

Arbor Vista, LLLP

**Financial Statements and Supplementary Information
with Report of Independent Auditors
December 31, 2023 and 2022**

ARBOR VISTA, LLLP
TABLE OF CONTENTS
DECEMBER 31, 2023 AND 2022

Page

3-5 Report of Independent Auditors

BASIC FINANCIAL STATEMENTS

6 Balance Sheets

7 Statements of Operations

8 Statements of Partners' (Deficit) Capital

9 Statements of Cash Flows

10-17 Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

18 Schedules of Expenses

19 Schedules of Cash Available for Distribution (Unaudited)



Report of Independent Auditors

To the Partners of
Arbor Vista, LLLP:

Opinion

We have audited the accompanying financial statements of Arbor Vista, LLLP, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in partners' (deficit) 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 Arbor Vista, LLLP as of December 31, 2023 and 2022, 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 Arbor Vista, LLLP 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 Arbor Vista, LLLP'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 Arbor Vista, LLLP'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 Arbor Vista, LLLP'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.

Report on Supplementary Information

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

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Cash Available for Distribution (unaudited), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Norogadac & Company LLP

San Francisco, California
April 3, 2024

ARBOR VISTA, LLLP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 126,487 | \$ 142,374 |
| Restricted cash | 534,876 | 487,588 |
| Accounts receivable, net of allowance | 31,788 | 11,418 |
| Rental property, net | 5,961,225 | 6,473,192 |
| Tax credit fees, net | <u>27,150</u> | <u>29,031</u> |
| Total assets | <u><u>\$ 6,681,526</u></u> | <u><u>\$ 7,143,603</u></u> |
| LIABILITIES AND PARTNERS' (DEFICIT) CAPITAL | | |
| Liabilities: | | |
| Accounts payable | \$ 2,901 | \$ 1,365 |
| Due to affiliate | 27,647 | 24,438 |
| Developer fee payable | 70,026 | 140,026 |
| Accrued interest | 2,788,755 | 2,538,021 |
| Tenant deposits held in trust | 60,231 | 59,906 |
| Long-term debt, net | <u>4,036,453</u> | <u>4,093,426</u> |
| Total liabilities | 6,986,013 | 6,857,182 |
| Partners' (deficit) capital | <u>(304,487)</u> | <u>286,421</u> |
| Total liabilities and partners' (deficit) capital | <u><u>\$ 6,681,526</u></u> | <u><u>\$ 7,143,603</u></u> |

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

ARBOR VISTA, LLLP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| Rental revenue | \$ 735,269 | \$ 699,603 |
| Vacancies and concessions | (23,297) | (11,355) |
| Net rental income | <u>711,972</u> | <u>688,248</u> |
| Other revenue | <u>39,525</u> | <u>20,079</u> |
| Total revenue | 751,497 | 708,327 |
| OPERATING EXPENSES | | |
| General and administrative | 216,134 | 172,357 |
| Utilities | 62,714 | 56,309 |
| Repairs and maintenance | 145,490 | 95,262 |
| Insurance | 60,062 | 34,914 |
| Total operating expenses | <u>484,400</u> | <u>358,842</u> |
| Net operating income excluding depreciation and amortization | 267,097 | 349,485 |
| OTHER INCOME AND (EXPENSES) | | |
| Interest income | 5,663 | 313 |
| Interest expense | (342,259) | (337,657) |
| Depreciation | (511,967) | (514,940) |
| Amortization | (1,881) | (1,882) |
| Investor services fee | (7,561) | (7,343) |
| Net other income and (expenses) | <u>(858,005)</u> | <u>(861,509)</u> |
| NET LOSS | <u>\$ (590,908)</u> | <u>\$ (512,024)</u> |

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

ARBOR VISTA, LLLP
STATEMENTS OF CHANGES IN PARTNERS' (DEFICIT) CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | The Housing Authority of the City of Grand Junction General Partner | Enterprise Housing Partners XVII, Limited Partnership Limited Partner | Enterprise Housing Partners XVIII, Limited Partnership Limited Partner | Total Partners' Capital (Deficit) |
|----------------------------|--|--|---|---|
| Balance, January 1, 2022 | \$ (817) | \$ 359,710 | \$ 439,552 | \$ 798,445 |
| Net loss | <u>(51)</u> | <u>(230,385)</u> | <u>(281,588)</u> | <u>(512,024)</u> |
| Balance, December 31, 2022 | (868) | 129,325 | 157,964 | 286,421 |
| Net loss | <u>(59)</u> | <u>(265,879)</u> | <u>(324,970)</u> | <u>(590,908)</u> |
| Balance, December 31, 2023 | <u>\$ (927)</u> | <u>\$ (136,554)</u> | <u>\$ (167,006)</u> | <u>\$ (304,487)</u> |

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

ARBOR VISTA, LLLP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (590,908) | \$ (512,024) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 511,967 | 514,940 |
| Amortization | 1,881 | 1,882 |
| Amortization of debt issuance costs | 1,463 | 1,462 |
| Changes in assets and liabilities | | |
| Accounts receivable | (20,370) | (10,564) |
| Accounts payable | 1,536 | (1,094) |
| Due to affiliate | 3,209 | 1,547 |
| Accrued interest | 250,734 | 211,312 |
| Accrued investor services fee | - | (13,849) |
| Tenants' deposits held in trust | 325 | 5,128 |
| Net cash provided by operating activities | <u>159,837</u> | <u>198,740</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of developer fee payable | (70,000) | (107,532) |
| Principal payments on long-term debt | <u>(58,436)</u> | <u>(55,612)</u> |
| Net cash used in financing activities | <u>(128,436)</u> | <u>(163,144)</u> |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 31,401 | 35,596 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR | <u>629,962</u> | <u>594,366</u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR | <u><u>\$ 661,363</u></u> | <u><u>\$ 629,962</u></u> |
| Cash and cash equivalents | \$ 126,487 | \$ 142,374 |
| Restricted cash | <u>534,876</u> | <u>487,588</u> |
| Total cash, cash equivalents and restricted cash | <u><u>\$ 661,363</u></u> | <u><u>\$ 629,962</u></u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash paid for interest | <u><u>\$ 90,062</u></u> | <u><u>\$ 124,883</u></u> |

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

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. General

Arbor Vista, LLLP (the “Partnership”) was formed June 29, 2007, as a limited liability limited partnership under the laws of the state of Colorado and shall continue until December 31, 2106, unless dissolved or terminated at an earlier date. It was formed for the purpose of owning and operating a 72-unit multifamily housing apartment complex called Arbor Vista (the “Project”) in Grand Junction, Colorado. Substantially all of the Partnership’s income is derived from the rental of its apartment units. The Partnership began operations in September 2009. Pursuant to the First Amended and Restated Operating Agreement dated March 26, 2008 (the “Partnership Agreement”), the Partnership shall continue until December 31, 2106, unless otherwise terminated in accordance with the agreement.

The Project has qualified and been allocated low-income housing tax credits pursuant to the Internal Revenue Code Section 42, which regulates the use of the complex as to occupant eligibility and unit gross rent, among other requirements. The Project must meet the provisions of these regulations during each of 15 consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of the previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the limited partners. All units within this Project are subject to the rent restrictions and qualified tenant restrictions as required by the Low Income Housing Tax Credit Program.

Pursuant to the Transfer Agreement dated December 22, 2008 and the Partnership Agreement, income or loss of the Partnership is allocated 44.995 percent to Enterprise Housing Partners XVII, Limited Partnership, and 54.995 percent to Enterprise Housing Partners XVIII, Limited Partnership (collectively, the “Limited Partners”) and 0.01 percent to The Housing Authority of the City of Grand Junction (the “General Partner”). The Partnership is generating low-income housing tax credits, which will be allocated in the same manner. Allocation of gain or loss from a sale of the Project, if applicable, is subject to different terms, as described in the Partnership Agreement.

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.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at 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, funding of operating deficits, repairs or improvements to the buildings which extend their useful lives, and annual insurance payments.

Concentration of credit risk

The Partnership places its temporary cash investments with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Partnership has not experienced any losses in such accounts.

Accounts receivable

The Partnership recognizes credit losses on tenant accounts receivable as realized. Tenant accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. The allowance for doubtful accounts was \$0 as of December 31, 2023 and 2022.

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Capitalization and depreciation

Land, buildings, land improvements, and equipment and furnishings are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gain or loss is reflected in the statements of operations. The estimated useful lives are as follows:

| | <u>Years</u> |
|---------------------------|--------------|
| Building and improvements | 15 - 27.5 |
| Land improvements | 15 |
| Equipment and furnishings | 3 - 10 |

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. There were no impairment losses recognized during 2023 or 2022.

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. The Partnership 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 and state tax authorities generally have the right to examine and audit the previous three 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.

Tax credit fees

In connection with obtaining an allocation of low-income housing tax credits, the Partnership paid fees totaling \$56,452. The Partnership is amortizing these fees on the straight-line basis over the related tax credit compliance period of 30 years.

Accumulated amortization of these costs was \$29,302 and \$27,421, respectively, as of December 31, 2023 and 2022.

Debt issuance costs

Debt issuance costs incurred by the Partnership totaled \$29,250. The Partnership is amortizing these costs using the straight-line method over the life of the loan. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements.

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Revenue recognition for tenant leases and tenant charges

The Partnership is the lessor of the Project 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.

Advertising

Advertising costs are expensed as incurred.

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.

Economic concentrations

The Partnership operates one property in Grand Junction, Colorado. 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.

Subsequent events

Subsequent events have been evaluated through April 3, 2024, which is the date the financial statements were available to be issued, and there were no subsequent events requiring disclosure.

3. Restricted cash

As of December 31, 2023 and 2022, restricted cash was comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|-------------------|-------------------|
| Tenants' security deposits | \$ 61,360 | \$ 58,705 |
| Replacement reserve | 148,744 | 114,554 |
| Operating reserve | 287,970 | 284,723 |
| Insurance reserve | <u>36,802</u> | <u>29,606</u> |
| Total restricted cash | <u>\$ 534,876</u> | <u>\$ 487,588</u> |

Tenant Security Deposits - The Partnership has set aside funds to repay tenant security deposits after lease termination.

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

3. Restricted cash (continued)

Replacement Reserve – The operating agreement requires the Partnership to establish a replacement reserve for working capital needs, improvements, and replacements. The Partnership is required to fund the replacement reserve in equal monthly deposits in an amount not less than \$300 per unit per year, to be increased annually by 3 percent. Withdrawals from the account are not to exceed \$5,000 annually without approval from the Limited Partners.

| | <u>2023</u> | <u>2022</u> |
|--------------------|-------------------|-------------------|
| Balance, beginning | \$ 114,554 | \$ 126,136 |
| Deposits | 32,672 | 31,720 |
| Withdrawals | - | (43,302) |
| Interest income | <u>1,518</u> | <u>-</u> |
| Balance, ending | <u>\$ 148,744</u> | <u>\$ 114,554</u> |

Operating Reserve – The operating agreement requires the Partnership to establish and maintain an operating reserve in the amount of \$212,000 to be used to fund operating deficits. This amount was funded at the time of the payment of the second installment. The General Partner must request withdrawals from the operating reserve from the Limited Partners. To the extent funds are available, the account is to be replenished to its original amount.

| | <u>2023</u> | <u>2022</u> |
|--------------------|-------------------|-------------------|
| Balance, beginning | \$ 284,723 | \$ 284,723 |
| Interest income | <u>3,247</u> | <u>-</u> |
| Balance, ending | <u>\$ 287,970</u> | <u>\$ 284,723</u> |

Insurance Reserve - The Partnership is to maintain an insurance reserve to pay insurance premiums. This account is used to receive monthly deposits equal to one-twelfth of the annual insurance premiums, which are paid annually from the account.

4. Rental property, net

As of December 31, 2023 and 2022, the Partnership's rental property, net consisted of the following:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 1,062,457 | \$ 1,062,457 |
| Land improvements | 1,834,146 | 1,834,146 |
| Building and improvements | 10,771,424 | 10,771,424 |
| Equipment and furnishings | <u>160,557</u> | <u>160,557</u> |
| Total rental property | 13,828,584 | 13,828,584 |
| Less: accumulated depreciation | <u>(7,867,359)</u> | <u>(7,355,392)</u> |
| Rental property, net | <u>\$ 5,961,225</u> | <u>\$ 6,473,192</u> |

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. Long-term debt

As of December 31, 2023 and 2022, the Partnership's long-term debt consisted of the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Loan payable to Colorado Housing and Finance Authority, loan modification as of July 1, 2017, which adjusted the interest rate to 6.08 percent from 6.85 percent and monthly interest and principal payments in the amount of \$9,490, prior was \$11,467. Second loan modification as of January 1, 2018, which adjusted the interest rate to 5.50 percent and monthly payments to \$9,993. Principal amount is due September 1, 2029. The note is collateralized by the property. | \$ 1,318,532 | \$ 1,364,547 |
| Note payable to Colorado Housing and Finance Authority, interest at 3.00 percent with monthly interest and principal payments in the amount of \$1,686. Principal amount is due September 1, 2029. The note is collateralized by the property. | 253,765 | 266,186 |
| Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal amount is due December 31, 2038. The note is collateralized by the property. | 208,799 | 208,799 |
| Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal amount is due December 31, 2038. The note is collateralized by the property. | 713,007 | 713,007 |
| Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal amount is due December 31, 2038. The note is collateralized by the property. | 1,100,000 | 1,100,000 |
| Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal amount is due December 31, 2038. The note is collateralized by the property. | <u>450,000</u> | <u>450,000</u> |
| Total long-term debt | 4,044,103 | 4,102,539 |
| Less: unamortized debt issuance costs | <u>(7,650)</u> | <u>(9,113)</u> |
| Total long-term debt, net | <u>\$ 4,036,453</u> | <u>\$ 4,093,426</u> |

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. Long-term debt (continued)

Aggregate annual maturities of the long-term debt over each of the next five years and thereafter are as follows:

| Year ending December 31, | |
|--------------------------|---------------------|
| 2024 | \$ 61,409 |
| 2025 | 64,540 |
| 2026 | 67,839 |
| 2027 | 71,312 |
| 2028 | 74,970 |
| Thereafter | <u>3,704,033</u> |
| Total | <u>\$ 4,044,103</u> |

Debt issuance costs are being amortized to interest expense over the term of the loans with Colorado Housing and Finance Authority. For the years ended December 31, 2023 and 2022, the effective interest rate was 5.2%. For the years ended December 31, 2023 and 2022, amortization expense for debt issuance costs was \$1,463 and \$1,462, respectively, and interest expense was \$340,796 and \$336,195, respectively.

A summary of accrued interest is as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Colorado Housing and Finance Authority - 5.50% - SMART | \$ 6,879 | \$ 7,090 |
| Colorado Housing and Finance Authority - 3.00% - HOF | 634 | 665 |
| Grand Junction Housing Authority - Developer Fee * | 2,679 | 6,477 |
| Grand Junction Housing Authority - Sponsor Loan * | 247,207 | 225,080 |
| Grand Junction Housing Authority - AHP Loan * | 493,316 | 447,541 |
| Grand Junction Housing Authority - City Loan* | 793,768 | 720,652 |
| Grand Junction Housing Authority - CDOH Loan* | <u>1,244,272</u> | <u>1,130,516</u> |
| Total accrued interest | <u>\$ 2,788,755</u> | <u>\$ 2,538,021</u> |

*The Partnership is required to pay down accrued interest on these notes from available cash flow.

6. Related party transactions

Management fee

The Partnership entered into a management agreement with the General Partner under which the Partnership is obligated to pay a management fee equal to 6 percent of gross rental receipts of the Project. Management fees incurred under this agreement totaled \$45,090 and \$42,500, respectively, for the years ended December 31, 2023 and 2022, which is in general and administrative on the statements of operations.

Due to affiliate

The General Partner is periodically reimbursed for various office expenses, caretaker payroll and benefits, and other maintenance costs incidental to the operations of the Project. As of December 31, 2023 and 2022, the Partnership owed the General Partner \$27,647 and \$24,438, respectively, for these expenses and unpaid management fees.

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. Related party transactions (continued)

Developer fee

The Partnership entered into a development agreement with Grand Junction Housing Authority for a developer fee in the amount of \$844,250. It is anticipated that the developer fee will be paid from available cash flow. The entire developer fee has been capitalized into the cost of the building and is required to be paid in entirety on or before December 31, 2024. Developer fee payable was \$70,026 and \$140,026, respectively, as of December 31, 2023 and 2022. Accrued interest on the unpaid developer fee totaled \$2,679 and \$6,477, respectively, as of December 31, 2023 and 2022.

Investor services fee

Pursuant to the Partnership Agreement, the Partnership is required to pay the Limited Partners a cumulative investor services fee of \$5,000, increasing by 3 percent per annum. The fee is to be paid from available cash flow. During 2023 and 2022, investor services fee incurred and paid was \$7,561 and \$7,343, respectively.

Notes payable - related party

The Partnership financed the Project, in part, with four 5.10 percent notes payable from the General Partner (see Note 5). The Partnership has a fifth note with the General Partner as detailed above for the Developer Fee.

Operating deficit guaranty

Pursuant to the partnership agreement, the general partner shall be obligated to advance funds to the Partnership to fund operating deficits up to \$125,000. This obligation is terminated when certain requirements, as defined in the partnership agreement, are met. Repayment of any operating deficit advances is subject to the cash flow restriction. There were no operating deficit advances made to the Partnership as of December 31, 2023 and 2022.

7. Real estate taxes

The Partnership is eligible for an annual real estate tax exemption. During 2023 and 2022, the Partnership had an exemption from real estate taxes.

8. Property purchase option

Pursuant to the Partnership Agreement, the General Partner has the right of first refusal to purchase the Property at the end of the low-income housing tax credit compliance period at a price which would facilitate the purchase while protecting the Partnership's tax benefits from the Project. Such option is based on the General Partner or sponsor maintaining the low-income occupancy of the Property and is in a form satisfactory to legal and accounting counsel.

9. Commitments and contingencies

Land Use Restriction Agreement (LURA) - The Partnership entered into a LURA with CHFA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the Partnership must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units that shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the Partnership fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits, and the partners may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the Investor Partner. The Partnership is obligated to certify tenant eligibility.

ARBOR VISTA, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Low-income housing tax credit

The Partnership generated an aggregate of \$9,381,120 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2009. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. 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 to maintain and operate the Project as low-income housing for an additional 25 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 or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Investor Partner under the terms of the Partnership Agreement.

11. Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Partnership's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Partnership's tenants, all of which are uncertain and cannot be predicted. The Partnership's future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

SUPPLEMENTARY INFORMATION

ARBOR VISTA, LLLP
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| General and administrative | | |
| Management fee | \$ 45,090 | \$ 42,500 |
| Accounting fees - internal | 32,741 | 30,694 |
| Professional fees | 20,997 | 12,713 |
| Office salaries | 71,917 | 54,955 |
| Rent | 879 | 839 |
| Bad debt expense | 14,810 | 10,982 |
| Other administrative | 29,700 | 19,674 |
| Total general and administrative | <u>\$ 216,134</u> | <u>\$ 172,357</u> |
| Utilities | | |
| Electricity | \$ 3,480 | \$ 3,649 |
| Water and sewer | 48,794 | 42,296 |
| Gas | 664 | 881 |
| Trash removal | 9,776 | 9,483 |
| Total utilities | <u>\$ 62,714</u> | <u>\$ 56,309</u> |
| Repairs and maintenance | | |
| Maintenance payroll | \$ 382 | \$ 422 |
| Contracted services | 33,503 | 16,934 |
| Supplies | 314 | 576 |
| Grounds maintenance | 3,850 | 3,861 |
| Remediation costs | 17,577 | 2,533 |
| Other maintenance and operating | 89,864 | 70,936 |
| Total repairs and maintenance | <u>\$ 145,490</u> | <u>\$ 95,262</u> |
| Interest expense | | |
| Colorado Housing and Finance Authority - 5.50% - SMART | \$ 73,691 | \$ 76,159 |
| Colorado Housing and Finance Authority - 3.00% - HOF | 7,785 | 8,152 |
| Grand Junction Housing Authority - Developer Fee | 4,546 | 8,839 |
| Grand Junction Housing Authority - Sponsor Loan | 22,127 | 21,687 |
| Grand Junction Housing Authority - City Loan | 73,116 | 69,569 |
| Grand Junction Housing Authority - CDOH Loan | 113,756 | 108,236 |
| Grand Junction Housing Authority - AHP Loan | 45,775 | 43,553 |
| Amortization of debt issuance costs | 1,463 | 1,462 |
| Total interest | <u>\$ 342,259</u> | <u>\$ 337,657</u> |

See report of independent auditors

ARBOR VISTA, LLLP
SCHEDULES OF CASH AVAILABLE FOR DISTRIBUTION (UNAUDITED)
December 31, 2023 and 2022

Distribution of Cash Flow

Pursuant to the Partnership Agreement, cash flow of the Partnership shall be distributed in the following order of priority:

1. To the Limited Partners, an amount equal to the credit deficiency
2. To the Limited Partners, an amount sufficient to pay federal income taxes
3. To pay investor services fee in accordance with the investor services agreement
4. To fund the operating reserve after the capital contributions of the Limited Partners have been paid
5. To pay the deferred development fee and interest thereon in accordance with the development services agreement
6. To the Management Agent to pay any property management fee contingent on cash flow of the Partnership in accordance with the Project's management agreement
7. To the General Partner to repay any unpaid portion of any operating deficit contribution, credit adjuster advance or additional advance
8. To the Sponsor to repay Sponsor loans in full
9. Any balance, 99.99% shall be distributed to the Limited Partners and 0.01% to the General Partner

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|--------------------------|
| Net rental income | \$ 711,972 | \$ 688,248 |
| Other income | 39,525 | 20,079 |
| Interest income (excluding partnership reserves) | 898 | 132 |
| Change in accounts receivable | <u>(20,370)</u> | <u>(10,564)</u> |
| Total Operating Revenue | 732,025 | 697,895 |
| Operating expenses | 484,400 | 358,842 |
| Required replacement reserve deposits | 32,672 | 31,720 |
| Less: Approved withdrawals from replacement reserves | - | (43,302) |
| CHFA – SMART debt service payments | 119,916 | 119,916 |
| CHFA – HOF debt service payments | <u>20,237</u> | <u>20,237</u> |
| Total Expenses | <u>657,225</u> | <u>487,413</u> |
| Net Cash Flow | <u><u>\$ 74,800</u></u> | <u><u>\$ 210,482</u></u> |
| Available Cash | \$ 74,800 | \$ 210,482 |
| Less: Amount to pay investor service fee | (7,561) | - |
| Less: Additional payment of developer fee from extra operating cash | - | (74,105) |
| Less: Payments on developer fee payable and interest | (67,239) | (136,377) |
| Less: Amount to pay operating deficit contribution, credit adjuster, etc. | - | - |
| Less: Amount to repay Sponsor loans | - | - |
| Remaining Cash | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See report of independent auditors