

Burr Oaks Senior Housing, LLC

Financial Report

December 31, 2024



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BURR OAKS SENIOR HOUSING, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members
Burr Oaks Senior Housing, LLC
Madison, WI

Opinion

We have audited the accompanying financial statements of Burr Oaks Senior Housing, 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 Burr Oaks Senior Housing, 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 Burr Oaks Senior Housing, 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.

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 Burr Oaks Senior Housing, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

February 24, 2025

BURR OAKS SENIOR HOUSING, LLC

BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 143,364	\$ 117,273
Restricted cash	606,865	573,123
Accounts receivable	13,495	8,715
Prepaid expenses	22,446	18,714
Rental property, net	4,155,586	4,260,170
Tax credit fees, net	10,164	15,245
TOTAL ASSETS	\$ 4,951,920	\$ 4,993,240
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Mortgage notes payable, net	\$ 1,300,395	\$ 1,323,919
Accounts payable	0	926
Accrued interest	4,765	4,906
Accrued real estate taxes	77,385	69,461
Other accrued expenses	95,825	37,761
Prepaid rents	28,789	26,053
Tenants' security deposits payable	22,375	20,228
Total liabilities	1,529,534	1,483,254
MEMBERS' EQUITY	3,422,386	3,509,986
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 4,951,920	\$ 4,993,240

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

BURR OAKS SENIOR HOUSING, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Rental income	\$ 564,811	\$ 497,205
Vacancies and concessions	(11,884)	(24,741)
Bad debt expense	(7,608)	(4,068)
Other revenue	<u>8,587</u>	<u>10,414</u>
Total revenues	553,906	478,810
Rental expenses:		
Administrative	111,489	109,618
Utilities	52,984	48,157
Operating and maintenance	130,060	128,940
Taxes and insurance	<u>105,029</u>	<u>98,201</u>
Total rental expenses	<u>399,562</u>	<u>384,916</u>
Net rental income	154,344	93,894
Financial income (expense):		
Interest income	9,030	8,159
Interest expense	<u>(61,871)</u>	<u>(63,622)</u>
Total financial income (expense)	<u>(52,841)</u>	<u>(55,463)</u>
Income before other expenses	101,503	38,431
Other expenses:		
Depreciation	162,634	162,549
Amortization	5,081	5,082
Asset management fees	<u>21,388</u>	<u>20,766</u>
Total other expenses	<u>189,103</u>	<u>188,397</u>
Net loss	<u>\$ (87,600)</u>	<u>\$ (149,966)</u>

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

BURR OAKS SENIOR HOUSING, LLC

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

	<u>Managing member</u>	<u>Investor member</u>	<u>Total</u>
Balances, December 31, 2022	\$ (97)	\$ 3,671,039	\$ 3,670,942
Distributions	(1)	(10,989)	(10,990)
Net loss	<u>(15)</u>	<u>(149,951)</u>	<u>(149,966)</u>
Balances, December 31, 2023	(113)	3,510,099	3,509,986
Distributions	0	0	0
Net loss	<u>(9)</u>	<u>(87,591)</u>	<u>(87,600)</u>
Balances, December 31, 2024	<u>\$ (122)</u>	<u>\$ 3,422,508</u>	<u>\$ 3,422,386</u>
Percentage interest	<u>0.01%</u>	<u>99.99%</u>	<u>100%</u>

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

BURR OAKS SENIOR HOUSING, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (87,600)	\$ (149,966)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	162,634	162,549
Amortization	5,081	5,082
Amortization of debt issuance costs	3,908	4,018
Bad debt expense	7,608	4,068
Increase (decrease) in cash due to changes in:		
Accounts receivable	(12,388)	(7,287)
Prepaid expenses	(3,732)	1,072
Accounts payable	(926)	(9,559)
Accrued interest	(141)	(132)
Accrued real estate taxes	7,924	5,641
Other accrued expenses	31,689	2,667
Prepaid rents	2,736	7,228
Tenants' security deposits payable	2,147	(1,155)
Net cash provided by operating activities	118,940	24,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of rental property	(31,675)	(5,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage notes payable	(27,432)	(25,799)
Distributions	0	(10,990)
Net cash used in financing activities	(27,432)	(36,789)
Change in cash, cash equivalents, and restricted cash	59,833	(17,608)
Cash, cash equivalents, and restricted cash:		
Beginning	690,396	708,004
Ending	<u>\$ 750,229</u>	<u>\$ 690,396</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO BALANCE SHEET		
Cash and cash equivalents	\$ 143,364	\$ 117,273
Restricted cash	606,865	573,123
Total cash, cash equivalents, and restricted cash	<u>\$ 750,229</u>	<u>\$ 690,396</u>
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 58,104</u>	<u>\$ 59,736</u>
SUPPLEMENTAL SCHEDULE(S) OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of rental property included in accrued expenses	<u>\$ 26,375</u>	<u>\$ 0</u>

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

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE A -- Nature of business and significant accounting policies

Nature of business

Burr Oaks Senior Housing, LLC (the company), a limited liability company, was organized on August 9, 2010, under the Wisconsin Limited Liability Company Act (the Act). It has constructed and is operating a 50-unit project called Burr Oaks Senior Housing (the project) located in Madison, Wisconsin. The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The project was placed in service July 27, 2011.

Under the operating agreement dated December 14, 2010, the company consists of two members with the following ownership:

Community Development Authority (CDA) of the City of Madison (managing member)	0.01%
WF Affordable Housing LLC (Wells Fargo Affordable Housing Community Development Corporation through 12/31/2022) (investor member)	<u>99.99%</u>
	<u>100.00%</u>

The company consists of one managing member and one investor member, and a to-be designated corporation as the special member, 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.

On December 31, 2022, the investor member, Wells Fargo Affordable Housing Community Development Corporation (WFAHCDC), was converted into WF Affordable Housing LLC (WFAH) under North Carolina law. Both WFAHCDC and WFAH are wholly-owned by Wells Fargo Bank, N.A.

The company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation 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 operating agreement states that the company shall be dissolved on or before December 31, 2053.

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.

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

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 project 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.

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 statement of operations.

The company leases apartments to eligible residents under operating leases which are substantially all on a yearly basis. Residential apartment leases often provide residents with the option to have a pet or use the project's parking, and/or storage facilities, etc. which are fixed fee lease components. To the extent the company provides such lease components, they are included in other revenue. The company utilizes the practical expedient to account for the lease and nonlease components as a single operating lease component. Rental revenue is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other revenue 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.

BURR OAKS SENIOR HOUSING, 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	\$ 545,319	\$ 468,396
Fixed operating lease revenue from other rentals and services included in other revenue	5,436	5,231
Variable operating lease revenue included in other revenue	<u>2,641</u>	<u>1,828</u>
Total lease income	<u>\$ 553,396</u>	<u>\$ 475,455</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	\$ 551,515	\$ 479,405

Rental property

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

	<u>Years</u>
Land improvements	15
Building and improvements	10 - 40
Furnishings and equipment	5 - 12

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.

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.

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

Debt issuance costs

Debt issuance costs totaled \$67,276. The company is amortizing these costs into interest expense using the effective interest method over 16 years, the life of the permanent mortgage described in Note D.

Amortized costs included in interest expense amounted to \$3,908 and \$4,018 for the years ended December 31, 2024 and 2023, respectively.

Tax credit fees

In connection with obtaining an allocation of low-income housing tax credits, the company has paid fees totaling \$76,225 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.

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 24, 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>
Tenants' security deposits	\$ 23,728	\$ 23,231
Real estate tax escrow	68,509	64,411
Insurance escrow	15,221	14,893
Operating reserve	261,318	256,368
Replacement reserve	<u>238,089</u>	<u>214,220</u>
	<u>\$ 606,865</u>	<u>\$ 573,123</u>

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE B -- Restricted cash (Continued)

Operating reserve

The operating agreement requires the company to establish an operating reserve of at least \$167,000. Funds from the operating reserve may be used to pay for operating or other expenses with the consent of the investor member.

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ 256,368	\$ 251,477
Deposits	0	0
Interest earned	5,479	5,433
Bank service charges	<u>(529)</u>	<u>(542)</u>
Balance, ending	<u>\$ 261,318</u>	<u>\$ 256,368</u>

Replacement reserve

The operating agreement requires the company to establish and maintain a replacement reserve account commencing the earlier of December 10, 2012 or closing on the permanent loan described in Note D. Monthly deposits are required in an amount equal to \$300 per unit per year for the first year, increasing by 3% each twelve-month period thereafter. Disbursements are restricted to fund capital improvements or any other use approved by the investor member.

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ 214,220	\$ 194,977
Monthly deposits	20,815	20,209
Interest earned	3,054	2,234
Withdrawals	<u>0</u>	<u>(3,200)</u>
Balance, ending	<u>\$ 238,089</u>	<u>\$ 214,220</u>

NOTE C -- Rental property, net

Rental property, net is comprised of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 302,980	\$ 302,980
Land improvements	253,476	253,476
Building and improvements	5,725,955	5,667,905
Furnishings and equipment	<u>324,679</u>	<u>324,679</u>
	6,607,090	6,549,040
Less accumulated depreciation	<u>2,451,504</u>	<u>2,288,870</u>
	<u>\$ 4,155,586</u>	<u>\$ 4,260,170</u>

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE D -- Mortgage notes payable, net

Mortgage notes payable, net consists of the following:

	<u>2024</u>	<u>2023</u>
Impact C.I.L., LLC (Impact); permanent mortgage note payable; original loan amount of \$1,170,000; monthly payments of \$7,128, including interest at 6.15% per annum (effective rate of 6.326%); due December 1, 2028; non-recourse; subject to a prepayment premium; collateralized by a mortgage, security agreement and fixture financing statement on the rental property, including the assignment of rents and leases; unamortized debt issuance costs associated with this note totaled \$14,391 and \$18,299 as of December 31, 2024 and 2023, respectively.	\$ 929,786	\$ 957,218
CDA; HOME loan; in an amount not to exceed \$385,000; subordinated second mortgage note payable; non-interest bearing loan; due the earliest of December 31, 2040 or the sale, transfer, or discontinuance of the permitted use of the property; non-recourse; collateralized by a mortgage on the rental property, including the assignment of rents thereon.	<u>385,000</u>	<u>385,000</u>
Total mortgage notes payable	1,314,786	1,342,218
Less unamortized debt issuance costs	<u>14,391</u>	<u>18,299</u>
	<u>\$ 1,300,395</u>	<u>\$ 1,323,919</u>

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

Year ending December 31,

2025	\$ 29,167
2026	31,012
2027	32,974
2028	836,633
2029	0
Thereafter	<u>385,000</u>
	<u>\$ 1,314,786</u>

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE E -- Capital contributions

The company's managing member is required to make contributions totaling \$100. As of December 31, 2024 and 2023, the managing member has made the contribution. The investor member is required to make installment contributions totaling \$5,581,942. As of December 31, 2024 and 2023, the investor member has contributed the entire amount. The maximum increase in the investor member's required capital contribution allowed under the operating agreement is \$250,000. Additional equity totaling \$52,407 was contributed by the investor member in a previous year.

NOTE F -- Related-party transactions

Asset management fees

The company is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the managing member. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum. Asset management fees incurred totaled \$10,694 and \$10,383 for the years ended December 31, 2024 and 2023, respectively. Accrued asset management fees included in other accrued expenses on the balance sheets were \$21,077 and \$10,383 as of December 31, 2024 and 2023, respectively.

The company is obligated to pay an annual cumulative asset management fee in the initial amount of \$7,500 to the investor member. The annual fee is payable from cash flow as defined in the operating agreement. The fee shall increase by 3% per annum. Asset management fees incurred totaled \$10,694 and \$10,383 for the years ended December 31, 2024 and 2023, respectively. Accrued asset management fees included in other accrued expenses on the balance sheets were \$21,077 and \$10,383 as of December 31, 2024 and 2023, respectively.

Purchase option agreement

For one year after the close of the 15-year compliance period (right of first refusal period), the company may not sell the property to any third party that has made a bona fide purchase offer, without first offering the managing member the right of first refusal to purchase the property. The company shall offer the property to the managing member at a price equal to the greater of \$100 or the sum of the company's outstanding debt plus an amount sufficient to enable the company to make liquidation distributions pursuant to the operating agreement.

The company has granted the managing member an option to purchase the investor member's membership interest in the company for a 24-month period after the end of the right of first refusal period. The option price to purchase will be the balance of all unpaid amounts due to the investor member plus the greater of \$100 plus the amount of the company's outstanding debt plus an amount sufficient to make termination distributions pursuant to the operating agreement or the fair market value of the investor member's interest in the company.

BURR OAKS SENIOR HOUSING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE G -- Commitments and contingencies

Property management fee

The company entered into a property management agreement with a third party. A management fee in the amount of 8% of the effective gross income (rental and other incidental income received on a cash basis) is payable on a monthly basis. A portion of the monthly management fee equal to 2% of effective gross income shall be deferred without interest and payable only out of available cash flow as defined in the operating agreement. The deferred management fee shall not exceed an annual amount of \$7,500. Management fees incurred under this agreement totaled \$41,191 and \$36,473 for the years ended December 31, 2024 and 2023, respectively. Of this amount, \$15,000 and \$7,500 has been deferred as of December 31, 2024 and 2023, respectively, and is included in other accrued expenses on the balance sheets.

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 member. The company is obligated to certify tenant eligibility.

HOME program agreement

The managing member received \$385,000 from the City of Madison through the HOME program. This amount was subsequently loaned to the company by the managing member (see Note D). The company is subject to a HOME loan agreement and LURA which specifies that there shall be 11 HOME-assisted units in the project. Occupancy of these units is restricted to tenants whose income does not exceed a certain percentage of the published County Median Income (CMI), adjusted for family size. Certain rent limits also apply to these units. The agreement is in force until 20 years after the date of project completion.

Project Based Housing Assistance Payments Contract

The company entered into a Project Based Housing Assistance Payments Contract (the Agreement) with the managing member. The managing member has entered into a Consolidated Annual Contributions Contract with the U.S. Department of Housing and Urban Development (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 certificates for future residents of the project. Under terms of the Program, each household that holds a certificate pays 30% of its annual income for rents and utilities, provided that the rent and utilities do not exceed the CDA's payment standards.

SUPPLEMENTARY INFORMATION

BURR OAKS SENIOR HOUSING, LLC
SCHEDULES OF OTHER REVENUE AND EXPENSES
Years ended December 31, 2024 and 2023

	2024	2023
Other revenue:		
Laundry	\$ 1,861	\$ 1,743
Tenant charges	6,216	5,316
Other	510	3,355
	<u>510</u>	<u>3,355</u>
Total other revenue	<u>\$ 8,587</u>	<u>\$ 10,414</u>
Administrative:		
Advertising/marketing	\$ 3,865	\$ 3,400
Credit bureau expense	121	331
Office expense	10,713	9,132
Manager salaries	31,892	34,733
Property management fees	41,191	36,473
Legal fees	943	1,830
Audit and accounting fees	8,890	9,820
Miscellaneous	11,624	11,649
State housing compliance fees	2,250	2,250
	<u>2,250</u>	<u>2,250</u>
Total administrative	<u>\$ 111,489</u>	<u>\$ 109,618</u>
Utilities:		
Electricity	\$ 20,426	\$ 20,812
Water and sewer	23,186	18,507
Natural gas/oil	9,372	8,838
	<u>9,372</u>	<u>8,838</u>
Total utilities	<u>\$ 52,984</u>	<u>\$ 48,157</u>
Operating and maintenance:		
Maintenance salaries	\$ 36,635	\$ 25,229
Security contract	2,517	3,582
Snow removal	10,353	11,572
Repairs and maintenance contracts	63,035	64,754
HVAC repairs and maintenance	3,958	6,801
Trash removal	7,136	7,527
Supplies	6,426	9,475
	<u>6,426</u>	<u>9,475</u>
Total operating and maintenance	<u>\$ 130,060</u>	<u>\$ 128,940</u>

BURR OAKS SENIOR HOUSING, LLC
SCHEDULES OF OTHER REVENUE AND EXPENSES (Continued)
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Taxes and insurance:		
Real estate taxes	\$ 77,385	\$ 69,461
Property insurance	27,036	23,650
Sales tax	608	1,890
Special assessments	<u>0</u>	<u>3,200</u>
Total taxes and insurance	<u><u>\$ 105,029</u></u>	<u><u>\$ 98,201</u></u>
Interest expense:		
Interest expense - Impact	\$ 57,963	\$ 59,604
Debt issuance costs amortization	<u>3,908</u>	<u>4,018</u>
Total interest expense	<u><u>\$ 61,871</u></u>	<u><u>\$ 63,622</u></u>