

# **CDA 95-1**

(A Wholly Owned Investment)  
(WHEDA Project No. 007/001193)

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

The following name is the independent auditor  
contact regarding the above project:

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# CDA 95-1

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## INDEPENDENT AUDITORS' REPORT

To the Owner  
CDA 95-1  
Madison, Wisconsin

We have audited the accompanying financial statements of CDA 95-1, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CDA 95-1 as of December 31, 2018 and 2017 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the organization adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

***Other Matter***

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
February 20, 2019

## CDA 95-1

### STATEMENTS OF FINANCIAL POSITION As of December 31, 2018 and 2017

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>CURRENT ASSETS</b>  |                     |                     |
| Cash and cash equivalents  | \$ 6,947            | \$ 555              |
| Accounts receivable - tenant                                       | 447                 | 1,464               |
| Total Current Assets   | <u>7,394</u>        | <u>2,019</u>        |
| <b>DEPOSITS HELD IN TRUST</b>                                      |                     |                     |
| Tenant security deposits   | <u>23,581</u>       | <u>23,420</u>       |
| <b>RESTRICTED FUND</b>   |                     |                     |
| Reserve for replacements   | <u>180,341</u>      | <u>169,383</u>      |
| <b>NET PROPERTY AND EQUIPMENT</b>                                  | <u>1,141,476</u>    | <u>1,176,612</u>    |
| <b>TOTAL ASSETS</b>  | <u>\$ 1,352,792</u> | <u>\$ 1,371,434</u> |
| <b>LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</b>       |                     |                     |
| <b>CURRENT LIABILITIES</b>   |                     |                     |
| Current maturities of long-term debt                               | \$ 91,083           | \$ 87,517           |
| Accounts payable   | 1,233               | 1,129               |
| Prepaid tenant rents   | 3,103               | 952                 |
| Total Current Liabilities  | <u>95,419</u>       | <u>89,598</u>       |
| <b>DEPOSITS HELD IN TRUST</b>                                      |                     |                     |
| Tenant security deposits   | <u>23,246</u>       | <u>23,166</u>       |
| <b>LONG-TERM DEBT</b>  | <u>811,612</u>      | <u>902,695</u>      |
| Total Liabilities  | 930,277             | 1,015,459           |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                       | <u>422,515</u>      | <u>355,975</u>      |
| <b>TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</b> | <u>\$ 1,352,792</u> | <u>\$ 1,371,434</u> |

See accompanying notes to financial statements

## CDA 95-1

### STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2018 and 2017

|  | Without<br>Donor<br>Restrictions<br>2018 | Without<br>Donor<br>Restrictions<br>2017 |
|--|--|--|
| <b>REVENUES</b>  |  |  |
| Net rental revenue                                       | \$ 300,280                               | \$ 301,296                               |
| Other revenue  | <u>4,648</u>                             | <u>4,663</u>                             |
| Total Revenues   | <u>304,928</u>                           | <u>305,959</u>                           |
| <b>RENTAL EXPENSES</b>                                   |  |  |
| General and administrative                               | 50,760                                   | 49,104                                   |
| Utilities  | 20,415                                   | 20,385                                   |
| Operating and maintenance                                | 74,826                                   | 66,674                                   |
| Taxes and insurance                                      | <u>5,383</u>                             | <u>2,223</u>                             |
| Total Rental Expenses                                    | <u>151,384</u>                           | <u>138,386</u>                           |
| Net Rental Income  | <u>153,544</u>                           | <u>167,573</u>                           |
| <b>FINANCIAL INCOME (EXPENSE)</b>                        |  |  |
| Interest income  | 4,119                                    | 2,643                                    |
| Interest expense   | <u>(32,516)</u>                          | <u>(35,942)</u>                          |
| Total Financial Income (Expense)                         | <u>(28,397)</u>                          | <u>(33,299)</u>                          |
| Income Before Other Expenses                             | <u>125,147</u>                           | <u>134,274</u>                           |
| <b>OTHER EXPENSE</b>                                     |  |  |
| Depreciation   | <u>(58,607)</u>                          | <u>(57,349)</u>                          |
| <b>Increase in Net Assets Without Donor Restrictions</b> | 66,540                                   | 76,925                                   |
| NET ASSETS - Beginning of Year                           | <u>355,975</u>                           | <u>279,050</u>                           |
| <b>NET ASSETS - END OF YEAR</b>                          | <u>\$ 422,515</u>                        | <u>\$ 355,975</u>                        |

See accompanying notes to financial statements

## CDA 95-1

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

|  | <u>2018</u>     | <u>2017</u>     |
|--|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                 |                 |
| Cash received from tenants, agencies and other sources | \$ 308,176      | \$ 304,049      |
| Interest received                                      | 4,119           | 2,643           |
| General and administrative expenses paid               | (50,759)        | (49,104)        |
| Utilities paid   | (20,415)        | (20,385)        |
| Operating and maintenance expenses paid                | (74,723)        | (66,170)        |
| Taxes and insurance paid                               | (5,383)         | (2,223)         |
| Interest paid  | (32,516)        | (35,942)        |
| Net Cash Flows From Operating Activities               | <u>128,499</u>  | <u>132,868</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                 |                 |
| Capital expenditures                                   | (23,471)        | (42,081)        |
| Funded deposits and restricted fund activity, net      | (11,119)        | (13,018)        |
| Net Cash Flows From Investing Activities               | <u>(34,590)</u> | <u>(55,099)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                 |                 |
| Cash used to retire debt                               | (87,517)        | (88,466)        |
| <b>Net Change in Cash and Cash Equivalents</b>         | 6,392           | (10,697)        |
| CASH AND CASH EQUIVALENTS - Beginning of Year          | <u>555</u>      | <u>11,252</u>   |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>         | <u>\$ 6,947</u> | <u>\$ 555</u>   |

See accompanying notes to financial statements

## CDA 95-1

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 1 - Summary of Significant Accounting Policies**

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##### *Nature of Operations*

CDA 95-1 (the project) consists of the following 31 units of low or very low income multi-family housing. The project's owner, the City of Madison, is exempt from income tax.

| <u>Location</u> | <u>Property</u> | <u>Units</u> |
|-----------------|-----------------|--------------|
| The Reservoir   | Madison, WI     | 29           |
| Two Flats       | Madison, WI     | 2            |

##### *Cash and Cash Equivalents*

The project considers depository accounts and investments with a maturity at the date of acquisition and expected usage of three months or less to be cash and cash equivalents.

##### *Accounts Receivable*

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of December 31, 2018 and 2017. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

##### *Impairment of Long-Lived Assets*

The project reviews long-lived assets, including property and equipment 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.

##### *Advertising*

Advertising costs are charged to operations when incurred.

##### *Property and Equipment*

Property and equipment are being depreciated using straight-line and accelerated methods over the following estimated useful lives:

|                            | <u>Years</u> |
|----------------------------|--------------|
| Land Improvements          | 15           |
| Buildings and Improvements | 27.5 - 40    |
| Furnishing and Equipment   | 5            |



## CDA 95-1

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 1 - Summary of Significant Accounting Policies (cont.)**

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##### *Property and Equipment (cont.)*

Property and equipment are stated at cost. Major expenditures for property and equipment are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

##### *Estimates*

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

##### *Income Taxes*

The project is exempt from income tax under Section 501(c) of the Internal Revenue Code.

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#### **NOTE 2 - Restrictions on Net Assets**

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There are no donor restrictions on the net assets. Accordingly, all net assets are accounted for as net assets without donor restrictions in accordance with accounting principles generally accepted in the United States of America.

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#### **NOTE 3 - Tenant Security Deposits**

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The tenant security deposits are maintained in an interest bearing savings account separate from the operating account of the project. Withdrawals are restricted to reimbursements of tenants' security deposits.

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#### **NOTE 4 - Restricted Funds**

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Monthly escrow deposits are required by the Wisconsin Housing and Economic Development Authority (WHEDA) for the reserve for replacements. Disbursements are generally restricted to replacement of structural elements or equipment and may be made only upon approval by WHEDA. Upon satisfaction of the mortgage note payable and WRAP note payable, the balance in this escrow reverts to the benefit of the owner.

As discussed in Note 7, WHEDA requires the project to remit one-half of all cash remaining, if any, after the establishment of all required escrows and reserves and the payment of all expenses to the reserve for replacements on an annual basis.

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### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

#### **NOTE 5 - Property and Equipment**

The change in the major categories of property and equipment for the year ended December 31, 2018 is summarized as follows:

| Assets |                            | Cost                |                  |             |                       |
|--------|----------------------------|---------------------|------------------|-------------|-----------------------|
|        |                            | Balance<br>1/1/2018 | Additions        | Reductions  | Balance<br>12/31/2018 |
| 1410   | Land                       | \$ 241,689          | \$ -             | \$ -        | \$ 241,689            |
| 1410   | Land Improvements          | 31,470              | 4,025            | -           | 35,495                |
| 1420   | Buildings and Improvements | 1,823,695           | 9,591            | -           | 1,833,286             |
| 1460   | Furnishing and Equipment   | <u>106,436</u>      | <u>9,855</u>     | <u>-</u>    | <u>116,291</u>        |
|        | Totals                     | <u>\$ 2,203,290</u> | <u>\$ 23,471</u> | <u>\$ -</u> | <u>\$ 2,226,761</u>   |

  

| Assets |                            | Accumulated Depreciation |                  |             |                       |
|--------|----------------------------|--------------------------|------------------|-------------|-----------------------|
|        |                            | Balance<br>1/1/2018      | Additions        | Reductions  | Balance<br>12/31/2018 |
| 1495   | Land Improvements          | \$ 17,910                | \$ 1,649         | \$ -        | \$ 19,559             |
| 1495   | Buildings and Improvements | 916,296                  | 49,401           | -           | 965,697               |
| 1495   | Furnishings and Equipment  | <u>92,472</u>            | <u>7,557</u>     | <u>-</u>    | <u>100,029</u>        |
|        | Totals                     | <u>\$ 1,026,678</u>      | <u>\$ 58,607</u> | <u>\$ -</u> | <u>\$ 1,085,285</u>   |
|        | Net Property and Equipment |                          |                  |             | <u>\$ 1,176,612</u>   |

#### **NOTE 6 - Long-Term Debt**

Long-term debt consists of the following at December 31:

|   | 2018       | 2017       |
|---|------------|------------|
| <p>Mortgage note payable to WHEDA with monthly payments of \$8,565 including interest at 4.0%, due June 2022. The note is secured by the project's rental property. In connection with this loan, the project entered into a regulatory agreement with WHEDA which contains, among other things, requirements regarding the reserve for replacement account, eligibility of tenants, and restrictions on cash flow distributions.</p> | \$ 333,960 | \$ 421,477 |
| <p>Noninterest bearing WHEDA WRAP note payable requiring 50% of the project's annual surplus cash as defined in the agreement to be applied to the outstanding principal. The note is due June 2022.</p>  | 112,735    | 112,735    |

**CDA 95-1**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2018 and 2017

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**NOTE 6 - Long-Term Debt (cont.)**

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|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| City of Madison Urban Development Action Grant (UDAG) note payable with monthly payments of interest only at 5.00%. The loan agreement contains, among other things, requirements regarding eligibility of tenants and rent controls. The note is secured by the project's rental property and is subordinated to the project's notes payable to WHEDA. The note balance includes \$26,000 of accrued interest. In February 2019, the City of Madison extended the maturity date to June 2020. The project is required to continue making interest payments until the note is paid in full. | \$ 371,000        | \$ 371,000        |
| Four noninterest bearing Section 17 mortgage notes payable of varying amounts to the City of Madison due upon sale of the property or assignment of owner's investment in the rental property. The note is secured by the rental property and subordinated to the project's notes payable to WHEDA and UDAG.  | <u>85,000</u>     | <u>85,000</u>     |
| Totals  | 902,695           | 990,212           |
| Less: Current portion   | <u>(91,083)</u>   | <u>(87,517)</u>   |
| Long-Term Portion   | <u>\$ 811,612</u> | <u>\$ 902,695</u> |

Principal requirements on long-term debt for years ending after December 31, 2018 are as follows:

|                     |                   |
|---------------------|-------------------|
| 2019                | \$ 91,083         |
| 2020                | 465,794           |
| 2021                | 98,656            |
| 2022                | 162,162           |
| 2024 and thereafter | <u>85,000</u>     |
| Total               | <u>\$ 902,695</u> |

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**NOTE 7 - Cash Flow Restriction**

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Pursuant to the debt agreements described in Note 6, the project is prohibited from paying any distributions to the owner. At the end of each fiscal year, the project is required to deposit one-half of its surplus cash, as defined in the regulatory agreement, into the reserve for replacements. The balance of the surplus cash is applied to the outstanding balance of the WHEDA WRAP note payable described in Note 6.

## CDA 95-1

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### NOTE 8 - Management Fees

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Property management fees are incurred pursuant to a management agreement based on \$40 per unit per month, plus an amount equal to 5% of commercial rents and other income. The agreement is renewed annually and can be terminated by either party with a thirty-day notice.

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#### NOTE 9 - Functional Expenses

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The cost of providing program and supporting activities has been summarized on a functional basis in the table below. Expenses directly attributable to a specific functional activity of the project are reported as expenses of those functional activities. There are no indirect expenses that require allocation between activities.

Functional expenses for the year ended December 31, 2018:

|                         | <u>Program<br/>Activity</u>  | <u>Supporting<br/>Activity</u>    |                           |
|-------------------------|------------------------------|-----------------------------------|---------------------------|
|                         | <u>Rental<br/>Operations</u> | <u>Management<br/>and General</u> | <u>Total<br/>Expenses</u> |
| Salaries and wages      | \$ 54,937                    | \$ -                              | \$ 54,937                 |
| Employee benefits       | 13,717                       | -                                 | 13,717                    |
| Professional services   | -                            | 5,550                             | 5,550                     |
| Office expenses         | 1,494                        | -                                 | 1,494                     |
| Repairs and maintenance | 11,023                       | -                                 | 11,023                    |
| Contracts               | 20,694                       | -                                 | 20,694                    |
| Interest expense        | 32,516                       | -                                 | 32,516                    |
| Utilities               | 20,415                       | -                                 | 20,415                    |
| Depreciation            | 58,607                       | -                                 | 58,607                    |
| Taxes and insurance     | 5,310                        | 73                                | 5,383                     |
| Miscellaneous           | 3,059                        | -                                 | 3,059                     |
| Management fee          | -                            | 15,112                            | 15,112                    |
| Totals                  | <u>\$ 221,772</u>            | <u>\$ 20,735</u>                  | <u>\$ 242,507</u>         |

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#### NOTE 10 - Availability of Financial Assets

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The Project's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses and scheduled principal payments on debt are as follows as of December 31, 2018:

|                              |                 |
|------------------------------|-----------------|
| Cash and cash equivalents    | \$ 6,947        |
| Accounts receivable - tenant | <u>447</u>      |
| Totals                       | <u>\$ 7,394</u> |

As part of the Project's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Project is substantially supported by tenant rents and rental assistance payments, which are due at the beginning of each month.

## CDA 95-1

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

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#### **NOTE 11 - Concentrations, Commitments, & Contingencies**

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##### *Operating Environment*

The project's operations are concentrated in the multifamily real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by any of these authorities. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

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#### **NOTE 12 - Recent Accounting Pronouncements**

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In November 2016 the FASB issued Accounting Standards Update (ASU) No. 2016-18 "Restricted Cash", which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, and should be applied on a retrospective transition basis. Early adoption is permitted. The organization is currently evaluating the effect that ASU No. 2016-18 will have on its operations, financial position and cash flows.

In August 2016, the FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Subtopic 958): Presentation of Financial Statements of Not-for-Profit Entities." The project has adopted the provisions of this standard during the year ending December 31, 2018, with retrospective application for the year ending December 31, 2017. In addition to changes to terminology used to describe categories of net assets throughout the financial statements, the statement of cash flows reconciliation of change in net assets to operating activities was removed and there are new disclosures added related to the functional allocation of expenses (Note 9) and disclosures regarding the liquidity and availability of financial assets (Note 10). The adoption of ASU 2016-14 did not cause a reclassification or restatement of net assets balances or change in net assets. The Project opted not to disclose functional expenses or liquidity and availability information for December 31, 2017 as permitted under the ASU in the year of adoption.

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#### **NOTE 13 - Subsequent Events**

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The project has evaluated subsequent events occurring through February 20, 2019, the date that the financial statements were available to be issued for events requiring recording or disclosure in the project's financial statements.

In February 2019, the City of Madison extended the maturity date of the UDAG note payable to June 2020 as described in Note 6,

## **SUPPLEMENTAL INFORMATION**

## CDA 95-1

SUPPLEMENTAL INFORMATION  
As of and for the Year Ended December 31, 2018

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### DELINQUENT TENANTS' ACCOUNTS RECEIVABLE

|                         | <u>Number of<br/>Tenants</u> | <u>Amounts<br/>Past Due</u> |
|-------------------------|------------------------------|-----------------------------|
| Delinquent 1 - 30 days  | 7                            | \$ 300                      |
| Delinquent over 90 days | 1                            | <u>147</u>                  |
| Total                   |                              | <u>\$ 447</u>               |

### RESERVE FOR REPLACEMENTS

|                            |                   |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 169,383        |
| Required deposits          | 7,000             |
| Interest earned            | <u>3,958</u>      |
| Balance, December 31, 2018 | <u>\$ 180,341</u> |

### COMPUTATION OF SURPLUS CASH DISTRIBUTIONS

|   |           |                   |
|---|-----------|-------------------|
| Current Assets                              |           |                   |
| Cash and cash equivalents                   |           | \$ 6,947          |
| *MEMO - Tenant security deposits            | \$ 23,581 | <u>          </u> |
| Total Current Assets                        |           | <u>6,947</u>      |
| Current Liabilities                         |           |                   |
| Accounts payable, trade                     |           | 1,233             |
| Prepaid tenant rents                        |           | 3,103             |
| *MEMO - Tenant security deposits            | 23,246    | <u>          </u> |
| Total Current Liabilities                   |           | <u>4,336</u>      |
| Surplus Cash (Deficit) at December 31, 2018 |           | <u>\$ 2,611</u>   |

**ANNUAL SCHEDULE OF ASSETS for Multifamily Projects**

**Project Name: CDA 95-1**

Period Beginning: **1/1/18** thru: **12/31/18**

**Project Number: 007/001193**

|                            | Description of Account                      | ID | Account      | Amount    | Totals    |
|----------------------------|---|----|--------------|-----------|-----------|
| 1100<br>CURRENT<br>ASSETS  | Cash - Operations                           |    | 1120         | 6,947     |           |
|                            | Construction Cash                           |    | 1121         | -         |           |
|                            | Cash - Entity                               |    | 1125         | -         |           |
|                            | Tenant Accounts Receivable                  |    | 1130         | 447       |           |
|                            | Allowance for Doubtful Accounts (deduct)    |    | 1131         | -         |           |
|                            | Accounts Receivable - WHEDA                 |    | 1135         | -         |           |
|                            | Accounts and Notes Receivable - Operations  |    | 1140         | -         |           |
|                            | Accounts and Notes Receivable - Entity      |    | 1145         | -         |           |
|                            | Accounts Receivable - Interest              |    | 1160         | -         |           |
|                            | Interest Reduction Payment Receivable       |    | 1165         | -         |           |
|                            | Short Term Investments - Operations         |    | 1170         | -         |           |
|                            | Short Term Investments - Entity             |    | 1175         | -         |           |
|                            | Miscellaneous Current Assets                |    | 1190         | -         |           |
|                            | Insurance Escrow                            |    | 1312         | -         |           |
|                            | Real Estate or PILOT Escrow                 |    | 1311         | -         |           |
|                            | <b>TOTAL CURRENT ASSETS</b>                 |    | <b>1100T</b> |           | 7,394     |
| 1191                       | Tenant Security Deposits - RESTRICTED ASSET |    | 1191         |           | 23,581    |
| 1200 PREPAID<br>EXPENSES   | Miscellaneous Prepaid Expenses              |    | 1200         | -         |           |
|                            | <b>Total Prepaid Expenses</b>               |    |              |           | -         |
| 1300<br>FUNDED<br>RESERVES | Escrow Deposits                             |    | 1310         | -         |           |
|                            | Reserve for Replacements                    |    | 1320         | 180,341   |           |
|                            | Other Reserve                               |    | 1330         | -         |           |
|                            | Residual Receipts Reserve                   |    | 1340         | -         |           |
|                            | Management Improvement and Operating Plan   |    | 1381         | -         |           |
|                            | Development Cost Escrow (DCE)               |    | 1390         | -         |           |
|                            | FHA Insurance Reserve                       |    | 1392         | -         |           |
|                            | <b>Total Funded Reserves</b>                |    | <b>1300T</b> |           |           |
| 1400<br>FIXED<br>ASSETS    | Land  |    | 1410         | 277,184   |           |
|                            | Buildings                                   |    | 1420         | 1,833,286 |           |
|                            | Building Equipment (portable)               |    | 1440         | -         |           |
|                            | Furniture for Project/Tenant Use            |    | 1450         | -         |           |
|                            | Furnishings                                 |    | 1460         | 116,291   |           |
|                            | Office Furniture and Equipment              |    | 1465         | -         |           |
|                            | Maintenance Equipment                       |    | 1470         | -         |           |
|                            | Motor Vehicles                              |    | 1480         | -         |           |
|                            | Miscellaneous Fixed Assets                  |    | 1490         | -         |           |
|                            | <b>Gross Fixed Assets</b>                   |    | <b>1400T</b> |           | 2,226,761 |
| 1495<br>965697<br>ACCOUNTS | Accumulated Depreciation                    |    | 1495         | 1,085,285 |           |
|                            | Total Accumulated Depreciation              |    |              | 1,085,285 |           |
|                            | <b>Net Fixed Assets</b>                     |    | <b>1400N</b> |           | 1,141,476 |
| 1500<br>INVESTMENTS        | Investments - Operations                    |    | 1510         |           | -         |
|                            | Investments - Entity                        |    | 1515         |           | -         |
|                            | Intangible Assets                           |    | 1520         |           | -         |
|                            | Miscellaneous Other Assets                  |    | 1590         |           | -         |
|                            | <b>TOTAL OTHER ASSETS</b>                   |    | <b>1500T</b> |           | -         |
|                            | <b>TOTAL ASSETS</b>                         |    | <b>1000T</b> |           | 1,352,792 |



**ANNUAL SCHEDULE OF LIABILITIES AND EQUITY for Multifamily Projects**Project Name: **CDA 95-1**Period Beginning: **1/1/18** thru: **12/31/18**Project Number: **007/001193**

|  | Description of Account  | Account      | Amount  | Totals    |
|--|---|--------------|---------|-----------|
| 2100<br>CURRENT<br>LIABILITIES                     | Bank Overdraft - Operations                                   | 2105         | -       |           |
|  | Accounts Payable - 30 Days                                    | 2109         | -       |           |
|  | Accounts Payable - Operations                                 | 2110         | 1,233   |           |
|  | Accounts Payable - Construction/Development                   | 2111         | -       |           |
|  | Accounts Payable - Project Improvements Items                 | 2112         | -       |           |
|  | Accounts Payable - Entity                                     | 2113         | -       |           |
|  | Accounts Payable - 236 Excess Income Due HUD                  | 2115         | -       |           |
|  | Accounts Payable - WHEDA/HUD                                  | 2116         | -       |           |
|  | Accrued Wages Payable   | 2120         | -       |           |
|  | Accrued Payroll Taxes Payable                                 | 2121         | -       |           |
|  | Accrued Management Fee Payable                                | 2123         | -       |           |
|  | Accrued Interest Payable - Section 236                        | 2130         | -       |           |
|  | Accrued Interest Payable - First Mortgage                     | 2131         | -       |           |
|  | Accrued Interest Payable - Second Mortgage                    | 2132         | -       |           |
|  | Accrued Interest Payable - Other Loans & Notes (Surplus Cash) | 2133         | -       |           |
|  | Accrued Interest Payable - Other Loans and Notes              | 2134         | -       |           |
|  | Accrued Interest Payable - Flexible Subsidy Loan              | 2135         | -       |           |
|  | Accrued Interest Payable - Capital Improvement Loan           | 2136         | -       |           |
|  | Accrued Interest Payable - Operating Loss Loan                | 2137         | -       |           |
|  | Accrued Real Estate and Property Tax Payable                  | 2150         | -       |           |
|  | Short Term Notes Payable                                      | 2160         | -       |           |
|  | Mortgage Payable - First Mortgage (Short Term)                | 2170         | 91,083  |           |
|  | Mortgage Payable - Second Mortgage (Short Term)               | 2172         | -       |           |
|  | Other Loans and Notes Payable, Surplus Cash (Short Term)      | 2173         | -       |           |
| Other Loans and Notes (Short Term)                 | 2174  | -            |         |           |
| Flexible Subsidy Loan Payable (Short Term)         | 2175  | -            |         |           |
| Capital Improvement Loan Payable (Short Term)      | 2176  | -            |         |           |
| Operating Loss Loan Payable (Short Term)           | 2177  | -            |         |           |
| Utility Allowances                                 | 2180  | -            |         |           |
| Miscellaneous Current Liabilities/Preservation Fee | 2190  | -            |         |           |
|  | <b>TOTAL CURRENT LIABILITIES</b>                              |              |         | 92,316    |
| 2191   | Tenant Security Deposits - CONTRA ASSET                       | 2191         |         | 23,246    |
| 2200 PREPAID<br>REVENUES                           | Prepaid Revenue   | 2210         |         | 3,103     |
|  | <b>Total Current Liabilities</b>                              | <b>2122T</b> |         | 118,665   |
| 2300   | Notes Payable - Long Term                                     | 2310         | 568,735 |           |
|  | Notes Payable - Surplus Cash                                  | 2311         | -       |           |
|  | Mortgage Payable - First Mortgage                             | 2320         | 242,877 |           |
|  | Mortgage Payable - Second Mortgage                            | 2322         | -       |           |
|  | Other Loans and Notes Payable - Surplus Cash                  | 2323         | -       |           |
|  | Other Loans and Notes Payable                                 | 2324         | -       |           |
|  | Flexible Subsidy Loan Payable                                 | 2325         | -       |           |
|  | Capital Improvement Loan Payable                              | 2326         | -       |           |
|  | Operating Loss Loan Payable                                   | 2327         | -       |           |
|  | Miscellaneous Long Term Liabilities                           | 2390         | -       |           |
|  | <b>Total Long Term Liabilities</b>                            | <b>2000T</b> |         | 811,612   |
|  | <b>TOTAL LIABILITIES</b>                                      | <b>2000T</b> |         | 930,277   |
| 3033 TOTAL<br>EQUITY                               | Total Net Assets  | 3130         | 422,515 |           |
|  | <b>TOTAL LIABILITIES AND NET ASSETS</b>                       | <b>2033T</b> |         | 1,352,792 |

**SCHEDULE OF PROFIT AND LOSS for Multifamily Projects**

**Project Name: CDA 95-1 Project Number: 007/001193**

**Period Beginning: 1/1/18 thru 12/31/18 Year: 2018**

|                              | Description of Account                                  | Acct. No.    | Amount  | Totals  |
|------------------------------|---|--------------|---------|---------|
| 5100<br>RENTAL<br>REVENUE    | Rent Revenue - Gross Potential                          | 5120         | 304,695 |         |
|                              | Tenant Assistance Payments                              | 5121         | -       |         |
|                              | Rent Revenue - Commercial/Stores @ 100%                 | 5140         | -       |         |
|                              | Rent Revenue - Garage/Parking @ 100%                    | 5170         | -       |         |
|                              | Flexible Subsidy Revenue                                | 5180         | -       |         |
|                              | Miscellaneous Rent Revenue                              | 5190         | -       |         |
|                              | Excess Rent   | 5191         | -       |         |
|                              | Rent Revenue/Insurance                                  | 5192         | -       |         |
|                              | Special Claims Revenue                                  | 5193         | -       |         |
|                              | Retained Excess Income                                  | 5194         | -       |         |
|                              | <b>Total Revenue Potential</b>                          | <b>5100T</b> |         | 304,695 |
| 5200<br>VACANCIES            | Apartment Vacancies                                     | 5220         | 4,415   |         |
|                              | Stores/Commercial Vacancies or Concessions              | 5240         | -       |         |
|                              | Rental Concessions                                      | 5250         | -       |         |
|                              | Garage/Parking Vacancies or Concessions                 | 5270         | -       |         |
|                              | Miscellaneous   | 5290         | -       |         |
|                              | <b>Total Vacancies or Concessions</b>                   | <b>5200T</b> |         |         |
|                              | <b>Net Rental Revenue (Rent Revenue less Vacancies)</b> | <b>5152N</b> |         | 300,280 |
| 5300                         | Total Service Income                                    | 5300         |         | -       |
| 5400<br>FINANCIAL<br>REVENUE | Financial Revenue - Project Operations                  | 5410         | 161     |         |
|                              | Revenue from Investments - Residual Receipts            | 5430         | -       |         |
|                              | Revenue from Investments - Replacement Reserve          | 5440         | 3,958   |         |
|                              | Revenue from Investments - Miscellaneous                | 5490         | -       |         |
|                              | <b>Total Financial Revenue</b>                          | <b>5400T</b> |         | 4,119   |
| 5900<br>MISC.<br>REVENUE     | Laundry/Vending Income (Net)                            | 5910         | 4,190   |         |
|                              | Tenant Charges  | 5920         | 400     |         |
|                              | Miscellaneous Revenue                                   | 5990         | 58      |         |
|                              | <b>Total Miscellaneous Revenue</b>                      | <b>5900T</b> |         | 4,648   |
|                              | <b>Total Revenue</b>                                    | <b>5000T</b> |         | 309,047 |
| 6200<br>RENT<br>EXPENSE      | Conventions and Meetings                                | 6203         | 256     |         |
|                              | Management Consultants                                  | 6204         | -       |         |
|                              | Advertising/Marketing Expense                           | 6210         | 186     |         |
|                              | Other Rent Expense                                      | 6250         | 285     |         |
|                              | <b>Total Rent Expense</b>                               |              | 727     |         |
| 6300<br>ADMIN.<br>EXPENSES   | Office Salaries   | 6310         | -       |         |
|                              | Office Expenses   | 6311         | 1,494   |         |
|                              | Office or Model Apartment Rent                          | 6312         | -       |         |
|                              | Management Fee - Residential Rents                      | 6320         | 15,112  |         |
|                              | Management Fee - Commercial Rents                       | 6321         | -       |         |
|                              | Management Fee - Miscellaneous Income                   | 6322         | -       |         |
|                              | Manager/Superintendent Salaries                         | 6330         | 26,860  |         |
|                              | Administrative Rent-free Unit                           | 6331         | -       |         |
|                              | Legal Expense - project only                            | 6340         | -       |         |
|                              | Audit Expense - project only                            | 6350         | 5,550   |         |
|                              | Bookkeeping Fees/Accounting Services                    | 6351         | -       |         |
|                              | Bad Debt Expense  | 6370         | -       |         |
|                              | Miscellaneous Administrative Expense                    | 6390         | 1,017   |         |
|                              | <b>Total Administrative Expense</b>                     |              | 50,033  |         |
| 6200 + 6300                  | <b>Total Rent &amp; Administrative Expense</b>          | <b>6263T</b> |         | 50,760  |
| 6400<br>UTILITIES<br>EXPENSE | Fuel Oil  | 6420         | -       |         |
|                              | Electricity   | 6450         | 6,243   |         |
|                              | Water   | 6451         | 10,261  |         |
|                              | Gas   | 6452         | 3,911   |         |
|                              | Sewer   | 6453         | -       |         |
|                              | <b>Total Utilities Expense</b>                          | <b>6400T</b> |         | 20,415  |

\* Misc Admin \$158, Social Activities - \$525, Security Deposit Interest - \$334

|   | Description of Account                                  | Acct. No.                    | Amount      | Totals        |        |
|---|---|------------------------------|-------------|---------------|--------|
| 6500<br>OPERATING &<br>MAINTENANCE<br>EXPENSE   | Payroll   | 6510                         | 41,794      |               |        |
|   | Supplies  | 6515                         | 6,147       |               |        |
|   | Contracts   | 6520                         | 12,559      |               |        |
|   | Operating and Maintenance Rent Free Unit                | 6521                         | -           |               |        |
|   | Garbage & Trash Removal                                 | 6525                         | 3,667       |               |        |
|   | Security Payroll/Contract (incl. taxes and benefits)    | 6530                         | -           |               |        |
|   | Security Rent Free Unit                                 | 6531                         | -           |               |        |
|   | Heating/Cooling Repairs & Maintenance                   | 6546                         | 860         |               |        |
|   | Snow Removal  | 6548                         | 8,719       |               |        |
|   | Vehicle/Maintenance Equipment Operation & Repairs       | 6570                         | 369         |               |        |
|   | Misc. Operating & Maintenance Expense                   | 6590                         | 711         | **            |        |
|   | <b>Total Operating &amp; Maintenance Expense</b>        | <b>6500T</b>                 |             |               | 74,826 |
|   | 6900  | <b>Total Service Expense</b> | <b>6900</b> |               | -      |
| 6700<br>TAXES AND<br>INSURANCE                  | Real Estate & Personal Property Taxes                   | 6710                         | -           |               |        |
|   | Payroll Taxes (Project's Share)                         | 6711                         | -           |               |        |
|   | Property & Liability Insurance (Hazard)                 | 6720                         | 5,310       |               |        |
|   | Fidelity Bond Insurance                                 | 6721                         | 73          |               |        |
|   | Workmen's Compensation                                  | 6722                         | -           |               |        |
|   | Health Insurance and Other Employee Benefits            | 6723                         | -           |               |        |
|   | Miscellaneous Taxes, Licenses, Permits and Insurance    | 6790                         | -           |               |        |
|   | <b>Total Taxes and Insurance</b>                        | <b>6700T</b>                 |             |               | 5,383  |
| 3220  | Replacement Reserve Deposits as Required by WHEDA       | 3220                         |             | 7,000         |        |
|   | <b>Total Operating Expenses</b>                         |                              |             | 151,384       |        |
|   | Net Operating Income (NOI)                              |                              |             | 157,663       |        |
| 6800<br>FINANCIAL<br>EXPENSE                    | Interest on Mortgage Payable                            | 6820                         | 15,266      |               |        |
|   | Interest on Notes Payable (Long Term)                   | 6830                         | 17,250      |               |        |
|   | Interest on Notes Payable (Short Term)                  | 6840                         | -           |               |        |
|   | Mortgage Insurance Premium/Service Charge               | 6850                         | -           |               |        |
|   | Miscellaneous Financial Expense/Preservation Fee        | 6890                         | -           |               |        |
|   | <b>Total Financial Expense</b>                          | <b>6800T</b>                 |             |               | 32,516 |
|   | <b>Total Expenses of Operations Before Depreciation</b> | <b>6000T</b>                 |             | 183,900       |        |
|   | <b>Profit or (Loss) Before Depreciation</b>             | <b>5060T</b>                 |             | 125,147       |        |
| 6600  | Depreciation Expense (Total)                            | 6601                         |             | 58,607        |        |
|   | Amortization Expense                                    | 6610                         |             | -             |        |
|   | Operating Profit or Loss                                | 5060N                        |             | 66,540        |        |
| 7100<br>CORPORATE<br>OR<br>MORTGAGOR<br>EXPENSE | Officer's Salaries                                      | 7110                         | -           |               |        |
|   | Legal Expense   | 7120                         | -           |               |        |
|   | Federal, State and Other Income Taxes                   | 7130                         | -           |               |        |
|   | Interest Income   | 7140                         | -           |               |        |
|   | Interest on Notes Payable                               | 7141                         | -           |               |        |
|   | Interest on Mortgage Payable                            | 7142                         | -           |               |        |
|   | Other Expense   | 7190                         | -           |               |        |
|   | <b>Net Entity Expenses</b>                              | <b>7100T</b>                 |             |               | -      |
|   | <b>NET PROFIT OF (LOSS)</b>                             | <b>3247</b>                  |             | <b>66,540</b> |        |

|           |   |      |  |        |
|-----------|---|------|--|--------|
| TOTAL     | WHEDA First Mortgage  | 9910 |  | 87,517 |
| PRINCIPAL | Second Mortgage   | 9911 |  | -      |
| PAYMENTS  | Other Mortgage(s)   | 9912 |  | -      |
|           | Reserve releases to reimburse items expensed on this schedule                   | 9920 |  | -      |
|           | Capital expenditures paid from project operations and expensed on this schedule | 9930 |  | -      |

\*\* Travel and Lodging - \$711

**CDA 95-1**

**MANAGING AGENT'S CERTIFICATION**  
December 31, 2018

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We hereby certify that we have examined the foregoing financial statements and supplemental information of CDA 95-1 and, to the best of our knowledge and belief, the same are complete and accurate.

**MERIDIAN GROUP, INC.**

\_\_\_\_\_  
Kurt Wolff, Treasurer  
Meridian Group, Inc.

\_\_\_\_\_  
Date

Managing Agent's Employer Identification  
Number: 39-1619028

**CDA 95-1**

**MORTGAGOR'S CERTIFICATION**  
December 31, 2018

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We hereby certify that we have examined the foregoing financial statements and supplemental information of CDA 95-1 and, to the best of our knowledge and belief, the same are complete and accurate. In addition, we certify that no condition or event occurred which constitutes a default on the Partnership's mortgages.

**COMMUNITY DEVELOPMENT AUTHORITY  
OWNER**

\_\_\_\_\_  
Natalie Erdman, Executive Director

\_\_\_\_\_  
Date