

# Truax Park Redevelopment, Phase I, LLC

Financial Report

December 31, 2024



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# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

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# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Truax Park Redevelopment, Phase I, LLC  
Madison, WI

### Opinion

We have audited the accompanying financial statements of Truax Park Redevelopment, Phase I, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truax Park Redevelopment, Phase I, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Truax Park Redevelopment, Phase I, LLC 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.

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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 Truax Park Redevelopment, Phase I, LLC'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 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 Truax Park Redevelopment, Phase I, LLC'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 Truax Park Redevelopment, Phase I, LLC'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, including the schedules of project operating expenses required by the investor member and the supplemental information required by the Wisconsin Housing and Economic Development Authority (WHEDA), 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 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.

*SVA Certified Public Accountants, S.C.*

Madison, Wisconsin

February 28, 2025

Lead auditor: Lynn C. Heslinga, CPA  
SVA Certified Public Accountants, S.C.  
ID #39-1203191  
Phone number: (608) 831-8181

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Restricted cash	\$ 659,947	\$ 826,946
Accounts receivable, tenants	5,703	6,797
Accounts receivable, related party	271,679	274,605
Accounts receivable, other	924	25,628
Prepaid expenses	23,780	22,047
Rental property, net	7,655,017	7,576,547
Tax credit fees, net	10,632	21,264
<b>TOTAL ASSETS</b>	<b>\$ 8,627,682</b>	<b>\$ 8,753,834</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Mortgage notes payable	\$ 3,031,237	\$ 3,095,753
Development completion guaranty loan	112,586	112,586
Deferred revenue - TCEP	338,585	363,979
Deferred revenue - other	573,707	0
Development fee payable	58,735	58,735
Accounts payable	17,681	248,875
Accrued interest	1,812,446	1,654,858
Accrued expenses	163,942	164,480
Tenants' security deposits payable	26,291	24,043
Prepaid rents	3,435	6,976
Total liabilities	6,138,645	5,730,285
<b>MEMBERS' EQUITY</b>	<b>2,489,037</b>	<b>3,023,549</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 8,627,682</b>	<b>\$ 8,753,834</b>

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

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## STATEMENTS OF OPERATIONS

Years ended December 31, 2024 and 2023

	2024	2023
Revenues:		
Rental income	\$ 620,199	\$ 556,978
Operating subsidies	239,796	196,028
Vacancies and concessions	(40,792)	(46,568)
Bad debt expense	0	(1,800)
Other revenue	13,246	23,810
Total revenues	832,449	728,448
Rental expenses:		
Rent and administrative	124,470	104,994
Utilities	112,599	112,599
Operating and maintenance	335,595	302,493
Taxes and insurance	138,588	121,780
Total rental expenses	711,252	641,866
Net rental income	121,197	86,582
Financial income (expense):		
Interest income	4,265	3,542
Interest expense	(169,072)	(166,200)
Total financial income (expense)	(164,807)	(162,658)
Loss before other income (expenses)	(43,610)	(76,076)
Other income (expenses):		
Amortization of deferred revenue	25,394	25,394
Gain on involuntary conversion	0	136,747
Depreciation	(495,237)	(495,237)
Amortization	(10,632)	(10,632)
Asset management fee	(10,427)	(10,123)
Total other income (expenses)	(490,902)	(353,851)
Net loss	\$ (534,512)	\$ (429,927)

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



# **TRUAX PARK REDEVELOPMENT, PHASE I, LLC**

## STATEMENTS OF MEMBERS' EQUITY Years ended December 31, 2024 and 2023

	Managing member	Investor member - MS Shared Investment Fund I, LLC	Investor member - NEF Assignment Corporation	Total
Balances, December 31, 2022	\$ (553)	\$ 309,691	\$ 3,144,338	\$ 3,453,476
Net loss	(43)	(38,822)	(391,062)	(429,927)
Balances, December 31, 2023	(596)	270,869	2,753,276	3,023,549
Net loss	(54)	(48,266)	(486,192)	(534,512)
Balances, December 31, 2024	<u>\$ (650)</u>	<u>\$ 222,603</u>	<u>\$ 2,267,084</u>	<u>\$ 2,489,037</u>
Ownership percentages	<u>0.01%</u>	<u>9.03%</u>	<u>90.96%</u>	<u>100.000%</u>

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

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## STATEMENTS OF CASH FLOWS Years ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (534,512)	\$ (429,927)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Bad debt expense	0	1,800
Depreciation	495,237	495,237
Amortization	10,632	10,632
Amortization of deferred revenue	(25,394)	(25,394)
Gain on involuntary conversion	0	(136,747)
Increase (decrease) in cash due to changes in:		
Accounts receivable, tenants	1,094	(3,035)
Accounts receivable, related party	2,926	(38,626)
Accounts receivable, other	24,704	(16,628)
Prepaid expenses	(1,733)	7,783
Accounts payable	(231,194)	118,142
Accrued interest	157,588	152,837
Accrued expenses	(538)	18,124
Tenants' security deposits payable	2,248	(825)
Prepaid rents	(3,541)	(5,314)
Net cash provided by (used in) operating activities	(102,483)	148,059
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of rental property	0	(328,637)
Insurance proceeds from involuntary conversion	0	239,560
Net cash provided by (used in) investing activities	0	(89,077)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgage notes payable	(64,516)	(62,637)
Change in cash, cash equivalents, and restricted cash	(166,999)	(3,655)
Cash, cash equivalents, and restricted cash:		
Beginning	826,946	830,601
Ending	\$ 659,947	\$ 826,946
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO BALANCE SHEET</b>		
Cash and cash equivalents	\$ 0	\$ 0
Restricted cash	659,947	826,946
Total cash, cash equivalents, and restricted cash	\$ 659,947	\$ 826,946
<b>SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 11,484	\$ 13,363
<b>SUPPLEMENTAL SCHEDULES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Deferred revenue capitalized into building costs	\$ 573,707	\$ 0

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

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### **NOTE A -- Nature of business and significant accounting policies**

#### **Nature of business**

Truax Park Redevelopment, Phase I, LLC (the company), was organized on March 24, 2009, as a limited liability company under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, rehabilitate and operate a six building, 71-unit apartment complex located in Madison, Wisconsin, called Truax Park Apartments (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings, common area and land, was acquired under a finance lease dated October 29, 2010. The company completed rehabilitation of the 6 buildings on various dates from March through December of 2011.

The company consists of one managing member, the Community Development Authority of the City of Madison (CDA), and two investor members, with rights, preferences and privileges as described in the operating agreement. Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws.

The company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the financial statements do not include the personal or corporate assets and liabilities of the members, including their obligations for income taxes on their distributive shares of the net income of the company or their rights to refunds on its net loss, nor any provision for income tax expense.

The company's operating agreement states that the company shall be dissolved upon the occurrence of specific events which are described in the agreement.

A summary of significant accounting policies follows:

#### **Use of estimates**

The preparation of financial statements 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.

#### **Cash and cash equivalents**

For purposes of reporting cash flows, the company considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the company due to restrictions placed on it.

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

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE A -- Nature of business and significant accounting policies (Continued)

#### Accounts receivable and revenue recognition

The company utilizes the direct write-off method of accounting for credit losses for any accounts receivable outside the scope of FASB Codification Topic 842 *Leases*. The use of this method has no material effect on the financial statements. The company follows FASB Codification Topic 842 *Leases* to account for its operating lease receivables included in accounts receivable. When the company concludes collectibility of specific operating lease receivables is not probable, those receivables are written off to bad debt expense which is presented as a reduction to revenue in the statements of operations.

The company's estimate of its allowance for credit losses, specific to the related party receivable with the City of Madison described in Note G, includes consideration of: past events, including historical loss experience; current economic conditions and such other factors, which in management's best judgment, deserve current recognition in estimating losses; and certain forward-looking information, including reasonable and supportable forecasts. Management estimates a zero-credit loss on the related party receivable. The company utilizes internal default rates to evaluate credit risk which are zero for the City of Madison. The company also evaluates the City of Madison's Moody's bond rating which is AAA as of December 2024 and 2023. The company classifies the receivable as past due if a payment is not received within 60 days. There are no past due amounts as of December 31, 2024 and 2023.

The company leases apartments to eligible residents under operating leases which are substantially all on a yearly basis. The operating leases may also provide that the residents reimburse the company for certain variable costs, such as their share of utilities expenses and internet expenses or provide the transfer of services to the tenants for a fee. These reimbursements and services represent revenue attributable to non-lease components for which the timing and pattern of recognition is the same as revenue for the lease components. The company utilizes the practical expedient to account for the lease and non-lease components as a single operating lease component. Reimbursement and related expenses are presented on a gross basis in the statement of operations, with the reimbursements included in other revenue. The services components are also included in other revenue. Rental revenue is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other revenue also consists of various tenant charges provided for in the lease contract, such as late fees, cleaning fees, and damages fees which are variable payments that do not provide a transfer of a good or service to the tenants and are not considered components of the lease contract. These fees are recognized as revenue when assessed. Certain services are also provided to tenants outside of the lease contract and are recognized when the service is complete.

As of December 31, 2024 and 2023, all of the company's real estate assets are subject to operating leases.

The residential leases do not provide extension options. A new lease agreement is executed if both parties wish to continue the tenancy upon expiration of the existing lease term. As of December 31, 2024, the average remaining term of the company's residential leases is less than 12 months.

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

### NOTE A -- Nature of business and significant accounting policies (Continued)

The components of rental revenue for all resident operating leases are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Fixed operating lease revenue from apartment rentals, net of vacancies and concessions and bad debt expense	\$ 579,407	\$ 508,610
Variable operating lease revenue included in other revenue	<u>7,437</u>	<u>16,012</u>
Total lease income	<u>\$ 586,844</u>	<u>\$ 524,622</u>

Supplemental statement of cash flows information related to leases as of December 31, is as follows:

	<u>2024</u>	<u>2023</u>
Cash received from operating leases		
Operating cash flows from operating leases	\$ 584,397	\$ 518,073

Operating subsidies represent grants from governmental agencies to provide housing to tenants. The company accounted for the proceeds from the grants by analogy to International Accounting Standard (IAS 20), *Accounting for Government Grants and Disclosure of Government Assistance*, and its principles surrounding the recognition of grants related to income. The company recognizes income related to grants on a systematic and rational basis when it becomes probable that the company has complied with the terms and conditions of the grant and in the period in which the corresponding costs related to the grant are recognized.

### Leases - Lessee

The company determines if an arrangement is or contains a lease at inception. The company has entered into a finance lease for its land and original building structure. Finance lease right-of-use (ROU) assets are included in Rental property, net.

### Rental property

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line and declining balance methods based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land and buildings under finance lease	27.5
Land improvements	15
Buildings and improvements	20 - 27.5
Furnishings and equipment	5

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE A -- Nature of business and significant accounting policies (Continued)

Maintenance and repairs of rental property are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of rental property, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

It is the company's policy to include amortization expense on assets acquired under financing leases with depreciation expense on owned assets.

### Impairment of long-lived assets

The company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

### Tax credit fees

In connection with obtaining an allocation of low-income housing tax credits, the company paid fees totaling \$159,479 to the Wisconsin Housing and Economic Development Authority (WHEDA). The company is amortizing these fees on the straight-line method over the related tax credit compliance period of 15 years.

### Deferred revenue

Governmental agencies have provided grant funding to the company to encourage the development of affordable housing. The company has received funds under the Tax Credit Exchange Program (see Note I) as well as funds from the CDA. The company accounted for these funds by analogy to International Accounting Standard (IAS 20), *Accounting for Government Grants and Disclosure of Government Assistance*, and its principles surrounding the recognition of grants related to assets whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The deferred revenue on the balance sheets relating to these grants is recognized as revenue in the statements of operations (shown as amortization of deferred revenue) under the straight-line method over the estimated useful lives of the underlying assets purchased or constructed.

The grant funding received from the CDA totaled \$573,707 and was used for the purchase of solar equipment which will be placed in service in 2025.

### Current vulnerability due to certain concentrations

The project's operations are concentrated in the low-income, public housing residential real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to CDA under the Regulatory & Operating Agreement (R&O Agreement) and HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by CDA or HUD. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

### NOTE A -- Nature of business and significant accounting policies (Continued)

#### Reclassifications

Some items in the 2023 financial statements have been reclassified to be consistent with the current year's presentation.

#### Subsequent events

These financial statements have not been updated for subsequent events occurring after February 28, 2025, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

### NOTE B -- Restricted cash

Restricted cash is comprised of the following:

	<u>2024</u>	<u>2023</u>
Operating and ACC reserve	<u>\$ 659,947</u>	<u>\$ 826,946</u>

#### Annual Contributions Contract (ACC) reserve

The operating agreement and R&O Agreement requires the company to fund an ACC reserve equal to \$350,000 upon the receipt of the investor members' third installment of their capital contributions. Disbursements are to be used to pay operating and debt service deficits that directly result from the reduction or loss of the ACC operating subsidy. Funds may only be withdrawn with the approval of the managing member and asset manager. Any funds remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement. The ACC reserve is currently being held in the same bank account as the operating reserve.

#### Operating reserve

The operating agreement and R&O Agreement require the company to fund and maintain an operating reserve in the amount of \$232,360 upon the receipt of the investor members' third installment of their capital contributions. Any excess amount remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement. If the balance in the operating reserve falls below \$232,360, the company is obligated to replenish the operating reserve from cash flow or the proceeds of sales or refinancing. Disbursements require the approval of the managing member and the asset manager. The operating reserve is currently being held in the same bank account as the ACC reserve.

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ 826,946	\$ 830,601
Annual deposits – replacement reserve	30,369	29,484
Interest earned	726	1,050
Withdrawals	<u>(198,094)</u>	<u>(34,189)</u>
Balance ending	<u>\$ 659,947</u>	<u>\$ 826,946</u>

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE B -- Restricted cash (Continued)

#### Replacement reserve

The operating agreement and R&O Agreement require the company to make monthly deposits to the replacement reserve initially equal to \$300 per unit per year and increasing annually by 3%. Disbursements are restricted to capital improvements and repairs of the project. Disbursements in excess of \$5,000 per month will require written approval of the managing member and asset manager. Any funds remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement.

The balance of the replacement reserve was \$77,587 and \$243,839 as of December 31, 2024 and 2023, respectively. The required deposits for the replacement reserve were made during 2024 totaling \$30,369 to the same bank account that holds the operating and ACC reserves. There was a withdrawal of \$198,094 from the replacement reserve during the year. See disclosure on operating reserve above.

### NOTE C -- Rental property, net

Rental property, net is comprised of the following:

	<u>2024</u>	<u>2023</u>
Land and buildings under finance lease	\$ 1,846,000	\$ 1,846,000
Land improvements	191,117	191,117
Buildings and improvements	11,538,450	11,538,450
Furnishings and equipment	240,052	240,052
Construction in progress	<u>573,707</u>	<u>0</u>
	14,389,326	13,815,619
Less accumulated depreciation	<u>6,734,309</u>	<u>6,239,072</u>
	<u>\$ 7,655,017</u>	<u>\$ 7,576,547</u>



# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

### NOTE D -- Mortgage notes payable

Mortgage notes payable consists of the following:

	<u>2024</u>	<u>2023</u>
CDA; non-recourse mortgage note payable under the finance lease described in Note E; due in one installment on October 29, 2050, together with interest at 4.00%, compounded annually; collateralized by a mortgage on the project's rental property; accrued interest was \$1,373,049 and \$1,249,239 as of December 31, 2024 <b>and 2023</b> , respectively; interest expense totaled \$123,810 and \$119,047 for the years ended December 31, 2024 and 2023, respectively.	\$ 1,846,000	\$ 1,846,000
CDA; non-recourse mortgage note payable; annual installments of \$76,000 through October 29, 2025, including interest at 3% per annum; balloon payment of all outstanding principal and accrued interest due on October 28, 2026; collateralized by a mortgage on the project's rental property; accrued interest was \$1,671 and \$2,010 as of December 31, 2024 and 2023, respectively; interest expense totaled \$11,145 and \$13,034 for the years ended December 31, 2024 and 2023, respectively.	318,295	382,811
CDA; non-recourse mortgage note payable in the amount of \$400,000; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on October 29, 2050, together with interest at 4.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$215,151 and \$199,711 as of December 31, 2024 and 2023, respectively; interest expense totaled \$15,440 and \$15,441 for the years ended December 31, 2024 and 2023, respectively.	<u>400,000</u>	<u>400,000</u>
Balance carried forward	2,564,295	2,628,811

**TRUAX PARK REDEVELOPMENT, PHASE I, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

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**NOTE D -- Mortgage notes payable (Continued)**

	<u>2024</u>	<u>2023</u>
Balance brought forward	\$ 2,564,295	\$ 2,628,811
CDA; non-recourse mortgage note payable in the amount of \$466,942; due to the extent and priority provided in the operating agreement with the remainder of all outstanding principal and accrued interest due in one installment on October 29, 2050, together with interest at 4.00% per annum; collateralized by a mortgage on the project's rental property; accrued interest was \$222,575 and \$203,898 as of December 31, 2024 and 2023, respectively; interest expense totaled \$18,677 and \$18,678 for the years ended December 31, 2024 and 2023, respectively.	<u>466,942</u>	<u>466,942</u>
	<u>\$ 3,031,237</u>	<u>\$ 3,095,753</u>

Repayment of principal on the mortgage notes payable as of December 31, 2024, is as follows:

Year ending December 31,

2025	\$ 66,451
2026	251,844
2027	0
2028	0
2029	0
Thereafter	<u>2,712,942</u>
	<u>\$ 3,031,237</u>

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE E -- Finance lease, related party

The company has entered into a finance lease agreement with the CDA dated October 29, 2010, to operate and manage the project during the term of the finance lease in accordance with all applicable public housing requirements. Rental property recorded under this non-cancellable finance lease consists of:

Land	\$ 71,000
Buildings	<u>1,775,000</u>
Total	<u>\$ 1,846,000</u>

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the land and buildings are capitalized as a single unit and amortized over the lease term of 98 years. Upon adoption of ASC 842, the land and buildings are capitalized as a single unit as a ROU asset and amortized over the useful life of the ROU asset, 27.5 years. Accumulated depreciation on the land and buildings under the finance lease was \$950,670 and \$883,843 as of December 31, 2024 and 2023, respectively.

Base rent under the finance lease was payable in a single installment of \$1,846,000 on October 29, 2010. The balance of unpaid base rent accrues interest at 4.00%, compounded annually (See Note D). Payments made by the company shall be applied first to accrued interest and then against the unpaid base rent amount. The base rent and all accrued interest thereon is due October 28, 2050. The finance lease obligation is secured by a mortgage note as described in Note D. The lease expires October 28, 2108.

The components of lease expense are as follows for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of right of use assets	<u>\$ 67,127</u>	<u>\$ 67,127</u>

### NOTE F -- Members' capital contributions

The managing member is required to make capital contributions of \$100 and the investor members are required to make capital contributions totaling \$9,758,907. The members have made the required capital contributions as of December 31, 2024.

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### **NOTE G -- Related-party transactions**

#### **Accounts receivable**

Included in accounts receivable, related party are amounts due from the CDA for reimbursable expenses related to the service coordinator totaling \$102 and \$724 as of December 31, 2024 and 2023, respectively. Also included in accounts receivable, related party are amounts due from the City of Madison, an affiliate of the managing member, for project funds held by the City of Madison on behalf of the project totaling \$164,393 and \$191,032 as of December 31, 2024 and 2023, respectively.

#### **Regulatory and Operating Agreement**

The company has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain 47 units as public housing units. With regards to the public housing units, the CDA is to pay operating subsidies to the company equal to project expenses less income received from tenants residing in the public housing units. The operating subsidy shall terminate no later than January 1, 2051. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$239,796 and \$196,028 were earned during the years ended December 31, 2024 and 2023, respectively. Included in accounts receivable, related party are operating subsidies receivable of \$107,184 and \$82,849 as of December 31, 2024 and 2023, respectively.

#### **Development completion guaranty**

Under terms of the operating agreement, the managing member is obligated to complete the required rehabilitation of the project. In the event the company lacks sufficient funds from the member capital contributions and proceeds from the construction and permanent mortgages to pay for the rehabilitation costs, the managing member is obligated to provide such funds to the company in the form of an unsecured loan. Any loans under this agreement shall not bear interest and shall be payable in accordance with the operating agreement. The development completion guaranty loan was \$112,586 as of December 31, 2024 and 2023.

#### **Development fee**

The company has entered into a development agreement with the CDA. The agreement provides for the payment of a development fee of \$1,314,342, which has been capitalized into the cost of the buildings. The unpaid portion of the development fee is payable from future capital contributions and available cash flow as defined in the operating agreement. If not paid in full by the twelfth year of the compliance period, it shall be paid from the proceeds of an additional capital contribution from the managing member to the company in an amount equal to the unpaid portion of the development fees, as defined in the operating agreement. Development fee payable was \$58,735 as of December 31, 2024 and 2023.

#### **Property management agreement**

The company has entered into a property management agreement with the CDA under which the company is obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$28,970 and \$25,063 for the years ended December 31, 2024 and 2023, respectively.

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE G -- Related-party transactions (Continued)

#### Asset management fee

The company is obligated to pay an affiliate of an investor member an annual asset management fee in the initial amount of \$7,100, increasing annually by 3%. The fee is payable only out of cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Included in accrued expenses are accrued asset management fees of \$114,544 and \$104,117 as of December 31, 2024 and 2023, respectively. Asset management fees incurred totaled \$10,427 and \$10,123 for the years ended December 31, 2024 and 2023, respectively.

### NOTE H -- Company profits and losses and distributions

Distributable cash flow, as defined by the company agreement, is allocated .01% to the managing member and 99.99% to the investor members.

Gain, if any, from a sale or exchange or other disposition of the property owned by the company is allocable as follows:

1. If the investor members' capital accounts have a negative balance prior to the distribution of any sale or refinancing proceeds, 99.99% to the investor members and 0.01% to the managing member until the investor members' negative balance reaches zero.
2. 99.99% to the investor members and 0.01% to the managing member until the investor members' capital account balance equals the projected tax liabilities as defined in the operating agreement.
3. The remainder of such gain, if any, 99.99% to the investor members and .01% to the managing member.

There were no distributions made during the years ended December 31, 2024 and 2023.

### NOTE I -- Commitments and contingencies

#### Land Use Restriction Agreement (LURA)

The company has entered into a LURA with WHEDA as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the company 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 which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits, and the members 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 members. The company is obligated to certify tenant eligibility.

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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### NOTE I -- Commitments and contingencies (Continued)

#### TCEP

The company has entered into a TCEP Subaward Agreement (Subaward Agreement) with WHEDA. Under the Subaward Agreement, the company received grant funds totaling \$698,333 pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009. If the company fails to continuously comply with the guidelines of the Subaward Agreement, it may be required to refund up to the full amount of the grant funds received and reimburse WHEDA for the costs and fees incurred in connection with the recapture event. As a condition to making the Subaward Agreement, WHEDA required the owner to enter into a corporate guarantee. The Subaward Agreement terminates at the expiration of the low-income housing tax credit compliance period.

#### Project Based Housing Assistance Payments Contract

The company entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the CDA. The CDA has entered into a Consolidated Annual Contributions Contract with HUD allowing its participation in HUD's Section 8 Project Based Housing Assistance Payments Program (the Program). The Agreement, approved by HUD, authorizes the CDA to set aside on a long-term basis 24 certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays no more than 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the applicable fair market rents (FMR). The agreement may be terminated upon at least 30 days notice if it is determined that the contract units were not meeting HUD requirements. The length of the initial term of the contract is 15 years.

### NOTE J -- Involuntary conversions

In 2022, the company received insurance proceeds totaling \$275,687 for wind damage to the roof of one of the buildings. This event resulted in the involuntary conversion of part of one of the buildings to cash proceeds received from Housing Enterprise Insurance Company to cover the loss. The difference between the proceeds from the insurance company and the net book value of the damaged property resulted in a gain on involuntary conversion of \$141,314 for the year ended December 31, 2022. The total cost to replace the damaged property of the building was \$286,106, which was capitalized into rental property during 2022.

In 2023, the company received additional insurance proceeds totaling \$239,560 related to the June 2022 wind damage for interior restoration for four units impacted by the damaged roof. This resulted in the involuntary conversion of part of one of the buildings to cash proceeds received from Housing Enterprise Insurance Company to cover the loss. The difference between the proceeds from the insurance company and the net book value of the damaged property resulted in a gain on involuntary conversion of \$136,747 for the year ended December 31, 2023. The total cost to replace the damaged property of the building was \$239,560, which was capitalized into rental property during 2023.

## SUPPLEMENTARY INFORMATION

**TRUAX PARK REDEVELOPMENT, PHASE I, LLC**  
SUPPLEMENTAL INFORMATION REQUIRED BY INVESTOR MEMBER  
Years ended December 31, 2024 and 2023

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**SCHEDULES OF PROJECT OPERATING EXPENSES**

	2024	2023
<b>RENT AND ADMINISTRATIVE</b>		
Office salaries	\$ 58,990	\$ 55,377
Office expense	10,888	7,718
Property management fees	28,970	25,063
Professional fees - audit	11,890	12,000
Miscellaneous rent and administrative	13,732	4,836
	<u>124,470</u>	<u>104,994</u>
<b>TOTAL RENT AND ADMINISTRATIVE</b>	<u>\$ 124,470</u>	<u>\$ 104,994</u>
 <b>UTILITIES</b>		
Electric	\$ 18,975	\$ 20,155
Water	45,462	42,867
Gas	16,520	18,530
Sewer	31,642	31,047
	<u>112,599</u>	<u>112,599</u>
<b>TOTAL UTILITIES</b>	<u>\$ 112,599</u>	<u>\$ 112,599</u>
 <b>OPERATING AND MAINTENANCE</b>		
Payroll	\$ 95,422	\$ 75,342
Supplies	49,406	45,982
Contracts	130,794	107,415
Garbage and trash removal	22,388	19,679
Security services	29,675	28,719
Snow removal	176	571
Vehicle/maintenance equipment repairs	7,471	24,659
Miscellaneous operating and maintenance	263	126
	<u>335,595</u>	<u>302,493</u>
<b>TOTAL OPERATING AND MAINTENANCE</b>	<u>\$ 335,595</u>	<u>\$ 302,493</u>
 <b>TAXES AND INSURANCE</b>		
Real estate taxes	\$ 46,427	\$ 43,546
Payroll taxes	12,024	10,166
Property and liability insurance	33,624	29,936
Health insurance and other employee benefits	46,513	38,132
	<u>138,588</u>	<u>121,780</u>
<b>TOTAL TAXES AND INSURANCE</b>	<u>\$ 138,588</u>	<u>\$ 121,780</u>



# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495

## SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA

December 31, 2024

### ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM REGULAR TENANTS)

Accounts receivable, related party - CDA	\$ 164,495
Accounts receivable, ACC subsidy, related party	107,184
Accounts receivable, other	<u>924</u>
	<u><u>\$ 272,603</u></u>

### DELINQUENT TENANTS' ACCOUNTS RECEIVABLE

	<u>Number of tenants</u>	<u>Amount past due</u>
Delinquent 30 days	15	\$ 5,703
Delinquent 31 to 60 days	0	0
Delinquent 61 to 90 days	0	0
Delinquent over 90 days	0	<u>0</u>
		<u><u>\$ 5,703</u></u>

### DISTRIBUTIONS

None.

### PARTNERSHIP CASH AND RESERVE FUNDS NOT HELD BY WHEDA

	<u>Operating &amp; ACC reserve</u>
Balance, beginning	\$ 826,946
Deposits	30,369
Withdrawals	(198,094)
Interest earned	<u>726</u>
Balance, ending	<u><u>\$ 659,947</u></u>

**TRUAX PARK REDEVELOPMENT, PHASE I, LLC**  
 WHEDA Project No. 5495  
 SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA (Continued)  
 December 31, 2024

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**RELATED PARTY TRANSACTIONS**

Development fee		
Beginning balance	\$	58,735
Payments		<u>0</u>
Ending balance	\$	<u><u>58,735</u></u>
Asset management fee		
Beginning accrual	\$	104,117
Current year expense		10,427
Fee paid		<u>0</u>
Ending accrual	\$	<u><u>114,544</u></u>
Property management fee		
Beginning accrual	\$	0
Current year expense		28,970
Fee paid		<u>(28,970)</u>
Ending accrual	\$	<u><u>0</u></u>

**COMPUTATION OF SURPLUS CASH**

**CURRENT ASSETS**

Accounts receivable, related party		\$	271,679
Accounts receivable, other			924
MEMO - Tenants' security deposits	\$	0	<u></u>
Total current assets			272,603

**CURRENT LIABILITIES**

MEMO - Tenants' security deposits	\$	26,291	
Accounts payable			17,681
Accrued interest			1,671
Accrued expenses			49,398
Underfunded tenants' security deposits			26,291
Prepaid rents			<u>3,435</u>
Total current liabilities			<u><u>98,476</u></u>

<b>SURPLUS CASH</b>		\$	<u><u>174,127</u></u>
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# STANDARDIZED FINANCIAL TEMPLATE

## Main Information

Field Name	Value
<b>Property Info</b>	
Property Name	Truax Park Redevelopment, Phase I, LLC
Project Number	5495
HFA Number	51962
Balance Sheet Date of Statement:	12/31/2024
P&L Statement Period:	01/01/2024 - 12/31/2024



# BALANCE SHEET

**5495 Truax Park Redevelopment, Phase I, LLC**

**Date of Statement:**

**12/31/2024**

	Account ID	Agency Label	Amount	Comment
<b>1100 CURRENT ASSETS</b>	1120.01	Cash - Operations		
	1121.01	Construction Cash Account		
	1125.11	Cash - Entity		
	1130.01	Tenant Accounts Receivable	\$ 5,703	
	1130.02	Allowance for Doubtful Accounts (enter a negative amount)		
	1140.01	Accounts and Notes Receivable-Operations	\$ 272,603	
	1140.91	Accounts Receivable-WHEDA		
	1145.01	Accounts and Notes Receivable-Entity		
	1160.01	Accounts Receivable-Interest		
	1160.11	Interest Reduction Payment Receivable		
	1170.11	Short Term Investments- Operations		
	1170.21	Short Term Investments-Entity		
	1190.01	Misc Current Assets		
	1191.01	Tenant Security Deposits	\$ -	
	<b>1100</b>	<b>Total Current Assets</b>	<b>\$ 278,306</b>	
<b>1200 PREPAID EXPENSES</b>	1210.01	Misc Prepaid Expenses	\$ 23,780	
	<b>1200</b>	<b>Total Prepaid Expenses</b>	<b>\$ 23,780</b>	
<b>1300 FUNDED RESERVES</b>	1310.01	Escrow Deposits		
	1310.21	Insurance Escrow		
	1310.22	Real Estate Tax or PILOT Escrow		
	1320.01	Reserve for Replacements		
	1330.01	Other Reserve	\$ 659,947	Operating/ACC/Replacement Reserve
	1340.01	Residual Receipts Reserve		
	1360.01	Development Cost Escrow		
	1360.41	FHA Insurance Reserve		
	1380.01	Management Improvement and Operating Plan		
	<b>1300</b>	<b>Total Funded Reserves</b>	<b>\$ 659,947</b>	
<b>1400 FIXED ASSETS</b>	1410.01	Land	\$ 1,846,000	
	1420.01	Building	\$ 11,538,450	
	1440.01	Building Equipment (portable)		
	1450.01	Furnishings	\$ 240,052	
	1450.31	Furniture for Project/Tenant Use		
	1450.91	Office Furniture and Equipment		
	1470.01	Maintenance Equipment		
	1480.01	Motor Vehicles		
	1490.01	Misc Fixed Assets	\$ 764,824	Land Improvements and CIP
	1490.11	Accumulated Depreciation (enter a negative amount)	\$ (6,734,309)	
	<b>1400</b>	<b>Total Fixed Assets</b>	<b>\$ 7,655,017</b>	
<b>1500 INVESTMENTS</b>	1510.01	Investments-Operations		
	1515.01	Investments-Entity		
	1530.01	Intangible Assets	\$ 10,632	Tax Credit Fees - Net of Amortization
	<b>1500</b>	<b>Total Investment Long-term</b>	<b>\$ 10,632</b>	
<b>1900 MISC ASSETS</b>	1910.01	Misc Other Assets		
	<b>1900</b>	<b>Total Other Assets</b>	<b>\$ -</b>	
<b>TOTAL ASSETS</b>			<b>\$ 8,627,682</b>	



## BALANCE SHEET

**5495 Truax Park Redevelopment, Phase I, LLC**

**Date of Statement:**

**12/31/2024**

Account ID	Agency Label	Amount	Comment
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**2100  
CURRENT  
LIABILITIES**

2105.01	Bank Overdraft-Operations		
2110.01	Accounts Payable-Operations	\$	17,681
2110.11	Accounts Payable-Construction/Development		
2110.91	Accounts Payable-30 Days		
2112.01	Accounts Payable-Project Improvements Items		
2113.01	Accounts Payable-Entity	\$	173,279
2115.11	Accounts Payable-236 Excess Income Due HUD		
2115.21	Accounts Payable-WHEDA/HUD		
2120.01	Accrued Wages Payable	\$	7,689
2120.11	Accrued Payroll Taxes Payable	\$	3,001
2120.31	Accrued Management Fee Payable	\$	-
2130.01	Accrued Interest Payable-First Mortgage	\$	1,671
2130.31	Accrued Interest Payable-Second Mortgage		
2130.41	Accrued Interest Payable-Section 236		
2131.11	Accrued Interest Payable-Other Loans (Surp Cash)	\$	1,810,775
2131.12	Accrued Interest Payable-Other Loans and Notes		
2131.21	Accrued Interest Payable-Flexible Subsidy Loan		
2131.31	Accrued Interest Payable-Capital Improvement Loan		
2131.32	Accrued Interest Payable-Operating Loss Loan		
2150.11	Accrued Real Estate & Property Tax Payable	\$	-
2160.01	Short Term Notes Payable		
2160.31	Other Loans and Notes Payable, Surplus Cash ST		
2160.32	Other Loans and Notes (Short Term)		
2160.41	Flexible Subsidy Loan Payable (Short Term)		
2160.51	Capital Improvement Loan Payable (Short Term)		
2160.52	Operating Loss Loan Payable (Short Term)		
2170.11	Mortgage Payable-First Mortgage (Short Term)	\$	66,451
2170.31	Mortgage Payable-Second Mortgage (Short Term)		
2180.01	Utility Allowances		
2190.01	Misc Current Liabilities/Preservation Fee	\$	64,102
2191.01	Tenant Security Deposits	\$	26,291
2210.01	Prepaid Revenue	\$	3,435
<b>2100</b>	<b>Current Liabilities</b>	<b>\$</b>	<b>2,174,375</b>

**2300  
LONG-TERM  
LIABILITIES**

2310.01	Notes Payable-Long Term		
2310.31	Notes Payable-Surplus Cash		
2310.32	Other Loans and Notes Payable	\$	2,712,942
2310.33	Other Loans and Notes Payable-Surplus Cash		
2310.41	Flexible Subsidy Loan Payable		
2310.51	Capital Improvement Loan Payable		
2310.52	Operating Loss Loan Payable		
2320.11	Mortgage Payable-First Mortgage	\$	251,844
2320.31	Mortgage Payable-Second Mortgage	\$	-
2390.01	Misc Long Term Liabilities	\$	999,484
<b>2300</b>	<b>Long-Term Liabilities</b>	<b>\$</b>	<b>3,964,270</b>

<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>6,138,645</b>
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3110.11	Total Equity/Retained Earnings	\$	2,489,037
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<b>TOTAL EQUITY</b>	<b>\$</b>	<b>2,489,037</b>
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$</b>	<b>8,627,682</b>
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## PROFIT & LOSS STATEMENT

**5495 Truax Park Redevelopment, Phase I, LLC**

**Statement Period:**

**01/01/2024 - 12/31/2024**

	Account ID	Agency Label	Amount	Comment
<b>5100 RENT REVENUE</b>	5120.11	Rent Revenue-Gross Potential	\$ 620,199	
	5120.21	Tenant Assistance Payments	\$ 239,796	
	5140.01	Rent Revenue - Commercial/Stores @ 100%		
	5170.01	Rent Revenue-Garage/Parking @ 100%	\$ -	
	5180.01	Flexible Subsidy Revenue		
	5190.01	Misc Rent Revenue		
	5190.11	Excess Rent		
	5190.12	Rent Revenue/Insurance		
	5190.13	Special Claims Revenue		
	5190.14	Retained Excess Income		
	<b>5100</b>	<b>Rent Revenue</b>	<b>\$ 859,995</b>	
<b>5200 VACANCY</b>	5220.01	Apartment Vacancies (enter a negative number)	\$ (40,792)	
	5240.01	Stores/Commercial Vacancies or Concessions (enter a negative number)		
	5250.01	Rental Concessions (enter a negative number)	\$ -	
	5270.01	Garage/Parking Vacancies or Concessions (enter a negative number)	\$ -	
	5290.01	Miscellaneous (enter a negative number)		
	<b>5200</b>	<b>Vacancy</b>	<b>\$ (40,792)</b>	
<b>5300 ELDERLY SERVICE REVENUE</b>	5310.14	Priv Pay Room / Board		
	5310.24	Medicare Room / Board		
	5310.34	Medicaid Room / Board		
	5310.44	VA Room / Board		
	5320.34	Food		
	5320.51	Housekeeping		
	5320.71	Laundry / Linen		
	<b>5300</b>	<b>Elderly Service Revenue</b>	<b>\$ -</b>	
<b>5400 FINANCIAL REVENUE</b>	5410.01	Financial Revenue-Project Operations	\$ 4,265	
	5430.01	Revenue from Investments-Residual Receipts		
	5440.01	Revenue from Investments-Replacement Reserve		
	5490.01	Revenue from Investments-Miscellaneous		
	<b>5400</b>	<b>Financial Revenue</b>	<b>\$ 4,265</b>	
<b>5900 OTHER REVENUE</b>	5910.01	Laundry/Vending Income (Net)	\$ -	
	5920.01	Tenant Charges	\$ 7,437	
	5990.01	Miscellaneous Revenue	\$ 31,203	
	<b>5900</b>	<b>Other Revenue</b>	<b>\$ 38,640</b>	
	<b>5000</b>	<b>REVENUE</b>	<b>\$ 862,108</b>	
<b>6200-6300 RENT/ADMIN EXPENSES</b>	6210.01	Advertising/Marketing Expense	\$ -	
	6250.01	Other Rent Expense	\$ -	
	6310.01	Office Salaries	\$ 58,990	
	6311.01	Office Expenses	\$ 10,888	
	6311.21	Office or Model Apartment Rent		
	6320.01	Management Fees All	\$ 28,970	
	6330.11	Manager/Superintendent Salaries		
	6330.21	Administrative Rent-Free Unit	\$ -	
	6340.01	Legal Expense-Project Only	\$ -	
	6350.01	Audit Expense - Project Only	\$ 11,890	
	6351.01	Bookkeeping Fees/Accounting Services	\$ -	
	6370.01	Bad Debt Expense	\$ -	
	6390.01	Misc Administrative Expenses	\$ 13,732	
	<b>6200</b>	<b>Administrative Expense</b>	<b>\$ 124,470</b>	
<b>6400 UTILITY EXPENSE</b>	6420.01	Fuel Oil		
	6450.11	Electricity	\$ 18,975	
	6450.21	Gas	\$ 16,520	
	6450.32	Water	\$ 45,462	
	6450.33	Sewer	\$ 31,642	
	<b>6400</b>	<b>Utility Expense</b>	<b>\$ 112,599</b>	
<b>6500 OPERATING &amp; MAINTENANCE EXPENSE</b>	6510.01	Payroll	\$ 95,422	
	6510.31	Operating and Maintenance Rent Free Unit		
	6515.01	Supplies	\$ 49,406	
	6520.01	Contracts	\$ 130,794	
	6525.01	Garbage & Trash Removal	\$ 22,388	
	6530.11	Security Payroll/Contract (incl taxes and benefits)	\$ 29,675	
	6530.21	Security Rent Free Unit		
	6540.11	Heating/Cooling Repairs & Maintenance	\$ -	
	6540.21	Snow Removal	\$ 176	
	6570.01	Vehicle/Maintenance Equipment Operation & Repairs	\$ 7,471	
	6580.01	RR releases to reimburse expensed items (enter a negative amount) (MEMO ONLY)	\$ -	
	6590.01	Misc Operating & Maintenance Expense	\$ 263	
	<b>6500</b>	<b>Operating and Maintenance Expense</b>	<b>\$ 335,595</b>	



## PROFIT & LOSS STATEMENT

5495 Truax Park Redevelopment, Phase I, LLC

Statement Period:

01/01/2024 - 12/31/2024

	Account ID	Agency Label	Amount	Comment
6700 TAXES AND INSURANCE				
	6710.01	Real Estate & Personal Property Taxes	\$	46,427
	6711.01	Payroll Taxes - Project Share	\$	12,024
	6720.01	Property & Liability Insurance (Hazard)	\$	33,624
	6723.01	Health Insurance and Other Employee Benefits	\$	46,513
	6723.11	Fidelity Bond Insurance		
	6723.21	Workmens Compensation		
	6790.01	Misc Taxes, Licenses, Permits, and Insurance	\$	-
	6700	Tax and Insurance Expense	\$	138,588
6900 ELDERLY SERVICE EXPENSE				
	6930.11	Dietary Salaries		
	6930.21	Food		
	6930.22	Dietary Prchsd Serv		
	6940.11	Regstrd Nurse Salary		
	6950.11	Housekeeping Salary		
	6950.21	Housekeeping Supply		
	6950.31	Other Housekeeping		
	6960.22	Medical Supplies		
	6960.29	Medical Prchsd Serv		
	6970.01	Laundry Expenses		
	6975.01	Medical Records		
	6980.11	Recreation/Rehab		
	6980.21	Activity Supplies		
	6990.01	Elderly Service Other		
	6900	Elderly Service Expense	\$	-
RR DEPOSITS				
	11320.01	Annual Replacement Reserve Deposits (MEMO ONLY)	\$	30,369
		TOTAL OPERATING EXPENSES	\$	711,252
		NET OPERATING INCOME (NOI)	\$	150,856
6800 FINANCIAL EXPENSE				
	6810.01	WHEDA Senior Hard Debt Interest		
	6820.01	WHEDA Junior Hard Debt Interest		
	6825.01	Other Mortgage Interest	\$	169,072
	6850.01	Mortgage Insurance Premium/Service Charge		
	6890.01	Misc Financial Expense/Preservation Fee		
	6800	Financial Expense	\$	169,072
DEPRECIATION AMORTIZATION				
	6610.01	Depreciation Expense	\$	495,237
	6620.01	Amortization Expense	\$	10,632
		OPERATING PROFIT OR LOSS	\$	(524,085)
7100 CORPORATE OR MORTGAGOR EXPENSE				
	7110.01	Officer's Salaries		
	7120.01	Legal Expense		
	7130.01	Federal, State, and Other Income Taxes		
	7140.01	Interest Income		
	7140.11	Interest on Notes Payable	\$	-
	7140.21	Interest on Mortgage Payable		
	7190.01	Other Expense	\$	10,427
	7100	Net Entity Expenses	\$	10,427
TOTAL PRINCIPAL PAYMENTS				
	16810.01	WHEDA Senior Hard Debt Principal		
	16820.01	WHEDA Junior Hard Debt Principal		
	16825.01	Other Debt Principal		64,516

# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495

CERTIFICATION BY MANAGING MEMBER OF MORTGAGOR

December 31, 2024

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I hereby certify that I have examined the accompanying financial statements and supplemental information of Truax Park Redevelopment, Phase I, LLC and, to the best of my knowledge and belief, the same are complete and accurate.

DocuSigned by:

*Matt Wachter*

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2/28/2025 | 9:26:23 AM CST

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By: Matt Wachter, Executive Director  
Community Development Authority of the  
City of Madison, Managing Member

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Date

ID #39-6006968



# TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495  
CERTIFICATION BY MANAGEMENT AGENT  
December 31, 2024

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I hereby certify that I have examined the accompanying financial statements and supplemental information of Truax Park Redevelopment, Phase I, LLC and, to the best of my knowledge and belief, the same are complete and accurate.

DocuSigned by:

*Matt Wachter*

0453C1A2D526482

2/28/2025 | 9:26:23 AM CST

By: Matt Wachter, Executive Director  
Community Development Authority of the  
City of Madison, Management Agent

Date

ID #39-6006968