

Village Park LLLP

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

VILLAGE PARK, LLLP
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Report of Independent Auditors

To the Partners of
Village Park LLLP:

Opinion

We have audited the accompanying financial statements of Village Park LLLP, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, 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 Village Park 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 Village Park 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 Village Park 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 Village Park 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 Village Park 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 is 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.

Novogradac & Company LLP

San Francisco, California
March 27, 2024

VILLAGE PARK, LLLP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 112,525	\$ 36,538
Restricted cash	471,433	447,613
Accounts receivable, net of allowance	29,551	2,988
Rental property, net	10,039,789	10,424,619
Tax credit fees, net	<u>21,195</u>	<u>26,494</u>
 Total assets	 <u><u>\$ 10,674,493</u></u>	 <u><u>10,938,252</u></u>
 LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable	\$ 3,506	\$ 33,769
Tenant deposits held in trust	65,884	62,119
Due to affiliate	27,437	59,176
Accrued interest	687,510	598,399
Accrued partnership administration fee	115,051	95,875
Long-term debt	<u>3,136,671</u>	<u>3,190,880</u>
 Total liabilities	 4,036,059	 4,040,218
 Partners' capital	 <u>6,638,434</u>	 <u>6,898,034</u>
 Total liabilities and partners' capital	 <u><u>\$ 10,674,493</u></u>	 <u><u>\$ 10,938,252</u></u>

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

VILLAGE PARK, LLLP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE		
Rental revenue	\$ 783,419	\$ 730,662
Vacancies and concessions	(32,126)	(33,100)
Net rental income	<u>751,293</u>	<u>697,562</u>
Other revenue	<u>21,639</u>	<u>42,871</u>
Total revenue	772,932	740,433
OPERATING EXPENSES		
General and administrative	202,112	211,867
Utilities	60,392	55,452
Repairs and maintenance	104,331	333,996
Insurance	<u>57,057</u>	<u>49,310</u>
Total operating expenses	<u>423,892</u>	<u>650,625</u>
Net operating income excluding depreciation and amortization	349,040	89,808
OTHER INCOME AND (EXPENSES)		
Interest income	6,349	977
Interest expense	(200,980)	(194,241)
Depreciation	(384,830)	(384,831)
Amortization	(5,299)	(5,299)
Investor services fee	(4,704)	(4,567)
Partnership administration fee	<u>(19,176)</u>	<u>(19,175)</u>
Net other income and (expenses)	<u>(608,640)</u>	<u>(607,136)</u>
NET LOSS	<u>\$ (259,600)</u>	<u>\$ (517,328)</u>

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

VILLAGE PARK, LLLP
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	General Partners	Limited Partners	Total Partners' Capital
	<u> </u>	<u> </u>	<u> </u>
Balance, January 1, 2022	\$ 25,795	\$ 7,389,567	\$ 7,415,362
Net loss	<u>(52)</u>	<u>(517,276)</u>	<u>(517,328)</u>
Balance, December 31, 2022	25,743	6,872,291	6,898,034
Net loss	<u>(26)</u>	<u>(259,574)</u>	<u>(259,600)</u>
Balance, December 31, 2023	<u>\$ 25,717</u>	<u>\$ 6,612,717</u>	<u>\$ 6,638,434</u>

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

VILLAGE PARK, 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	\$ (259,600)	\$ (517,328)
Adjustments to reconcile net loss to net cash provided by (used in)		
operating activities:		
Depreciation	384,830	384,831
Amortization	5,299	5,299
Changes in assets and liabilities		
Accounts receivable, net of allowance	(26,563)	5,235
Accounts payable	(30,263)	29,601
Tenants' deposits held in trust	3,765	3,690
Due to affiliate	(31,739)	26,745
Accrued interest	89,111	78,023
Accrued investor services fee	-	(8,613)
Accrued partnership administration fee	19,176	(47,973)
Net cash provided by (used in) operating activities	<u>154,016</u>	<u>(40,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of developer fee payable	-	(10,251)
Principal payments on long-term debt	<u>(54,209)</u>	<u>(51,305)</u>
Net cash used in financing activities	<u>(54,209)</u>	<u>(61,556)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	99,807	(102,046)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>484,151</u>	<u>586,197</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 583,958</u>	<u>\$ 484,151</u>
Cash and cash equivalents	\$ 112,525	\$ 36,538
Restricted cash	<u>471,433</u>	<u>447,613</u>
Total cash, cash equivalents and restricted cash	<u>\$ 583,958</u>	<u>\$ 484,151</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 111,869</u>	<u>\$ 116,218</u>

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

VILLAGE PARK, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. General

Village Park LLLP (the “Partnership”) was formed February 20, 2012, as a limited liability limited partnership under the laws of the state of Colorado and shall continue in perpetuity, unless dissolved or terminated at an earlier date. It was formed for the purpose of owning and operating a 72-unit apartment complex in Grand Junction, Colorado (the “Project”). Substantially all of the Partnership’s income is derived from the rental of its apartment units. The Partnership began operations in February 2012.

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 partner, Wincopin Circle LLLP (the “Limited Partner”). 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 First Amended and Restated Agreement of Limited Partnership, dated October 25, 2012 (the “Partnership Agreement”), the Limited Partner is required to provide capital contributions to the Partnership totaling \$11,141,000, 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 of December 31, 2023 and 2022, the Limited Partner had provided cumulative capital contributions of \$11,189,496, which includes upward adjusters totaling \$48,496 made during 2015.

Income or loss of the Partnership is allocated 0.01 percent to Grand Junction Housing Authority (the “General Partner”) and 99.99 percent to the Limited 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, and repairs or improvements to the buildings which extend their useful lives.

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.

VILLAGE PARK, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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.

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	40
Land improvements	15
Equipment and furnishings	3 - 5

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 \$79,483. The Partnership is amortizing these fees on the straight-line basis over the related tax credit compliance period of 15 years.

Accumulated amortization of these costs was \$58,288 and \$52,989, respectively, as of December 31, 2023 and 2022.

VILLAGE PARK, 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 March 27, 2024, which is the date the financial statements were available to be issued, and there are 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	\$ 64,830	\$ 63,594
Replacement reserve	156,904	139,437
Operating reserve	<u>249,699</u>	<u>244,582</u>
Total restricted cash	<u>\$ 471,433</u>	<u>\$ 447,613</u>

Replacement Reserve – The Partnership 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 Partner.

	<u>2023</u>	<u>2022</u>
Balance, beginning	\$ 139,437	\$ 181,750
Deposits	30,600	27,360
Interest earned	446	315
Withdrawals	<u>(13,579)</u>	<u>(69,988)</u>
Balance, ending	<u>\$ 156,904</u>	<u>\$ 139,437</u>

VILLAGE PARK, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

3. Restricted cash (continued)

Operating Reserve – The Partnership Agreement requires the Partnership to establish and maintain an operating reserve in the amount of \$238,490 to be used to fund operating deficits. This amount was funded at the time of the payment of the fourth installment. All withdrawals from the account are to be approved by the Limited Partner. To the extent funds are available, the account is to be replenished to its original amount.

	<u>2023</u>	<u>2022</u>
Balance, beginning	\$ 244,582	\$ 243,878
Interest earned	<u>5,117</u>	<u>704</u>
Balance, ending	<u>\$ 249,699</u>	<u>\$ 244,582</u>

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	\$ 720,000	\$ 720,000
Land improvements	1,267,446	1,267,446
Building and improvements	12,013,357	12,013,357
Equipment and furnishings	<u>339,988</u>	<u>339,988</u>
Total rental property	14,340,791	14,340,791
Less: accumulated depreciation	<u>(4,301,002)</u>	<u>(3,916,172)</u>
Rental property, net	<u>\$ 10,039,789</u>	<u>\$ 10,424,619</u>

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>
Note payable to the Bank of Colorado, interest at 5.19 percent with monthly interest and principal payments in the amount of \$13,830. Principal amount is due October 21, 2034. The note is collateralized by the Project.	\$ 2,096,671	\$ 2,150,880
Note payable to the General Partner, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal and interest amount is due December 31, 2042. The note is collateralized by the Project.	320,000	320,000
Note payable to the General Partner, interest at 5.10 percent, payments due to the extent of excess cash flows. Principal and interest amount is due December 31, 2042. The note is collateralized by the Project.	<u>720,000</u>	<u>720,000</u>
Total long-term debt	<u>\$ 3,136,671</u>	<u>\$ 3,190,880</u>

VILLAGE PARK, 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	\$ 56,673
2025	60,041
2026	63,278
2027	66,689
2028	70,008
Thereafter	<u>2,819,982</u>
Total	<u>\$ 3,136,671</u>

A summary of accrued interest is as follows:

	<u>2023</u>	<u>2022</u>
Bank of Colorado	\$ 5,552	\$ -
Grand Junction Housing Authority - City Loan*	208,360	182,721
Grand Junction Housing Authority - CDOH Loan*	<u>473,598</u>	<u>415,678</u>
Total accrued interest	<u>\$ 687,510</u>	<u>\$ 598,399</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 \$46,464 and \$44,423, respectively, for the years ended December 31, 2023 and 2022, and is in general and administrative on the statements of operations.

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 \$27,437 and \$59,176, respectively, for these expenses and unpaid management fees.

Developer fee

The Partnership entered into a development agreement with the General Partner for a developer fee in the amount of \$1,409,908. It is anticipated that the developer fee will be paid from available cash flow. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. During 2013, the incentive developer fee was \$67,935. 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. As of December 31, 2023 and 2022, the Developer earned \$1,477,843. The fee was paid off in 2022.

VILLAGE PARK, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. Related party transactions (continued)

Investor services fee

Pursuant to the Partnership Agreement, the Partnership is required to pay the Limited Partner a cumulative investor services fee of \$3,500, increasing by 3 percent per annum. The fee is to be paid from available cash flow. During 2023 and 2022, investor services fee incurred was \$4,704 and \$4,567, respectively. Accrued investor services fee was \$0 as of December 31, 2023 and 2022.

Partnership administration fee

Pursuant to the Partnership Agreement, the Partnership is required to pay the General Partner a cumulative partnership administration fee of \$15,137, increasing by 3 percent per annum. The fee is to be paid from available cash flow. During 2023 and 2022, partnership administration fee incurred was \$19,176 and \$19,175, respectively. As of December 31, 2023 and 2022, the Partnership owed the General Partner \$115,051 and \$95,875, respectively.

Notes payable - related party

The Partnership financed the Project, in part, with two 5.10 percent notes payable from the General Partner (see Note 5). The Partnership had a third 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 \$238,520. 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 Project 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 Project 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.

VILLAGE PARK, LLLP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Low-income housing tax credit

The Partnership expects to generate an aggregate of \$10,976,510 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 2013. 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

VILLAGE PARK, LLLP
SCHEDULES OF EXPENSES
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
General and administrative		
Management fee	\$ 46,464	\$ 44,423
Accounting fees - internal	32,741	30,694
Professional fees	11,126	5,023
Office salaries	73,534	61,445
Rent	879	839
Equipment rent	520	986
Bad debt expense	10,083	47,744
Other administrative	26,765	20,713
Total general and administrative	<u>\$ 202,112</u>	<u>\$ 211,867</u>
Utilities		
Electricity	\$ 12,942	\$ 11,744
Water and sewer	40,252	36,206
Trash removal	4,320	5,319
Gas	2,878	2,183
Total utilities	<u>\$ 60,392</u>	<u>\$ 55,452</u>
Repairs and maintenance		
Maintenance payroll	\$ 95,274	\$ 123,524
Contracted services	29,442	34,565
Supplies	248	576
Grounds maintenance	3,738	2,973
Other maintenance and operating	12,211	21,821
Hazard cleanup (insurance proceeds) expense	(36,582)	150,537
Total repairs and maintenance	<u>\$ 104,331</u>	<u>\$ 333,996</u>
Interest expense		
Note payable - Bank of Colorado	\$ 117,421	\$ 114,650
Grand Junction Housing Authority - City Loan	25,639	24,395
Grand Junction Housing Authority - CDOH Loan	57,920	55,109
Developer fee payable	-	87
Total interest	<u>\$ 200,980</u>	<u>\$ 194,241</u>

See report of independent auditors

VILLAGE PARK, 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 Partner, an amount sufficient to pay federal income taxes
2. To the Limited Partner, an amount equal to the credit deficiency
3. To the Limited Partner in the amount of any unpaid investor services fee
4. To pay any unpaid development fee
5. To the General Partner to repay any unrepaid portion of any operating deficit contribution, credit adjuster advance, development advance, or additional advance
6. To pay the unpaid partnership administration fee
7. To the Sponsor to repay the sponsor loans in full
8. Any balance, 99.99% shall be distributed to the Limited Partner and 0.01% to the General Partner

	<u>2023</u>	<u>2022</u>
Total Revenue		
Net rental income	\$ 751,293	\$ 697,562
Other income	21,639	42,871
Interest income (excluding partnership reserves)	786	100
Change in accounts receivable	<u>(26,653)</u>	<u>5,235</u>
Total Operating Revenue	747,155	745,768
Expense (excluding depreciation, interest, investor services fee, partnership administration fee)	423,892	650,625
Required replacement reserve deposits	30,600	27,360
Less: Approved withdrawals from replacement reserves	(13,579)	(69,988)
Required debt service payment (BOC)	<u>165,955</u>	<u>165,955</u>
Total Expenses	<u>606,868</u>	<u>773,952</u>
Net Cash Flow	<u>\$ 140,287</u>	<u>\$ (28,184)</u>
Available Cash	\$ 140,287	\$ -
Less: Amount to pay investor services fee	(4,704)	-
Less: Amount to pay partnership administration fee	(115,051)	-
Less: Amount to pay sponsor loans in full	<u>(20,532)</u>	<u>-</u>
Remaining Cash	<u>\$ -</u>	<u>\$ -</u>

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