

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

**December 31, 2024 and 2023**



**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, 2024 and 2023, 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, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our 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 14, 2025

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

**Balance Sheet**

**December 31, 2024 and 2023**

	2024	2023
<b>Assets</b>		
Cash - operating	\$ 83,669	\$ 238,325
Accounts receivable	31,650	37,998
Accounts receivable - related party	4,468	6,449
Funded reserves		
Replacement reserves	376,529	310,252
Operating reserve	213,171	210,208
Insurance and tax escrow	113,667	93,658
Tenant security deposits	59,149	51,149
Prepaid expenses	6,630	7,485
Tax credit and compliance fees	4,885	19,539
Investment in rental property, at cost		
Land	360,800	360,800
Building and improvements	15,998,405	15,955,616
Furniture and fixtures	997,683	997,683
Accumulated depreciation	(4,893,506)	(4,394,460)
<b>Total assets</b>	<b>\$ 13,357,200</b>	<b>\$ 13,894,702</b>
<b>Liabilities and Partners' Equity</b>		
Accounts payable		
Trade	\$ 81,203	\$ 40,941
Related parties	62,918	106,270
Prepaid rent	7,404	7,414
Accrued liabilities		
Accrued interest	7,392	7,545
Accrued asset management fees	6,525	6,335
Other accrued liabilities	24,142	23,832
Tenant security deposits	58,618	49,671
Long-term debt		
Mortgage note payable, net of unamortized debt issuance costs of \$ 82,036 and \$89,075	1,325,923	1,348,022
Related party notes payable, net of unamortized debt issuance costs of \$ 79,072 and \$ 82,951	3,504,314	3,500,435
Accrued interest - related party	1,923,180	1,660,311
Total liabilities	<b>7,001,619</b>	<b>6,750,776</b>
Partners' equity	<b>6,355,581</b>	<b>7,143,926</b>
<b>Total liabilities and partners' equity</b>	<b>\$ 13,357,200</b>	<b>\$ 13,894,702</b>

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, 2024 and 2023**

	2024	2023
<b>Revenue</b>		
Rental income net of concessions and vacancy loss	\$ 1,493,321	\$ 1,418,113
Less: bad debt	(32,709)	(5,008)
Net rental income	1,460,612	1,413,105
Grant income	-	36,355
Other income	64,269	46,053
Total revenue	1,524,881	1,495,513
<b>Expenses</b>		
Grounds maintenance	37,019	27,396
Insurance - general	216,527	211,707
Janitorial and cleaning	74,020	54,239
Management fees	91,493	87,546
Miscellaneous	10,407	8,429
Office expenses	34,537	24,175
Professional fees	27,410	33,817
Property administration	194,166	207,518
Repairs and maintenance	477,943	399,670
Supplies	36,122	22,481
Electricity	130,490	134,880
Gas	43,095	44,694
Water	56,434	64,845
Total operating expenses	1,429,663	1,321,397
Operating income	95,218	174,116
<b>Other expenses (revenues)</b>		
Gain on involuntary conversion	-	(35,553)
Depreciation	499,045	484,294
Amortization	14,654	14,654
Interest expense	363,339	345,845
Asset management fee	6,525	6,335
Total other expenses (revenues)	883,563	815,575
<b>Net loss</b>	<b>\$ (788,345)</b>	<b>\$ (641,459)</b>

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, 2024 and 2023

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	Total	General Partners	Limited Partners
<b>Partners' equity, January 1, 2023</b>	\$ 7,785,385	\$ (523)	\$ 7,785,908
Net loss - 2023	(641,459)	(58)	(641,401)
<b>Partners' equity, December 31, 2023</b>	7,143,926	(581)	7,144,507
Net loss - 2024	(788,345)	(71)	(788,274)
<b>Partners' equity, December 31, 2024</b>	\$ 6,355,581	\$ (652)	\$ 6,356,233

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Net loss	\$ (788,345)	\$ (641,459)
Items not requiring cash		
Depreciation	513,699	498,948
Debt issuance costs	10,918	10,592
Bad debt	32,709	5,008
Interest expense	262,869	243,917
Changes in operating assets and liabilities		
Accounts receivable	(26,360)	(4,469)
Accounts receivable - related party	1,981	1,981
Accounts receivable - insurance claim	-	92,608
Prepaid expenses	855	(600)
Trade accounts payable	40,262	(18,928)
Trade payables to related parties	(43,352)	23,222
Prepaid rent	(10)	(12,540)
Accrued interest	(153)	(143)
Related party advance	-	(147,683)
Other accrued liabilities	500	531
Tenant security deposits liability	8,947	3,218
Net cash provided by operating activities	<u>14,520</u>	<u>54,203</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(42,789)</u>	<u>(1,121,947)</u>
<b>Cash flows from financing activities</b>		
Principal payments on mortgage note payable	(29,138)	(27,362)
Proceeds received on note payable	-	1,148,305
Net cash provided by financing activities	<u>(29,138)</u>	<u>1,120,943</u>
Net change in cash and restricted cash	<u>(57,407)</u>	<u>53,199</u>
Cash and restricted cash at beginning of year	<u>903,592</u>	<u>850,393</u>
<b>Cash and restricted cash at end of year</b>	<u>\$ 846,185</u>	<u>\$ 903,592</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	<u>\$ 89,552</u>	<u>\$ 91,480</u>
<b>Supplemental schedule of non-cash financing activities</b>		
Noncash financing activity - payment of interest by increasing outstanding note payable accrued interest	<u>\$ 262,869</u>	<u>\$ 243,917</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, 2024 and 2023**

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**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 doubtful accounts is required. If amounts are determined to be uncollectible, they are charged to operations at that time.

**Tax Credit Fees and Compliance Fees**

Prepaid tax credit fees are amortized over the compliance period beginning in 2015. Amortization expense for the tax credit and compliance fees is \$14,654 for both the years ended December 31, 2024 and 2023 and estimated amortization expense for the remaining year through December 31, 2025 is \$4,885. Accumulated amortization as of December 31, 2024 and 2023 is \$141,655 and \$127,001, respectively.

**Maple Tower Ann Arbor Limited Dividend  
Housing Association Limited Partnership  
Notes to the Financial Statements  
December 31, 2024 and 2023**

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**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

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.

**Maple Tower Ann Arbor Limited Dividend  
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**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 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, 2024, the Partnership had deposits with financial institutions of \$351,034, 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 14, 2025, which is the date the financial statements were available to be issued.

**Note 3 - Cash and Restricted Cash**

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

	<u>2024</u>	<u>2023</u>
Cash - operating	\$ 83,669	\$ 238,325
Replacement reserve	376,529	310,252
Operating reserve	213,171	210,208
Insurance and tax escrow	113,667	93,658
Tenant security deposits	<u>59,149</u>	<u>51,149</u>
	<u>\$ 846,185</u>	<u>\$ 903,592</u>

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**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, 2024 and 2023, the annual contributions were \$403 and \$391 per unit per year, respectively.

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, 2024:

	Beginning Balance	Additions and Interest	Withdrawals	Ending Balance
Replacement reserve	\$ 310,252	\$ 66,377	\$ 100	\$ 376,529
Operating reserve	210,208	2,963	-	213,171
Insurance and tax	93,658	236,642	216,633	113,667

**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 \$82,036 and \$89,075 for December 31, 2024 and 2023, respectively. Debt issuance cost is being amortized over the term of the related mortgage using an effective interest rate of 7.2 percent.

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

December 31, 2025	\$	31,027
December 31, 2026		33,039
December 31, 2027		35,182
December 31, 2028		37,463
December 31, 2029		39,893
Thereafter		1,231,355
Unamortized debt issuance costs		<u>(82,036)</u>
		<u><u>\$ 1,325,923</u></u>

**Note 6 – Related Party Transactions**

**Related Party Payable**

Related party payables primarily consist of amounts owed to Ann Arbor Housing Commission, an affiliate of the general partner, for management fees and reimbursements of operating expenses. The amounts outstanding at December 31, 2024 and 2023 was \$7,050 and \$6,462, all of which is due on demand and noninterest bearing.

**Notes Payable**

The Partnership has a note payable to Ann Arbor Housing Commission, an affiliate of the 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, 2024 and 2023, interest expense was \$2,000 and \$2,000, respectively. Accrued interest totaled \$20,674 and \$18,674 as of December 31, 2024 and 2023, respectively.

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, 2024 is \$500,000. For the years ended December 31, 2024 and 2023, interest expense was \$5,000 and \$5,000 and accrued interest totaled \$48,608 and \$43,608 as of December 31, 2024 and 2023, 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, 2024 and 2023, interest expensed on the note was \$255,870 and \$236,917, respectively. At December 31, 2024 and 2023, the balance on the note was \$1,600,348, and accrued interest amounted to \$1,853,899 and \$1,598,029, 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.

**Maple Tower Ann Arbor Limited Dividend  
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For years ended December 31, 2024 and 2023, debt issuance costs related to the above notes, net of accumulated amortization, totaled \$79,072 and \$82,951 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, 2024 and 2023, reimbursed payroll costs totaled \$360,890 and \$365,344, respectively. At December 31, 2024 and 2023, \$55,868 and \$99,808 remained payable 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, 2024 and 2023, totaled \$91,493 and \$87,546, respectively. At December 31, 2024 and 2023, \$6,775 and \$6,103 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, 2024 and 2023 was \$6,525 and \$6,335, respectively. At December 31, 2024 and 2023, \$6,525 and \$6,335 remained payable.

**Operating Deficit Guaranty**

As provided for in the partnership agreement, the general partner will provide loans to the Partnership up to but not to exceed \$412,500 for operating deficits incurred in the five years after stabilized operations has occurred and until debt service coverage ratio of 1.15:1 for each two consecutive six-month periods at the end of such five-year period and the operating reserve has a minimum balance of at least \$206,000. The loans are unsecured, noninterest bearing, and will be repaid from future excess cash flows of the Partnership. There has been no advance of this loan as of December 31, 2024.

**Note 7 – Grant Income**

During the year ended 2023, the Partnership received grants totaling \$62,248 to construct an emergency fire exit, \$69,131 to upgrade interior hall lighting, and \$27,853 toward the cost of the installation of a fire suppression system. Income from the grants has been offset with the related specified capital expenses incurred during calendar year 2023. The Partnership incurred related capital expenses totaling \$159,232, and recognized \$36,355 as grant income for payments in excess of capital expenditures incurred.

**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.