

Truax Park Redevelopment, Phase I, LLC

Financial Report

December 31, 2022

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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note A to the financial statements, in 2022, the entity adopted new accounting guidance as required by the provisions of FASB Accounting Standards Updates. Our opinion is not modified with respect to this matter.

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, 2023

Lead auditor: Lynn C. Heslinga, CPA
SVA Certified Public Accountants, S.C.
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TRUAX PARK REDEVELOPMENT, PHASE I, LLC

BALANCE SHEETS

December 31, 2022 and 2021

	2022	2021
ASSETS		
Restricted cash	\$ 830,601	\$ 816,876
Accounts receivable, tenants	5,562	3,527
Accounts receivable, related party	235,979	187,852
Accounts receivable, other	9,000	0
Prepaid expenses	29,830	22,249
Rental property, net	7,845,960	8,723,493
Tax credit fees, net	31,896	42,528
TOTAL ASSETS	\$ 8,988,828	\$ 9,796,525
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Mortgage notes payable	\$ 3,158,390	\$ 3,219,202
Development completion guaranty loan	112,586	112,586
Deferred revenue	389,373	414,767
Development fee payable	58,735	58,735
Accounts payable	130,733	55,038
Accrued interest	1,502,021	1,353,753
Accrued expenses	146,356	138,620
Tenants' security deposits payable	24,868	25,115
Prepaid rents	12,290	6,285
Total liabilities	5,535,352	5,384,101
MEMBERS' EQUITY	3,453,476	4,412,424
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 8,988,828	\$ 9,796,525

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

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Rental income	\$ 475,987	\$ 449,718
Operating subsidies	243,017	222,125
Vacancies and concessions	(29,503)	(5,233)
Other revenue	21,761	14,053
	<u>711,262</u>	<u>680,663</u>
Total revenues	711,262	680,663
Rental expenses:		
Rent and administrative	109,758	111,915
Utilities	98,739	90,454
Operating and maintenance	288,668	227,081
Taxes and insurance	127,639	106,918
	<u>624,804</u>	<u>536,368</u>
Total rental expenses	624,804	536,368
Net rental income	86,458	144,295
Financial income (expense):		
Interest income	1,334	132
Interest expense	(163,722)	(160,833)
	<u>(162,388)</u>	<u>(160,701)</u>
Total financial income (expense)	(162,388)	(160,701)
Loss before other income (expenses)	(75,930)	(16,406)
Other income (expenses):		
Amortization of deferred revenue	25,394	25,394
Gain on involuntary conversion	141,314	0
Depreciation	(490,022)	(442,132)
Amortization	(10,632)	(10,632)
Asset management fee	(9,828)	(9,542)
	<u>(343,774)</u>	<u>(436,912)</u>
Total other income (expenses)	(343,774)	(436,912)
Net loss	<u>\$ (419,704)</u>	<u>\$ (453,318)</u>

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, 2022 and 2021

	Managing member	Investor member - MS Shared Investment Fund I, LLC	Investor member - NEF Assignment Corporation	Total
Balances, December 31, 2020	\$ (412)	\$ 437,219	\$ 4,428,935	\$ 4,865,742
Net loss	<u>(45)</u>	<u>(40,935)</u>	<u>(412,338)</u>	<u>(453,318)</u>
Balances, December 31, 2021	(457)	396,284	4,016,597	4,412,424
Cumulative effect of change in accounting principle - see Note A	(54)	(48,694)	(490,496)	(539,244)
Net loss	<u>(42)</u>	<u>(37,899)</u>	<u>(381,763)</u>	<u>(419,704)</u>
Balances, December 31, 2022	<u>\$ (553)</u>	<u>\$ 309,691</u>	<u>\$ 3,144,338</u>	<u>\$ 3,453,476</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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (419,704)	\$ (453,318)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	490,022	442,132
Amortization	10,632	10,632
Amortization of deferred revenue	(25,394)	(25,394)
Gain on involuntary conversion	(141,314)	0
Increase (decrease) in cash due to changes in:		
Accounts receivable, tenants	(2,035)	(641)
Accounts receivable, related party	(48,127)	(30,927)
Accounts receivable, other	(9,000)	0
Prepaid expenses	(7,581)	(11,268)
Accounts payable	75,695	26,212
Accrued interest	148,268	143,874
Accrued expenses	7,736	10,371
Tenants' security deposits payable	(247)	185
Prepaid rents	6,005	1,997
Net cash provided by operating activities	84,956	113,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of rental property	(286,106)	0
Insurance proceeds from involuntary conversion	275,687	0
Net cash provided by (used in) investing activities	(10,419)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage notes payable	(60,812)	(59,041)
Change in cash, cash equivalents, and restricted cash	13,725	54,814
Cash, cash equivalents, and restricted cash:		
Beginning	816,876	762,062
Ending	\$ 830,601	\$ 816,876
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO BALANCE SHEET		
Cash and cash equivalents	\$ 0	\$ 0
Restricted cash	830,601	816,876
Total cash, cash equivalents, and restricted cash	\$ 830,601	\$ 816,876
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 15,454	\$ 16,959

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

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022

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 bad debts. The use of this method has no material effect on the financial statements. Accounts receivable are written off when management determines an account is uncollectible.

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 nonlease 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 nonlease 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, 2022 and 2021, 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, 2022, the average remaining term of the company's residential leases is less than 12 months.

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

	<u>2022</u>
Fixed operating lease revenue from apartment rentals, net of vacancies and concessions	\$ 446,484
Variable operating lease revenue included in other revenue	<u>4,813</u>
Total lease income	<u>\$ 451,297</u>

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

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

	<u>2022</u>
Cash received from operating leases	
Operating cash flows from operating leases	\$ 455,267

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

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.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

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). 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.

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.

Adoption of New Accounting Standard – Government Assistance

In November 2021, FASB issued Accounting Standards Update (ASU) No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which provides more transparency of government assistance including disclosure of the types of assistance, an entity's accounting for the assistance, and the effect of the assistance on an entity's financial statements.

The organization was required to adopt this new accounting standard during its fiscal year ended December 31, 2022. The entity has elected to apply the amendments retrospectively to all periods presented. The adoption of this new standard did not have a material impact on the entity's financial statements.

Adoption of New Accounting Standard - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

The company adopted the standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022, (the beginning of the period of adoption), through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The company elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the company recognized on January 1, 2022 a right-of-use asset at the carrying amount of the finance lease asset of \$1,846,000. Additionally, the right-of-use asset is being amortized over the useful life of the asset; previously, it was being amortized over the life of the lease term which was 98 years. Adoption of this new standard resulted in a cumulative effect of change in accounting principle of \$539,244 as of January 1, 2022 due to the change in the amortization period.

The standard had a material impact on the company's balance sheet (refer to the cumulative effect of change in accounting principle above) but did not have a material impact on the statement of operations or statement of cash flows. As a lessor, the adoption of the new standard did not have a material impact and did not change the accounting for operating leases.

Subsequent events

These financial statements have not been updated for subsequent events occurring after February 28, 2023, 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>2022</u>	<u>2021</u>
Operating and ACC reserve	\$ <u>830,601</u>	\$ <u>816,876</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.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE B -- Restricted cash (Continued)

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>2022</u>	<u>2021</u>
Balance, beginning	\$ 816,876	\$ 762,062
Annual deposits – replacement reserve	28,625	27,792
Additional deposits – replacement reserve	0	26,982
Interest earned	106	40
Withdrawals	<u>(15,006)</u>	<u>0</u>
Balance ending	<u>\$ 830,601</u>	<u>\$ 816,876</u>

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 \$247,494 and \$233,875 as of December 31, 2022 and 2021, respectively. The required deposits for the replacement reserve for 2022 were made during 2022 totaling \$28,625 to the same bank account that holds the operating and ACC reserves. There was a withdrawal of \$15,006 from the replacement reserve during the year. See disclosure on operating reserve above.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE C -- Rental property, net

Rental property, net is comprised of the following:

	<u>2022</u>	<u>2021</u>
Land and buildings under finance lease	\$ 1,846,000	\$ 1,846,000
Land improvements	191,117	191,117
Buildings and improvements	11,392,714	11,325,047
Furnishings and equipment	<u>240,052</u>	<u>240,052</u>
	13,669,883	13,602,216
Less accumulated depreciation	<u>5,823,923</u>	<u>4,878,723</u>
	<u>\$ 7,845,960</u>	<u>\$ 8,723,493</u>

NOTE D -- Mortgage notes payable

Mortgage notes payable consists of the following:

	<u>2022</u>	<u>2021</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 \$1,130,192 and \$1,015,723 as of December 31, 2022 and 2021, respectively; interest expense totaled \$114,469 and \$110,067 for the years ended December 31, 2022 and 2021, 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 \$2,339 and \$1,539 as of December 31, 2022 and 2021, respectively; interest expense totaled \$16,254 and \$16,089 for the years ended December 31, 2022 and 2021, respectively.	<u>445,448</u>	<u>506,260</u>
Balance carried forward	2,291,448	2,352,260

TRUAX PARK REDEVELOPMENT, PHASE I, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE D -- Mortgage notes payable (Continued)

	<u>2022</u>	<u>2021</u>
Balance brought forward	\$ 2,291,448	\$ 2,352,260
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 \$184,270 and \$169,949 as of December 31, 2022 and 2021, respectively; interest expense totaled \$14,321 and \$16,000 for the years ended December 31, 2022 and 2021, respectively.	400,000	400,000
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 \$185,220 and \$166,542 as of December 31, 2022 and 2021, respectively; interest expense totaled \$18,678 and \$18,677 for the years ended December 31, 2022 and 2021, respectively.	<u>466,942</u>	<u>466,942</u>
	<u>\$ 3,158,390</u>	<u>\$ 3,219,202</u>

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE D -- Mortgage notes payable (Continued)

Repayment of principal on the mortgage notes payable as of December 31, 2022, is as follows:

Year ending December 31,

2023	\$ 62,385
2024	64,283
2025	66,238
2026	252,542
2027	0
Thereafter	<u>2,712,942</u>
	<u>\$ 3,158,390</u>

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 \$816,715 and \$210,344 as of December 31, 2022 and 2021, 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, 2022:

Finance lease cost:

Amortization of right of use assets \$ 67,127

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022.

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 \$837 and \$2,660 as of December 31, 2022 and 2021, respectively.

Accounts payable

Included in accounts payable are amounts due to the City of Madison, an affiliate of the managing member, for project funds paid by the City of Madison on behalf of the project totaling \$18,993 and \$25,405 as of December 31, 2022 and 2021, 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 \$243,017 and \$222,125 were earned during the years ended December 31, 2022 and 2021, respectively. Included in accounts receivable, related party are operating subsidies receivable of \$235,142 and \$185,192 as of December 31, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE G -- Related-party transactions (Continued)

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 \$22,324 and \$22,224 for the years ended December 31, 2022 and 2021, respectively.

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 \$93,994 and \$84,167 as of December 31, 2022 and 2021, respectively. Asset management fees incurred totaled \$9,828 and \$9,542 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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.

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 conversion

In June 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.

SUPPLEMENTARY INFORMATION

TRUAX PARK REDEVELOPMENT, PHASE I, LLC
SUPPLEMENTAL INFORMATION REQUIRED BY INVESTOR MEMBER
Years ended December 31, 2022 and 2021

SCHEDULES OF PROJECT OPERATING EXPENSES

	2022	2021
RENT AND ADMINISTRATIVE		
Office salaries	\$ 63,746	\$ 66,793
Office expense	8,250	9,881
Property management fees	22,324	22,224
Professional fees - audit	9,695	8,905
Bad debt expense	69	0
Miscellaneous rent and administrative	5,674	4,112
TOTAL RENT AND ADMINISTRATIVE	<u>\$ 109,758</u>	<u>\$ 111,915</u>
UTILITIES		
Electric	\$ 17,810	\$ 15,377
Water	30,583	32,557
Gas	24,396	17,347
Sewer	25,950	25,173
TOTAL UTILITIES	<u>\$ 98,739</u>	<u>\$ 90,454</u>
OPERATING AND MAINTENANCE		
Payroll	\$ 88,984	\$ 84,994
Supplies	37,208	25,115
Contracts	104,164	47,551
Garbage and trash removal	15,474	22,860
Security services	24,496	18,889
Snow removal	263	1,149
Vehicle/maintenance equipment repairs	18,032	26,476
Miscellaneous operating and maintenance	47	47
TOTAL OPERATING AND MAINTENANCE	<u>\$ 288,668</u>	<u>\$ 227,081</u>
TAXES AND INSURANCE		
Real estate taxes	\$ 41,284	\$ 40,718
Payroll taxes	11,107	11,203
Property and liability insurance	29,327	11,940
Health insurance and other employee benefits	45,921	43,057
TOTAL TAXES AND INSURANCE	<u>\$ 127,639</u>	<u>\$ 106,918</u>

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495

SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA

December 31, 2022

ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM REGULAR TENANTS)

Accounts receivable, related party - CDA	\$ 837
Accounts receivable, ACC subsidy, related party	235,142
Accounts receivable, other	<u>9,000</u>
	<u>\$ 244,979</u>

DELINQUENT TENANTS' ACCOUNTS RECEIVABLE

	<u>Number of tenants</u>	<u>Amount past due</u>
Delinquent 30 days	6	\$ 1,528
Delinquent 31 to 60 days	3	651
Delinquent 61 to 90 days	5	1,632
Delinquent over 90 days	4	<u>1,751</u>
		<u>\$ 5,562</u>

DISTRIBUTIONS

None.

PARTNERSHIP CASH AND RESERVE FUNDS NOT HELD BY WHEDA

	<u>Operating & ACC reserve</u>
Balance, beginning	\$ 816,876
Deposits	28,625
Withdrawals	(15,006)
Interest earned	<u>106</u>
Balance, ending	<u>\$ 830,601</u>

TRUAX PARK REDEVELOPMENT, PHASE I, LLC
 WHEDA Project No. 5495
 SUPPLEMENTAL INFORMATION REQUIRED BY WHEDA (Continued)
 December 31, 2022

RELATED PARTY TRANSACTIONS

Development fee		
Beginning balance	\$	58,735
Payments		<u>0</u>
Ending balance	\$	<u>58,735</u>
Asset management fee		
Beginning accrual	\$	84,167
Current year expense		9,828
Fee paid		<u>0</u>
Ending accrual	\$	<u>93,994</u>
Property management fee		
Beginning accrual	\$	0
Current year expense		22,324
Fee paid		<u>(22,324)</u>
Ending accrual	\$	<u>0</u>

COMPUTATION OF SURPLUS CASH

CURRENT ASSETS

Accounts receivable, related party		\$	235,979
Accounts receivable, other			9,000
MEMO - Tenants' security deposits	\$	0	<u></u>
Total current assets			244,979

CURRENT LIABILITIES

MEMO - Tenants' security deposits	\$	24,868	
Accounts payable			130,733
Accrued interest			2,339
Accrued expenses			52,362
Underfunded tenants' security deposits			24,868
Prepaid rents			<u>12,290</u>
Total current liabilities			<u>222,592</u>

SURPLUS CASH	\$	<u>22,387</u>
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STANDARDIZED FINANCIAL TEMPLATE

Main Information

Field Name	Value
Property Info	
Property Name	Truax Park Redevelopment, Phase I, LLC
Project Number	5495
HFA Number	51962
Balance Sheet Date of Statement:	12/31/2022
P&L Statement Period:	01/01/2022 - 12/31/2022



BALANCE SHEET

5495 Truax Park Redevelopment, Phase I, LLC

Date of Statement:

12/31/2022

	Account ID	Agency Label	Amount	Comment
1100 CURRENT ASSETS	1120.01	Cash - Operations	\$	-
	1121.01	Construction Cash Account		
	1125.11	Cash - Entity		
	1130.01	Tenant Accounts Receivable	\$	5,562
	1130.02	Allowance for Doubtful Accounts (enter a negative amount)		
	1140.01	Accounts and Notes Receivable-Operations	\$	244,979
	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	\$	-
	1100	Total Current Assets	\$	250,541
1200 PREPAID EXPENSES	1210.01	Misc Prepaid Expenses	\$	29,830
	1200	Total Prepaid Expenses	\$	29,830
1300 FUNDED RESERVES	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	\$	830,601 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		
	1300	Total Funded Reserves	\$	830,601
1400 FIXED ASSETS	1410.01	Land	\$	1,846,000
	1420.01	Building	\$	11,392,714
	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	\$	191,117 Land Improvements
	1490.11	Accumulated Depreciation (enter a negative amount)	\$	(5,823,923)
	1400	Total Fixed Assets	\$	7,845,960
1500 INVESTMENTS	1510.01	Investments-Operations		
	1515.01	Investments-Entity		
	1530.01	Intangible Assets	\$	31,896 Tax Credit Fees - Net of Amortization
	1500	Total Investment Long-term	\$	31,896
1900 MISC ASSETS	1910.01	Misc Other Assets		
	1900	Total Other Assets	\$	-
TOTAL ASSETS			\$	8,988,828



BALANCE SHEET

5495 Truax Park Redevelopment, Phase I, LLC

Date of Statement:

12/31/2022

Account ID	Agency Label	Amount	Comment
2100 CURRENT LIABILITIES	2105.01 Bank Overdraft-Operations		
	2110.01 Accounts Payable-Operations	\$ 130,733	
	2110.11 Accounts Payable-Construction/Development		
	2110.91 Accounts Payable-30 Days		
	2112.01 Accounts Payable-Project Improvements Items		
	2113.01 Accounts Payable-Entity	\$ 152,729	
	2115.11 Accounts Payable-236 Excess Income Due HUD		
	2115.21 Accounts Payable-WHEDA/HUD		
	2120.01 Accrued Wages Payable	\$ 5,895	
	2120.11 Accrued Payroll Taxes Payable	\$ 2,862	
	2120.31 Accrued Management Fee Payable	\$ -	
	2130.01 Accrued Interest Payable-First Mortgage	\$ 2,339	
	2130.31 Accrued Interest Payable-Second Mortgage		
	2130.41 Accrued Interest Payable-Section 236		
	2131.11 Accrued Interest Payable-Other Loans (Surp Cash)	\$ 1,499,682	
	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)	\$ 62,385	
	2170.31 Mortgage Payable-Second Mortgage (Short Term)		
	2180.01 Utility Allowances		
	2190.01 Misc Current Liabilities/Preservation Fee	\$ 68,999	
	2191.01 Tenant Security Deposits	\$ 24,868	
	2210.01 Prepaid Revenue	\$ 12,290	
	2100 Current Liabilities	\$ 1,962,782	
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	\$ 383,063	
	2320.31 Mortgage Payable-Second Mortgage	\$ -	
	2390.01 Misc Long Term Liabilities	\$ 476,565	
	2300 Long-Term Liabilities	\$ 3,572,570	
	TOTAL LIABILITIES	\$ 5,535,352	
	3110.11 Total Equity/Retained Earnings	\$ 3,453,476	
	TOTAL EQUITY	\$ 3,453,476	
	TOTAL LIABILITIES & EQUITY	\$ 8,988,828	



PROFIT & LOSS STATEMENT

5495 Truax Park Redevelopment, Phase I, LLC

Statement Period:

01/01/2022 - 12/31/2022

	Account ID	Agency Label	Amount	Comment
5100 RENT REVENUE	5120.11	Rent Revenue-Gross Potential	\$ 475,987	
	5120.21	Tenant Assistance Payments	\$ 243,017	
	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		
	5100	Rent Revenue	\$ 719,004	
5200 VACANCY	5220.01	Apartment Vacancies (enter a negative number)	\$ (29,503)	
	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)		
	5200	Vacancy	\$ (29,503)	
5300 ELDERLY SERVICE REVENUE	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		
	5300	Elderly Service Revenue	\$ -	
5400 FINANCIAL REVENUE	5410.01	Financial Revenue-Project Operations	\$ 1,334	
	5430.01	Revenue from Investments-Residual Receipts		
	5440.01	Revenue from Investments-Replacement Reserve	\$ -	
	5490.01	Revenue from Investments-Miscellaneous	\$ -	
	5400	Financial Revenue	\$ 1,334	
5900 OTHER REVENUE	5910.01	Laundry/Vending Income (Net)	\$ -	
	5920.01	Tenant Charges	\$ 4,813	
	5990.01	Miscellaneous Revenue	183,656	
	5900	Other Revenue	\$ 188,469	
	5000	REVENUE	\$ 879,304	
6200-6300 RENT/ADMIN EXPENSES	6210.01	Advertising/Marketing Expense	\$ -	
	6250.01	Other Rent Expense	\$ -	
	6310.01	Office Salaries	\$ 63,746	
	6311.01	Office Expenses	\$ 8,250	
	6311.21	Office or Model Apartment Rent		
	6320.01	Management Fees All	\$ 22,324	
	6330.11	Manager/Superintendent Salaries		
	6330.21	Administrative Rent-Free Unit	\$ -	
	6340.01	Legal Expense-Project Only	\$ -	
	6350.01	Audit Expense - Project Only	\$ 9,695	
	6351.01	Bookkeeping Fees/Accounting Services	\$ -	
	6370.01	Bad Debt Expense	\$ 69	
	6390.01	Misc Administrative Expenses	\$ 5,674	
	6200	Administrative Expense	\$ 109,758	
6400 UTILITY EXPENSE	6420.01	Fuel Oil		
	6450.11	Electricity	\$ 17,810	
	6450.21	Gas	\$ 24,396	
	6450.32	Water	\$ 30,583	
	6450.33	Sewer	\$ 25,950	
	6400	Utility Expense	\$ 98,739	
6500 OPERATING & MAINTENANCE EXPENSE	6510.01	Payroll	\$ 88,984	
	6510.31	Operating and Maintenance Rent Free Unit		
	6515.01	Supplies	\$ 37,208	
	6520.01	Contracts	\$ 104,164	
	6525.01	Garbage & Trash Removal	\$ 15,474	
	6530.11	Security Payroll/Contract (incl taxes and benefits)	\$ 24,496	
	6530.21	Security Rent Free Unit		
	6540.11	Heating/Cooling Repairs & Maintenance	\$ -	
	6540.21	Snow Removal	\$ 263	
	6570.01	Vehicle/Maintenance Equipment Operation & Repairs	\$ 18,032	
	6580.01	RR releases to reimburse expensed items (enter a negative amount) (MEMO ONLY)		
	6590.01	Misc Operating & Maintenance Expense	\$ 47	
	6500	Operating and Maintenance Expense	\$ 288,668	



PROFIT & LOSS STATEMENT

5495 Truax Park Redevelopment, Phase I, LLC

Statement Period:

01/01/2022 - 12/31/2022

	Account ID	Agency Label	Amount	Comment
6700 TAXES AND INSURANCE				
	6710.01	Real Estate & Personal Property Taxes	\$	41,284
	6711.01	Payroll Taxes - Project Share	\$	11,107
	6720.01	Property & Liability Insurance (Hazard)	\$	29,327
	6723.01	Health Insurance and Other Employee Benefits	\$	45,921
	6723.11	Fidelity Bond Insurance		
	6723.21	Workmens Compensation		
	6790.01	Misc Taxes, Licenses, Permits, and Insurance	\$	-
	6700	Tax and Insurance Expense	\$	127,639
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)	\$	-
		TOTAL OPERATING EXPENSES	\$	624,804
		NET OPERATING INCOME (NOI)	\$	254,500
6800 FINANCIAL EXPENSE				
	6810.01	WHEDA Senior Hard Debt Interest		
	6820.01	WHEDA Junior Hard Debt Interest		
	6825.01	Other Mortgage Interest	\$	163,722
	6850.01	Mortgage Insurance Premium/Service Charge		
	6890.01	Misc Financial Expense/Preservation Fee		
	6800	Financial Expense	\$	163,722
DEPRECIATION AMORTIZATION				
	6610.01	Depreciation Expense	\$	490,022
	6620.01	Amortization Expense	\$	10,632
		OPERATING PROFIT OR LOSS	\$	(409,876)
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	\$	9,828
	7100	Net Entity Expenses	\$	9,828
TOTAL PRINCIPAL PAYMENTS				
	16810.01	WHEDA Senior Hard Debt Principal		
	16820.01	WHEDA Junior Hard Debt Principal		
	16825.01	Other Debt Principal		60,812

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495

CERTIFICATION BY MANAGING MEMBER OF MORTGAGOR

December 31, 2022

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.

Matthew R Wachter

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

2-28-2023

Date

ID #39-6006968

TRUAX PARK REDEVELOPMENT, PHASE I, LLC

WHEDA Project No. 5495
CERTIFICATION BY MANAGEMENT AGENT
December 31, 2022

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.

Matthew R Wachter

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

2-28-2023

Date

ID #39-6006968