 100 | 477 |
| 6620-00 | Credit Checking | 0 | 29 | 29 | 100 | 0 | 117 | 117 | 100 | 350 |
| 6699-99 | TOTAL MARKETING AND LEASING COSTS | 0 | 69 | 69 | 100 | 0 | 276 | 276 | 100 | 827 |
| 6700-00 | GENERAL AND ADMINISTRATIVE | | | | | | | | | |
| 6700-01 | CONTRACT/RECURRING G/A | | | | | | | | | |
| 6700-10 | P/M IT | 0 | 227 | 227 | 100 | 468 | 909 | 441 | 49 | 2,728 |
| 6700-20 | P/M Software | 35 | 102 | 66 | 65 | 2,007 | 406 | -1,601 | -394 | 1,219 |
| 6700-30 | P/M Software-Yardi | 1,379 | 1,776 | 397 | 22 | 5,882 | 7,105 | 1,223 | 17 | 21,314 |
| 6710-00 | Telephone | 1,194 | 713 | -481 | -67 | 5,089 | 2,852 | -2,237 | -78 | 8,555 |
| 6710-10 | Internet | 312 | 625 | 313 | 50 | 1,068 | 2,499 | 1,431 | 57 | 7,498 |

Park Avenue (p0569)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 6710-20 | Cell Phone Reimbursement | 180 | 164 | -16 | -10 | 780 | 657 | -123 | -19 | 1,971 |
| 6715-10 | Copier Expenses | 0 | 0 | 0 | N/A | -220 | 0 | 220 | N/A | 0 |
| 6715-30 | Toner/Copier Expense | 129 | 125 | -4 | -3 | 377 | 500 | 123 | 25 | 1,500 |
| 6720-00 | Postage/Freight | 4 | 88 | 84 | 95 | 94 | 351 | 257 | 73 | 1,052 |
| 6730-00 | Office Supplies/Expense | 91 | 505 | 414 | 82 | 1,557 | 2,022 | 465 | 23 | 6,065 |
| 6735-00 | Office Furniture and Equipment | 0 | 0 | 0 | N/A | -87 | 0 | 87 | N/A | 0 |
| 6740-00 | Water/Coffee Service | 119 | 111 | -8 | -7 | 450 | 445 | -5 | -1 | 1,335 |
| 6820-00 | Tenant Services-General | 0 | 127 | 127 | 100 | 0 | 508 | 508 | 100 | 1,525 |
| 6820-30 | Tenant Services-Other | 502 | 0 | -502 | N/A | 1,871 | 0 | -1,871 | N/A | 0 |
| 6830-00 | Resident Services-Supplies | 0 | 0 | 0 | N/A | 665 | 0 | -665 | N/A | 0 |
| 6855-00 | Resident Services-Other | 0 | 0 | 0 | N/A | 168 | 0 | -168 | N/A | 0 |
| 6860-00 | Security-Svc Contract | 1,154 | 711 | -443 | -62 | 2,435 | 2,844 | 409 | 14 | 8,532 |
| 6870-00 | Elevator-Svc Contract | 3,155 | 1,188 | -1,968 | -166 | 5,345 | 4,751 | -594 | -12 | 14,253 |
| 6880-00 | Pest Control-Svc Contract | 0 | 1,182 | 1,182 | 100 | -1,020 | 4,728 | 5,748 | 122 | 14,185 |
| 6890-00 | Fire/Alarm-Svc Contract | 248 | 1,524 | 1,276 | 84 | 2,675 | 6,096 | 3,420 | 56 | 18,287 |
| 6899-99 | TOTAL CONTRACT/RECURRING G/A | 8,503 | 9,168 | 665 | 7 | 29,604 | 36,673 | 7,069 | 19 | 110,019 |
| 6900-00 | OTHER G/A | | | | | | | | | |
| 6910-00 | Other Admin-General | 294 | 156 | -138 | -89 | 471 | 623 | 151 | 24 | 1,868 |
| 6910-20 | Other Admin-Bank Fee | 160 | 0 | -160 | N/A | 160 | 0 | -160 | N/A | 0 |
| 6930-00 | Mileage | 636 | 0 | -636 | N/A | 781 | 0 | -781 | N/A | 0 |
| 6940-00 | Travel and Promotion | 555 | 144 | -411 | -285 | 555 | 578 | 22 | 4 | 1,733 |
| 6950-00 | Training Expense | 414 | 64 | -350 | -548 | 820 | 256 | -564 | -221 | 767 |
| 6955-00 | Employee Meals | 0 | 8 | 8 | 100 | 0 | 33 | 33 | 100 | 100 |
| 6999-98 | TOTAL OTHER G/A | 2,059 | 372 | -1,687 | -453 | 2,788 | 1,489 | -1,298 | -87 | 4,468 |
| 6999-99 | TOTAL GENERAL AND ADMINISTRATIVE | 10,562 | 9,541 | -1,021 | -11 | 32,392 | 38,162 | 5,771 | 15 | 114,487 |
| 7000-00 | REPAIRS AND MAINTENANCE | | | | | | | | | |
| 7000-01 | CONTRACT/RECURRING R/M | | | | | | | | | |
| 7010-00 | R/M Contract-General | 8,404 | 2,250 | -6,154 | -273 | 21,670 | 9,000 | -12,670 | -141 | 27,000 |
| 7015-00 | R/M Contract-Plumbing | 0 | 220 | 220 | 100 | 694 | 879 | 185 | 21 | 2,637 |
| 7020-00 | R/M Contract-Electrical | 0 | 0 | 0 | N/A | 189 | 0 | -189 | N/A | 0 |
| 7025-00 | R/M Contract-HVAC | 99 | 167 | 68 | 41 | 194 | 667 | 473 | 71 | 2,000 |
| 7030-00 | R/M Contract-Carpet Cleaning-Non Unit Turn | 0 | 688 | 688 | 100 | 0 | 2,751 | 2,751 | 100 | 8,252 |
| 7035-00 | R/M Contract-Appliances | 0 | 0 | 0 | N/A | 120 | 0 | -120 | N/A | 0 |
| 7065-00 | Grounds-Svc Contract | 1,955 | 2,032 | 77 | 4 | 7,015 | 8,127 | 1,112 | 14 | 24,380 |
| 7099-99 | TOTAL CONTRACT/RECURRING R/M | 10,458 | 5,356 | -5,102 | -95 | 29,882 | 21,423 | -8,459 | -39 | 64,269 |
| 7100-00 | OTHER R/M | | | | | | | | | |
| 7110-00 | Janitorial Supplies | 58 | 318 | 260 | 82 | 636 | 1,273 | 637 | 50 | 3,819 |
| 7115-00 | Painting and Decorating | 0 | 224 | 224 | 100 | 2,091 | 895 | -1,196 | -134 | 2,686 |
| 7120-00 | R/M Supplies-General | 560 | 1,548 | 988 | 64 | 468 | 6,191 | 5,723 | 92 | 18,573 |
| 7135-00 | R/M Supplies-HVAC | 1,005 | 0 | -1,005 | N/A | 1,005 | 0 | -1,005 | N/A | 0 |
| 7199-99 | TOTAL OTHER R/M | 1,623 | 2,090 | 467 | 22 | 4,200 | 8,359 | 4,160 | 50 | 25,078 |
| 7200-00 | TURNOVER R/M | | | | | | | | | |

Park Avenue (p0569)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 7210-90 | Unit Turn-Carpet Cleaning-Other | 0 | 0 | 0 | N/A | 250 | 0 | -250 | N/A | 0 |
| 7220-00 | Unit Turn-Unit Cleaning-Vendor | 0 | 0 | 0 | N/A | 3,224 | 0 | -3,224 | N/A | 0 |
| 7299-98 | TOTAL TURNOVER R/M | 0 | 0 | 0 | N/A | 3,474 | 0 | -3,474 | N/A | 0 |
| 7299-99 | TOTAL REPAIRS AND MAINTENANCE | 12,081 | 7,446 | -4,635 | -62 | 37,556 | 29,782 | -7,773 | -26 | 89,347 |
| 7399-97 | TOTAL CONTROLLABLE EXPENSES | 42,617 | 42,627 | 10 | 0 | 155,513 | 170,509 | 14,996 | 9 | 511,527 |
| **7399-98** | **TOTAL OPERATING EXPENSES** | **62,683** | **68,698** | **6,015** | **9** | **253,580** | **274,794** | **21,213** | **8** | **824,381** |
| **7399-99** | **NET OPERATING INCOME** | **35,308** | **33,957** | **1,351** | **4** | **133,600** | **135,829** | **-2,229** | **-2** | **407,487** |
| 7400-00 | DEBT SERVICE | | | | | | | | | |
| 7411-00 | Interest-Perm Loan 1 | 8,383 | 8,463 | 80 | 1 | 33,771 | 33,852 | 81 | 0 | 101,556 |
| 7430-00 | Interest-Local Agency | 6,125 | 8,189 | 2,064 | 25 | 24,500 | 32,756 | 8,256 | 25 | 98,269 |
| 7435-00 | Interest-Other | 2,917 | 2,917 | 0 | 0 | 11,668 | 11,667 | -1 | 0 | 35,000 |
| 7499-99 | TOTAL DEBT SERVICE | 17,425 | 19,569 | 2,144 | 11 | 69,939 | 78,275 | 8,336 | 11 | 234,825 |
| 7500-00 | REPLACEMENT COSTS/OTHER | | | | | | | | | |
| 7500-01 | REPLACEMENT COSTS - OPERATING | | | | | | | | | |
| 7500-02 | TURNOVER REPLACEMENT COSTS | | | | | | | | | |
| 7510-00 | R/M Replacement-General | 450 | 3,043 | 2,593 | 85 | 2,658 | 12,173 | 9,516 | 78 | 36,520 |
| 7525-00 | R/M Replacement-Door | 313 | 217 | -96 | -44 | 313 | 867 | 554 | 64 | 2,600 |
| 7530-00 | R/M Replacement-Window | 0 | 0 | 0 | N/A | 263 | 0 | -263 | N/A | 0 |
| 7535-00 | R/M Replacement-Cabinet | 9,174 | 0 | -9,174 | N/A | 9,174 | 0 | -9,174 | N/A | 0 |
| 7545-10 | R/M Flooring Replacement-1Bed | 9,506 | 0 | -9,506 | N/A | 36,126 | 0 | -36,126 | N/A | 0 |
| 7545-20 | R/M Flooring Replacement-2Bed | 0 | 0 | 0 | N/A | 5,675 | 0 | -5,675 | N/A | 0 |
| 7545-90 | R/M Flooring Replacement-Other | 0 | 0 | 0 | N/A | 310 | 0 | -310 | N/A | 0 |
| 7550-00 | R/M Replacement-Refrigerator | 729 | 275 | -454 | -165 | 2,915 | 1,100 | -1,815 | -165 | 3,300 |
| 7560-00 | R/M Replacement-Range | 0 | 225 | 225 | 100 | 771 | 900 | 129 | 14 | 2,700 |
| 7560-10 | R/M Replacement-Range Hood | 0 | 8 | 8 | 100 | 0 | 33 | 33 | 100 | 100 |
| 7580-00 | R/M Replacement-Water Heater | 1,678 | 0 | -1,678 | N/A | 1,678 | 0 | -1,678 | N/A | 0 |
| 7599-97 | TOTAL TURNOVER REPLACEMENT COSTS | 21,850 | 3,768 | -18,082 | -480 | 59,882 | 15,073 | -44,809 | -297 | 45,220 |
| 7799-99 | TOTAL REPLACEMENT COSTS - OPERATING | 21,850 | 3,768 | -18,082 | -480 | 59,882 | 15,073 | -44,809 | -297 | 45,220 |
| 7800-00 | OTHER NON-OPERATING COSTS | | | | | | | | | |
| 7810-00 | Managing General Partner Fees | 1,086 | 1,106 | 20 | 2 | 4,342 | 4,422 | 80 | 2 | 13,266 |
| 7899-98 | TOTAL OTHER NON-OPERATING COSTS | 1,086 | 1,106 | 20 | 2 | 4,342 | 4,422 | 80 | 2 | 13,266 |
| 7899-99 | TOTAL REPLACEMENT COSTS/OTHER | 22,936 | 4,874 | -18,062 | -371 | 64,224 | 19,495 | -44,729 | -229 | 58,486 |
| **7999-99** | **NET INCOME (LOSS) BEFORE CAPEX** | **-5,052** | **9,515** | **-14,567** | **-153** | **-564** | **38,059** | **-38,622** | **-101** | **114,176** |
| 8000-00 | CAPEX/REPLACEMENT RESERVE | | | | | | | | | |
| 8100-00 | Authorized Reserve-Other | 0 | 15,550 | 15,550 | 100 | 0 | 62,200 | 62,200 | 100 | 186,600 |
| 8110-00 | Authorized Reserve-Flooring | 0 | 5,175 | 5,175 | 100 | 0 | 20,700 | 20,700 | 100 | 62,100 |
| 8130-00 | Authorized Reserve-HVAC | 0 | 800 | 800 | 100 | 0 | 3,200 | 3,200 | 100 | 9,600 |
| 8140-00 | Authorized Reserve-Water Heaters | 0 | 333 | 333 | 100 | 0 | 1,333 | 1,333 | 100 | 4,000 |

Park Avenue (p0569)

# Budget Comparison

Period = Apr 2026

Book = Accrual ; Tree = ysi_is

| | | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual |
|---|---|---|---|---|---|---|---|---|---|---|
| 8999-99 | TOTAL CAPEX/REPLACEMENT RESERVE | 0 | 21,858 | 21,858 | 100 | 0 | 87,433 | 87,433 | 100 | 262,300 |
| **9999-98** | **NET INCOME (LOSS)** | **-5,052** | **-12,344** | **7,292** | **59** | **-564** | **-49,375** | **48,811** | **99** | **-148,124** |

# Property Update – May 1, 2026

## Gridley Springs 1 (GS1)

Occupancy 100%

Move-Ins

**Maintenance**

- Preventative Maintenance inspection completed
- Fire extinguisher update 4/2026
- Dryer vents cleared 2/2026
- Pending tree trimming and gutter cleaning
    - Pending updated bid to include downspout fixture

## Gridley Springs 2 (GS2)

Occupancy 100%

Move-Ins

**Maintenance**

- Preventative Maintenance completed
    - Need to replace all smoke and carbon monoxide detectors, at the end-of-life expectancy ($1,100.00)
    - Garbage Can Repairs (pending bids)
- Fire extinguisher update 4/2026
- Working with WASH to update contract
- Pending tree trimming and gutter cleaning
    - Pending updated bid to include downspout fixture

**Regional Manager**
**Lisa Macdonald** in Place
**Community Manager**

**Michelle Vargas** in Place

**Maintenance Tech**

**Taylor Mader** in Place

# Gridley Springs 1
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| **Rental Income** | | | | | | | | |
| 5120 - Rent Revenue -- Gross Potential | 10,575.00 | 34,361.00 | (23,786.00) | (69.22) | 30,682.00 | 137,444.00 | (106,762.00) | (77.67) |
| 5121 - Tenant Assistance Payments | 22,945.00 | (0.00) | 22,945.00 | 100.00 | 99,199.00 | (0.00) | 99,199.00 | 100.00 |
| **Total Rental Income** | **33,520.00** | **34,361.00** | **(841.00)** | **(2.44)** | **129,881.00** | **137,444.00** | **(7,563.00)** | **(5.50)** |
| **Vacancy, Losses & Concessions** | | | | | | | | |
| 5220 - Vacancy Loss - Apartments | (436.00) | (689.50) | 253.50 | 36.76 | (5,699.00) | (2,758.00) | (2,941.00) | (106.63) |
| **Total Vacancy, Losses & Concessions** | **(436.00)** | **(689.50)** | **253.50** | **36.76** | **(5,699.00)** | **(2,758.00)** | **(2,941.00)** | **(106.63)** |
| **Net Rental Income** | **33,084.00** | **33,671.50** | **(587.50)** | **(1.74)** | **124,182.00** | **134,686.00** | **(10,504.00)** | **(7.79)** |
| **Financial Income** | | | | | | | | |
| 5410 - Interest Revenue | 144.33 | 53.00 | 91.33 | 172.32 | 221.30 | 212.00 | 9.30 | 4.38 |
| **Total Financial Income** | **144.33** | **53.00** | **91.33** | **172.32** | **221.30** | **212.00** | **9.30** | **4.38** |
| **Other Income** | | | | | | | | |
| 5910 - Laundry Revenue | 770.16 | 266.00 | 504.16 | 189.53 | 2,608.90 | 1,064.00 | 1,544.90 | 145.19 |
| 5920 - Tenant Charges (Late Fees, Damages) | 538.00 | 54.00 | 484.00 | 896.29 | 638.00 | 216.00 | 422.00 | 195.37 |
| 6331 - Admin Rent Free Unit | (870.00) | (0.00) | (870.00) | (100.00) | (3,469.00) | (0.00) | (3,469.00) | (100.00) |
| **Total Other Income** | **438.16** | **320.00** | **118.16** | **36.92** | **(222.10)** | **1,280.00** | **(1,502.10)** | **(117.35)** |
| **Total Income** | **33,666.49** | **34,044.50** | **(378.01)** | **(1.11)** | **124,181.20** | **136,178.00** | **(11,996.80)** | **(8.80)** |
| **Expenses** | | | | | | | | |
| **Administrative Expenses** | | | | | | | | |
| 6308 - Training | 31.04 | 141.00 | 109.96 | 77.98 | 124.16 | 564.00 | 439.84 | 77.98 |
| 6311 - Office Supplies | 185.95 | 105.00 | (80.95) | (77.09) | 1,262.87 | 420.00 | (842.87) | (200.68) |
| 6315 - Software Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 1,099.47 | 0.00 | (1,099.47) | (100.00) |
| 6318 - Computer Licenses, Maint (IT services) and Supplies | 100.00 | 0.00 | (100.00) | (100.00) | 400.00 | 0.00 | (400.00) | (100.00) |
| 6320 - Management Fee Expense | 2,950.00 | 3,100.00 | 150.00 | 4.83 | 11,600.00 | 12,400.00 | 800.00 | 6.45 |
| 6337 - Compliance Fees Expense | 343.30 | 0.00 | (343.30) | (100.00) | 1,373.20 | 0.00 | (1,373.20) | (100.00) |
| 6340 - Legal Expense - Project | 0.00 | 143.75 | 143.75 | 100.00 | 685.00 | 575.00 | (110.00) | (19.13) |
| 6350 - Audit Expense | 0.00 | 1,100.00 | 1,100.00 | 100.00 | 13,000.00 | 4,400.00 | (8,600.00) | (195.45) |
| 6360 - Telephone Expense | 461.64 | 83.25 | (378.39) | (454.52) | 655.71 | 333.00 | (322.71) | (96.90) |
| 6390 - Misc. Administrative Expenses | 781.16 | 633.00 | (148.16) | (23.40) | 781.16 | 2,532.00 | 1,750.84 | 69.14 |
| 6630 - Overages/Surcharges (RD) | (412.00) | 0.00 | 412.00 | 100.00 | 2,216.00 | 0.00 | (2,216.00) | (100.00) |
| **Total Administrative Expenses** | **4,441.09** | **5,306.00** | **864.91** | **16.30** | **33,197.57** | **21,224.00** | **(11,973.57)** | **(56.41)** |
| **Marketing Expenses** | | | | | | | | |
| 6210 - Advertising and Marketing | 0.00 | 8.25 | 8.25 | 100.00 | 0.00 | 33.00 | 33.00 | 100.00 |
| **Total Marketing Expenses** | **0.00** | **8.25** | **8.25** | **100.00** | **0.00** | **33.00** | **33.00** | **100.00** |
| **Payroll Expenses** | | | | | | | | |
| 6310 - Office Salaries | 4,005.81 | 2,857.08 | (1,148.73) | (40.20) | 7,043.60 | 11,428.32 | 4,384.72 | 38.36 |
| 6330 - Manager Salaries | 0.00 | 0.00 | 0.00 | 0.00 | 5,511.64 | 0.00 | (5,511.64) | (100.00) |
| 6512 - Maintenance Salaries | 3,612.20 | 2,839.83 | (772.37) | (27.19) | 11,264.95 | 11,359.32 | 94.37 | 0.83 |
| 6711 - Payroll Taxes | 576.66 | 600.00 | 23.34 | 3.89 | 2,326.94 | 2,400.00 | 73.06 | 3.04 |
| 6722 - Workers Compensation Ins | 739.02 | 456.92 | (282.10) | (61.73) | 2,246.65 | 1,827.68 | (418.97) | (22.92) |
| 6723 - Health Insurance and Other Employee Benefits | 341.01 | 1,410.83 | 1,069.82 | 75.82 | 1,098.43 | 5,643.32 | 4,544.89 | 80.53 |
| **Total Payroll Expenses** | **9,274.70** | **8,164.66** | **(1,110.04)** | **(13.59)** | **29,492.21** | **32,658.64** | **3,166.43** | **9.69** |
| **Utilities** | | | | | | | | |

# Gridley Springs 1
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| 6449 - Utilities - Vacant | 53.51 | 0.00 | (53.51) | (100.00) | 108.39 | 0.00 | (108.39) | (100.00) |
| 6450 - Electricity | 838.27 | 743.00 | (95.27) | (12.82) | 3,395.06 | 2,972.00 | (423.06) | (14.23) |
| 6451 - Water | 221.00 | 413.75 | 192.75 | 46.58 | 1,186.45 | 1,655.00 | 468.55 | 28.31 |
| 6452 - Gas | 0.00 | 124.00 | 124.00 | 100.00 | 1,326.80 | 496.00 | (830.80) | (167.50) |
| 6453 - Sewer | 1,066.04 | 1,283.00 | 216.96 | 16.91 | 4,777.84 | 5,132.00 | 354.16 | 6.90 |
| 6525 - Garbage & Trash Removal | 506.10 | 628.92 | 122.82 | 19.52 | 2,024.40 | 2,515.68 | 491.28 | 19.52 |
| **Total Utilities** | **2,684.92** | **3,192.67** | **507.75** | **15.90** | **12,818.94** | **12,770.68** | **(48.26)** | **(0.37)** |
| **Operating & Maintenance Expenses** | | | | | | | | |
| 6515 - Supplies - Maint. & Repairs | 591.20 | 645.08 | 53.88 | 8.35 | 3,563.61 | 2,580.32 | (983.29) | (38.10) |
| 6516 - Cleaning Supplies | 0.00 | 0.00 | 0.00 | 0.00 | 36.66 | 0.00 | (36.66) | (100.00) |
| 6519 - Pest Control | 249.00 | 0.00 | (249.00) | (100.00) | 624.00 | 0.00 | (624.00) | (100.00) |
| 6520 - Contracts - Maint. & Repairs | 54.49 | 685.00 | 630.51 | 92.04 | 2,674.19 | 2,740.00 | 65.81 | 2.40 |
| 6534 - Uniforms | 0.00 | 0.00 | 0.00 | 0.00 | 46.70 | 0.00 | (46.70) | (100.00) |
| 6537 - Grounds Contracts | 0.00 | 1,446.61 | 1,446.61 | 100.00 | 1,565.56 | 5,786.44 | 4,220.88 | 72.94 |
| 6538 - Services Contracts | 0.00 | 753.00 | 753.00 | 100.00 | 0.00 | 3,012.00 | 3,012.00 | 100.00 |
| 6542 - Repairs - Electrical | 0.00 | 0.00 | 0.00 | 0.00 | 51.03 | 0.00 | (51.03) | (100.00) |
| 6547 - Repairs - Keys/Locks | 0.00 | 0.00 | 0.00 | 0.00 | 71.37 | 0.00 | (71.37) | (100.00) |
| 6555 - Repairs - Lights/Fans/Fixtures | 0.00 | 0.00 | 0.00 | 0.00 | 36.37 | 0.00 | (36.37) | (100.00) |
| 6560 - Interior Paint Contract | 0.00 | 400.00 | 400.00 | 100.00 | 500.00 | 1,600.00 | 1,100.00 | 68.75 |
| 6561 - Painting Supplies | 406.26 | 60.00 | (346.26) | (577.10) | 1,141.78 | 236.00 | (905.78) | (383.80) |
| **Total Operating & Maintenance Expenses** | **1,300.95** | **3,989.69** | **2,688.74** | **67.39** | **10,311.27** | **15,954.76** | **5,643.49** | **35.37** |
| **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 | 740.52 | 158.25 | (582.27) | (367.94) | 1,481.04 | 633.00 | (848.04) | (133.97) |
| 6720 - Property & Liability Insurance (Hazard) | 0.00 | 2,456.00 | 2,456.00 | 100.00 | 1,540.37 | 9,824.00 | 8,283.63 | 84.32 |
| 6721 - Fidelity Bond Insurance | 0.00 | 20.25 | 20.25 | 100.00 | 0.00 | 81.00 | 81.00 | 100.00 |
| 6790 - Miscellaneous Taxes / Licenses / Permits / Insurance | 0.00 | 150.00 | 150.00 | 100.00 | 0.00 | 600.00 | 600.00 | 100.00 |
| **Total Taxes & Insurance** | **740.52** | **2,784.50** | **2,043.98** | **73.40** | **3,821.41** | **11,138.00** | **7,316.59** | **65.69** |
| **Total Expenses** | **18,442.18** | **23,445.77** | **5,003.59** | **21.34** | **89,641.40** | **93,779.08** | **4,137.68** | **4.41** |
| **Net Operating Income (Loss)** | **15,224.31** | **10,598.73** | **4,625.58** | **43.64** | **34,539.80** | **42,398.92** | **(7,859.12)** | **(18.53)** |
| **Non-Operating Expenses** | | | | | | | | |
| **Capital Expenditures** | | | | | | | | |
| 7340 - Plumbing Replacement | 0.00 | 350.00 | 350.00 | 100.00 | 0.00 | 1,400.00 | 1,400.00 | 100.00 |
| 7350 - Carpet/Floor Replacement | 0.00 | 800.00 | 800.00 | 100.00 | 1,747.60 | 3,204.98 | 1,457.38 | 45.47 |
| 7370 - Heating/AC Replacement | 0.00 | 916.66 | 916.66 | 100.00 | 1,500.00 | 3,666.64 | 2,166.64 | 59.09 |
| 7380 - Appliance Replacement | 0.00 | 237.00 | 237.00 | 100.00 | 1,521.53 | 948.00 | (573.53) | (60.49) |
| 7385 - Drapery and Blind Replacement | 0.00 | 87.50 | 87.50 | 100.00 | 583.65 | 350.00 | (233.65) | (66.75) |
| 7390 - Other Capital Expenses | 0.00 | 166.66 | 166.66 | 100.00 | 0.00 | 666.64 | 666.64 | 100.00 |
| **Total Capital Expenditures** | **0.00** | **2,557.82** | **2,557.82** | **100.00** | **5,352.78** | **10,236.26** | **4,883.48** | **47.70** |
| **Debt Services** | | | | | | | | |
| 6820 - Interest on Mortgage Payable - 1st | 1,188.96 | 0.00 | (1,188.96) | (100.00) | 4,765.52 | 0.00 | (4,765.52) | (100.00) |
| 6830 - Mortgage Payment - USDA | 2,351.98 | 2,352.00 | 0.02 | 0.00 | 9,407.92 | 9,408.00 | 0.08 | 0.00 |
| 6835 - Mortgage Payment - Conv | 0.00 | 1,607.41 | 1,607.41 | 100.00 | 0.00 | 6,429.64 | 6,429.64 | 100.00 |
| **Total Debt Services** | **3,540.94** | **3,959.41** | **418.47** | **10.56** | **14,173.44** | **15,837.64** | **1,664.20** | **10.50** |

# Gridley Springs 1
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| **Other Non-Operating Expenses** | | | | | | | | |
| 8140 - Return to Owner | 0.00 | 2,700.00 | 2,700.00 | 100.00 | 0.00 | 10,800.00 | 10,800.00 | 100.00 |
| **Total Other Non-Operating Expenses** | **0.00** | **2,700.00** | **2,700.00** | **100.00** | **0.00** | **10,800.00** | **10,800.00** | **100.00** |
| **Total Non-Operating Expenses** | **3,540.94** | **9,217.23** | **5,676.29** | **61.58** | **19,526.22** | **36,873.90** | **17,347.68** | **47.04** |
| **Net Income (Loss)** | **11,683.37** | **1,381.50** | **10,301.87** | **745.70** | **15,013.58** | **5,525.02** | **9,488.56** | **171.73** |

WinnResidential

# Monthly Property Summary Report

75 Harvest Park Court

**April 2026**

HARVEST PARK

CHICO, CA.
90 UNITS
TAX CREDIT

Telephone: 559-435-3434
5200 N Palm Avenue, Suite 109, Fresno, CA 93704 www.winnco.com

## MONTHLY PROPERTY SUMMARY REPORT

## INCOME AND EXPENSE SUMMARY

| | | | |
|---|---|---|---|
| • Total Operating Income Actual/Month: | **$109,271.44** | **6,529.44** | **6.35%** |
| • Total Operating Income Budget/Month: | $**102,742.00** | | |
| • Total Operating Income Actual/YTD: | $**414,758.32** | **2,054.32** | **0.49%** |
| • Total Operating Income Budget/YTD: | **$412,704.00** | | |
| • Total Operating Expenses Actual/Month: | $**63,774.17** | **(2,266.52)** | **3.68%** |
| • Total Operating Expenses Budget/Month: | $**61,507.65** | | |
| • Total Operating Expenses Actual/YTD: | $**236,688.27** | **$4,261.67** | **1.76%** |
| • Total Operating Expenses Budget/YTD: | **$240,949.94** | | |
| • Total Net Operating Income Actual/Month: | **$45,497.27** | **$4,262.92** | **10.33%** |
| • Total Net Operating Income Budget/Month: | $**41,234.35** | | |
| • Total Net Operating Income Actual/YTD: | **$178,070.05** | **$6,315.99** | **3.67%** |
| • Total Net Operating Income Budget/YTD: | $**171,754.06** | | |

## BUDGET VARIANCE REPORT

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

| April 2026 Financials - Expense Variances | | | | | |
|---|---|---|---|---|---|
| | Month Ending 4/30/2026 | | | | |
| GL / Description | Actual | Budget | Variance | % | Comments: |
| 5390-0000 Damages | $492.00 | $1,500.00 | ($1,008.00) | -6720.00% | No move out in April 2026 |
| 5220-0000 Vacancies Apartments | $0.00 | ($2,051.00) | $2,051.00 | 100.00% | No move out in April 2026 |
| 6370-0000 Bad Debt | 0,00 | ($2,000.00) | $2,000.00 | 100.00% | No bad debt for the period |
| 6370-0004 Bad Debt - Miscellaneous | $0.00 | ($1,192.00) | $1,192.00 | 100.00% | No bad debt for the period |
| 6450-0000 Electricity | ($776.70) | $2,302.00 | $3,078.70 | 133.74% | Sun Run refund |
| 6522-0001 Landscaping | $9,985.00 | $0.00 | ($9,985.00) | 100.00% | Budgeted tree triming for March posted in April 2026 |
| 6541-0000 Maintenance Supplies | $2,480.09 | $5,990.00 | $3,509.91 | 58.59% | Budgeted restoration equipementhas not been purchased |
| 6548-0000 Repairs Contact Plumbing | $1,177.00 | $500.00 | ($677.00) | -135.40% | #111 drain clog beyond wall, #125 replace provided water heater |
| 6586-0000 Fire and Safety Systems | $810.00 | $2,700.00 | $1,890.00 | 70.00% | Budgeted extinguisher maintenance will post in May 2026 |
| 6532-0000 Cleaning Contract | $0.00 | $1,438.00 | $1,438.00 | 100.00% | No turns in the period |
| 6311-0000 Office Expences | $398.41 | $1,893.00 | $1,494.59 | 78.95% | Budgeted Ipad not purchased during period |
| 6340-0000 Legal Expenses | $1,345.13 | $1,849.00 | $503.97 | 27.25% | #220 expences to date #231 expences |
| 1440-0001 Carpet/Flooring R/R | $0.00 | $2,400.00 | $2,400.00 | 100.00% | Not required this period |
| 1486-0001 Appliance R/R | $583.40 | $0.00 | ($683.40) | -100.00% | #106 Dryer |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

telephone: 559-435-3434
5200 N Palm Avenue, Suite 109, Fresno, CA 93704

www.winnco.com

## RESIDENT DELINQUENT RENT STATUS



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

| Bldg/Unit | Resident Name | Status | Balance | Comments |
|---|---|---|---|---|
| 04 - 220 | | NTV | 13,602.00 | Under Eviction |
| 06 - 231 | | Current resident | 2,794.00 | Seeking Help from Butte Co. Homeless Assistance |
| 01 - 107 | | Current resident | 2,368.00 | Seeking Help from Butte Co. Homeless Assistance |
| 01 - 104 | | Current resident | 344.00 | Paying $500.00 per week until current |
| 04 - 225 | | Current resident | 139.60 | Small balance letter sent |
| 04 - 119 | | Current resident | 83.31 | Small balance letter sent |
| 08 - 242 | | Current resident | 69.00 | Small balance letter sent |
| 02 - 108 | | Current resident | 50.00 | Small balance letter sent |
| 08 - 142 | | Current resident | 48.00 | Small balance letter sent |
| 03 - 216 | | Current resident | 47.50 | Small balance letter sent |
| 06 - 234 | | Current resident | 22.00 | Small balance letter sent |

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## SUMMARY OF CAPITAL EXPENSES AND IMPROVEMENTS

***2026 Capital Expenditures: None***

- YTD Actual Capital Improvements Completed $0.00
- YTD Budgeted Capital Improvements Budgeted $0.00

## GENERAL PROPERTY ISSUES and HIGHLIGHTS

We ended the month with (0) Vacant Units; (2) Units On-Notice. 100% leased & 100% occupied.

# Harvest Park - 1649
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | | Annual |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | Budget |
| **INCOME** | | | | | | | | | |
| **RENTAL INCOME** | | | | | | | | | |
| 5120-0000 - Rental Income | 77,783.00 | 79,989.00 | (2,206.00) | (2.75) | 316,747.00 | 319,956.00 | (3,209.00) | (1.00) | 959,868.00 |
| 5150-0000 - Rental Assistance | 25,111.00 | 21,904.00 | 3,207.00 | 14.64 | 94,947.00 | 87,616.00 | 7,331.00 | 8.36 | 262,848.00 |
| 5221-0000 - Gain/(Loss) to Lease | 6,220.00 | 5,181.00 | 1,039.00 | 20.05 | 21,948.00 | 20,724.00 | 1,224.00 | 5.90 | 62,172.00 |
| **TOTAL RENTAL INCOME** | **109,114.00** | **107,074.00** | **2,040.00** | **1.90** | **433,642.00** | **428,296.00** | **5,346.00** | **1.24** | **1,284,888.00** |
| **MISC. INCOME** | | | | | | | | | |
| 5330-0000 - Tenant Services | 75.00 | (0.00) | 75.00 | 100.00 | 150.00 | 25.00 | 125.00 | 500.00 | 75.00 |
| 5332-0000 - Application Fees | 90.00 | 225.00 | (135.00) | (60.00) | 1,035.00 | 900.00 | 135.00 | 15.00 | 2,700.00 |
| 5385-0000 - Late/Term Fees | 750.00 | 400.00 | 350.00 | 87.50 | 2,550.00 | 2,400.00 | 150.00 | 6.25 | 8,000.00 |
| 5390-0002 - Damages | 492.00 | 1,500.00 | (1,008.00) | (67.20) | 4,376.61 | 6,000.00 | (1,623.39) | (27.05) | 18,000.00 |
| 5341-0000 - Cable Revenue | 0.00 | (0.00) | 0.00 | 0.00 | 1,031.81 | 1,115.00 | (83.19) | (7.46) | 4,345.00 |
| 5341-0001 - Contra Cable Revenue | 0.00 | (0.00) | 0.00 | 0.00 | 0.00 | (204.00) | 204.00 | 100.00 | (816.00) |
| **TOTAL MISC. INCOME** | **1,407.00** | **2,125.00** | **(718.00)** | **(33.78)** | **9,143.42** | **10,236.00** | **(1,092.58)** | **(10.67)** | **32,304.00** |
| **OTHER INCOME** | | | | | | | | | |
| 5491-0000 - Interest on Security Deposits | 98.44 | 133.00 | (34.56) | (25.98) | 385.85 | 532.00 | (146.15) | (27.47) | 1,596.00 |
| **TOTAL OTHER INCOME** | **98.44** | **133.00** | **(34.56)** | **(25.98)** | **385.85** | **532.00** | **(146.15)** | **(27.47)** | **1,596.00** |
| **VACANCY LOSS/RENTAL LOSS/BAD DEBT** | | | | | | | | | |
| 5220-0000 - Vacancies Apartment | 0.00 | (2,051.00) | 2,051.00 | 100.00 | (7,883.00) | (8,204.00) | 321.00 | 3.91 | (24,612.00) |
| 6370-0000 - Bad Debt | 0.00 | (2,000.00) | 2,000.00 | 100.00 | (12,122.00) | (8,000.00) | (4,122.00) | (51.52) | (30,000.00) |
| 6370-0004 - Bad Debt - Miscellaneous | 0.00 | (1,192.00) | 1,192.00 | 100.00 | (3,146.22) | (4,768.00) | 1,621.78 | 34.01 | (14,304.00) |
| 6371-0000 - Bad Debt Recovery - Resident Rent | 0.00 | (0.00) | 0.00 | 0.00 | 130.27 | (0.00) | 130.27 | 100.00 | (0.00) |
| 6539-0002 - Maintenance Staff Rent Free Unit | (1,348.00) | (1,347.00) | (1.00) | (0.07) | (5,392.00) | (5,388.00) | (4.00) | (0.07) | (16,164.00) |
| **TOTAL VACANCY** | **(1,348.00)** | **(6,590.00)** | **5,242.00** | **79.54** | **(28,412.95)** | **(26,360.00)** | **(2,052.95)** | **(7.78)** | **(85,080.00)** |
| **TOTAL INCOME** | **109,271.44** | **102,742.00** | **6,529.44** | **6.35** | **414,758.32** | **412,704.00** | **2,054.32** | **0.49** | **1,233,708.00** |
| **EXPENSES** | | | | | | | | | |
| **MANAGEMENT FEES** | | | | | | | | | |
| 6320-0000 - Management Fees | 5,220.17 | 5,062.00 | (158.17) | (3.12) | 20,716.95 | 20,288.00 | (428.95) | (2.11) | 60,604.00 |
| **TOTAL MANAGEMENT FEES** | **5,220.17** | **5,062.00** | **(158.17)** | **(3.12)** | **20,716.95** | **20,288.00** | **(428.95)** | **(2.11)** | **60,604.00** |
| **REAL ESTATE TAXES** | | | | | | | | | |
| 6710-0000 - Taxes Real Estate | 17.61 | 17.00 | (0.61) | (3.58) | 52.83 | 68.00 | 15.17 | 22.30 | 210.00 |
| 6712-0000 - Taxes Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 327.00 |
| **TOTAL REAL ESTATE TAXES** | **17.61** | **17.00** | **(0.61)** | **(3.58)** | **52.83** | **68.00** | **15.17** | **22.30** | **537.00** |
| **INSURANCE** | | | | | | | | | |
| 6720-0000 - Insurance Property | 5,417.50 | 5,380.15 | (37.35) | (0.69) | 35,705.41 | 21,520.60 | (14,184.81) | (65.91) | 64,561.80 |
| 6720-0002 - Franchise Tax - Calif Pnps | 0.00 | 0.00 | 0.00 | 0.00 | 800.00 | 800.00 | 0.00 | 0.00 | 800.00 |

# Harvest Park - 1649
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | | Annual |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | Budget |
| **TOTAL INSURANCE** | **5,417.50** | **5,380.15** | **(37.35)** | **(0.69)** | **36,505.41** | **22,320.60** | **(14,184.81)** | **(63.55)** | **65,361.80** |
| **UTILITIES EXPENSES** | | | | | | | | | |
| 6430-0000 - Electricity Vacant | 44.52 | 56.00 | 11.48 | 20.50 | 182.75 | 224.00 | 41.25 | 18.41 | 672.00 |
| 6430-0001 - Employee Unit Utility | 144.00 | 118.00 | (26.00) | (22.03) | 432.00 | 472.00 | 40.00 | 8.47 | 1,416.00 |
| 6440-0000 - Gas/Oil Heat Vacant | (77.84) | 0.00 | 77.84 | 100.00 | (1.99) | 0.00 | 1.99 | 100.00 | 0.00 |
| 6450-0000 - Electricity | (776.70) | 2,302.00 | 3,078.70 | 133.74 | 3,868.42 | 6,920.00 | 3,051.58 | 44.09 | 19,086.00 |
| 6451-0000 - Water and Sewer | 5,479.42 | 5,684.00 | 204.58 | 3.59 | 22,021.24 | 21,922.00 | (99.24) | (0.45) | 70,429.00 |
| 6452-0000 - Natural Gas Heat | 17.73 | 287.00 | 269.27 | 93.82 | 656.38 | 1,944.00 | 1,287.62 | 66.23 | 3,999.96 |
| 6470-0000 - Rubbish Removal | 1,163.64 | 1,222.00 | 58.36 | 4.77 | 4,654.56 | 4,888.00 | 233.44 | 4.77 | 14,664.00 |
| 6470-0001 - Rubbish Removal - Bulk | 0.00 | 100.00 | 100.00 | 100.00 | 465.00 | 400.00 | (65.00) | (16.25) | 1,950.00 |
| 6454-0000 - Utility Processing | 71.12 | 74.00 | 2.88 | 3.89 | 327.32 | 296.00 | (31.32) | (10.58) | 1,094.00 |
| **TOTAL UTILITY EXPENSES** | **6,065.89** | **9,843.00** | **3,777.11** | **38.37** | **32,605.68** | **37,066.00** | **4,460.32** | **12.03** | **113,310.96** |
| **PAYROLL** | | | | | | | | | |
| 6310-0000 - Office Payroll | 52.94 | 86.00 | 33.06 | 38.44 | 227.94 | 344.00 | 116.06 | 33.73 | 1,132.00 |
| 6330-0000 - Managers Payroll | 6,609.53 | 6,543.00 | (66.53) | (1.01) | 20,576.84 | 23,475.00 | 2,898.16 | 12.34 | 69,731.00 |
| 6539-0000 - Maintenance Payroll General | 7,321.50 | 4,935.00 | (2,386.50) | (48.35) | 21,749.35 | 20,240.00 | (1,509.35) | (7.45) | 66,383.00 |
| 6539-0010 - Maintenance Payroll - Temp Labor | 816.50 | 0.00 | (816.50) | (100.00) | 3,656.50 | 0.00 | (3,656.50) | (100.00) | 0.00 |
| 6714-0001 - Taxes-Payroll Administrative | 496.98 | 502.00 | 5.02 | 1.00 | 1,841.48 | 2,133.00 | 291.52 | 13.66 | 5,680.00 |
| 6714-0002 - Taxes-Payroll Maintenance | 509.97 | 378.00 | (131.97) | (34.91) | 1,795.83 | 1,865.00 | 69.17 | 3.70 | 5,396.00 |
| 6724-0001 - Workers Comp. - Payroll Admin | 298.43 | 491.00 | 192.57 | 39.21 | 1,193.72 | 1,761.00 | 567.28 | 32.21 | 5,235.00 |
| 6724-0002 - Workers Compensation-Payroll Maintenance | 275.47 | 371.00 | 95.53 | 25.74 | 1,101.88 | 1,521.00 | 419.12 | 27.55 | 4,985.00 |
| 6726-0001 - Health Ins. & Benefits-Payroll Admin | 1,426.89 | 1,710.00 | 283.11 | 16.55 | 5,352.39 | 6,737.00 | 1,384.61 | 20.55 | 20,324.00 |
| 6726-0002 - Health Ins. & Benefits-Payroll Maint. | 3,160.85 | 1,598.00 | (1,562.85) | (97.80) | 9,537.16 | 6,221.00 | (3,316.16) | (53.30) | 18,841.00 |
| **TOTAL PAYROLL** | **20,969.06** | **16,614.00** | **(4,355.06)** | **(26.21)** | **67,033.09** | **64,297.00** | **(2,736.09)** | **(4.25)** | **197,707.00** |
| **OPERATING & MAINTENANCE EXPENSE** | | | | | | | | | |
| 6462-0000 - Exterminating Contract | 775.00 | 378.00 | (397.00) | (105.02) | 2,585.00 | 2,007.00 | (578.00) | (28.79) | 5,531.00 |
| 6511-0000 - Security Contract and Repairs | 136.60 | 150.00 | 13.40 | 8.93 | 465.43 | 600.00 | 134.57 | 22.42 | 1,800.00 |
| 6521-0000 - Grounds Supplies | 2,540.00 | 2,575.00 | 35.00 | 1.35 | 3,255.00 | 4,365.00 | 1,110.00 | 25.42 | 12,565.00 |
| 6522-0000 - Grounds Contract | 2,765.00 | 2,765.00 | 0.00 | 0.00 | 11,060.00 | 11,060.00 | 0.00 | 0.00 | 33,180.00 |
| 6522-0001 - Landscaping | 9,985.00 | 0.00 | (9,985.00) | (100.00) | 9,985.00 | 10,000.00 | 15.00 | 0.15 | 13,950.00 |
| 6541-0000 - Maintenance Supplies | 2,480.09 | 5,990.00 | 3,509.91 | 58.59 | 8,485.56 | 14,691.24 | 6,205.68 | 42.24 | 33,802.24 |
| 6545-0000 - Repairs Contract General | 803.00 | 515.00 | (288.00) | (55.92) | 2,728.00 | 2,060.00 | (668.00) | (32.42) | 15,158.00 |
| 6546-0000 - Repairs Contract Electric | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 200.00 | 200.00 | 100.00 | 600.00 |
| 6547-0000 - Repairs - Contract - HVAC | 274.00 | 250.00 | (24.00) | (9.60) | 597.00 | 1,000.00 | 403.00 | 40.30 | 3,000.00 |
| 6548-0000 - Repairs - Contract - Plumbing | 1,177.00 | 500.00 | (677.00) | (135.40) | 3,359.00 | 2,000.00 | (1,359.00) | (67.95) | 7,200.00 |
| 6552-0000 - Uniforms | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 750.00 | 750.00 | 100.00 | 750.00 |
| 6581-0000 - Appliance Repair | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 750.00 | 750.00 | 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 | 0.00 | 250.00 | 250.00 | 100.00 | 0.00 | 500.00 | 500.00 | 100.00 | 1,500.00 |
| 6586-0000 - Fire and Safety Systems | 810.00 | 2,700.00 | 1,890.00 | 70.00 | 1,125.00 | 3,495.00 | 2,370.00 | 67.81 | 11,361.00 |
| 6991-0000 - Pool Supplies | 70.43 | 185.00 | 114.57 | 61.92 | 219.59 | 740.00 | 520.41 | 70.32 | 2,220.00 |

# Harvest Park - 1649
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | | Annual |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | Budget |
| 6992-0000 - Pool Contract | 360.00 | 404.00 | 44.00 | 10.89 | 1,445.61 | 1,616.00 | 170.39 | 10.54 | 4,848.00 |
| **TOTAL OPERATING & MAINT. EXPS.** | **22,176.12** | **16,662.00** | **(5,514.12)** | **(33.09)** | **45,310.19** | **56,084.24** | **10,774.05** | **19.21** | **150,215.24** |
| **TURNOVER COSTS** | | | | | | | | | |
| 6532-0000 - Cleaning Contract | 0.00 | 1,438.00 | 1,438.00 | 100.00 | 3,244.00 | 4,902.00 | 1,658.00 | 33.82 | 14,706.00 |
| 6561-0000 - Decorator Supplies | 0.00 | 295.00 | 295.00 | 100.00 | 601.43 | 1,180.00 | 578.57 | 49.03 | 3,540.00 |
| **TOTAL TURNOVER COSTS** | **0.00** | **1,733.00** | **1,733.00** | **100.00** | **3,845.43** | **6,082.00** | **2,236.57** | **36.77** | **18,246.00** |
| **MARKETING** | | | | | | | | | |
| 6210-0006 - Signs/Exhibit/Display | 0.00 | 250.00 | 250.00 | 100.00 | 0.00 | 250.00 | 250.00 | 100.00 | 500.00 |
| 6212-0000 - Collateral Materials/Brand Identity | 124.15 | 133.00 | 8.85 | 6.65 | 921.54 | 1,105.00 | 183.46 | 16.60 | 2,169.00 |
| 6290-0000 - Miscellaneous Renting Expense | 239.20 | 300.50 | 61.30 | 20.39 | 808.65 | 797.00 | (11.65) | (1.46) | 1,986.00 |
| 6981-0000 - Resident Supplies | 100.21 | 92.00 | (8.21) | (8.92) | 239.09 | 368.00 | 128.91 | 35.02 | 1,504.00 |
| **TOTAL MARKETING** | **463.56** | **775.50** | **311.94** | **40.22** | **1,969.28** | **2,520.00** | **550.72** | **21.85** | **6,159.00** |
| **ADMINISTRATIVE EXPENSES** | | | | | | | | | |
| 6280-0000 - Credit Reports and Fees | 339.70 | 74.00 | (265.70) | (359.05) | 1,059.10 | 296.00 | (763.10) | (257.80) | 888.00 |
| 6311-0000 - Office Expenses | 398.41 | 1,893.00 | 1,494.59 | 78.95 | 3,577.01 | 4,773.10 | 1,196.09 | 25.05 | 9,647.10 |
| 6312-0000 - Copy Machine | 218.58 | 261.00 | 42.42 | 16.25 | 525.35 | 1,044.00 | 518.65 | 49.67 | 4,181.00 |
| 6313-0000 - Postage | 36.28 | 65.00 | 28.72 | 44.18 | 367.81 | 260.00 | (107.81) | (41.46) | 780.00 |
| 6316-0000 - Travel/Mileage | 0.00 | 85.00 | 85.00 | 100.00 | 175.00 | 422.00 | 247.00 | 58.53 | 3,326.00 |
| 6316-0003 - Training | 0.00 | 270.00 | 270.00 | 100.00 | 1,237.59 | 995.00 | (242.59) | (24.38) | 2,398.00 |
| 6340-0000 - Legal Expense | 1,345.13 | 1,849.00 | 503.87 | 27.25 | 4,290.87 | 3,698.00 | (592.87) | (16.03) | 7,396.00 |
| 6350-0000 - Auditing | 0.00 | 0.00 | 0.00 | 0.00 | 12,938.00 | 16,561.00 | 3,623.00 | 21.87 | 16,561.00 |
| 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 | 953.43 | 785.00 | (168.43) | (21.45) | 3,522.46 | 3,140.00 | (382.46) | (12.18) | 9,420.00 |
| 6385-0000 - Dues and Memberships | 0.00 | 4.00 | 4.00 | 100.00 | 0.00 | 229.00 | 229.00 | 100.00 | 1,255.00 |
| 6390-0000 - Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 | 55.72 | 56.00 | 0.28 | 0.50 | 56.00 |
| 6392-0000 - Bank Charges | 134.69 | 136.00 | 1.31 | 0.96 | 570.57 | 544.00 | (26.57) | (4.88) | 1,632.00 |
| 6392-0001 - RP Transaction Fees | 104.14 | 79.00 | (25.14) | (31.82) | 416.03 | 316.00 | (100.03) | (31.65) | 948.00 |
| 6392-0002 - Paymode Rebates | (86.10) | (80.00) | 6.10 | 7.62 | (86.10) | (110.00) | (23.90) | (21.72) | (267.00) |
| **TOTAL ADMINISTRATIVE EXPENSES** | **3,444.26** | **5,421.00** | **1,976.74** | **36.46** | **28,649.41** | **32,224.10** | **3,574.69** | **11.09** | **61,002.10** |
| **TOTAL EXPENSES** | **63,774.17** | **61,507.65** | **(2,266.52)** | **(3.68)** | **236,688.27** | **240,949.94** | **4,261.67** | **1.76** | **673,143.10** |
| **NET OPERATING INCOME** | **45,497.27** | **41,234.35** | **4,262.92** | **10.33** | **178,070.05** | **171,754.06** | **6,315.99** | **3.67** | **560,564.90** |
| **REPLACEMENT RESERVE/OTHER ESCROWS** | | | | | | | | | |
| 1316-0000 - Escrow - Replacement Reserve | 2,332.50 | 2,333.00 | 0.50 | 0.02 | 9,330.00 | 9,332.00 | 2.00 | 0.02 | 27,996.00 |
| **TOTAL REPLACEMENT RESERVE/OTHER ESCROWS** | **2,332.50** | **2,333.00** | **0.50** | **0.02** | **9,330.00** | **9,332.00** | **2.00** | **0.02** | **27,996.00** |
| **DEBT SERVICE** | | | | | | | | | |
| 2320-0000 - Mortgage Payable - Wells Fargo | 6,666.67 | 6,667.00 | 0.33 | 0.00 | 26,666.68 | 26,668.00 | 1.32 | 0.00 | 80,004.00 |
| 6820-0000 - Interest Expense - Wells Fargo | 10,078.75 | 10,079.00 | 0.25 | 0.00 | 40,315.00 | 40,316.00 | 1.00 | 0.00 | 120,948.00 |
| 6824-0000 - Interest Expense - HACB | 1,904.57 | 1,905.00 | 0.43 | 0.02 | 7,618.28 | 7,620.00 | 1.72 | 0.02 | 22,860.00 |

# Harvest Park - 1649
# Budget Comparison
April 30, 2026

| | Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | | Annual |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % | Budget |
| 6828-0000 - Service Fee | 5,449.29 | 5,521.00 | 71.71 | 1.29 | 21,832.50 | 22,120.00 | 287.50 | 1.29 | 66,087.00 |
| **TOTAL DEBT SERVICE** | **24,099.28** | **24,172.00** | **72.72** | **0.30** | **96,432.46** | **96,724.00** | **291.54** | **0.30** | **289,899.00** |
| **MISCELLANEOUS** | | | | | | | | | |
| 6890-0000 - Miscellaneous Financial Exp | 416.67 | 417.00 | 0.33 | 0.07 | 1,666.68 | 1,668.00 | 1.32 | 0.07 | 7,504.00 |
| 6892-0000 - Trustee Fees | 325.00 | 283.00 | (42.00) | (14.84) | 1,300.00 | 1,132.00 | (168.00) | (14.84) | 7,413.00 |
| **TOTAL MISCELLANEOUS** | **741.67** | **700.00** | **(41.67)** | **(5.95)** | **2,966.68** | **2,800.00** | **(166.68)** | **(5.95)** | **14,917.00** |
| **CAPITAL EXPENDITURES** | | | | | | | | | |
| 1431-0002 - Building Improvements | 0.00 | 0.00 | 0.00 | 0.00 | 18,064.59 | 0.00 | (18,064.59) | (100.00) | 0.00 |
| 1440-0001 - Carpet/Flooring R/R | 0.00 | 2,400.00 | 2,400.00 | 100.00 | 6,867.38 | 14,200.00 | 7,332.62 | 51.63 | 37,200.00 |
| 1461-0002 - Furniture & Fixtures | 0.00 | 0.40 | 0.40 | 100.00 | 0.00 | 0.40 | 0.40 | 100.00 | 0.40 |
| 1486-0001 - Appliances - R/R | 583.40 | 0.00 | (583.40) | (100.00) | 3,121.74 | 5,866.00 | 2,744.26 | 46.78 | 14,774.00 |
| **TOTAL CAPITAL EXPENDITURES** | **583.40** | **2,400.40** | **1,817.00** | **75.69** | **28,053.71** | **20,066.40** | **(7,987.31)** | **(39.80)** | **51,974.40** |
| **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** | **17,740.42** | **11,628.95** | **6,111.47** | **52.55** | **41,287.20** | **42,831.66** | **(1,544.46)** | **(3.60)** | **132,274.50** |
| **Additional Adjustments to Cash Flow** | | | | | | | | | |
| **Cash Other** | **(19,964.10)** | **(0.00)** | **(19,964.10)** | **(100.00)** | **(80,064.60)** | **(0.00)** | **(80,064.60)** | **(100.00)** | **(0.00)** |
| **Accounts Payable** | **305.36** | **(0.00)** | **305.36** | **(100.00)** | **504.86** | **(0.00)** | **504.86** | **(100.00)** | **(0.00)** |
| **Resident Acounts Receivable** | **1,758.03** | **(0.00)** | **1,758.03** | **(100.00)** | **8,627.09** | **(0.00)** | **8,627.09** | **(100.00)** | **(0.00)** |
| **Subsidy Accounts Receivable** | **786.00** | **(0.00)** | **786.00** | **(100.00)** | **(164.00)** | **(0.00)** | **(164.00)** | **(100.00)** | **(0.00)** |
| **Other Accounts Receivable** | **(97.63)** | **(0.00)** | **(97.63)** | **(100.00)** | **(97.64)** | **(0.00)** | **(97.64)** | **(100.00)** | **(0.00)** |
| **Prepaid Expenses** | **6,009.01** | **(0.00)** | **6,009.01** | **(100.00)** | **(29,244.28)** | **(0.00)** | **(29,244.28)** | **(100.00)** | **(0.00)** |
| **Prepaid Rent** | **(833.00)** | **(0.00)** | **(833.00)** | **(100.00)** | **791.00** | **(0.00)** | **791.00** | **(100.00)** | **(0.00)** |
| **Net Accruals** | **0.00** | **(0.00)** | **0.00** | **0.00** | **(15,056.26)** | **(0.00)** | **(15,056.26)** | **(100.00)** | **(0.00)** |
| **Security Deposits** | **2.73** | **(0.00)** | **2.73** | **(100.00)** | **2.08** | **(0.00)** | **2.08** | **(100.00)** | **(0.00)** |
| **Accrued Interest on Deferred Loans** | **1,904.57** | **(1,905.00)** | **3,809.57** | **199.97** | **7,618.28** | **(7,620.00)** | **15,238.28** | **199.97** | **(22,860.00)** |
| **Escrow Tax** | **(16.96)** | **(17.00)** | **0.04** | **0.23** | **37.81** | **(68.00)** | **105.81** | **155.60** | **(210.00)** |
| **Escrow Insurance** | **(4,912.39)** | **(5,146.00)** | **233.61** | **4.53** | **45,360.44** | **(19,180.00)** | **64,540.44** | **336.49** | **(60,348.00)** |
| **Total Additional Adjustments to Cash Flow** | **(15,058.38)** | **(7,068.00)** | **(7,990.38)** | **(113.05)** | **(61,685.22)** | **(26,868.00)** | **(34,817.22)** | **(129.58)** | **(83,418.00)** |
| **Total Net Adjusted Cash Flow** | **2,682.04** | **4,560.95** | **(1,878.91)** | **(41.19)** | **(20,398.02)** | **15,963.66** | **(36,361.68)** | **(227.77)** | **48,856.50** |
| **Net Change in Cash from TB** | **2,682.04** | **0.00** | **2,682.04** | **100.00** | **(20,398.02)** | **0.00** | **(20,398.02)** | **100.00** | **0.00** |
| **Variance** | **0.00** | **(4,560.95)** | **4,560.95** | **100.00** | **0.00** | **(15,963.66)** | **15,963.66** | **100.00** | **(48,856.50)** |

# Harvest Park - 1649
# Budget Comparison
April 30, 2026

| Month Ending 04/30/2026 | | | | Year to Date 04/30/2026 | | | | Annual |
|---|---|---|---|---|---|---|---|---|
| Actual | Budget | Variance | % | Actual | Budget | Variance | % | Budget |

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

TONY SERTICH
Executive Director of CalHFA

**EXECUTIVE DIRECTOR**
MARINA WIANT

March 2, 2026

Larry Guanzon
Oroville Family Associates II, a California Limited Partnership
2039 Forest Avenue
Chico, CA 95928

**RE: Riverbend Family Apartments II (CA-2021-140)**
**Compliance Inspection: June 4, 2025**

The California Tax Credit Allocation Committee (CTCAC) has received and reviewed your documentation regarding correction of all the deficiencies reported by staff during the compliance inspection. The documents have been reviewed and IRS form 8823s were issued.

**Please note:** IRS 8823 form(s) are forwarded separately to the ownership addressed above. This letter is reserved for ownership and management addressed in this letter.

Sincerely,
*Justin Espanol for*
Andy Her
Compliance Program Analyst

cc: Jeff Passadore - Cambridge Real Estate Services

May 15, 2026

**MEMO**

To: BCAHDC Board of Directors

From: Larry Guanzon, President
Marysol Perez, Secretary

Subject: Agenda Items 3.4.1 – 3.14.19 BCAHDC MGP Audits 2025

The nineteen (19) audits for Fiscal Year Ending (FYE) 2025 are provided for informational purposes only. For each audited property, BCAHDC acts as the Managing General Partner (MGP). To satisfy the requirements for the California welfare tax exemption, the MGP maintains material participation duties.

3.1.1 DHI-DFA Gridley Springs Associates LP (Gridley Springs Apartments, Gridley)
3.1.2 Park Avenue Housing Partners, LP (The Foundation Apartments, Chico)
3.1.3 Richman Oroville Apartments, LP (Lincoln Street Family Apartments, Oroville)
3.1.4 Chico Harvest Park, LP (Harvest Park Apartments, Chico)
3.1.5 Chico North Creek, LP (North Creek Crossings Apartments, Chico)
3.1.6 Chico North Creek II, LP (North Creek Crossings II Apartments, Chico)
3.1.7 Chico Bar Triangle, LP (Bar Triangle Apartments, Chico)
3.1.8 Chico Pacific Associates III, LP (Deer Creek II Apartments, Chico)
3.1.9 Eaglepointe Pacific Associates, a California Limited Partnership (Eaglepointe Apartments, Paradise)
3.1.10 Gridley Family Associates, a California Limited Partnership (Ford Oaks Apartments, Gridley)
3.1.11 Gridley Orchard Associates, a California Limited Partnership (Orchard View Apartments, Gridley)
3.1.12 Gridley Senior Associates, LP (Sunrise Village Apartments, Gridley)
3.1.13 Orland Family Associates, LP (Woodward Family Apartments, Orland)
3.1.14 Orland Senior Associates, LP (Liberty Bell Apartments, Orland)
3.1.15 Oroville Family Associates, a California Limited Partnership (Riverbend Family Apartments, Oroville)
3.1.16 Oroville Family Associates II, LP (Riverbend Family II Apartments, Oroville)
3.1.17 Oroville PSH Associates, LP (Prospect View Apartments, Oroville)
3.1.18 Oroville Senior Associates, a California Limited Partnership (Mitchell Avenue Apartments, Oroville)
3.1.19 Oroville Senior Associates II, LP (Mitchell Avenue II Apartments, Oroville)

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

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

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

***COMPARATIVE FINANCIAL REPORT***

**DECEMBER 31, 2025 and 2024**

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BOWMAN
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of DHI-DFA Gridley Springs Associates, L.P. ("the Partnership"), Case No. 04-04-111739358, which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2025 and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

***Supplementary Information***

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 20, 2026, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance.

Brown & Cupay, L.L.P.

Stockton, California
February 20, 2026

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

## BALANCE SHEETS
## December 31, 2025 and 2024

| ASSETS | 2025 | 2024 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 15,354 | $ 12,219 |
| Accounts receivable - tenant | 10,970 | 5,536 |
| Accounts receivable - subsidy | 34,932 | - - |
| Accounts receivable - other | - - | 11,519 |
| Prepaid expenses | 8,360 | 8,532 |
| Tax and insurance impounds | 33,798 | 29,128 |
| Total current assets | 103,414 | 66,934 |
| **RESTRICTED DEPOSITS AND FUNDED RESERVES** | | |
| Guarantee fee reserve | 1,602 | 1,599 |
| Partnership cash | 6,764 | 6,854 |
| Rental security deposits | 19,308 | 19,308 |
| Replacement reserve | 330,580 | 353,769 |
| Transition reserve | 88,289 | 84,564 |
| Operating deficit reserve | 129,294 | 123,973 |
| | 575,837 | 590,067 |
| **PROPERTY AND EQUIPMENT, at cost** | | |
| Land | 149,957 | 149,957 |
| Building and improvements | 3,137,787 | 3,137,787 |
| Site improvements | 171,204 | 171,204 |
| Personal property | 388,383 | 381,682 |
| | 3,847,331 | 3,840,630 |
| Less accumulated depreciation | (1,472,112) | (1,379,401) |
| | 2,375,219 | 2,461,229 |
| **OTHER ASSETS** | | |
| Investments - transition reserve | 11,960 | 10,755 |
| Investments - operating deficit reserve | 11,960 | 10,755 |
| Tax credit fees, net of accumulated amortization of $16,103 and $14,761 in 2025 and 2024, respectively | 4,026 | 5,368 |
| Total other assets | 27,946 | 26,878 |
| Total assets | $ 3,082,416 | $ 3,145,108 |

*See Notes to Financial Statements*

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

## BALANCE SHEETS (Cont.)
## December 31, 2025 and 2024

| LIABILITIES AND PARTNERS' EQUITY (DEFICIT) | 2025 | 2024 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 14,541 | $ 5,133 |
| Accrued interest payable, current portion | 16,397 | 4,014 |
| Partnership fees payable | 6,661 | 12,960 |
| Prepaid rent | 4,626 | 1,267 |
| Note payable, USDA Rural Development, current portion | 13,814 | 13,390 |
| Note payable, Bonneville, current portion | 5,070 | 4,840 |
| Total current liabilities | 61,109 | 41,604 |
| **DEPOSIT LIABILITIES** | | |
| Tenant security deposits | 20,086 | 19,308 |
| **LONG-TERM LIABILITIES** | | |
| Note payable, Bonneville, less current portion | 303,004 | 308,075 |
| Less unamortized debt issuance cost | (48,893) | (50,560) |
| | 254,111 | 257,515 |
| Note payable, USDA Rural Development, less current portion | 954,927 | 968,741 |
| Note payable, City of Gridley | 2,080,000 | 2,080,000 |
| Accrued interest payable, less current portion | 651,297 | 611,000 |
| | 3,940,335 | 3,917,256 |
| Total liabilities | 4,021,530 | 3,978,168 |
| **PARTNERS' EQUITY (DEFICIT)** | (939,114) | (833,060) |
| Total liabilities and partners' equity (deficit) | $ 3,082,416 | $ 3,145,108 |

*See Notes to Financial Statements*

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

## STATEMENTS OF INCOME
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **REVENUE** | | |
| Tenant rental income | $ 169,980 | $ 119,357 |
| Rental assistance - USDA Rural Development | 208,503 | 184,797 |
| Laundry income | 2,990 | 3,587 |
| Interest income | 19,512 | 18,005 |
| Tenant charges | 1,437 | 1,247 |
| Total revenue | 402,422 | 326,993 |
| **OPERATING AND MAINTENANCE EXPENSES** | | |
| Maintenance and repairs payroll | 32,930 | 32,751 |
| Maintenance and repairs supply | 4,575 | 6,438 |
| Maintenance and repairs contract | 5,032 | 11,091 |
| Painting and decorating | 6,396 | 61 |
| Grounds | 17,591 | 11,190 |
| Services | 2,010 | 1,804 |
| Furniture and furnishings replacement | 7,331 | 3,695 |
| | 75,865 | 67,030 |
| Electricity | 7,208 | 8,695 |
| Water | 5,148 | 5,233 |
| Sewer | 14,681 | 14,308 |
| Gas | 1,239 | 913 |
| Garbage and trash removal | 6,073 | 4,900 |
| | 34,349 | 34,049 |
| Site management payroll | 38,916 | 36,272 |
| Management fee | 35,700 | 26,862 |
| Project auditing expense | 12,250 | 13,725 |
| Legal | 5,000 | 1,405 |
| Advertising | 172 | 72 |
| Telephone and answering service | 565 | 649 |
| Office supplies | 1,746 | 1,160 |
| Credit loss | 23,730 | 3,330 |
| Health insurance and other employee benefits | 6,266 | 14,246 |
| Payroll taxes | 5,887 | 5,661 |
| Workers' compensation insurance | 5,034 | 5,145 |
| Other administrative expenses | 12,534 | 8,119 |
| | 147,800 | 116,646 |

*See Notes to Financial Statements*

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

## STATEMENTS OF INCOME (Cont.)
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Real estate taxes | 731 | 1,461 |
| Other taxes licenses and permits | 800 | 800 |
| Property and liability insurance | 18,538 | 20,050 |
| | 20,069 | 22,311 |
| Total operating and maintenance expenses | 278,083 | 240,036 |
| **OTHER EXPENSES (INCOME)** | | |
| Investment (income) loss, net | (1,446) | (297) |
| USDA Rural Development authorized expenditures - repairs and replacements | 9,128 | - - |
| Depreciation | 92,711 | 91,818 |
| Amortization | 1,342 | 1,342 |
| Interest expense - mortgage payable | 91,927 | 92,313 |
| Interest expense - debt issuance cost | 1,667 | 1,667 |
| Interest - overages | 17,118 | 8,788 |
| USDA guarantee fees | 1,565 | 1,588 |
| Non-project expense - partnership fees | 16,381 | 6,560 |
| Total other expenses (income) | 230,393 | 203,779 |
| Total expenses (income) | 508,476 | 443,815 |
| Net loss | $ (106,054) | $ (116,822) |

*See Notes to Financial Statements*

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

## STATEMENT OF PARTNERS' EQUITY (DEFICIT)
### Years Ended December 31, 2025 and 2024

| | Managing General Partner | Administrative General Partners | Special Limited Partner | Limited Partner | Total |
|---|---|---|---|---|---|
| Balance, December 31, 2023 | $ 33 | $ (95) | $ (61) | $(714,818) | $(714,941) |
| Distributions | -- | -- | -- | (1,297) | (1,297) |
| Net loss | (1) | (10) | (12) | (116,799) | (116,822) |
| Balance, December 31, 2024 | 32 | (105) | (73) | (832,914) | (833,060) |
| Net loss | (1) | (9) | (11) | (106,033) | (106,054) |
| Balance, December 31, 2025 | $ 31 | $ (114) | $ (84) | $(938,947) | $(939,114) |

*See Notes to Financial Statements*

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

## STATEMENTS OF CASH FLOWS
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (106,054) | $ (116,822) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 94,053 | 93,160 |
| Amortization of debt issuance cost | 1,667 | 1,667 |
| Unrealized (gain) loss on investments | (1,446) | (297) |
| Change in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable - tenant | (5,434) | (792) |
| Accounts receivable-subsidy | (34,932) | - - |
| Accounts receivable - other | 11,519 | (5,268) |
| Prepaid expenses | 172 | (172) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 9,408 | 5,133 |
| Accrued interest payable | 52,680 | 62,400 |
| Partnership fees payable | (6,299) | 3,298 |
| Tenant security deposits | 778 | 1,030 |
| Prepaid rent | 3,359 | 951 |
| Net cash provided by (used in) operating activities | 19,471 | 44,288 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investments | (964) | (1,520) |
| Acquisition of property and equipment | (6,701) | - - |
| Net cash provided by (used in) investing activities | (7,665) | (1,520) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Principal payments on notes payable | (18,231) | (17,598) |
| Partners distribution | - - | (1,297) |
| Net cash provided by (used in) financing activities | (18,231) | (18,895) |
| Increase (decrease) in cash, cash equivalents and restricted cash | (6,425) | 23,873 |
| Cash, cash equivalents and restricted cash | | |
| Beginning | 631,414 | 607,541 |
| Ending | $ 624,989 | $ 631,414 |

*See Notes to Financial Statements*

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

## STATEMENTS OF CASH FLOWS (Cont.)
### Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Cash payments for interest | $ 39,247 | $ 29,913 |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH SUMMARY** | | |
| Cash and cash equivalents | $ 15,354 | $ 12,219 |
| Tax and insurance impounds | 33,798 | 29,128 |
| Guarantee fee reserve | 1,602 | 1,599 |
| Partnership cash | 6,764 | 6,854 |
| Rental security deposits | 19,308 | 19,308 |
| Replacement reserve | 330,580 | 353,769 |
| Transition reserve | 88,289 | 84,564 |
| Operating deficit reserve | 129,294 | 123,973 |
| | $ 624,989 | $ 631,414 |

*See Notes to Financial Statements*

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

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

Basis of presentation:

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

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

## NOTES TO FINANCIAL STATEMENTS

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

Cash, cash equivalents and restricted cash:

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

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership believes it is not expected to any significant credit risk on cash.

Operating deficit reserve:

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

Transition reserve account:

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

Replacement reserve:

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

Revenue recognition:

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

## NOTES TO FINANCIAL STATEMENTS

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

Accounts receivable:

Accounts receivable are principally from tenants for rent and related charges. The Partnership records an allowance for credit loss based on a review of outstanding receivable, historical loss experience, current economic conditions, and reasonable and supportable forecasts of future events. Management continues to conduct ongoing evaluations of its tenants and identifies those accounts that are determined to be uncollectible and writes them off against the allowance. At December 31, 2025 and 2024, the allowance for credit loss was $1,570 and $0, respectively.

Property and equipment:

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

| | Years |
|---|---|
| Building and improvements | 40 |
| Site improvements | 15 |
| Personal property | 5-7 |

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

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. During the years ended December 31, 2025 and 2024, there were no impairment losses recognized.

Amortization:

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

Debt issuance costs:

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

## NOTES TO FINANCIAL STATEMENTS

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

Investments:

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

Fair value of financial instruments:

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

Income taxes:

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

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

Estimates:

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

Subsequent events:

Management has evaluated subsequent events through February 20, 2026, the date on which the financial statements were available to be issued and determined no events or transactions have occurred that require recognition or disclosure in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Note Payable – USDA Rural Development

In June 2013, as partial funding for its purchase of the Project, the Partnership assumed a loan of $1,108,732 from the seller payable to RD. The note payable to RD is secured by a deed of trust on the real property. The obligation is payable in monthly installments of $2,352 through May 2043, plus excess rent, if any, with the monthly payment amount applying to principal and interest, and any excess rent to additional interest. While the note payable provides for an interest rate of 3.125%, respectively per annum, RD allows interest reduction subsidies so that the Partnership pays less than the specified mortgage interest rate. The note is being amortized using the USDA Rural Development Predetermined Amortization Schedule System (PASS). Under PASS, the loan principal is amortized at the market interest rate; however, the Partnership is making monthly payments based on a 1% interest rate plus excess rents. Interest costs incurred on the note for the years ended December 31, 2025 and 2024 was $15,079 and $15,245, respectively. As of December 31, 2025 and 2024, accrued interest was $2,819 and $2,800, respectively.

The following are future amounts of principal payments under this mortgage note at December 31:

| | | |
|---|---|---|
| 2026 | $ | 13,814 |
| 2027 | | 14,252 |
| 2028 | | 14,704 |
| 2029 | | 15,170 |
| 2030 | | 15,651 |
| Thereafter | | 895,150 |
| | $ | 968,741 |

### Note 3. Note Payable – Bonneville Multifamily Loan

In January 2015, the Partnership signed a promissory note with Bonneville Mortgage Company, a Utah corporation, for $350,000. The loan is guaranteed through the USDA Section 538 Guaranteed Rural Rental Housing Program. The note is secured by the multifamily deed of trust, assignments of rents, security agreement and fixture filing. The interest rate on the loan is 4.65% and requires monthly principal and interest payments of $1,607. The loan matures in January 2055. As of December 31, 2025 and 2024, principal due on the note was $308,074 and $312,915, respectively. During the years ended December 31, 2025 and 2024, interest on the note was $14,448 and $14,668, respectively. As of December 31, 2025 and 2024, accrued interest was $1,195 and $1,214, respectively.

As of December 31, 2025 and 2024, debt issuance costs, net of accumulated amortization of $17,782 and $16,115, respectively, are amortized using the straight-line method.

## NOTES TO FINANCIAL STATEMENTS

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

The following are future amounts of principal payments under this mortgage note at December 31:

| | | |
|---|---|---|
| 2026 | $ | 5,070 |
| 2027 | | 5,311 |
| 2028 | | 5,563 |
| 2029 | | 5,828 |
| 2030 | | 6,105 |
| Thereafter | | 280,197 |
| | $ | 308,074 |

**Note 4. Note Payable – City of Gridley**

The Partnership entered into a loan agreement under the Home program with the City of Gridley (the "Home Loan") in the amount of $2,080,000. The Home Loan is secured by a subordinate deed of trust on the Project. The Home Loan bears interest at a fixed rate of 3% simple interest and matures January 31, 2069. All payments on principal and interest have been deferred until 2024. Commencing on June 1, 2024, payments are payable in an amount equal to fifty percent (50%) of the net cash flow after payment of the distributions set forth in the note. The unpaid principal balance of this note shall be due and payable in full at the end of the term. The payments on this note shall first be applied to interest then to unpaid costs and finally principal obligated through the HOME Agreement. As of December 31, 2025 and 2024, the outstanding principal was $2,080,000. During the years ended December 31, 2025 and 2024, interest on the note was $62,400. As of December 31, 2025 and 2024, accrued interest was $663,680 and $611,000, respectively.

**Note 5. Related Party Transactions**

Asset management fee

In accordance with the Partnership Agreement, the Limited Partner receives an annual cumulative asset management fee in the amount of $2,500 annually, increasing by 3% per year, commencing in 2014. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the years ended December 31, 2025 and 2024, $3,461 and $3,360 was earned, respectively. As of December 31, 2025 and 2024, $3,461 and $3,360 was payable, respectively.

## NOTES TO FINANCIAL STATEMENTS

**Note 5. Related Party Transactions** (Cont.)

Partnership management fee

In accordance with the Partnership Agreement, the Managing General Partner is entitled to receive an annual cumulative partnership management fee in the amount of $3,200, commencing in 2013. The fee is payable from available cash flow, as further described in the Partnership Agreement. During the years ending December 31, 2025 and 2024, $3,200 was earned. As of December 31, 2025 and 2024, $3,200 and $9,600 was payable, respectively.

Incentive management fee

In accordance with the Partnership Agreement, commencing in 2013, the Administrative General Partners receive a noncumulative incentive management fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2025 and 2024, the Administrative General Partners incurred an incentive management fee of $4,860 and $0, respectively.

Tax credit compliance fee

In accordance with the Partnership Agreement, commencing in 2014, the Administrative General Partners receive a noncumulative tax credit compliance fee equal to 45% of the net operating income of the Partnership, to the extent of available cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2025 and 2024, the Administrative General Partners incurred a tax credit compliance fee of $4,860 and $0, respectively..

**Note 6. Fair Value Measurements**

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

## NOTES TO FINANCIAL STATEMENTS

**Note 6. Fair Value Measurements** (Cont.)

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

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

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

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

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

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

**Note 7. Investments**

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

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Cost | Fair Market Value | Cost | Fair Market Value |
| Equity mutual funds | $ 27,308 | $ 23,920 | $ 25,613 | $ 21,510 |
| | $ 27,308 | $ 23,920 | $ 25,613 | $ 21,510 |

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Low-Income Housing Tax Credits

The Partnership expects to generate an aggregate total of $1,169,912 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2013. In order to qualify for those credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 40 years after the above period ends. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of tax credits will be realized and failure to meet all such requirements may result in generating less Tax Credits than expected. As of December 31, 2023 the Partnership had generated full amount of Tax Credits.

### Note 9. Return to Owner

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

### Note 10. Current Vulnerability Due to Certain Concentrations

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

BOWMAN

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DHI-DFA Gridley Springs Associates, L.P. (A California Limited Partnership), which comprise the balance sheet as of December 31, 2025, and the related statement of income, partners equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2026.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

Brown & Company, L.L.P.

Stockton, California
February 20, 2026

BOWMAN

CERTIFIED PUBLIC ACCOUNTANTS

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

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

## Report on Compliance for Each Major RD Program

### *Opinion on Each Major RD Program*

We have audited DHI-DFA Gridley Springs Associates, L.P.'s (the "Partnership") compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of RD Programs* (the Guide) that could have a direct and material effect on the Partnership's major U.S. Department of Rural Development (RD) programs for the year ended December 31, 2025. The Partnership's major RD programs and the related direct and material compliance requirements are as follows:

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

In our opinion, the Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major RD programs for the year ended December 31, 2025.

### *Basis for Opinion on Each Major RD Program*

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

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

### *Responsibilities of Management for Compliance*

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

***Report on Internal Control Over Compliance***

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

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

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

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

Stockton, California
February 20, 2026

Brown & Cupay, L.L.P

# SUPPLEMENTARY INFORMATION AS REQUIRED BY RURAL DEVELOPMENT

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

## SUPPLEMENTARY INFORMATION AS REQUIRED BY RURAL DEVELOPMENT

December 31, 2025
See Auditors' Report

### A. Management Fee Calculation

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

| | | |
|---|---|---|
| Total qualified units (31 * 12 months) | | 372 |
| Less: vacancies | | 15 |
| Total occupied units | | 357 |
| | | X |
| Fee per unit (Effective 01/25) | $ | 100 |
| Management fee expense | $ | 35,700 |

### B. Insurance Disclosure

The Partnership maintains insurance coverage as follows:

| | Deductible | Coverage |
|---|---|---|
| Property coverage on buildings* | $ 25,000 | $ 473,732,736 |
| Comprehensive business liability (per occurrence/aggregate) | $ - - | $ 1,000,000 / 2,000,000 |
| Fidelity/employee dishonesty | $ - - | $ 500,000 |

*Blanket coverage

### C. Return to Owner

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

| | | |
|---|---|---|
| Maximum Return to Owner | $ | 32,400 |
| Budgeted Return to Owner | $ | 32,400 |
| Return to Owner Paid: | $ | 32,400 |

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

## SUPPLEMENTARY INFORMATION AS REQUIRED BY RURAL DEVELOPMENT

December 31, 2025
See Auditors' Report

**D. Schedule of Changes in Fixed Assets**

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| Land | $ 149,957 | $ - - | $ - - | $ 149,957 |
| Building and improvements | 3,137,787 | - - | - - | 3,137,787 |
| Site improvements | 171,204 | - - | - - | 171,204 |
| Personal property | 381,682 | 6,701 | - - | 388,383 |
| Total fixed assets | $ 3,840,630 | $ 6,701 | $ - - | $ 3,847,331 |
| | | | | |
| Accumulated depreciation | | | | |
| Building and improvements | $ 891,051 | $ 79,338 | $ - - | $ 970,389 |
| Site improvements | 110,540 | 11,825 | - - | 122,365 |
| Personal property | 377,810 | 1,548 | - - | 379,358 |
| Total accumulated deprecation | $ 1,379,401 | $ 92,711 | $ - - | $ 1,472,112 |

Fixed asset additions for the year ended December 31, 2025
Mailbox - $6,701

Fixed asset disposals for the year ended December 31, 2025
None

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

## SUPPLEMENTARY INFORMATION AS REQUIRED BY RURAL DEVELOPMENT

December 31, 2025
See Auditors' Report

**1. Reconcile the reserve account:**

| | | |
|---|---|---|
| Required reserve balance, December 31, 2024 | (1) | $ 269,097 |
| Required annual reserve deposit (from Loan Agreement and any Subsequent Amendments) | (2) | 16,752 |
| Actual 2025 reserve account deposit | | 26,227 |

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

| Purpose | Date | Amount | Regular or Excess | USDA Authorized |
|---|---|---|---|---|
| 1. Building repairs & appliances | 12/01/25 | $ 17,016 | Regular | Yes |
| 2. RTO | 05/07/25 | 32,400 | Regular | Yes |

| | | |
|---|---|---|
| Total all authorized regular reserve withdrawals | (3) | 49,416 |
| Total all authorized excess reserve withdrawals | | - - |
| Total all unauthorized reserve withdrawals | | - - |
| Required reserve balance, December 31, 2025 (1) + (2) - (3) = (4) | (4) | 236,433 |
| Confirmed balance, December 31, 2025 | | 330,580 |
| Amount account over (under) funded | | $ 94,147 |

**2. Return on investment (ROI) calculation:**

| | |
|---|---|
| Net cash/deficit (Part I, Line 30) | $ (10,449) |
| Add: Return to owner, paid this year for prior year | 32,400 |
| Add: Reserve deposits over (under) required in the USDA loan agreement | 9,475 |
| Net cash/deficit, earned from current year's operation* | $ 31,426 |
| Maximum annual allowable distribution | $ 32,400 |

Project earned a partial ROI for the period ending December 31, 2025

* $32,400 will be requested from excess reserves in 2025 to pay a full RTO.

**USDA-FmHA**
Form FmHA 3560-10
(Rev. 02-05)

*Position 3*

# MULTIPLE FAMILY HOUSING
# BORROWER BALANCE SHEET
PART I - BALANCE SHEET

FORM APPROVED
OMB NO. 0575-0189

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

| | | CURRENT YEAR | PRIOR YEAR | COMMENTS |
|---|---|---|---|---|
| | BEGINNING DATES> | *1/1/25* | *1/1/24* | |
| **ASSETS** | ENDING DATES> | *12/31/25* | *12/31/24* | |
| **CURRENT ASSETS** | | | | |
| 1. GENERAL OPERATING ACCOUNT | | *$ 15,354* | *$ 12,219* | |
| 2. R.E. TAX & INSURANCE ACCOUNT | | *33,798* | *29,128* | |
| 3. RESERVE ACCOUNT | | *330,580* | *353,769* | |
| 4. SECURITY DEPOSIT ACCOUNT | | *19,308* | *19,308* | |
| 5. OTHER CASH | | *0* | *0* | |
| 6. OTHER (identify)___ Deposits | | *0* | *0* | |
| 7. ACCOUNTS RECEIVABLE | AR USDA; AR tenants; AR other | *45,902* | *17,055* | |
| ...ACCTS RCBL 0-30 DAYS | $ 33,723 | | | |
| ...ACCTS RCBL 30-60 DAYS | $ 12,179 | | | |
| 8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS | | *0* | *0* | |
| 9. INVENTORIES (supplies) | | *0* | *0* | |
| 10. PREPAYMENTS | | *8,360* | *8,532* | |
| 11. OTHER - PARTNERSHIP CASH | | *225,949* | *216,990* | |
| 12. **TOTAL CURRENT ASSETS** (Add 1 thru 11) | | *679,251* | *657,001* | |
| **FIXED ASSETS** | | | | |
| 13. LAND | | *149,957* | *149,957* | |
| 14. BUILDINGS | | *3,308,991* | *3,308,991* | |
| 15. LESS: ACCUMULATED DEPRECIATION | | *(1,092,754)* | *(1,001,591)* | |
| 16. FURNITURE & EQUIPMENT | | *388,383* | *381,682* | |
| 17. LESS: ACCUMULATED DEPRECIATION | | *(379,358)* | *(377,810)* | |
| 18. | | *0* | *0* | |
| 19. **TOTAL FIXED ASSETS** (Add 13 thru 18) | | *2,375,219* | *2,461,229* | |
| **OTHER ASSETS** | | | | |
| 20. TAX CREDIT FEES, NET AND INVESTMENTS | | *27,946* | *26,878* | |
| 21. **TOTAL ASSETS** (Add 12 , 19, and 20) | | *3,082,416* | *3,145,108* | |
| **LIABILITIES AND OWNERS EQUITY** | | | | |
| **CURRENT LIABILITIES** | | | | |
| 22. ACCOUNTS PAYABLE (Attach list) | | *14,541* | *5,133* | |
| ...ACCTS PAY 0-30 DAYS | $ 14,541 | | | |
| ...ACCTS PAY 30-60 DAYS | $ | | | |
| 23. NOTES PAYABLE | P'ship fees pay'l; acc'd int pay'l - current; NP USDA - current; ppd rent; NP Bonn - current | *46,568* | *36,471* | |
| 24. SECURITY DEPOSITS | | *20,086* | *19,308* | |
| 25. **TOTAL CURRENT LIABILITIES** (Add 22 thru 24) | | *81,195* | *60,912* | |
| 26. NOTES PAYABLE Rural Development | | *954,927* | *968,741* | |
| 27. OTHER | NP Bonn less unamort debt issuance costs; NP City of Gridley; acc'd int pay'l | *2,985,408* | *2,948,515* | |
| 28. **TOTAL LONG-TERM LIABILITIE** *(Add 26 and 27)* | | *3,940,335* | *3,917,256* | |
| 29. **TOTAL LIABILITIES** (Add 25 and 28) | | *4,021,530* | *3,978,168* | |
| 30. **OWNER'S EQUITY** (Net Worth)(21 minus 29) | | *(939,114)* | *(833,060)* | |
| 31. **TOTAL LIABILITIES AND OWNER'S EQUITY** (Add 29 and 30) | | *$ 3,082,416* | *$ 3,145,108* | |

*See Auditors' Report*

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

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

3-5-26

(Date)



(Signature of Borrower or Borrower's Representative)

co-managing general partner

(Title)

## PART II - THIRD PARTY VERIFICATION OF REVIEW

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

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

(Date)

(Signature)

(Name and Title)

(Address)

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

**USDA**
Form RD 3560-7
(Rev. 05-06)

*Position 3*

FORM APPROVED
OMB NO. 0575-0189

# MULTIPLE FAMILY HOUSING PROJECT BUDGET/ UTILITY ALLOWANCE

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

| Reporting Period | Budget Type | Project Rental Type | Project Type | The following utilities are master metered: | I hereby request |
|---|---|---|---|---|---|
| ☑ Annual | ☐ Initial | ☑ Family | ☐ Full Profit | ☑ Electricity ☑ Gas | ☑ I hereby request 0 units of RA. Current number of RA units 28. |
| ☐ Quarterly | ☐ Regular Report | ☐ Elderly | ☑ Limited Profit | ☐ Water ☐ Sewer | Borrower Accounting Method |
| ☐ Monthly | ☑ Rent Change | ☐ Congregate | ☐ Non-Profit | ☐ Trash | ☐ Cash ☐ Accrual |
| | ☐ SMR | ☐ Group Home | | ☐ Other | |
| | ☐ Other Servicing | ☐ Mixed ☐ LH | | | |

## PART I - CASH FLOW STATEMENT

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | |
|---|---|---|---|---|
| BEGINNING DATES> | ( *01/01/25* ) | ( *01/01/25* ) | ( ) | |
| ENDING DATES> | ( *12/31/25* ) | ( *12/31/25* ) | ( ) | |
| **OPERATIONAL CASH SOURCES** | | | | |
| 1. RENTAL INCOME | *381,600* | *169,980* | | |
| 2. RHS RENTAL ASSISTANCE RECEIVED | | *208,503* | | |
| 3. APPLICATION FEES RECEIVED | | | | |
| 4. LAUNDRY AND VENDING | *3,660* | *2,990* | | |
| 5. INTEREST INCOME | *780* | *19,512* | | |
| 6. TENANT CHARGES | *480* | *1,437* | | |
| 7. OTHER - PROJECT SOURCES | *0* | *0* | | |
| 8. LESS *(Vacancy and Contingency Allowance)* | ( *11,448* ) | | | |
| 9. LESS *(Agency Approved Incentive Allowance)* | ( *0* ) | | | |
| 10. SUB-TOTAL [(1 thru 7)-(8&9)] | *375,072* | *402,422* | | |
| **NON-OPERATIONAL CASH SOURCES** | | | | |
| 11. CASH - NON PROJECT | *0* | *0* | | |
| 12. AUTHORIZED LOAN *(Non-RHS)* | *0* | *0* | | |
| 13. TRANSFER FROM RESERVE | *15,475* | *49,416* | | |
| 14. SUB-TOTAL *(11 thru 13)* | *15,475* | *49,416* | | |
| 15. **TOTAL CASH SOURCES** *(10+14)* | *390,547* | *451,838* | | |
| **OPERATIONAL CASH USES** | | | | |
| 16. TOTAL O&M EXPENSES *(From Part II)* | *268,943* | *254,353* | | |
| 17. RHS DEBT PAYMENT | *28,224* | *28,224* | | |
| 18. RHS PAYMENT *(Overage)* | | *17,118* | | |
| 19. RHS PAYMENT *(Late Fee)* | | *0* | | |
| 20. REDUCTION IN PRIOR YEAR PAYABLES(See Part IV) | | *0* | | |
| 21. TENANT UTILITY PAYMENTS | | *0* | | |
| 22. TRANSFER TO RESERVE | *16,752* | *26,227* | | |
| 23. RETURN TO OWNER | *32,400* | *32,400* | | |
| 24. SUB-TOTAL *(16 thru 23)* | *346,319* | *358,322* | | |
| **NON-OPERATIONAL CASH USES** | | | | |
| 25. AUTHORIZED DEBT PAYMENT *(Non-RHS)* | *19,289* | *29,254* | | |
| 26. ANNUAL CAPITAL BUDGET *(From Part III, Line 4 - 6)* | *15,475* | *49,416* | | |
| 27. MISCELLANEOUS | *0* | *25,295* | | *Guarantee fee, credit loss* |
| 28. SUB-TOTAL *(25 thru 27)* | *34,764* | *103,965* | | |
| 29. **TOTAL CASH USES *(24+28)*** | *381,083* | *462,287* | | |
| 30. **NET CASH (DEFICIT) *(15-29)*** | *9,464* | *(10,449)* | | |
| **CASH BALANCE** | | | | |
| 31. BEGINNING CASH BALANCE | *0* | *41,347* | | |
| 32. ACCRUAL TO CASH ADJUSTMENT | | *18,254* | | |
| 33. ENDING CASH BALANCE *(30+31+32)* | *9,464* | *49,152* | | |

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

## PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | |
|---|---|---|---|---|
| 1. MAINTENANCE & REPAIRS PAYROLL | 32,211 | 32,930 | | |
| 2. MAINTENANCE & REPAIRS SUPPLY | 7,742 | 4,575 | | |
| 3. MAINTENANCE & REPAIRS CONTRACT | 8,220 | 5,032 | | |
| 4. PAINTING AND DECORATING | 5,350 | 6,396 | | |
| 5. SNOW REMOVAL | 0 | 0 | | |
| 6. ELEVATOR MAINTENANCE/CONTRACT | 0 | 0 | | |
| 7. GROUNDS | 16,548 | 17,591 | | |
| 8. SERVICES | 9,036 | 2,010 | | |
| 9. ANNUAL CAPITAL BUDGET *(From Part V - Operating)* | 0 | 7,331 | | |
| 10. OTHER OPERATING EXPENSES(*Itemize)* | 0 | 0 | | |
| 11. SUB-TOTAL MAINT.& OPERATING *(1 thru 10)* | 79,107 | 75,865 | | |
| 12. ELECTRICITY | 8,496 | 7,208 | | |
| 13. WATER | 4,728 | 5,148 | | |
| 14. SEWER | 14,664 | 14,681 | | |
| 15. FUEL *(Oil/Coal/Gas)* | 1,416 | 1,239 | | |
| 16. GARBAGE & TRASH REMOVAL | 7,188 | 6,073 | | |
| 17. OTHER UTILITIES | 0 | 0 | | |
| 18. SUB-TOTAL UTILITIES *(12 thru 17)* | 36,492 | 34,349 | | |
| 19. SITE MANAGEMENT PAYROLL | 34,711 | 38,916 | | |
| 20. MANAGEMENT FEE | 38,400 | 35,700 | | |
| 21. PROJECT AUDITING EXPENSE | 8,750 | 12,250 | | |
| 22. PROJECT BOOKKEEPING/ACCOUNTING | | 0 | | |
| 23. LEGAL EXPENSES | 1,650 | 5,000 | | |
| 24. ADVERTISING | 99 | 172 | | |
| 25. TELEPHONE & ANSWERING SERVICE | 948 | 565 | | |
| 26. OFFICE SUPPLIES | 2,035 | 1,746 | | |
| 27. OFFICE FURNITURE & EQUIPMENT | 0 | 0 | | |
| 28. TRAINING EXPENSE | 1,500 | 0 | | |
| 29. HEALTH INS. & OTHER EMP. BENEFITS | 16,442 | 6,266 | | |
| 30. PAYROLL TAXES | 6,603 | 5,887 | | |
| 31. WORKMAN'S COMPENSATION | 6,014 | 5,034 | | |
| 32. OTHER ADMINISTRATIVE EXPENSES(*Itemize*) | 7,263 | 12,534 | | |
| 33. SUB-TOTAL ADMINISTRATIVE *(19 thru 32)* | 124,415 | 124,070 | | |
| 34. REAL ESTATE TAXES | 1,899 | 731 | | |
| 35. SPECIAL ASSESSMENTS | 0 | 0 | | |
| 36 OTHER TAXES, LICENSES & PERMITS | 1,800 | 800 | | |
| 37. PROPERTY & LIABILITY INSURANCE | 25,013 | 18,538 | | |
| 38. FIDELITY COVERAGE INSURANCE | 217 | 0 | | |
| 39. OTHER INSURANCE | 0 | 0 | | |
| 40. SUB-TOTAL TAXES & INSURANCE*(34 thru 39)* | 28,929 | 20,069 | | |
| 41. TOTAL O&M EXPENSES *(11+18+33+40)* | 268,943 | 254,353 | | |



*See Auditors' Report*

## PART III - ACCOUNT BUDGETING / STATUS

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | |
|---|---|---|---|---|
| **RESERVE ACCOUNT:** | | | | |
| 1. BEGINNING BALANCE | *104,510* | *353,769* | | |
| 2. TRANSFER TO RESERVE | *16,752* | *26,227* | | |
| TRANSFER FROM RESERVE: | | | | |
| 3. OPERATING DEFICIT | *0* | *0* | | |
| 4. ANNUAL CAPITAL BUDGET | *15,475* | *17,016* | | |
| 5. BUILDING & EQUIPMENT REPAIRS | *0* | *0* | | |
| 6. OTHER NON-OPERATING EXPENSES | *0* | *32,400* | | |
| 7. TOTAL *(3 thru 6)* | *( 15,475 )* | *( 49,416 )* | ( ) | |
| 8. ENDING BALANCE *[(1+2)-7]* | *105,787* | *330,580* | | |

| | | | |
|---|---|---|---|
| **GENERAL OPERATING ACCOUNT: *** | | | |
| BEGINNING BALANCE | *a* | *12,219* | *Beginning* |
| ENDING BALANCE | *b* | *15,354* | *41,347* |
| **REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*** | | | |
| BEGINNING BALANCE | *c* | *29,128* | *Ending* |
| ENDING BALANCE | *d* | *33,798* | *49,152* |
| **TENANT SECURITY DEPOSIT ACCOUNT:*** | | | |
| BEGINNING BALANCE | | *19,308* | |
| ENDING BALANCE | | *19,308* | |

*(* Complete upon submission of actual expenses.)*

Form RD 3560-7 Page 3

| Part II, Line 32, Itemization | | Actual |
|---|---|---|
| Admin expense/office personnel | $ | 2,284 |
| Compliance fees | | 5,858 |
| IT support services | | 3,418 |
| Education/registration fees | | 717 |
| Credit check | | 257 |
| | $ | 12,534 |

## PART V - ANNUAL CAPITAL BUDGET

Gridley Springs Apartments

| | Proposed # of units/ items | Proposed From Reserve | Actual From Reserve | Proposed From Operating | Actual From Operating | Actual Total |
|---|---|---|---|---|---|---|
| **Appliances:** | | | | | | |
| Range | 1 | 1,000 | 0 | 0 | 0 | 0 |
| Refrigerator | 1 | 1,000 | 549 | 0 | 180 | 729 |
| Range Hood | 3 | 440 | 0 | 0 | 0 | 0 |
| Other | 2 | 165 | 388 | 0 | 0 | 388 |
| **Carpet and Vinyl:** | | | | | | |
| 1 BR | 1 | 2,950 | 2,305 | 0 | 7,151 | 9,456 |
| 2 BR | 2 | 3,670 | 0 | 0 | 0 | 0 |
| 3 BR | 1 | 3,950 | 0 | 0 | 0 | 0 |
| **Cabinets:** | | | | | | |
| Kitchens | 0 | 0 | 0 | 0 | 0 | 0 |
| Bathroom | 0 | 0 | 84 | 0 | 0 | 84 |
| **Doors:** | | | | | | |
| Exterior | 0 | 0 | 0 | 0 | 0 | 0 |
| Interior | 0 | 0 | 0 | 0 | 0 | 0 |
| **Window Coverings:** | | | | | | |
| Blinds | 0 | 0 | 506 | 0 | 0 | 506 |
| **Heating and Air Conditioning:** | | | | | | |
| Heating | 0 | 0 | 0 | 0 | 0 | 0 |
| Air conditioning | 0 | | 0 | 0 | 0 | 0 |
| **Plumbing:** | | | | | | |
| Water Heater | 1 | 2,300 | 0 | 0 | 0 | 0 |
| Bath Sinks | 0 | 0 | 0 | 0 | 0 | 0 |
| Kitchen Sinks | 0 | 0 | 2,491 | 0 | 0 | 2,491 |
| Tub | 0 | 0 | 298 | 0 | 0 | 298 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| **Major Electrical:** | | | | | | |
| Lighting | | 0 | 169 | 0 | 0 | 169 |
| **Structures:** | | | | | | |
| Windows | 0 | 0 | 0 | 0 | 0 | 0 |
| Screens | 0 | 0 | 0 | 0 | 0 | 0 |
| Walls | | 0 | 0 | 0 | 0 | 0 |
| Roofing | | 0 | 0 | 0 | 0 | 0 |
| Exterior Painting | | 0 | 0 | 0 | 0 | 0 |
| Other | | 0 | 0 | 0 | 0 | 0 |
| **Paving:** | | | | | | |
| Asphalt | | 0 | 0 | 0 | 0 | 0 |
| Concrete | | 0 | 0 | 0 | 0 | 0 |
| Seal and Stripe | | 0 | 2,025 | 0 | 0 | 2,025 |
| **Landscape and grounds:** | | | | | | |
| Landscaping | | 0 | 0 | 0 | 0 | 0 |
| Lawn Equipment | | 0 | 0 | 0 | 0 | 0 |
| Fencing | | 0 | 0 | 0 | 0 | 0 |
| Recreation area | | 0 | 0 | 0 | 0 | 0 |
| Other: signs | | 0 | 0 | 0 | 0 | 0 |
| **Accessibility Features:** | | | | | | |
| ADA inspection | | 0 | 0 | 0 | 0 | 0 |
| **Automation equipment:** | | | | | | |
| Site management | | 0 | 0 | 0 | 0 | 0 |
| Common area | | 0 | 0 | 0 | 0 | 0 |
| **Other:** | | | | | | |
| List: Desktop | | 0 | 674 | 0 | 0 | 674 |
| List: Smoke alarms | | 0 | 514 | 0 | 0 | 514 |
| List: Locks | | 0 | 312 | 0 | 0 | 312 |
| List: Mailbox | | 0 | 6,701 | 0 | 0 | 6,701 |
| List: RTO | | 0 | 0 | 0 | 0 | 0 |
| **TOTAL CAPITAL EXPENSES:** | 12 | 15,475 | 17,016 | 0 | 7,331 | 24,347 |

## PART VI - SIGNATURES, DATES AND COMMENTS

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

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

3-5-26
(Date)


(Signature of Borrower or Borrower's Representative)

co-managing general partner
(Title)

| **AGENCY APPROVAL** *(Rural development Approval Official):* | DATE: |
|---|---|

**COMMENTS:**

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

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

See Auditors' Report

For the year ended December 31, 2025:
There were no findings or questioned costs for the year ended December 31, 2025.

For the year ended December 31, 2024:
There were no findings or questioned costs for the year ended December 31, 2024.

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

## SCHEDULE OF LEAD AUDITOR

See Auditors' Report

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

NOVOGRADAC & COMPANY LLP®

# PARK AVENUE HOUSING PARTNERS LP

**Financial Statements with Report of Independent Auditors**

**For the year ended December 31, 2025 and the period from October 1, 2021 (inception) to December 31, 2024**

NOVOGRADAC & COMPANY LLP®

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 sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in partners' capital, and cash flows for the year ended December 31, 2025 and 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, 2025 and 2024, and the results of its operations and its cash flows for the year ended December 31, 2025 and 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 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 Park Avenue Housing Partners 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 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
March 17, 2026

**PARK AVENUE HOUSING PARTNERS LP**

BALANCE SHEETS

December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 6,946 | $ 241,662 |
| Restricted cash: | | |
| Tenant security deposits | 35,056 | 35,056 |
| Replacement reserve | 28,029 | 10,325 |
| Tax and insurance reserve | 32,704 | 16,785 |
| Accounts receivable | 291 | 5,423 |
| Prepaid expenses | 24,201 | 2,356 |
| Deposit | 106,575 | 106,575 |
| Fixed assets, net of accumulated depreciation | 24,630,271 | 25,494,098 |
| Deferred charges, net of accumulated amortization | 108,004 | 116,054 |
| Total assets | $ 24,972,077 | $ 26,028,334 |
| LIABILITIES AND PARTNERS' CAPITAL | | |
| Liabilities | | |
| Accounts payable | $ 16,745 | $ 24,955 |
| Tenant security deposits payable | 29,692 | 33,650 |
| Deferred revenue | 2,087 | 488 |
| Accrued interest | 260,018 | 172,137 |
| Construction costs payable | 109,432 | 159,624 |
| Amounts payable to related parties | | |
| Accrued asset management fee | 6,447 | 13,811 |
| Development fee payable | 1,153,511 | 1,319,818 |
| Accrued partnership management fee | 94,131 | 69,545 |
| Notes payable | 3,588,359 | 3,588,359 |
| Total liabilities | 5,260,422 | 5,382,387 |
| Partners' capital | 19,711,655 | 20,645,947 |
| Total liabilities and partners' capital | $ 24,972,077 | $ 26,028,334 |

see accompanying notes

**PARK AVENUE HOUSING PARTNERS LP**
STATEMENTS OF OPERATIONS
For the year ended December 31, 2025 and
the period from October 1, 2021 (inception) to December 31, 2024

| | 2025 | 2024 |
|---|---|---|
| REVENUE | | |
| Rental revenue | $ 700,756 | $ 381,786 |
| Other revenue | 8,827 | 4,885 |
| Total revenue | 709,583 | 386,671 |
| OPERATING EXPENSES | | |
| General and administrative | 68,997 | 48,164 |
| Salaries | 55,959 | 15,224 |
| Utilities | 97,081 | 28,385 |
| Taxes and insurance | 60,300 | 8,503 |
| Property management fees | 36,816 | 21,476 |
| Repairs and maintenance | 97,226 | 39,310 |
| Professional fees | 23,350 | 14,403 |
| Social services | 136,350 | 15,000 |
| Marketing and advertising | 353 | 50,342 |
| Total operating expenses | 576,432 | 240,807 |
| Income before entity and financial income (expenses) | 133,151 | 145,864 |
| ENTITY AND FINANCIAL INCOME (EXPENSES) | | |
| Interest income | 34 | 28 |
| Interest expense | (87,881) | (340,006) |
| Organizational costs | - | (110,486) |
| Depreciation expense | (940,513) | (546,917) |
| Amortization expense | (8,050) | (4,696) |
| Asset management fee | (6,447) | (2,126) |
| Partnership management fee | (24,586) | (8,109) |
| Total entity and financial income (expenses), net | (1,067,443) | (1,012,312) |
| Net loss | $ (934,292) | $ (866,448) |

see accompanying notes

**PARK AVENUE HOUSING PARTNERS LP**
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
For the year ended December 31, 2025 and
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 | 113 | 20,645,743 | 91 | 20,645,947 |
| Net loss | (93) | (934,190) | (9) | (934,292) |
| Balance, December 31, 2025 | $ 20 | $ 19,711,553 | $ 82 | $ 19,711,655 |

see accompanying notes

**PARK AVENUE HOUSING PARTNERS LP**
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2025 and
the period from October 1, 2021 (inception) to December 31, 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (934,292) | $ (866,448) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 940,513 | 546,917 |
| Amortization expense | 8,050 | 4,696 |
| Interest expense - debt issuance costs | - | 64,933 |
| Decrease (increase) in assets: | | |
| Accounts receivable | 5,132 | (5,423) |
| Prepaid expenses | (21,845) | (2,356) |
| (Decrease) increase in liabilities: | | |
| Accounts payable and accrued expenses | (8,210) | 24,955 |
| Tenant security deposits payable | (3,958) | 33,650 |
| Deferred revenue | 1,599 | 488 |
| Accrued interest | 87,881 | 27,549 |
| Asset management fee payable | 4,321 | 2,126 |
| Partnership management fee payable | 24,586 | 8,109 |
| Net cash provided by (used in) operating activities | 103,777 | (160,804) |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (76,686) | (24,058,039) |
| Payment of construction costs payable | (50,192) | - |
| Payment of capitalized asset management fee payable | (11,685) | - |
| Payment of development fee | (166,307) | - |
| Payment for deferred charges | - | (120,750) |
| Payment for deposit | - | (106,575) |
| Net cash used in investing activities | (304,870) | (24,285,364) |
| 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 | - | (50,000) |
| Net cash provided by financing activities | - | 24,749,996 |
| Net change in cash, cash equivalents and restricted cash | (201,093) | 303,828 |
| Cash, cash equivalents and restricted cash at beginning of year | 303,828 | - |
| Cash, cash equivalents and restricted cash at end of year | $ 102,735 | $ 303,828 |
| Cash and cash equivalents | $ 6,946 | $ 241,662 |
| Restricted cash | 95,789 | 62,166 |
| Total cash, cash equivalents and restricted cash | $ 102,735 | $ 303,828 |

see accompanying notes
6

**PARK AVENUE HOUSING PARTNERS LP**
STATEMENTS OF CASH FLOWS (CONTINUED)
For the year ended December 31, 2025 and
the period from October 1, 2021 (inception) to December 31, 2024

| | 2025 | 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 and 2025

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, 2025 and 2024, the Limited Partner had provided cumulative capital contributions of $21,562,095. As of December 31, 2025 and 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, 2025 and 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 property 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.

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, 2025 and 2024, the balance of the allowance for doubtful accounts was $3,799 and $3,660, respectively.

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 year ended December 31, 2025 and 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.

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 March 17, 2026, 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 both December 31, 2025 and 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.

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 10,325 | $ - |
| Deposits | 17,700 | 10,325 |
| Interest earned | 4 | - |
| Withdrawals | - | - |
| Balance, December 31 | $ 28,029 | $ 10,325 |

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

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 16,785 | $ - |
| Deposits | 61,700 | 16,785 |
| Interest earned | - | - |
| Withdrawals | (45,781) | - |
| Balance, December 31 | $ 32,704 | $ 16,785 |

4. Fixed assets

Fixed assets consist of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 1,513,656 | $ 1,513,656 |
| Building and improvements | 19,299,053 | 19,291,830 |
| Site improvements | 1,434,975 | 1,365,512 |
| Furniture and equipment | 3,870,017 | 3,870,017 |
| Total fixed assets | 26,117,701 | 26,041,015 |
| Accumulated depreciation | (1,487,430) | (546,917) |
| Net fixed assets | $ 24,630,271 | $ 25,494,098 |

For the year ended December 31, 2025 and the period from October 1, 2021 (inception) to December 31, 2024 depreciation expense was $940,513 and $546,917, respectively.

5. Deferred Charges

Deferred charges consist of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| State agency fees | $ 120,750 | $ 120,750 |
| Accumulated amortization | (12,746) | (4,696) |
| Deferred charges, net | $ 108,004 | $ 116,054 |

For the year ended December 31, 2025 and the period from October 1, 2021 (inception) to December 31, 2024, amortization expense was $8,050 and $4,696, respectively.

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, 2025 and 2024, the principal balance was $1,822,975, and accrued interest was $163,171 and $108,482, respectively. For the year ended December 31, 2025, interest expense was $54,689. 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.

6. Notes payable

City Loans (continued)
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, 2025 and 2024, the principal balance was $1,106,384, and accrued interest was $96,847 and $63,655, respectively. For the year ended December 31, 2025, interest expense was $33,192. 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.

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, 2025 and 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 | $ 3,588,359 |

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 year ended December 31, 2025 and the period from October 1, 2021 (inception) to December 31, 2024, were $36,816 and $21,476, respectively.

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, 2025 and 2024, construction costs payable was $109,432 and $159,624, respectively.

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, 2025 and 2024, no predevelopment advances remained outstanding.

9. Related party transactions (continued)

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 year ended December 31, 2025, the asset management fee expense was $6,447. 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, 2025 and 2024, accrued asset management fee was $6,447 and $13,811, respectively.

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, increasing 3% per year. An additional $28,545 will also be paid annually as the operating budget allows. In 2024, the Partnership paid Housing with Heart a one-time start-up fee of $15,000. For the year ended December 31, 2025, the supportive services fee incurred and paid was $136,350.

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 year ended December 31, 2025 and 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, 2025 and 2024, development fee payable was $1,153,511 and $1,319,818, respectively.

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 year ended December 31, 2025, the partnership management fee expense was $24,586. 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, 2025 and 2024, accrued partnership management fee was $94,131 and $69,545, respectively.

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, 2025 and 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;

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 began 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.

11. Low-income housing tax credits (continued)

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 | $ 26,643,860 |

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

**HCD CONTRACT NO. 21-DRMHP-21003**

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

**YEAR ENDED DECEMBER 31, 2025**

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

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DAUBY O'CONNOR & ZALESKI, LLC

# 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, 2025, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richman Oroville Apartments, LP as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Correction of Error

As described in Note 10 to the financial statements, certain balance sheet accounts have been restated as of January 1, 2025. Our opinion is not modified with respect to that matter.

### 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 audit was 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 23, 2026 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.

Dauby O'Connor & Zaleski, LLC

March 23, 2026
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

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

**BALANCE SHEET**
**DECEMBER 31, 2025**

## ASSETS

| | | |
|---|---|---|
| **Current assets** | | |
| **Cash and restricted cash** | | |
| Cash - operations | $ | 277,702 |
| Cash - construction | | 52,529 |
| Resident security deposits | | 45,222 |
| Insurance escrow | | 57,249 |
| Reserve for replacements | | 5,090 |
| Operating reserve | | 394,096 |
| **Total cash and restricted cash** | | **831,888** |
| Accounts receivable | | 16,406 |
| Accounts receivable - subsidy | | 4,412 |
| Accounts receivable - development | | 1,127,192 |
| Prepaid expenses | | 45,575 |
| **Total current assets** | | **2,025,473** |
| **Property and equipment** | | |
| Land | | 1,720,745 |
| Buildings and land improvements | | 29,433,604 |
| Equipment | | 3,118,560 |
| | | **34,272,909** |
| Less: accumulated depreciation | | (2,009,180) |
| **Total property and equipment** | | **32,263,729** |
| **Other assets** | | |
| Deferred tax credit fees, net | | 87,852 |
| Performance deposit | | 87,318 |
| **Total other assets** | | **175,170** |
| **Total assets** | **$** | **34,464,372** |

See notes to financial statements

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

**BALANCE SHEET**
**DECEMBER 31, 2025**

**LIABILITIES AND PARTNERS' EQUITY (DEFICIT)**

| | | |
|---|---|---|
| **Current liabilities** | | |
| Accounts payable and accrued expenses | $ | 34,527 |
| Accounts payable - construction | | 425,339 |
| Accrued partnership administration fees | | 30,450 |
| Accrued asset management fees | | 10,150 |
| Accrued interest - first mortgage | | 28,723 |
| First mortgage payable, current portion | | 45,389 |
| Prepaid revenue | | 11,665 |
| **Total current liabilities** | | **586,243** |
| **Deposits liabilities** | | |
| Resident security deposits | | **44,722** |
| **Long term liabilities** | | |
| First mortgage payable, net of current maturities | | 5,443,132 |
| CDBG-DR mortgage payable | | 7,988,820 |
| PLHA loan payable | | 2,437,500 |
| Less: unamortized debt issuance costs | | (277,208) |
| Due to affiliates | | 387,000 |
| Accrued interest - CDBG-DR mortgage | | 490,998 |
| Accrued interest - PLHA loan | | 73,125 |
| Developer fee payable | | 2,200,000 |
| **Total long term liabilities** | | **18,743,367** |
| **Total liabilities** | | **19,374,332** |
| **Partners' equity (deficit)** | | **15,090,040** |
| **Total liabilities and Partners' equity (deficit)** | **$** | **34,464,372** |

See notes to financial statements

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

**STATEMENT OF OPERATIONS**
**YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Rental income** | | |
| Rental income - gross potential | $ | 973,090 |
| Less: vacancies | | (37,582) |
| Less: rental concessions | | (17,734) |
| **Total net rental income** | | **917,774** |
| Interest income | | 56,181 |
| Resident charges | | 14,433 |
| Other income | | 34,355 |
| **Total income** | | **1,022,743** |
| **Operating expenses** | | |
| Administrative | | 171,264 |
| Utilities | | 133,394 |
| Operating and maintenance | | 159,759 |
| Taxes and insurance | | 98,220 |
| Service coordinator | | 36,180 |
| **Total operating expenses** | | **598,817** |
| **Net operating income (loss)** | | **423,926** |
| **Financial, partnership and other expenses (income)** | | |
| Interest expense - mortgage payable | | 118,844 |
| Interest expense - construction loan | | 548,342 |
| Interest expense - debt issuance costs | | 5,230 |
| Interest expense - CDBG-DR mortgage | | 223,687 |
| Interest expense - third mortgage | | 73,125 |
| Depreciation | | 1,586,359 |
| Amortization | | 6,389 |
| Legal expenses | | 15,452 |
| Entity expenses | | 10,150 |
| Partnership administration fee | | 30,450 |
| Lease up costs | | 38,103 |
| **Total other (income) expense** | | **2,656,131** |
| **Net income (loss)** | | **$ (2,232,205)** |

See notes to financial statements

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

**STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)**
**YEAR ENDED DECEMBER 31, 2025**

| | Administrative General Partner | Managing General Partner | Co-General Partner | Limited Partner | Total Partners' Equity (Deficit) |
|---|---|---|---|---|---|
| **Balance, January 1, 2025** | **$ (71)** | **$ (9)** | **$ (9)** | **$ 10,376,847** | **$ 10,376,758** |
| Contributions | - | - | - | 6,945,487 | 6,945,487 |
| Net income (loss) | (179) | (22) | (22) | (2,231,982) | (2,232,205) |
| **Balance, December 31, 2025** | **$ (250)** | **$ (31)** | **$ (31)** | **$ 15,090,352** | **$ 15,090,040** |
| **Ownership percentages at December 31, 2025** | **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**
**YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Cash flow from operating activities** | | |
| Revenue: | | |
| Rental income | $ | 931,242 |
| Interest income | | 56,181 |
| Other operating receipts | | 48,788 |
| **Total revenue** | | **1,036,211** |
| Expenditures: | | |
| Administrative | | (85,534) |
| Management fee | | (47,979) |
| Utilities | | (133,394) |
| Salaries and wages | | (125,160) |
| Operating and maintenance | | (114,960) |
| Real estate taxes | | (607) |
| Property insurance | | (108,784) |
| Miscellaneous taxes and insurance | | (16,647) |
| Interest payments | | (722,457) |
| Lease up costs | | (53,555) |
| Resident security deposits | | 18,273 |
| **Total expenditures** | | **(1,390,804)** |
| **Net cash provided by (used in) operating activities** | | **(354,593)** |
| **Cash flow from investing activities** | | |
| Purchase of property and equipment | | (2,544,718) |
| **Net cash provided by (used in) investing activities** | | **(2,544,718)** |
| **Cash flow from financing activities** | | |
| Principal payments on construction loan | | (12,736,988) |
| Proceeds from first mortgage | | 5,499,431 |
| Principal payments on first mortgage | | (10,910) |
| Proceeds from construction loan | | 586,370 |
| Proceeds from CDBG-DR mortgage | | 798,882 |
| Proceeds from PLHA loan | | 2,437,500 |
| Contributions | | 6,945,487 |
| Payment of debt issuance costs | | (127,043) |
| Advances from affiliates | | 512,573 |
| Repayment of advances from affiliates | | (199,704) |
| **Net cash provided by (used in) financing activities** | | **3,705,598** |
| **Net change in cash and restricted cash** | | **806,287** |
| **Cash and restricted cash at beginning of period** | | **25,601** |
| **Cash and restricted cash at end of period** | **$** | **831,888** |

See notes to financial statements

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

**STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2025**

| | |
|---|---|
| **Reconciliation of changes in net income (loss) to net cash provided by (used in) operating activities** | |
| Net income (loss) | **$ (2,232,205)** |
| Adjustments to reconcile changes in net income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation expense | 1,586,359 |
| Amortization expense | 6,389 |
| Amortization of debt issuance costs | 5,230 |
| Changes in: | |
| Accounts receivable - residents | 13,525 |
| Accounts receivable - subsidy | (4,412) |
| Prepaid expenses | (27,818) |
| Accounts payable and accrued expenses | (6,769) |
| Accrued management fees | (706) |
| Accrued interest | 241,541 |
| Resident security deposits | 18,273 |
| Prepaid revenue | 5,400 |
| Accrued partnership administration fee | 30,450 |
| Accrued asset management fees | 10,150 |
| **Total adjustments** | **1,877,612** |
| **Net cash provided by (used in) operating activities** | **$ (354,593)** |

**Supplemental information**

Cash flow from investing activities related to the purchase of property and equipment includes $2,623,032, which remained unpaid at December 31, 2024 and includes $125,650, which remained receivable at December 31, 2024.

See notes to financial statements

## 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, 2025, 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 year ended December 31, 2025.

**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 year ended December 31, 2025.

**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 year ended December 31, 2025. 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 statement of operations.

**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 year ended December 31, 2025.

**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 year ended December 31, 2025. 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 23, 2026, 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, except as disclosed in Note 9.

## 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, 2025, the Limited Partner has contributed $18,208,439.

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

## 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 year ended December 31, 2025 totaled $6,389. Accumulated amortization at December 31, 2025 is $7,986.

## 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 was secured by, among other things, an assignment of rents and leases, and a first lien on the Property. The Note bore interest equal to the SOFR Rate plus 3.25% and requires monthly interest only payments until maturity, October 10, 2025, at which time all unpaid principal and interest were due. During the year ended December 31, 2025, interest incurred totaled $548,342. On August 28, 2025, the Construction Note was paid in full using proceeds from the first mortgage loan as further described herein Note 4 and Limited Partner capital contributions. At December 31, 2025, the outstanding principal is $0 and accrued interest is $0.

### First mortgage payable

On August 28, 2025, the Partnership entered into a Multifamily Note and Loan Agreement with Merchants Capital Corp., an affiliate of the Limited Partner and Special Limited Partner, in the original amount of $5,499,431 (the Note). The Note is secured by, among other things, a first lien on the Property. The Note bears interest at 6.28% per annum and requires monthly payments of principal and interest in the amount of $32,398 until maturity, September 1, 2043, at which time all unpaid principal and interest are due. The Note may prepaid in part or in full, subject to a prepayment penalty as set forth in the Loan Agreement. During the year ended December 31, 2025, interest incurred totaled $118,844. At December 31, 2025, the outstanding principal is $5,488,521 accrued interest is $28,723.

The Partnership is required to make monthly escrow deposits for property insurance. The balance in this account at December 31, 2025 is $57,249. The Partnership is also required to make monthly escrow deposits for replacement of the Property's assets. The balance in this account at December 31, 2025 is $5,090.

### 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 year ended December 31, 2025, interest incurred totaled $223,687. As of December 31, 2025, the outstanding principal balance is $7,988,820 and accrued interest is $490,998.

### PLHA loan payable

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 requires 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. During the year ended December 31, 2025, interest incurred totaled $73,125. As of December 31, 2025, the outstanding principal balance is $2,437,500, and accrued interest is $73,125.

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

| | |
|---|---|
| 2026 | $ 45,389 |
| 2027 | 48,323 |
| 2028 | 51,446 |
| 2029 | 54,772 |
| 2030 | 58,312 |
| Thereafter | 15,656,599 |
| | **15,914,841** |
| Debt issuance costs | ( 227,208) |
| | **$15,637,633** |

Debt issuance costs in the amount of $282,438 incurred in connection with the acquisition of the permanent financing of the Property were capitalized and are being amortized on a straight-line basis over the lives of the respective mortgages. Interest expense - debt issuance costs for the year ended December 31, 2025 totaled $5,230. Accumulated amortization of debt issuance costs at December 31, 2025 is $5,230.

## 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, 2025, the balance of the operating reserve is $394,096.

### 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. See Note 4.

## 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 year ended December 31, 2025, the Management Agent earned $47,273. At December 31, 2025, accrued management fees are $0.

During the year ended December 31, 2025, the Partnership reimbursed the Management Agent $6,226 for certain training, information technology, advertising and compliance related compensation and travel expenses.

### 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, 2025, 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, 2025, $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 year ended December 31, 2025, $30,450, of which $15,000 relates to the prior year, was incurred and $0 was paid. At December 31, 2025, $30,450 remains payable.

**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 year ended December 31, 2025, $10,150, of which $5,000 relates to the prior year, was incurred and $0 was paid. At December 31, 2025, $10,150 remains payable.

**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 year ended December 31, 2025, the Partnership received advances of $502,573 and repaid advances of $189,704. At December 31, 2025, advances of $387,000 remain payable.

**Shared sewer system**

The Partnership completed the construction of a sewer system which provides benefits for third parties, see Note 9, and an affiliate of the General Partner. The portion of the sewer system costs attributable to the affiliate property totaled $750,000. During the year ended December 31, 2025, the Partnership received $750,000 from the affiliate, which was netted with the cost of property and equipment. At December 31, 2025, no amounts remain receivable from the affiliate.

## 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 year ended December 31, 2025, 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.

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 $457,750 or 47% of gross rent potential for the years ended December 31, 2025. 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.

## NOTE 9-ACCOUNTS RECEIVABLE - DEVELOPMENT

### California Water Service Company

In connection with the development of the Property, the Partnership entered into an Agreement with the California Water Service Company related to the installation of water facilities for the water main extension. Pursuant to the Agreement, California Water Service Company is required to reimburse the Partnership $524,305 for costs incurred in connection with installing the water facilities, all of which was netted with the cost of property and equipment. The Partnership is to receive the reimbursement in annual installments equal to $13,108. During the year ended December 31, 2025, the Partnership received $26,215. At December 31, 2025, $498,090 remains receivable.

### Lake Oroville Area Public Utility District

In connection with the development of the Property, the Partnership entered into a Development Agreement for Construction of the A-Line Pipeline Replacement and Connection of the Lincoln Street Affordable Housing Sewer System with the Lake Oroville Area Public Utility District (LOAPUD) related to the construction of the sewer system. Pursuant to the agreement, LOAPUD is required to reimburse the Partnership $629,102 for costs incurred in connection with construction of the sewer system, all of which was netted with the cost of property and equipment. At December 31, 2025, $629,102 remains receivable. In January 2026, the partnership received $629,102 from LOAPUD.

## NOTE 10-PRIOR PERIOD ADJUSTMENT

An adjustment has been made to certain balance sheet accounts as of January 1, 2025. Management determined that $623,740 was receivable from California Water Service Company and $629,102 was receivable from LOAPUD, see Note 9, and $717,867 in additional development costs remained payable as of December 31, 2024. This restatement is in accordance with generally accepted accounting principles. The following summarizes the restatement:

| | Previously Reported | Restated Adjustments | Restated 01/01/2025 |
|---|---|---|---|
| Accounts receivable - development | $ - | $ 1,252,842 | $ 1,252,842 |
| Buildings and land improvements | 30,010,265 | (612,665) | 29,397,600 |
| Equipment | 3,029,538 | 77,690 | 3,107,228 |
| Accounts payable - construction | (2,330,504) | (717,867) | (3,048,371) |

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

**SUPPLEMENTARY INFORMATION**
**SCHEDULES OF OPERATING REVENUES**
**YEAR ENDED DECEMBER 31, 2025**

| | | | |
|---|---|---|---|
| | **Rent revenue** | | |
| 5120 | Rent revenue - gross potential | $ | 515,340 |
| 5121 | Tenant assistance payments | | 457,750 |
| 5140 | Rent revenue - stores and commercial | | - |
| 5170 | Rent revenue - garage and parking | | - |
| 5180 | Flexible subsidy revenue | | - |
| 5190 | Miscellaneous rent revenue | | - |
| 5100T | **Total rent revenue** | | **973,090** |
| | **Vacancies** | | |
| 5220 | Apartments | | 37,582 |
| 5240 | Stores and commercial | | - |
| 5250 | Rental concessions | | 17,734 |
| 5270 | Garage and parking spaces | | - |
| 5290 | Miscellaneous | | - |
| 5200T | **Total vacancies** | | **55,316** |
| 5152N | **Net rental revenue (rental revenue less vacancies)** | | **917,774** |
| | **Financial revenue** | | |
| 5410 | Financial revenue - project operations | | 56,175 |
| 5430 | Revenue from investments - residual receipts | | - |
| 5440 | Revenue from investments - reserve for replacements | | 6 |
| 5490 | Revenue from investments - miscellaneous | | - |
| 5400T | **Total financial revenue** | | **56,181** |
| | **Other revenue** | | |
| 5910 | Laundry and vending revenue | | - |
| 5920 | Resident charges | | 14,433 |
| 5990 | Miscellaneous revenue | | 34,355 |
| 5900T | **Total other revenue** | | **48,788** |
| 5000T | **Total revenue** | **$** | **1,022,743** |

Detail for miscellaneous accounts over $1,500:

| | |
|---|---|
| Cable contract revenue | 27,289 |
| Bad debt recovery | 7,066 |
| | **$ 34,355** |

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

**SUPPLEMENTARY INFORMATION**
**SCHEDULES OF OPERATING EXPENSES**
**YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| | **Administrative expenses** | |
| 6210 | Conventions and meetings | $ - |
| 6250 | Management consultants | - |
| 6210 | Advertising and marketing | 2,638 |
| 6250 | Other renting expenses | 6,027 |
| 6310 | Office salaries | 73,592 |
| 6311 | Office expenses | 27,283 |
| 6312 | Office or model apartment rent | - |
| 6320 | Management fee | 47,273 |
| 6330 | Manager or superintendent salaries | - |
| 6331 | Administrative rent free unit | 1,045 |
| 6340 | Legal expense - project | - |
| 6350 | Audit expense | 10,890 |
| 6351 | Bookkeeping fees/accounting services | - |
| 6370 | Bad debts | - |
| 6390 | Miscellaneous administrative expenses | 2,516 |
| 6263T | **Total administrative expenses** | **171,264** |
| | **Utilities expenses** | |
| 6450 | Electricity | 27,711 |
| 6451 | Water | 103,762 |
| 6452 | Gas | 1,921 |
| 6453 | Sewer | - |
| 6400T | **Total utilities expenses** | **$ 133,394** |

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

**SUPPLEMENTARY INFORMATION**
**SCHEDULES OF OPERATING EXPENSES**
**YEAR ENDED DECEMBER 31, 2025**

| | | | |
|---|---|---|---|
| | **Operating and maintenance expenses** | | |
| 6510 | Payroll | $ | 51,568 |
| 6515 | Supplies | | 13,569 |
| 6520 | Contracts | | 33,116 |
| 6521 | Operating and maintenance rent free unit | | - |
| 6525 | Garbage and trash removal | | 34,268 |
| 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 | | 27,238 |
| 6500T | **Total operating and maintenance expenses** | | **159,759** |
| | **Taxes and insurance** | | |
| 6710 | Real estate taxes | | 607 |
| 6711 | Payroll taxes (Project's share) | | - |
| 6720 | Property and liability insurance (hazard) | | 80,966 |
| 6721 | Fidelity bond insurance | | - |
| 6722 | Workers' compensation | | 12,119 |
| 6723 | Health insurance and other benefits | | 2,428 |
| 6790 | Miscellaneous taxes, licenses, permits and insurance | | 2,100 |
| 6700T | **Total taxes and insurance** | | **98,220** |
| | **Total operating expenses** | | **562,637** |
| | **Financial expenses** | | |
| 6820 | Interest on mortgage (or bonds) payable | | 672,416 |
| 6825 | Interest on other mortgages | | 296,812 |
| 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** | **$** | **969,228** |

Detail for miscellaneous accounts over $1,500:

| | | |
|---|---|---|
| Flood repairs | | 24,550 |
| Utility management fees | | 671 |
| Miscellaneous repairs and maintenance | | 2,017 |
| | **$** | **27,238** |
| Franchise taxes | | 2,100 |
| | **$** | **2,100** |

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

**SUPPLEMENTARY INFORMATION**
**SCHEDULES OF OPERATING EXPENSES**
**YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| | **Supportive services costs:** | |
| 6990 | Supportive services costs - resident services coordinator | $ 36,180 |
| 6900T | **Total supportive services costs** | 36,180 |
| 6000 | **Total cost of operations before depreciation** | **1,568,045** |
| 5060 | **Operating profit (loss)** | **(545,302)** |
| | **Depreciation and amortization expenses** | |
| 6600 | Depreciation expense | 1,586,359 |
| 6610 | Amortization expense | 6,389 |
| 5060N | **Operating profit (loss)** | **(2,138,050)** |
| | **Net entity expenses** | |
| 7120 | Legal expenses | 15,452 |
| 7141 | Interest on notes payable | - |
| 7141 | Interest on mortgages payable | - |
| 7190 | Other (income) expenses | 78,703 |
| 7100T | **Total net entity expenses** | **(94,155)** |
| 3250 | **Change in total net assets from operations (net loss)** | **$ (2,232,205)** |

Detail for miscellaneous accounts:

| | |
|---|---|
| Partnership administration fee | 30,450 |
| Asset management fee | 10,150 |
| Lease up costs | 38,103 |
| | **$ 78,703** |

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

**SUPPLEMENTARY INFORMATION**
**YEAR ENDED DECEMBER 31, 2025**

## Cash on hand and in banks

| | | | |
|---|---|---|---|
| Unrestricted accounts | | | |
| Cash - operations | Bank of America | $ | 277,702 |
| Cash - construction | Bank of America | | 52,529 |
| | | **$** | **330,231** |
| Restricted accounts | | | |
| Resident security deposits | Bank of America | $ | 45,222 |
| Reserve for replacements | Merchants Capital | | 5,085 |
| Insurance escrow | Merchants Capital | | 57,249 |
| Operating reserve | Merchants Capital | | 394,096 |
| | | **$** | **501,652** |

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 | **$** | **-** |

## Accounts receivable

Accounts receivable consists of the following as of year end:

| | | |
|---|---|---|
| Due from residents - current | $ | 16,406 |
| Due from residents - in excess of 30 days | | - |
| | **$** | **16,406** |
| Due from subsidy | **$** | **4,412** |
| Due from California Water Service Company | $ | 498,090 |
| Due from Lake Oroville Area Public Utility District | | 629,102 |
| | **$** | **1,127,192** |
| Total accounts receivable | **$** | **1,148,010** |

**Mortgagee impound accounts**

| | Property insurance |
|---|---|
| **Balance, January 1, 2025** | $ - |
| Monthly deposits | 11,450 |
| Other deposits | 45,799 |
| Interest | - |
| Withdrawals | - |
| Transfers or other withdrawals | - |
| **Balance, December 31, 2025** | **$ 57,249** |

**Reserve for replacements and operating 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:

| | Reserve for replacements | Operating reserve |
|---|---|---|
| **Balance, January 1, 2025** | $ - | $ - |
| Monthly deposits | 5,084 | - |
| Other deposits | - | 393,443 |
| Interest | 6 | 653 |
| Transfer | - | - |
| unrealized gain / loss | - | - |
| Withdrawals - capitalized | - | - |
| **Balance, December 31, 2025** | **$ 5,090** | **$ 394,096** |

## Property, equipment and improvements

Details of property, equipment and improvements are as follows:

| | Balance, January 1, 2025 | Additions (Deletions) | Balance, December 31, 2025 |
|---|---|---|---|
| Land | $ 1,720,745 | $ - | $ 1,720,745 |
| Building and improvements | 29,397,600 | 36,004 | 29,433,604 |
| Equipment | 3,107,228 | 11,332 | 3,118,560 |
| **Total** | **$ 34,225,573** | **$ 47,336** | **$ 34,272,909** |

## Accounts payable and accrued expenses

Accounts payables and accrued expenses consist of the following due to vendors:

| | |
|---|---|
| Current amounts payable or accrued | $ 34,527 |
| Greater than 30 days amounts payable or accrued | - |
| | **$ 34,527** |

## Gross potential rents

| | |
|---|---|
| Resident rental payments | $ 476,713 |
| Housing assistance payments | 457,750 |
| Employee quarters shown as an expense | 1,045 |
| Vacancy loss and concessions | 37,582 |
| **Total gross potential rents** | **$ 973,090** |

## Management fee

A property management fee was incurred during the period for property management services as follows:

| | |
|---|---|
| Richman Property Services, Inc. | $ 47,273 |
| | **$ 47,273** |

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

**SUPPLEMENTARY INFORMATION**
**YEAR ENDED DECEMBER 31, 2025**

## Computation Of Operating Cash Flow/Surplus Cash

| | | |
|---|---|---|
| **Operating income** | | |
| Total income | | $ 1,022,743 |
| Interest earned on restricted reserve accounts | | (659) |
| Adjusted operating income | | **1,022,084** |
| **Operating expenses** | | (562,637) |
| **Adjusted net income** | | **459,447** |
| **Other activity** | | |
| Mandatory debt service | | (88,559) |
| Deposits into reserve for replacements account | | (5,084) |
| 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** | | **(93,643)** |
| **Operating cash flow/surplus cash** | | **$ 365,804** |
| **Distribution of operating cash flow/surplus cash** | | |
| Developer fee - paid | | - |
| Developer fee - payable | | (2,200,000) |
| **Total cash available for distributions (Net Cash Flow)** | | **$ (1,834,196)** |
| There is no cash available for distributions to owners or loan payments to lenders. | | |
| **Distributions and loan payments** | | |
| **50% to be distributed to owner** | | **$ -** |
| **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** | | **-** |
| **Total distributions to owners and lenders** | | **$ -** |

DAUBY O'CONNOR & ZALESKI, LLC

**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, 2025, 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 23, 2026.

**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.

Dauby O'Connor & Zaleski, LLC

March 23, 2026
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED DECEMBER 31, 2025**

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**
**YEAR ENDED DECEMBER 31, 2025**

**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:** Year ended December 31, 2025

**CAP prepared by**

**Name:** Kailash Gupta

**Position:** CFO

**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.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
## YEAR ENDED DECEMBER 31, 2025

There were no open findings or questioned costs from a prior audit.

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

**MANAGEMENT AGENT CERTIFICATION**
**YEAR ENDED DECEMBER 31, 2025**

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:
Kailash Gupta
5BD59365D18A464...
(Signature of Management Agent's Representative)

CFO
(Title)

Richman Property Services, Inc.
(Management Agent's Name)

March 23, 2026
Date

26-0003536
Managing Agent I.D. Number

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

**CERTIFICATION OF PARTNERS**
**YEAR ENDED DECEMBER 31, 2025**

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:
Kailash Gupta
5BD59365D18A464...
(Signature of General Partner)

Kailash Gupta
(Print Name of General Partner)

March 23, 2026
Date

# Chico Harvest Park, L.P.

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

**December 31, 2025 and 2024**

CohnReznick

## Chico Harvest Park, L.P.

## Index


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# Independent Auditor's Report

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

*Opinion*

We have audited the financial statements of Chico Harvest Park, L.P., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico Harvest Park, L.P. as of December 31, 2025 and 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Harvest Park, L.P. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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 Harvest Park, L.P.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

CohnReznick LLP

Sacramento, California
March 5, 2026

**Chico Harvest Park, L.P.**

**Balance Sheets**
**December 31, 2025 and 2024**

Assets

| | 2025 | 2024 |
|---|---|---|
| Investment in rental property, net | $ 10,317,208 | $ 10,680,445 |
| Cash | 325,333 | 182,191 |
| Restricted deposits and funded reserves | | |
| Escrows | 89,299 | 79,574 |
| Tenant security deposits | 66,003 | 63,480 |
| Replacement reserve | 297,460 | 290,172 |
| Operating reserve | 264,421 | 258,235 |
| Other reserves | 110,214 | 108,504 |
| Total restricted deposits and funded reserves | 827,397 | 799,965 |
| Tenant accounts receivable, net | 16,117 | 28,143 |
| Prepaid expenses | 33,009 | 21,466 |
| Tax credit monitoring fees, net | 8,935 | 11,917 |
| Total assets | $ 11,527,999 | $ 11,724,127 |

Liabilities and Partners' Equity (Deficit)

| | | |
|---|---|---|
| Liabilities | | |
| Accounts payable - operations | $ 31,836 | $ 36,589 |
| Accrued property management fees | 5,443 | 4,890 |
| Other accrued liabilities and prepaid rent | 25,886 | 23,726 |
| Accrued interest - first mortgage | 61,132 | 66,802 |
| Accrued interest - other loans | 1,661,743 | 1,498,180 |
| Tenants' security deposits liability | 64,403 | 61,980 |
| Payable to general partner and affiliates | 33,440 | 13,048 |
| Annual fee payable to the investor limited partner | 10,697 | 10,382 |
| Mortgages and notes payable, net | 13,189,016 | 13,217,894 |
| Other liabilities - construction | 5,950 | 5,950 |
| Total liabilities | 15,089,546 | 14,939,441 |
| Contingency | - | - |
| Partners' equity (deficit) | (3,561,547) | (3,215,314) |
| Total liabilities and partners' equity (deficit) | $ 11,527,999 | $ 11,724,127 |

See Notes to Financial Statements.

**Chico Harvest Park, L.P.**

**Statements of Operations**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Revenue | | |
| Rental income | $ 1,255,436 | $ 1,157,473 |
| Vacancies and concessions | (42,783) | (24,612) |
| Other operating income | 43,408 | 28,577 |
| Total revenue | 1,256,061 | 1,161,438 |
| Operating expenses | | |
| Salaries and employee benefits | 198,295 | 217,246 |
| Repairs and maintenance | 138,174 | 206,796 |
| Utilities | 94,699 | 118,096 |
| Property management fee | 57,996 | 53,685 |
| Real estate taxes | 508 | 197 |
| Property insurance | 56,955 | 54,817 |
| Miscellaneous operating expenses | 139,348 | 152,652 |
| Total operating expenses | 685,975 | 803,489 |
| Net operating income | 570,086 | 357,949 |
| Other income (expense) | | |
| Interest income | 9,376 | 11,736 |
| Interest expense - first mortgage | (145,493) | (148,254) |
| Interest expense - other loans | (194,200) | (193,838) |
| Other financial income (expense) | (81,714) | (76,736) |
| Annual fee payable to the investor limited partner | (10,697) | (10,382) |
| Other related party fees and expenses | (33,440) | (33,048) |
| Depreciation | (457,169) | (448,366) |
| Amortization | (2,982) | (2,982) |
| Total other income (expense) | (916,319) | (901,870) |
| Net loss | $ (346,233) | $ (543,921) |

See Notes to Financial Statements.

## Chico Harvest Park, L.P.

## Statements of Partners' Equity (Deficit)
## Years Ended December 31, 2025 and 2024

| | Administrative General Partner | Managing General Partner | Investor Limited Partner | Total partners' equity (deficit) |
|---|---|---|---|---|
| Balance, January 1, 2024 | $ (317) | $ (319) | $ (2,670,757) | $ (2,671,393) |
| Net loss | (27) | (27) | (543,867) | (543,921) |
| Balance, December 31, 2024 | (344) | (346) | (3,214,624) | (3,215,314) |
| Net loss | (18) | (17) | (346,198) | (346,233) |
| Balance, December 31, 2025 | $ (362) | $ (363) | $ (3,560,822) | $ (3,561,547) |
| Partners' percentage of partnership losses | 0.005% | 0.005% | 99.99% | 100.00% |

See Notes to Financial Statements.

## Chico Harvest Park, L.P.

## Statements of Cash Flows
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss | $ (346,233) | $ (543,921) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | |
| Depreciation | 457,169 | 448,366 |
| Amortization | 2,982 | 2,982 |
| Amortization of debt issuance costs | 23,198 | 23,198 |
| Bad debts | 53,424 | 61,193 |
| Changes in | | |
| Tenants' accounts receivable | (41,398) | (68,060) |
| Prepaid expenses | (11,543) | (5,217) |
| Accounts payable - operations | (4,753) | 18,214 |
| Accrued property management fees | 553 | 1,646 |
| Other accrued liabilities and prepaid rent | 2,160 | 1,831 |
| Accrued interest - first mortgage | (5,670) | (288) |
| Accrued interest - other loans | 181,487 | 183,314 |
| Tenants' security deposits liability | 2,423 | 3,157 |
| Payable to general partner and affiliates | 20,392 | 380 |
| Annual fee payable to affiliate of limited partner | 315 | 302 |
| Net cash provided by operating activities | 334,506 | 127,097 |
| Cash flows from investing activities | | |
| Expenditures on rental property | (93,932) | (24,346) |
| Deposits to reserve for replacements | (30,525) | (28,217) |
| Withdrawals from reserve for replacements | 23,237 | 10,586 |
| Change in other reserves | (1,710) | (2,902) |
| Change in escrows | (9,725) | (24,457) |
| Net cash used in investing activities | (112,655) | (69,336) |
| Cash flows from financing activities | | |
| Principal payments on mortgage note payable | (70,000) | (70,000) |
| Net cash used in financing activities | (70,000) | (70,000) |
| Net increase (decrease) in cash and restricted cash | 151,851 | (12,239) |
| Cash and restricted cash, beginning | 503,906 | 516,145 |
| Cash and restricted cash, end | $ 655,757 | $ 503,906 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | $ 140,678 | $ 135,868 |
| Supplemental schedule of non-cash investing and financing activities | | |
| Accrued interest converted to loan principal | $ 17,924 | $ 17,566 |

See Notes to Financial Statements.

## Note 1 - Organization and nature of operations

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

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

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

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

## Note 2 - Significant accounting policies

### Basis of accounting

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

### Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2025 and 2024, the allowance for doubtful accounts was $12,626 and $5,270, respectively.

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

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

**Impairment of long-lived assets**
The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2025 and 2024.

**Deferred fees and amortization**
Tax credit monitoring fees totaling $44,727 are being amortized over the compliance period using the straight-line method. As of December 31, 2025 and 2024, accumulated amortization was $35,792 and $32,810, respectively.

Estimated amortization expense for each of the next three years following December 31, 2025 is $2,982 per year for 2026 and 2027 and $2,971 for 2028.

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

**Advertising costs**
Advertising and marketing costs are expensed as incurred.

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

**Income taxes**

The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file and does file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2022 remain open.

**Use of estimates**

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

## Note 3 - Investment in rental property, net

Rental property is comprised of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 1,375,634 | $ 1,375,634 |
| Land improvements | 2,171,029 | 2,144,580 |
| Building and improvements | 11,974,275 | 11,980,825 |
| Furniture and fixtures | 1,375,429 | 1,301,396 |
| Subtotal | 16,896,367 | 16,802,435 |
| Accumulated depreciation | (6,579,159) | (6,121,990) |
| Net | $ 10,317,208 | $ 10,680,445 |

## Note 4 - Restricted deposits and funded reserves

**Replacement reserve**

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Beginning from the conversion of the construction loan to permanent financing, monthly deposits are required based upon an initial amount of $300 per unit per year. As of December 31, 2025 and 2024, the balance in the replacement reserve account is $297,460 and $290,172, respectively.

The replacement reserve activity is as follows:

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 290,172 | $ 272,541 |
| Deposits | 30,323 | 27,990 |
| Interest earnings | 202 | 227 |
| Withdrawals | (23,237) | (10,586) |
| Balance, December 31 | $ 297,460 | $ 290,172 |

**Operating reserve**
Pursuant to the partnership agreement, the Partnership is required to establish an operating reserve concurrent with the Rental Achievement Installment from the investor limited partner in the amount of $250,000. As of December 31, 2025 and 2024, the balance in the operating reserve is $264,421 and $258,235, respectively.

**Other reserves**
Other reserves on deposit with Wells Fargo Corporate Trust Services are comprised of the following at December 31, 2025

| | 2025 | 2024 |
|---|---|---|
| Interest account | $ 61,284 | $ 61,344 |
| Borrower equity account | 2,763 | 2,659 |
| Principal redemption account | 33,333 | 29,167 |
| Fee's account | 12,834 | 15,334 |
| | $ 110,214 | $ 108,504 |

## Note 5 - Related party transactions

**Capital contributions**
Capital contributions amounting to $5,019,000 are due from the limited partner when certain milestones are achieved as disclosed in the partnership agreement. The capital contributions due from the limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2025, all capital contributions from the limited partner have been received.

As of December 31, 2025, all capital contributions from the general partners have been received.

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

**Managing general partner fee**
The Partnership entered into an agreement with the managing general partner for its services in monitoring the tenants and performing other duties as managing general partner, as defined in the partnership agreement. The annual fee is $20,000. The fee is cumulative and payable only from the available cash flow of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, an $11,000 portion shall not be payable or accrue. For the years ended December 31, 2025 and 2024, $20,000 and $20,000, respectively, was incurred and expensed. As of December 31, 2025 and 2024, $20,000 and $0, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

**Administrative general partner fee**
The Partnership shall pay a fee to the administrative general partner for services rendered as defined in the partnership agreement. The annual fee is $10,000, with annual increases of 3%. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. However, while the developer fee is outstanding, the fee shall not be payable or accrue. The annual fee plus any other distributions to the administrative general partner is not to exceed 84.995% of cash flow distributed to the partners. For the years ended December 31, 2025 and 2024, $13,440 and $13,048, respectively, was incurred. As of December 31, 2025 and 2024, $13,440 and $13,048, respectively, remains due and is included in payable to general partner and affiliates in the balance sheets.

**Annual local administration fee**
The Partnership is to pay an annual asset management fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is cumulative and payable only from the available cash flow or capital transaction proceeds of the Partnership, as defined in the partnership agreement. The annual fee is $7,500 with annual increases of 3%. For the years ended December 31, 2025 and 2024, $10,697 and $10,382, respectively, was incurred and expensed. As of December 31, 2025 and 2024, $10,697 and $10,382, respectively, remains payable.

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

1. To the investor limited partner, any unpaid but accrued annual local administrative fees;
2. To replenish the operating reserve to the extent any withdrawals have been made;
3. To repay any loan payable to any Partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
4. To the management agent, an amount equal to any accrued and unpaid deferred management fees;
5. To the managing general partner, an amount equal to $9,000 of the MGP partnership management fee;
6. To the developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
7. To the managing general partner, an amount equal to $11,000 of the MGP partnership management

fee and any accrued and unpaid MGP partnership management fee;

8. To the administrative general partner, any unpaid but accrued AGP partnership management fees;
9. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
10. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
11. To the payment of unpaid but accrued interest with respect to the City of Chico Loan;
12. To the payment of unpaid but accrued principal and interest with respect to the Housing Authority of the County of Butte Loan; and
13. The balance, 15% to the investor limited partner, 84.995% to the administrative general partner and .005% to the managing general partner.

The following table presents the cash flow available for distribution for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Net loss | $ (346,233) | $ (543,921) |
| Add back: | | |
| Depreciation and amortization | 460,151 | 451,348 |
| Amortization of debt issuance costs | 23,198 | 23,198 |
| Accrued related party expenses | 44,137 | 43,430 |
| Withdrawals from reserves | 23,237 | 10,586 |
| Interest expense - CRA loan | 176,000 | 176,000 |
| Interest expense - HACB | 18,200 | 17,838 |
| Subtract: | | |
| Principal payments - first mortgage | (70,000) | (70,000) |
| Deposits to reserves | (30,323) | (27,990) |
| Purchase of fixed assets | (93,932) | (24,346) |
| Cash Flow available for distribution | $ 204,435 | $ 56,143 |

The cash flow available for distribution above will be paid in accordance with the waterfall distribution priorities noted above as follows:

| | 2025 | 2024 |
|---|---|---|
| LP asset management fee | $ 10,697 | $ 10,382 |
| MGP partnership management fee | 20,000 | 20,000 |
| AGP partnership management fee | 13,440 | 13,048 |
| Payments of loan | | |
| Chico Redevelopment Agency (CRA) loan | 160,298 | 12,713 |
| Remaining | | |
| 15% distribution to ILP | - | - |
| Balance to MGP and AGP distribution | | |
| .005% to MGP | - | - |
| .84.995% to AGP | - | - |
| | $ 204,435 | $ 56,143 |

**Guaranty agreement**

The partnership agreement provides for a guaranty agreement between affiliates of the general partners and the investor limited partner. The guarantors guarantee the following: i) the full and complete payment and performance by the general partner of the Special Obligations; ii) the full and complete payment and performance by the developer under the development agreement. As of December 31, 2025, no amounts were due under the guaranty.

## Note 6 - Statements of cash flows

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

| | 2025 | 2024 |
|---|---|---|
| Cash | $ 325,333 | $ 182,191 |
| Tenant security deposits | 66,003 | 63,480 |
| Operating reserve | 264,421 | 258,235 |
| Total cash and restricted cash shown in the statements of cash flows | $ 655,757 | $ 503,906 |

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

## Note 7 - Mortgages and notes payable

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

The Series 2013 A-1 bonds bear interest at a fixed interest rate of 3.30% and mature on July 1, 2030. The Series 2013 A-1 bonds were being paid in biannual monthly installments of interest only until conversion on January 1, 2016, from which date they are paid in biannual installments of principal and interest as determined under the debt service payment schedule until the maturity date at which time a balloon payment in the principal amount of $3,325,000 will be due. For the years ended December 31, 2025 and 2024, interest of $122,295 and $125,056, respectively, was incurred and expensed. As of December 31, 2025 and 2024, the outstanding principal was $3,705,000 and $3,775,000, respectively, and accrued interest was $61,132 and $66,802 at December 31, 2025 and 2024, respectively.

Debt issuance costs, net of accumulated amortization, totaled $109,842 and $133,040 as of December 31, 2025 and 2024, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed interest rate of 4.3%. For the years ended December 31, 2025 and 2024, amortization of debt issuance costs of $23,198 and $23,198, respectively, have been expensed and are included in interest expense - first mortgage in the statements of operations.

The Partnership entered into a loan agreement in the amount of $8,800,000 payable to CRA. The mortgage is secured by the Project and bears interest at 2%, which is payable from residual receipts. The loan matures March 1, 2066, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2025 and 2024, interest of $176,000 and $176,000, respectively, was incurred and expensed. As of December 31, 2025 and 2024, the outstanding principal was $8,800,000 and $8,800,000, respectively, and accrued interest was $1,649,436 and $1,486,149, respectively.

The Partnership entered into a loan agreement in the amount of $600,000 payable to the Housing Authority of the County of Butte ("HACB"). The mortgage is secured by the Project and bears interest at 2.31%, which is payable annually from excess cash flow. The loan matures February 28, 2068, at which time the entire principal and any outstanding interest are due. For the years ended December 31, 2025 and 2024, interest of $18,200 and $17,838, respectively, was incurred and expensed. Interest is compounded and added to the principal on May 1st of each year. As of December 31, 2025 and 2024, the outstanding principal was $793,858 and $775,934, respectively, and accrued interest was $12,307 and $12,031, respectively.

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

Principal payment requirements for each of the next five years and thereafter subsequent to December 31, 2025 are as follows:

| | Series 2013 A-1 | CRA | HACB | Total |
|---|---|---|---|---|
| 2026 | $ 80,000 | $ - | $ - | $ 80,000 |
| 2027 | 80,000 | - | - | 80,000 |
| 2028 | 85,000 | - | - | 85,000 |
| 2029 | 90,000 | - | - | 90,000 |
| 2030 | 3,370,000 | - | - | 3,370,000 |
| Thereafter | - | 8,800,000 | 793,858 | 9,593,858 |
| Subtotal | 3,705,000 | 8,800,000 | 793,858 | 13,298,858 |
| Less unamortized debt issuance costs | (109,842) | - | - | (109,842) |
| Total | $ 3,595,158 | $ 8,800,000 | $ 793,858 | $ 13,189,016 |

## Note 8 - Management agreement

The Project is managed by WinnResidential California L.P., a related party, pursuant to a management agreement that provides for a management fee of 5.00% of monthly rental collections. For the years ended December 31, 2025 and 2024, management fees of $57,996 and $53,685, respectively, were incurred and expensed.

## Note 9 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains bond funded escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2025.

## Note 10 - Economic concentrations

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

The Partnership received rental assistance payments from local housing agencies on behalf of the tenants. During the years ended December 31, 2025 and 2024, rental assistance payments of $266,212 and $244,509, respectively, were received by the Partnership and are included in rental income in the statements of operations.

## Note 11 - Contingency

### Low-income housing tax credits

The Partnership has been allocated federal low-income housing tax credits by the California Tax Credit Allocation Committee amounting to $4,972,730. All tax credits have been allocated to the partners in prior years.

## Note 12 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 5, 2026, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

## Supplementary Information

## Chico Harvest Park, L.P.

## Schedules of Certain Income and Expenses
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Rental income | | |
| Rent revenue - gross potential | $ 989,224 | $ 912,964 |
| Tenant assistance payments | 266,212 | 244,509 |
| Total rental income | $ 1,255,436 | $ 1,157,473 |
| Vacancies and concessions | | |
| Apartments vacancies | $ 42,783 | $ 24,612 |
| Total vacancies and concessions | $ 42,783 | $ 24,612 |
| Other operating income | | |
| Laundry and vending | $ - | $ 28 |
| Cable contract revenue | 3,263 | 3,426 |
| Damages income | 27,881 | 15,764 |
| Late fees | 8,800 | 6,600 |
| Application fees | 3,289 | 2,584 |
| Miscellaneous other income | 175 | 175 |
| Total other operating income | $ 43,408 | $ 28,577 |
| Salaries and employee benefits | | |
| Salaries - administrative | $ 58,912 | $ 74,959 |
| Salaries - maintenance | 91,429 | 84,943 |
| Payroll taxes | 9,645 | 10,599 |
| Health insurance and other benefits | 32,838 | 38,301 |
| Worker's compensation insurance | 5,471 | 8,444 |
| Total salaries and employee benefits | $ 198,295 | $ 217,246 |
| Repairs and maintenance | | |
| Exterminating | $ 3,665 | $ 8,860 |
| Grounds | 38,160 | 39,860 |
| Fire protection | 18,244 | 10,842 |
| Security services/contract | 1,717 | 1,109 |
| Supplies | 30,105 | 39,043 |
| Painting, decorating and cleaning | 3,750 | 8,840 |
| Pool | 5,943 | 4,259 |
| Repairs and maintenance - other than contracts | 1,323 | 13,786 |
| Repairs and maintenance - contracts | 33,881 | 78,982 |
| Miscellaneous maintenance expenses | 1,386 | 1,215 |
| Total repairs and maintenance | $ 138,174 | $ 206,796 |

## Chico Harvest Park, L.P.

## Schedules of Certain Income and Expenses
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Utilities | | |
| Electricity | $ 27,835 | $ 19,775 |
| Sewer | 45,160 | 78,460 |
| Trash removal | 17,873 | 16,028 |
| Gas | 3,831 | 3,833 |
| Total utilities | $ 94,699 | $ 118,096 |
| Miscellaneous operating expenses | | |
| Office supplies and expense | $ 15,174 | $ 18,005 |
| Training and travel | 14,648 | 17,348 |
| Telephone and answering service | 7,865 | 12,267 |
| Bad debt expense | 53,424 | 61,193 |
| Other rent expense | 2,462 | 1,884 |
| Miscellaneous administrative | 6,789 | 4,906 |
| Rent free unit | 1,752 | 1,955 |
| Advertising and newspaper | 3,422 | 1,926 |
| Legal | 17,155 | 17,250 |
| Accounting | 15,530 | 14,791 |
| Other taxes, licenses and insurance | 1,127 | 1,127 |
| Total miscellaneous operating expenses | $ 139,348 | $ 152,652 |
| Interest expense - other loans | | |
| Interest expense CRA loan | $ 176,000 | $ 176,000 |
| Interest expense HACB loan | 18,200 | 17,838 |
| Total interest expense - other loans | $ 194,200 | $ 193,838 |
| Other financial income (expense) | | |
| Trustee fees | $ (4,183) | $ (3,400) |
| Credit enhancement, issuer and servicing fees | (77,531) | (73,336) |
| Total other financial income (expense) | $ (81,714) | $ (76,736) |
| Other related party fees and expenses | | |
| Managing general partner fee | $ 20,000 | $ 20,000 |
| Administrative general partner fee | 13,440 | 13,048 |
| Total other related party fees and expenses | $ 33,440 | $ 33,048 |

See Independent Auditor's Report.




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# Chico North Creek, LP

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

**December 31, 2025 and 2024**

CohnReznick

## Chico North Creek, LP

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# Independent Auditor's Report

To the Administrative General Partner
Chico North Creek, LP

*Opinion*

We have audited the financial statements of Chico North Creek, LP, which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico North Creek, LP as of December 31, 2025 and 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico North Creek, 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, 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 North Creek, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico North Creek, 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 North Creek, 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 audits.

*Supplementary Information*

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

CohnReznick LLP

Sacramento, California
March 19, 2026

**Chico North Creek, LP**

**Balance Sheets**
**December 31, 2025 and 2024**

Assets

| | 2025 | 2024 |
|---|---|---|
| Investment in rental property, net | $ 40,280,342 | $ 42,472,873 |
| Cash | 1,130,449 | 785,028 |
| Restricted deposits and funded reserves | | |
| Escrows | 119,056 | 17,520 |
| Tenant security deposits | 105,998 | 103,726 |
| Replacement reserve | 105,955 | 66,717 |
| Operating reserve | 280,651 | 272,039 |
| Total restricted deposits and funded reserves | 611,660 | 460,002 |
| Tenant accounts receivable, net | 15,288 | 32,049 |
| Prepaid expenses | 64,252 | 73,604 |
| Tax credit monitoring fees, net | 235,635 | 254,868 |
| Due from affiliates | 1,646 | - |
| Other assets | - | 123,700 |
| Total assets | $ 42,339,272 | $ 44,202,124 |

Liabilities and Partners' Equity (Deficit)

| | | |
|---|---|---|
| Liabilities | | |
| Accounts payable - operations | $ - | $ 174 |
| Accrued property management fees | 4,558 | 4,558 |
| Other accrued liabilities and prepaid rent | 37,113 | 61,040 |
| Accrued interest - first mortgage | 27,989 | 28,278 |
| Accrued interest - other loans | 90,959 | 70,959 |
| Tenants' security deposits liability | 103,673 | 102,226 |
| Payable to general partner and affiliates | 21,518 | 10,600 |
| Annual fee payable to affiliate of limited partner | 8,442 | - |
| Developer's fees payable | 711,618 | 890,891 |
| Mortgages and notes payable, net | 7,333,821 | 7,388,811 |
| Total liabilities | 8,339,691 | 8,557,537 |
| Contingency | - | - |
| Partners' equity (deficit) | 33,999,581 | 35,644,587 |
| Total liabilities and partners' equity (deficit) | $ 42,339,272 | $ 44,202,124 |

See Notes to Financial Statements.

**Chico North Creek, LP**

**Statements of Operations**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Revenue | | |
| Rental income | $ 1,407,977 | $ 1,287,346 |
| Vacancies and concessions | (23,372) | (30,134) |
| Other operating income | 45,183 | 29,160 |
| Total revenue | 1,429,788 | 1,286,372 |
| Operating expenses | | |
| Salaries and employee benefits | 195,305 | 154,772 |
| Repairs and maintenance | 127,721 | 117,007 |
| Utilities | 138,696 | 144,689 |
| Property management fee | 54,696 | 54,696 |
| Real estate taxes | 3,641 | 2,813 |
| Property insurance | 7,278 | 51,002 |
| Miscellaneous operating expenses | 141,925 | 141,047 |
| Total operating expenses | 669,262 | 666,026 |
| Net operating income | 760,526 | 620,346 |
| Other income (expense) | | |
| Interest income | 19,992 | 36,714 |
| Interest expense - first mortgage | (343,424) | (79,967) |
| Interest expense - other loans | (20,000) | (1,203,830) |
| Loss on fair market value of interest rate cap | - | (1,365,668) |
| Miscellaneous other income (expense) | (4,726) | 22,736 |
| Annual fee to affiliate of limited partner | (8,442) | (8,196) |
| Other related party fees and expenses | (31,645) | (10,600) |
| Depreciation | (2,198,054) | (2,197,605) |
| Amortization | (19,233) | (19,233) |
| Total other income (expense) | (2,605,532) | (4,825,649) |
| Net income (loss) | $ (1,845,006) | $ (4,205,303) |

See Notes to Financial Statements.

## Chico North Creek, LP

## Statements of Partners' Equity (Deficit)
## Years Ended December 31, 2025 and 2024

| | Chico North Creek, LLC | Butte County Affordable Housing Development Corporation | R4 NCC Acquisition LLC | Total partners' equity (deficit) |
|---|---|---|---|---|
| Balance, January 1, 2024 | $ (9) | $ (11) | $ 2,935,885 | $ 2,935,865 |
| Net income (loss) | 699,430 | (245) | (4,904,488) | (4,205,303) |
| Contributions | - | - | 37,613,700 | 37,613,700 |
| Priority distribution - Leaseup fee | (699,675) | - | - | (699,675) |
| Balance, December 31, 2024 | (254) | (256) | 35,645,097 | 35,644,587 |
| Net loss | (93) | (92) | (1,844,821) | (1,845,006) |
| Contributions | - | - | 200,000 | 200,000 |
| Balance, December 31, 2025 | $ (347) | $ (348) | $ 34,000,276 | $ 33,999,581 |
| Partners' percentage of partnership losses | 0.005% | 0.005% | 99.990% | 100.00% |

See Notes to Financial Statements.

## Chico North Creek, LP

## Statements of Cash Flows
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income (loss) | $ (1,845,006) | $ (4,205,303) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities | | |
| Depreciation | 2,198,054 | 2,197,605 |
| Amortization | 19,233 | 19,233 |
| Amortization of debt issuance costs | 12,318 | 38,715 |
| Bad debts | 43,343 | 44,069 |
| Loss on fair market value of interest rate cap | - | 1,365,668 |
| Changes in | | |
| Tenants' accounts receivable | (26,582) | (52,827) |
| Prepaid expenses | 9,352 | (65,444) |
| Accounts payable - operations | (174) | (1,879) |
| Other accrued liabilities and prepaid rent | (23,927) | 17,499 |
| Accrued interest - first mortgage | (289) | 28,278 |
| Accrued interest - other loans | 20,000 | 20,000 |
| Tenants' security deposits liability | 1,447 | 745 |
| Payable to general partner and affiliates | 10,918 | 10,600 |
| Annual fee payable to affiliate of limited partner | 8,442 | (23,182) |
| Due from affiliates | (1,646) | - |
| Accrued interest - construction loan | - | (113,128) |
| Net cash provided by (used in) operating activities | 425,483 | (719,351) |
| Cash flows from investing activities | | |
| Expenditures on rental property | (5,523) | (151,424) |
| Deposits to reserve for replacements | (39,238) | (38,847) |
| Change in escrows | (101,536) | (20,622) |
| Payment of developer fee | (179,273) | (1,001,859) |
| Refund of tax credit fees received | - | 56,950 |
| Net cash used in investing activities | (325,570) | (1,155,802) |
| Cash flows from financing activities | | |
| Payment of construction loan | - | (42,567,281) |
| Contributions from partners | 200,000 | 37,613,700 |
| Priority distribution - lease up fee | - | (699,675) |
| Payment on first mortgage | (67,308) | (5,835) |
| Proceeds from mortgages | - | 6,600,000 |
| Financing fees paid | - | (44,312) |
| Rate lock deposit refunded | 123,700 | - |
| Net cash provided by financing activities | 256,392 | 896,597 |
| Net increase (decrease) in cash and restricted cash | 356,305 | (978,556) |
| Cash and restricted cash, beginning | 1,160,793 | 2,139,349 |
| Cash and restricted cash, end | $ 1,517,098 | $ 1,160,793 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | $ 331,395 | $ 1,309,932 |

See Notes to Financial Statements.

## Note 1 - Organization and nature of operations

Chico North Creek, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee title in the land and constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project consists of 106 units located in Chico, California. The Project is operating under the name of North Creek Crossings at Meriam Park.

The partnership agreement was amended and restated on June 1, 2021 from which date the Partnership consists of an administrative general partner, Chico North Creek LLC, which owns 0.005%, a managing general partner, Butte County Affordable Housing Development Corporation which owns 0.005% and one investor limited partner, R4 NCC Acquisition LLC, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The Project has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of the regulations during each of the 15 consecutive years following substantial completion of the Project in order to remain qualified to receive the tax credits.

The amended partnership agreement provides that the Partnership shall continue until December 31, 2081, unless sooner terminated in accordance with the partnership agreement or by operation of law.

## Note 2 - Significant accounting policies

### Basis of accounting

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

### Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2025 and 2024, the allowance for doubtful accounts is $2,881 and $23,457, respectively.

### Investment in rental property

Investment in rental property is recorded at cost and includes all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Expenditures for maintenance and repairs are charged to operations as incurred while major renewals and betterments are capitalized. Upon disposal of any depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Building and improvements | 40 years |
| Site improvements | 15 years |
| Solar PV system | 25 years |
| Furniture, appliances and equipment | 5 years |

**Impairment of long-lived assets**
The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2025 and 2024.

**Derivative instruments and hedging activities**
The Partnership follows guidance on "Accounting for Derivative Instruments and Hedging Activities." The Partnership uses derivatives to manage risks related to interest rate movements. Pursuant to the guidance, derivative instruments not meeting the criteria for hedge accounting are recorded at fair value on the balance sheets with any change in fair value reflected in the statements of operations in the year of change.

**Fair value measurement**
The Partnership measures the fair value of its interest rate cap on a recurring basis. The following summarizes the three levels of inputs and hierarchy of fair value the Partnership uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

**Deferred fees and amortization**
Tax credit monitoring fees totaling $288,495 are being amortized over the compliance period using the straight-line method. As of December 31, 2025 and 2024, accumulated amortization is $52,860 and $33,627, respectively.

Amortization expense for the next five years subsequent to December 31, 2025 is $19,233 per year.

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

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

**Advertising costs**
Advertising and marketing costs are expensed as incurred.

**Income taxes**
The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. 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 tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2022 remain open for examination.

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

## Note 3 - Investment in rental property, net

Rental property is comprised of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 2,195,895 | $ 2,195,895 |
| Land improvements | 3,250,958 | 3,246,308 |
| Building and improvements | 34,510,647 | 34,510,647 |
| Solar PV system | 621,754 | 621,754 |
| Furniture, appliances and equipment | 5,469,642 | 5,468,769 |
| Subtotal | 46,048,896 | 46,043,373 |
| Accumulated depreciation | (5,768,554) | (3,570,500) |
| Net | $ 40,280,342 | $ 42,472,873 |

## Note 4 - Restricted deposits and funded reserves

### Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Monthly deposits are required based upon an initial amount of $350 per unit per year, with an annual increase of 3%. The Partnership shall fund the replacement reserve at all times during the period from completion to the termination of the compliance period. As of December 31, 2025 and 2024, the balance of the reserve is $105,955 and $66,717, respectively, of which $40,326 and $3,102 is held by the lender, respectively. The replacement reserve activity during the years ended December 31, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 66,717 | $ 24,768 |
| Deposits | 37,224 | 37,500 |
| Interest earnings | 2,014 | 1,347 |
| Withdrawals | - | - |
| Other | - | 3,102 |
| Balance, December 31 | $ 105,955 | $ 66,717 |

### Operating reserve

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership is required to establish an operating reserve of at least $237,791, to be funded as a condition to or simultaneously with the investor limited partner making the rental achievement installment. If the Partnership requires funds to cover any operating deficits incurred during the operating deficit guaranty period, the administrative general partner shall make operating deficit loans to the Partnership to cover the operating deficits, for up to $713,270. As of December 31, 2025 and 2024, the operating reserve balance is $280,651 and $272,039, respectively.

## Note 5 - Related party transactions

### Capital contributions

Capital contributions of $50 due from each general partner have been received in 2021. Capital contributions amounting to $42,243,000 are due from the investor limited partner to be paid as determined in the partnership agreement. The capital contributions due from the investor limited partner are subject to adjustments as defined in the partnership agreement. The capital contributions due from the limited partner have been reduced by a downward adjuster of $205,000. As of December 31, 2025, the investor limited partner paid all required capital contributions of $42,038,000.

### Development fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project until all development work is complete. The total fee of $2,200,000 has been incurred and capitalized as cost of the rental property. As of December 31, 2025 and 2024, $690,891 and $890,891, respectively, is payable and included in the balance sheets. Any unpaid developer fee shall bear interest at 6.00% per annum commencing upon the Form 8609 Installment Payment Date as defined in the partnership agreement. For the years ended December 31, 2025 and 2024 accrued interest on the developer fee is

$20,727 and $0, respectively. Prior to the development fee maturity date, the deferred portion of the development fee "the deferred development fee" shall be paid from cash flows. Any amount that remains unpaid on the development fee maturity date shall be paid by the administrative general partner (capital contribution of 90% of the unpaid Deferred Development Fee) and managing general partner (capital contribution of 10% of the unpaid Deferred Development Fee).

**Annual local administrative fee**

The Partnership is to pay an annual local administrative fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is payable from available cash flow, in an event when sufficient cash flow is not available, the fee will accrue and be payable in the subsequent years. The annual fee is $7,500 beginning on the admission date and increasing 3% annually. For the years ended December 31, 2025 and 2024, an annual local administrative fee of $8,442 and $8,196, respectively, was incurred and expensed. As of December 31, 2025 and 2024, $8,442 and $0, respectively, remains payable and is included in the balance sheets.

**Managing general partner fee**

Per the terms of the partnership agreement, the partnership shall pay to the managing general partner, an annual partnership management fee ("MGP Fee"), to the extent that there are funds available to pay such fee in any year, in an amount equal to $10,600, increasing 3% annually. The fee shall accrue in years in which there are not sufficient funds and be payable out of available cash flow in subsequent years. In no event shall the MGP Fee plus any other distributions to the managing general partner exceed 0.005% of cash flow. For the years ended December 31, 2025 and 2024, $10,918 and $10,600 was incurred and expensed. As of December 31, 2025 and 2024, $21,518 and $10,600, remains payable.

**Administrative general partner fee**

Per the terms of the partnership agreement, the partnership shall pay to the administrative general partner, an annual partnership management fee ("AGP Fee"), solely to the extent that there are funds available to pay such fee in any year, in an amount up to $15,000, increasing by 3% annually. No portion of the AGP Fee shall be payable and begin to accrue until the Deferred Development Fee has been paid in full and in no event shall the AGP Fee plus any other distributions to the administrative general partner exceed 89.995% of cash flow distributed to the administrative general partner. For the years ended December 31, 2025 and 2024, no fees, respectively, were incurred or paid.

**Lease-up fee**

For services rendered in connection with supervising the lease-up of the Project through the date of rental achievement, the administrative general partner shall receive a priority distribution of cash flow, with an equivalent allocation of gross income to the administrative general partner. For the years ended December 31, 2025 and 2024 $0 and $699,675, respectively was incurred and paid and is included in the statements of partners' equity (deficit).

**Cash flow distributions**

As defined in section 7.4.1 of the partnership agreement, cash flow shall be applied in the following order of priority:

1. To the investor limited partner, any unpaid but accrued annual local administrative fees;
2. To the extent any withdrawals have been made from the operating reserve, to replenish the to the minimum balance;
3. To repay any loan payable to any partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
4. To the developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
5. To the management agent, an amount equal to any accrued and unpaid deferred management fees;
6. To the managing general partner, any unpaid but accrued MGP Fees;
7. To the administrative general partner, any unpaid but accrued AGP Fees subject to the fee cap;
8. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
9. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
10. To the partnership representative, any reimbursement of unpaid expenses pursuant to section 11.6;
11. To the extent of 75% of the remaining cash flow, to pay any outstanding balance on the city loan, applied first to accrued interest, then to principal, in accordance with the terms of the loan documents;
12. The balance, 89.995% to the administrative general partner (which distribution of cash flow to the administrative general partner shall first be made in repayment of any development deficit loan and be inclusive of any amounts in repayment of any unpaid development deficit loan), 0.005% to the managing general partner (which distribution of cash flow to the managing general partner shall be inclusive of any amounts distributed), and 10% to the investor limited partner.

Notwithstanding the foregoing, cash flow for the period prior to rental achievement shall be applied in the priorities as set forth in items (i), (ii) and (iii) above and then to the payment of the lease-up fee.

**Guaranty agreement**

The partnership agreement provides for a guaranty agreement between affiliates of the managing general partner and affiliates of the administrative general partner for the benefit of the investor limited partner. The guarantors agree to make each and every of the advances and to guarantee payment and performance with, the terms and provisions set forth in the partnership agreement. As of December 31, 2025 and 2024, no amounts were due under the guaranty.

## Note 6 - Statements of cash flows

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

| | 2025 | 2024 |
|---|---|---|
| Cash | $ 1,130,449 | $ 785,028 |
| Tenant security deposits | 105,998 | 103,726 |
| Operating reserve | 280,651 | 272,039 |
| Total cash and restricted cash shown in the statements of cash flows | $ 1,517,098 | $ 1,160,793 |

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

## Note 7 - Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Accrued operating expenses | $ 10 | $ 11,024 |
| Accrued payroll expenses | 4,191 | 4,973 |
| Accrued utilities | 17,933 | 34,053 |
| Prepaid rent | 14,979 | 10,990 |
| Total cash and restricted cash shown in the statement of cash flows | $ 37,113 | $ 61,040 |

## Note 8 - Mortgages and notes payable

### Construction loan

On June 10, 2021, the Partnership entered into a construction loan agreement with Wells Fargo Bank, National Association in the amount of $42,750,000. The loan was secured by a deed of trust on the Project and from the date hereof and through the initial maturity date of December 17, 2023 (which was extended to June 17, 2024). The construction loan had a variable interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.60% at 2024). The construction loan was payable in monthly installments of accrued interest only, commencing July 1, 2021, and continuing the same day of each month thereafter through the maturity date, when the remaining unpaid principal balance plus accrued interest were due and payable in full. For the year ended December 2024, interest of $1,150,241 was incurred and expensed. The construction loan was paid in full on October 11, 2024 using proceeds from the Berkadia permanent loan and capital contributions from the investor limited partner.

Debt issuance costs related to the construction loan were fully amortized as December 31, 2025 and 2024. Amortization of debt issuance costs for the years ended December 31, 2025 and 2024 of $0 and $33,589 has been expensed in the statements of operations.

**Berkadia permanent loan**

On October 11, 2024, the Partnership closed on a permanent loan with Berkadia Commercial Mortgage LLC, in the amount of $6,600,000. The note is secured by the Project, bears interest of 4.98% per annum, and matures November 1, 2041. Beginning December 1, 2024, the note is payable in monthly installments of principal and interest in the amount of $33,225 until the maturity date at which time a balloon payment in the estimated amount of $4,733,249 will be due. During the years ended December 31, 2025 and 2024, interest of $331,106 and $74,841 was incurred and expensed. As of December 31, 2025 and 2024, the outstanding principal and accrued interest are $6,526,857 and $27,989, and $6,594,165 and $28,278, respectively.

Debt issuance costs, net of accumulated amortization, totaled $193,036 and $205,354, respectively, as of December 31, 2025 and 2024 and are related to the first mortgage above. Amortization of debt issuance costs for the years ended December 31, 2025 and 2024 is $12,318 and $5,126, and is included in the statements of operations.

**City of Chico - "AHF" Loan**

On June 10, 2021, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of $1,000,000. The AHF loan note is secured by the Project, bears interest at 2% per annum and matures June 10, 2076. During the years ended December 31, 2025 and 2024, interest of $20,000 and $20,000 has been incurred and expensed in the statements of operations, respectively. As of December 31, 2025 and 2024, the outstanding principal is $1,000,000 and $1,000,000, and accrued interest is $90,959 and $70,959, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying property and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter following December 31, 2025, are as follows:

| | Berkadia - Permanent Loan | City of Chico - Soft Loan | Total |
|---|---|---|---|
| 2026 | $ 75,606 | $ - | $ 75,606 |
| 2027 | 79,459 | - | 79,459 |
| 2028 | 83,507 | - | 83,507 |
| 2029 | 87,762 | - | 87,762 |
| 2030 | 92,234 | - | 92,234 |
| Thereafter | 6,108,289 | 1,000,000 | 7,108,289 |
| Total | $ 6,526,857 | $ 1,000,000 | 7,526,857 |
| | | Less unamortized debt issuance costs | (193,036) |
| | | | $ 7,333,821 |

## Note 9 - Fair value

The fair value of the interest rate cap was $0 at December 31, 2025 and 2024, and is classified within Level 2 of the fair value hierarchy. No other assets or liabilities are measured at fair value as of December 31, 2025 and 2024. During the years ended December 31, 2025 and 2024, the Partnership recognized an unrealized loss on the fair market value of its interest rate cap of $0 and $1,365,668, respectively, which is included in the statements of operations.

On a recurring basis, the Partnership measures its interest rate cap at its estimated fair value. In determining the fair value of its interest rate cap derivative, the Partnership uses the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. The Partnership incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the Partnership. The interest rate cap agreement matured during 2024 upon the payment in full of the construction loan.

## Note 10 - Management agreement

The Project is managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the amount of $43 per unit per month. For the years ended December 31, 2025 and 2024, management fee of $54,696 and $54,696 has been incurred and expensed in the statements of operations.

## Note 11 - Housing assistance payment ("HAP") contract

The Housing Authority of the County of Butte has contracted with the Partnership pursuant to a HAP agreement under which 26 units out of the total 106 units of the Project shall be eligible for HAP subsidy upon completion of the Project. Tenants will qualify based on the requirements of the Section 8. The agreement expires on May 4, 2041. For the years ended December 31, 2025 and 2024, rental assistance of $578,989 and $494,935 have been earned and are included in rental income in the statements of operations.

## Note 12 - Economic concentrations

The Partnership operates a 106-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

## Note 13 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. The Partnership also maintains escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2025 and 2024.

## Note 14 - Contingency

### Low-income housing tax credits

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of 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. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

## Note 15 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 19, 2026, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## Supplementary information

**Chico North Creek, LP**

**Schedules of Certain Income and Expenses**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Rental income | | |
| Rent revenue - gross potential | $ 828,988 | $ 792,411 |
| Tenant assistance payments | 578,989 | 494,935 |
| Total rental income | $ 1,407,977 | $ 1,287,346 |
| Vacancies and concessions | | |
| Apartments vacancies | $ 23,372 | $ 27,433 |
| Rental concessions | - | 2,701 |
| Total vacancies and concessions | $ 23,372 | $ 30,134 |
| Other operating income | | |
| Tenant charges | $ 605 | $ 150 |
| Late fees | 44,578 | 29,010 |
| Total other operating income | $ 45,183 | $ 29,160 |
| Salaries and employee benefits | | |
| Salaries - administrative | $ 80,487 | $ 57,273 |
| Salaries - maintenance | 65,693 | 70,452 |
| Health insurance and other benefits | 27,361 | 18,000 |
| Worker's compensation insurance | 21,764 | 9,047 |
| Total salaries and employee benefits | $ 195,305 | $ 154,772 |
| Repairs and maintenance | | |
| Exterminating | $ 3,950 | $ 9,615 |
| Grounds | 340 | 390 |
| Security services/contract | 2,056 | 2,123 |
| Supplies | 27,225 | 12,927 |
| Painting, decorating and cleaning | 8,820 | 6,565 |
| Repairs and maintenance - other than contracts | 2,164 | 2,063 |
| Repairs and maintenance - contracts | 70,785 | 71,700 |
| Miscellaneous maintenance expenses | 12,381 | 11,624 |
| Total repairs and maintenance | $ 127,721 | $ 117,007 |

**Chico North Creek, LP**

**Schedules of Certain Income and Expenses**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Utilities | | |
| Electricity | $ 39,661 | $ 25,285 |
| Water | 51,961 | 62,630 |
| Trash removal | 21,042 | 21,741 |
| Gas | 26,032 | 35,033 |
| Total utilities | $ 138,696 | $ 144,689 |
| Miscellaneous operating expenses | | |
| Office supplies and expense | $ 12,248 | $ 15,804 |
| Training and travel | 10,360 | 16,541 |
| Bad debt expense | 43,343 | 44,069 |
| Other rent expense | 1,925 | 2,706 |
| Miscellaneous administrative | 19,689 | 15,204 |
| Rent free unit | 13,751 | 12,963 |
| Advertising and newspaper | 5,883 | 5,932 |
| Legal | 23,370 | 18,221 |
| Other taxes, licenses and insurance | 11,356 | 9,607 |
| Total miscellaneous operating expenses | $ 141,925 | $ 141,047 |
| Interest expense - other loans | | |
| Interest expense - construction loan | $ - | $ 1,150,241 |
| Amortization of debt issuance costs - construction loan | - | 33,589 |
| Interest expense - second mortgage | 20,000 | 20,000 |
| Total interest expense - other loans | $ 20,000 | $ 1,203,830 |
| Miscellaneous other income (expense) | | |
| Miscellaneous income | $ 528 | $ 22,736 |
| Miscellaneous expenses | (5,254) | - |
| Total miscellaneous other income (expense) | $ (4,726) | $ 22,736 |
| Other related party fees and expenses | | |
| MGP fee | $ 10,918 | $ 10,600 |
| Interest expense - Deferred development fee | 20,727 | - |
| Total other related party fees and expenses | $ 31,645 | $ 10,600 |

See Independent Auditor's Report.




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# Chico North Creek II, LP

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

**December 31, 2025 and 2024**

CohnReznick

## Chico North Creek II, LP

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# Independent Auditor's Report

To the Administrative General Partner
Chico North Creek II, LP

*Opinion*

We have audited the financial statements of Chico North Creek II, LP, which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico North Creek II, LP as of December 31, 2025 and 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 ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Chico North Creek II, 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 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 North Creek II, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico North Creek 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 North Creek 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 audits.

*Supplementary Information*

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

CohnReznick LLP

Sacramento, California
April 17, 2026

**Chico North Creek II, LP**

**Balance Sheets**
**December 31, 2025 and 2024**

Assets

| | 2025 | 2024 |
|---|---|---|
| Investment in rental property, net | $ 22,780,312 | $ 23,905,752 |
| Cash | 703,159 | 502,953 |
| Restricted deposits and funded reserves | | |
| Escrows | 61,754 | 10,722 |
| Tenant security deposits | 56,345 | 51,327 |
| Replacement reserve | 20,540 | 1,580 |
| Operating reserve | 130,061 | 126,070 |
| Total restricted deposits and funded reserves | 268,700 | 189,699 |
| Tenant accounts receivable, net | 8,166 | 5,027 |
| Prepaid expenses | 5,151 | 5,512 |
| Tax credit monitoring fees, net | 124,393 | 212,830 |
| Other assets | - | 67,100 |
| Total assets | $ 23,889,881 | $ 24,888,873 |

Liabilities and Partners' Equity (Deficit)

| | | |
|---|---|---|
| Liabilities | | |
| Accounts payable - operations | $ - | $ 3,671 |
| Accrued property management fees | 2,279 | 4,279 |
| Other accrued liabilities and prepaid rent | 19,497 | 3,783 |
| Accrued interest - first mortgage | 14,028 | 14,154 |
| Accrued interest - other loans | 117,188 | 84,473 |
| Tenants' security deposits liability | 54,816 | 49,827 |
| Payable to general partner and affiliates | 21,518 | 10,600 |
| Annual fee payable to affiliate of limited partner | 8,196 | - |
| Developer's fees payable | 45,801 | 641,801 |
| Mortgages and notes payable, net | 4,700,735 | 4,706,532 |
| Total liabilities | 4,984,058 | 5,519,120 |
| Contingency | - | - |
| Partners' equity (deficit) | 18,905,823 | 19,369,753 |
| Total liabilities and partners' equity (deficit) | $ 23,889,881 | $ 24,888,873 |

See Notes to Financial Statements.

**Chico North Creek II, LP**

**Statements of Operations**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Revenue | | |
| Rental income | $ 742,368 | $ 675,727 |
| Vacancies and concessions | (15,939) | (7,963) |
| Other operating income | 16,726 | 13,425 |
| Total revenue | 743,155 | 681,189 |
| Operating expenses | | |
| Salaries and employee benefits | 100,098 | 63,879 |
| Repairs and maintenance | 84,605 | 60,658 |
| Utilities | 78,856 | 56,832 |
| Property management fee | 25,348 | 29,348 |
| Real estate taxes | 2,302 | 1,797 |
| Property insurance | 4,996 | 45,782 |
| Miscellaneous operating expenses | 61,156 | 56,446 |
| Total operating expenses | 357,361 | 314,742 |
| Net operating income | 385,794 | 366,447 |
| Other income (expense) | | |
| Interest income | 6,857 | 3,097 |
| Interest expense - first mortgage | (186,583) | (41,588) |
| Interest expense - other loans | (32,715) | (1,346,474) |
| Miscellaneous other income (expense) | (2,754) | (38,527) |
| Annual fee to affiliate of limited partner | (8,196) | (7,957) |
| Other related party fees and expenses | (10,918) | (10,600) |
| Depreciation | (1,201,248) | (1,201,248) |
| Amortization | (10,167) | (15,385) |
| Total other income (expense) | (1,445,724) | (2,658,682) |
| Net loss | $ (1,059,930) | $ (2,292,235) |

See Notes to Financial Statements.

## Chico North Creek II, LP

## Statements of Partners' Equity (Deficit)
## Years Ended December 31, 2025 and 2024

| | Chico North Creek II, LLC | Butte County Affordable Housing Development Corporation | R4 NC II Acquisition LP | Total partners' equity (deficit) |
|---|---|---|---|---|
| Balance, January 1, 2024 | $ (24) | $ (24) | $ 4,071,704 | $ 4,071,656 |
| Net income (loss) | 363,295 | (133) | (2,655,397) | (2,292,235) |
| Contributions | - | - | 17,953,760 | 17,953,760 |
| Priority distribution - lease up fee | (363,428) | - | - | (363,428) |
| Balance, December 31, 2024 | (157) | (157) | 19,370,067 | 19,369,753 |
| Net income (loss) | (53) | (53) | (1,059,824) | (1,059,930) |
| Contributions | - | - | 596,000 | 596,000 |
| Balance, December 31, 2025 | $ (210) | $ (210) | $ 18,906,243 | $ 18,905,823 |
| Partners' percentage of partnership losses | 0.005% | 0.005% | 99.99% | 100.00% |

See Notes to Financial Statements.

## Chico North Creek II, LP

## Statements of Cash Flows
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss | $ (1,059,930) | $ (2,292,235) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities | | |
| Depreciation | 1,201,248 | 1,201,248 |
| Amortization | 10,167 | 15,385 |
| Amortization of debt issuance costs | 20,739 | 124,792 |
| Bad debts | 12,139 | 6,466 |
| Changes in | | |
| Tenants' accounts receivable | (15,278) | 23,626 |
| Prepaid expenses | 361 | (5,512) |
| Other assets | - | (6,540) |
| Accounts payable - operations | (3,671) | (3,671) |
| Accrued property management fees | (2,000) | - |
| Other accrued liabilities and prepaid rent | 15,714 | (25,606) |
| Accrued interest - first mortgage | (126) | 14,154 |
| Accrued interest - other loans | 32,715 | (85,266) |
| Tenants' security deposits liability | 4,989 | 14,078 |
| Payable to general partner and affiliates | 10,918 | 9,800 |
| Annual fee payable to affiliate of limited partner | 8,196 | (15,225) |
| Net cash provided by (used in) operating activities | 236,181 | (1,024,506) |
| Cash flows from investing activities | | |
| Expenditures on rental property | (75,808) | (143,498) |
| Refunds for deposits and project development costs | 67,100 | 129,659 |
| Deposits to reserve for replacements | (18,960) | (1,580) |
| Change in escrows | (51,032) | (10,722) |
| Developer fees paid | (596,000) | (888,976) |
| Tax credit monitoring fees refund | 78,270 | - |
| Net cash used in investing activities | (596,430) | (915,117) |
| Cash flows from financing activities | | |
| Proceeds from mortgages and notes | - | 3,047,152 |
| Contributions from partners | 596,000 | 17,953,760 |
| Payoff of construction loan | - | (18,079,290) |
| Priority distribution - lease up fee | - | (363,428) |
| Principal payments on first mortgage | (26,536) | (2,334) |
| Debt issuance costs paid | - | (94,944) |
| Net cash provided by financing activities | 569,464 | 2,460,916 |
| Net increase in cash and restricted cash | 209,215 | 521,293 |
| Cash and restricted cash, beginning | 680,350 | 159,057 |
| Cash and restricted cash, end | $ 889,565 | $ 680,350 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | $ 165,970 | $ 1,334,382 |

See Notes to Financial Statements.

## Note 1 - Organization and nature of operations

Chico North Creek II, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee title in the land and constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project consists of 54 units located in Chico, California. The Project completed construction in October 2023 and is operating under the name of North Creek Crossings at Meriam Park Phase II.

The partnership agreement was amended and restated on March 1, 2022 from which date the Partnership consists of an administrative general partner, Chico North Creek II, LLC, which owns 0.005%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.005% and one investor limited partner, R4 NC II Acquisition LP, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.1 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The Project has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of the regulations during each of the 15 consecutive years following substantial completion of construction in order to remain qualified to receive the tax credits.

The amended partnership agreement provides that the Partnership shall continue until December 31, 2082, unless sooner terminated in accordance with the partnership agreement or by operation of law.

## Note 2 - Significant accounting policies

### Basis of accounting

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

### Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2025 and 2024, the allowance for doubtful accounts was $1,217 and $3,524, respectively.

### Investment in rental property

Investment in rental property is recorded at cost and includes all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Expenditures for maintenance and repairs are charged to operations as incurred while major renewals and betterments are capitalized. Upon disposal of any depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the asset as follows:

| | |
|---|---|
| Building and improvements | 40 Years |
| Site improvements | 15 years |
| Furniture, appliances and equipment | 5 years |
| Solar system | 25 Years |

**Impairment of long-lived assets**
The Partnership reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2025 and 2024.

**Deferred fees and amortization**
Tax credit monitoring fees totaling $152,509 are being amortized over the compliance period using the straight-line method. As of December 31, 2025 and 2024, accumulated amortization are $28,116 and $17,949, respectively. Amortization expense for each of the next five years subsequent to December 31, 2025 is $10,167 per year.

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

**Reclassifications**
Certain reclassifications have been made to prior-year amounts to conform to the current-year presentation. These reclassifications had no effect on net income (loss) or partners’ equity (deficit).

**Advertising costs**
Advertising and marketing costs are expensed as incurred.

**Income taxes**
The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. 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 tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2022 are open for examination.

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

**Note 3 - Investment in rental property, net**

Rental property is comprised of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 879,292 | $ 879,292 |
| Land improvements | 1,839,702 | 1,836,402 |
| Building and improvements | 19,052,440 | 19,052,440 |
| Solar PV system | 707,561 | 644,178 |
| Furniture, appliances and equipment | 2,901,341 | 2,892,216 |
| Subtotal | 25,380,336 | 25,304,528 |
| Accumulated depreciation | (2,600,024) | (1,398,776) |
| Net | $ 22,780,312 | $ 23,905,752 |

**Note 4 - Restricted deposits and funded reserves**

**Replacement reserve**
The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Monthly deposits are required based upon an initial amount of $350 per unit per year, with an annual increase of 3%. The Partnership shall fund the replacement reserve at all times during the period from closing of the first mortgage permanent loan to the termination of the compliance period. As of December 31, 2025 and 2024, the balance of the reserve is $20,540 and $1,580, respectively. The replacement reserve activity during the years ended December 31, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 1,580 | $ - |
| Deposits | 18,960 | 1,580 |
| Balance, December 31 | $ 20,540 | $ 1,580 |

**Operating reserve**

Pursuant to the partnership agreement, the Partnership is required to establish an operating reserve of at least $125,125, to be funded as a condition to or simultaneously with the investor limited partner making the rental achievement installment. If the Partnership requires funds to cover any operating deficits incurred during the operating deficit guaranty period, the administrative general partner shall make deficit loans to the Partnership to cover the operating deficits, for up to $375,335. As of December 31, 2025 and 2024, the operating reserve balance is $130,061 and $126,070, respectively. The operating reserve activity during the years ended December 31, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| Balance, January 1 | $ 126,070 | $ - |
| Deposits | - | 125,125 |
| Interest earnings | 3,991 | 945 |
| Balance, December 31 | $ 130,061 | $ 126,070 |

**Note 5 - Related party transactions**

**Capital contributions**

Capital contributions amounting to $50 are due from each general partner to be paid as determined in the partnership agreement. Capital contributions amounting to $22,887,000 are due from the investor limited partner to be paid as determined in the partnership agreement. The capital contributions due from the investor limited partner are subject to adjustments as defined in the partnership agreement. The capital contributions due form the limited partner have been increased by an upward adjuster of $366,000. As of December 31, 2025, the investor limited partner paid $23,127,160 and the remaining capital contributions receivable at December 31, 2025 of $125,840 will be paid in accordance with the terms of the partnership agreement.

**Development fee**

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project until all development work is complete. The total fee of $2,200,000 has been incurred and capitalized as cost of the rental property. As of December 31, 2025 and 2024, $45,801 and $641,801, is payable and is included in the balance sheets. Any unpaid developer fee shall bear interest at 6.00% per annum commencing upon the Form 8609 Installment Payment Date as defined in the partnership agreement. Prior to the development fee maturity date, the deferred portion of the development fee "the deferred development fee" shall be paid from cash flows. Any amount that remains unpaid on the development fee maturity date shall be paid by the administrative general partner (capital contribution of 90% of the unpaid Deferred Development Fee) and managing general partner (capital contribution of 10% of the unpaid Deferred Development Fee).

**Annual local administrative fee**
Commencing on the admission date, the Partnership is to pay an annual local administrative fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is payable from available cash flow, in an event when sufficient cash flow is not available, the fee will accrue and be payable in the subsequent years. The annual fee is $7,500 beginning on the admission date and increasing 3% annually. For the years ended December 31, 2025 and 2024, an annual local administrative fee of $8,196 and $7,957, respectively, was incurred and expensed. As of December 31, 2025 and 2024, $8,196 and $0, respectively, remains payable and is included in the balance sheets.

**Managing general partner fee**
Per the terms of the partnership agreement, the partnership shall pay to the managing general partner, an annual partnership management fee ("MGP Fee"), to the extent that there are funds available to pay such fee in any year, in an amount equal to $10,600, increasing 3% annually. The fee shall accrue in years in which there are not sufficient funds and be payable out of available cashflow in subsequent years. For the years ended December 31, 2025 and 2024, $10,918 and $10,600, respectively was incurred and expensed. As of December 31, 2025 and 2024, $21,518 and $10,600, respectively remains payable and is included in the balance sheets.

**Administrative general partner fee**
Per the terms of the partnership agreement, the partnership shall pay to the administrative general partner, an annual partnership management fee ("AGP Fee"), solely to the extent that there are funds available to pay such fee in any year, in an amount up to $15,000, increasing by 3% annually. No portion of the AGP Fee shall be payable and begin to accrue until the Deferred Development Fee has been paid in full and in no event shall the AGP Fee plus any other distributions to the administrative general partner exceed 89.995% of cash flow distributed to the administrative general partner. For the years ended December 31, 2025 and 2024, no such fees were incurred or paid.

**Lease-up fee**
For services rendered in connection with supervising the lease-up of the Project through the date of rental achievement, the administrative general partner shall receive a priority distribution of cash flow, with an equivalent allocation of gross income to the administrative general partner. For the years ended December 31, 2025 and 2024, $0 and $363,428, respectively was incurred, and paid and is included in the statements of partners' equity (deficit).

**Cash flow distributions**
As defined in section 7.4.1 of the partnership agreement, cash flow shall be applied in the following order of priority:

1. To the investor limited partner, any unpaid but accrued annual local administrative fees.
2. To the extent any withdrawals have been made from the operating reserve, to replenish the operating reserve to the minimum balance;
3. To repay any loan payable to any partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
4. To the developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
5. To the management agent, an amount equal to any accrued and unpaid deferred management fees

pursuant to Section 4.6.1 of the partnership agreement.

6. To the managing general partner, any unpaid but accrued MGP Fees pursuant to the terms of Section 5.2;
7. To the administrative general partner, any unpaid but accrued AGP Fees pursuant to the terms of Section 5.2 and subject to the fee cap;
8. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
9. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
10. To the partnership representative, any reimbursement of unpaid expenses pursuant to Section 11.6 of the partnership agreement.
11. To the extent of 75% of the remaining cash flow, to pay any accrued but unpaid interest on the AHF Loan, and then to pay any accrued but unpaid interest on the HOME Loan, each in accordance with the terms of their respective Loan Documents;
12. [Intentionally Omitted];
13. [Intentionally Omitted];
14. With respect to any year prior to the Transition Date, 0.005% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)) and 99.99% to the Investor Limited Partner; and
15. With respect to a Fiscal Year in which the Transition Date has occurred and any Fiscal Year thereafter, 89.995% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)), and 10% to the Investor Limited Partner.

Notwithstanding the foregoing, cash flow for the period prior to Rental Achievement shall be applied in the priorities as set forth in items (i), (ii) and (iii) above and then to the payment of the lease-up fee.

**Guaranty agreement**
The partnership agreement provides for a guaranty agreement between affiliates of the managing general partner and affiliates of the administrative general partner for the benefit of the investor limited partner. The guarantors agree to make each and every of the advances and to guarantee payment and performance with, the terms and provisions set forth in the partnership agreement. As of December 31, 2025 and 2024, no amounts were due under the guaranty.

The following table presents the cash flow available for distribution for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Net loss | $ (1,059,930) | $ (2,292,235) |
| Add back: | | |
| Depreciation and amortization | 1,211,415 | 1,216,633 |
| Amortization of debt issuance costs | 20,739 | 124,792 |
| Accrued related party expenses | 10,918 | 10,600 |
| Withdrawals from reserves | - | - |
| Interest expense - other loans | 32,715 | 32,380 |
| Subtract: | | |
| Principal payments - first mortgage | (26,536) | (2,334) |
| Deposits to reserves | (18,960) | (126,705) |
| Purchase of fixed assets (from operating sources) | (12,425) | - |
| Cash Flow available for distribution (deficit) | $ 157,936 | $ (1,036,869) |

The cash flow available for distribution as computed above will be paid in accordance with the waterfall distribution priorities noted above as follows:

| | 2025 | 2024 |
|---|---|---|
| Accrued local annual administrative fee to ILP | $ 8,196 | $ - |
| Developer fee | 45,801 | - |
| Asset management fee to MGP | 21,518 | - |
| Asset management fee to AGP | - | - |
| Payments of loans | | |
| AHF Loan | 61,816 | - |
| HOME Loan | 20,605 | - |
| Remaining | | |
| Balance to MGP and AGP distribution | | |
| .89.995% to AGP | - | - |
| .005% to MGP | - | - |
| | $ 157,936 | $ - |

## Note 6 - Statements of cash flows

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

| | 2025 | 2024 |
|---|---|---|
| Cash | $ 703,159 | $ 502,953 |
| Tenant's security deposits | 56,345 | 51,327 |
| Operating reserve | 130,061 | 126,070 |
| Total cash and restricted cash shown in the statements of cash flows | $ 889,565 | $ 680,350 |

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the Project and other reserves as required by the Partnership.

## Note 7 - Other accrued liabilities

Other accrued liabilities are comprised of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Accrued operating expenses | $ 1,924 | $ 2,370 |
| Accrued utilities expenses | 8,948 | - |
| Accrued payroll expenses | 2,135 | 1,046 |
| Prepaid rent | 6,490 | 4,038 |
| | $ 19,497 | $ 7,454 |

## Note 8 - Mortgages and notes payable

### Construction loan

On March 17, 2022, the Partnership entered into a construction loan agreement with Wells Fargo in the amount of $20,500,000. The loan was secured by a deed of trust on the Project and from the date hereof and through the maturity date on October 17, 2024 (with an option to extend the initial maturity date to March 17, 2025). This construction loan had a variable interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.33% at December 31, 2024). This loan was payable in monthly installments of accrued interest only, commencing April 1, 2022, and continuing the same day of each month thereafter through the maturity date, when the remaining unpaid principal balance plus accrued interest shall be due and payable in full. For the years ended December 31, 2025 and 2024, interest of $0 and $1,193,433 was incurred and expensed in the statements of operations. The construction loan was paid in full on October 11, 2024, using proceeds from the Berkadia permanent loan and capital contributions from the investor limited partner.

Debt issuance costs, net of accumulated amortization, totaled $0 and $0 as of December 31, 2025 and 2024, respectively, and are related to the construction loan. Amortization of debt issuance costs for the years ended December 31, 2025 and 2024 was $0 and $120,661, respectively.

**Berkadia permanent Loan**

On October 11, 2024, the Partnership closed on a permanent loan with Berkadia Commercial Mortgage LLC, in the amount of $2,980,000. The note is secured by the Project, bears interest of 5.52% per annum, and matures November 1, 2041. Beginning December 1, 2024, the note is payable in monthly installments of principal and interest in the amount of $16,042 until the maturity date at which time a balloon payment in the estimated amount of $2,187,338 will be due. During the years ended December 31, 2025 and 2024, interest of $165,844 and $37,457, respectively was incurred and charged to operations. As of December 31, 2025 and 2024, the outstanding principal and accrued interest is $2,951,130 and $14,028, $2,977,666 and $14,154, respectively.

Debt issuance costs, net of accumulated amortization, totaled $221,918 and $242,657 as of December 31, 2025 and 2024, are related to the first mortgage. Amortization of debt issuance costs is $20,739 and $4,131 for the years ended December 31, 2025 and 2024 and is included in the statements of operations, respectively.

**City of Chico - AHF Loan**

On March 17, 2022, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of $1,300,000. The AHF loan note is secured by the Project, bears interest at 2% per annum and matures March 17, 2077. During the years ended December 31, 2025 and 2024, interest of $26,000 and $26,000 was incurred and expensed in the statements of operations. As of December 31, 2025 and 2024, the outstanding principal is $1,300,000 and $1,300,000, and accrued interest is $94,335 and $68,335, respectively.

**City of Chico - HOME Program Loan**

On March 17, 2022, the Partnership entered into a home program loan agreement with the City of Chico in the amount of $671,523. The HOME loan note is secured by the Project, bears interest at 1% per annum and matures March 17, 2077. During the years ended December 31, 2025 and 2024, interest of $6,715 and $6,380 was incurred and expensed in the statements of operations. As of December 31, 2025 and 2024, the outstanding principal is $671,523 and $671,523, and the accrued interest is $22,853 and $16,138, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying property and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter following December 31, 2025, are as follows:

| | Berkadia - Permanent Loan | City of Chico - Home Loan | City of Chico - AHF Loan | Total |
|---|---|---|---|---|
| 2026 | $ 30,496 | $ - | $ - | $ 30,496 |
| 2027 | 32,222 | - | - | 32,222 |
| 2028 | 34,047 | - | - | 34,047 |
| 2029 | 35,974 | - | - | 35,974 |
| 2030 | 38,011 | - | - | 38,011 |
| Thereafter | 2,780,380 | 671,523 | 1,300,000 | 4,751,903 |
| Total | $ 2,951,130 | $ 671,523 | $ 1,300,000 | 4,922,653 |
| | | | Less unamortized debt issuance costs | (221,918) |
| | | | | $ 4,700,735 |

**Note 9 - Management agreement**

The Project is managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the amount of $43 per occupied unit per month. For the years ended December 31, 2025 and 2024, management fee of $25,348 and $29,348 has been incurred and expensed in the statements of operations.

**Note 10 - Housing assistance payment ("HAP") contract**

The Housing Authority of the County of Butte has contracted with the Partnership pursuant to a HAP agreement under which 13 units out of the total 54 units of the Project shall be eligible for HAP subsidy upon completion of the Project. Tenants will qualify based on the requirements of the Section 8. For the years ended December 31, 2025 and 2024, rental assistance of $276,186 and $274,737 has been earned and is included in rental income in the statements of operations.

**Note 11 - Economic concentration**

The Partnership operates a 54-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

**Note 12 - Concentration of credit risk**

The Partnership maintains its cash with various financial institutions. The Partnership also maintains escrows and reserves. All escrows and reserves are held in trust accounts in the Partnership's name. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2025.

## Note 13 - Contingency

### Low-income housing tax credits

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of 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. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

## Note 14 - 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, 2026, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## Supplementary information

## Chico North Creek II, LP

## Schedules of Certain Income and Expenses
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Rental income | | |
| Rent revenue - gross potential | $ 466,182 | $ 400,990 |
| Tenant assistance payments | 276,186 | 274,737 |
| Total rental income | $ 742,368 | $ 675,727 |
| Vacancies and concessions | | |
| Apartments vacancies | $ 15,077 | $ 7,327 |
| Rental concessions | 862 | 636 |
| Total vacancies and concessions | $ 15,939 | $ 7,963 |
| Other operating income | | |
| Tenant charges | $ 120 | $ - |
| Late fees | 16,606 | 13,425 |
| Total other operating income | $ 16,726 | $ 13,425 |
| Salaries and employee benefits | | |
| Salaries - administrative | $ 58,444 | $ 26,666 |
| Salaries - maintenance | 27,976 | 29,324 |
| Health insurance and other benefits | 13,678 | 7,889 |
| Total salaries and employee benefits | $ 100,098 | $ 63,879 |
| Repairs and maintenance | | |
| Exterminating | $ 2,470 | $ 5,325 |
| Grounds | 445 | 43 |
| Security services/contract | 3,826 | 57 |
| Supplies | 18,508 | 2,920 |
| Painting, decorating and cleaning | 3,480 | 1,970 |
| Repairs and maintenance - other than contracts | 121 | - |
| Repairs and maintenance - contracts | 49,981 | 45,049 |
| Miscellaneous maintenance expenses | 5,774 | 5,294 |
| Total repairs and maintenance | $ 84,605 | $ 60,658 |
| Utilities | | |
| Electricity | $ 18,844 | $ 18,570 |
| Water | 40,089 | 18,183 |
| Trash removal | 9,231 | 9,951 |
| Gas | 10,692 | 10,128 |
| Total utilities | $ 78,856 | $ 56,832 |

## Chico North Creek II, LP

## Schedules of Certain Income and Expenses
## Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Miscellaneous operating expenses | | |
| Office supplies and expense | $ 8,279 | $ 4,589 |
| Training and travel | 2,951 | 3,836 |
| Bad debt expense | 12,139 | 6,466 |
| Other rent expense | 983 | 276 |
| Miscellaneous administrative | 4,154 | 1,648 |
| Rent free unit | - | 15,320 |
| Advertising and newspaper | 2,668 | 2,320 |
| Legal | 5,670 | 950 |
| Audit | 15,270 | 12,900 |
| Other taxes, licenses and insurance | 9,042 | 8,141 |
| Total miscellaneous operating expenses | $ 61,156 | $ 56,446 |
| Interest expense - other loans | | |
| Interest expense - construction loan | $ - | $ 1,193,433 |
| Amortization of debt issuance costs | - | 120,661 |
| Interest expense - AHF loan | 6,715 | 6,380 |
| Interest expense - HOME loan | 26,000 | 26,000 |
| Total interest expense - other loans | $ 32,715 | $ 1,346,474 |
| Miscellaneous other income (expense) | | |
| Project opening, marketing and startup expenses | $ (2,754) | $ (38,527) |
| Total miscellaneous other income (expense) | $ (2,754) | $ (38,527) |
| Other related party fees and expenses | | |
| MGP fee | $ 10,918 | $ 10,600 |
| Total other related party fees and expenses | $ 10,918 | $ 10,600 |

See Independent Auditor's Report.




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# Chico Bar Triangle, LP

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

**December 31, 2025 and 2024**

CohnReznick

## Chico Bar Triangle, LP

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# Independent Auditor's Report

To the Administrative General Partner
Chico Bar Triangle, LP

*Opinion*

We have audited the financial statements of Chico Bar Triangle, LP, which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of operations, partners' equity (deficit), and cash flows for the year ended December 31, 2025 and the period from September 20, 2023 (inception) through December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chico Bar Triangle, LP as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year ended December 31, 2025 and the period from September 20, 2023 (inception) through 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Bar Triangle, 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 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 Bar Triangle, LP's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico Bar Triangle, 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 Bar Triangle, 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 accompanying schedules of certain income and expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements ad certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material relation to the financial statements as a whole.

CohnReznick LLP

Sacramento, California
March 18, 2026

**Chico Bar Triangle, LP**

**Balance Sheets**
**December 31, 2025 and 2024**

Assets

| | 2025 | 2024 |
|---|---|---|
| Investment in rental property, net | $ 35,052,171 | $ 17,978,211 |
| Cash | 330,889 | 11,800 |
| Restricted deposits and funded reserves | | |
| Tenant security deposits | 74,522 | - |
| Total restricted deposits and funded reserves | 74,522 | - |
| Tenants' accounts receivable | 32,649 | - |
| Prepaid expenses | 51,439 | - |
| Tax credit monitoring fees, net | 222,378 | 184,920 |
| Total assets | $ 35,764,048 | $ 18,174,931 |

Liabilities and Partners' Equity (Deficit)

| | | |
|---|---|---|
| Liabilities | | |
| Accounts payable - operations | $ 52,889 | $ - |
| Other accrued liabilities and prepaid rent | 41,025 | - |
| Accrued interest - other loans | 454,611 | 91,507 |
| Tenants' security deposits liability | 72,909 | - |
| Annual fee payable to affiliate of limited partner | 20,300 | 10,000 |
| Developer's fees payable | 1,540,000 | 399,873 |
| Mortgages and notes payable, net | 31,523,147 | 12,913,101 |
| Other liabilities - construction | 93,417 | 2,883,791 |
| Total liabilities | 33,798,298 | 16,298,272 |
| Contingency | - | - |
| Partners' equity (deficit) | 1,965,750 | 1,876,659 |
| Total liabilities and partners' equity (deficit) | $ 35,764,048 | $ 18,174,931 |

See Notes to Financial Statements.

**Chico Bar Triangle, LP**

**Statements of Operations**
**Year Ended December 31, 2025 and**
**Period from September 20, 2023 (inception) through December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Revenue | | |
| Rental income | $ 279,005 | $ - |
| Vacancies and concessions | (157,532) | - |
| Other operating income | 10,084 | - |
| Total revenue | 131,557 | - |
| Operating expenses | | |
| Salaries and employee benefits | 78,233 | - |
| Repairs and maintenance | 1,971 | - |
| Utilities | 357 | - |
| Property management fee | 6,300 | - |
| Property insurance | 1,485 | - |
| Miscellaneous operating expenses | 37,992 | - |
| Total operating expenses | 126,338 | - |
| Net operating income | 5,219 | - |
| Other income (expense) | | |
| Interest income | 83,615 | 2,859 |
| Interest expense - other loans | (433,414) | - |
| Startup and organization costs | (145,897) | (14,800) |
| Annual fee to affiliate of limited partner | (10,300) | (10,000) |
| MGP overhead expense | - | (30,000) |
| Depreciation | (383,750) | - |
| Amortization | (3,132) | - |
| Total other income (expense) | (892,878) | (51,941) |
| Net loss | $ (887,659) | $ (51,941) |

See Notes to Financial Statements.

## Chico Bar Triangle, LP

## Statements of Partners' Equity (Deficit)
## Year Ended December 31, 2025 and
## Period from September 20, 2023 (inception) through December 31, 2024

| | Chico Bar Triangle, LLC | Butte County Affordable Housing Development Corporation | R4 BTCA Acquisition LP | Total partners' equity (deficit) |
|---|---|---|---|---|
| Balance, September 20, 2023 | $ - | $ - | $ - | $ - |
| Net loss | (2) | (3) | (51,936) | (51,941) |
| Contributions | 50 | 50 | 1,953,500 | 1,953,600 |
| Syndication costs | - | - | (25,000) | (25,000) |
| Balance, December 31, 2024 | 48 | 47 | 1,876,564 | 1,876,659 |
| Net loss | (45) | (44) | (887,570) | (887,659) |
| Contributions | - | - | 976,750 | 976,750 |
| Balance, December 31, 2025 | $ 3 | $ 3 | $ 1,965,744 | $ 1,965,750 |
| Partners' percentage of partnership losses | 0.005% | 0.005% | 99.99% | 100.00% |

See Notes to Financial Statements.

## Chico Bar Triangle, LP

## Statements of Cash Flows
## Year Ended December 31, 2025 and
## Period from September 20, 2023 (inception) through December 31, 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss | $ (887,659) | $ (51,941) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation | 383,750 | - |
| Amortization | 3,132 | - |
| Amortization of debt issuance costs | 3,268 | - |
| Changes in | | |
| Tenants' accounts receivable | (32,649) | - |
| Prepaid expenses | (51,439) | - |
| Accounts payable - operations | 52,889 | - |
| Other accrued liabilities and prepaid rent | 41,025 | - |
| Accrued interest - other loans | 200,007 | - |
| Tenants' security deposits liability | 72,909 | - |
| Annual fee payable to affiliate of limited partner | 10,300 | 10,000 |
| Net cash used in operating activities | (204,467) | (41,941) |
| Cash flows from investing activities | | |
| Project development costs paid | (19,083,090) | (14,523,799) |
| Tax credit monitoring fees paid | - | (184,920) |
| Net cash used in investing activities | (19,083,090) | (14,708,719) |
| Cash flows from financing activities | | |
| Proceeds from mortgage notes | 18,704,418 | 13,097,997 |
| Contributions from partners | 976,750 | 1,953,600 |
| Syndication costs paid | - | (25,000) |
| Debt issuance costs paid | - | (264,137) |
| Net cash provided by financing activities | 19,681,168 | 14,762,460 |
| Net increase in cash and restricted cash | 393,611 | 11,800 |
| Cash and restricted cash, beginning | 11,800 | - |
| Cash and restricted cash, end | $ 405,411 | $ 11,800 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest net of amount capitalized of $1,005,842 and $166,613, respectively | $ 230,139 | $ - |

See Notes to Financial Statements.

**Chico Bar Triangle, LP**

**Statements of Cash Flows**
**Year Ended December 31, 2025 and**
**Period from September 20, 2023 (inception) through December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Supplemental schedule of non-cash investing and financing activities | | |
| Other liabilities - construction included in project development costs and in tax credit monitoring fees | $ 40,590 | $ 2,883,791 |
| Developer's fee payable included in project development costs | 1,140,127 | 399,873 |
| Accrued interest included in project development costs | 232,970 | 91,507 |
| Amortization of debt issuance costs included in project developments costs | - | 79,241 |
| Debt issuance costs reclassified from project development costs | (97,640) | - |
| | $ 1,316,047 | $ 3,454,412 |

See Notes to Financial Statements.

## Note 1 - Organization and nature of operations

Chico Bar Triangle, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California on September 20, 2023 for the purpose of investing in and acquiring a fee title in the land and constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project (the "Project"). The Project consists of 70 units located in Chico, California. Construction was substantially completed during October 2025 and the Project begin operating under the name of Chico Bar Apartments.

The partnership agreement was amended and restated on April 1, 2024 from which date the Partnership consists of an administrative general partner, Chico Bar Triangle LLC, which owns 0.005%, a managing general partner, Butte County Affordable Housing Development Corporation, which owns 0.005% and one investor limited partner, R4 BTCA Acquisition LP, which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.1 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

The Project has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of the 15 consecutive years following substantial completion of construction in order to remain qualified to receive the tax credits.

The amended partnership agreement provides that the Partnership shall continue until December 31, 2084, unless sooner terminated in accordance with the partnership agreement or by operation of law.

## Note 2 - Significant accounting policies

### Basis of accounting

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

### Tenants' accounts receivable

Tenants' accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2025 and 2024, no allowance for doubtful accounts was considered necessary.

### Investment in rental property

Investment in rental property is recorded at cost and includes all direct costs of acquisition and construction as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Expenditures for maintenance and repairs are charged to operations as incurred while major renewals and betterments are capitalized. Upon disposal of any depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations.

Depreciation is provided using the straight-line method and estimated useful lives as follows:

| | |
|---|---|
| Building and improvements | 40 years |
| Site improvements | 15 years |
| Furniture, appliances and equipment | 5 years |
| Solar PV System | 25 years |

**Impairment of long-lived assets**
The Partnership reviews its investment in 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 asset are less than its carrying amount, management compares the carrying amount of the asset 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 periods ended December 31, 2025 and 2024.

**Deferred fees and amortization**
Tax credit monitoring fees totaling $225,510 are being amortized over the compliance period using the straight-line method beginning in 2025. As of December 31, 2025 and 2024, accumulated amortization is $3,132 and $0, respectively. Amortization expense for each of the next five years subsequent to December 31, 2025 is $15,034 per year.

**Startup and organization costs**
Startup and organization costs are expensed as incurred.

**Syndication costs**
Syndication costs are recorded as a direct reduction of partners' capital when incurred.

**Advertising costs**
Advertising and marketing costs are expensed as incurred.

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

**Income taxes**
The Partnership is a pass-through entity for income tax purposes and, is not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. 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 tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2023 are open for examination.

### Use of estimates

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

## Note 3 - Investment in rental property, net

Investment in rental property is comprised of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 1,570,488 | $ - |
| Land improvements | 3,588,477 | - |
| Building and improvements | 23,818,986 | - |
| Equipment | 1,776,888 | - |
| Furniture and fixtures | 4,681,082 | - |
| Construction in progress | - | 17,978,211 |
| Subtotal | 35,435,921 | 17,978,211 |
| Accumulated depreciation | (383,750) | - |
| Net | $ 35,052,171 | $ 17,978,211 |

## Note 4 - Related party transactions

### Capital contributions

Capital contributions amounting to $50 are due from each general partner. Capital contributions amounting to $19,535,000 are due from the investor limited partner. The capital contributions due from the investor limited partner are subject to adjustments as defined in the partnership agreement. As of December 31, 2025, the investor limited partner paid $2,930,250 and the remaining capital contributions receivable of $16,604,750 will be paid in accordance with the terms of the partnership agreement.

### Development fee

The Partnership entered into a development agreement with an affiliate of the administrative general partner for services rendered in overseeing the development and construction of the Project until all development work is complete. The total fee is $2,200,000. The entire amount of the fee has been incurred and capitalized as cost of the rental property. As of December 31, 2025, $660,000 has been paid and $1,540,000 is payable and is included in the balance sheet. Any unpaid developer fee shall bear interest at 6% per annum commencing upon the Form 8609 Installment Payment Date as defined in the partnership agreement. Prior to the development fee maturity date, the deferred portion of the development fee "the deferred development fee" shall be paid from cash flows. Any amount that remains unpaid on the development fee maturity date shall be paid by the administrative general partner (capital contribution of 90% of the unpaid Deferred Development Fee) and managing general partner (capital contribution of 10% of the unpaid Deferred Development Fee).

**Annual local administrative fee**
Commencing on the admission date, the Partnership is to pay an annual local administrative fee to the investor limited partner for its services in monitoring the operations of the Partnership. The fee is payable from available cash flow, in an event when sufficient cash flow is not available, the fee will accrue and be payable in the subsequent years. The annual fee is $10,000 beginning on the admission date and increasing 3% annually. For the periods ended December 31, 2025 and 2024, an annual local administrative fee of $10,300 and $10,000 was incurred and expensed and $20,300 and $10,000 remains payable at December 31, 2025 and 2024, respectively.

**Managing general partner fee**
Per the terms of the partnership agreement, the partnership shall pay to the managing general partner, an annual partnership management fee ("MGP Fee"), to the extent that there are funds available to pay such fee in any year, in an amount equal to $7,000, increasing 3% annually. The fee shall accrue in years in which there are no sufficient funds to pay it, and be payable out of available cash flow in subsequent years. For the periods ended December 31, 2025 and 2024, no fees were incurred or paid.

**Administrative general partner fee**
Per the terms of the partnership agreement, the partnership shall pay to the administrative general partner, an annual partnership management fee ("AGP Fee"), solely to the extent that there are funds available to pay such fee in any year, in an amount up to $25,000, increasing by 3% annually. No portion of the AGP Fee shall be payable and begin to accrue until the Deferred Development Fee has been paid in full and in no event shall the AGP Fee plus any other distributions to the administrative general partner exceed 89.995% of cash flow distributed to the administrative general partner. For the periods ended December 31, 2025 and 2024, no fees were incurred or paid.

**Expense reimbursement**
Upon the closing of the Project, the general partners shall pay the investor limited partner a nonreimbursable fee of $25,000 for due-diligence costs incurred by the investor limited partner and its affiliates. As of December 31, 2025 and 2024, such costs have been incurred and paid and are included as syndication costs in the statements of partners' equity (deficit).

**MGP overhead expense**
Upon the closing of the Project, the Partnership shall pay the managing general partner a nonreimbursable MGP Overhead expense in the amount of $30,000 for costs incurred by the MGP. Such costs have been incurred and paid and are included in the statement of operations for the period ended December 31, 2024.

**Cash flow distributions**
As defined in section 7.4.1 of the partnership agreement, cash flow shall be applied in the following order of priority:

1. To the investor limited partner, any unpaid but accrued Annual Local Administrative Fees;
2. To the extent any withdrawals have been made from the Operating Reserve, to replenish the Operating Reserve to the minimum balance;
3. To repay any loan payable to any partner, including voluntary loans, other than loans payable to the general partner or its affiliates, applied first to accrued interest and then to principal;

4. To the Developer, an amount equal to all accrued but unpaid interest and principal in respect of the deferred development fee, applied first to accrued interest and then to principal;
5. To the management agent, an amount equal to any accrued and unpaid deferred management fees pursuant to Section 4.6.1 of the partnership agreement.
6. To the managing general partner, any unpaid but accrued MGP Fees pursuant to the terms of Section 5.2;
7. To the administrative general partner, any unpaid but accrued AGP Fees pursuant to the terms of Section 5.2 and subject to the fee cap;
8. To repay any voluntary loan payable to the general partner or its affiliates, applied first to accrued interest and then to principal;
9. To the person making an operating deficit loan, to the extent of 50% of the remaining cash flow, an amount equal to the unpaid balance of any operating deficit loan made by such person;
10. To the partnership representative, any reimbursement of unpaid expenses pursuant to Section 11.6 of the partnership agreement.
11. [Intentionally Omitted];
12. With respect to any year prior to the Transition Date, 0.005% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)) and 99.99% to the Investor Limited Partner; and
13. With respect to a Fiscal Year in which the Transition Date has occurred and any Fiscal Year thereafter, 89.995% to the Administrative General Partner (which distribution of Cash Flow to the Administrative General Partner shall first be made in repayment of any Development Deficit Loan and be inclusive of any amounts in repayment of any unpaid Development Deficit Loan and any amounts distributed pursuant to Section 7.4.1(vii)), 0.005% to the Managing General Partner (which distribution of Cash Flow to the Managing General Partner shall be inclusive of any amounts distributed pursuant to Section 7.4.1(vi)), and 10% to the Investor Limited Partner.

**Guaranty agreement**

The partnership agreement provides for a guaranty agreement between affiliates of the managing general partner and affiliates of the administrative general partner for the benefit of the investor limited partner. The guarantors agree to make each and every of the advances and to guarantee payment and performance with, the terms and provisions set forth in the partnership agreement. As of December 31, 2025 and 2024, no amounts were due under the guaranty.

## Note 5 - Reserves

### Replacement reserve

The Partnership is required to make monthly deposits to a replacement reserve account for use in funding future maintenance and replacement costs. Monthly deposits are required based upon an initial amount of $500 per unit per year, with an annual increase of 3%. The Partnership shall fund the replacement reserve at all times during the period from completion to the termination of the compliance period. As of December 31, 2025, the replacement reserve was not required to be funded.

### Operating reserve

Pursuant to the partnership agreement, in order to secure payment of operating deficits, the Partnership (or the administrative general partner, if the Partnership has insufficient funds) is required to establish an operating reserve of at least $209,849, to be funded as a condition to or simultaneously with the investor limited partner making the rental achievement installment. If the Partnership requires funds to cover any operating deficits incurred during the operating deficit guaranty period, the administrative general partner shall make deficit loans to the Partnership to cover the operating deficits, for up to $628,769. As of December 31, 2025, the operating reserve was not required to be funded.

## Note 6 - Mortgages and notes payable

### Construction loan

On April 1, 2024, the Partnership entered into a construction loan agreement with Tri Counties Bank in the amount of $20,000,000. The loan is secured by a deed of trust on the Project and from the date hereof and through the maturity date on October 1, 2026 (with an option to extend the period to the earlier of either (i) April 19, 2027 or (ii) the first Business Day following the date of the Rental Achievement Installment. This construction loan has a fixed interest rate as defined in the interest rate agreement (Exhibit A) of the promissory note (7.67% at December 31, 2025 and 2024). This loan is payable in monthly installments of interest only, commencing April 1, 2024, and continuing the same day of each month thereafter through the maturity date, when the remaining unpaid principal balance plus accrued interest shall be due and will convert into the permanent loan and the remaining portion will be paid using proceeds form capital contributions. For the year ended December 31, 2025 and the period ended December 31, 2024, interest of $935,969 and $236,486 was incurred and capitalized as project development costs, respectively. During the year ended December 31, 2025 and the period ended December 31, 2024, interest of $357,069 and $0 was incurred and charged to operations, respectively. As of December 31, 2025 and 2024, the outstanding principal and accrued interest is $18,803,797 and $10,072,289 and $126,930 and $69,873, respectively.

### Permanent Commitment Loan

On April 1, 2024, the Partnership signed a permanent loan commitment in the amount of $4,977,000 with Tri Counties Bank with a maturity date of October 19, 2043. As of December 31, 2025, the construction loan has not converted to permanent financing.

### City of Chico – CBDG-DR Loan

On April 1, 2024, the Partnership entered into an Affordable Housing Fund (AHF) loan agreement with the City of Chico in the amount of $14,442,686. The CDBG-DR loan note is secured by the Project, bears simple interest at 3% per annum and matures April 1, 2079. During the year ended December 31, 2025 and the period ended December 31, 2024, interest of $232,970 and $21,634 has been incurred and capitalized as cost of the rental property, respectively. During the year ended December 31, 2025

and the period ended December 31, 2024 interest expense of $73,077 and $0 was incurred and charged to operations, respectively. As of December 31, 2025 and 2024, the outstanding principal and accrued interest is $12,998,417 and $3,025,507 and $327,681 and $21,634, respectively.

The liability of the Partnership under the mortgages and notes payable is limited to the value of the underlying property and other amounts deposited with the lenders.

Principal payment requirements for each of the next five years and thereafter following December 31, 2025, are as follows:

| | Tri Counties Bank - Construction Loan | City of Chico - CBDG - DR Loan | Total |
|---|---|---|---|
| 2026 | $ 13,826,797 | $ - | $ 13,826,797 |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| 2030 | - | - | - |
| Thereafter | 4,977,000 | 12,998,417 | 17,975,417 |
| Total | $ 18,803,797 | $ 12,998,417 | 31,802,214 |
| | Less unamortized debt issuance costs | | (279,067) |
| | | | $ 31,523,147 |

## Note 7 - Statements of Cash Flows

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

| | 2025 | 2024 |
|---|---|---|
| Cash | $ 330,889 | $ 11,800 |
| Tenant security deposits | 74,522 | - |
| Total cash and restricted cash shown in the statements of cash flows | $ 405,411 | $ 11,800 |

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the Project.

## Note 8 - Management fee agreement

The Project is managed by WinnResidential California L.P. pursuant to a management agreement that provides for an annual management fee in the amount of $45 per occupied unit per month. For the year ended December 31, 2025 and the period ended December 31, 2024, $6,300 and $0 has been incurred and expensed in the statements of operations, respectively.

## Note 9 - Construction contract

The Partnership entered into a construction contract with Sunseri Construction, Inc. to construct the Project for a total contract amount of $26,533,131 including change orders. The entire amount of the contract has been incurred and capitalized as cost of the rental property. As of December 31, 2025 and 2024, $0 and $2,858,366 is payable respectively, and is included in other liabilities - construction on the balance sheets.

## Note 10 - Housing assistance payment ("HAP") contract

The Housing Authority of the County of Butte has contracted with the Partnership pursuant to a HAP agreement under which 25 units out of the total 70 units of the Project shall be eligible for HAP subsidy upon completion of the Project. Tenants will qualify based on the requirements of the Section 8. For the year ended December 31, 2025, and the period ended December 31, 2024, housing assistance payments of $40,003 and $0, respectively, have been received and are included in rental income in the statements of operations.

## Note 11 - Concentration of credit risk

The Partnership maintains its cash with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2025 and 2024.

## Note 12 - Economic concentration

The Partnership operates a 70-unit apartment project located in Chico, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

## Note 13 - Contingency

### Low-income housing tax credits

The Partnership's low-income housing tax credits will be contingent on its ability to maintain compliance with applicable sections of 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. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

## Note 14 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 18, 2026, 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.

**Supplemental Information**

**Chico Bar Triangle, LP**

**Schedules of Certain Income and Expenses**
**Year Ended December 31, 2025 and**
**Period from September 20, 2023 (inception) through December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Rental income | | |
| Rent revenue - gross potential | $ 239,002 | $ - |
| Tenant assistance payments | 40,003 | - |
| Total rental income | $ 279,005 | $ - |
| Vacancies and concessions | | |
| Apartments vacancies | $ 192,271 | $ - |
| Rental concessions | (34,739) | - |
| Total vacancies and concessions | $ 157,532 | $ - |
| Other operating income | | |
| Tenant charges | $ 1,390 | $ - |
| Damages income | 10 | - |
| Application fees | 8,684 | - |
| Total other operating income | $ 10,084 | $ - |
| Salaries and employee benefits | | |
| Salaries - administrative | $ 57,612 | $ - |
| Salaries - maintenance | 7,208 | - |
| Payroll taxes | 4,364 | - |
| Health insurance and other benefits | 9,049 | - |
| Total salaries and employee benefits | $ 78,233 | $ - |
| Repairs and maintenance | | |
| Fire protection | $ 1,370 | $ - |
| Supplies | 58 | - |
| Repairs and maintenance - other than contracts | 411 | - |
| Repairs and maintenance - contracts | 132 | - |
| Total repairs and maintenance | $ 1,971 | $ - |
| Utilities | | |
| Trash removal | $ 357 | $ - |
| Total utilities | $ 357 | $ - |

**Chico Bar Triangle, LP**

**Schedules of Certain Income and Expenses**
**Year Ended December 31, 2025 and**
**Period from September 20, 2023 (inception) through December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Miscellaneous operating expenses | | |
| Office supplies and expense | $ 1,278 | - |
| Training and travel | 596 | - |
| Telephone and answering service | 1,769 | - |
| Computer supplies and expense | 196 | - |
| Miscellaneous administrative | 211 | - |
| Rent free unit | 2,266 | - |
| Advertising and newspaper | 345 | - |
| Audit | 30,495 | - |
| Other taxes, licenses and insurance | 836 | - |
| Total miscellaneous operating expenses | $ 37,992 | $ - |
| Interest expense - other loans | | |
| Interest expense - construction loan | $ 360,337 | $ - |
| Interest expense - second mortgage | 73,077 | - |
| Total interest expense - other loans | $ 433,414 | $ - |
| Startup and organization costs | | |
| Start-up and organization costs | $ (145,897) | $ (14,800) |
| Total startup and organization costs | $ (145,897) | $ (14,800) |
| MGP overhead expense | | |
| MGP overhead expense | $ - | $ 30,000 |
| Total mgp overhead expense | $ - | $ 30,000 |




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# Chico Pacific Associates III, LP

## Financial Statements and Independent Auditor's Report

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

# Chico Pacific Associates III, LP

**December 31, 2025 and 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 sheets as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the periods 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 Chico Pacific Associates III, LP as of December 31, 2025 and 2024, 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 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
April 24, 2026

# Chico Pacific Associates III, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 54,363** | $ 277,102 |
| Accounts Receivable, net | **34,256** | 12,518 |
| Prepaid Expenses | **1,676** | 23,315 |
| Related Party Receivables | **-** | 7,500 |
| Restricted Cash: | | |
| Tenant Security Deposits | **30,243** | 35,092 |
| Escrow Deposits | **42,510** | - |
| Replacement Reserve | **6,401** | - |
| Other Reserves | **237,772** | - |
| Rental Property, net | **16,712,548** | 17,273,936 |
| Other Assets | **79,718** | 141,865 |
| **Total Assets** | **$ 17,199,487** | $ 17,771,328 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 2,118** | $ 45,590 |
| Accrued Expenses | **842** | - |
| Accrued Interest Payable | **14,089** | 29,832 |
| Security Deposits Liability | **31,000** | 35,849 |
| Prepaid Rent | **1,631** | 1,254 |
| Related Party Payables | **825,729** | 4,700 |
| Long-Term Debt, net | **2,489,908** | 4,820,297 |
| Total Liabilities | **3,365,317** | 4,937,522 |
| **Partners' Capital** | | |
| Partners' Capital | **13,834,170** | 12,833,806 |
| **Total Liabilities and Partners' Capital** | **$ 17,199,487** | $ 17,771,328 |

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

# Chico Pacific Associates III, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 569,108** | $ 137,829 |
| Less: Vacancy Loss | **(26,721)** | (10,259) |
| Less: Rental Concessions | **(2,666)** | (16,204) |
| Net Rental Income | **539,721** | 111,366 |
| Miscellaneous Income | **2,148** | 1,040 |
| **Total Operating Revenue** | **541,869** | 112,406 |
| **Operating Expenses** | | |
| Administrative Expenses | **103,380** | 105,067 |
| Utilities | **29,938** | 1,242 |
| Operating and Maintenance Expenses | **71,278** | 14,107 |
| Taxes and Insurance | **65,719** | 24,820 |
| **Total Operating Expenses** | **270,315** | 145,236 |
| **Net Operating Income** | **271,554** | (32,830) |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **6,979** | 1,075 |
| Interest Expense | **(216,942)** | (211,009) |
| Depreciation Expense | **(591,254)** | (120,661) |
| Amortization Expense | **(6,418)** | (10,133) |
| Lease-Up and Marketing Expenses | **(3,535)** | (2,163) |
| Asset Management Fee | **(5,753)** | - |
| Partnership Management Fee | **(3,682)** | - |
| Incentive Management Fee | **-** | (10,000) |
| **Total Non-Operating Income (Expenses)** | **(820,605)** | (352,891) |
| **Net Loss** | **$ (549,051)** | $ (385,721) |

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

# Chico Pacific Associates III, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and 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%) |
|---|---|---|---|---|---|
| **Prior period activity** | | | | | |
| Capital Contributed | $ - | $ - | $ 13,219,527 | $ - | $ 13,219,527 |
| Net loss for the period | (19) | (19) | (385,683) | - | (385,721) |
| **Balance, September 21, 2021** | (19) | (19) | 12,833,844 | - | 12,833,806 |
| **Current Year Activity** | | | | | |
| Capital Contributed | - | - | 1,549,415 | - | 1,549,415 |
| Net loss for the period | (27) | (27) | (548,997) | - | (549,051) |
| **Balance, December 31, 2025** | $ (46) | $ (46) | $ 13,834,262 | $ - | $ 13,834,170 |

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

# Chico Pacific Associates III, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 518,360** | $ 100,102 |
| Interest Receipts | **6,979** | 1,075 |
| Other Operating Receipts | **9,648** | 1,040 |
| Tenant Security Deposits | **(4,849)** | 35,849 |
| **Total Receipts** | **530,138** | 138,066 |
| **Disbursements** | | |
| Administrative | **(108,030)** | (65,768) |
| Management Fee | **(22,263)** | (17,768) |
| Utilities | **(29,938)** | (1,242) |
| Operating and Maintenance | **(70,436)** | (14,107) |
| Real Estate Taxes | **(1,277)** | (1,847) |
| Property Insurance | **(16,542)** | (27,939) |
| Taxes and Insurance | **(21,967)** | (18,349) |
| Interest on Mortgage and Notes Payable | **(111,104)** | - |
| **Total Disbursements** | **(381,557)** | (147,020) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **148,581** | (8,954) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **(29,866)** | (17,373,338) |
| Tax Credit Fees | **55,729** | (151,998) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **25,863** | (17,525,336) |

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

# Chico Pacific Associates III, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Payments - Mortgages and Notes Payable | **(4,921,920)** | (10,084,737) |
| Principal Borrowings - Mortgages, Loans, or Notes Payable | **-** | 15,006,657 |
| Payment of Post Completion Construction Loan Interest | **(109,212)** | (174,402) |
| Principal Borrowings - Perm Loan | **2,700,000** | - |
| Principal Payments - Perm Loan | **(8,949)** | - |
| Principal Borrowings - Related Party Payable | **807,300** | - |
| Capital Contributions | **1,549,415** | 13,219,527 |
| Debt Issuance Costs Paid By Development | **(111,889)** | (108,398) |
| Payments of Development Costs Payable | **(16,559)** | - |
| MGP Start Up Fees Paid By Development | **-** | (10,000) |
| Marketing and Operating Expenses Paid By Development | **(3,535)** | (2,163) |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(115,349)** | 17,846,484 |
| **Net change in cash, cash equivalents, and restricted cash** | **59,095** | 312,194 |
| Cash, cash equivalents, and restricted cash at beginning of year | **312,194** | - |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 371,289** | $ 312,194 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 49,441** | $ 18,389 |
| Construction Cash Account | **4,922** | 258,713 |
| Tenant Security Deposits | **30,243** | 35,092 |
| Escrow Deposits | **42,510** | - |
| Replacement Reserve | **6,401** | - |
| Other Reserves | **237,772** | - |
| | **$ 371,289** | $ 312,194 |

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

# Chico Pacific Associates III, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(549,051)** | (385,721) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **591,254** | 120,661 |
| Amortization | **6,418** | 10,133 |
| Amortization/Interest Debt Issuance Costs | **12,369** | 6,775 |
| Other Financing Activities: Payments of Construction Loan Interest | **109,212** | 174,402 |
| Other Financing Activities: MGP Start Up Fees | **-** | 10,000 |
| Other Financing Activities: Marketing and Operating Expenses | **3,535** | 2,163 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **(21,738)** | (12,518) |
| Related Party Receivables | **7,500** | (7,500) |
| Prepaid Expenses | **21,639** | (23,315) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(26,071)** | 29,031 |
| Accrued Interest Payable | **(15,743)** | 29,832 |
| Security Deposits Liability | **(4,849)** | 35,849 |
| Prepaid Rent | **377** | 1,254 |
| Related Party Payables | **13,729** | - |
| **Net cash provided by (used by) operating activities** | **$ 148,581** | $ (8,954) |

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

# Chico Pacific Associates III, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and 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.

## 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, 2025 was $ 591,254 (2024 - $ 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 year ended December 31, 2025 and 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 $96,269 and $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 $16,551 and $10,133 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $201,143 and $101,623 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $12,369 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

## 2. Significant Accounting Policies

### 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 retains substantially all of the risks and benefits of ownership of its rental properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the project are considered to be operating leases. As of December 31, 2025 and 2024, the balance of allowance for doubtful accounts was $450 and $270, respectively.

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2024, advertising and marketing costs totaled $6,060 and $7,910, 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 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.

## 2. Significant Accounting Policies

### I. 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

### 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. For the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2025, asset management fees incurred were $5,753 and $0, respectively. As of December 31, 2025 and 2024, asset management fees payable were $5,753 and $0, respectively. During the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2025, no asset management fees were paid

**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. For the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2025, partnership management fees incurred were $3,682 and $0, respectively. As of December 31, 2025 and 2024, partnership management fees payable were $3,682 and $0, respectively. During the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2025, no partnership management fees were paid.

### 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 $0 and $4,700 remained payable as of December 31, 2025 and 2024, respectively.

## 3. Related Party Transactions

### c. Development Advances - PWC

Pacific West Communities, Inc. ("PWC"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of $812,000 which have not been repaid as of December 31, 2025. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2025 and 2024, the balance of the loan was $812,000 and $0, respectively. Per the Amended LPA, these development advances will be treated as a completion loan and be repayable based on cash flow available.

## 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. 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.

## 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 $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 form 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.

### 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 $42,475 and $4,624 for the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2024. For the year ended December 31, 2025 and for the period beginning March 17, 2022 and ending December 31, 2024 payments to PWC for insurance amounted to $6,703 and $27,744, respectively.

## 3. Related Party Transactions

### g. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due From Related Parties: | | |
| Due from Deer Creek I(*) | $ - | $ 7,500 |

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Asset Management Fee Payable | $ 5,753 | $ - |
| Partnership Management Fee Payable | 3,682 | - |
| Construction Contract Payable | 812,000 | 4,700 |
| Related Party Payables - Insurance Payable | 4,294 | - |
| **Total Related Party Payables** | $ 825,729 | $ 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.

## 4. Property Management Fees

The property is managed by Cambridge Real Estate Services who is not affiliated with the owners. Management Fees of $22,263 and $17,768 were incurred at the greater of $1,800 per month or 4.25% of gross operating revenues for the year ended December 31, 2025 and for 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:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 815,979 | $ 815,979 |
| Buildings | 13,534,881 | 14,385,159 |
| Land Improvements | 1,089,577 | 1,156,419 |
| Office Furniture and Equipment | 905,415 | 1,037,040 |
| Solar Equipment | 1,078,611 | - |
| **Total cost** | 17,424,463 | 17,394,597 |
| Accumulated Depreciation | (711,915) | (120,661) |
| **Total Rental Property, net** | $ 16,712,548 | $ 17,273,936 |

## 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, 2025 and 2024, the balance was $6,401 and $0, respectively.

### b. Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. As of December 31, 2025 and 2024, the balance was $30,243 and $35,092, respectively. As of December 31, 2025 the account was underfunded by an immaterial amount.

### c. Tax and Insurance Account

Management has established a tax and insurance account. They are setting aside funds to pay for tax and insurance payments required annually. For the year ended December 31, 2025 and the period ending December 31, 2024 the operating reserve balance was $42,510 and $0, respectively.

### 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. For the year ended December 31, 2025 and the period ending December 31, 2024 the operating reserve balance was $237,772 and $0, respectively.

| | Replacement Reserve | T & I Account | Other Reserves |
|---|---|---|---|
| **Current Year Activity** | | | |
| Deposits | $ 6,400 | $ 46,870 | $ 231,125 |
| Interest | 1 | - | 6,647 |
| Withdrawals | - | (4,360) | - |
| **Subtotal, Current Year Activity** | 6,401 | 42,510 | 237,772 |
| **Balance, End of Period** | **$ 6,401** | **$ 42,510** | **$ 237,772** |

# Chico Pacific Associates III, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning March 17, 2022 and Ending December 31, 2024**

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 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 2025 totaled $79,380 (2024 - $204,234). | $ - | $ - | $ 29,832 | $ 4,921,920 |
| **Permanent Loan - Berkadia Commercial Mortgage, LLC** | | | | |
| The permanent loan originated on March 27, 2025 with Berkadia Commercial Mortgage, LLC in the amount of $2,700,000. The loan bears interest at a fixed annual rate of 6.08% with an amortization period of forty years. The maturity date is April 1, 2040. The loan requires monthly principal and interest payments in the amount of $15,006.62. Interest expense for 2025 totaled $125,193 (2024 - $0). | 14,089 | 2,691,051 | - | - |
| **Long-Term Debt Interest and Principal** | 14,089 | 2,691,051 | 29,832 | 4,921,920 |
| Less: Unamortized Debt Issuance Costs | - | (201,143) | - | (101,623) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 14,089 | $ 2,489,908 | $ 29,832 | $ 4,820,297 |

## 7. Long-Term Debt

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 16,929 |
| 2027 | 17,987 |
| 2028 | 19,112 |
| 2029 | 20,307 |
| 2030 | 21,577 |
| Subsequent | 2,595,139 |
| **Total** | **$ 2,691,051** |

## 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, 2026 (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 $18,749,770 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $1,874,977 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:

| | |
|---|---|
| 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** | **$ 16,414,978** |

## 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, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 6,060** | $ 7,910 |
| Other Renting Expenses | **500** | - |
| Office Expenses | **10,213** | 9,923 |
| Property Management Fees | **22,263** | 17,768 |
| Manager or Superintendent Salaries | **16,317** | 27,383 |
| Administrative Rent Free Unit | **11,144** | 2,709 |
| Legal Expense - Project | **1,395** | 35,000 |
| Audit Expense | **9,800** | - |
| Bad Debts | **9,473** | - |
| Miscellaneous Administrative Expenses | **16,215** | 4,374 |
| **Total Administrative Expenses** | **103,380** | 105,067 |
| **Utilities** | | |
| Fuel Oil/Coal | **358** | - |
| Electricity | **15,861** | - |
| Water | **13,500** | 1,242 |
| Sewer | **219** | - |
| **Total Utilities** | **29,938** | 1,242 |
| **Operating and Maintenance** | | |
| Payroll | **24,191** | 10,808 |
| Supplies | **4,755** | 615 |
| Contracts | **30,341** | 216 |
| Garbage and Trash | **9,136** | 2,149 |
| Heating/Cooling Repairs and Maintenance | **1,252** | - |
| Miscellaneous Operating and Maintenance Expense | **1,603** | 319 |
| **Total Operating and Maintenance** | **71,278** | 14,107 |

# Chico Pacific Associates III, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Taxes and Insurance** | | |
| Real Estate Taxes | **1,277** | 1,847 |
| Payroll Taxes | **5,948** | 5,190 |
| Property & Liability Insurance (Hazard) | **42,475** | 4,624 |
| Fidelity Bond Insurance | **469** | 272 |
| Workmen's Compensation | **2,803** | 2,198 |
| Health Insurance and Other Employee Benefits | **11,947** | 9,925 |
| Miscellaneous Taxes, Licenses, Permits, & Insurance | **800** | 764 |
| **Total Taxes and Insurance** | **65,719** | 24,820 |
| **Total operating expenses** | **$ 270,315** | $ 145,236 |

# Chico Pacific Associates III, LP

**For the Year Ended December 31, 2025**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 148,581 |
| Add: | |
| Change in Tenant Security Deposit Account | 4,849 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (8,949) |
| Change in Replacement Reserve Accounts | (6,401) |
| Change in Operating Reserve Accounts | (6,647) |
| Change in Mortgage Escrow Accounts | (41,510) |
| **Cash Flow Available for Distribution** | **$ 89,923** |

### Distribution of Available Cash Flow

Cash flow available for distribution from 2025 shall be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 5,723 |
| Partnership Management Fee Payable | 3,682 |
| Completion Loans and Development Advances Payable | 80,518 |
| **Total** | **$ 89,923** |

# Eaglepointe Pacific Associates, LP

## Financial Statements

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

# Eaglepointe Pacific Associates, LP

**December 31, 2025 and 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 sheets as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the periods 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 Eaglepointe Pacific Associates, LP as of December 31, 2025 and 2024, 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 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
April 24, 2026

# Eaglepointe Pacific Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 92,195** | $ 47,050 |
| Accounts Receivable, net | **2,637** | 2,333 |
| Prepaid Expenses | **7,020** | 68,323 |
| Related Party Receivables | **16,066** | - |
| Restricted Cash: | | |
| Tenant Security Deposits | **28,391** | 7,430 |
| Other Reserves | **5,362** | 5,197 |
| Rental Property, net | **20,887,636** | 21,523,835 |
| Other Assets | **110,618** | 118,663 |
| **Total Assets** | **$ 21,149,925** | $ 21,772,831 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 41,924** | $ 1,289,365 |
| Accrued Interest Payable | **14,958** | 14,958 |
| Security Deposits Liability | **29,100** | 8,309 |
| Prepaid Rent | **1,304** | 355 |
| Related Party Payables | **2,878,600** | 2,225,814 |
| Long-Term Debt, net | **10,096,261** | 9,270,037 |
| Total Liabilities | **13,062,147** | 12,808,838 |
| **Partners' Capital** | | |
| Partners' Capital | **8,087,778** | 8,963,993 |
| **Total Liabilities and Partners' Capital** | **$ 21,149,925** | $ 21,772,831 |

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

# Eaglepointe Pacific Associates, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 432,012** | $ 72,905 |
| Less: Vacancy Loss | **(90,199)** | (58,122) |
| Less: Rental Concessions | **(11,109)** | - |
| Net Rental Income | **330,704** | 14,783 |
| Miscellaneous Income | **8,765** | 1,980 |
| **Total Operating Revenue** | **339,469** | 16,763 |
| **Operating Expenses** | | |
| Administrative Expenses | **173,433** | 41,121 |
| Utilities | **30,539** | 3,249 |
| Operating and Maintenance Expenses | **58,802** | 6,974 |
| Taxes and Insurance | **78,128** | 34,728 |
| **Total Operating Expenses** | **340,902** | 86,072 |
| **Net Operating Income** | **(1,433)** | (69,309) |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **548** | 1,869 |
| Interest Expense | **(219,880)** | (150,094) |
| Depreciation Expense | **(624,939)** | (156,306) |
| Amortization Expense | **(8,045)** | (2,011) |
| Lease-Up and Marketing Expenses | **(1,793)** | (9,392) |
| Asset Management Fee | **(7,500)** | (7,500) |
| Partnership Management Fee | **(4,300)** | (4,300) |
| MGP Startup Fee | **-** | (60,000) |
| Other Non-Operating Expense | **(8,873)** | - |
| **Total Non-Operating Income (Expenses)** | **(874,782)** | (387,734) |
| **Net Loss** | **$ (876,215)** | $ (457,043) |

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

# Eaglepointe Pacific Associates, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and 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%) |
|---|---|---|---|---|---|
| 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** | (5) | (41) | 8,964,039 | - | 8,963,993 |
| Net loss for the period | (9) | (79) | (876,127) | - | (876,215) |
| **Balance, December 31, 2025** | $ (14) | $ (120) | $ 8,087,912 | $ - | $ 8,087,778 |

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

# Eaglepointe Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 331,349** | $ 12,805 |
| Interest Receipts | **548** | 1,869 |
| Other Operating Receipts | **8,765** | 1,980 |
| **Total Receipts** | **340,662** | 16,654 |
| **Disbursements** | | |
| Administrative | **(152,447)** | (34,621) |
| Management Fee | **(20,986)** | (6,500) |
| Utilities | **(30,539)** | (3,249) |
| Operating and Maintenance | **(106,098)** | (6,974) |
| Real Estate Taxes | **(13,184)** | - |
| Property Insurance | **-** | (81,953) |
| Taxes and Insurance | **(33,721)** | (7,084) |
| Tenant Security Deposits | **20,791** | 8,309 |
| **Total Disbursements** | **(336,184)** | (132,072) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **4,478** | (115,418) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **11,260** | (20,525,912) |
| Tax Credit Fees | **-** | (120,674) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **11,260** | (20,646,586) |

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

# Eaglepointe Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Payments - Mortgages and Notes Payable | **-** | (6,136,421) |
| Interest Payments - Construction Loan | **(173,689)** | - |
| 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 | **(10,666)** | (9,392) |
| Principal Borrowings - Mortgages, Loans, or Notes Payable | **825,557** | 15,426,458 |
| Principal Borrowings - Related Party Loan | **655,000** | - |
| Payments of Development Costs Payable | **(20,751)** | - |
| Payments of Construction Costs Payable | **(1,179,394)** | - |
| Payments of Interest on Related Party Loan | **(45,524)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **50,533** | 20,821,681 |
| **Net change in cash, cash equivalents, and restricted cash** | **66,271** | 59,677 |
| Cash, cash equivalents, and restricted cash at beginning of year | **59,677** | - |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 125,948** | $ 59,677 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 92,195** | $ 47,050 |
| Tenant Security Deposits | **28,391** | 7,430 |
| Other Reserves | **5,362** | 5,197 |
| | **$ 125,948** | $ 59,677 |

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

# Eaglepointe Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(876,215)** | (457,043) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **624,939** | 156,306 |
| Amortization | **8,045** | 2,011 |
| Amortization/Interest Debt Issuance Costs | **667** | - |
| Other Financing Activities: Payments of Construction Loan Interest | **173,689** | 135,136 |
| Other Financing Activities: MGP Start Up Fees | **-** | 60,000 |
| Other Financing Activities: Marketing and Operating Expenses | **10,666** | 9,392 |
| Other Financing Activities: Payments of Related Party Loan Interest | **45,524** | - |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **(304)** | (2,333) |
| Related Party Receivables | **(16,066)** | - |
| Prepaid Expenses | **61,303** | (68,323) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(47,296)** | - |
| Accrued Interest Payable | **-** | 14,958 |
| Security Deposits Liability | **20,791** | 8,309 |
| Prepaid Rent | **949** | 355 |
| Related Party Payables | **(2,214)** | 25,814 |
| **Net cash provided by (used by) operating activities** | **$ 4,478** | $ (115,418) |

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

# Eaglepointe Pacific Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and 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.

## 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, 2025 was $ 624,939 (2024 - $ 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 year ended December 31, 2025 and for the period beginning May 2, 2022 and ending 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 $10,056 and $2,011 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $19,333 and $20,000 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $667 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.

## 2. Significant Accounting Policies

### 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 retains substantially all of the risks and benefits of ownership of its rental properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the project are considered to be operating leases. As of December 31, 2025 and 2024, the balance of allowance for doubtful accounts was $8,960 and $180, respectively.

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2025 and for the period beginning May 2, 2022 and ending December 31, 2024, advertising and marketing costs totaled $5,773 and $709, 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 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.

## 2. Significant Accounting Policies

### I. 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

### 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 year ended December 31, 2025 and for the period ended December 31, 2024 the Asset Manager earned an Asset Management Fee in the amount of $7,500 and $7,500, respectively. As of December 31, 2025 and 2024 the Asset Manager was owed an Asset Management Fee in the amount of $15,000 and $7,500, respectively. For the year ended December 31, 2025 and for the period ended December 31, 2024, no asset management fees were paid.

**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 year ended December 31, 2025 and for the period ended December 31, 2024 the Managing General Partner earned a Partnership Management Fee in the amount of $4,300 and $4,300, respectively. As of December 31, 2025 and 2024 the Managing General Partner was owed a Partnership Management Fee in the amount of $8,600 and $4,300, respectively. For the year ended December 31, 2025 and for the period ended December 31, 2024, no partnership management fees were paid.

**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 Inventive Management Fee specified for such use, the Partnership shall have no obligation to pay such shortfall in any future Fiscal Year. For the year ended December 31, 2025 and for the period ended December 31, 2024, no incentive management fees were paid.

## 3. Related Party Transactions

### a. Partner Fees

**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 year ended December 31, 2025 and for the period ended December 31, 2024 the Limited Partner earned a Due Diligence Fee in the amount of $0 and $60,000, respectively.

### 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.

### 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 $0 and $1,179,394 remained payable as of December 31, 2025 and 2024, respectively.

### d. 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 $655,000 which have not been repaid as of December 31, 2025. The loan does not have a stated maturity date and bear interest at a 5% annual rate. As of December 31, 2025 and 2024, the balance of the loan was $655,000 and $0, respectively. For the year ended December 31, 2025 and for the period ended December 31, 2024, interest incurred and paid was $45,524 and $0, respectively..

### 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 $45,238 and $13,630 for the year ended December 31, 2025 and for the period ended December 31, 2024. For the year ended December 31, 2025 and for the period ended December 31, 2024 payments to PWC for insurance amounted to $0 and $81,778, respectively. In 2025, the $81,778 policy covering the period of October, 18th 2024 to October 18, 2025 was canceled and a new policy was issued for the period June 23, 2025 to April 1, 2026. As a result the refund received from the policy cancellation exceeded the new policy amount by $16,066. Therefore, a related party receivable was recorded for that amount.

## 3. Related Party Transactions

### f. 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.

### g. Guarantees

Operating Deficit Guaranty - The general partners, jointly and severally, will provide funds to the partnership

## 3. Related Party Transactions

### g. Guarantees

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 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.

### h. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due from General Partner | $ 16,066 | $ - |

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 2,200,000 | $ 2,200,000 |
| Asset Management Fee Payable | 15,000 | 7,500 |
| Partnership Management Fee Payable | 8,600 | 4,300 |
| Loans Payable - General Partner | 655,000 | - |
| Related Party Payables - Due to General Partner | - | 14,014 |
| **Total Related Party Payables** | $ 2,878,600 | $ 2,225,814 |

## 4. Property Management Fees

The property is managed by Cambridge Real Estate Services who is not affiliated with the owners. Management Fees of $20,986 and $6,500 were incurred at six percent (6%) of gross operating revenues, or a minimum monthly fee of $1,300, during the year ended December 31, 2025 and for the period ending December 31, 2024, respectively. The fee is calculated with respect to the preceding calendar month and payable in the month during which it was earned.

## 5. Rental Property

### a. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 880,000 | $ 880,000 |
| Buildings | 17,470,907 | 17,482,167 |
| Land Improvements | 2,872,625 | 2,872,625 |
| Furniture and Fixtures | 445,349 | 445,349 |
| **Total cost** | 21,668,881 | 21,680,141 |
| Accumulated Depreciation | (781,245) | (156,306) |
| **Total Rental Property, net** | $ 20,887,636 | $ 21,523,835 |

## 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. As of December 31, 2025 the replacement reserve account had 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 as of December 31, 2025 and 2024 was $28,391 and $7,430, respectively. As of December 31, 2025 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.

### d. Restricted Account Activity

| | Other Reserves |
|---|---|
| **Prior Year Activity** | |
| Deposits | $ 5,016 |
| Interest | 181 |
| **Balance, End of Period** | 5,197 |
| **Current Year Activity** | |
| Interest | 165 |
| **Subtotal, Current Year Activity** | 165 |
| **Balance, End of Period** | **$ 5,362** |

# Eaglepointe Pacific Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 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. As of December 31, 2025 the interest rate was 5.9375%. Interest expense for 2025 totaled $173,689 (2024 - $150,094). | $ 14,958 | $ 2,725,594 | $ 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. | - | 7,390,000 | - | 6,651,000 |
| **Long-Term Debt Interest and Principal** | 14,958 | 10,115,594 | 14,958 | 9,290,037 |
| Less: Unamortized Debt Issuance Costs | - | (19,333) | - | (20,000) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 14,958 | $ 10,096,261 | $ 14,958 | $ 9,270,037 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 2,725,594 |
| 2027 | - |
| 2028 | - |
| 2029 | - |
| 2030 | - |
| Subsequent | 7,390,000 |
| **Total** | **$ 10,115,594** |

## 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, 2026 (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 $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, 2025 $1,445,213 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:

| | |
|---|---|
| 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** |
| 2035 | **25,704** |
| **Total** | **$ 13,263,957** |

## 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.

# Eaglepointe Pacific Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning May 2, 2022 and Ending December 31, 2024**

## 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 Paradise, 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

# Eaglepointe Pacific Associates, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 5,773** | $ 709 |
| Other Renting Expenses | **4,840** | 1,659 |
| Office Expenses | **4,767** | 2,107 |
| Property Management Fees | **20,986** | 6,500 |
| Manager or Superintendent Salaries | **79,575** | 19,405 |
| Administrative Rent Free Unit | **11,144** | 1,415 |
| Legal Expense - Project | **6,587** | - |
| Audit Expense | **7,160** | - |
| Bad Debts | **8,790** | - |
| Miscellaneous Administrative Expenses | **23,811** | 9,326 |
| **Total Administrative Expenses** | **173,433** | 41,121 |
| **Utilities** | | |
| Water | **26,849** | 3,249 |
| Sewer | **3,690** | - |
| **Total Utilities** | **30,539** | 3,249 |
| **Operating and Maintenance** | | |
| Payroll | **9,537** | 1,404 |
| Supplies | **1,900** | - |
| Contracts | **18,329** | - |
| Garbage and Trash | **7,552** | - |
| Miscellaneous Operating and Maintenance Expense | **21,484** | 5,570 |
| **Total Operating and Maintenance** | **58,802** | 6,974 |

# Eaglepointe Pacific Associates, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Taxes and Insurance** | | |
| Real Estate Taxes | **(830)** | 12,711 |
| Payroll Taxes | **12,885** | 3,177 |
| Property & Liability Insurance (Hazard) | **45,238** | 13,630 |
| Fidelity Bond Insurance | **420** | 244 |
| Workmen's Compensation | **5,649** | 1,076 |
| Health Insurance and Other Employee Benefits | **13,966** | 3,890 |
| Miscellaneous Taxes, Licences, Permits, & Ins | **800** | - |
| **Total Taxes and Insurance** | **78,128** | 34,728 |
| **Total operating expenses** | **$ 340,902** | $ 86,072 |

# Eaglepointe Pacific Associates, LP

**For the Year Ended December 31, 2025**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 4,478 |
| Add: | |
| Deduct: | |
| Change in Operating Reserve Accounts | (165) |
| Change In Tenant Security Deposit Account | (20,961) |
| **Cash Flow Available for Distribution** | $ (16,648) |

# Gridley Family Associates, LP

## dba Ford Oaks Apartments
## Financial Statements

**For the Years Ended December 31, and 2024**

# Gridley Family Associates, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Gridley Family Associates, LP

### Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of Gridley Family Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the years 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 Gridley Family Associates, LP as of December 31, 2025 and 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. 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 Family 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 Family 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 Family 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 Family 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
March 21, 2026

# Gridley Family Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 102,712** | $ 134,471 |
| Accounts Receivable, net | **26,415** | 10,361 |
| Prepaid Expenses | **12,720** | 10,067 |
| Restricted Cash: | | |
| Tenant Security Deposits | **25,691** | 26,799 |
| Escrow Deposits | **7,497** | 7,497 |
| Replacement Reserve | **27,000** | 18,000 |
| Other Reserves | **71,155** | 71,145 |
| Rental Property, net | **12,830,218** | 13,437,579 |
| Other Assets | **61,397** | 66,885 |
| **Total Assets** | **$ 13,164,805** | $ 13,782,804 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 902** | $ 1,092 |
| Security Deposits Liability | **25,691** | 25,900 |
| Prepaid Rent | **758** | 70 |
| Related Party Payables | **9,283** | 16,332 |
| Long-Term Debt, net | **1,145,747** | 1,168,304 |
| Total Liabilities | **1,182,381** | 1,211,698 |
| **Partners' Capital** | | |
| Partners' Capital | **11,982,424** | 12,571,106 |
| **Total Liabilities and Partners' Capital** | **$ 13,164,805** | $ 13,782,804 |

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

# Gridley Family Associates, LP

**Statements of Income**

**For the Years Ended December 31, and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 418,444** | $ 406,521 |
| Less: Vacancy Loss | **(31,533)** | (11,793) |
| Net Rental Income | **386,911** | 394,728 |
| Miscellaneous Income | **4,482** | 6,721 |
| **Total Operating Revenue** | **391,393** | 401,449 |
| **Operating Expenses** | | |
| Administrative Expenses | **104,707** | 101,244 |
| Utilities | **28,684** | 28,911 |
| Operating and Maintenance Expenses | **76,577** | 71,865 |
| Taxes and Insurance | **31,527** | 29,993 |
| **Total Operating Expenses** | **241,495** | 232,013 |
| **Net Operating Income** | **149,898** | 169,436 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **10** | 36 |
| Interest Expense | **(47,036)** | (47,901) |
| Depreciation Expense | **(607,361)** | (607,361) |
| Amortization Expense | **(5,488)** | (5,488) |
| Asset Management Fee | **(5,464)** | (5,305) |
| Partnership Management Fee | **(3,819)** | (3,708) |
| Incentive Management Fee | **(48,783)** | - |
| **Total Non-Operating Income (Expenses)** | **(717,941)** | (669,727) |
| **Net Loss** | **$ (568,043)** | $ (500,291) |

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

# Gridley Family Associates, LP

**Statements of Changes in Partners' Capital**

**For the Years Ended December 31, and 2024**

| | CREA Corporate Tax Credit Fund 87, LP (99.989%) | CREA SLP, LLC (0.001%) | Butte County Affordable Housing Development Corporation (0.005%) | TPC Holdings IX, LLC (0.005%) | Total (100.00%) |
|---|---|---|---|---|---|
| **Prior year activity** | | | | | |
| Balance, January 1, 2024 | $ 13,071,429 | $ 88 | $ (60) | $ (60) | $ 13,071,397 |
| Syndication Costs | - | - | - | - | - |
| Distributions | - | - | - | - | - |
| Net Loss | (500,236) | (5) | (25) | (25) | (500,291) |
| **Balance, December 31, 2024** | 12,571,193 | 83 | (85) | (85) | 12,571,106 |
| **Current Year Activity** | | | | | |
| Capital Contributed | - | - | - | - | - |
| Syndication Costs | - | - | - | - | - |
| Distributions | (6,942) | - | (3) | (13,694) | (20,639) |
| Net Loss | (567,981) | (6) | (28) | (28) | (568,043) |
| **Balance, December 31, 2025** | $ 11,996,270 | $ 77 | $ (116) | $ (13,807) | $ 11,982,424 |

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

# Gridley Family Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 371,545** | $ 389,572 |
| Interest Receipts | **10** | 36 |
| Other Operating Receipts | **4,482** | 6,721 |
| **Total Receipts** | **376,037** | 396,329 |
| **Disbursements** | | |
| Administrative | **(82,885)** | (77,420) |
| Management Fee | **(22,012)** | (22,732) |
| Utilities | **(28,684)** | (28,911) |
| Operating and Maintenance | **(76,577)** | (71,865) |
| Real Estate Taxes | **(1,654)** | (2,402) |
| Property Insurance | **(20,783)** | (16,199) |
| Taxes and Insurance | **(11,743)** | (12,362) |
| Tenant Security Deposits | **(209)** | 1,158 |
| Interest on Mortgage and Notes Payable | **(47,036)** | (47,901) |
| Partner Fees | **(57,796)** | (11,666) |
| **Total Disbursements** | **(349,379)** | (290,300) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **26,658** | 106,029 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Borrowings (Payments) - Mortgages and Notes Payable | **(22,557)** | (16,339) |
| Payments of Deferred Developer Fee | **(7,319)** | (73,688) |
| Capital Distributions | **(20,639)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(50,515)** | (90,027) |
| **Net change in cash, cash equivalents, and restricted cash** | **(23,857)** | 16,002 |
| Cash, cash equivalents, and restricted cash at beginning of year | **257,912** | 241,910 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 234,055** | $ 257,912 |

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

# Gridley Family Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, and 2024**

| | 2025 | 2024 |
|---|---|---|
| Cash, cash equivalents, and restricted cash consist of the following: | | |
| Cash and Cash Equivalents | **$ 102,712** | $ 134,471 |
| Tenant Security Deposits | **25,691** | 26,799 |
| Escrow Deposits | **7,497** | 7,497 |
| Replacement Reserve | **27,000** | 18,000 |
| Other Reserves | **71,155** | 71,145 |
| | **$ 234,055** | $ 257,912 |
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(568,043)** | (500,291) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **607,361** | 607,361 |
| Amortization | **5,488** | 5,488 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **(16,054)** | (5,136) |
| Prepaid Expenses | **(2,653)** | (970) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(190)** | 1,092 |
| Security Deposits Liability | **(209)** | 1,158 |
| Prepaid Rent | **688** | (20) |
| Related Party Payables | **270** | (2,653) |
| **Net cash provided by (used by) operating activities** | **$ 26,658** | $ 106,029 |

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

# Gridley Family Associates, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, and 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Gridley Family 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 21, 2021. The Administrative General Partner is TPC Holdings IX, LLC (0.005%). The Managing General Partner is Butte County Affordable Housing Development Corporation (0.005%). The Investor Limited Partner is CREA Corporate Tax Credit Fund 87, LP (99.989 and the Special Limited Partner is CREA SLP, LLC (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 Gridley, CA known as Ford Oaks Apartments. The project was placed in service on June 30 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, 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.

## 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, 2025 was $ $607,361 (2024 - $ 607,361).

### 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, 2025 and 2025.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $82,326 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 $20,929 and $15,441 as of December 31, 2025 and 2024, respectively.

### g. 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, 2025 and 2024, the balance of allowance for doubtful accounts was $0 and $16,585, respectively.

### h. 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.

## 2. Significant Accounting Policies

### i. 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.

### j. Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

### k. Fair Value

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

### a. Partner Fees

***Asset Management Fee***

An annual asset management fee of $5,000 (increasing 3%) is payable to the CREA SLP, the asset manager. The asset management fee shall accrue, without interest. For the years ended December 31, 2025 and 2024, asset management fees incurred were $5,464 and $5,305, respectively. As of December 31, 2025 and 2024, asset management fees payable were $5,464 and $5,305, respectively. During the years ended December 31, 2025 and 2024, asset management fees paid were $5,305 and $8,066.

***Partnership Management Fee***

An annual partnership management fee of $3,600 (increasing 3%) is payable to Butte County Affordable Housing Development Corporation for obtaining the property tax exemption. Any partnership management fee not paid shall accrue and be payable in subsequent years. The property tax exemption certificate was obtained in 2023. For the years ended December 31, 2025 and 2024, partnership management fees incurred were $3,819 and $3,708, respectively. As of December 31, 2025 and 2024, partnership management fees payable were $3,819 and $3,708, respectively. During the years ended December 31, 2025 and 2024, partnership management fees paid were $3,708 and $3,600, respectively.

***Incentive Management Fee***

## 3. Related Party Transactions

### a. Partner Fees

The Partnership will pay a non-cumulative Incentive Management Fee to the Administrative General Partner, solely from net cash flow available. For the years ended December 31, 2025 and 2024, incentive management fees incurred and paid were $48,783 and $-, respectively.

***Incentive Leasing Fee***

The partnership shall pay the AGP an incentive leasing fee equal to cash flow generated through the Stabilized Operations date (December 29, 2022).

### b. Developer Fee Payable

As consideration for development services and pursuant to the Development Agreement, the partnership shall pay Pacific West Communities, Inc., an affiliate of the Administrative General Partner, a development fee of $1,871,407. Any amount of the development fee not paid from development sources shall become the amount of the deferred development fee note which will not bear interest and shall be payable from available operating cash flow or upon sale or liquidation of the partnership. The final payment of deferred developer fee was made during the year ended December 31, 2025. As of December 31, 2025 the development fee note was paid in full.

## 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. Until the Stabilized Operations date, all cash flow generated shall be payable to the Administrative General Partner pursuant to the Incentive Leasing Fee Agreement. The Stabilized Operations date, cash flow shall be distributed as follows:

1. First, to pay the Asset Management Fee.

2. Second, to pay any Limited Partner loans.

3. Third, to pay any amounts owed to the Limited Partner in accordance with the Limited Partnership Agreement or the Guaranty Agreement.

4. Fourth, to pay the Partnership Management Fee

5. Fifth, to pay the Deferred Development Fee Note.

6. Sixth, to pay the Operating Reserve Account and then the Replacement Reserve to replenish expenditures not contemplated in the capital budget.

7. Seventh, to pay the Administrative General Partner for any amounts treated as loans to the partnership.

8. Eighth, to the payment of any Deferred Property Management Fee, if applicable.

9. Ninth, to pay the Administrative General Partner for any loans outstanding.

10. Tenth, of the balance: i) 10% to the Limited Partner, ii) 0.005% to the Managing General Partner, iii) 89.995% to the Administrative General Partner (but not in excess of 12% gross revenues of the partnership, less any fees payable to the Administrative General Partner or its affiliates) and thereafter as a distribution.

## 3. Related Party Transactions

### d. Guarantees

Operating Deficit Guaranty - The administrative general partner is obligated provide funds to the partnership necessary to pay any operating deficit in the form of a Subordinated Loan to the partnership. The administrative general partners are not obligated in excess of $194,000 outstanding at any one time. An operating reserve of $66,018 was established out of the proceeds of the third capital contribution of the limited partner. The operating deficit guaranty period begins upon Stabilized Operations and continues until the fifth anniversary of Stabilized Operations. Repayment of operating deficit loans 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 shall cause the partnership to fund a replacement reserve account based upon $250 per unit per year starting on the commencement date of the permanent loan.

### e. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ - | $ 7,319 |
| Asset Management Fee Payable | 5,464 | 5,305 |
| Partnership Management Fee Payable | 3,819 | 3,708 |
| **Total Related Party Payables** | $ 9,283 | $ 16,332 |

## 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of $22,012 and $22,732 were incurred at 6% of gross rental collections during 2025 and 2024.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 648,000 | $ 648,000 |
| Buildings | 9,131,776 | 9,131,776 |
| Land Improvements | 2,772,932 | 2,772,932 |
| Furniture and Fixtures | 2,404,200 | 2,404,200 |
| **Total cost** | 14,956,908 | 14,956,908 |
| Accumulated Depreciation | (2,126,690) | (1,519,329) |
| **Total Rental Property, net** | $ 12,830,218 | $ 13,437,579 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The regulatory agreement requires the establishment of a capital replacement reserve account. This account is set up at the permanent conversion closing and will be held by Umpqua Bank. Contributions are to be made monthly in the amount of $250 per unit per year ($9,000 annually). The deposits will be released to the partnership upon requests for capital replacements. The balance on December 31, 2025 and 2024 was $27,000 and $18,000, 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, 2025 and 2024 was $25,691 and $26,799, respectively.

### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. These escrow accounts are held by Umpqua Bank, the lender, and were established on January 3, 2023. The balance of the property tax and insurance account at December 31, 2025 and 2024 was $7,497 and $7,497, respectively.

### d. Operating Reserve Account

An operating reserve account in the amount of $66,018 was funded at Umpqua Bank by the partnership at the Third Installment on December 29, 2022. The balance at December 31, 2025 and 2024 was $71,155 and $71,145, respectively.

### e. Restricted Account Activity

# Gridley Family Associates, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, and 2024**

## 6. Restricted Cash

### e. Restricted Account Activity

| | Replacement Reserve | Insurance Escrow Account | Operating Reserve |
|---|---|---|---|
| **Prior Year Activity** | | | |
| Balance, Beginning of Period | $ 9,000 | $ 3,213 | $ 71,109 |
| Deposits | 9,000 | 4,284 | - |
| Interest | - | - | 36 |
| Withdrawals | - | - | - |
| **Balance, December 31, 2024** | 18,000 | 7,497 | 71,145 |
| **Current Year Activity** | | | |
| Deposits | 9,000 | - | - |
| Interest | - | - | 10 |
| Withdrawals | - | - | - |
| **Subtotal, Current Year Activity** | 9,000 | - | 10 |
| **Balance, December 31, 2025** | **$ 27,000** | **$ 7,497** | **$ 71,155** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **Umpqua Construction and Permanent Loan Payable** The construction loan with a maximum principal $11,907,820 was originated on May 24, 2021 for a construction term of 24 months and the loan bore interest at the greater of i) 3.25% or ii) 1 month LIBOR plus a spread of 2.75%. The permanent loan with a principal amount of $1,200,000 has been paid down and the conversion took place on January 3, 2023. The permanent loan bears interest at a fixed rate of 4.00%. The permanent loan is amortized over 35 years with a 17 year term (maturity date of January 1, 2040). The permanent loan requires monthly principal and interest payments. Prepayment penalties schedule is as follows: 5% of outstanding principal in year 1; 4% of the outstanding principal during year 2; 3% of the outstanding principal during year 3; 2% of the outstanding principal during year 4; 1% of the outstanding principal during year 5; no prepayment premium during the balance of the term. The loan is secured by Deed of Trust. Interest expense for the years ending December 31, 2025 and 2024 totaled $47,036 and $47,901, respectively. | $ - | $ 1,145,747 | $ - | $ 1,168,304 |
| **Long-Term Debt Interest and Principal** | $ - | $ 1,145,747 | $ - | $ 1,168,304 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 18,585 |
| 2027 | 19,342 |
| 2028 | 20,130 |
| 2029 | 20,950 |
| 2030 | 21,804 |
| Subsequent | 1,044,936 |
| **Total** | **$ 1,145,747** |

## 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 March 21, 2026 (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 $16,494,020 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $1,649,402 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:

| | |
|---|---|
| 2026 | **$ 1,649,402** |
| 2027 | **1,649,402** |
| 2028 | **1,649,402** |
| 2029 | **1,649,402** |
| 2030 | **1,649,402** |
| 2031 | **1,649,402** |
| 2032 | **869,012** |
| **Total** | **$ 10,765,424** |

## 10. 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 Gridley, 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

# Gridley Family Associates, LP

**For the Years Ended December 31, 2025 and 2024**

## Schedule of Operating Expenses

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Other Renting Expenses | **$ 1,521** | $ 1,348 |
| Office Salaries | **17,957** | 20,489 |
| Office Expenses | **5,099** | 5,038 |
| Property Management Fees | **22,012** | 22,732 |
| Administrative Rent Free Unit | **9,013** | 10,836 |
| Legal Expense - Project | **14,038** | 230 |
| Audit Expense | **6,539** | 6,327 |
| Bad Debts | **7,473** | 17,019 |
| Miscellaneous Administrative Expenses | **21,055** | 17,225 |
| **Total Administrative Expenses** | **104,707** | 101,244 |
| **Utilities** | | |
| Electricity | **6,057** | 6,870 |
| Water | **3,809** | 4,015 |
| Gas | **1,658** | 1,613 |
| Sewer | **17,160** | 16,413 |
| **Total Utilities** | **28,684** | 28,911 |
| **Operating and Maintenance** | | |
| Payroll | **16,347** | 7,695 |
| Supplies | **12,492** | 14,010 |
| Contracts | **18,171** | 23,370 |
| Garbage and Trash | **17,389** | 15,068 |
| Miscellaneous Operating and Maintenance Expense | **12,178** | 11,722 |
| **Total Operating and Maintenance** | **76,577** | 71,865 |
| **Taxes and Insurance** | | |
| Real Estate Taxes | **1,654** | 2,402 |
| Payroll Taxes | **5,575** | 4,559 |
| Property & Liability Insurance (Hazard) | **18,130** | 15,229 |
| Fidelity Bond Insurance | **352** | 385 |
| Workmen's Compensation | **2,421** | 2,188 |
| Health Insurance and Other Employee Benefits | **2,595** | 3,630 |
| Miscellaneous Taxes, Licenses, Permits, & Insurance | **800** | 1,600 |
| **Total Taxes and Insurance** | **31,527** | 29,993 |
| **Total operating expenses** | **$ 241,495** | $ 232,013 |

# Gridley Family Associates, LP

**For the Years Ended December 31, 2025 and 2024**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 26,658 |
| Add: | |
| Partner Fees Paid | 57,796 |
| Change in Tenant Security Deposit Account | 1,108 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (22,557) |
| Change in Replacement Reserve Accounts | (9,000) |
| Change in Operating Reserve Accounts | (10) |
| **Cash Flow Available for Distribution** | $ 53,995 |

### Distribution of Available Cash Flow

Cash flow available for distribution from 2025 will be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 5,464 |
| Partnership Management Fee Payable | 3,819 |
| Partner Distributions | 4,473 |
| Incentive Management Fee | 40,239 |
| **Total** | $ 53,995 |

# Gridley Orchard Associates, LP

## Financial Statements and Independent Auditor's Report

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

# Gridley Orchard Associates, LP

**December 31, 2025 and 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 sheetss as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the periods 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 Gridley Orchard Associates, LP as of December 31, 2025 and 2024, 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 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.

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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 24, 2026

# Gridley Orchard Associates, LP

**Balance Sheets**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 148,130** | $ 16,633 |
| Accounts Receivable, net | **13,622** | 4,031 |
| Prepaid Expenses | **30,754** | - |
| Restricted Cash: | | |
| Tenant Security Deposits | **44,676** | 1,294 |
| Rental Property, net | **24,995,230** | 25,794,198 |
| Other Assets | **133,802** | 143,417 |
| **Total Assets** | **$ 25,366,214** | $ 25,959,573 |
| Liabilities and Partners' Capital | | |
| Liabilities | | |
| Accounts Payable | **$ 11,596** | $ 142,358 |
| Accrued Interest Payable | **326,240** | 87,421 |
| Security Deposits Liability | **45,172** | 3,699 |
| Prepaid Rent | **365** | - |
| Related Party Payables | **2,250,225** | 3,948,495 |
| Long-Term Debt, net | **12,416,929** | 14,619,733 |
| Total Liabilities | **15,050,527** | 18,801,706 |
| **Partners' Capital** | | |
| Partners' Capital | **10,315,687** | 7,157,867 |
| **Total Liabilities and Partners' Capital** | **$ 25,366,214** | $ 25,959,573 |

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

# Gridley Orchard Associates, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 560,776** | $ 46,589 |
| Less: Vacancy Loss | **(152,992)** | (44,963) |
| Net Rental Income | **407,784** | 1,626 |
| Miscellaneous Income | **11,660** | 1,305 |
| **Total Operating Revenue** | **419,444** | 2,931 |
| **Operating Expenses** | | |
| Administrative Expenses | **129,336** | 42,616 |
| Utilities | **31,614** | 2,587 |
| Operating and Maintenance Expenses | **73,878** | 2,330 |
| Taxes and Insurance | **56,717** | 1,899 |
| **Total Operating Expenses** | **291,545** | 49,432 |
| **Net Operating Income** | **127,899** | (46,501) |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **876** | 2,715 |
| Interest Expense | **(578,018)** | (128,583) |
| Depreciation Expense | **(857,134)** | (65,072) |
| Amortization Expense | **(9,615)** | (801) |
| Lease-Up and Marketing Expenses | **(290)** | (13,433) |
| Other Non-Operating Expense | **(16,623)** | - |
| **Total Non-Operating Income (Expenses)** | **(1,460,804)** | (205,174) |
| **Net Loss** | **$ (1,332,905)** | $ (251,675) |

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

# Gridley Orchard Associates, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and 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%) |
|---|---|---|---|---|---|
| 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 |
| **Current Year Activity** | | | | | |
| Capital Contributed | - | - | 3,143,508 | 1,347,217 | 4,490,725 |
| Net loss for the period | - | (1) | (933,033) | (399,871) | (1,332,905) |
| **Balance, December 31, 2025** | $ - | $ (1) | $ 7,220,981 | $ 3,094,707 | $ 10,315,687 |

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

# Gridley Orchard Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | $ 398,558 | $ (2,405) |
| Interest Receipts | 876 | 2,715 |
| Other Operating Receipts | 11,660 | 1,305 |
| Tenant Security Deposits | 41,473 | 3,699 |
| **Total Receipts** | 452,567 | 5,314 |
| **Disbursements** | | |
| Administrative | (124,833) | (13,186) |
| Management Fee | (25,842) | (3,900) |
| Utilities | (31,614) | (2,587) |
| Operating and Maintenance | (73,878) | (2,330) |
| Real Estate Taxes | (638) | - |
| Property Insurance | (64,029) | - |
| Taxes and Insurance | (22,804) | (1,899) |
| Interest on Mortgage and Notes Payable | (339,199) | (41,162) |
| Other Disbursements | (16,623) | - |
| **Total Disbursements** | (699,460) | (65,064) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | (246,893) | (59,750) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | (58,166) | (21,793,947) |
| Tax Credit Fees | - | (144,218) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | (58,166) | (21,938,165) |

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

# Gridley Orchard Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Borrowings - Mortgages, Loans, or Notes Payable | **825,902** | 14,619,733 |
| Principal Payments - Mortgages, Loans, or Notes Payable | **(3,028,706)** | - |
| Principal Borrowings - Related Party Loans | **50,225** | - |
| Capital Contributions | **4,490,725** | 7,484,542 |
| Syndication Costs | **-** | (75,000) |
| Lease-Up and Marketing Expenses | **(290)** | (13,433) |
| Payments of Construction Costs Payable | **(109,423)** | - |
| Payments of Construction Contract Payable | **(1,748,495)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **479,938** | 22,015,842 |
| **Net change in cash, cash equivalents, and restricted cash** | **174,879** | 17,927 |
| Cash, cash equivalents, and restricted cash at beginning of year | **17,927** | - |
| Cash, cash equivalents, and restricted cash at end of year | $ 192,806 | $ 17,927 |

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

# Gridley Orchard Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Cash, cash equivalents, and restricted cash consist of the following: | | |
| Cash and Cash Equivalents | $ 137,976 | $ 695 |
| Construction Cash Account | 10,154 | 15,938 |
| Tenant Security Deposits | 44,676 | 1,294 |
| | $ 192,806 | $ 17,927 |
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | (1,332,905) | (251,675) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | 857,134 | 65,072 |
| Amortization | 9,615 | 801 |
| Lease-Up & Marketing Expense | 290 | 13,433 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | (9,591) | (4,031) |
| Prepaid Expenses | (30,754) | - |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | (21,339) | 25,530 |
| Accrued Interest Payable | 238,819 | 87,421 |
| Security Deposits Liability | 41,473 | 3,699 |
| Prepaid Rent | 365 | - |
| **Net cash provided by (used by) operating activities** | $ (246,893) | $ (59,750) |

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

# Gridley Orchard Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and 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.

## 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, 2025 was $ 857,134 (2024 - $ 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, 2025 and the period 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 $10,416 and $801 as of December 31, 2025 and 2024, respectively.

### 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.

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, 2025 and 2024, the balance of allowance for doubtful accounts was $4,967 and $-, respectively.

### h. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ending 2025 and for the period beginning May 3, 2022 and ending December 31, 2024 , advertising and marketing costs totaled $9,830 and $2,001, respectively.

## 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. 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

### 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. As of December 31, 2025 the conversion capital contribution has not been made and thus the partnership management fee has not started accruing.

**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. As of December 31, 2025 the conversion capital contribution has not been made and thus the AGP partnership management has not started accruing.

**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. As of December 31, 2025 the conversion capital contribution has not been made and thus the asset management has not started accruing.

# Gridley Orchard Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

## 3. Related Party Transactions

### 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 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.

## 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. 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 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 $0 and $1,748,495 remained payable as of December 31, 2025 and 2024, respectively.

## 3. Related Party Transactions

### 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 $50,000 which have not been repaid as of December 31, 2024. The loan does not have a stated maturity date and bears interest at 6% annually. As of December 31, 2025 and 2024, the balance of the loan was $50,225 and $0, respectively.

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 2,200,000 | $ 2,200,000 |
| Development Advances Loan Payable - PWB | 50,225 | - |
| Related Party Payables - Due to General Partner | - | 1,748,495 |
| **Total Related Party Payables** | $ 2,250,225 | $ 3,948,495 |

## 4. Property Management Fees

The property is managed by Cambridge Property Management who is not affiliated with the owners. Management Fees of $25,842 and $3,900 were incurred during the year ended December 31, 2025 and for the period ended December 31, 2024. Management fees shall be calculated at 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.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 558,000 | $ 558,000 |
| Buildings | 20,280,574 | 21,300,495 |
| Land Improvements | 3,034,491 | 3,034,491 |
| Office Furniture and Equipment | 991,284 | 966,284 |
| Solar Equipment | 1,053,087 | - |
| **Total cost** | 25,917,436 | 25,859,270 |
| Accumulated Depreciation | (922,206) | (65,072) |
| **Total Rental Property, net** | $ 24,995,230 | $ 25,794,198 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The partnership agreement requires the establishment of a capital replacement reserve account. 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. As of December 31, 2025 the replacement reserve had 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, 2025 and 2024 was $44,676 and $1,294, respectively. The tenant security deposits account was underfunded by an immaterial amount as of December 31, 2025.

### 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. As of December 31, 2025 the operating reserve had not been funded.

# Gridley Orchard Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 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 2025 totaled $343,318 (2024 - $82,823). | $ 46,005 | $ 4,631,929 | $ 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 2025 totaled $234,475 (2024 - $45,760). | 280,235 | 7,785,000 | 45,760 | 7,271,040 |
| **5th Note/Mortgage Payable** Interest expense for 2025 totaled $225 (2024 - $-) | - | - | - | - |
| **Long-Term Debt Interest and Principal** | $ 326,240 | $ 12,416,929 | $ 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:

| | |
|---|---|
| 2026 | $ 4,631,929 |
| 2027 | - |
| 2028 | - |
| 2029 | - |
| 2030 | - |
| Subsequent | 7,785,000 |
| **Total** | **$ 12,416,929** |

## 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, 2026 (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 $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, 2025 $1,693,808 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:

| | |
|---|---|
| 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** |
| 2035 | **71,416** |
| **Total** | **$ 15,958,432** |

## 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.

# Gridley Orchard Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning May 3, 2022 and Ending December 31, 2024**

## 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 Gridley, 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

# Gridley Orchard Associates, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | $ 9,830 | $ 2,001 |
| Office Expenses | 5,368 | 1,460 |
| Property Management Fees | 25,842 | 3,900 |
| Manager or Superintendent Salaries | 55,244 | 4,679 |
| Legal Expense - Project | 1,583 | - |
| Audit Expense | 7,200 | - |
| Bad Debts | 3,045 | - |
| Miscellaneous Administrative Expenses | 21,224 | 30,576 |
| **Total Administrative Expenses** | 129,336 | 42,616 |
| **Utilities** | | |
| Electricity | 17,138 | 2,490 |
| Water | 10,887 | 97 |
| Sewer | 3,589 | - |
| **Total Utilities** | 31,614 | 2,587 |
| **Operating and Maintenance** | | |
| Payroll | 14,573 | 593 |
| Supplies | 10,260 | 795 |
| Contracts | 11,000 | - |
| Garbage and Trash | 21,151 | - |
| Miscellaneous Operating and Maintenance Expense | 16,894 | 942 |
| **Total Operating and Maintenance** | 73,878 | 2,330 |
| **Taxes and Insurance** | | |
| Real Estate Taxes | 638 | - |
| Payroll Taxes | 9,771 | 680 |
| Property & Liability Insurance (Hazard) | 33,275 | - |
| Fidelity Bond Insurance | 274 | - |
| Workmen's Compensation | 3,744 | 131 |
| Health Insurance and Other Employee Benefits | 9,015 | 1,088 |
| **Total Taxes and Insurance** | 56,717 | 1,899 |
| **Total operating expenses** | $ 291,545 | $ 49,432 |

# Gridley Orchard Associates, LP

**For the Year Ended December 31, 2025**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ (246,893) |
| Add: | |
| Deduct: | |
| Change In Tenant Security Deposit Account | (43,382) |
| **Cash Flow Available for Distribution** | $ (290,275) |

# Gridley Senior Associates, LP

## (A California Limited Partnership)

HCD Contract Number: 19-MHP-13330

## Financial Statements

**For the Years Ended December 31, 2025 and 2024**

# Gridley Senior Associates, LP

**For the Years Ended December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Gridley Senior Associates, LP

### Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of Gridley Senior Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 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 Gridley Senior Associates, LP as of December 31, 2025 and 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. 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 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 Gridley 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 Gridley 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 Gridley 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
March 25, 2026

# Gridley Senior Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | Note | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Cash and Cash Equivalents | | **$ 46,356** | $ 47,722 |
| Accounts Receivable, net | | **32,341** | 58,253 |
| Prepaid Expenses | | **11,097** | 9,883 |
| Restricted Cash: | | | |
| Tenant Security Deposits | 6.b. | **8,150** | 8,900 |
| Escrow Deposits | 6.c. | **33,968** | 11,227 |
| Replacement Reserve | 6.a. | **30,839** | 12,334 |
| Other Reserves | 6.d. | **106,024** | 101,757 |
| Rental Property, net | 5. | **14,868,702** | 15,452,649 |
| Other Assets | 2.f. | **47,980** | 70,617 |
| **Total Assets** | | **$ 15,185,457** | $ 15,773,342 |
| | | | |
| **Liabilities and Partners' Capital** | | | |
| **Liabilities** | | | |
| Accounts Payable | | **$ 25,519** | $ 25,914 |
| Accrued Expenses | | **391** | - |
| Accrued Interest Payable | 7. | **245,584** | 113,300 |
| Security Deposits Liability | | **8,150** | 9,100 |
| Prepaid Rent | | **5** | - |
| Related Party Payables | 3. | **2,373,657** | 2,509,923 |
| Long-Term Debt, net | 7. | **7,700,595** | 7,722,203 |
| Total Liabilities | | **10,353,901** | 10,380,440 |
| **Partners' Capital** | | | |
| Partners' Capital | | **4,831,556** | 5,392,902 |
| **Total Liabilities and Partners' Capital** | | **$ 15,185,457** | $ 15,773,342 |

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

# Gridley Senior Associates, LP

**Statements of Income**

**For the Years Ended December 31, 2025 and 2024**

| | Note | 2025 | 2024 |
|---|---|---|---|
| **Operating Revenue** | | | |
| Gross Rental Income | | **$ 510,095** | $ 466,639 |
| Less: Vacancy Loss | | **(16,007)** | (10,728) |
| Less: Rental Concessions | | **(62)** | - |
| Net Rental Income | | **494,026** | 455,911 |
| Miscellaneous Income | | **4,742** | 1,694 |
| **Total Operating Revenue** | | **498,768** | 457,605 |
| **Operating Expenses** | | | |
| Administrative Expenses | | **100,432** | 121,086 |
| Utilities | | **27,126** | 35,494 |
| Operating and Maintenance Expenses | | **125,858** | 93,173 |
| Taxes and Insurance | | **36,654** | 35,072 |
| **Total Operating Expenses** | | **290,070** | 284,825 |
| **Net Operating Income** | | **208,698** | 172,780 |
| **Non-Operating Income (Expenses)** | | | |
| Interest Income | | **4,551** | 3,582 |
| Interest Expense | | **(332,050)** | (396,893) |
| Depreciation Expense | | **(583,947)** | (581,972) |
| Amortization Expense | | **(4,022)** | (5,263) |
| Lease-Up and Marketing Expenses | | **(134)** | (1,083) |
| Asset Management Fee | | **(5,000)** | (5,000) |
| Partnership Management Fee | | **(3,925)** | (3,811) |
| Other Non-Operating Expense | | **-** | (66,553) |
| **Total Non-Operating Income (Expenses)** | | **(924,527)** | (1,056,993) |
| **Net Loss** | | **$ (715,829)** | $ (884,213) |

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

# Gridley Senior Associates, LP

**Statements of Changes in Partners' Capital**

**For the Years Ended December 31, 2025 and 2024**

| | Butte County Affordable Housing Development Corporation (0.0045%) | TPC Holdings IX, LLC (0.0045%) | Red Stone Equity - Fund 95, LP (99.99%) | Red Stone Equity Manager, LLC (0.001%) | Total (100.00%) |
|---|---|---|---|---|---|
| Balance, January 1, 2024 | $ (30) | $ (31) | $ 4,296,620 | $ (7) | $ 4,296,552 |
| Capital Contributed | - | - | 1,980,563 | - | 1,980,563 |
| Net income for the period | (40) | (40) | (884,124) | (9) | (884,213) |
| **Balance, December 31, 2024** | (70) | (71) | 5,393,059 | (16) | 5,392,902 |
| **Current Year Activity** | | | | | |
| Capital Contributed | - | - | 154,483 | - | 154,483 |
| Net loss for the period | (32) | (32) | (715,758) | (7) | (715,829) |
| **Balance, December 31, 2025** | $ (102) | $ (103) | $ 4,831,784 | $ (23) | $ 4,831,556 |

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

# Gridley Senior Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 519,943** | $ 397,840 |
| Interest Receipts | **4,551** | 3,582 |
| Other Operating Receipts | **4,742** | 1,694 |
| Tenant Security Deposits | **(950)** | (300) |
| **Total Receipts** | **528,286** | 402,816 |
| **Disbursements** | | |
| Administrative | **(67,589)** | (94,970) |
| Management Fee | **(33,238)** | (26,114) |
| Utilities | **(27,126)** | (35,494) |
| Operating and Maintenance | **(125,467)** | (93,173) |
| Real Estate Taxes | **(1,781)** | (1,430) |
| Property Insurance | **(21,892)** | (20,043) |
| Taxes and Insurance | **(14,195)** | (15,072) |
| Interest on Mortgage and Notes Payable | **(127,681)** | (309,365) |
| Partner Fees | **(12,867)** | - |
| Pooled Transition Reserve | **-** | (66,553) |
| **Total Disbursements** | **(431,836)** | (662,214) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **96,450** | (259,398) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **-** | (49,562) |
| Refunds of Tax Credit Fees | **18,615** | - |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **18,615** | (49,562) |

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

# Gridley Senior Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Borrowings (Payments) - Mortgages and Notes Payable | **(26,070)** | (8,704,474) |
| Principal Payments - PWB Loan Payable | **(146,000)** | - |
| Principal Payments on Loans or Notes Payable | **-** | 7,150,000 |
| Capital Contributions | **154,483** | 1,980,563 |
| Payments of Marketing and Lease-Up Costs | **(134)** | (1,083) |
| Payments of Developer Fee | **43,048** | - |
| PWC DDG Loan Borrowings | **480,070** | - |
| Payments of Debt Issuance Costs | **-** | (24,893) |
| Payments of Construction Contract Payable | **(509,442)** | - |
| Principal Borrowings - PWB Loan | **-** | 26,000 |
| Interest on Deferred Development Fee | **(67,623)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(71,668)** | 426,113 |
| **Net change in cash, cash equivalents, and restricted cash** | **43,397** | 117,153 |
| Cash, cash equivalents, and restricted cash at beginning of year | **181,940** | 64,787 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 225,337** | $ 181,940 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 46,356** | $ 45,869 |
| Construction Cash Account | **-** | 1,853 |
| Tenant Security Deposits | **8,150** | 8,900 |
| Escrow Deposits | **33,968** | 11,227 |
| Replacement Reserve | **30,839** | 12,334 |
| Other Reserves | **106,024** | 101,757 |
| | **$ 225,337** | $ 181,940 |

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

# Gridley Senior Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(715,829)** | (884,213) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **583,947** | 581,972 |
| Amortization | **4,022** | 5,263 |
| Amortization/Interest Debt Issuance Costs | **4,462** | 4,284 |
| Payment of Marketing and Lease-Up Costs | **134** | 1,083 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **25,912** | (58,046) |
| Prepaid Expenses | **(1,214)** | (1,473) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(4)** | 2 |
| Accrued Interest Payable | **132,284** | 83,244 |
| Security Deposits Liability | **(950)** | (300) |
| Prepaid Rent | **5** | (25) |
| Related Party Payables | **(3,942)** | 8,811 |
| Accrued Interest Payable - DDF | **67,623** | - |
| **Net cash provided by (used by) operating activities** | **$ 96,450** | $ (259,398) |

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

# Gridley Senior Associates, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Gridley 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 January 2 ,2018. The General Partners are: Butte County Affordable Housing Development Corporation (0.0045%) and TPC Holdings IX, LLC (0.0045%). The Limited Partners are: Red Stone Equity - Fund 95, LP (99.99%) and Red Stone Equity Manager, LLC (0.001%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 37-unit multifamily rental housing project in Gridley, California known as Sunrise Village Senior Apartments. The project was purchased on June 1, 2023 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, 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.

## 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, 2025 was $583,947 (2024 - $ 581,972).

### 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, 2025.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $60,335 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 $12,355 and $8,333 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $81,484 and $85,946 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $4,462 and $4,284 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.

## 2. Significant Accounting Policies

### 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.

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.

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ending 2025 and 2024, advertising and marketing costs totaled $1,497 and $3,899, 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 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.

### 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.

## 2. Significant Accounting Policies

### 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 will pay an annual fee (the "Asset Management Fee") equal to $5,000 to the Special Limited Partner or it's affiliate, for an annual review of the operations of the Partnership and the Apartment Complex. The fee will be paid annually and will be cumulative to the extent not paid in full in any year. For the years ended December 31, 2025 and 2024, an asset management fee of $5,000 and $5,000, respectively, was incurred, of which $10,000 and $14,167 remained unpaid as of December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2025, asset management fees paid were $9,167 and $0, respectively.

**Partnership Management Fee**

The Partnership will pay, from Net Cash Flow, an annual fee (the “Partnership Management Fee”) equal to $3,700 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. For the years ending December 31, 2025 and 2024, a partnership management fee of $3,925 and $3,811, respectively, was incurred, of which $7,736 and $7,511 remained unpaid as of December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, partnership management fees paid were $3,700 and $0, respectively.

### b. Developer Fee Payable

Pursuant to the Development Agreement dated March 1, 2022, the Partnership shall pay Pacific West Communities, Inc., an Idaho corporation (“PWC”), an affiliate of the Administrative General Partner, a development fee for certain services relating to the development of the Project and to oversee the development and construction of the Project, as further defined in the Development Agreement. The Deferred Development fee is unsecured and a recourse liability. The development fee shall be paid in an amount equal to $1,832,802. The Development Fee shall be deemed to have been earned as follows: (i) 20% before the date hereof for preconstruction development services; (ii) 20% upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) 60% upon placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage)) of the 60% will be deemed earned as each building of the Apartment Complex is completed. As of December 31, 2025 and 2024, the Developer is owed $1,875,851 and $1,832,803.

The Deferred Development Fee shall bear interest at a rate of five percent (5%). Any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth year following the date upon which the entire Apartment Complex has been placed in service (ii) the date of liquidation of the Partnership. The Deferred Development Fee started accruing interest on April 2, 2025 in conjunction with the final capital installment. Interest payable at December 31, 2025 and 2024 was $67,623 and $0, respectively. Interest expense for the year ended December 31, 2025 and 2024 was $67,623 and $0, respectively.

## 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. This priority of distributions per the partnership agreement has been superseded by the HCD regulatory agreement. This section is information only, to tie to the partnership agreement. See the Supplementary Section - Computation of Operating Cash Flow/Surplus Cash for actual priority distributions.

1. To the Limited Partners, pro rata in proportion to the Assumed Limited Partner Tax Liability of each such Partner, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;

2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner};

3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;

4. To replenish the Operating Reserve up to the Operating Reserve Floor;

5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;

6. To all amounts due under the Development Agreement have been paid in full, one hundred percent (100%) to the payment of such amounts;

7. To the pro rata payment of any outstanding Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;

8. Fifty percent (50%) to the pro rata payment of the HCD MHP Loan and the City of Gridley Loan;

9. Ninety percent (90%} to the payment of the Incentive Management Fee; and

10. 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 under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%} of Net Cash Flow.

## 3. Related Party Transactions

### d. Guarantees

**Operating Deficit Guaranty**

In the event that, at any time during the period beginning upon the later of: (i) the date that Stabilized Operations is achieved, or (ii the date the conditions set forth in Section 8.09(a) of the Partnership Agreement are satisfied, and for five years thereafter, provided, however, that such period shall be extended until (A) the Apartment Complex is operating at a Debt Service Coverage Ratio of 1.15 to 1.0 for each of the last consecutive twelve (12) months of such period; (B) the balance of the Operating Reserve is, at the end of such period, not less than the Operating Reserve Floor; and (C) the HAP Contract or other rental subsidy contract as Consented to by the Special Limited Partner remains in effect and unmodified (the "Operating Deficit Guaranty Period"), an Operating Deficit shall exist, the Administrative General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s); provided, however, that the Administrative General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed $372,074 (the "Maximum ODG Amount"). Funds provided after the achievement of Stabilized Operations shall be in the form of a loan to the Partnership (the "Operating Deficit Loan{s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11 .04 and 12.02(a) of the Partnership Agreement; and (iv) shall be fully subordinated to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee. The General Partner shall be entitled to withdraw funds from the Operating Reserve subject to the Special Limited Partner's approval; provided, no withdrawals may be made from the Operating Reserve until the Administrative General Partner has funded Operating Deficit Loans up to the Maximum ODG Amount. In the event that the Administrative General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Partnership shall suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 14.01 of the Partnership Agreement until such obligation to fund the Operating Deficit Loan is met by the Administrative General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 14.01 of the Partnership Agreement and the Development Agreement, and the Administrative General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) of the Partnership Agreement sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of the Section 8.09(b) of the Partnership Agreement, all expenses shall be paid on a sixty (60) day current basis. Notwithstanding anything herein to the contrary, the General Partner shall be obligated to fund any Operating Deficit resulting from the loss or reduction of HAP Contract payments through expiration of the Compliance Period.

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 $18,500 per year starting on the commencement date.

## 3. Related Party Transactions

### e. Development Deficit Guarantee Loan - PWC

Pacific West Communities, Inc. ("PWC"), an affiliate of the Administrative General Partner, made development deficit guarantees in the amount of $480,070 which have not been repaid as of December 31, 2025. Per the Amended LPA, any excess development costs (up to $500,000) are to be paid by the general partner and will be treated as a construction completion loan and be payable solely from the proceeds of a capital transaction. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2025 and 2024, the balance of the loan was $$480,070 and $$0, respectively.

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 1,875,851 | $ 1,832,803 |
| Asset Management Fee Payable | 10,000 | 14,167 |
| Partnership Management Fee Payable | 7,736 | 7,511 |
| Loans Payable - General Partner(**) | - | 146,000 |
| Construction Contract Payable(*) | - | 509,442 |
| Development Deficit Guarantee Loan - PWC | 480,070 | - |
| **Total Related Party Payables** | $ 2,373,657 | $ 2,509,923 |

(*) - 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 $11,511,874. Any modifications to the contract will require the approval of the Special Limited Partner. Construction costs due to PWB totaling $0 and $509,442 remained payable as of December 31, 2025 and 2024, respectively.

(**) - Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount of $146,000 which has been repaid as of December 31, 2025. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2025 and 2024, the balance of the loan was $0 and $146,000, 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 $33,238 and $26,114 were incurred at six percent (6%) of Gross Operating Revenues, or a minimum monthly fee of $1,250 during 2025 and 2024, respectively, which fee is calculated with respect to the preceding calendar month and payable at the conclusion of the calendar month during which it was earned, beginning with the month after the month during which the Commencement Date occurs.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 300,000 | $ 300,000 |
| Buildings | 12,242,222 | 12,242,222 |
| Land Improvements | 2,101,327 | 2,101,327 |
| Office Furniture and Equipment | 1,728,253 | 1,728,253 |
| **Total cost** | 16,371,802 | 16,371,802 |
| Accumulated Depreciation | (1,503,100) | (919,153) |
| **Total Rental Property, net** | $ 14,868,702 | $ 15,452,649 |

## 6. Restricted Cash

### a. Replacement Reserve

The regulatory agreement requires the establishment of a capital replacement reserve account. This account was transferred to the partnership at the closing and is held by Banner Bank. Contributions are to be made monthly in the amount of $1,541.67 ($18,500 annually). The deposits will be released to the partnership upon requests for capital replacements.

### 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, 2025 and 2024 was $8,150 and $8,900.

### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. These escrow accounts were transferred to the partnership at the closing on April 2, 2024 and are being held by Banner Bank.

### d. Operating Reserve

No later than the making of the Third Capital Contribution, the General Partner shall cause the Partnership to deposit the amount equal to $98,248 (or such greater amount as may be required by the Project Lenders) into the Operating Reserve. The initial $98,248 of the Operating Reserve shall be funded from Capital Contributions and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources upon Final Closing, the General Partner shall be required to fund the Operating Reserve. The Operating Reserve shall be replenished from Net Cash Flow, as set forth in Section 11.03(b) of the Partnership Agreement. The Operating Reserve was funded in 2024.

### e. Restricted Account Activity

| | Replacement Reserve | T & I Account | Other Reserves |
|---|---|---|---|
| **Prior Year Activity** | | | |
| Deposits | $ 12,333 | $ 11,196 | $ 98,248 |
| Interest | 1 | 31 | 3,509 |
| **Balance, End of Period** | 12,334 | 11,227 | 101,757 |
| **Current Year Activity** | | | |
| Deposits | 18,500 | 44,339 | - |
| Interest | 5 | 293 | 4,267 |
| Withdrawals | - | (21,891) | - |
| **Subtotal, Current Year Activity** | 18,505 | 22,741 | 4,267 |
| **Balance, End of Period** | **$ 30,839** | **$ 33,968** | **$ 106,024** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **Construction Loan Payable - Banner Bank** | | | | |
| On March 23, 2022, the Partnership has entered into a construction loan agreement with Banner Bank, a Washington Corporation, in the amount of $11,532,496. During the interim phase period the interest rate is the SOFR rate plus 1.90% (with a note rate floor of 2.90%). The SOFR rate is equal to the rate per annum quoted by CME Group Benchmark Administration Limited as the CME Term SOFR 1 Month, as quoted for U.S. Dollars by Bloomberg, or other comparable services selected by Lender. During the term period the interest rate is 4.75% per annum. The maturity date of the construction loan is October 1, 2023 with a optional six month extension option. The loan converted to perm phase in 2024. Interest expense for the periods ended December 31, 2025 and 2024 totaled $- and $190,221, respectively. | $ - | $ - | $ - | $ - |
| **Multifamily Housing Program Loan Payable - California Department of Housing and Community Development** | | | | |
| On February 11, 2021 the Partnership entered into a loan agreement with the California Department Housing and Community Development in an amount of $4,900,000. The initial term of the loan is at least fifty-five years, and will commence on the date of the recordation of the MGP Loan documents (March 1, 2024). The Loan shall bear simple interest and principal and accumulated interest is due and payable upon completion of the term of the Loan. Interest shall accrue from the date that funds are disbursed by the Department. For the first thirty years of the Loan term, payments in the amount of 0.42 percent (0.42%) of the outstanding principal loan balance shall be payable to the Department; such payments will commence on the last day of the Initial Operating Year and will continue on each anniversary date thereafter. Interest expense for the periods ending December 31, 2025 and 2024 totaled $147,000 and $110,250, respectively. | 221,292 | 4,900,000 | 94,872 | 4,900,000 |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **Capital Funds Loan Payable - City of Gridley** | | | | |
| On March 22, 2022 the Partnership entered into a loan agreement with the City of Gridley in the amount of $477,739. The capital funds loan shall bear no interest. The maturity date on the loan is fifty-five years from the date the Certificate of Occupancy is issued for the Project. The loan does not bear interest. The payments on the outstanding principal and accrued interest shall equal the city prorated share of the Residual Receipts for the Fee Deferral Loan, 50% of Residual Receipts prorated between all soft loans. Interest expense for the periods ending December 31, 2025 and 2024 totaled $67,623. | - | 477,739 | - | 477,739 |
| **Fee Deferral Loan Payable - City of Gridley** | | | | |
| On March 22, 2022 the Partnership entered into a loan agreement with the City of Gridley in the amount of $195,480. The capital funds loan shall bear no interest. The maturity date on the loan is fifty-five years from the date the Certificate of Occupancy is issued for the Project. The payments on the outstanding principal and accrued interest shall equal the city prorated share of the Residual Receipts for the Fee Deferral Loan, 50% of Residual Receipts prorated between all soft loans. Interest expense for the periods ending 2025 and 2024 totaled $5,864 and $9,287, respectively. | 15,151 | 195,480 | 9,287 | 195,480 |
| **Permanent Loan Payable - Banner Bank** | | | | |
| On April 2, 2024, the Partnership converted from the construction loan to permanent loan with Banner Bank, a Washington Corporation, in the amount of $2,250,000. The interest rate for the term loan is 4.75%.The loan has a 35 year amortization period and matures 17 years from when the loan converted. Interest expense for the periods ending December 31 2025 and 2024 totaled $107,101 and $82,851, respectively | 9,141 | 2,208,860 | 9,141 | 2,234,930 |
| **Long-Term Debt Interest and Principal** | 245,584 | 7,782,079 | 113,300 | 7,808,149 |
| Less: Unamortized Debt Issuance Costs | - | (81,484) | - | (85,946) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 245,584 | $ 7,700,595 | $ 113,300 | $ 7,722,203 |

## 7. Long-Term Debt

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 27,398 |
| 2027 | 28,747 |
| 2028 | 29,868 |
| 2029 | 31,633 |
| 2030 | 33,190 |
| Subsequent | 7,631,243 |
| **Total** | **$ 7,782,079** |

## 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 March 25, 2026 (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 $8,343,840 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $834,384 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:

| | |
|---|---|
| 2026 | **$ 834,384** |
| 2027 | **834,384** |
| 2028 | **834,384** |
| 2029 | **834,384** |
| 2030 | **834,384** |
| 2031 | **834,384** |
| 2032 | **834,384** |
| 2033 | **40,602** |
| **Total** | **$ 5,881,290** |

## 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 Gridley, 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 REQUIRED BY THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND THE CALIFORNIA HOUSING FINANCE AGENCY (HCD/CALHFA), INCLUDING BREAKOUT OF "MISCELLANEOUS" ACCOUNT DETAILS

# Gridley Senior Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **REVENUES** | | |
| **Rent Revenue** | | |
| 5120 Rent Revenue - Gross Potential | **$ 156,984** | $ 152,116 |
| 5121 Tenant Assistance Payments | **353,111** | 314,523 |
| 5140 Rent Revenue - Stores and Commercial | **-** | - |
| 5170 Garage and Parking Spaces | **-** | - |
| 5180 Flexible Subsidy Revenue | **-** | - |
| **5100T Total Rent Revenue** | **510,095** | 466,639 |
| **Vacancies** | | |
| 5220 Vacancies - Apartments | **(16,007)** | (10,728) |
| 5250 Vacancies - Rental Concessions | **(62)** | - |
| 5290 Vacancies - Miscellaneous | **-** | - |
| **5200T Total Vacancies** | **(16,069)** | (10,728) |
| **5152N Net Rental Revenue (Rent Revenue Less Vacancies)** | **494,026** | 455,911 |
| **Financial Revenue** | | |
| 5410 Financial Revenue - Project Operations | **-** | - |
| 5430 Revenue from Investments - Residual Receipts | **-** | - |
| 5440 Revenue from Investments - Replacement Reserv | **4,551** | 3,582 |
| 5490 Revenue from Investments - Miscellaneous | **-** | - |
| **5400T Total Financial Revenue** | **4,551** | 3,582 |
| **Other Revenue** | | |
| 5910 Laundry and Vending Revenue | **1,798** | 456 |
| 5920 Tenant Charges | **650** | 150 |
| 5990 Miscellaneous Revenue | **2,294** | 1,088 |
| **5900T Total Other Revenue** | **4,742** | 1,694 |
| **5000T Total Revenue** | **503,319** | 461,187 |

# Gridley Senior Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **EXPENSES** | | |
| **Administrative Expenses** | | |
| 6203 Conventions and Meetings | **-** | - |
| 6204 Management Consultants | **-** | - |
| 6210 Advertising and Marketing | **1,497** | 3,899 |
| 6250 Other Renting Expenses | **160** | 290 |
| 6310 Office Salaries | **-** | - |
| 6311 Office Expenses | **8,125** | 11,551 |
| 6312 Office or Model Apartment Rent | **-** | - |
| 6320 Management Fee | **33,238** | 26,114 |
| 6330 Manager or Superintendent Salaries | **27,167** | 39,466 |
| 6331 Administrative Rent Free Unit | **11,144** | 10,836 |
| 6340 Legal Expense - Project | **2,694** | 115 |
| 6350 Audit Expense | **7,460** | 17,334 |
| 6351 Bookkeeping Fees/Accounting Services | **-** | - |
| 6370 Bad Debts | **247** | - |
| 6390 Miscellaneous Administrative Expenses | **8,700** | 11,481 |
| **6263T Total Administrative Expenses** | **100,432** | 121,086 |
| **Utilities** | | |
| 6450 Electricity | **7,208** | 13,934 |
| 6451 Water | **2,045** | 3,314 |
| 6452 Gas | **147** | 1,718 |
| 6453 Sewer | **17,726** | 16,528 |
| **6400T Total Utilities Expense** | **27,126** | 35,494 |

# Gridley Senior Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating and Maintenance Expenses** | | |
| 6510 Payroll | **12,712** | 1,867 |
| 6515 Supplies | **13,715** | 11,230 |
| 6520 Contracts | **50,740** | 45,324 |
| 6521 Operating and Maintenance Rent Free Unit | **-** | - |
| 6525 Garbage and Trash | **9,538** | 8,577 |
| 6530 Security Payroll/Contract | **-** | - |
| 6546 Heating/Cooling Repairs and Maintenance | **-** | - |
| 6548 Snow Removal | **-** | - |
| 6570 Vehicle and Maintenance Eq & Op Repairs | **-** | - |
| 6580 Lease Expense | **-** | - |
| 6590 Miscellaneous Operating and Maintenance Expen | **11,153** | 4,175 |
| **6500T Total Operating and Maintenance Expenses** | **97,858** | 71,173 |
| **Taxes and Insurance** | | |
| 6710 Real Estate Taxes | **1,781** | 1,430 |
| 6711 Payroll Taxes | **6,183** | 6,308 |
| 6720 Property & Liability Insurance (Hazard) | **20,678** | 18,570 |
| 6721 Fidelity Bond Insurance | **362** | 210 |
| 6722 Worker's Compensation | **2,211** | 2,631 |
| 6723 Health Insurance and Other Employee Benefits | **4,639** | 4,173 |
| 6790 Miscellaneous Taxes, Licenses, Permits, & Ins | **800** | 1,750 |
| **6700T Total Taxes and Insurance** | **36,654** | 35,072 |
| **Total Operating Expenses** | **262,070** | 262,825 |
| **Financial Expenses** | | |
| 6820 Interest on First Mortgage | **-** | 190,221 |
| 6825 Interest on Other Mortgages | **151,462** | 114,534 |
| 6830 Interest on Notes Payable (Long Term) | **67,623** | - |
| 6840 Interest on Notes Payable (Short Term) | **5,864** | 9,287 |
| 6845 Interest on Capital Recovery Payment | **107,101** | 82,851 |
| 6850 Mortgage Insurance Premium/Service Charge | **-** | - |
| 6890 Miscellaneous Financial Expenses | **-** | 66,553 |
| **6800T Total Financial Expenses** | **332,050** | 463,446 |

# Gridley Senior Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Supportive Services** | | |
| 6900 Nursing Homes/Assisted Living/Board & Care El | **28,000** | 22000 |
| **6800T Total Financial Expenses** | **28,000** | 485,446 |
| **6000T Total Cost of Operations before Depreciation** | **622,120** | 748,271 |
| **5060 Operating Profit (Loss)** | **(118,801)** | (287,084) |
| 6600 Depreciation Expenses | **(583,947)** | (581,972) |
| 6610 Amortization Expense | **(4,022)** | (5,263) |
| **5060N Operating Profit (Loss)** | **(706,770)** | (874,319) |
| **Net Entity Expenses** | | |
| 7191 Asset Management Fee | **(5,000)** | (5,000) |
| 7192 Partnership Management Fee | **(3,925)** | (3,811) |
| 7190 Other Expenses (Detail Required) | **(134)** | (1,083) |
| **7100T Total Net Entity Expenses** | **(9,059)** | (9,894) |
| **3250 Profit or Loss (Net Income or Loss)** | **$ (715,829)** | $ (884,213) |

# Gridley Senior Associates, LP

**Miscellaneous Details**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **5990 Miscellaneous Revenue** | | |
| Cleaning and Damages Fees | **$ 2,294** | $ 1,088 |
| **6390 Miscellaneous Administrative Expenses** | | |
| Mileage | **274** | 661 |
| Training | **2,417** | 3,829 |
| Local Service | **1,751** | 2,828 |
| Cellular Phone | **495** | 138 |
| Internet Service | **2,207** | 2,780 |
| Bank Fees | **1,479** | 1,039 |
| Office Expenses | **77** | 206 |
| **Total** | **8,700** | 11,481 |
| **6590 Miscellaneous Operating and Maintenance** | | |
| Resident Public Relations | **334** | 318 |
| Building Repairs | **2** | 533 |
| Lawn & Garden | **554** | 1,121 |
| Doors/Hardware | **164** | 205 |
| Clean in Unit | **1,280** | 1,998 |
| Plumbing Repair | **1,816** | - |
| Pressure Washing | **3,200** | - |
| Grounds Improvement | **94** | - |
| Roof/Gutter | **1,152** | - |
| Tub/Shower Enclosure | **2,175** | - |
| Light Fixtures | **382** | - |
| **Total** | **11,153** | 4,175 |
| **6790 Miscellaneous Taxes and Insurance** | | |
| Licenses | **-** | 59 |
| State Minimum Taxes | **800** | 1,691 |
| **Total** | **800** | 1,750 |
| **6890 Miscellaneous Financial Expenses** | | |
| Pooled Transition Reserve | **-** | 66,553 |
| **Total** | **-** | 66,553 |
| **7190 Other Expenses (Detail Required)** | | |

# Gridley Senior Associates, LP

**Miscellaneous Details**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Lease up/Marketing Expense | **$ 134** | $ 1,083 |

# Gridley Senior Associates, LP

**Cash on Hand and in Banks**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Unrestricted Accounts** | | |
| 1120 Cash - Operations | **$ 46,356** | $ 45,869 |
| 1121 Construction Cash Account | **-** | 1,853 |
| **Total** | **46,356** | 47,722 |
| **Restricted Accounts** | | |
| 1191 Tenant/Patient Deposits Held in Trust | **8,150** | 8,900 |
| 1310 Escrow Deposits | **94** | 11,227 |
| 1320 Replacement Reserve | **30,839** | 12,334 |
| 1330 Other Reserves | **106,024** | 101,757 |
| **Total** | **$ 145,107** | $ 134,218 |

Replacement reserves and operating reserves are maintained in designated and separate accounts. Tenant 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.

# Gridley Senior Associates, LP

**Mortgage Impound Accounts**

**For the Years Ended December 31, 2025 and 2024**

Details of the mortgage impound accounts follow:

| | Hazard & Liability Insurance | *Total* |
|---|---|---|
| Balance, December 31, 2024 | $ 11,227 | $ 11,227 |
| Monthly deposits: | | |
| Twelve months at $1,866 | 20,580 | 20,580 |
| Seven months at $1,866 | 13,062 | 13,062 |
| Five months at $2,098 | 10,490 | 10,490 |
| One month at $207 | 207 | 207 |
| Payment of taxes and insurance | (21,891) | (21,891) |
| Interest earned | 293 | 293 |
| Balance, December 31, **2025** | $ 33,968 | $ 33,968 |

# Gridley Senior Associates, LP

**Reserve for Replacements, Operating Expenses, and Others**

**For the Years Ended December 31, 2025 and 2024**

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacements of property or other reserve requirements with the approval of HCD as follows:

| | Replacement Reserve | Operating Reserve |
|---|---|---|
| **Replacement and Operating Reserves:** | | |
| Balance, December 31, 2024 | **$ 12,334** | $ 101,757 |
| Twelve months at $1,542 | **18,500** | - |
| Interest Earned | **5** | 4,267 |
| Balance, December 31, **2025** | **$ 30,839** | $ 106,024 |

# Gridley Senior Associates, LP

**Schedule of Fixed Assets**

**For the Years Ended December 31, 2025 and 2024**

Following are details of property, equipment and improvements, at cost:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| 1410 Land | **$ 300,000** | **$ -** | **$ -** | **$ 300,000** |
| 1420 Buildings | **12,242,222** | **-** | **-** | **12,242,222** |
| 1440 Building Equipment | **2,101,327** | **-** | **-** | **2,101,327** |
| 1465 Office Furniture and Equipment | **1,728,253** | **-** | **-** | **1,728,253** |
| **1400T Total Fixed Assets** | **16,371,802** | **-** | **-** | **16,371,802** |
| 1495 Accumulated Depreciation | **(919,153)** | **(583,947)** | **-** | **(1,503,100)** |
| **Net Book Value** | | | | **$ 14,868,702** |

# Gridley Senior Associates, LP

**Accounts Payable and Accrued Expenses**

**For the Years Ended December 31, 2025 and 2024**

**Accounts payables are payable to vendors and are being paid on a current basis. Detail Follows:**

| | 2025 | 2024 |
|---|---|---|
| 90 + days past due | **$ -** | $ - |
| **Current (Less than 90 days past due):** | | |
| 2110 Accounts Payable - Operations | **505** | 900 |
| 2111 Accounts Payable - Construction/Development | **25,014** | 25,014 |
| **Total Accounts Payable and Accrued Expenses** | **$ 25,519** | $ 25,914 |

# Gridley Senior Associates, LP

**Gross Potential Rents**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Rental Revenue | **$ 129,771** | $ 130,552 |
| Housing assistance payments | **353,111** | 314,523 |
| Employee quarters shown as expense | **11,144** | 10,836 |
| 5220 Vacancies - Apartments | **16,007** | 10,728 |
| 5250 Vacancies - Rental Concessions | **62** | - |
| **Total gross potential rents** | **$ 510,095** | $ 466,639 |

# Gridley Senior Associates, LP

**Schedule of Management Fees**

**For the Years Ended December 31, 2025 and 2024**

**See Note #4 in the audited financial statements for description and further disclosure of management fees details.**

| | 2025 | 2024 |
|---|---|---|
| 6320 Management Fee | **$ 33,238** | $ 26,114 |

# Gridley Senior Associates, LP

**Computation of Operating Cash Flow/Surplus Cash**

**For the Year Ended December 31, 2025**

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the HCD method

| | 2025 |
|---|---|
| **Operating Income** | |
| Total income | **503,319** |
| Interest earned on restricted reserve accounts | **(4,551)** |
| Operating Expenses | **(262,070)** |
| **Adjustment to Net Cash Flow** | **$ 236,698** |
| **Agency Approved Withdrawals** | |
| **Mandatory debt service** | |
| Banner Bank Permanent Loan | **(133,170)** |
| HCD Mandatory Debt service | **(20,580)** |
| Deposits into Replacement Reserve Account | **(18,500)** |
| Agency Approved Supportive Services | **(28,000)** |
| **Total Agency Approved Withdrawals** | **(200,250)** |
| **Net Cash Flow** | **36,448** |
| Pay off the deferred developer fee amount permitted by HCD to be paid on a priority basis | **(36,448)** |

Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Partners
Gridley Senior Associates, LP

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 Gridley Senior Associates, LP, which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gridley Senior Associates, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gridley Senior Associates, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Gridley Senior Associates, 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gridley Senior Associates, 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

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not identify any 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.

Grigg, Bratton & Brash

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

Boise, ID

**Gridley Senior Associates, LP**
**HCD Project Number: 19-MHP-13330**

**Certificate of Partners**
**12/31/2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gridley Senior Associates, LP, HCD Project No. 19-MHP-13330 and, to the best of our knowledge and belief; the same are accurate and complete.

Signed: 

Title: General Partner

Date: 03-30-2026

Signed: _____

Title: _____

Date: _____

**Gridley Senior Associates, LP**
**HCD Project Number: 19-MHP-13330**

**Management Agent's Certification**
**12/31/2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gridley Senior Associates, LP, HCD Project No. 19-MHP-13330 and, to the best of our knowledge and belief; the same are accurate and complete.

Management Company: Cambridge

Signed:

Title: President

Date: 03-27-2026

Tax Identification Number: 93-1299275

Property Manager: Chip Wagner

**Gridley Senior Associates, LP**
HCD Project Number: 19-MHP-13330

Auditor's Comments on Audit Resolution
Matters Relating to CalHFA Programs
For the year ended December 31, 2025

**Status of Prior Year Findings and Recommendations:**

There were no findings and recommendations reported in the December 31, 2024 financial statements.

**Findings and Recommendations:**

There were no findings and recommendations reported in the December 31, 2025 financial statements.

# Orland Family Associates, LP

**(A California Limited Partnership)**
HCD Contract Number: 20-MHP-15762
**Financial Statements and Independent Auditor's Report**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

With accompanying information required by the California Department of Housing and Community Development

# Orland Family Associates, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Orland Family Associates, LP

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Orland Family Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 the related statements of income, changes in partners' capital, and cash flows for the year and period 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 Orland Family Associates, LP as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year and 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 (GAAS) and and the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orland Family 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 Orland Family 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' Responsibility 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 GAAS 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 Orland Family 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 Orland Family 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.

**Other Matters**

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the *California Department of Housing and Community Development and California Housing Finance Agency (HCD/CalHFA*), and is not a required part of the basic 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 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 26, 2026, on our consideration of Orland Family Associates, LP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Orland Family Associates, LP's internal control over financial reporting and compliance.

Grigg, Bratton & Brash

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

Boise, ID
March 26, 2026

# Orland Family Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 130,392** | $ 122,754 |
| Accounts Receivable, net | **10,570** | 7,150 |
| Prepaid Expenses | **5,876** | 9,006 |
| Related Party Receivables | **28,286** | 28,286 |
| Restricted Cash: | | |
| Tenant Security Deposits | **22,200** | 19,200 |
| Escrow Deposits | **41,500** | 24,800 |
| Replacement Reserve | **20,868** | - |
| Other Reserves | **109,871** | 107,000 |
| Rental Property, net | **17,407,844** | 18,114,104 |
| Other Assets | **20,337** | 40,733 |
| **Total Assets** | **$ 17,797,744** | $ 18,473,033 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 328** | $ 8,876 |
| Accrued Interest Payable | **207,535** | 29,378 |
| Security Deposits Liability | **19,671** | 18,200 |
| Prepaid Rent | **707** | 5,761 |
| Related Party Payables | **436,845** | 428,345 |
| Long-Term Debt, net | **9,510,327** | 9,523,381 |
| Total Liabilities | **10,175,413** | 10,013,941 |
| **Partners' Capital** | | |
| Partners' Capital | **7,622,331** | 8,459,092 |
| **Total Liabilities and Partners' Capital** | **$ 17,797,744** | $ 18,473,033 |

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

# Orland Family Associates, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 505,652** | $ 474,206 |
| Less: Vacancy Loss | **(15,569)** | (45,783) |
| Net Rental Income | **490,083** | 428,423 |
| Miscellaneous Income | **2,531** | 2,285 |
| **Total Operating Revenue** | **492,614** | 430,708 |
| **Operating Expenses** | | |
| Administrative Expenses | **103,243** | 106,470 |
| Utilities | **43,184** | 45,929 |
| Operating and Maintenance Expenses | **87,578** | 40,586 |
| Taxes and Insurance | **41,013** | 45,964 |
| **Total Operating Expenses** | **275,018** | 238,949 |
| **Net Operating Income** | **217,596** | 191,759 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **3,476** | 1,800 |
| Interest Expense | **(337,412)** | (400,126) |
| Depreciation Expense | **(706,260)** | (706,260) |
| Amortization Expense | **(1,661)** | (2,910) |
| Bond Fees | **(4,000)** | - |
| Lease-Up and Marketing Expenses | **-** | (9,896) |
| Asset Management Fee | **(5,000)** | (12,500) |
| Partnership Management Fee | **(3,500)** | (5,400) |
| Incentive Management Fee | **-** | (10,000) |
| Other Non-Operating Expense | **-** | (56,830) |
| **Total Non-Operating Income (Expenses)** | **(1,054,357)** | (1,202,122) |
| **Net Loss** | **$ (836,761)** | $(1,010,363) |

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

# Orland Family Associates, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | Butte County Affordable Housing (0.0045%) | TPC Holdings IX, LLC (0.0045%) | Red Stone Equity - 2022 CA Regional Fund (99.99%) | Red Stone Equity SLP (0.001%) | Total (100.00%) |
|---|---|---|---|---|---|
| Capital Contributed | $ - | $ - | $ 9,519,455 | $ - | $ 9,519,455 |
| Syndication Costs | - | - | (50,000) | - | (50,000) |
| Net loss for the period | (46) | (45) | (1,010,262) | (10) | (1,010,363) |
| **Balance, December 31, 2024** | (46) | (45) | 8,459,193 | (10) | 8,459,092 |
| **Current Year Activity** | | | | | |
| Net loss for the period | (38) | (38) | (836,677) | (8) | (836,761) |
| **Balance, December 31, 2025** | $ (84) | $ (83) | $ 7,622,516 | $ (18) | $ 7,622,331 |

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

# Orland Family Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| S1200-010 Rental Receipts | **$ 475,166** | $ 445,234 |
| S1200-020 Interest Receipts | **3,476** | 1,800 |
| S1200-030 Other Operating Receipts | **2,531** | 2,285 |
| **Total Receipts** | **481,173** | 449,319 |
| **Disbursements** | | |
| S1200-070 Administrative | **(68,110)** | (75,854) |
| S1200-080 Management Fee | **(29,238)** | (29,740) |
| S1200-090 Utilities | **(43,184)** | (45,929) |
| S1200-110 Operating and Maintenance | **(87,578)** | (40,586) |
| S1200-140 Property Insurance | **(23,507)** | (42,505) |
| S1200-150 Taxes and Insurance | **(14,376)** | (12,465) |
| S1200-160 Tenant Security Deposits | **1,471** | - |
| S1200-180 Interest on First Mortgage | **(140,232)** | (59,986) |
| S1200-170 Other Operating Expenses | **-** | (10,000) |
| S1200-220 Miscellaneous Financial | **(4,000)** | (9,896) |
| **Total Disbursements** | **(408,754)** | (326,961) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **72,419** | 122,358 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| S1200-330 Net Purchase of Fixed Assets | **-** | (18,401,919) |
| S1200-340 Other Investing Activities: TCAC Fees Refunded/(Paid) | **18,735** | (43,643) |
| S1200-340 Other Investing Activities: Due from PWC, Inc. | **-** | (28,286) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **18,735** | (18,473,848) |

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

# Orland Family Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| S1200-365 Proceeds from Mortgages, Loans, or Notes Payable | **-** | 22,139,053 |
| S1200-360 Principal Payments - First Mortgage (or Bonds) | **-** | (12,283,766) |
| S1200-360 Principal Payments - First Mortgage (or Bonds) | **(32,077)** | (10,099) |
| S1200-430 Contributions | **-** | 9,519,455 |
| S1200-455 Debt Issuance Costs Paid | **-** | (323,392) |
| S1200-455 Construction Loan Interest Paid | **-** | (309,177) |
| S1200-455 Payment of Syndication Costs | **-** | (50,000) |
| S1200-455 Payment of Pooled Transition Fee | **-** | (56,830) |
| S1200-455 Payment of Development Costs | **(8,000)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(40,077)** | 18,625,244 |
| **Net change in cash, cash equivalents, and restricted cash** | **51,077** | 273,754 |
| Cash, cash equivalents, and restricted cash at beginning of year | **273,754** | - |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 324,831** | $ 273,754 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 86,923** | $ 86,355 |
| Construction Cash Account | **43,469** | 36,399 |
| Tenant Security Deposits | **22,200** | 19,200 |
| Escrow Deposits | **41,500** | 24,800 |
| Replacement Reserve | **20,868** | - |
| Other Reserves | **109,871** | 107,000 |
| | **$ 324,831** | $ 273,754 |

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

# Orland Family Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(836,761)** | (1,010,363) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **706,260** | 706,260 |
| Amortization | **1,661** | 2,910 |
| S1200-486 Amortization of Debt Issuance Costs | **19,023** | 1,585 |
| S1200-600: Other adjustments to reconcile net profit (loss) to Net Cash Provided by (used in ) Operating Activities | **-** | 309,177 |
| S1200-600: Other adjustments to reconcile net profit (loss) to Net Cash Provided by (used in ) Operating Activities | **-** | 56,830 |
| **(Increase) decrease in assets** | | |
| S1200-490 Decrease (Increase) Rent Receivable | **(3,420)** | (7,150) |
| S1200-520 Decrease (Increase) in Prepaid Expenses | **3,130** | (9,006) |
| **Increase (decrease) in liabilities** | | |
| S1200-540 Increase (Decrease) in Accounts Payable and Accrued Expenses | **(548)** | 876 |
| S1200-560 Increase (decrease) in Accrued Liabilities | **8,500** | 17,900 |
| S1200-570 Increase (Decrease) in Accrued Interest Payable | **178,157** | 29,378 |
| S1200-580 Increase (Decrease) in Tenant Security Deposits held in trust | **1,471** | 18,200 |
| S1200-590 Increase (decrease) in Prepaid Revenue | **(5,054)** | 5,761 |
| **Net cash provided by (used by) operating activities** | **$ 72,419** | $ 122,358 |

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

# Orland Family Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Orland Family 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 March 4, 2020. The General Partners are: TPC Holdings IX, LLC (0.0045%) and Butte County Affordable Housing, (0.0045%). The Limited Partners are: Red Stone Equity - 2022 CA Regional Fund LP (99.99%) and Red Stone Equity Partners, LLC (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 Orland, CA known as Woodward Family Apartments. The project was completed on December 28, 2023 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, 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.

## 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, 2025 was $ 706,260 (2024 - $ 706,260).

### 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, 2025 and for the period beginning March 4, 2020 and ending December 31, 2024, respectively.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $24,908 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 $4,571 and $2,910 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $302,784 and $321,807 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $19,023 and $1,585 are 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.

## 2. Significant Accounting Policies

### h. 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.

### 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 dependence

The partnership operates on property located in Orland, 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.

### k. 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

## 3. Related Party Transactions

### a. Partner Fees

***Asset Management Fee***

The Partnership shall pay an annual Asset Management Fee equal to $5,000 to the Special Limited Partner or its affiliate for an annual review of the operations of the Partnership and Apartment Complex. The fee shall begin accruing at initial closing (occurred in 2022) and be cumulative to the extent not paid in full in any year, commencing at stabilized operations.

***Partnership Management Fee***

The Partnership shall pay an annual Partnership Management Fee to the extent that there are funds available to equal to $3,600 to the Managing General Partner. This fee begins on the date that the managing general partner secures property tax exemption for the property. The exemption was obtained for the fiscal year beginning July 1, 2023 and ending June 30, 2024. The fee is cumulative to the extent not paid in full in any year.

## 3. Related Party Transactions

### b. Developer Fee Payable

For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership shall pay the Developer a fee (the "Development Fee") in the aggregate amount of $2,397,445 as follows: (i) $1,641,944 is projected to be paid concurrently with the Third Capital Contribution and upon receipt of evidence that the sources and uses are "In Balance" in the discretion of the Special Limited Partner, (ii) $150,000 is projected to be paid concurrently with the Fourth Capital Contribution, and (iii) thereafter in accordance with the remainder of this Section 3(a); provided, however, the amount payable subsequent to the Initial Closing is subject to adjustment (x) upward to the extent development sources set forth in the Partnership Agreement are sufficient to pay additional cash fee and (y) downward by an amount equal to the reductions in, or refunds of, the Limited Partner Capital Contribution pursuant to Section 5.03 of the Partnership Agreement and (ii) any cost overruns or other reductions in sources not resulting from the negligent or intentional act or omission of the General Partner. Notwithstanding the foregoing or anything elsewhere in this agreement or in the Partnership Agreement, any portion of the Development Fee for which the Partnership lacks sufficient sources to pay as cash Development Fee may be deferred by the Partnership pursuant to the terms of the Partnership Agreement. Developer shall have, subject to any limitations or restrictions set forth in the Partnership Agreement, the right to defer any additional Development Fee as is necessary to pay for cost overruns or other reductions in sources not resulting from the gross negligence or material breach by Developer. Subject to Section 5(b), the portion of the Development Fee not paid under the first sentence of this Section 3(a) (currently projected to be $605,502) shall be paid to the Developer (the "Deferred Development Fee") solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Article 11 of the Partnership Agreement, but in no event later than the Maturity Date (as defined below). The Development Fee shall be the only amount payable to Developer for services performed pursuant to this Agreement. The Developer shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of Developer or for Developer's overhead.

The Deferred Development Fee shall bear interest at 5% per annum. Notwithstanding anything to the contrary contained in this Section 3, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth (15th) year following the date upon which the entire Apartment Complex has been placed in service (as defined in the Code) and (ii) the date of liquidation of the Partnership (the "Maturity Date"). The Deferred Development Fee shall be unsecured and a recourse liability. The Development Fee shall be deemed to have been earned as and when the services specified herein shall have been rendered, as follows: (i) Twenty percent (20%) before the date hereof for preconstruction development services; (ii) Twenty percent (20%) upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) Sixty percent (60%) upon the placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage) of the sixty percent (60%) will be deemed earned as each building of the Apartment Complex is completed.

As of December 31, 2024, a deferred development fee of $410,455 was accrued. No interest has been accrued as all capital contributions have not yet been made.

## 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, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;

2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner);

3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;

4. To replenish the Operating Reserve up to the Operating Reserve Floor;

5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;

6. To the payment of any amounts due under the Development Agreement;

7. To the pro rata payment of any outstanding Construction Completion Loans, Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;

8. Fifty percent to the payment of the HCD MHP Loan in accordance with the terms of the Project Loan documents.

9. Ninety percent (90%) to the payment of the Incentive Management Fee; and

10. 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 under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under this Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%) of Net Cash Flow.

## 3. Related Party Transactions

### d. Guarantees

On May 1, 2022, the Partnership and the Investor Limited Partner entered into a Guaranty Agreement with the Administrative General Partner, PWC & PWB, the Contractors, and Caleb Roope (collectively, the "Guarantors"). Guarantors irrevocably and unconditionally fully guarantee the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the General Partner of each and every obligation of the General Partner due under the Partnership Agreement, and the Purchase Option Agreement, if the Early Exit Option is exercised by the Grantee (each as defined therein); (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Red Stone in collection of the enforcement of this Guaranty Agreement against the Guarantors.

### 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 $26,637 and $33,499 for the year ended December 31, 2025 and for the period beginning March 4, 2020 and ending December 31, 2024, respectively. For the year ended December 31, 2025 and for the period beginning March 4, 2020 and ending December 31, 2024 payments to PWC for insurance amounted to $23,508 and $42,505 respectively.

## 3. Related Party Transactions

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due From Related Parties: | | |
| Due from PWC, Inc. (*) | $ 28,286 | $ 28,286 |

During the period beginning March 4, 2020 and ending December 31, 2024, partnership funds were used to pay for PWC's promotional materials. The partnership has recorded a receivable balance for these expenditures totaling $28,286. The general partner has not specified a timeline for repayment.

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 410,445 | $ 410,445 |
| Asset Management Fee Payable | 17,500 | 12,500 |
| Partnership Management Fee Payable | 8,900 | 5,400 |
| **Total Related Party Payables** | $ 436,845 | $ 428,345 |

## 4. Property Management Fees

The property is managed by Buckingham Property Management who is not affiliated with the owners. Management Fees of $29,238 and $29,740 were incurred at the greater of $35 per unit per month or five (6%) of gross operating revenues for the year ended December 31, 2025 and for the period beginning March 4, 2020 and ending December 31, 2024, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 405,000 | $ 405,000 |
| Buildings | 13,998,175 | 13,998,175 |
| Land Improvements | 1,708,264 | 1,708,264 |
| Furniture and Fixtures | 2,708,925 | 2,708,925 |
| **Total cost** | 18,820,364 | 18,820,364 |
| Accumulated Depreciation | (1,412,520) | (706,260) |
| **Total Rental Property, net** | $ 17,407,844 | $ 18,114,104 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The Department of Housing and Community Development Multifamily Housing Program Regulatory Agreement requires that the Partnership deposit funds into a segregated replacement reserve account. Annual deposits are to be made in the amount of $500 per unit or $18,000 annually. Any withdrawals made from the replacement reserve are required to be authorized by the Department of Housing and Community Development.

### 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, 2025 and 2024 was $22,200 and $19,200, respectively.

### c. Tax and Insurance Account

The partnership is required to set aside funds in separate accounts for the payment of property taxes and insurance. The tax and insurance impound account is a reconciling item on the partnerships operating account bank reconciliation. The tax and insurance account is not currently in a segregated account.

## 6. Restricted Cash

### d. Operating Reserve

The Department of Housing and Community Development Multifamily Housing Program Regulatory Agreement requires that the Partnership deposit funds into a segregated operating reserve account upon the closing of the HCD MHP Loan on November 22, 2024. The initial deposit amount from loan closing is $107,000. Any withdrawals made from the operating reserve are required to be authorized by the Department of Housing and Community Development. The account was funded upon the closing of the HCD MHP Loan on November 22, 2024.

### e. Restricted Account Activity

| | Replacement Reserve | Tax & Insurance Impound Account | Operating Reserve | Total |
|---|---|---|---|---|
| **Prior Period Activity** | | | | |
| Deposits | $ - | $ 24,800 | $ 107,000 | $131,800 |
| **Current Year Activity** | | | | |
| Deposits | 20,876 | 39,700 | - | 60,576 |
| Interest | 4 | - | 2,871 | 2,875 |
| Withdrawals | (12) | (23,000) | - | (23,012) |
| **Subtotal, Current Year Activity** | 20,868 | 16,700 | 2,871 | 40,439 |
| **Balance, December 31, 2025** | **$ 20,868** | **$ 41,500** | **$ 109,871** | **$172,239** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 | 2025 | 2024 | 2024 |
|---|---|---|---|---|
| | Interest Payable | Principal | Interest Payable | Principal |
| **Permanent Loan - Banc of California** | | | | |
| The Permanent Loan closed on November 22, 2024 in the amount of $2,950,000 with the Banc of California. The loan bears interest at a rate of 3.75%. The maturity date of the loan is November 1, 2041, which is seventeen years from the date of loan closing. The loan has an amortization term of forty years with monthly payments of principal and interest due in the amount of $11,942. Interest expense for 2025 totaled $111,230 (2024 - $11,346). | $ 9,502 | $ 2,907,824 | $ 9,502 | $ 2,939,901 |
| **HCD MHP Loan** | | | | |
| The HCD MHP Loan was closed on November 22, 2024 in the amount of $6,905,287. The loan bears simple interest at a rate of three percent (3%). The maturity date of the loan is November 22, 2079, the 55th anniversary of the loan agreement. Annual payments of the loan are required to be made in the amount of $29,002 or 0.42% of the unpaid principal balance. Payments on the loan are also to be paid from available net cash flow in accordance with the HCD Regulatory Agreement. Interest expense for 2025 totaled $207,159 (2024 - $23,018). | 198,033 | 6,905,287 | 19,876 | 6,905,287 |
| **Long-Term Debt Interest and Principal** | 207,535 | 9,813,111 | 29,378 | 9,845,188 |
| Less: Unamortized Debt Issuance Costs | - | (302,784) | - | (321,807) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 207,535 | $ 9,510,327 | $ 29,378 | $ 9,523,381 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 34,918 |
| 2027 | 36,251 |
| 2028 | 37,634 |
| 2029 | 39,069 |
| 2030 | 40,560 |
| Subsequent | 9,624,679 |
| **Total** | **$ 9,813,111** |

## 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 March 26, 2026 (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 $9,575,980 in federal tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2025 $957,598 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:

| | |
|---|---|
| 2026 | **$ 957,598** |
| 2027 | **957,598** |
| 2028 | **957,598** |
| 2029 | **957,598** |
| 2030 | **957,598** |
| 2031 | **957,598** |
| 2032 | **957,598** |
| 2033 | **957,598** |
| 2034 | **111,314** |
| **Total** | **$ 7,772,098** |

## 10. State 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 $1,830,000 in state tax credits. The 8609's have not been issued and it is estimated that for the year ended December 31, 2025 $172,618 state tax credits will be utilized by the partners. There are no future state tax credits to be utilized by the partners.

## 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 Orland, 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 Required by HCD

# Orland Family Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **REVENUES** | | |
| **Rent Revenue** | | |
| 5120 Rent Revenue - Gross Potential | **$ 505,652** | $ 197,627 |
| Tenant assistance payments | **-** | 276,579 |
| 5140 Rent Revenue - Stores and Commercial | **-** | - |
| 5170 Garage and Parking Spaces | **-** | - |
| 5180 Flexible Subsidy Revenue | **-** | - |
| **5100T Total Rent Revenue** | **505,652** | 474,206 |
| **Vacancies** | | |
| 5220 Vacancies - Apartments | **(15,569)** | (45,783) |
| 5250 Vacancies - Rental Concessions | **-** | - |
| 5290 Vacancies - Miscellaneous | **-** | - |
| **5200T Total Vacancies** | **(15,569)** | (45,783) |
| **5152N Net Rental Revenue (Rent Revenue Less Vacancies)** | **490,083** | 428,423 |
| **Financial Revenue** | | |
| 5410 Financial Revenue - Project Operations | **3,476** | 1,800 |
| 5430 Revenue from Investments - Residual Receipts | **-** | - |
| 5440 Revenue from Investments - Replacement Reserve | **-** | - |
| 5490 Revenue from Investments - Miscellaneous | **-** | - |
| **5400T Total Financial Revenue** | **3,476** | 1,800 |
| **Other Revenue** | | |
| 5910 Laundry and Vending Revenue | **595** | 87 |
| 5920 Tenant Charges | **1,936** | 2,198 |
| **5900T Total Other Revenue** | **2,531** | 2,285 |
| **5000T Total Revenue** | **496,090** | 432,508 |

# Orland Family Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Period Beginning May 4, 2020 and Ending December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **EXPENSES** | | |
| **Administrative Expenses** | | |
| 6203 Conventions and Meetings | **-** | - |
| 6204 Management Consultants | **-** | - |
| 6210 Advertising and Marketing | **328** | 9,896 |
| 6250 Other Renting Expenses | **1,240** | 2,164 |
| 6310 Office Salaries | **28,961** | 44,336 |
| 6311 Office Expenses | **2,661** | 5,459 |
| 6312 Office or Model Apartment Rent | **-** | - |
| 6320 Management Fee | **29,238** | 29,740 |
| 6330 Manager or Superintendent Salaries | **-** | - |
| 6331 Administrative Rent Free Unit | **13,368** | 14,290 |
| 6340 Legal Expense - Project | **4,294** | 1,220 |
| 6350 Audit Expense | **7,205** | - |
| 6351 Bookkeeping Fees/Accounting Services | **-** | - |
| 6370 Bad Debts | **6,443** | - |
| 6390 Miscellaneous Administrative Expenses | **9,080** | 8,991 |
| **6263T Total Administrative Expenses** | **102,818** | 116,096 |
| **Utilities** | | |
| 6450 Electricity | **9,808** | 18,226 |
| 6451 Water | **17,701** | 14,901 |
| 6452 Gas | **-** | - |
| 6453 Sewer | **15,675** | 12,802 |
| **6400T Total Utilities Expense** | **43,184** | 45,929 |

# Orland Family Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Period Beginning May 4, 2020 and Ending December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **Operating and Maintenance Expenses** | | |
| 6510 Payroll | **24,406** | 7,856 |
| 6515 Supplies | **8,612** | 5,009 |
| 6520 Contracts | **20,042** | 3,660 |
| 6521 Operating and Maintenance Rent Free Unit | **-** | - |
| 6525 Garbage and Trash | **16,010** | 12,360 |
| 6530 Security Payroll/Contract | **10,827** | 5,955 |
| 6546 Heating/Cooling Repairs and Maintenance | **1,833** | - |
| 6548 Snow Removal | **-** | - |
| 6570 Vehicle and Maintenance Eq & Op Repairs | **-** | - |
| 6580 Lease Expense | **-** | - |
| 6590 Miscellaneous Operating and Maintenance Expense | **6,273** | 6,016 |
| **6500T Total Operating and Maintenance Expenses** | **88,003** | 40,856 |
| **Taxes and Insurance** | | |
| 6710 Real Estate Taxes | **-** | - |
| 6711 Payroll Taxes | **4,543** | 4,207 |
| 6720 Property & Liability Insurance (Hazard) | **26,637** | 33,499 |
| 6721 Fidelity Bond Insurance | **-** | - |
| 6722 Worker's Compensation | **3,079** | 3,038 |
| 6723 Health Insurance and Other Employee Benefits | **4,586** | 2,596 |
| 6790 Miscellaneous Taxes, Licenses, Permits, & Ins | **1,218** | 1,190 |
| **6700T Total Taxes and Insurance** | **40,063** | 44,530 |
| **Total Operating Expenses** | **274,068** | 247,411 |
| **Financial Expenses** | | |
| 6820 Interest on First Mortgage | **-** | 364,177 |
| 6825 Interest on Other Mortgages | **111,230** | 11,346 |
| 6830 Interest on Notes Payable (Long Term) | **207,159** | 23,018 |
| 6840 Interest on Notes Payable (Short Term) | **-** | - |
| 6845 Interest on Capital Recovery Payment | **-** | - |
| 6850 Mortgage Insurance Premium/Service Charge | **-** | - |
| 6890 Miscellaneous Financial Expenses | **4,000** | - |
| **6800T Total Financial Expenses** | **322,389** | 398,541 |

# Orland Family Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Period Beginning May 4, 2020 and Ending December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **6000T Total Cost of Operations before Depreciation** | **596,457** | 645,952 |
| **5060 Operating Profit (Loss)** | **(100,367)** | (213,444) |
| 6600 Depreciation Expenses | **(706,260)** | (706,260) |
| 6610 Amortization Expense | **(20,684)** | (4,495) |
| **5060N Operating Profit (Loss)** | **(827,311)** | (924,199) |
| **Net Entity Expenses** | | |
| 7190 Other Expenses (Detail Required) | **-** | (56,830) |
| 7191 Asset Management Fee | **(5,000)** | (12,500) |
| 7192 Partnership Management Fee | **(4,450)** | (6,834) |
| 7193 Partnership Administration Fee | **-** | (10,000) |
| **7100T Total Net Entity Expenses** | **(9,450)** | (86,164) |
| **3250 Profit or Loss (Net Income or Loss)** | **$ (836,761)** | $ (1,010,363) |

# Orland Family Associates, LP

**Miscellaneous Details**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **6390 Miscellaneous Administrative Expenses** | | |
| Postage | **$ 254** | $ 354 |
| Training Expense | **833** | 417 |
| Telephone Services | **4,349** | 1,709 |
| Internet | **-** | 1,875 |
| Computer Expense | **2,658** | 3,009 |
| Copier Expense | **530** | 1,533 |
| Bank Charges | **456** | 94 |
| **Total** | **9,080** | 8,991 |
| **6590 Miscellaneous Operating and Maintenance** | | |
| Exterminating | **3,388** | 1,825 |
| Furniture and Equipment | **830** | 1,900 |
| Maintenance Supplies | **961** | 1,842 |
| Long Term Improvements - Appliances | **1,094** | 449 |
| **Total** | **6,273** | 6,016 |
| **6890 Miscellaneous Financial Expenses** | | |
| CMFA Annual Bond Fee | **4,000** | - |
| **7190 Other Expenses** | | |
| Transition Reserve Fee | **$ -** | $ 56,830 |

# Orland Family Associates, LP

**Cash on Hand and in Banks**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Unrestricted Accounts** | | |
| 1120 Cash - Operations | **$ 86,923** | $ 86,355 |
| 1121 Construction Cash Account | **43,469** | 36,399 |
| **Total** | **130,392** | 122,754 |
| **Restricted Accounts** | | |
| 1191 Tenant/Patient Deposits Held in Trust | **22,200** | 19,200 |
| 1310 Escrow Deposits | **41,500** | 24,800 |
| 1320 Replacement Reserve | **20,868** | - |
| 1330 Other Reserves | **109,871** | 107,000 |
| **Total** | **$ 194,439** | $ 151,000 |

Replacement reserves and operating reserves are maintained in designated and separate accounts. Tenant 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. Interest earned during 2025 was $0.

# Orland Family Associates, LP

**Schedule of Reserve for Replacements**

**December 31, 2025 and 2024**

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacements of property or other reserve requirements with the approval of the Department of HCD.

| | 2025 | 2024 |
|---|---|---|
| Total Monthly Deposits | **$ 20,876** | $ - |
| Interest Earned | **4** | - |
| Approved Withdrawals | **(12)** | - |
| Balance, December 31, **2025** | **$ 20,868** | $ - |

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

# Orland Family Associates, LP

**Schedule of Operating Reserves**

**December 31, 2025 and 2024**

See Note 6 restricted cash for further disclosures, description of accounts, and activity details (deposits, withdrawals, and interest earned).

| | 2025 | 2024 |
|---|---|---|
| **Operating Reserves:** | | |
| Balance, December 31, 2024 | **$ 107,000** | $ - |
| Deposits | **-** | 107,000 |
| Interest on Reserve | **2,871** | - |
| Balance, December 31, **2025** | **$ 109,871** | $ 107,000 |

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

# Orland Family Associates, LP

**Operating Reserves**

**December 31, 2025 and 2024**

See Note #6 Restricted Cash in the audited financial statements for description and further disclosure of operating reserve account details (i.e. deposits, withdrawals, interest earned)

| | 2025 | 2024 |
|---|---|---|
| Operating Reserve | **$ 109,871** | $ 107,000 |

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

# Orland Family Associates, LP

**Mortgage Impound Accounts**

**December 31, 2025 and 2024**

Details of the mortgage impound accounts follow:

| | Hazard & Liability Insurance |
|---|---|
| Balance, December 31, 2024 | $ 24,800 |
| Monthly deposits: | |
| Eleven months at $3,100 | 37,200 |
| One month at $2,500 | 2,500 |
| Payment of taxes and insurance | (23,000) |
| Balance, December 31, **2025** | $ 41,500 |

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

# Orland Family Associates, LP

**Schedule of Fixed Assets**

**December 31, 2025 and 2024**

Following are details of property, equipment and improvements, at cost:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| 1410 Land | **$ 405,000** | **$ -** | **$ -** | **$ 405,000** |
| 1420 Buildings | **13,998,175** | **-** | **-** | **13,998,175** |
| 1440 Building Equipment | **1,708,264** | **-** | **-** | **1,708,264** |
| 1450 Furniture for Project/Tenant Use | **2,708,925** | **-** | **-** | **2,708,925** |
| **1400T Total Fixed Assets** | **18,820,364** | **-** | **-** | **18,820,364** |
| 1495 Accumulated Depreciation | **(706,260)** | **(706,260)** | **-** | **(1,412,520)** |
| **Net Book Value** | | | | **$ 17,407,844** |

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

# Orland Family Associates, LP

**Schedule of Accounts Receivable**

**December 31, 2025 and 2024**

Accounts receivable consists of the following:

| | 2025 | 2024 |
|---|---|---|
| 1130 Tenant Accounts Receivable | **$ 10,570** | $ 7,150 |
| 1145 Accounts and Notes Receivable - Entity | **$ 28,286** | $ 28,286 |

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

# Orland Family Associates, LP

**Accounts Payable and Accrued Expenses**

**December 31, 2025 and 2024**

Accounts payables are payable to vendors and are being paid on a current basis. Detail Follows:

| | 2025 | 2024 |
|---|---|---|
| 90 + days past due | **$ -** | $ - |
| **Current (Less than 90 days past due):** | | |
| 2110 Accounts Payable - Operations | **328** | 8,876 |
| **Total Accounts Payable and Accrued Expenses** | **$ 328** | $ 8,876 |

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

# Orland Family Associates, LP

**Gross Potential Rents**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| Tenant Rent Payments | **$ 476,715** | $ 137,554 |
| Tenant assistance payments | **-** | 276,579 |
| Employee quarters shown as expense | **13,368** | 14,290 |
| Vacancies - Apartments | **15,569** | 45,783 |
| **Total gross potential rents** | **$ 505,652** | $ 474,206 |

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

# Orland Family Associates, LP

**Schedule of Management Fees**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

See Note #4 in the audited financial statements for description and further disclosure of management fees details.

| | 2025 | 2024 |
|---|---|---|
| 6320 Management Fee | **$ 29,238** | $ 29,740 |

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

# Orland Family Associates, LP

**Computation of Operating Cash Flow/Surplus Cash**

**For the Year Ended December 31, 2025 and For the Period Beginning March 4, 2020 and Ending December 31, 2024**

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the HCD method

| | 2025 | 2024 |
|---|---|---|
| **Operating Income** | | |
| Total income | **496,090** | 432,508 |
| Interest earned on restricted reserve accounts | **(2,875)** | - |
| **Adjusted operating income** | **493,215** | 432,508 |
| Operating Expenses | **(274,068)** | (247,411) |
| **Adjusted net income** | **$ 219,147** | $ 185,097 |
| **Other activity** | | |
| **Mandatory debt service** | | |
| Mandatory Debt service - Banc of California | **(143,307)** | (142,495) |
| Mandatory Debt service - HCD MHP | **(29,002)** | (29,002) |
| Deposits into Replacement Reserve Account | **(20,876)** | (13,600) |
| Withdrawals from Replacement Reserve Account included in Operating Expenses (added back) | **12** | - |
| Bond Admin Fees | **(4,000)** | - |
| Deferred Developer Fee (2) | **(21,974)** | - |
| Asset management fee, partnership management fee (1) | **-** | - |
| **Total other activity** | **(219,147)** | (185,097) |
| **Total cash available for distributions (net cash flow)** | **-** | - |

(1) - Per the regulatory agreement par.20(b)(7), to the extent cash flow is available, unpaid asset management, partnership management and similar fees may be accrued for a period not to exceed three project fiscal years following the year during which they are earned, up to the difference between the limit (per regulatory agreement limit is$40,887 in 2025 and $39,504 in 2024, respectively) for the year and the amount paid for that year.

(2) - Per the regulatory agreement par. 20(b)(6) to the extent cash flow is available, deferred developer fee is approved up to $385,012, the limit provided by Exhibit C of the regulatory agreement.

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

Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Partners
Orland Family Associates, LP

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 Orland Family Associates, LP, which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Orland Family Associates, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orland Family Associates, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Orland Family Associates, 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Orland Family Associates, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not identify any 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.

Grigg, Bratton & Brash

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

Boise, ID
March 25, 2026

**Orland Family Associates, LP**
**HCD Project Number: 20-MHP-15762**

**Certificate of Partners**
**12/31/2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Orland Family Associates, LP, HCD Project No. 20-MHP-15762 and, to the best of our knowledge and belief; the same are accurate and complete.

Signed: _____

Title: _____

Date: _____

Signed: _____

Title: _____

Date: _____

**Orland Family Associates, LP**
HCD Project Number: 20-MHP-15762

Auditor's Comments on Audit Resolution
Matters Relating to HCD Programs
For the year ended December 31, 2025

**Status of Prior Year Findings and Recommendations:**

**Finding No.** 2024-01

**Condition:** We identified project funds that were used to pay for expenses of another entity affiliated with the general partner. The partnership has recorded a receivable from the administrative general partner to reimburse the partnership for these expenses.

**Response:** Unresolved.

**Status of Current Year Findings and Recommendations:**

**Findings and Recommendations:**

**Finding No.** N/A

# Orland Senior Associates, LP

## Financial Statements

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

# Orland Senior Associates, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Orland Senior Associates, LP

### Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of Orland Senior Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the year ended December 31, 2025 and for the period beginning November 11, 2021 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 Orland Senior Associates, LP as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year ended December 31, 2025 and for the period beginning November 11, 2021 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 Orland 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 Orland 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 Orland 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 Orland 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
March 30, 2026

# Orland Senior Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 41,161** | $ 38,469 |
| Accounts Receivable, net | **1,206** | 4,572 |
| Prepaid Expenses | **9,649** | 10,743 |
| Restricted Cash: | | |
| Tenant Security Deposits | **15,000** | 13,400 |
| Replacement Reserve | **7,667** | - |
| Other Reserves | **81,312** | - |
| Rental Property, net | **12,120,203** | 12,577,821 |
| Other Assets | **19,353** | 6,898 |
| **Total Assets** | **$ 12,295,551** | $ 12,651,903 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ -** | $ 81,903 |
| Accrued Interest Payable | **336,183** | 169,432 |
| Security Deposits Liability | **14,268** | 13,400 |
| Prepaid Rent | **3** | - |
| Related Party Payables | **571,040** | 2,628,877 |
| Long-Term Debt, net | **7,311,159** | 8,075,847 |
| Total Liabilities | **8,232,653** | 10,969,459 |
| **Partners' Capital** | | |
| Partners' Capital | **4,062,898** | 1,682,444 |
| **Total Liabilities and Partners' Capital** | **$ 12,295,551** | $ 12,651,903 |

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

# Orland Senior Associates, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 357,934** | $ 143,185 |
| Less: Vacancy Loss | **(11,294)** | (296) |
| Net Rental Income | **346,640** | 142,889 |
| Miscellaneous Income | **2,463** | 1,164 |
| **Total Operating Revenue** | **349,103** | 144,053 |
| **Operating Expenses** | | |
| Administrative Expenses | **96,449** | 40,086 |
| Utilities | **43,343** | 20,558 |
| Operating and Maintenance Expenses | **54,836** | 37,923 |
| Taxes and Insurance | **23,718** | 16,940 |
| **Total Operating Expenses** | **218,346** | 115,507 |
| **Net Operating Income** | **130,757** | 28,546 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **537** | 12,102 |
| Interest Expense | **(287,760)** | (158,180) |
| Depreciation Expense | **(457,618)** | (228,810) |
| Amortization Expense | **(621)** | (238) |
| Lease-Up and Marketing Expenses | **(2,502)** | 1,144 |
| Asset Management Fee | **(5,000)** | (12,843) |
| Partnership Management Fee | **(3,200)** | (3,200) |
| MGP Startup Fees | **-** | (10,000) |
| **Total Non-Operating Income (Expenses)** | **(756,164)** | (400,025) |
| **Net Loss** | **$ (625,407)** | $ (371,479) |

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

# Orland Senior Associates, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

| | TPC Holdings IX, LLC (0.0045%) | Butte County Affordable Housing (0.0045%) | Red Stone Equity Manager (0.001%) | Red Stone Equity - 2022 CA Regional Fund, LP (99.99%) | Total (100.00%) |
|---|---|---|---|---|---|
| **Prior Period Activity** | | | | | |
| Capital Contributed | $ - | $ - | $ - | $ 2,103,923 | $ 2,103,923 |
| Syndication Costs | - | - | - | (50,000) | (50,000) |
| Net loss for the period | (16) | (17) | (4) | (371,442) | (371,479) |
| **Balance, December 31, 2024** | (16) | (17) | (4) | 1,682,481 | 1,682,444 |
| **Current periods activity** | | | | | |
| Capital Contributed | - | - | - | 3,005,861 | 3,005,861 |
| Net loss for the period | (28) | (28) | (6) | (625,345) | (625,407) |
| **Balance, December 31, 2025** | $ (44) | $ (45) | $ (10) | $ 4,062,997 | $ 4,062,898 |

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

# Orland Senior Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 350,009** | $ 138,317 |
| Interest Receipts | **537** | 12,102 |
| Other Operating Receipts | **2,463** | 1,164 |
| Tenant Security Deposits | **868** | 13,400 |
| **Total Receipts** | **353,877** | 164,983 |
| **Disbursements** | | |
| Administrative | **(77,912)** | (23,082) |
| Management Fee | **(20,955)** | (13,123) |
| Utilities | **(43,343)** | (20,558) |
| Operating and Maintenance | **(54,836)** | (37,923) |
| Property Insurance | **(14,472)** | (21,486) |
| Taxes and Insurance | **(8,152)** | (6,197) |
| Interest on Mortgage and Notes Payable | **(90,610)** | - |
| Partner Fees | **(16,043)** | - |
| **Total Disbursements** | **(326,323)** | (122,369) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **27,554** | 42,614 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **-** | (9,844,184) |
| Tax Credit Fees | **(13,076)** | (7,136) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **(13,076)** | (9,851,320) |

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

# Orland Senior Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Borrowings - Construction Loan | **-** | 6,756,265 |
| Principal Repayments - Construction Loan | **(3,156,265)** | (3,600,000) |
| Principal Advances - Developer Loans | **15,000** | - |
| Principal Borrowings - HOME Loan | **598,233** | 5,125,817 |
| Principal Borrowings - Permanent Loan | **1,800,000** | - |
| Principal Payments - Permanent Loan | **(10,893)** | - |
| Developer Fee Payments | **(991,401)** | - |
| Payment of Construction Contract Payable | **(1,073,593)** | - |
| Payment of Development Costs Payable | **(79,485)** | - |
| Construction Loan Interest Expense Paid Through Construction Account | **(17,912)** | (256,265) |
| Capital Contributions | **3,005,861** | 2,103,923 |
| Debt Issuance Costs | **(8,250)** | (208,846) |
| Syndication Costs | **-** | (50,000) |
| Expenses Paid Through Construction Account | **(2,502)** | (319) |
| Partner Fees Paid Through Construction Account | **-** | (10,000) |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **78,793** | 9,860,575 |
| **Net change in cash, cash equivalents, and restricted cash** | **93,271** | 51,869 |
| Cash, cash equivalents, and restricted cash at beginning of year | **51,869** | - |
| **Cash, cash equivalents, and restricted cash at end of period** | **$ 145,140** | $ 51,869 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 38,493** | $ 37,968 |
| Construction Cash Account | **2,668** | 501 |
| Tenant Security Deposits | **15,000** | 13,400 |
| Replacement Reserve | **7,667** | - |
| Other Reserves | **81,312** | - |
| | **$ 145,140** | $ 51,869 |

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

# Orland Senior Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(625,407)** | (371,479) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **457,618** | 228,810 |
| Amortization | **621** | 238 |
| Amortization/Interest Debt Issuance Costs | **12,487** | 2,611 |
| Construction Loan Interest Expense Paid Through Construction Account | **17,912** | 256,265 |
| Expenses Paid Through Construction Account | **2,502** | 319 |
| Partner Fees Paid Through Construction Account | **-** | 10,000 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **3,366** | (4,572) |
| Prepaid Expenses | **1,094** | (10,743) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(2,418)** | 2,418 |
| Accrued Interest Payable | **166,751** | (100,696) |
| Security Deposits Liability | **868** | 13,400 |
| Prepaid Rent | **3** | - |
| Related Party Payables | **(7,843)** | 16,043 |
| **Net cash provided by (used by) operating activities** | **$ 27,554** | $ 42,614 |

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

# Orland Senior Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning November 11, 2021 and Ending December 31, 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Orland 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 November 11, 2021. The General Partners are: TPC Holdings IX, LLC (0.0045%) and Butte County Affordable Housing Development Corporation, (0.0045%). The Limited Partners are: Red Stone Equity Manager (0.01%) and Red Stone Equity - 2022 CA Regional Fund, LP (99.99%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 32-unit multifamily rental housing project in Orland, CA known as Liberty Bell Courtyard Apartments. Construction was completed on June 24, 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.

## 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, 2025 was $ 457,618 (2024 - $ 228,810).

### 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, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $20,212 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 $859 and $238 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $201,998 and $206,235 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $12,487 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.

## 2. Significant Accounting Policies

### 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.

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, advertising and marketing costs totaled $0 and $0, 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 Orland, 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.

## 2. Significant Accounting Policies

### 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, from Net Cash Flow, an annual fee (the "Asset Management Fee") equal to $5,000 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 paid annually and shall be cumulative to the extent not paid in full in any year, commencing at Stabilized Operations. For the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, the Special Limited Partner earned Asset Management Fees of $5,000 and $12,843, respectively. During these years, the Special Limited Partner was paid Asset Management Fees of $12,843 and $0, respectively.

**Partnership Management Fee**

For services to be performed under Section 8.01 of the Partnership Agreement, the Partnership shall pay, from Net Cash Flow, an annual fee (the "Partnership Management Fee") equal to $3,200 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, which occurred in 2024. For the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, the Managing General Partner earned Partnership Management Fees of $3,200 and $3,200, respectively. During these years, the Managing General Partner was paid Partnership Management Fees of $3,200 and $0, respectively.

**Incentive Management Fee**

In consideration of the services to be rendered by the Supervisory Agent to the Partnership hereunder, commencing with the year in which Substantial Completion occurs and for each year thereafter, the Partnership shall pay to the Supervisory Agent an incentive management fee (the "Incentive Management Fee") in an amount equal to ninety percent (90%) of Net Cash Flow remaining after application of Net Cash Flow against the amounts described in Sections 11.03(b)(i) through 11.03(b)(ix) of the Partnership Agreement for such year pursuant to Section 11.03(b)(x) of the Partnership Agreement; provided that the Incentive Management Fee for any year shall not exceed ten percent (10%) of gross revenues of the Apartment Complex for such year. For the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, there were no Incentive Management Fees earned or paid.

## 3. Related Party Transactions

### b. Developer Fee Payable

For services performed and to be performed under Sections 1 and 2 of the Development Agreement, the Partnership shall pay the Developer a fee (the "Development Fee") in the aggregate amount of $1,539,241 as follows: (i) $1,389,241 is projected to be paid concurrently with the Third Capital Contribution, (ii) $150,000 is projected to be paid concurrently with the Fourth Capital Contribution, and (iii) thereafter in accordance with the remainder of this Section 3(a); provided, however, the amount payable subsequent to the Initial Closing is subject to adjustment (x) upward to the extent development sources set forth in the Partnership Agreement are sufficient to pay additional cash fee and (y) downward by an amount equal to the reductions in, or refunds of, the Limited Partner Capital Contribution pursuant to Section 5.03 of the Partnership Agreement and (ii) any cost overruns or other reductions in sources not resulting from the negligent or intentional act or omission of the General Partner. Notwithstanding the foregoing or anything elsewhere in this agreement or in the Partnership Agreement, any portion of the Development Fee for which the Partnership lacks sufficient sources to pay as cash Development Fee may be deferred by the Partnership pursuant to the terms of the Partnership Agreement. Subject to Section 5(b), the portion of the Development Fee not paid under the first sentence of this Section 3(a) (currently projected to be $0) shall be paid to the Developer (the "Deferred Development Fee") solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Article 11 of the Partnership Agreement, but in no event later than the Maturity Date (as defined below). The Development Fee shall be the only amount payable to Developer for services performed pursuant to this Agreement. The Developer shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of Developer or for Developer's overhead.

The Deferred Development Fee shall bear interest at 5% per annum. Notwithstanding anything to the contrary contained in this Section 3, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the fifteenth (15th) year following the date upon which the entire Apartment Complex has been placed in service (as defined in the Code) and (ii) the date of liquidation of the Partnership (the "Maturity Date"). The Deferred Development Fee shall be unsecured and a recourse liability. The Development Fee shall be deemed to have been earned as and when the services specified herein shall have been rendered, as follows: (i) Twenty percent (20%) before the date hereof for preconstruction development services; (ii) Twenty percent (20%) upon commencement of construction/rehabilitation of the Apartment Complex; and (iii) Sixty percent (60%) upon the placement in service of 100% of the units in the Apartment Complex (and prior to such date, a pro rata percentage (based on square footage) of the sixty percent (60%) will be deemed earned as each building of the Apartment Complex is completed. As of December 31, 2025, the Fourth Capital Contribution has not yet occurred and therefore the interest-accrual period has not yet commenced.

## 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, until the aggregate amount of distributions made to the Limited Partners under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Limited Partner Tax Liability for each such Partner for the current and all prior years;

2. To the Limited Partners in an amount equal to any amounts due and owing to the Limited Partners hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, and Special Additional Capital Contributions (to be paid to the Limited Partners pro rata in proportion to the outstanding balances owed to each such Partner);

3. To the payment of any accrued but unpaid Asset Management Fees to the Special Limited Partner;

4. To replenish the Operating Reserve up to the Operating Reserve Floor;

5. To the payment of any accrued but unpaid Partnership Management Fee to the Managing General Partner;

6. To the payment of any amounts due under the Development Agreement;

7. To the pro rata payment of any outstanding Construction Completion Loans, Operating Deficit Loans and General Partner Loans (including any accrued interest thereon to the extent any such loans bear interest pursuant to the terms of this Agreement), based upon the respective outstanding balances of each;

8. Fifty percent (50%) to the payment of the City HOME Loan in accordance with the terms of the Project Loan documents

9. Ninety percent (90%) to the payment of the Incentive Management Fee; and

10. 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 under Section 11.03(b)(x) of the Partnership Agreement is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(ix) and (x) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under this Section 11.03(b)(x) of the Partnership Agreement, shall equal ten percent (10%) of Net Cash Flow.

## 3. Related Party Transactions

### d. Guarantees

On June 1, 2022, the Partnership and the Investor Limited Partner entered into a Guaranty Agreement with the Administrative General Partner, PWC, the Contractor, and Caleb Roope (collectively, the "Guarantors"). Guarantors irrevocably and unconditionally fully guarantee the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the General Partner of each and every obligation of the General Partner due under the Partnership Agreement, and the Purchase Option Agreement, if the Early Exit Option is exercised by the Grantee (each as defined therein); (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Red Stone in collection of the enforcement of this Guaranty Agreement against the Guarantors.

### 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 April 13, 2022 in the amount of $7,957,985. Any modifications to the contract will require the approval of the Special Limited Partner. The Construction Contract was fully repaid during the year ended December 31, 2025. Construction contract payable to PWB totaled $0 and $1,073,593 as of December 31, 2025 and 2024, respectively.

### f. Development Advances Loan Payable - PWC

Pacific West Communities, Inc. ("PWC"), an affiliate of the Administrative General Partner, made unsecured short term advances of funds in the amount of $15,000. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2025 and 2024 the balance of the loan was $15,000 and $0, respectively.

### g. Payments of Insurance Premiums to GP Affiliate

In 2024, The partnership paid 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 $15,566 and $10,743 for the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024. For the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, payments to PWC for insurance amounted to $0 and $21,486, respectively.

## 3. Related Party Transactions

### h. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 547,840 | $ 1,539,241 |
| Asset Management Fee Payable | 5,000 | 12,843 |
| Partnership Management Fee Payable | 3,200 | 3,200 |
| Loans Payable - PWC | 15,000 | - |
| Construction Contract Payable - PWB | - | 1,073,593 |
| **Total Related Party Payables** | $ 571,040 | $ 2,628,877 |

## 4. Property Management Fees

The property is managed by Buckingham Property Management, who is not affiliated with the owners. Management Fees of $20,955 and $13,123, were incurred at the greater of $35 per unit per month or six (6%) of gross operating revenues during the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 213,000 | $ 213,000 |
| Buildings | 9,848,071 | 9,848,071 |
| Land Improvements | 1,262,788 | 1,262,788 |
| Office Furniture and Equipment | 1,482,772 | 1,482,772 |
| **Total cost** | 12,806,631 | 12,806,631 |
| Accumulated Depreciation | (686,428) | (228,810) |
| **Total Rental Property, net** | $ 12,120,203 | $ 12,577,821 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Replacement Reserve") to provide for working capital needs, improvements and replacements relating to the Apartment Complex. Commencing upon "Final Closing", the General Partner shall cause the Partnership to annually deposit $16,000 from the Partnership's gross operating revenues into the Replacement Reserve. The General Partner shall be entitled to withdraw funds from the Replacement Reserve subject to the Consent of the Special Limited Partner. The account was established upon closing of the Permanent Loan in 2025, when funding began.

### 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, 2025 and 2024 was $15,000 and $13,400, respectively.

### c. Other Reserves Account

The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Operating Reserve") to meet operating expenses and debt service of the Partnership which exceed operating revenues available for the payment thereof. No later than the making of the Third Capital Contribution, the General Partner shall cause the Partnership to deposit the amount equal to $80,818 for the operating reserve. An operating reserve of $80,818 was established upon closing of the Permanent Loan in 2025.

### d. Restricted Account Activity

| | Replacement Reserve | Operating Reserve |
|---|---|---|
| **Balance, December 31, 2024** | $ - | $ - |
| Deposits | 7,667 | 80,818 |
| Interest | - | 494 |
| Withdrawals | - | - |
| **Subtotal, Current Year Activity** | 7,667 | 81,312 |
| **Balance, December 31, 2025** | **$ 7,667** | **$ 81,312** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **City of Orland - HOME Loan** | | | | |
| On June 1, 2022 the Partnership entered into a loan agreement with City of Orland in the amount of $5,720,330. The loan shall bear simple interest at a rate of 3% per annum. The maturity date of the HOME loan is June 24, 2079. HOME Loan interest capitalized during the construction period totaled $88,273. Interest expense for the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024 totaled $159,450 and $81,159, respectively. | $ 328,882 | $ 5,724,050 | $ 169,432 | $ 5,125,817 |
| **Pacific Western Bank - Construction Loan** | | | | |
| On June 1, 2022 the Partnership entered into a construction loan agreement with Pacific Western Bank in the amount of $6,500,000. During the Construction Term, the Principal Balance shall bear interest at a per annum fixed interest rate equal to 3.50%. The maturity date of the construction loan was December 7, 2024. The partnership elected to use it's one six month extension to make the construction loan maturity date June 7, 2025. During the Construction Term interest only payments are to be made monthly. Construction interest that was capitalized totaled $181,855. Interest expense for the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024 totaled $82,912 and $74,410, respectively. | - | - | - | 3,156,265 |
| **Banc of California - Permanent Loan** | | | | |
| On July 17, 2025, the Construction Loan with Pacific Western Bank converted to the Permanent Loan with Banc of California in the amount of $1,800,000. The loan has a fixed interest rate of 3.75% per annum and calls for monthly principal and interest payments of $7,307 based on a 40 year amortization. The loan matures on June 1, 2042. Interest expense for the year ended December 31, 2025 and for the period beginning November 11, 2021 and ending December 31, 2024 totaled $32,911 and $0, respectively. | 7,301 | 1,789,107 | - | - |
| **Long-Term Debt Interest and Principal** | 336,183 | 7,513,157 | 169,432 | 8,282,082 |
| Less: Unamortized Debt Issuance Costs | - | (201,998) | - | (206,235) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 336,183 | $ 7,311,159 | $ 169,432 | $ 8,075,847 |

## 7. Long-Term Debt

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 19,930 |
| 2027 | 20,701 |
| 2028 | 21,315 |
| 2029 | 22,327 |
| 2030 | 23,190 |
| Subsequent | 7,405,694 |
| **Total** | **$ 7,513,157** |

## 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 March 30, 2026 (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 $6,502,790 in federal tax credits. The 8609's have been issued and it is estimated that for the periods ended December 31, 2025 $650,279 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:

| | |
|---|---|
| 2026 | **$ 650,279** |
| 2027 | **650,279** |
| 2028 | **650,279** |
| 2029 | **650,279** |
| 2030 | **650,279** |
| 2031 | **650,279** |
| 2032 | **650,279** |
| 2033 | **650,279** |
| 2034 | **340,421** |
| **Total** | **$ 5,542,653** |

## 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.

# Supplementary Information

# Orland Senior Associates, LP

**For the Period Beginning November 11, 2021 and Ending December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Office Expenses | **$ 14,344** | $ 10,919 |
| Property Management Fees | **20,955** | 13,123 |
| Manager or Superintendent Salaries | **25,639** | 11,491 |
| Administrative Rent Free Unit | **14,256** | 3,564 |
| Legal Expense - Project | **112** | - |
| Audit Expense | **7,126** | - |
| Bad Debts | **291** | - |
| Miscellaneous Administrative Expenses | **13,726** | 989 |
| **Total Administrative Expenses** | **96,449** | 40,086 |
| **Utilities** | | |
| Electricity | **13,213** | 7,521 |
| Water | **15,575** | 7,266 |
| Gas | **496** | 211 |
| Sewer | **14,059** | 5,560 |
| **Total Utilities** | **43,343** | 20,558 |
| **Operating and Maintenance** | | |
| Payroll | **13,384** | 14,990 |
| Supplies | **5,340** | 4,504 |
| Contracts | **21,975** | 8,884 |
| Garbage and Trash | **13,024** | 6,207 |
| Miscellaneous Operating and Maintenance Expense | **1,113** | 3,338 |
| **Total Operating and Maintenance** | **54,836** | 37,923 |
| **Taxes and Insurance** | | |
| Payroll Taxes | **3,355** | 1,899 |
| Property & Liability Insurance (Hazard) | **15,566** | 10,743 |
| Workmen's Compensation | **1,995** | 1,674 |
| Health Insurance and Other Employee Benefits | **1,629** | 2,607 |
| Miscellaneous Taxes, Licenses, Permits, & Insurance | **1,173** | 17 |
| **Total Taxes and Insurance** | **23,718** | 16,940 |
| **Total operating expenses** | **$ 218,346** | $ 115,507 |

# Orland Senior Associates, LP

**For the Period Beginning November 11, 2021 and Ending December 31, 2025**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 27,554 |
| Add: | |
| Partner Fees Paid | 16,043 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (10,893) |
| Change in Replacement Reserve Accounts | (7,667) |
| Change in Operating Reserve Accounts | (494) |
| Change In Tenant Security Deposit Account | (1,600) |
| **Cash Flow Available for Distribution** | $ 22,943 |

### Distribution of Available Cash Flow

Cash flow available for distribution from 2025 will be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 5,000 |
| Partnership Management Fee Payable | 3,200 |
| Deferred Developer Fee Payable | 14,743 |
| **Total** | $ 22,943 |

# Oroville Family Associates, LP

## Financial Statements

**For the Years Ended December 31,  2025 and 2024**

# Oroville Family Associates, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Oroville Family Associates, LP

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Oroville Family Associates, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the periods 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 Family Associates, LP as of December 31, 2025 and 2024, 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, 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, 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, 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, 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
March 20, 2026

# Oroville Family Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 97,392** | $ 81,310 |
| Accounts Receivable, net | **3,069** | 2,732 |
| Prepaid Expenses | **49,572** | 21,717 |
| Related Party Receivables | **-** | 750,014 |
| Restricted Cash: | | |
| Tenant Security Deposits | **59,779** | 56,733 |
| Escrow Deposits | **-** | 1,127 |
| Replacement Reserve | **91,444** | 58,444 |
| Other Reserves | **150,672** | 144,624 |
| Rental Property, net | **24,662,655** | 25,746,074 |
| Other Assets | **596,428** | 697,629 |
| **Total Assets** | **$ 25,711,011** | $ 27,560,404 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 1,327** | $ 1,495 |
| Accrued Expenses | **35** | - |
| Accrued Interest Payable | **20,003** | 20,003 |
| Security Deposits Liability | **59,779** | 56,673 |
| Prepaid Rent | **21** | 129 |
| Related Party Payables | **1,764,713** | 4,124,642 |
| Long-Term Debt, net | **3,050,154** | 3,070,129 |
| Total Liabilities | **4,896,032** | 7,273,071 |
| **Partners' Capital** | | |
| Partners' Capital | **20,814,979** | 20,287,333 |
| **Total Liabilities and Partners' Capital** | **$ 25,711,011** | $ 27,560,404 |

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

# Oroville Family Associates, LP

**Statements of Income**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 880,361** | $ 825,165 |
| Less: Vacancy Loss | **(34,944)** | (25,487) |
| Net Rental Income | **845,417** | 799,678 |
| Miscellaneous Income | **7,112** | 15,163 |
| **Total Operating Revenue** | **852,529** | 814,841 |
| **Operating Expenses** | | |
| Administrative Expenses | **155,807** | 165,132 |
| Utilities | **50,706** | 75,124 |
| Operating and Maintenance Expenses | **181,958** | 171,706 |
| Taxes and Insurance | **80,254** | 87,256 |
| **Total Operating Expenses** | **468,725** | 499,218 |
| **Net Operating Income** | **383,804** | 315,623 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **6,361** | 5,355 |
| Interest Expense | **(238,487)** | (390,945) |
| Depreciation Expense | **(1,083,419)** | (1,083,419) |
| Amortization Expense | **(9,710)** | (9,710) |
| Lease-Up and Marketing Expenses | **(4,780)** | (52) |
| Asset Management Fee | **(11,201)** | (10,971) |
| Partnership Management Fee | **(7,638)** | (7,416) |
| **Total Non-Operating Income (Expenses)** | **(1,348,874)** | (1,497,158) |
| **Net Loss** | **$ (965,070)** | $(1,181,535) |

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

# Oroville Family Associates, LP

**Statements of Comprehensive Income**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Net Loss | **$ (965,070)** | $ (1,181,535) |
| Other Comprehensive Loss | **-** | - |
| Unrealized Gain (Loss) on Fair Value of Interest Rate Swap | **(88,158)** | 127,661 |
| **Comprehensive Income (Loss)** | **$ (1,053,228)** | $ (1,053,874) |

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

# Oroville Family Associates, LP

**Statements of Changes in Partners' Capital**

**For the Years Ended December 31, 2025 and 2024**

| | Butte County Affordable Housing Development Corporation (0.005%%) | TPC Holdings IX, LLC (0.005%) | CREA Corporate Tax Credit Fund 88, LP (99.989%) | CREA SLP, LLC (0.001%) | Accumulated Other Comprehensive Income | Total (100.00%) |
|---|---|---|---|---|---|---|
| **Prior year activity** | | | | | | |
| Balance, June 8, 2021 | $ (82) | $ (82) | $ 3,292,613 | $ 84 | $ 399,109 | $ 3,691,642 |
| Capital Contributed | - | - | 17,649,565 | - | - | 17,649,565 |
| Unrealized Gain (Loss) on Interest Rate Swap | - | - | - | - | 127,661 | 127,661 |
| Net loss for the period | (59) | (59) | (1,181,405) | (12) | - | (1,181,535) |
| **Balance, December 31, 2024** | (141) | (141) | 19,760,773 | 72 | 526,770 | 20,287,333 |
| **Current Period Activity** | | | | | | |
| Capital Contributed | - | - | 1,580,874 | - | - | 1,580,874 |
| Unrealized Gain (Loss) on Interest Rate Swap | - | - | - | - | (88,158) | (88,158) |
| Net loss for the period | (48) | (48) | (964,964) | (10) | - | (965,070) |
| **Balance, December 31, 2025** | $ (189) | $ (189) | $ 20,376,683 | $ 62 | $ 438,612 | $ 20,814,979 |

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

# Oroville Family Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 832,659** | $ 779,157 |
| Interest Receipts | **6,361** | 5,355 |
| Other Operating Receipts | **7,112** | 15,163 |
| Tenant Security Deposits | **3,106** | (1,572) |
| **Total Receipts** | **849,238** | 798,103 |
| **Disbursements** | | |
| Administrative | **(100,843)** | (106,879) |
| Management Fee | **(42,819)** | (39,330) |
| Utilities | **(50,706)** | (75,124) |
| Operating and Maintenance | **(181,923)** | (171,706) |
| Real Estate Taxes | **(215)** | (200) |
| Property Insurance | **(86,520)** | (65,888) |
| Taxes and Insurance | **(21,374)** | (24,934) |
| Interest on Mortgage and Notes Payable | **(161,151)** | (485,701) |
| Partner Fees | **(29,670)** | - |
| Lease Up and Marketing Expenses | **(4,780)** | (52) |
| **Total Disbursements** | **(680,001)** | (969,814) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **169,237** | (171,711) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Refunds (Payments) of Tax Credit Fees | **-** | 70,890 |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **-** | 70,890 |

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

# Oroville Family Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Borrowings - Construction Loan Payable | **-** | 3,360,000 |
| Principal Payments - Construction and Permanent Loan | **(39,501)** | (21,650,586) |
| Principal Borrowings - PWB Loan | **(1,750,000)** | 1,080,000 |
| Capital Contributions | **1,580,874** | 17,649,565 |
| Payment of Debt Issuance Costs | **-** | (27,816) |
| Collection of PWB Receivable | **750,014** | - |
| Developer Fee Payments | **(450,793)** | - |
| Payment on PWB Loan Interest | **(57,810)** | - |
| Payments of Development Costs Payable | **-** | (8,312) |
| Payments of Construction Contract Payable | **(144,972)** | (135,000) |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(112,188)** | 267,851 |
| **Net change in cash, cash equivalents, and restricted cash** | **57,049** | 167,030 |
| Cash, cash equivalents, and restricted cash at beginning of year | **342,238** | 175,208 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 399,287** | $ 342,238 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 97,392** | $ 73,929 |
| Construction Cash Account | **-** | 7,381 |
| Tenant Security Deposits | **59,779** | 56,733 |
| Escrow Deposits | **-** | 1,127 |
| Replacement Reserve | **91,444** | 58,444 |
| Other Reserves | **150,672** | 144,624 |
| | **$ 399,287** | $ 342,238 |

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

# Oroville Family Associates, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(965,070)** | (1,181,535) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **1,083,419** | 1,083,419 |
| Amortization | **9,710** | 9,710 |
| Amortization/Interest Debt Issuance Costs | **19,526** | 19,195 |
| Amortization of Upfront Asset Management Fee | **3,333** | 3,333 |
| Other Financing Activities: Payments of PWB Loan Interest | **57,810** | - |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **(337)** | (952) |
| Prepaid Expenses | **(27,855)** | (3,765) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(168)** | (672) |
| Accrued Expenses | **35** | - |
| Accrued Interest Payable | **-** | (113,952) |
| Security Deposits Liability | **3,106** | (1,572) |
| Prepaid Rent | **(108)** | 26 |
| Related Party Payables | **(14,164)** | 15,054 |
| **Net cash provided by (used by) operating activities** | **$ 169,237** | $ (171,711) |

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

# Oroville Family Associates, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Oroville Family 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 June 7, 2021. The General Partners are: Butte County Affordable Housing Development Corporation (0.005%) and TPC Holding IX, LLC, (0.005%). The Limited Partners are: CREA Corporate Tax Credit Fund 88, 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 72-unit multifamily rental housing project in Oroville, California, known as Riverbend Family Apartments. The project was purchased on May 30, 2023 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 the periods ended December 31, 2025 was 1,083,419 and $1,083,419, respectively.

## 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 the periods ended December 31, 2025 and 2024, respectively.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $145,656 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 $27,841 and $18,131 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $241,950 and $261,476 at December 31, 2025 and 2024, respectively, is reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $19,526 and $19,195, respectively, 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, 2025 and 2024, the balance of allowance for doubtful accounts was $0 and $3,339, respectively.

### 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.

## 2. Significant Accounting Policies

### j. 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.

## 2. Significant Accounting Policies

### k. 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.

### l. Fair Value Measurements

The Partnership applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data.

These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). Upon adoption of the fair value measurement provisions that apply to recurring and nonrecurring fair value measurements of financial assets and liabilities and other provisions, the Partnership determined that no transition adjustments wee required.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

| | |
|---|---|
| Level 1 | Quoted prices (unadjusted) for identical assets or liabilities in active markets. |
| Level 2 | Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. |
| Level 3 | Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability, based on the best information available. |

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

As discussed in Note 7, in 2016 the Partnership entered into an interest rate swap agreement with U.S. Bank that effectively converts the variable debt to a fixed interest rate. The interest rate swap qualifies for the simplified hedge accounting alternative offered to nonpublic entities and is measured at settlement value. Gains and losses deferred in other comprehensive income are to be recognized as an adjustment to interest expense in the same period that the hedged interest payments affect earnings. The settlement value of the interest rate swap agreement represents the difference in the present value of cash flows calculated (i) at the

**2. Significant Accounting Policies**

contracted interest rates and (ii) at current market interest rates at the end of the period. The settlement value of the interest rate swap agreements are included in "fair value of interest rate swaps" on the Partnership's balance sheets as of December 31, 2025 and 2024. Accordingly, the interest rate swap is classified as Level 2 measurement.

## 2. Significant Accounting Policies

### m. Derivatives and Hedging Activities

The partnership uses interest rate swaps to manage interest rate risk associated with its variable-rate debt. For qualifying cash flow hedges, the partnership has elected to use the simplified hedge accounting approach, which allows the interest rate swaps to be measured at settlement value rather than fair value.

### n. 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 Installment and (ii) $7,200 per year, earned on an annual basis, beginning on the date hereof, 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 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 Net Cash from Sales and Refinancings as provided in Sections 4.1 and 4.2 of the Limited Partnership Agreement and shall accrue, without interest, until there is sufficient cash available to pay any current and accrued Asset Management Fee as set forth in Sections 4.1 and 4.2 of the Limited Partnership Agreement. For the periods ended December 31, 2025 and 2024, $11,201 and $10,971 was earned. Payments for Asset Management Fees were made in 2025 and 2024 in the amounts of $15,054 and $0, respectively. As of December 31, 2025 and 2024, $7,868 and $14,616 remains payable.

## 3. Related Party Transactions

### a. Partner Fees

**Partnership Management Fee**

For services to be performed under Section 5.1(b) of the Limited Partnership Agreement, the Partnership shall pay as a cumulative annual partnership management fee (the "Partnership Management Fee") to the Managing General Partner beginning 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 under Section 4.1(a) of the Limited Partnership Agreement hereof, an amount equal to $7,200, 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 Section 4.1(a) of the Limited Partnership Agreement. Payment of the Partnership Management Fee shall be in accordance with any applicable requirements of the Project Lenders. For the periods ended December 31, 2025 and 2024, $7,638 and $7,416 was earned. Payments amounting to $14,616 and $0 were made in 2025 and 2024, respectively. As of December 31, 2025 and 2024, $7,638 and $14,616 remains payable.

**Incentive Management Fee**

In consideration of its services, the Partnership shall pay to the Administrative General Partner an annual, non-cumulative 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 Section 4.1(a) of the Limited 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 and/or the State Limited Partner under Section 5.10 of the Limited Partnership Agreement.

**Incentive Leasing Fee**

In consideration of its services described in Section 1 of the Incentive Lease Up Agreement, the Partnership shall pay to the Administrative General Partner a non-cumulative Incentive Leasing Fee. The Incentive Leasing Fee will be earned beginning in the Fiscal Year in which lease-up of the LIHTC Units begins and will be paid in the priority specified in Section 4.1 of the Limited Partnership Agreement. For the periods ended December 31, 2025 and 2024, $0 and $54,237 was earned. As of December 31, 2025 no incentive leasing fees have been paid.

### 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 15th anniversary of the completion date, then the Administrative General Partner shall make an additional capital contribution pursuant to Section 2.1(c) of the Limited Partnership Agreement and the Developer's sole recourse for nonpayment shall be against the General Partner. At December 31, 2025 and 2024, $1,749,207 remained payable.

## 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 of the Limited Partnership Agreement. 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 of the Limited Partnership Agreement or any other amounts owed to the Limited Partner or Special Limited Partner pursuant 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)of the Limited Partnership Agreement 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 of the Limited Partnership Agreement and not yet repaid;

8. To the payment of any Deferred Property Management Fee (if applicable);

9. 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) of the Limited Partnership Agreement; and

10. Of the balance, (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.

## 3. Related Party Transactions

### d. Guarantees

**Operating Deficit Guaranty**

The Administrative General Partner, and the Guarantor, pursuant to the Guaranty Agreement, jointly and severally, are obligated, promptly upon the reduction of the Operating Reserve Account to zero, to provide funds to the Partnership for Operating Deficits occurring during the Operating Deficit Guaranty Period; provided, however, that the Guarantor shall not be obligated to make Operating Deficit Loans under this Section 5.4(j) of the Limited Partnership Agreement to the extent that the outstanding aggregate principal amount of such Operating Deficit Loans would exceed the Operating Guaranty Amount. Notwithstanding anything contained herein to the contrary, there shall be no limitation on the General Partner's liability under this Section 5.4(j) of the Limited Partnership Agreement. Repayment of any letters of credit or other borrowings arranged by the Administrative General Partner and/or Guarantor in furtherance of its obligations under this Section 5.4(j) of the Limited Partnership Agreement shall be the sole obligation of the Administrative General Partner and/or Guarantor. Funds made available to the Partnership by the Administrative General Partner and/or Guarantor pursuant to this Section 5.4(j) of the Limited Partnership Agreement and/or the Guaranty Agreement shall be treated as non-interest bearing loans to the Partnership repayable as provided in Section 4.1 and Section 4.2 of the Limited Partnership Agreement.

**Permanent Loan Shortfall Guaranty**

The General Partner has or will obtain on behalf of the Partnership the Permanent Loans, as more particularly described in Appendix IV of the Limited Partnership Agreement. The General Partner shall be obligated to provide funds to the Partnership in the event that the actual proceeds of the Permanent Loans and any other financing source are less than the anticipated amount of the Permanent Loan or any other such financing or financing proceeds as set forth in the Financial Forecast (a "Permanent Loan Shortfall"). The Limited Partner shall permit the deferral of additional Developer Fee (provided the Financial Forecasts demonstrate such deferred fee can be paid in full from Cash Flow prior to maturity of the Deferred Development Fee Note) to initially fund the Permanent Loan Shortfall. Funds made available pursuant to this Section 5.4(m) of the Limited Partnership Agreement shall be evidenced by a note (the "Permanent Loan Shortfall Note") with terms no less favorable than the terms of the Permanent Loan or such other loan and shall be repaid as provided in Section 4.1 and Section 4.2 of the Limited Partnership Agreement. The Permanent Loan Shortfall Note shall be unsecured.

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 the greater of (i) the amount required by the Project Lenders to be reserved by the Partnership and (ii) $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 $58,665 and $62,122 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024 payments to PWC for insurance amounted to $83,560 and $65,596, respectively,

## 3. Related Party Transactions

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due From Related Parties: | | |
| Due from GP Affiliate - Pacific West Builders, Inc (*) | $ - | $ 750,014 |

(*) As of December 31, 2025 the partnership received $750,014 from PWB, Inc. an affiliate of the TPC Holdings IX, LLC for costs reallocated to Riverbend Family Apartments II of Oroville Family Associates II, LP.

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 1,749,207 | $ 2,200,000 |
| Asset Management Fee Payable | 7,868 | 15,054 |
| Partnership Management Fee Payable | 7,638 | 14,616 |
| Loans Payable - General Partner | - | 1,750,000 |
| Construction Contract Payable* | - | 144,972 |
| **Total Related Party Payables** | $ 1,764,713 | $ 4,124,642 |

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 15, 2021. Any modifications to the contract will require the approval of the Special Limited Partner. Construction costs due to PWB totaling $0 and $144,972 remained payable as of December 31, 2025 and 2024, respectively.

Pacific West Builders, Inc. ("PWB"), an affiliate of the Administrative General Partner, made short term advances of funds in the amount $1,750,000 which have been repaid as of December 31, 2025. The loan does not have a stated maturity date and does not bear interest.

## 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of $42,819 and $39,330 were incurred at five percent (5%) of Gross Operating Revenues, or a minimum monthly fee of $1,500 during 2025 and 2024, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 720,000 | $ 720,000 |
| Buildings | 18,712,846 | 18,712,846 |
| Land Improvements | 3,767,201 | 3,767,201 |
| Office Furniture and Equipment | 4,272,378 | 4,272,378 |
| **Total cost** | 27,472,425 | 27,472,425 |
| Accumulated Depreciation | (2,809,770) | (1,726,351) |
| **Total Rental Property, net** | $ 24,662,655 | $ 25,746,074 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The 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 ($18,000 annually). The deposits will be released to the partnership upon requests for capital replacements. Funding of the replacement reserves account in March of 2024 upon the commencement of the permanent phase of the construction and permanent loan payable.

### 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, 2025 and 2024 was $59,779 and $56,733, respectively.

### c. Operating Reserve Account

The operating reserve account shall be held at a segregated Partnership bank account, established at a financial institution selected by the Special Limited Partner, and acceptable to the Administrative General Partner, to hold the operating reserve, which account shall require consent of the Special Limited Partner for withdrawals. The operating reserve shall be initially funded in the amount of $139,437, which amount shall increase to an amount equal to three (3) months of Operating Expenses, Replacement Reserve deposits and principal and interest payments due and owing on the Permanent Loans (excluding debt service payments that are expressly subject to availability of Cash Flow) if the original principal amount of the Permanent Loan(s) is increased. The operating reserve was funding in February 2024 at closing of the permanent loan.

# Oroville Family Associates, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 6. Restricted Cash

### d. Restricted Account Activity

| | Replacement Reserve - Management Held | Replacement Reserve - Lender Held | Operating Reserve | Funds Held by Lender | Total |
|---|---|---|---|---|---|
| **Prior Year Activity** | | | | | |
| Balance, Beginning of Period | $ - | $ - | $ - | $ - | $ - |
| Deposits | 43,500 | 14,944 | 139,437 | 1,127 | 199,008 |
| Interest | - | - | 5,187 | - | 5,187 |
| Withdrawals | - | - | - | - | - |
| **Balance, December 31, 2024** | 43,500 | 14,944 | 144,624 | 1,127 | 204,195 |
| **Current Year Activity** | | | | | |
| Deposits | 15,000 | 33,000 | - | - | 48,000 |
| Interest | - | - | 6,048 | - | 6,048 |
| Withdrawals | - | (15,000) | - | (1,127) | (16,127) |
| **Subtotal, Current Year Activity** | 15,000 | 18,000 | 6,048 | (1,127) | 37,921 |
| **Balance, December 31, 2025** | **$ 58,500** | **$ 32,944** | **$ 150,672** | **$ -** | **$242,116** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **Construction & Permanent Loan Payable - US Bank** On June 1, 2021, the Partnership entered into a construction loan agreement with US Bank (formerly MUFG Union Bank) in the amount of $23,002,799 (the "Construction Loan"). The construction loan is split into Note A-1 in the amount of $19,852,799 and Note A-2 in the amount of $3,150,000. The partnership also entered into an interest rate swap agreement to receive-variable and pay fixed interest (see Note 8). The Construction and Permanent Loan is secured by a deed of trust. Both Note A-1 and A-2 will bear interest at a variable note rate which is one and three quarters of one percent (1.75%) in excess of the LIBOR Rate during the construction loan term and two and three tenths of one percent (2.30%) during the permanent loan term per annum in excess of the LIBOR rate, such rate to be set as of the date of initial disbursement and as of each interest change date, in each case to remain fixed until the next interest change date. The LIBOR rate shall change on each interest change date. The effective rate was 6.71448% at December 31, 2024 and 6.07448% at December 31, 2025. The permanent phase closed on February 28, 2024 in the amount of $3,360,000. The maturity date on the construction and permanent loan is June 1, 2038. Construction period of interest $844,128 was capitalized to fixed assets. Interest expense for the periods ended December 31, 2025 and 2024 totaled $161,151 and $371,750, respectively. | $ 20,003 | $ 3,292,104 | $ 20,003 | $ 3,331,605 |
| **Long-Term Debt Interest and Principal** | 20,003 | 3,292,104 | 20,003 | 3,331,605 |
| Less: Unamortized Debt Issuance Costs | - | (241,950) | - | (261,476) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 20,003 | $ 3,050,154 | $ 20,003 | $ 3,070,129 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 45,246 |
| 2027 | 48,584 |
| 2028 | 52,169 |
| 2029 | 56,018 |
| 2030 | 60,151 |
| Subsequent | 3,029,936 |

## 7. Long-Term Debt

### b. Schedule of Principal Maturities

| | |
|---|---|
| **Total** | **$ 3,292,104** |

## 8. Receive-variable, Pay-fixed Interest Rate Swap Accounting Alternative

In connection with the Loan Payable to US Bank (see Note 7), the partnership entered into a $3,360,000 million notional interest rate swap to convert the variable-rate debt (based on SOFR) to a fixed rate of 4.65% from August 1, 2023 until March 1, 2024; thereafter, 4.797% from March 1, 2024 until June 1, 2038 (Permanent Phase). Payments made or received in connection with the interest rate swaps are treated either as an increase to, or reduction of, interest expense for the period in which the payments are received. During the years ended December 31, 2025 and 2024, the Partnership received interest rate swap payments of $64,956 and $96,388, respectively, which are treated as a reduction of interest expense on the statement of income. The interest rate swap as of December 31, 2025 and 2024 was in an asset position of $438,612 and $526,770, respectively, which is included in Other Assets on the partnership's balance sheet. This amount represents the net settlement value, which excludes the impact of nonperformance risk.

## 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 March 20, 2026 (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.

## 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 $28,636,530 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $2,863,653 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:

| | |
|---|---|
| 2026 | **$ 2,863,653** |
| 2027 | **2,863,653** |
| 2028 | **2,863,653** |
| 2029 | **2,863,653** |
| 2030 | **2,863,653** |
| 2031 | **2,863,653** |
| 2032 | **2,863,653** |
| 2033 | **1,157,917** |
| **Total** | **$ 21,203,488** |

## 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.

## 12. 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, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 1,192** | $ 5,313 |
| Office Expenses | **4,793** | 5,149 |
| Property Management Fees | **42,819** | 39,330 |
| Manager or Superintendent Salaries | **30,905** | 28,675 |
| Administrative Rent Free Unit | **11,144** | 10,836 |
| Legal Expense - Project | **4,173** | 10,593 |
| Audit Expense | **9,979** | 9,727 |
| Bad Debts | **12,313** | 19,595 |
| Miscellaneous Administrative Expenses | **38,489** | 35,914 |
| **Total Administrative Expenses** | **155,807** | 165,132 |
| **Utilities** | | |
| Fuel Oil/Coal | **1,755** | 1,655 |
| Electricity | **8,919** | 19,140 |
| Water | **12,539** | 12,538 |
| Sewer | **27,493** | 41,791 |
| **Total Utilities** | **50,706** | 75,124 |
| **Operating and Maintenance** | | |
| Payroll | **29,227** | 28,485 |
| Supplies | **16,342** | 16,793 |
| Contracts | **38,649** | 55,022 |
| Garbage and Trash | **41,039** | 33,614 |
| Miscellaneous Operating and Maintenance Expense | **56,701** | 37,792 |
| **Total Operating and Maintenance** | **181,958** | 171,706 |

# Oroville Family Associates, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Taxes and Insurance** | | |
| Real Estate Taxes | **215** | 200 |
| Payroll Taxes | **8,868** | 8,439 |
| Property & Liability Insurance (Hazard) | **58,665** | 62,122 |
| Fidelity Bond Insurance | **704** | 409 |
| Workmen's Compensation | **3,582** | 4,214 |
| Health Insurance and Other Employee Benefits | **7,420** | 11,072 |
| Miscellaneous Taxes, Licenses, Permits, & Ins | **800** | 800 |
| **Total Taxes and Insurance** | **80,254** | 87,256 |
| **Total operating expenses** | **$ 468,725** | $ 499,218 |

# Oroville Family Associates, LP

**For the Year Ended December 31, 2025**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 169,237 |
| Add: | |
| Partner Fees Paid | 29,670 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (39,501) |
| Change in Replacement Reserve Accounts | (33,000) |
| Change in Operating Reserve Accounts | (6,048) |
| Change in Mortgage Escrow Accounts | 1,127 |
| Change In Tenant Security Deposit Account | (3,046) |
| **Cash Flow Available for Distribution** | **$ 118,439** |

### Distribution of Available Cash Flow

Cash flow available for distribution from 2025 will be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 7,868 |
| Partnership Management Fee Payable | 7,638 |
| Deferred Developer Fee Payable | 102,933 |
| **Total** | **$ 118,439** |

# Oroville Family Associates II, LP

## Financial Statements

**For the Years Ended December 31, 2025 and 2024**

# Oroville Family Associates II, LP

**December 31, 2025 and 2024**

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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, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the years ended December 31, 2025 and 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 Oroville Family Associates II, LP as of December 31, 2025 and 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. 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.**
Certified Public Accountants

Boise, ID
March 21, 2026

# Oroville Family Associates II, LP

**Balance Sheets**

**2024 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 82,690** | $ 191,901 |
| Accounts Receivable, net | **-** | 2,925 |
| Prepaid Expenses | **27,612** | 10,278 |
| Restricted Cash: | | |
| Tenant Security Deposits | **40,070** | 37,976 |
| Replacement Reserve | **11,047** | - |
| Other Reserves | **114,427** | - |
| Rental Property, net | **18,468,612** | 19,211,841 |
| Other Assets | **83,387** | 150,736 |
| **Total Assets** | **$ 18,827,845** | $ 19,605,657 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 2,246** | $ 783 |
| Accrued Interest Payable | **16,690** | 12,043 |
| Security Deposits Liability | **40,314** | 39,104 |
| Prepaid Rent | **460** | 485 |
| Related Party Payables | **56,303** | 3,554,179 |
| Long-Term Debt, net | **3,060,622** | 3,978,307 |
| Total Liabilities | **3,176,635** | 7,584,901 |
| **Partners' Capital** | | |
| Partners' Capital | **15,651,210** | 12,020,756 |
| **Total Liabilities and Partners' Capital** | **$ 18,827,845** | $ 19,605,657 |

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

# Oroville Family Associates II, LP

**Statements of Income**

**For the Years Ended 2024 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 597,523** | $ 547,260 |
| Less: Vacancy Loss | **(22,053)** | (21,584) |
| Less: Rental Concessions | **-** | (2,292) |
| Net Rental Income | **575,470** | 523,384 |
| Miscellaneous Income | **4,332** | 7,068 |
| **Total Operating Revenue** | **579,802** | 530,452 |
| **Operating Expenses** | | |
| Administrative Expenses | **134,575** | 96,979 |
| Utilities | **47,539** | 47,669 |
| Operating and Maintenance Expenses | **122,589** | 78,676 |
| Taxes and Insurance | **88,918** | 92,976 |
| **Total Operating Expenses** | **393,621** | 316,300 |
| **Net Operating Income** | **186,181** | 214,152 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **3,421** | 221 |
| Interest Expense | **(222,134)** | (142,420) |
| Depreciation Expense | **(747,870)** | (686,762) |
| Amortization Expense | **(6,794)** | (10,831) |
| Lease-Up and Marketing Expenses | **(750)** | (2,208) |
| Asset Management Fee | **(5,305)** | (5,150) |
| Partnership Management Fee | **(5,092)** | (4,944) |
| Incentive Management Fee | **-** | (246) |
| Other Non-Operating Income | **72,364** | 35,373 |
| **Total Non-Operating Income (Expenses)** | **(912,160)** | (816,967) |
| **Net Loss** | **$ (725,979)** | $ (602,815) |

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

# Oroville Family Associates II, LP

**Statements of Changes in Partners' Capital**

**For the Years Ended 2024 and 2024**

| | 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** | | | | | |
| Balance, January 1, 2024 | $ (8) | $ (7) | $ 12,623,488 | $ 98 | $ 12,623,571 |
| Net loss for the period | (30) | (30) | (602,749) | (6) | (602,815) |
| **Balance, December 31, 2024** | (38) | (37) | 12,020,739 | 92 | 12,020,756 |
| **Current Period Activity** | | | | | |
| Capital Contributed | - | - | 4,356,433 | - | 4,356,433 |
| Net loss for the period | (36) | (36) | (725,900) | (7) | (725,979) |
| **Balance, December 31, 2025** | $ (74) | $ (73) | $ 15,651,272 | $ 85 | $ 15,651,210 |

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

# Oroville Family Associates II, LP

**Statements of Cash Flows**

**For the Years Ended 2024 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 578,370** | $ 522,859 |
| Interest Receipts | **3,421** | 221 |
| Other Operating Receipts | **4,332** | 7,068 |
| Tenant Security Deposits | **1,210** | 15,231 |
| **Total Receipts** | **587,333** | 545,379 |
| **Disbursements** | | |
| Administrative | **(104,859)** | (83,935) |
| Management Fee | **(28,253)** | (26,282) |
| Utilities | **(47,539)** | (47,669) |
| Operating and Maintenance | **(122,589)** | (78,676) |
| Real Estate Taxes Net of Refunds | **36,182** | (36,181) |
| Property Insurance | **(55,595)** | (53,372) |
| Taxes and Insurance | **(14,475)** | (13,701) |
| Interest on Mortgage and Notes Payable | **(163,701)** | - |
| Partner Fees | **(18,644)** | (246) |
| **Total Disbursements** | **(519,473)** | (340,062) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **67,860** | 205,317 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **(4,641)** | (531,499) |
| Refund of Tax Credit Fees | **60,555** | - |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **55,914** | (531,499) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Payments - Construction Loan Payable | **(3,997,103)** | (4,857,874) |
| Principal Borrowing - PWB Loan Payable | **(520,000)** | 520,000 |
| Principal Payments - Construction Contract Payable | **(815,535)** | - |
| Capital Contributions | **4,356,433** | - |
| Other Financing Activities - Payments of Debt Issuance Costs | **(24,109)** | - |
| Other Financing Activities - Lease Up and Marketing Expenses | **(750)** | (2,208) |
| Principal Borrowings - Permanent Loan | **3,116,000** | - |
| Payment of Development Fee | **(2,154,094)** | - |
| Principal Payments - Permanent Loan | **(14,884)** | - |

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

# Oroville Family Associates II, LP

**Statements of Cash Flows**

**For the Years Ended 2024 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Interest Payments - Construction Loan | **(24,124)** | - |
| Interest Payments - PWB Loan | **(27,251)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(105,417)** | (4,340,082) |
| **Net change in cash, cash equivalents, and restricted cash** | **18,357** | (4,666,264) |
| Cash, cash equivalents, and restricted cash at beginning of year | **229,877** | 4,896,141 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 248,234** | $ 229,877 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 82,690** | $ 189,565 |
| Construction Cash Account | **-** | 2,336 |
| Tenant Security Deposits | **40,070** | 37,976 |
| Replacement Reserve | **11,047** | - |
| Other Reserves | **114,427** | - |
| | **$ 248,234** | $ 229,877 |

| | | |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(725,979)** | (602,815) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **747,870** | 686,762 |
| Amortization | **6,794** | 10,831 |
| Amortization/Interest Debt Issuance Costs | **2,411** | 1,111 |
| Financing Activities paid by Development | **750** | 2,208 |
| Accrued Interest Included as Principal of Construction Loan | **24,124** | 148,491 |
| Interest Paid on PWB Loan | **27,251** | - |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **2,925** | (791) |
| Prepaid Expenses | **(17,334)** | (10,278) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **1,463** | (13,238) |
| Accrued Expenses | **-** | (35,373) |
| Accrued Interest Payable | **4,647** | (7,182) |

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

# Oroville Family Associates II, LP

**Statements of Cash Flows**

**For the Years Ended 2024 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Security Deposits Liability | **1,210** | 15,231 |
| Prepaid Rent | **(25)** | 266 |
| Related Party Payables | **(8,247)** | 10,094 |
| **Net cash provided by (used by) operating activities** | **$ 67,860** | $ 205,317 |

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

# Oroville Family Associates II, LP

**Notes to the Financial Statements**

**For the Years Ended 2024 and 2024**

## 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.

## 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, 2025 was $ $747,870 (2024 - $ 768,103).

### 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, 2025 and 2024.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $101,915 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 $18,528 and $11,734 as of December 31, 2025.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $40,494 and $18,796 at December 31, 2025 and 2024 is reported as a direct reduction of the obligation to which such costs relate. For the years ended December 31, 2025 and 2024 Amortization of debt issuance costs of $2,411 and $1,111, respectively was 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, 2025 and 2024, the balance of allowance for doubtful accounts was $0 and $4,703, respectively.

## 2. Significant Accounting Policies

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the years ending 2025 and 2024, advertising and marketing costs totaled $1,195 and $1,074, 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 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

## 3. Related Party Transactions

### a. Partner Fees

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 years ended December 31, 2025 and 2024 the Asset Manager earned $5,305 and $5,150, respectively. As of December 31, 2025 and 2024 the Asset Manager was owed $5,305 and $8,900, respectively. For the years ended December 31, 2025 and 2024, asset management fees paid were $8,900 and $0, 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 years ended December 31, 2025 and 2024 the Managing General Partner earned $5,092 and $4,944, respectively. As of December 31, 2025 and 2024 the Managing General Partner was owed $5,092 and $9,744, respectively. For the years ended December 31, 2025 and 2024, partnership management fees paid were $9,744 and $0, respectively.

## 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 years ended December 31, 2025 and 2024 the Administrative General Partner was paid $- and $246, 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. The balance on December 31, 2025 and 2024 was $45,906 and $2,200,000, respectively.

## 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.

## 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 form 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 been repaid as of December 31, 2025. The loan does not have a stated maturity date and does not bear interest. As of December 31, 2025 and 2024, the balance of the loan was $0 and $520,000, 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 $38,261 and $43,094 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024 payments to PWC for insurance amounted to $55,707 and $40,335, respectively,

## 3. Related Party Transactions

### g. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 45,906 | $ 2,200,000 |
| Asset Management Fee Payable | 5,305 | 8,900 |
| Partnership Management Fee Payable | 5,092 | 9,744 |
| Loans Payable - PWB, Inc. | - | 520,000 |
| Construction Contract Payable* | - | 815,535 |
| **Total Related Party Payables** | $ 56,303 | $ 3,554,179 |

*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, 2025, the partnership incurred the total amount of the construction contract. Construction costs due to PWB totaling $0 and $815,535 remained payable as of December 31, 2025 and 2024, 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 $28,253 and $26,282 were incurred at the greater of $1,500 per month or five percent (5%) of gross operating revenues during 2025 and 2024, respectively.

# Oroville Family Associates II, LP

**Notes to the Financial Statements**

**For the Years Ended 2024 and 2024**

### 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 480,000 | $ 480,000 |
| Buildings | 14,236,222 | 14,231,227 |
| Land Improvements | 2,242,586 | 2,242,765 |
| Office Furniture and Equipment | 2,188,438 | 2,188,613 |
| Solar Equipment | 813,225 | 813,225 |
| **Total cost** | 19,960,471 | 19,955,830 |
| Accumulated Depreciation | (1,491,859) | (743,989) |
| **Total Rental Property, net** | $ 18,468,612 | $ 19,211,841 |

## 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. During the year ended December 31, 2025, only $11,000 deposits were made. The deposits will be released to the partnership upon requests for capital replacements. The balance on December 31, 2025 and 2024 was $11,047 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, 2025 and 2024 was $40,070 and $37,976, 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. The balance on December 31, 2025 and 2024 was $114,427 and $0, respectively.

### d. Restricted Account Activity

| | Replacement Reserve | Operating Reserve |
|---|---|---|
| **Current Year Activity** | | |
| Deposits | $ 11,000 | $ 111,303 |
| Interest | 47 | 3,124 |
| **Subtotal, Current Year Activity** | 11,047 | 114,427 |
| **Balance, End of Period** | **$ 11,047** | **$ 114,427** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 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 periods ended December 31, 2025 and 2024 totaled $12,081 and $141,309, respectively. | $ - | $ - | $ 12,043 | $ 3,997,103 |
| **Permanent Loan - Pacific Western Bank** | | | | |
| The Partnership entered into a permanent loan agreement with Pacific Western Bank on January 1, 2025 in the amount of $3,116,000. The permanent loan shall bear interest at a rate of 6.25%. Monthly payments of principal and interest are due in the amount of $17,897.52. The loan shall have an amortization period of forty years with a maturity date of January 1, 2042. Interest expense for 2025 totaled $180,391. | 16,690 | 3,101,116 | - | - |
| **Long-Term Debt Interest and Principal** | 16,690 | 3,101,116 | 12,043 | 3,997,103 |
| Less: Unamortized Debt Issuance Costs | - | (40,494) | - | (18,796) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 16,690 | $ 3,060,622 | $ 12,043 | $ 3,978,307 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 21,666 |
| 2027 | 23,060 |
| 2028 | 24,543 |
| 2029 | 26,122 |
| 2030 | 27,802 |
| Subsequent | 2,977,923 |
| **Total** | **$ 3,101,116** |

## 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 March 21, 2026 (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 $20,058,710 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $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:

| | |
|---|---|
| 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** | **$ 15,946,595** |

## 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 2025 and For the Period Beginning April 1, 2022 and Ending December 31, 2024**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 1,195** | $ 1,074 |
| Other Renting Expenses | **2,055** | 2,025 |
| Office Expenses | **10,117** | 8,067 |
| Property Management Fees | **28,253** | 26,282 |
| Manager or Superintendent Salaries | **27,281** | 26,532 |
| Legal Expense - Project | **18,134** | 4,017 |
| Audit Expense | **6,466** | 6,251 |
| Bad Debts | **24,248** | 7,247 |
| Miscellaneous Administrative Expenses | **16,826** | 15,484 |
| **Total Administrative Expenses** | **134,575** | 96,979 |
| **Utilities** | | |
| Fuel Oil/Coal | **425** | 1,701 |
| Electricity | **7,575** | 15,434 |
| Water | **11,820** | 10,161 |
| Sewer | **27,719** | 20,373 |
| **Total Utilities** | **47,539** | 47,669 |
| **Operating and Maintenance** | | |
| Payroll | **18,473** | 10,135 |
| Supplies | **8,158** | 3,525 |
| Contracts | **50,284** | 37,668 |
| Garbage and Trash | **29,485** | 20,094 |
| Heating/Cooling Repairs and Maintenance | **6,880** | - |
| Miscellaneous Operating and Maintenance Expense | **9,309** | 7,254 |
| **Total Operating and Maintenance** | **122,589** | 78,676 |

# Oroville Family Associates II, LP

**For the Year Ended December 31 2025 and For the Period Beginning April 1, 2022 and Ending December 31, 2024**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Taxes and Insurance** | | |
| Real Estate Taxes | **36,182** | 36,181 |
| Payroll Taxes | **6,000** | 4,826 |
| Property & Liability Insurance (Hazard) | **38,261** | 43,094 |
| Fidelity Bond Insurance | **469** | 272 |
| Workmen's Compensation | **2,568** | 2,352 |
| Health Insurance and Other Employee Benefits | **4,638** | 5,451 |
| Miscellaneous Taxes, Licenses, Permits, & Insurance | **800** | 800 |
| **Total Taxes and Insurance** | **88,918** | 92,976 |
| **Total operating expenses** | **$ 393,621** | $ 316,300 |

# Oroville Family Associates II, LP

**For the Year Ended December 31 2025 and For the Period Beginning April 1, 2022 and Ending December 31, 2024**

### Cash Flow Available for Distribution

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

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 67,860 |
| Add: | |
| Partner Fees Paid | 18,644 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (14,884) |
| Change in Replacement Reserve Accounts | (11,047) |
| Change in Operating Reserve Accounts | (3,124) |
| Change In Tenant Security Deposit Account | (2,094) |
| **Cash Flow Available for Distribution** | $ 55,355 |

### Distribution of Available Cash Flow (PY agreed with LPA)

Cash flow available for distribution from 2024 was distributed in 2025 in accordance with the LPA provisions.

Cash flow available for distribution from 2025 shall be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 5,305 |
| Partnership Management Fee Payable | 5,092 |
| Deferred Developer Fee Payable | 44,958 |
| **Total** | $ 55,355 |

# Oroville PSH Pacific Associates, LP

## (A California Limited Partnership)

HCD Contract Number: 20-NPLH-16256

## Financial Statements and Independent Auditor's Report

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

**With accompanying information required by the California Department of Housing and Community Development**

# Oroville PSH Pacific Associates, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Oroville PSH Pacific Associates, LP

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Oroville PSH Pacific Associates, LP, a limited partnership, which comprise the balance sheetss as of December 31, 2025 and 2024 and the related statements of income, changes in partners' capital, and cash flows for the periods 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 PSH Pacific Associates, LP as of December 31, 2025 and 2024, 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 (GAAS) and and the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oroville PSH 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 Oroville PSH 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' Responsibility 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 GAAS 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 Oroville PSH 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 Oroville PSH 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.

**Other Matters**

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the *California Department of Housing and Community Development and California Housing Finance Agency (HCD/CalHFA*), and is not a required part of the basic 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 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 26, 2026, on our consideration of Oroville PSH Pacific Associates, LP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Oroville PSH Pacific Associates, LP's internal control over financial reporting and compliance.

Grigg, Bratton & Brash

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

Boise, ID
March 26, 2026

# Oroville PSH Pacific Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | Note | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Cash and Cash Equivalents | | **$ 11,114** | $ 25,653 |
| Accounts Receivable, net | | **24,702** | 4,062 |
| Prepaid Expenses | | **6,721** | 9,459 |
| Restricted Cash: | (Note 6) | | |
| Tenant Security Deposits | | **9,250** | 9,750 |
| Replacement Reserve | | **28,334** | - |
| Other Reserves | | **1,247,349** | 1,196,670 |
| Rental Property, net | (Note 5) | **15,517,562** | 16,032,596 |
| Other Assets | (Note 2.f) | **74,219** | 79,892 |
| **Total Assets** | | **$ 16,919,251** | $ 17,358,082 |
| **Liabilities and Partners' Capital** | | | |
| **Liabilities** | | | |
| Accounts Payable | | **$ 123,319** | $ 44,339 |
| Accrued Expenses | | **4,234** | 2,994 |
| Accrued Interest Payable | | **193,050** | 53,113 |
| Security Deposits Liability | | **9,250** | 9,750 |
| Prepaid Rent | | **14,861** | 8,956 |
| Related Party Payables | (Note 3) | **112,970** | 103,850 |
| Long-Term Debt, net | (Note 7) | **3,730,809** | 3,730,664 |
| Total Liabilities | | **4,188,493** | 3,953,666 |
| **Partners' Capital** | | | |
| Partners' Capital | | **12,730,758** | 13,404,416 |
| **Total Liabilities and Partners' Capital** | | **$ 16,919,251** | $ 17,358,082 |

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

# Oroville PSH Pacific Associates, LP

**Statements of Income**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

| | Note | 2025 | 2024 |
|---|---|---|---|
| **Operating Revenue** | | | |
| Gross Rental Income | | **$ 540,420** | $ 428,149 |
| Less: Vacancy Loss | | **(31,795)** | (30,418) |
| Net Rental Income | | **508,625** | 397,731 |
| Miscellaneous Income | | **7,463** | 1,318 |
| **Total Operating Revenue** | | **516,088** | 399,049 |
| **Operating Expenses** | | | |
| Administrative Expenses | | **154,356** | 161,227 |
| Utilities | | **100,018** | 66,478 |
| Operating and Maintenance Expenses | | **341,218** | 172,708 |
| Taxes and Insurance | | **54,643** | 56,235 |
| **Total Operating Expenses** | | **650,235** | 456,648 |
| **Net Operating Income** | | **(134,147)** | (57,599) |
| **Non-Operating Income (Expenses)** | | | |
| Interest Income | | **50,680** | 24,448 |
| Interest Expense | (Note 7) | **(140,082)** | (146,815) |
| Depreciation Expense | | **(515,034)** | (472,115) |
| Amortization Expense | | **(5,673)** | (5,200) |
| HCD Monitoring Fee | | **(11,487)** | (4,435) |
| Bond Fees | | **-** | (81) |
| Lease-Up and Marketing Expenses | | **(23)** | (27,422) |
| Asset Management Fee | (Note 3.a) | **(4,120)** | (4,000) |
| Partnership Management Fee | (Note 3.a) | **(5,000)** | (5,000) |
| Insurance Proceeds | | **91,228** | - |
| Other Non-Operating Expense | | **-** | (70,751) |
| **Total Non-Operating Income (Expenses)** | | **(539,511)** | (711,371) |
| **Net Loss** | | **$ (673,658)** | $ (768,970) |

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

# Oroville PSH Pacific Associates, LP

**Statements of Changes in Partners' Capital**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

| | Butte County Affordable Housing Development Corp (0.001%) | TPC Holdings IX, LLC (0.009%) | BF Prospect View, LLLP (99.99%) | BFIM Special Limited Partner, Inc. (0.00%) | Total (100.00%) |
|---|---|---|---|---|---|
| **Prior Period Activity** | | | | | |
| Balance, January 4, 2021 | $ - | $ - | $ - | $ - | $ - |
| Capital Contributed | - | - | 14,173,386 | - | 14,173,386 |
| Net loss for the period | (8) | (69) | (768,893) | - | (768,970) |
| **Balance, December 31, 2024** | (8) | (69) | 13,404,493 | - | 13,404,416 |
| **Current Period Activity** | | | | | |
| Net loss for the period | (7) | (61) | (673,590) | - | (673,658) |
| **Balance, December 31, 2025** | $ (15) | $ (130) | $ 12,730,903 | $ - | $ 12,730,758 |

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

# Oroville PSH Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 493,890** | $ 402,625 |
| Interest Receipts | **50,680** | 24,448 |
| Other Operating Receipts | **7,463** | 1,318 |
| Tenant Security Deposits | **-** | 9,750 |
| **S1200-050 Total Receipts** | **552,033** | 438,141 |
| **Disbursements** | | |
| Administrative | **(62,863)** | (94,307) |
| Management Fee | **(24,000)** | (22,581) |
| Utilities | **(100,018)** | (66,478) |
| Operating and Maintenance | **(339,978)** | (169,714) |
| Real Estate Taxes | **(261)** | (11,567) |
| Property Insurance | **(25,988)** | (44,094) |
| Taxes and Insurance | **(25,656)** | (10,033) |
| Interest on Mortgage and Notes Payable | **-** | (93,641) |
| Bond Fees | **-** | (81) |
| HCD Monitoring Fee | **-** | (4,435) |
| Lease Up and Marketing Expenses | **(23)** | (27,422) |
| Tenant Security Deposits | **(500)** | - |
| Pooled Transition Reserve Fee | **-** | (70,751) |
| **S1200-230 Total Disbursements** | **(579,287)** | (615,104) |
| **S1200-240 NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **(27,254)** | (176,963) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Purchase of Fixed Assets | **-** | (16,409,861) |
| Tax Credit Fees | **-** | (85,092) |
| Insurance Proceeds Received | **91,228** | - |
| **S1200-350 NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **91,228** | (16,494,953) |

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

# Oroville PSH Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Payments - Mortgages and Notes Payable | **-** | (3,085,865) |
| Principal Borrowings - Mortgages, Loans, or Notes Payable | **-** | 6,820,830 |
| Capital Contributions | **-** | 14,173,386 |
| Debt Issuance Costs | **-** | (4,362) |
| **S1200-460 NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **-** | 17,903,989 |
| **Net change in cash, cash equivalents, and restricted cash** | **63,974** | 1,232,073 |
| Cash, cash equivalents, and restricted cash at beginning of year | **1,232,073** | - |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 1,296,047** | $ 1,232,073 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 11,114** | $ 25,630 |
| Construction Cash Account | **-** | 23 |
| Tenant Security Deposits | **9,250** | 9,750 |
| Replacement Reserve | **28,334** | - |
| Other Reserves | **1,247,349** | 1,196,670 |
| | **$ 1,296,047** | $ 1,232,073 |

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

# Oroville PSH Pacific Associates, LP

**Statements of Cash Flows**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(673,658)** | (768,970) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **515,034** | 472,115 |
| Amortization | **5,673** | 5,200 |
| Amortization/Interest Debt Issuance Costs | **145** | 61 |
| Insurance Proceeds | **(91,228)** | - |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **(20,640)** | (4,062) |
| Prepaid Expenses | **2,738** | (9,459) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **80,220** | 47,333 |
| Accrued Interest Payable | **139,937** | 53,113 |
| Security Deposits Liability | **(500)** | 9,750 |
| Prepaid Rent | **5,905** | 8,956 |
| Related Party Payables | **9,120** | 9,000 |
| **Net cash provided by (used by) operating activities** | **$ (27,254)** | $ (176,963) |

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

# Oroville PSH Pacific Associates, LP

**Notes to the Financial Statements**

**For the Year Ended December 31, 2025 and For the Period Beginning January 04, 2021 and Ending December 31, 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Oroville PSH Pacific Associates, LP (an California Limited Partnership) only and consequently, do not include all assets, liabilities, income and expenses of the partners. The partnership was formed on November 3, 2021. The General Partners are: TPC Holdings IX, LLC (0.009%) and Butte County Affordable Housing Development Corporation. (0.001%). The Limited Partners are: BF Prospect View, LLLP (99.99%) and BFIM Special Limited Partner, Inc (0.00%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 39-unit workforce housing community project in Oroville, California known as Prospect View Apartments. The construction was completed on January 23, 2024 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, 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.

## 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, 2025 was $ 515,034 (2024 - $ 472,115).

### 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, 2025 and for the period beginning January 4, 2021, and ending December 31, 2024.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $85,092 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 $10,873 and $5,200 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $4,156 and $4,301 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $145 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.

## 2. Significant Accounting Policies

### 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.

### i. Advertising Costs

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2025 and for the period beginning January 4, 2021 and ending December 31, 2025 and 2024, advertising and marketing costs totaled $820 and $672, 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.

## 2. Significant Accounting Policies

### 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 the Investor Limited Partner an Asset Management Fee in the amount of $4,000 per annum (prorated for periods of less than a full Fiscal Year), increasing 3% every year. The Asset Management Fee shall be paid annually from available Net Cash Flow and Net Capital Transactions Proceeds in accordance with the provisions of Article X of the Partnership Agreement. Any accrued but unpaid Asset Management Fee shall accrue without interest and be paid to the Investor Limited Partner from future years' Net Cash Flow and Net Capital Transaction Proceeds. During the years ended December 31, 2025 and 2024, the Investor Limited Partner earned Asset Management Fees of $4,120 and $4,000, respectively. There were no Asset Management Fees paid during these years.

**Partnership Management Fee**

The Partnership shall pay to the Managing General Partner an annual fee (the“Partnership Management Fee”), commencing in the Fiscal Year that the Welfare Tax Exemption is secured for the Apartment Complex, in the amount of $5,000, payable from Cash Flow. If for any reason the Partnership Management Fee is not paid in any Fiscal Year, the unpaid portion thereof shall accrue and be payable on a cumulative basis in the first Fiscal Year in which there is sufficient Cash Flow or Capital Proceeds as provided in Article X. During the years ended December 31, 2025 and 2024, the Managing General Partner earned Partnership Management Fees of $5,000 and $5,000, respectively. There were no Partnership Management Fees paid during these years.

## 3. Related Party Transactions

### 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 $1,938,017. 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 Installment, not more than $1,780,775 of the Development Fee shall be paid out of the proceeds of the Fourth Installment, and not more than $150,000 of the Development Fee shall be paid out of the proceeds of the Fifth Installment. The Deferred Development Fee is anticipated to be in the amount of $7,242 and shall be paid from the certain Capital Contributions and from distributions of Cash Flow or the proceeds of Capital Transactions.

### c. 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 $28,726 and $34,635 for the year ended December 31, 2025 and for the period beginning January 4, 2021 and ending December 31, 2024, respectively. For the year ended December 31, 2025 and for the period beginning January 4, 2021 and ending December 31, 2025 payments to PWC for insurance amounted to  and $26,120 and $43,656, respectively.

## 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. This priority of distributions per the partnership agreement has been superseded by the HCD regulatory agreement. This section is information only, to tie to the partnership agreement. See the Supplementary Section - Computation of Operating Cash Flow/Surplus Cash for actual priority distributions.

1. to the payment to the Investment Limited Partner of the full amount (including interest) of any amounts due and owing to the Investment Limited Partner, including without limitation, adjusters, any Recapture Amount, guaranty payments and/or indemnity payments which the Investment Limited Partner is entitled to receive pursuant to the LPA, the Guaranty or the Development Agreement and to repay any Voluntary Loan made by the Investment Limited Partner.

2. to the payment of the Asset Management Fee for such Fiscal Year, and to the payment of the remaining balance of the Asset Management Fee for any previous Fiscal Year(s) as to which the Asset Management Fee shall not yet have been paid in full.

3. to the payment of the Partnership Management Fee for such Fiscal Year, and to the repayment of the remaining balance of the Partnership Management Fee for any previous Fiscal Year(s) as to which the Partnership Management Fee shall not yet have been paid in full.

4. to deposit to the Operating Reserve the amount needed to restore the Minimum Balance.

5. to deposit to the NPLH Transition Reserve up to the NPLH Transition Reserve Minimum Balance.

6. to the repayment of any Deferred Property Management Fee, Subordinated Loans, Development Advance Loans and Voluntary Loans made by the General Partner.

7. to the payment of any unpaid portion of the Development Fee, including without limitation, any amounts evidenced by a Deferred Development Fee Note and all accrued but unpaid interest thereon until the Deferred Development Fee is paid in full.

8. pro rata, 50% to the repayment of the NPLH Loan as set forth in the NPLH Loan Documents and 50% to the repayment of the City RDA Set-Aside Loan as set forth in the City RDA Set-Aside Loan Documents.

9. the balance thereof, if any, shall be paid or distributed annually, seventy five (75) days after the end of the Fiscal Year, 10.00% to the Investment Limited Partner, 0.001% to the Managing General Partner, and 89.999% to the Administrative General Partner (first as payment of the Incentive Management Fee and then as a distribution to the Administrative General Partner).

## 3. Related Party Transactions

### e. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 94,850 | $ 94,850 |
| Asset Management Fee Payable | 8,120 | 4,000 |
| Partnership Management Fee Payable | 10,000 | 5,000 |
| **Total Related Party Payables** | $ 112,970 | $ 103,850 |

## 4. Property Management Fees

The property is managed by John Stewart Company who is not affiliated with the owners. Management Fees of $24,000 and $22,581 were incurred at the greater of 6.5% of gross rental income, or $50 per unit during the year ended December 31, 2025 and for the period beginning January 4, 2021 and ending December 31, 2024, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 400,000 | $ 400,000 |
| Buildings | 12,987,145 | 12,987,145 |
| Land Improvements | 2,428,026 | 2,428,026 |
| Office Furniture and Equipment | 689,540 | 689,540 |
| **Total cost** | 16,504,711 | 16,504,711 |
| Accumulated Depreciation | (987,149) | (472,115) |
| **Total Rental Property, net** | $ 15,517,562 | $ 16,032,596 |

## 6. Restricted Cash

### a. Replacement Reserve Account

The regulatory agreement requires the establishment of a capital replacement reserve account. Contributions are to be made annually in the amount of $20,000 per year, through cash flow. Any shortfall of the annual deposit amount should be made up and the Administrative General Partner shall fund such shortfall, if any. The deposits will be released to the partnership upon requests for capital replacements.

### 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, 2025 and 2024 was $9,250 and $9,750, respectively.

### c. Long-Term Stability Reserve

The limited partnership agreement requires the establishment of a long-term stability reserve. This account was transferred to the partnership at the permanent loan closing and is held by Banner Bank. The minimum balance of this account is $958,370. Withdrawals from this account will be an annual amount of $21,487 for years 2025-2028, and $46,487 for years 2029-2038. This account is not required in the HCD regulatory agreement.

### d. Operating Reserve

The regulatory agreement requires the establishment of an operating reserve account. This account was transferred to the partnership at the permanent loan closing and is held by Bank of Idaho. The minimum balance of this account is $216,250. This account may be used to pay operating expenses only after rental achievement with reasonable approval from the special limited partner.

## 6. Restricted Cash

### e. Restricted Account Activity

| | Replacement Reserve | Operating Reserve | Long-Term Stability Reserve |
|---|---|---|---|
| **Prior Period Activity** | | | |
| Balance, Beginning of Period | $ - | $ - | $ - |
| Deposits | - | 216,250 | 958,370 |
| Interest | - | 4,015 | 18,050 |
| Withdrawals | - | - | (15) |
| **Balance, December 31, 2024** | - | 220,265 | 976,405 |
| **Current Period Activity** | | | |
| Deposits | 28,334 | - | - |
| Interest | - | 9,429 | 41,250 |
| Withdrawals | - | - | - |
| **Subtotal, Current Year Activity** | 28,334 | 9,429 | 41,250 |
| **Balance, December 31, 2025** | **$ 28,334** | **$ 229,694** | **$ 1,017,655** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 | 2025 | 2024 | 2024 |
|---|---|---|---|---|
| | Interest Payable | Principal | Interest Payable | Principal |
| **HCD - No Place Like Home Loan** | | | | |
| The No Place Like Home Loan is dated April 12, 2022 and closed on August 12, 2024 and holds a maximum principal balance of $2,734,965. The maturity date of the note is August 12, 2079 (55 years from date of promissory note). The note bears interest at a simple rate of three percent (3%) per year and requires no scheduled debt service payments as the loan will be repaid from net cash flow only. Interest expense for the years ended December 31, 2025 and 2024 totaled $82,049 and $31,908, respectively. | $ 113,957 | $ 2,734,965 | $ 31,908 | $ 2,734,965 |
| **City of Oroville RDA Loan** | | | | |
| The City of Oroville and the partnership executed a loan promissory note in the amount of $1,000,000 dated December 1, 2022. The loan bears simple interest at an annual rate of 3% commencing on the date of initial disbursement of all or a portion of the Loan Proceeds. The loan matures on the December 31, 2077. Interest expense for the years ended December 31, 2025 and 2024 totaled $57,888 and $21,205, respectively. | 79,093 | 1,000,000 | 21,205 | 1,000,000 |
| **Construction Loan - Pacific West Bank** | | | | |
| The construction loan with Pacific West Bank originated on April 16, 2022 and has a maximum principal amount of $11,700,000. The maturity date of the note is October 1, 2024 with an extension option of 6-months. This loan shall bear interest at the rate of 3.5% per annum from the closing date. Construction period interest of $335,613 was capitalized prior to the completion of the project. Interest expense for the years ended December 31, 2025 and 2024 totaled $0 and $93,641, respectively. | - | - | - | - |
| **Long-Term Debt Interest and Principal** | 193,050 | 3,734,965 | 53,113 | 3,734,965 |
| Less: Unamortized Debt Issuance Costs | - | (4,156) | - | (4,301) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 193,050 | $ 3,730,809 | $ 53,113 | $ 3,730,664 |

## 7. Long-Term Debt

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ - |
| 2027 | - |
| 2028 | - |
| 2029 | - |
| 2030 | - |
| Subsequent | 3,734,965 |
| **Total** | **$ 3,734,965** |

## 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 March 26, 2026 (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 amounting to $16,775,620 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $1,677,562 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:

| | |
|---|---|
| 2026 | **$ 1,677,562** |
| 2027 | **1,677,562** |
| 2028 | **1,677,562** |
| 2029 | **1,677,562** |
| 2030 | **1,677,562** |
| 2031 | **1,677,562** |
| 2032 | **1,677,562** |
| 2033 | **1,677,562** |
| **Total** | **$ 13,420,496** |

## 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. Insurance Proceeds

During the year ended December 31, 2025, there was water damage that occurred at the Property that impacted eight units, the hallway, and the common area. The Partnership filed an insurance claim with the insurance provider and received insurance proceeds of $91,228 as a reimbursement of qualifying expenditures to repair the property and return the units to their original condition. In total, the Partnership incurred repairs expenditures of $146,119 which are included in Operating and Maintenance Expenses on the Statements of Income and received proceeds of $91,228, which are included in Non-Operating Income and Expenses on the Statements of Income. As of December 31, 2025, all repairs have been completed.

# Supplementary Information

Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Partners
Oroville PSH Pacific Associates, LP

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 Oroville PSH Pacific Associates, LP, which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated .

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oroville PSH Pacific Associates, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oroville PSH Pacific Associates, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Oroville PSH Pacific Associates, 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oroville PSH Pacific Associates, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not identify any 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.

Grigg, Bratton & Brash

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

Boise, ID
February 11, 2026

# Oroville PSH Pacific Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **REVENUES** | | |
| **Rent Revenue** | | |
| 5120 Rent Revenue - Gross Potential | **$ 117,601** | $ 92,257 |
| 5121 Tenant Assistance Payments | **422,819** | 335,892 |
| 5140 Rent Revenue - Stores and Commercial | **-** | - |
| 5170 Garage and Parking Spaces | **-** | - |
| 5180 Flexible Subsidy Revenue | **-** | - |
| **5100T Total Rent Revenue** | **540,420** | 428,149 |
| **Vacancies** | | |
| 5220 Vacancies - Apartments | **(31,795)** | (30,418) |
| 5250 Vacancies - Rental Concessions | **-** | - |
| 5290 Vacancies - Miscellaneous | **-** | - |
| **5200T Total Vacancies** | **(31,795)** | (30,418) |
| **5152N Net Rental Revenue (Rent Revenue Less Vacancies)** | **508,625** | 397,731 |
| **Financial Revenue** | | |
| 5410 Financial Revenue - Project Operations | **50,679** | 20,433 |
| 5430 Revenue from Investments - Residual Receipts | **-** | - |
| 5440 Revenue from Investments - Replacement Reserve | **1** | 4,015 |
| 5490 Revenue from Investments - Miscellaneous | **-** | - |
| **5400T Total Financial Revenue** | **50,680** | 24,448 |
| **Other Revenue** | | |
| 5910 Laundry and Vending Revenue | **2,632** | 743 |
| 5920 Tenant Charges | **4,831** | 575 |
| 5990 Miscellaneous Revenue | **91,228** | - |
| **5900T Total Other Revenue** | **98,691** | 1,318 |
| **5000T Total Revenue** | **657,996** | 423,497 |

# Oroville PSH Pacific Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **EXPENSES** | | |
| **Administrative Expenses** | | |
| 6203 Conventions and Meetings | **667** | 660 |
| 6204 Management Consultants | **-** | - |
| 6210 Advertising and Marketing | **820** | 672 |
| 6250 Other Renting Expenses | **21,288** | 12,317 |
| 6310 Office Salaries | **47,012** | 73,541 |
| 6311 Office Expenses | **14,273** | 11,058 |
| 6312 Office or Model Apartment Rent | **-** | - |
| 6320 Management Fee | **24,000** | 22,581 |
| 6330 Manager or Superintendent Salaries | **-** | - |
| 6331 Administrative Rent Free Unit | **7,241** | 5,704 |
| 6340 Legal Expense - Project | **15,909** | 20,378 |
| 6350 Audit Expense | **-** | - |
| 6351 Bookkeeping Fees/Accounting Services | **12,240** | 4,742 |
| 6370 Bad Debts | **-** | - |
| 6390 Miscellaneous Administrative Expenses | **10,906** | 9,574 |
| **6263T Total Administrative Expenses** | **154,356** | 161,227 |
| **Utilities** | | |
| 6450 Electricity | **70,013** | 62,688 |
| 6451 Water | **6,436** | 3,790 |
| 6452 Gas | **-** | - |
| 6453 Sewer | **23,569** | - |
| **6400T Total Utilities Expense** | **100,018** | 66,478 |

# Oroville PSH Pacific Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **Operating and Maintenance Expenses** | | |
| 6510 Payroll | **39,200** | 13,942 |
| 6515 Supplies | **11,001** | 19,068 |
| 6520 Contracts | **182,830** | 63,565 |
| 6521 Operating and Maintenance Rent Free Unit | **-** | - |
| 6525 Garbage and Trash | **11,474** | 7,762 |
| 6530 Security Payroll/Contract | **93,832** | 68,067 |
| 6546 Heating/Cooling Repairs and Maintenance | **-** | - |
| 6548 Snow Removal | **-** | - |
| 6570 Vehicle and Maintenance Eq & Op Repairs | **-** | - |
| 6580 Lease Expense | **-** | - |
| 6590 Miscellaneous Operating and Maintenance Expense | **2,881** | 304 |
| **6500T Total Operating and Maintenance Expenses** | **341,218** | 172,708 |
| **Taxes and Insurance** | | |
| 6710 Real Estate Taxes | **261** | 11,567 |
| 6711 Payroll Taxes | **7,399** | 5,234 |
| 6720 Property & Liability Insurance (Hazard) | **28,726** | 34,635 |
| 6721 Fidelity Bond Insurance | **-** | - |
| 6722 Workmen's Compensation | **3,728** | 2,280 |
| 6723 Health Insurance and Other Employee Benefits | **12,857** | 2,519 |
| 6790 Miscellaneous Taxes, Licenses, Permits, & Ins | **1,672** | - |
| **6700T Total Taxes and Insurance** | **54,643** | 56,235 |
| **Total Operating Expenses** | **650,235** | 456,648 |
| **Financial Expenses** | | |
| 6820 Interest on First Mortgage | **82,194** | 31,969 |
| 6825 Interest on Other Mortgages | **57,888** | 21,205 |
| 6830 Interest on Notes Payable (Long Term) | **-** | 93,641 |
| 6840 Interest on Notes Payable (Short Term) | **-** | - |
| 6845 Interest on Capital Recovery Payment | **-** | - |
| 6850 Mortgage Insurance Premium/Service Charge | **11,487** | 4,435 |
| 6890 Miscellaneous Financial Expenses | **-** | 81 |
| **6800T Total Financial Expenses** | **151,569** | 151,331 |

# Oroville PSH Pacific Associates, LP

**Schedule of Operating Revenues and Expenses**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **6000T Total Cost of Operations before Depreciation** | **801,804** | 607,979 |
| **5060 Operating Profit (Loss)** | **(143,808)** | (184,482) |
| 6600 Depreciation Expenses | **(515,034)** | (472,115) |
| 6610 Amortization Expense | **(5,673)** | (5,200) |
| **5060N Operating Profit (Loss)** | **(664,515)** | (661,797) |
| **Net Entity Expenses** | | |
| 7191 Asset Management Fee | **(4,120)** | (4,000) |
| 7192 Partnership Management Fee | **(5,000)** | (5,000) |
| 7190 Other Expenses (Detail Required) | **(23)** | (98,173) |
| **7100T Total Net Entity Expenses** | **(9,143)** | (107,173) |
| **3250 Profit or Loss (Net Income or Loss)** | **$ (673,658)** | $ (768,970) |

# Oroville PSH Pacific Associates, LP

**Miscellaneous Details**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **6390 Miscellaneous Administrative Expenses** | | |
| Uniforms | **$ -** | $ 240 |
| Travel Reimbursements | **808** | 1,066 |
| Compliance Monitoring | **5,510** | 4,563 |
| Bank Fees | **236** | 405 |
| Other Service Fees | **258** | 225 |
| Temporary Services | **3,619** | 2,097 |
| Marketing Credit Report | **115** | 678 |
| Resident-Credit Report | **360** | 300 |
| **Total** | **10,906** | 9,574 |
| **6590 Miscellaneous Operating and Maintenance** | | |
| Appliance Repairs | **2,651** | 129 |
| Backflow | **230** | 175 |
| **Total** | **2,881** | 304 |
| **6790 Miscellaneous Taxes and Insurance** | | |
| Other Insurance | **72** | - |
| State Taxes | **1,600** | - |
| **Total** | **1,672** | - |
| **6890 Miscellaneous Financial Expenses** | | |
| Bond Fees | **-** | 81 |
| **Total** | **-** | 81 |
| **7190 Other Expenses** | | |
| Lease Up and Marketing | **23** | 27,422 |
| Pooled Transition Reserve | **-** | 70,751 |
| **Total** | **$ 23** | $ 98,173 |

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

# Oroville PSH Pacific Associates, LP

**Cash on Hand and in Banks**

**For the Year Ended December 31, 2025**

| | 2025 | 2024 |
|---|---|---|
| **Unrestricted Accounts** | | |
| 1120 Cash - Operations | **$ 11,114** | $ 25,630 |
| 1121 Construction Cash Account | **-** | 23 |
| **Total** | **11,114** | 25,653 |
| **Restricted Accounts** | | |
| 1191 Tenant Deposits Held in Trust | **9,250** | 9,750 |
| 1320 Replacement Reserve | **28,334** | - |
| 1330 Other Reserves | **1,247,349** | 1,196,670 |
| **Total** | **$ 1,284,933** | $ 1,206,420 |

Replacement reserves and operating reserves are maintained in designated and separate accounts. Tenant 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. Interest earned during 2025 was $0.

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

# Oroville PSH Pacific Associates, LP

**Schedule of Reserve for Replacements**

**For the Year Ended December 31, 2025**

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacements of property or other reserve requirements with the approval of HCD as follows:

| | 2025 |
|---|---|
| **Reserve for Replacements:** | |
| Balance, December 31, 2024 | $ - |
| Total Monthly Deposits | 28,334 |
| Balance, December 31, **2025** | $ 28,334 |

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

# Oroville PSH Pacific Associates, LP

**Schedule of Operating Reserves**

**For the Year Ended December 31, 2025**

**See Note 6 restricted cash for further disclosures, description of accounts, and activity details (deposits, withdrawals, and interest earned).**

| | 2025 |
|---|---|
| **Operating Reserves:** | |
| Balance, December 31, 2024 | **$ 1,196,670** |
| Interest on Reserve | **50,679** |
| Balance, December 31, **2025** | **$ 1,247,349** |

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

# Oroville PSH Pacific Associates, LP

**Schedule of Fixed Assets**

**For the Year Ended December 31, 2025**

Following are details of property, equipment and improvements, at cost:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| 1410 Land | **$ 400,000** | **$ -** | **$ -** | **$ 400,000** |
| 1420 Buildings | **12,987,145** | **-** | **-** | **12,987,145** |
| 1440 Building Equipment | **2,428,026** | **-** | **-** | **2,428,026** |
| 1465 Office Furniture and Equipment | **689,540** | **-** | **-** | **689,540** |
| **1400T Total Fixed Assets** | **$ 16,504,711** | **$ -** | **$ -** | **$ 16,504,711** |

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

# Oroville PSH Pacific Associates, LP

**Accounts Payable and Accrued Expenses**

**For the Year Ended December 31, 2025**

**Accounts payables are payable to vendors and are being paid on a current basis. Detail Follows:**

| | 2025 | 2024 |
|---|---|---|
| 90 + days past due | **$ -** | $ - |
| **Current (Less than 90 days past due):** | | |
| 2110 Accounts Payable - Operations | **123,319** | 44,339 |
| **Total Accounts Payable and Accrued Expenses** | **$ 123,319** | $ 44,339 |

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

# Oroville PSH Pacific Associates, LP

**Gross Potential Rents**

**For the Year Ended December 31, 2025**

| | 2025 |
|---|---|
| Tenant rental payments | $ 78,565 |
| Housing assistance payments | 422,819 |
| Employee unit shown as expense | 7,241 |
| Vacancy loss and concessions | 31,795 |
| **Total gross potential rents** | $ 540,420 |

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

# Oroville PSH Pacific Associates, LP

**Schedule of Management Fees**

**For the Year Ended December 31, 2025**

**See Note #4 in the audited financial statements for description and further disclosure of management fees details.**

| | 2025 | 2024 |
|---|---|---|
| 6320 Management Fee | **$ 24,000** | $ 22,581 |

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

# Oroville PSH Pacific Associates, LP

**Computation of Operating Cash Flow/Surplus Cash**

**For the Year Ended December 31, 2025**

**Operating Cash Flow/Surplus Cash Computation - per HCD Regulatory Agreements**

**Operating Cash Flow/Surplus Cash will be distributed according to the HCD method**

| | 2025 |
|---|---|
| **Operating Income** | |
| Total income | **657,996** |
| Less: Interest earned on HCD approved restricted reserve accounts | **(50,679)** |
| **Adjusted operating income** | **607,317** |
| Operating Expenses | **(650,235)** |
| **Adjusted net income** | **$ (42,918)** |
| **Other activity** | |
| **Mandatory debt service** | |
| Deposits into Replacement Reserve Account | **(28,334)** |
| **Total other activity** | **(28,334)** |
| **Operating Cash Flow** | **(71,252)** |

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

**Oroville PSH Pacific Associates, LP**
HCD Project Number: 20-NPLH-16256

Auditor's Comments on Audit Resolution
Matters Relating to HCD Programs
For the year ended December 31, 2025

**Status of Prior Year Findings and Recommendations:**

Finding 2024-01 relating to unfunded replacement reserve deposits during the year ended December 31, 2024 has been resolved.

**Findings and Recommendations:**

There were no findings and recommendations reported in the December 31, 2025 financial statements.

**Oroville PSH Pacific Associates, LP**
**HCD Project Number: 20-NPLH-16256**

**Management Agent's Certification**
**12/31/2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Oroville PSH Pacific Associates, LP, HCD Project No. 20-NPLH-16256 and, to the best of our knowledge and belief; the same are accurate and complete.

Management Company: _____

Signed: _____

Title: _____

Date: _____

Tax Identification Number: _____

Property Manager: _____

**Oroville PSH Pacific Associates, LP**
**HCD Project Number: 20-NPLH-16256**

**Certificate of Partners**
**12/31/2025**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Oroville PSH Pacific Associates, LP, HCD Project No. 20-NPLH-16256 and, to the best of our knowledge and belief; the same are accurate and complete.

Signed: _____

Title: _____

Date: _____

Signed: _____

Title: _____

Date: _____

# Oroville Senior Associates, LP

## Financial Statements

**For the Years Ended December 31, 2025 and 2024**

# Oroville Senior Associates, LP

**December 31, 2025and 2024**

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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, 2025 and 2024 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, 2025 and for the years ended December 31, 2025 and 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. 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
March 21, 2026

# Oroville Senior Associates, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 19,871** | $ 25,610 |
| Accounts Receivable, net | **-** | 3,724 |
| Prepaid Expenses | **8,109** | - |
| Restricted Cash: | | |
| Tenant Security Deposits | **21,946** | 22,169 |
| Replacement Reserve | **19,074** | 9,774 |
| Other Reserves | **163,430** | 156,721 |
| Rental Property, net | **11,630,198** | 12,065,722 |
| Other Assets | **86,907** | 94,200 |
| **Total Assets** | **$ 11,949,535** | $ 12,377,920 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 757** | $ 1,909 |
| Accrued Interest Payable | **6,235** | 6,235 |
| Security Deposits Liability | **21,946** | 22,169 |
| Prepaid Rent | **2** | 3 |
| Related Party Payables | **921,162** | 950,809 |
| Long-Term Debt, net | **1,292,218** | 1,300,662 |
| Total Liabilities | **2,242,320** | 2,281,787 |
| **Partners' Capital** | | |
| Partners' Capital | **9,707,215** | 10,096,133 |
| **Total Liabilities and Partners' Capital** | **$ 11,949,535** | $ 12,377,920 |

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

# Oroville Senior Associates, LP

**Statements of Income**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 376,019** | $ 359,917 |
| Less: Vacancy Loss | **(3,789)** | (8,164) |
| Net Rental Income | **372,230** | 351,753 |
| Miscellaneous Income | **1,587** | 79,876 |
| **Total Operating Revenue** | **373,817** | 431,629 |
| **Operating Expenses** | | |
| Administrative Expenses | **79,210** | 98,219 |
| Utilities | **49,883** | 44,872 |
| Operating and Maintenance Expenses | **58,452** | 70,451 |
| Taxes and Insurance | **51,666** | 29,433 |
| **Total Operating Expenses** | **239,211** | 242,975 |
| **Net Operating Income** | **134,606** | 188,654 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **6,709** | 9,295 |
| Interest Expense | **(75,287)** | (82,248) |
| Depreciation Expense | **(435,524)** | (435,524) |
| Amortization Expense | **(7,293)** | (7,293) |
| Lease-Up and Marketing Expenses | **-** | (27) |
| Asset Management Fee | **(8,195)** | (7,957) |
| Partnership Management Fee | **(3,934)** | (3,819) |
| **Total Non-Operating Income (Expenses)** | **(523,524)** | (527,573) |
| **Net Loss** | **$ (388,918)** | $ (338,919) |

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, 2025 and 2024**

| | 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, 2024 | $10,285,133 | $ (37) | $ (36) | $ (8) | $ 10,285,052 |
| Capital Contributed | 150,000 | - | - | - | 150,000 |
| Net income for the period | (338,885) | (16) | (15) | (3) | (338,919) |
| **Balance, December 31, 2024** | 10,096,248 | (53) | (51) | (11) | 10,096,133 |
| **Current Year Activity** | | | | | |
| Net loss for the period | (388,878) | (18) | (18) | (4) | (388,918) |
| **Balance, December 31, 2025** | $ 9,707,370 | $ (71) | $ (69) | $ (15) | $ 9,707,215 |

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, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 375,953** | $ 338,108 |
| Interest Receipts | **6,709** | 9,295 |
| Other Operating Receipts | **1,587** | 40,529 |
| Tenant Security Deposits | **(223)** | 1,304 |
| **Total Receipts** | **384,026** | 389,236 |
| **Disbursements** | | |
| Administrative | **(57,796)** | (75,295) |
| Management Fee | **(22,566)** | (21,040) |
| Utilities | **(49,883)** | (44,872) |
| Operating and Maintenance | **(58,452)** | (70,451) |
| Real Estate Taxes | **(173)** | (83) |
| Property Insurance | **(50,348)** | (100) |
| Taxes and Insurance | **(9,254)** | (11,625) |
| Interest on Mortgage and Notes Payable | **(73,174)** | (73,900) |
| Partner Fees | **(11,776)** | (27,533) |
| **Total Disbursements** | **(333,422)** | (324,899) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **50,604** | 64,337 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Refund of TCAC Fees | **-** | 39,347 |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **-** | 39,347 |

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, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Payments - First Mortgage | **(10,557)** | (9,832) |
| Capital Contributions | **-** | 150,000 |
| Payment of Deferred Developer Fee | **(30,000)** | (287,457) |
| Other Financing Activities - Lease Up and Marketing Expenses | **-** | (27) |
| Other Financing Activities - Construction and Development Costs Payable | **-** | (10,000) |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(40,557)** | (157,316) |
| **Net change in cash, cash equivalents, and restricted cash** | **10,047** | (53,632) |
| Cash, cash equivalents, and restricted cash at beginning of year | **214,274** | 267,906 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 224,321** | $ 214,274 |

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

| | | |
|---|---|---|
| Cash and Cash Equivalents | **$ 19,871** | $ 25,610 |
| Tenant Security Deposits | **21,946** | 22,169 |
| Replacement Reserve | **19,074** | 9,774 |
| Other Reserves | **163,430** | 156,721 |
| | **$ 224,321** | $ 214,274 |

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, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(388,918)** | (338,919) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **435,524** | 435,524 |
| Amortization | **7,293** | 7,293 |
| Amortization/Interest Debt Issuance Costs | **2,113** | 2,113 |
| Financing Activities Paid by Development | **-** | 27 |
| Investing Activities Refund of TCAC Fees | **-** | (39,347) |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **3,724** | (3,724) |
| Prepaid Expenses | **(8,109)** | 17,625 |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **(1,152)** | 1,884 |
| Accrued Interest Payable | **-** | 6,235 |
| Security Deposits Liability | **(223)** | 1,304 |
| Prepaid Rent | **(1)** | (9,921) |
| Related Party Payables | **353** | (15,757) |
| **Net cash provided by (used by) operating activities** | **$ 50,604** | $ 64,337 |

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, 2025 and 2024**

## 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, 2025 was $ 435,524 (2024 - $ 435,524).

## 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, 2025 and 2024.

### 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 $22,487 and $15,194 as of December 31, 2025 and 2024.

### 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, 2025 and 2024, 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 2025 and 2024, advertising and marketing costs totaled $1,418 and $1,163.

## 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. Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

### m. 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.

### n. 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, 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%). For the years ended December 31, 2025 and 2024, asset management fees incurred were $8,195 and $7,957, respectively. As of December 31, 2025 and 2024, asset management fees payable were $8,195 and $7,957, respectively. During the years ended December 31, 2025 and 2024, asset management fees paid were $7,957 and $20,225, respectively.

**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. For the years ended December 31, 2025 and 2024, partnership management fees incurred were $3,934 and $3,819, respectively. As of December 31, 2025 and 2024, partnership management fees payable were $3,934 and $3,819, respectively. During the years ended December 31, 2025 and 2024, partnership management fees paid were $3,819 and $7,308, respectively.

### 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.

## 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 form cash flow as outlined above.

## 3. Related Party Transactions

### 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 $42,239 and $17,725 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024 payments to PWC for insurance amounted to $23,508 and $0, respectively. During 2025, an additional insurance policy was obtained on behalf of the Partnership for the period April 1, 2025, through April 1, 2026. Because the pre-existing policy with Philadelphia Insurance (effective December 8, 2024 through December 8, 2025) was not terminated, a period of concurrent coverage occurred during the 2025 fiscal year.

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 909,033 | $ 939,033 |
| Asset Management Fee Payable | 8,195 | 7,957 |
| Partnership Management Fee Payable | 3,934 | 3,819 |
| **Total Related Party Payables** | $ 921,162 | $ 950,809 |

## 4. Property Management Fees

The property is managed by Cambridge Property Management who is not affiliated with the owners. For the years ended December 31, 2025 and 2024, management Fees were incurred at the greater of $1,000 per month or 6% of gross rent collections in the amount of $22,566 and $21,040, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| 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 | (1,342,828) | (907,304) |
| **Total Rental Property, net** | $ 11,630,198 | $ 12,065,722 |

## 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, 2025 and 2024 was $19,074 and $9,774, 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, 2025 and 2024 was $21,946 and $22,169, respectively.

### c. 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, 2025 and 2024 the balance of the operating reserve was $163,430 and $156,721, respectively.

### d. Restricted Account Activity

| | Replacement Reserve | Operating Reserve |
|---|---|---|
| **Prior Year Activity** | | |
| Balance, Beginning of Period | $ - | $ 147,581 |
| Deposits | 9,774 | - |
| Interest | - | 9,140 |
| **Balance, End of Period** | 9,774 | 156,721 |
| **Current Year Activity** | | |
| Deposits | 9,300 | - |
| Interest | - | 6,709 |
| **Subtotal, Current Year Activity** | 9,300 | 6,709 |
| **Balance, End of Period** | **$ 19,074** | **$ 163,430** |

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 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, this loan (Tranche A) was originated with 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 2025 totaled $41,538 (2024 - $45,586) | $ 3,543 | $ 905,472 | $ 3,543 | $ 914,203 |
| **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, this loan (Tranche B) was originated with 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 2025 totaled $31,636 (2024 - $34,549) | 2,692 | 415,005 | 2,692 | 416,831 |
| **Long-Term Debt Interest and Principal** | 6,235 | 1,320,477 | 6,235 | 1,331,034 |
| Less: Unamortized Debt Issuance Costs | - | (28,259) | - | (30,372) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 6,235 | $ 1,292,218 | $ 6,235 | $ 1,300,662 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 11,124 |
| 2027 | 11,706 |
| 2028 | 12,115 |
| 2029 | 12,955 |
| 2030 | 13,638 |
| Subsequent | 1,258,939 |
| **Total** | **$ 1,320,477** |

## 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 March 21, 2026 (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, 2025 $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:

| | |
|---|---|
| 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** | **$ 9,273,472** |

## 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 Senior Associates, LP

**For the Year Ended For the Years Ended December 31, 2025 And the Period Beginning May 14, 2021 and Ended December 31, 2022**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 1,418** | $ 1,163 |
| Office Expenses | **13,000** | 11,000 |
| Property Management Fees | **22,566** | 21,040 |
| Manager or Superintendent Salaries | **15,964** | 20,376 |
| Administrative Rent Free Unit | **11,144** | 10,836 |
| Legal Expense - Project | **716** | 7,921 |
| Audit Expense | **2,834** | 13,300 |
| Bad Debts | **1,766** | 1,049 |
| Miscellaneous Administrative Expenses | **9,802** | 11,534 |
| **Total Administrative Expenses** | **79,210** | 98,219 |
| **Utilities** | | |
| Fuel Oil/Coal | **31** | 149 |
| Electricity | **4,262** | 12,696 |
| Water | **24,145** | 21,618 |
| Sewer | **21,445** | 10,409 |
| **Total Utilities** | **49,883** | 44,872 |
| **Operating and Maintenance** | | |
| Payroll | **7,912** | 7,143 |
| Supplies | **3,873** | 5,619 |
| Contracts | **25,486** | 28,506 |
| Garbage and Trash | **7,197** | 7,033 |
| Miscellaneous Operating and Maintenance Expense | **13,984** | 22,150 |
| **Total Operating and Maintenance** | **58,452** | 70,451 |

# Oroville Senior Associates, LP

**For the Year Ended For the Years Ended December 31, 2025 And the Period Beginning May 14, 2021 and Ended December 31, 2022**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Taxes and Insurance** | | |
| Real Estate Taxes | **173** | 83 |
| Payroll Taxes | **3,884** | 4,543 |
| Property & Liability Insurance (Hazard) | **42,239** | 17,725 |
| Fidelity Bond Insurance | **352** | 385 |
| Workmen's Compensation | **1,731** | 2,429 |
| Health Insurance and Other Employee Benefits | **2,487** | 2,577 |
| Miscellaneous Taxes, Licenses, Permits, & Insurance | **800** | 1,691 |
| **Total Taxes and Insurance** | **51,666** | 29,433 |
| **Total operating expenses** | **$ 239,211** | $ 242,975 |

# Oroville Senior Associates, LP

**For the Year Ended For the Years Ended December 31, 2025 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:

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | $ 50,604 |
| Partner Fees Paid | 11,776 |
| Change in Tenant Security Deposit Account | 223 |
| Deduct: | |
| Principal Payments of Long-Term Debt | (10,557) |
| Change in Replacement Reserve Accounts | (9,300) |
| Interest Earned in Operating Reserve Account | (6,709) |
| **Cash Flow Available for Distribution** | **$ 36,037** |

### Distribution of Available Cash Flow

During the year ended December 31, 2025, $18,344 of 2024 available cash flow was not distributed to the deferred developer fee payable.

Cash flow available for distribution from 2025 will be distributed in 2026 as follows:

| | 2025 |
|---|---|
| Asset Management Fee Payable | $ 8,195 |
| Partnership Management Fee Payable | 3,934 |
| Deferred Developer Fee Payable | 23,908 |
| **Total** | **$ 36,037** |

# Oroville Senior Associates II, LP

## Financial Statements

**For the Years Ended December 31, 2025 and 2024**

# Oroville Senior Associates II, LP

**December 31, 2025 and 2024**

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Partners
Oroville Senior Associates II, LP

### Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of Oroville Senior Associates II, LP, a limited partnership, which comprise the balance sheets as of December 31, 2025 and 2024 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 II, LP as of December 31, 2025 and 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. 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 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 Senior 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 Senior 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 Senior 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
March 12, 2026

# Oroville Senior Associates II, LP

**Balance Sheets**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **$ 758** | $ 91,203 |
| Prepaid Expenses | **5,714** | 6,479 |
| Restricted Cash: | | |
| Tenant Security Deposits | **16,260** | 14,988 |
| Escrow Deposits | **33,100** | 18,758 |
| Replacement Reserve | **8,767** | - |
| Other Reserves | **85,371** | 83,092 |
| Rental Property, net | **11,754,901** | 12,183,016 |
| Other Assets | **58,166** | 62,778 |
| **Total Assets** | **$ 11,963,037** | $ 12,460,314 |
| **Liabilities and Partners' Capital** | | |
| **Liabilities** | | |
| Accounts Payable | **$ 7,591** | $ 717 |
| Accrued Interest Payable | **7,255** | - |
| Security Deposits Liability | **16,260** | 14,988 |
| Prepaid Rent | **-** | 59 |
| Related Party Payables | **355,507** | 786,552 |
| Long-Term Debt, net | **1,651,789** | 1,662,839 |
| Total Liabilities | **2,038,402** | 2,465,155 |
| **Partners' Capital** | | |
| Partners' Capital | **9,924,635** | 9,995,159 |
| **Total Liabilities and Partners' Capital** | **$ 11,963,037** | $ 12,460,314 |

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

# Oroville Senior Associates II, LP

**Statements of Income**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenue** | | |
| Gross Rental Income | **$ 372,039** | $ 346,707 |
| Less: Vacancy Loss | **(26,904)** | (20,667) |
| Less: Rental Concessions | **-** | (784) |
| Net Rental Income | **345,135** | 325,256 |
| Miscellaneous Income | **2,017** | 12,373 |
| **Total Operating Revenue** | **347,152** | 337,629 |
| **Operating Expenses** | | |
| Administrative Expenses | **83,340** | 96,177 |
| Utilities | **54,930** | 63,855 |
| Operating and Maintenance Expenses | **52,130** | 57,006 |
| Taxes and Insurance | **31,712** | 32,261 |
| **Total Operating Expenses** | **222,112** | 249,299 |
| **Net Operating Income** | **125,040** | 88,330 |
| **Non-Operating Income (Expenses)** | | |
| Interest Income | **2,711** | 251 |
| Interest Expense | **(97,570)** | (108,305) |
| Depreciation Expense | **(428,115)** | (428,115) |
| Amortization Expense | **(4,612)** | (4,612) |
| Lease-Up and Marketing Expenses | **(8,750)** | (227) |
| **Total Non-Operating Income (Expenses)** | **(536,336)** | (541,008) |
| **Net Loss** | **$ (411,296)** | $ (452,678) |

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

# Oroville Senior Associates II, LP

**Statements of Changes in Partners' Capital**

**For the Years Ended December 31, 2025 and 2024**

| | Butte County Affordable Housing Development Corporation (0.001%) | TPC Holdings IX, LLC (0.009%) | USA Institutional Oroville, LLC (99.99%) | The Richman Group Capital Corporation (0.00%) | Total (100.00%) |
|---|---|---|---|---|---|
| **Prior period activity** | | | | | |
| Balance, January 1, 2024 | $ (2) | $ (18) | $ 4,235,063 | $ - | $ 4,235,043 |
| Capital Contributed | - | - | 6,212,794 | - | 6,212,794 |
| Net loss for the period | (5) | (41) | (452,632) | - | (452,678) |
| **Balance, December 31, 2024** | (7) | (59) | 9,995,225 | - | 9,995,159 |
| **Current Year Activity** | | | | | |
| Capital Contributed | - | - | 343,772 | - | 343,772 |
| Withdrawals | - | - | (3,000) | - | (3,000) |
| Net loss for the period | (4) | (37) | (411,255) | - | (411,296) |
| **Balance, December 31, 2025** | $ (11) | $ (96) | $ 9,924,742 | $ - | $ 9,924,635 |

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

# Oroville Senior Associates II, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Cash Receipts** | | |
| Rental Receipts | **$ 345,076** | $ 327,516 |
| Interest Receipts | **2,711** | 251 |
| Other Operating Receipts | **2,017** | 12,373 |
| Tenant Security Deposits | **1,272** | 821 |
| **Total Receipts** | **351,076** | 340,961 |
| **Disbursements** | | |
| Administrative | **(56,721)** | (84,280) |
| Management Fee | **(20,816)** | (19,374) |
| Utilities | **(54,930)** | (63,855) |
| Operating and Maintenance | **(52,130)** | (57,006) |
| Real Estate Taxes | **(310)** | (8,464) |
| Property Insurance | **(22,855)** | (26,881) |
| Taxes and Insurance | **(7,782)** | (6,561) |
| Interest on Mortgage and Notes Payable | **(88,575)** | - |
| Lease Up and Marketing Expenses | **(8,750)** | (227) |
| **Total Disbursements** | **(312,869)** | (266,648) |
| **NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES** | **38,207** | 74,313 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Net Refunds (Purchases) of Fixed Assets | **1,071** | 13,104 |
| Payments of Post Completion Interest on Construction Loan | **-** | (128,222) |
| Net Purchase of Loan Fees | **-** | (11,676) |
| **NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES** | **1,071** | (126,794) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal Proceeds - Permanent Loan | **-** | 1,695,000 |
| Principal Payments - Construction Loan | **-** | (7,030,220) |
| Payments of Developer Fees | **(431,045)** | (686,000) |
| Capital Contributions | **343,772** | 6,212,794 |
| Payments of Principal - Permanent Loan | **(12,790)** | (2,648) |
| Capital Distributions | **(3,000)** | - |
| **NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES** | **(103,063)** | 188,926 |
| **Net change in cash, cash equivalents, and restricted cash** | **(63,785)** | 136,445 |
| Cash, cash equivalents, and restricted cash at beginning of year | **208,041** | 71,596 |
| **Cash, cash equivalents, and restricted cash at end of year** | **$ 144,256** | $ 208,041 |

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

# Oroville Senior Associates II, LP

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Cash, cash equivalents, and restricted cash consist of the following: | | |
| Cash and Cash Equivalents | **$ 758** | $ 91,203 |
| Tenant Security Deposits | **16,260** | 14,988 |
| Escrow Deposits | **33,100** | 18,758 |
| Replacement Reserve | **8,767** | - |
| Other Reserves | **85,371** | 83,092 |
| | **$ 144,256** | $ 208,041 |
| **Reconciliation of Net Income to Net Cash Flow Provided By (Used By) Operating Activities** | | |
| Net Loss | **(411,296)** | (452,678) |
| **Adjustments to reconcile net loss to net cash provided by (used by) operating activities** | | |
| Depreciation | **428,115** | 428,115 |
| Amortization | **4,612** | 4,612 |
| Amortization/Interest Debt Issuance Costs | **1,740** | 1,110 |
| Payments of Post-Construction Interest | **-** | 128,222 |
| **(Increase) decrease in assets** | | |
| Accounts Receivable, net | **-** | 5,046 |
| Prepaid Expenses | **765** | (6,479) |
| **Increase (decrease) in liabilities** | | |
| Accounts Payable | **5,803** | (7,477) |
| Accrued Interest Payable | **7,255** | (21,027) |
| Security Deposits Liability | **1,272** | 821 |
| Prepaid Rent | **(59)** | (2,786) |
| Related Party Payables | **-** | (3,166) |
| **Net cash provided by (used by) operating activities** | **$ 38,207** | $ 74,313 |

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

# Oroville Senior Associates II, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 1. Organization

### a. Partnership

The financial statements reflect the accounts of Oroville Senior 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: TPC Holdings IX, LLC (0.009%) and Butte County Affordable Housing Development Corporation (0.001%). The Limited Partners are: USA Institutional Oroville, LLC (99.99%) and The Richman Group Capital Corporation (0.00%). The partnership was formed for the purpose of acquiring, owning, operating, managing and selling or otherwise disposing of a 35-unit senior housing community project in Oroville, California known as Mitchell Avenue Senior Apartments II. Construction on the project finished on September 28, 2023 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, 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.

## 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 the years ended December 31, 2025 and 2024 was $428,115 and $428,115, respectively.

### 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, 2025 and 2024.

### f. Other Assets - Deferred Fees

Other assets include tax credit agency fees of $69,185 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 $11,019 and $6,407 as of December 31, 2025 and 2024, respectively.

### g. Debt Issuance Costs

Unamortized debt issuance costs of $27,773 and $29,513 at December 31, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs of $1,740 and $1,110 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 management's evaluation of periodic aging of accounts. As of December 31, 2025 and 2024, the balance of allowance for doubtful accounts was $3,140 and $90, respectively.

## 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 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.

### k. 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.

### l. 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

## 3. Related Party Transactions

### a. Partner Fees

**Partnership Management Fee**

For services to be performed under this Partnership Administrative Services Agreement, the Partnership shall pay the General Partner, solely from the Net Cash Flow of the Partnership available for distribution (in the priority set forth in Section 11.01 (a) of the Partnership Agreement), an annual Partnership Administration Fee. Such fee shall be in accordance with the provisions of any applicable Agency regulations and of the Loan Agreement and shall be in an amount equal to 89.99% per annum payable from Net Cash Flow available for distribution in such fiscal year (in the priority set forth in Section 11.01 (a) of the Partnership Agreement), commencing upon Substantial Completion, which fee shall be paid 10% to the Managing General Partner and 90% to the Administrative General Partner. Any excess amount shall be paid to the General Partner to the extent that the Partnership Administration Fee paid in any prior years was less than such amount and such shortfall has not previously been paid pursuant to this sentence. No shortfall in any Partnership Administration Fee will be paid from the proceeds described in Section 11.04 of the Partnership Agreement. For the years ended December 31, 2025 and 2024, the General Partner earned $0. As of December 31, 2025 and 2024 the General Partner was owed $0 and $0, respectively.

### b. Developer Fee Payable

The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and construction and/or rehabilitation of the Apartment Complex. In consideration for such services and for the assignments to the Partnership, a Development Fee in the total amount of $1,472,552 shall be payable by the Partnership from Capital Contributions made by the Investment Partnership, Mortgage Loan proceeds or Net Cash Flow but only after payment of all construction costs, Excess Development Costs and the establishment of required reserves, as follows: (i) $284,510 upon receipt by the Partnership of the First Installment; (ii) $284,510 upon receipt by the Partnership of the Second Installment; (iii) $409,761 upon receipt by the Partnership of the Third Installment; (iv) $443,771 upon receipt by the Partnership of the Fourth Installment; (v) any amounts not paid from an Installment, projected to be $50,000 and shall be payable from Net Cash Flow as provided in Section 11.01(a) of the Partnership Agreement and/or from proceeds available for such purpose upon the occurrence of any of the events described in Section 11.04 of the Partnership Agreement. As of December 31, 2025 the Developer was owed $355,507.

## 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 credit adjuster pursuant to Section 5.01(e) of the Partnership Agreement;

2. To the payment of an amount equal to $3,000 per year to the Investment Partnership which amount shall not accrue;

3. To the payment to the Developer of any accrued and unpaid Development Fee as set forth in Section 8.10 of the Partnership Agreement;

4. To the repayment of any Operating Deficit Loans;

5. Prior to the end of the Tax Credit Compliance Period, to the replenishment of the Operating Reserve, if necessary, pursuant to Section 8.09(c) of the Partnership Agreement;

6. To the payment of a Partnership Administration Fee as set forth in Section 8.11, which shall accrue if not paid; and

7. The balance shall then be allocated and distributed 0.009% to the Administrative General Partner, 0.001% to the Managing General Partner, and 99.99% to the Investment Partnership.

## 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 $475,000 outstanding at any one time. An operating reserve of $52,807 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 28, 2023) and continues until the fifth (5th) anniversary of rental achievement. Repayment will come solely form 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 $8,750 per year starting on the commencement date.

## 3. Related Party Transactions

### 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 $23,620 and $17,236 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024 payments to PWC for insurance amounted to $26,120 and $33,833, respectively.

### f. Related Party Payables

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

| | 2025 | 2024 |
|---|---|---|
| Due to Related Parties: | | |
| Deferred Developer Fee Payable | $ 355,507 | $ 786,552 |

## 4. Property Management Fees

The property is managed by Cambridge Real Estate Services, Inc. who is not affiliated with the owners. Management Fees of $20,816 and $19,374 were incurred at the greater of a monthly fee of $1,000 or six (6%) percent of gross operating revenues during 2025 and 2024, respectively.

## 5. Rental Property

Rental property consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 350,000 | $ 350,000 |
| Buildings | 9,869,418 | 9,869,418 |
| Land Improvements | 1,370,467 | 1,370,467 |
| Furniture and Fixtures | 1,128,567 | 1,128,567 |
| **Total cost** | 12,718,452 | 12,718,452 |
| Accumulated Depreciation | (963,551) | (535,436) |
| **Total Rental Property, net** | $ 11,754,901 | $ 12,183,016 |

## 6. Restricted Cash

### a. Replacement Reserve

The loan agreement requires the establishment of a capital replacement reserve account upon stabilization and conversion to the permanent loan. This account was transferred to the partnership at the closing and is to be held by Pacific Western Bank. Contributions are to be made monthly in the amount of $250 per unit per year ($8,750 annually). The deposits will be released to the partnership upon requests for capital replacements.

### 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, 2025 and 2024 was $16,260 and $14,988, respectively.

### c. Tax and Insurance Account

The partnership is required to 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, 2025 and 2024 was $33,100 and $18,758, respectively.

### d. Operating Reserve

The General Partner shall establish an operating reserve to fund Operating Deficits. The Operating Reserve shall be funded in an aggregate total of $52,807 funded from the payment of the Third Installment. This account was funded in the amount of $83 092 at conversion to permanent financing in 2024.

### e. Restricted Account Activity

| | Replacement Reserve | Insurance Escrow Account | Operating Reserve |
|---|---|---|---|
| **Prior Year Activity** | | | |
| Balance, Beginning of Period | $ - | $ - | $ - |
| Deposits | - | 29,000 | 83,092 |
| Interest | - | 51 | - |
| Withdrawals | - | (10,293) | - |
| **Balance, December 31, 2024** | - | 18,758 | 83,092 |
| **Current Year Activity** | | | |
| Deposits | 8,750 | 55,550 | - |
| Interest | 17 | 361 | 2,279 |
| Withdrawals | - | (41,569) | - |
| **Subtotal, Current Year Activity** | 8,767 | 14,342 | 2,279 |

# Oroville Senior Associates II, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 6. Restricted Cash

### e. Restricted Account Activity

| | Replacement Reserve | Insurance Escrow Account | Operating Reserve |
|---|---|---|---|
| **Balance, December 31, 2025** | **$ 8,767** | **$ 33,100** | **$ 85,371** |

# Oroville Senior Associates II, LP

**Notes to the Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

## 7. Long-Term Debt

### a. Mortgage and Notes Payable

| | 2025 Interest Payable | 2025 Principal | 2024 Interest Payable | 2024 Principal |
|---|---|---|---|---|
| **Construction/Permanent Loan Payable - Pacific Western Bank** | | | | |
| On March 22, 2022 the Partnership entered into a construction loan agreement with Pacific Western Bank in the amount of $9,400,000. The loan shall bear interest at an annual rate of 3.50% from the Closing Date to the Conversion Date. Upon Conversion to the Permanent Phase the interest rate on the loan from the Conversion Date to maturity shall be an annual rate of 3.75%. The maturity date of the loan is September 1, 2041. The Construction Loan was converted to Permanent Phase in 2024. Interest expense for 2025 and 2024 totaled $0 and $107,195, respectively. | $ - | $ - | $ - | $ - |
| **Permanent Loan Payable - Pacific Western Bank** | | | | |
| On November 22, 2024 the Partnership converted to permanent financing with Pacific Western Bank in the amount of $1,695,000. The loan bears interest at an annual rate of 5.19% and requires monthly payments of principal and interest. The maturity date of the loan is September 1, 2041. For the years ending December 31, 2025 and 2024, Interest expense totaled $95,830 and $0, respectively. | 7,255 | 1,679,562 | - | 1,692,352 |
| **Long-Term Debt Interest and Principal** | 7,255 | 1,679,562 | - | 1,692,352 |
| Less: Unamortized Debt Issuance Costs | - | (27,773) | - | (29,513) |
| **Long-Term Debt, Net of Unamortized Debt Issuance Costs** | $ 7,255 | $ 1,651,789 | $ - | $ 1,662,839 |

### b. Schedule of Principal Maturities

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

| | |
|---|---|
| 2026 | $ 14,509 |
| 2027 | 15,280 |
| 2028 | 16,092 |
| 2029 | 16,947 |
| 2030 | 17,848 |
| Subsequent | 1,598,886 |
| **Total** | **$ 1,679,562** |

## 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 March 12, 2026 (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 $13,208,790 in federal tax credits. The 8609's have been issued and it is estimated that for the year ended December 31, 2025 $1,320,879 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:

| | |
|---|---|
| 2026 | **$ 1,320,879** |
| 2027 | **1,320,879** |
| 2028 | **1,320,879** |
| 2029 | **1,320,879** |
| 2030 | **1,320,879** |
| 2031 | **1,320,879** |
| 2032 | **1,320,879** |
| 2033 | **1,078,808** |
| **Total** | **$ 10,324,961** |

## 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

**11. Property Tax Exemption**

property and obtain the certificate for each fiscal year to remain exempt from property taxes in future years.

# Supplementary Information

# Oroville Senior Associates II, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Administrative Expenses** | | |
| Advertising and Marketing | **$ 2,004** | $ 1,815 |
| Other Renting Expenses | **900** | 1,860 |
| Office Expenses | **13,696** | 14,906 |
| Property Management Fees | **20,816** | 19,374 |
| Manager or Superintendent Salaries | **18,337** | 13,519 |
| Legal Expense - Project | **4,468** | 8,758 |
| Audit Expense | **6,539** | 6,251 |
| Bad Debts | **1,207** | 18,241 |
| Miscellaneous Administrative Expenses | **15,373** | 11,453 |
| **Total Administrative Expenses** | **83,340** | 96,177 |
| **Utilities** | | |
| Fuel Oil/Coal | **887** | 697 |
| Electricity | **10,349** | 17,691 |
| Water | **22,799** | 35,325 |
| Sewer | **20,895** | 10,142 |
| **Total Utilities** | **54,930** | 63,855 |
| **Operating and Maintenance** | | |
| Payroll | **6,709** | 5,146 |
| Supplies | **6,657** | 3,923 |
| Contracts | **30,698** | 40,479 |
| Garbage and Trash | **7,120** | 7,011 |
| Miscellaneous Operating and Maintenance Expense | **946** | 447 |
| **Total Operating and Maintenance** | **52,130** | 57,006 |
| **Taxes and Insurance** | | |
| Real Estate Taxes | **310** | 8,464 |
| Payroll Taxes | **3,304** | 2,517 |
| Property & Liability Insurance (Hazard) | **23,620** | 17,236 |
| Fidelity Bond Insurance | **342** | 199 |
| Workmen's Compensation | **1,445** | 1,259 |
| Health Insurance and Other Employee Benefits | **1,891** | 1,786 |
| Miscellaneous Taxes, Licences, Permits, & Ins | **800** | 800 |
| **Total Taxes and Insurance** | **31,712** | 32,261 |

# Oroville Senior Associates II, LP

**For the Year Ended December 31, 2025**

**Schedule of Operating Expenses**

| | 2025 | 2024 |
|---|---|---|
| **Total operating expenses** | **$ 222,112** | $ 249,299 |

# Oroville Senior Associates II, LP

**For the Year Ended December 31, 2025**

### Cash Flow Available for Distribution

The calculation of cash flow available for distribution in 2026 is as follows:

| | 2025 |
|---|---|
| Net Cash Provided by Operating Activities | **$ 39,278** |
| Add: | |
| Deduct: | |
| Principal Payments of Long-Term Debt | **(12,790)** |
| Change in Replacement Reserve Accounts | **(8,767)** |
| Change in Operating Reserve Accounts | **(2,279)** |
| Change in Mortgage Escrow Accounts | **(14,342)** |
| Change In Tenant Security Deposit Account | **(1,272)** |
| **Cash Flow Available for Distribution** | **$ (172)** |