

**Maple Tower Ann Arbor
Limited Dividend Housing
Association Limited Partnership
Financial Report**

December 31, 2025 and 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

To the Partners of
Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership
Ann Arbor, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership, which comprise the balance sheet as of December 31, 2025 and 2024, and the related statements of operations, changes in partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership, as of December 31, 2025 and 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 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 GAAS, 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 Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership'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 Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership'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.

Yeo & Yeo, P.C.

Lansing, Michigan
February 12, 2026

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership**

Balance Sheet

December 31, 2025 and 2024

	2025	2024
Assets		
Cash - operating	\$ 274,347	\$ 83,669
Accounts receivable	24,305	26,282
Accounts receivable - related party	5,696	44,125
Funded reserves		
Replacement reserves	444,940	376,529
Operating reserve	215,445	213,171
Insurance and tax escrow	137,137	113,667
Tenant security deposits	72,649	59,149
Prepaid expenses	10,535	6,630
Tax credit and compliance fees	-	4,885
Investment in rental property, at cost		
Land	360,800	360,800
Building and improvements	15,964,116	15,964,116
Furniture and fixtures	1,025,965	997,683
Accumulated depreciation	(5,393,470)	(4,893,506)
Total assets	\$ 13,142,465	\$ 13,357,200
Liabilities and Partners' Equity		
Accounts payable		
Trade	\$ 83,405	\$ 81,203
Related parties	79,172	62,918
Prepaid rent	5,002	7,404
Accrued liabilities		
Accrued interest	7,229	7,392
Accrued asset management fees	6,721	6,525
Other accrued liabilities	22,295	24,142
Tenant security deposits	72,011	58,618
Long-term debt		
Mortgage note payable, net of unamortized debt issuance costs of \$ 74,758 and \$82,036	1,302,174	1,325,923
Related party notes payable, net of unamortized debt issuance costs of \$ 75,106 and \$ 79,072	3,508,280	3,504,314
Accrued interest - related party	2,206,519	1,923,180
Total liabilities	7,292,808	7,001,619
Partners' equity	5,849,657	6,355,581
Total liabilities and partners' equity	\$ 13,142,465	\$ 13,357,200

See Accompanying Notes to the Financial Statements

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership**
Statement of Operations
For the Years Ended December 31, 2025 and 2024

	2025	2024
Revenue		
Rental income net of concessions and vacancy loss	\$ 1,613,385	\$ 1,493,321
Less: bad debt	(23,229)	(32,709)
Net rental income	1,590,156	1,460,612
Other income	61,110	64,269
Total revenue	1,651,266	1,524,881
Expenses		
Grounds maintenance	41,122	37,019
Insurance - general	100,320	216,527
Janitorial and cleaning	78,158	74,020
Management fees	99,076	91,493
Miscellaneous	10,693	10,407
Office expenses	29,112	34,537
Professional fees	25,141	27,410
Property administration	211,745	194,166
Repairs and maintenance	406,006	477,943
Supplies	29,172	36,122
Electricity	130,051	130,490
Gas	51,393	43,095
Water	51,397	56,434
Total operating expenses	1,263,386	1,429,663
Operating income	387,880	95,218
Other expenses (revenues)		
Depreciation	499,964	499,045
Amortization	4,885	14,654
Interest expense	382,234	363,339
Asset management fee	6,721	6,525
Total other expenses (revenues)	893,804	883,563
Net loss	\$ (505,924)	\$ (788,345)

See Accompanying Notes to the Financial Statements

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership**
Statement of Changes in Partners' Equity
For the Years Ended December 31, 2025 and 2024

	<u>Total</u>	<u>General Partners</u>	<u>Limited Partners</u>
Partners' equity, January 1, 2024	\$ 7,143,926	\$ (581)	\$ 7,144,507
Net loss - 2024	<u>(788,345)</u>	<u>(71)</u>	<u>(788,274)</u>
Partners' equity, December 31, 2024	6,355,581	(652)	6,356,233
Net loss - 2025	<u>(505,924)</u>	<u>(46)</u>	<u>(505,878)</u>
Partners' equity, December 31, 2025	<u>\$ 5,849,657</u>	<u>\$ (698)</u>	<u>\$ 5,850,355</u>

See Accompanying Notes to the Financial Statements

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership**
Statement of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Net loss	\$ (505,924)	\$ (788,345)
Items not requiring cash		
Depreciation	504,849	513,699
Debt issuance costs	11,244	10,918
Bad debt	23,229	32,709
Interest expense	283,339	262,869
Changes in operating assets and liabilities		
Accounts receivable	(21,252)	(26,360)
Accounts receivable - related party	38,429	1,981
Prepaid expenses	(3,905)	855
Trade accounts payable	2,202	40,262
Trade payables to related parties	16,254	(43,352)
Prepaid rent	(2,402)	(10)
Accrued interest	(163)	(153)
Other accrued liabilities	(1,651)	500
Tenant security deposits liability	13,393	8,947
Net cash provided by operating activities	<u>357,642</u>	<u>14,520</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(28,282)</u>	<u>(42,789)</u>
Cash flows from financing activities		
Principal payments on mortgage note payable	<u>(31,027)</u>	<u>(29,138)</u>
Net change in cash and restricted cash	298,333	(57,407)
Cash and restricted cash at beginning of year	<u>846,185</u>	<u>903,592</u>
Cash and restricted cash at end of year	<u>\$ 1,144,518</u>	<u>\$ 846,185</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 87,653</u>	<u>\$ 89,552</u>
Supplemental schedule of non-cash financing activities		
Noncash financing activity - payment of interest by increasing outstanding note payable accrued interest	<u>\$ 283,339</u>	<u>\$ 262,869</u>

See Accompanying Notes to the Financial Statements

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership
Notes to the Financial Statements
December 31, 2025 and 2024**

Note 1 – Nature of Business

Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership (the "Partnership") was formed as a limited partnership to develop real property located in Ann Arbor, Michigan and to rehabilitate, own, maintain, and operate the property as a 135-unit multifamily apartment complex known as Maple Tower Apartments (the "Project"). Partnership operations commenced on September 1, 2014 in accordance with the amended and restated agreement of limited partnership. The Project is an occupied rehab, and 120 units of the Project have been converted by the Partnership from traditional public housing to project-based voucher units under the HUD Rental Assistance Demonstration (RAD) program; the remaining 15 units are subsidized units under the HUD Veterans Affairs Supportive Housing (HUD-VASH) program. The units were substantially complete and considered placed in service as of December 31, 2015. The Partnership shall continue in existence until December 31, 2113 unless the Partnership is sooner dissolved in accordance with the partnership agreement. The Partnership has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Service Code Section 42.

The Partnership purchased the land and buildings of the Project under a long-term arrangement. Under the terms of the agreement, \$1,640,000 was due within the partial first year and payments of \$1 are due annually through December 31, 2113. The seller has a revisionary interest in the property after the Partnership makes its final payment in 2113.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Partnership maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

Classification

The financial affairs of the Partnership do not generally involve a business cycle since the realization of assets and the liquidation of liabilities are usually dependent on the Partnership's circumstances. Accordingly, the classification of current assets and current liabilities is not considered appropriate and has been omitted from the balance sheet.

Cash Equivalents

For the statement of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents.

Tenant Accounts Receivable

Tenant accounts receivable are stated at net rent amounts. The Partnership considers any tenant accounts receivable to be fully collectible; accordingly, no allowance for credit losses is required. If amounts are determined to be uncollectible, they are charged to operations at that time.

Property and Equipment

Land, building, and other depreciable assets are recorded at cost, less accumulated depreciation computed as follows:

	Years	Method
Buildings and improvements	15 - 40	Straight line
Furniture and fixtures	5	Straight line

**Maple Tower Ann Arbor Limited Dividend
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Improvements over \$ 5,000 are capitalized, while expenditures for maintenance and repairs are charged to expense when incurred. Rebates received on capitalized assets are recognized by reducing the cost of the asset by the amount of the rebate received.

Impairment of Assets

The Partnership recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Partnership's rental property has occurred.

Revenue Recognition

The Partnership's primary revenue stream is rent charges for residential units under leases with durations of one year or less. The Partnership records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a project rental assistance contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by the tenant.

The Partnership believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Governmental Assistance

The Partnership has 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. Recognition of proceeds related to grants is on a systematic and rational basis when it becomes probable that the Partnership 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. Grants received based on a capital expenditure are recognized by reducing the cost of the asset by the amount of the grant.

Income Taxes

The Partnership is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Partnership. Partners are taxed individually on their pro-rata ownership share of the Partnership's earnings. The Partnership's net income or loss is allocated among the members in accordance with the Partnership's operating agreement.

Partner Allocation of Profits and Losses

Profits or losses from operations of the Partnership are allocated annually between the general partners and the limited partners at 0.009 percent and 99.991 percent, respectively.

Low-income Housing Tax Credits

The Partnership has qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the Project's units as to occupant eligibility and unit gross rent, among other requirements. The Project's units must meet the provisions of these regulations during each of 15 consecutive years in order for the Partnership to remain qualified to receive the credits. The Partnership has also executed a Regulatory Agreement, which requires the utilization of the

**Maple Tower Ann Arbor Limited Dividend
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Notes to the Financial Statements
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Project pursuant to Section 42 for a minimum of 30 years, even if disposition of the Project by the Partnership occurs.

Concentration of Credit Risk

The Partnership is required to disclose concentration of credit risk regardless of the degree of such risk. Financial instruments that potentially subject the Partnership to concentration of credit risk consist principally of cash. The Partnership places its cash with FDIC insured financial institutions. Although such balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. At December 31, 2025, the Partnership had deposits with financial institutions of \$640,717, that were uncollateralized and uninsured by FDIC insurance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization are reported as a direct reduction from the face amount of the mortgage and note payables to which such costs related. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Subsequent Events

Management has evaluated subsequent events through February 12, 2026, which is the date the financial statements were available to be issued.

Note 3 - Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash that sums to the total in the statements of cash flows as of December 31:

	2025	2024
Cash - operating	\$ 274,347	\$ 83,669
Replacement reserve	444,940	376,529
Operating reserve	215,445	213,171
Insurance and tax escrow	137,137	113,667
Tenant security deposits	72,649	59,149
	\$ 1,144,518	\$ 846,185

Note 4 - Funded Reserves

In accordance with the partnership and/or loan agreements, the Partnership has established the following reserves:

A reserve for replacement has been established to be used for capital improvements over the life of the Project. The initial monthly contributions were made in the amount of \$ 300 per unit per year, increasing by 3 percent per year thereafter. Special Limited Partner's approval is required for any withdrawals. For the years ended December 31, 2025 and 2024, the annual contributions were \$415 and \$403 per unit per year, respectively.

**Maple Tower Ann Arbor Limited Dividend
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An operating reserve has been established to meet operating expenses and debt service of the Partnership that exceed operating revenues available for payment thereof to the extent provided in the partnership agreement. Any withdrawals are required to have the Special Limited Partner's approval before withdrawal. If the balance of the operating reserve falls below \$206,000, the operating reserve shall be replenished from net cash flow.

Monthly deposits are made with the mortgagor in a separate account to be used for the payment of insurance.

The following summarizes the activity in the funded reserve accounts for the year ended December 31, 2025:

	Beginning Balance	Additions and Interest	Withdrawals	Ending Balance
Replacement reserve	\$ 376,529	\$ 68,411	\$ -	\$ 444,940
Operating reserve	213,171	2,274	-	215,445
Insurance and tax	113,667	123,744	100,274	137,137

Note 5 – Mortgage Note Payable

The Partnership has a note payable to Cinnaire Investment Corporation in the original amount of \$1,600,000. Interest shall accrue on this note at a rate of 6.3 percent with monthly principal and interest installments in the amount of \$9,904 and a term of 18 years. A balloon payment of approximately \$1,009,000 is due on October 1, 2034. The note is collateralized by the property.

Debt issuance costs related to the above note, net of accumulated amortized interest, totaled \$74,758 and \$82,036 for December 31, 2025 and 2024, respectively. Debt issuance cost is being amortized over the term of the related mortgage using an effective interest rate of 7.2 percent.

Aggregate maturities of the note payable for the years ending December 31, are as follows:

December 31, 2026	\$ 33,039
December 31, 2027	35,182
December 31, 2028	37,463
December 31, 2029	39,893
December 31, 2030	42,480
Thereafter	1,188,875
Unamortized debt issuance costs	<u>(74,758)</u>
	<u>\$ 1,302,174</u>

Note 6 – Related Party Transactions

Notes Payable

The Partnership has a note payable to Ann Arbor Housing Commission, an affiliate of a general partner, in the original amount of \$200,000. Interest shall accrue on the note at a rate of 1 percent. Payments on the note are fully deferred until maturity. The note matures on September 25, 2044. The note is secured by the property, subordinate to the note payable. For the years ended December 31, 2025 and 2024, interest expense was \$2,000 and \$2,000, respectively. Accrued interest totaled \$22,674 and \$20,674 as of December 31, 2025 and 2024, respectively.

**Maple Tower Ann Arbor Limited Dividend
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Notes to the Financial Statements
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The Partnership has entered into another note with Ann Arbor Housing Commission in the original amount of \$500,000 and payable to Chase Bank USA, National Association per an allonge dated April 30, 2015. Interest shall accrue on this note at a rate of 1 percent. Payments on the note are fully deferred until maturity. The notes mature on April 30, 2065. The note is secured by the property, subordinate to the note payable. The note is subject to and must comply with the Federal Home Loan Bank of Pittsburgh's Affordable Housing Program's retention period as described in the mortgage. The total amount outstanding December 31, 2025 is \$500,000. For the years ended December 31, 2025 and 2024, interest expense was \$5,000 and \$5,000 and accrued interest totaled \$53,608 and \$48,608 as of December 31, 2025 and 2024, respectively.

The Partnership entered into a promissory note payable with Ann Arbor Housing Commission, an affiliate of a general partner in the amount of \$1,640,000. The note bears interest at 8 percent compounding annually. The note shall be paid from available cash flows and matures on September 25, 2044. The note is secured by the property, subordinate to the note payable. For years ended December 31, 2025 and 2024, interest expensed on the note was \$276,339 and \$255,870, respectively. At December 31, 2025 and 2024, the balance on the note was \$1,600,348, and accrued interest amounted to \$2,130,237 and \$1,853,899, respectively.

The Partnership entered into another promissory note with Ann Arbor Housing Commission, an affiliate of a general partner in the amount of \$1,283,038 for costs associated with a new fire suppression system and increased insurance premiums. The note is unsecured, noninterest bearing, and will be repaid from future excess cash flows of the Partnership maturing February 21, 2044. Payment of the note is subordinate to other notes and loans of the Partnership.

For years ended December 31, 2025 and 2024, debt issuance costs related to the above notes, net of accumulated amortization, totaled \$75,106 and \$79,072 and are being amortized over the term of the related mortgages using an effective interest rate of 8.6%.

Payroll Reimbursement

The Partnership reimburses the City of Ann Arbor for payroll costs. For the years ended December 31, 2025 and 2024, reimbursed payroll costs totaled \$381,110 and \$360,890, respectively. At December 31, 2025 and 2024, \$70,762 and \$56,143 remained payable for payroll and other reimbursements and is included in related party payables.

Management Fees

The Partnership has contracted with a management agent, which is an affiliate of a general partner, for conducting the rental operations of the Partnership. Management fees are calculated at 6 percent of gross operating revenue. Management fees expense for the years ended December 31, 2025 and 2024, totaled \$99,076 and \$91,493, respectively. At December 31, 2025 and 2024, \$8,410 and \$6,775 remained payable and is included in related party payables.

Asset Management Fee

Beginning in January 2015, the Partnership will incur a cumulative annual asset management fee of \$5,000 payable to an affiliate of one of the limited partners for an annual review of the operations of the Partnership and the apartment complex. This fee will increase by 3 percent each year and be payable from available surplus cash as detailed in the partnership agreement. The asset management fee expense incurred for years ended December 31, 2025 and 2024 was \$6,721 and \$6,525, respectively. At December 31, 2025 and 2024, \$6,721 and \$6,525 remained payable.

**Maple Tower Ann Arbor Limited Dividend
Housing Association Limited Partnership
Notes to the Financial Statements
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Note 8 – Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is a 135-unit apartment project. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal regulatory agencies, including, but not limited to, the Internal Revenue Code. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the Internal Revenue Service. 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.