

# Capital City Apartments Limited Partnership

**MHDC Project No.: 99-108-HT  
Financial Statements and Supplementary Information  
with Report of Independent Auditors**

**December 31, 2023 and 2022**



## Report of Independent Auditors

To the Partners of  
Capital City Apartments Limited Partnership:

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Capital City Apartments Limited Partnership, a Missouri limited partnership, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, partners' 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 Capital City Apartments Limited Partnership as of December 31, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital City Apartments Limited Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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 Capital City Apartments Limited Partnership's ability to continue as a going concern within 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 auditors' 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 and *Government 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 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 and *Government 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 Capital City Apartments 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 Capital City Apartments 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Matters**

The schedule of eligible and allocated federal and state tax credits, mortgagor certification, and the managing agent certification have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of Capital City Apartments Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capital City Apartments Limited Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital City Apartments Limited Partnership's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Austin, Texas

February 29, 2024

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
BALANCE SHEETS  
December 31, 2023 and 2022

**Assets**

		<b>December 31,</b>	
		<b>2023</b>	<b>2022</b>
<b>Current Assets</b>			
1130	Tenant accounts receivable	\$ 21,771	\$ 8,154
1135	Accounts receivable - HUD	1,524	1,524
1200	Miscellaneous prepaid expenses (Supplemental Schedule > \$1,000)	1,809	705
1100T	<b>Total Current Assets</b>	<b>25,104</b>	<b>10,383</b>
<b>Deposits Held in Trust - Funded</b>			
1191	Tenant deposits held in trust	14,691	10,643
<b>Restricted Deposits And Funded Reserves</b>			
1310	Escrow deposits	76,259	(17,282)
1320	Replacement reserve	42,693	41,596
1300T	<b>Total Deposits</b>	<b>118,952</b>	<b>24,314</b>
<b>Fixed Assets</b>			
1420	Buildings	5,306,930	5,306,930
1450	Furniture for project/tenant use	140,205	120,917
1465	Office furniture and equipment	10,777	10,777
1490	Miscellaneous fixed assets	550,828	550,828
1400T	<b>Total Fixed Assets</b>	<b>6,008,740</b>	<b>5,989,452</b>
1495	Less: accumulated depreciation	2,641,032	2,504,861
1400N	<b>Net Fixed Assets</b>	<b>3,367,708</b>	<b>3,484,591</b>
<b>Other Assets</b>			
1520	Right-of-use asset	346,051	350,619
1500T	<b>Total Other Assets</b>	<b>346,051</b>	<b>350,619</b>
1000T	<b>Total Assets</b>	<b>\$ 3,872,506</b>	<b>\$ 3,880,550</b>

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
BALANCE SHEETS (CONTINUED)  
December 31, 2023 and 2022

**Liabilities**

		<b>December 31,</b>	
		<b>2023</b>	<b>2022</b>
<b>Current Liabilities</b>			
2105	Bank overdraft - operations	\$ 191,145	\$ 181,059
2110	Accounts payable - operations	5,510	9,731
2111	Accounts payable - construction/development	82,907	82,907
2113	Accounts payable - entity	103,068	103,068
2123	Accrued management fee payable	235,711	215,391
2131	Accrued interest payable - first mortgage	492	518
2132	Accrued interest payable - second mortgage	124,800	119,600
2170	Mortgage payable - first mortgage (short-term)	31,864	31,548
2190	Miscellaneous current liabilities (Supplemental Schedule > \$1,000)	7,258	5,959
2210	Prepaid revenue	1,996	3,190
2122T	<b>Total Current Liabilities</b>	<b>784,751</b>	<b>752,971</b>
<b>Deposit And Prepayment Liabilities</b>			
2191	Tenant deposits held in trust (contra)	13,991	10,210
<b>Long-Term Liabilities</b>			
2320	Mortgage payable - first mortgage	558,767	590,630
2322	Mortgage payable - second mortgage	104,000	104,000
2340	Debt issuance costs	(19,903)	(21,085)
2300T	<b>Total Long-Term Liabilities</b>	<b>642,864</b>	<b>673,545</b>
2000T	<b>Total Liabilities</b>	<b>1,441,606</b>	<b>1,436,726</b>
<b>Partners' Equity</b>			
3130	Partners' equity	2,430,900	2,443,824
2033T	<b>Total Liabilities And Partners' Equity</b>	<b>\$ 3,872,506</b>	<b>\$ 3,880,550</b>

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF INCOME  
For the Year Ended December 31, 2023

	Description of Account	Acct. No.	Amount
<b>Rent Revenue 5100</b>	Rent Revenue - Gross Potential	5120	\$ 133,509
	Tenant Assistance Payments	5121	\$ 312,102
	Rent Revenue - Stores and Commercial	5140	\$ —
	Garage and Parking Spaces	5170	\$ —
	Flexible Subsidy Revenue	5180	\$ —
	Miscellaneous Rent Revenue	5190	\$ —
	Excess Rent	5191	\$ —
	Rent Revenue/Insurance	5192	\$ —
	Special Claims Revenue	5193	\$ —
	Retained Excess Income	5194	\$ —
	<b>Total Rent Revenue</b>	5100T	\$ 445,611
<b>Vacancies 5200</b>	Apartments	5220	\$ 21,790
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 5,601
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	<b>Total Vacancies</b>	5200T	\$ 27,391
	<b>Net Rental Revenue</b> <i>Rent Revenue Less Vacancies</i>	5152N	\$ 418,220
<b>Supportive Services - 5390</b>	Supportive Services Revenue (attach Schedule)	5390	\$ —
<b>Financial Revenue 5400</b>	Financial Revenue - Project Operations	5410	\$ 208
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 169
	Revenue from Investments - Miscellaneous	5490	\$ —
	<b>Total Financial Revenue</b>	5400T	\$ 377
<b>Other Revenue 5900</b>	Laundry and Vending Revenue	5910	\$ —
	Tenant Charges	5920	\$ 5,983
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 46
	<b>Total Other Revenue</b>	5900T	\$ 6,029
	<b>Total Revenue</b>	5000T	\$ 424,626
<b>Administrative Expenses 6200/6300</b>	Conventions and Meetings	6203	\$ 485
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 4
	Other Renting Expenses	6250	\$ 912
	Office Salaries	6310	\$ 7,817
	Office Expenses	6311	\$ 6,605
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 20,320
	Manager or Superintendent Salaries	6330	\$ 5,630
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 1,244
	Audit Expense	6350	\$ 5,700
	Telephone Expense	6360	\$ 2,513
	Bad Debts	6370	\$ (4,115)
	Miscellaneous Administrative Expenses	6390	\$ 9,075
	<b>Total Administrative Expenses</b>	6263T	\$ 56,190
<b>Utilities</b>	Electricity	6450	\$ 5,820
	Water	6451	\$ 24,777
	Gas	6452	\$ 2,241
	Sewer	6453	\$ 13,533
	Cable TV / Internet Access	6454	\$ —
	<b>Total Utilities Expense</b>	6400T	\$ 46,371
	<b>Total Expenses (Carry Forward to Page 2)</b>		\$ 102,561

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF INCOME (CONTINUED)  
For the Year Ended December 31, 2023

		<b>Balance Carried Forward</b>	\$	102,561
<b>Operating Maintenance Expenses 6500</b>	Payroll	6510	\$	28,949
	Supplies	6515	\$	31,659
	Contracts	6520	\$	24,290
	Operating and Maintenance Rent Free Unit	6521	\$	—
	Garbage and Trash Removal	6525	\$	10,441
	Security Payroll/Contract	6530	\$	891
	Security Rent Free Unit	6531	\$	—
	Heating/Cooling Repairs and Maintenance	6546	\$	3,875
	Snow Removal	6548	\$	1,256
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$	1,057
	Maintenance Tools and Equipment	6571	\$	—
	Pool Supplies and Pool Maintenance/Contracts	6572	\$	—
	Exterminating	6573	\$	840
	Elevator Maintenance/Contracts	6574	\$	—
	Vacant Unit Preparation	6580	\$	15,039
	Miscellaneous Operating and Maintenance Expenses	6590	\$	4,588
	<b>Total Operating and Maintenance Expenses</b>	6500T	\$	122,885
<b>Taxes and Insurance 6700</b>	Real Estate Taxes	6710	\$	—
	Payroll Taxes (Project's Share)	6711	\$	2,908
	Property and Liability Insurance (Hazard)	6720	\$	86,021
	Fidelity Bond Insurance	6721	\$	85
	Workmen's Compensation	6722	\$	2,965
	Health Insurance and Other Employee Benefits	6723	\$	13,157
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$	—
	<b>Total Taxes and Insurance</b>	6700T	\$	105,136
<b>Financial Expenses 6800</b>	Interest on Mortgage Payable	6820	\$	6,051
	Interest Attributable to Debt Issuance Costs	6822	\$	1,182
	Interest on Notes Payable (Long-Term)	6830	\$	—
	Interest on Notes Payable (Short-Term)	6840	\$	—
	Mortgage Insurance Premium/Service Charge	6850	\$	—
	Miscellaneous Financial Expenses	6890	\$	—
	<b>Total Financial Expenses</b>	6800T	\$	7,233
<b>Supportive Services -</b>	Supportive Services Expenses (attach Schedule)	6990	\$	—
	Total Cost of Operations before Depreciation and Amortization	6000T	\$	337,815
	Profit (Loss) before Depreciation and Amortization	5060T	\$	86,811
	Depreciation Expense	6600	\$	138,408
	Amortization Expense	6610	\$	—
	<b>Total Depreciation and Amortization</b>		\$	138,408
	<b>Operating Profit or (Loss)</b>	5060N	\$	(51,597)
<b>Corporate or Mortgagor Entity Expenses 7100</b>	Entity Revenue	7105	\$	43,873
	Officer's Salaries	7110	\$	—
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$	—
	Legal Expenses	7120	\$	—
	Federal, State, and Other Income Taxes	7130	\$	—
	Fidelity & Bond Expense	7135	\$	—
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$	—
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$	5,200
	Other Expenses	7190	\$	—
	<b>Net Entity Expenses</b>	7100T	\$	38,673
	<b>Profit or Loss (Net Income or Loss)</b>	3250	\$	(12,924)
<b>Miscellaneous or other Income and Expense Sub-account Groups.</b> If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
<b>Part II</b>				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)			\$	31,547
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)			\$	20,435
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)			\$	707
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)			\$	—

see accompanying notes



CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF INCOME (CONTINUED)  
For the Year Ended December 31, 2022

	Description of Account	Acct. No.	Amount
<b>Rent Revenue 5100</b>	Rent Revenue - Gross Potential	5120	\$ 164,760
	Tenant Assistance Payments	5121	\$ 231,354
	Rent Revenue - Stores and Commercial	5140	\$ —
	Garage and Parking Spaces	5170	\$ —
	Flexible Subsidy Revenue	5180	\$ —
	Miscellaneous Rent Revenue	5190	\$ —
	Excess Rent	5191	\$ 1,035
	Rent Revenue/Insurance	5192	\$ —
	Special Claims Revenue	5193	\$ —
	Retained Excess Income	5194	\$ —
	<b>Total Rent Revenue</b>	5100T	\$ 397,149
<b>Vacancies 5200</b>	Apartments	5220	\$ 74,220
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 5,980
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	<b>Total Vacancies</b>	5200T	\$ 80,200
	<b>Net Rental Revenue</b> <i>Rent Revenue Less Vacancies</i>	5152N	\$ 316,949
<b>Supportive Services - 5390</b>	Supportive Services Revenue (attach Schedule)	5390	\$ —
<b>Financial Revenue 5400</b>	Financial Revenue - Project Operations	5410	\$ 24
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 245
	Revenue from Investments - Miscellaneous	5490	\$ —
	<b>Total Financial Revenue</b>	5400T	\$ 269
<b>Other Revenue 5900</b>	Laundry and Vending Revenue	5910	\$ —
	Tenant Charges	5920	\$ 6,977
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 596
	<b>Total Other Revenue</b>	5900T	\$ 7,573
	<b>Total Revenue</b>	5000T	\$ 324,791
<b>Administrative Expenses 6200/6300</b>	Conventions and Meetings	6203	\$ 681
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 29
	Other Renting Expenses	6250	\$ 703
	Office Salaries	6310	\$ 9,157
	Office Expenses	6311	\$ 6,424
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 17,960
	Manager or Superintendent Salaries	6330	\$ 3,305
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 6,789
	Audit Expense	6350	\$ 5,700
	Telephone Expense	6360	\$ 2,114
	Bad Debts	6370	\$ 19,498
	Miscellaneous Administrative Expenses	6390	\$ 11,907
	<b>Total Administrative Expenses</b>	6263T	\$ 84,267
<b>Utilities</b>	Electricity	6450	\$ 8,312
	Water	6451	\$ 19,456
	Gas	6452	\$ 4,321
	Sewer	6453	\$ 12,523
	Cable TV / Internet Access	6454	\$ —
	<b>Total Utilities Expense</b>	6400T	\$ 44,612
	<b>Total Expenses (Carry Forward to Page 2)</b>		\$ 128,879

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF INCOME (CONTINUED)  
For the Year Ended December 31, 2022

		<b>Balance Carried Forward</b>	\$	128,879
<b>Operating Maintenance Expenses 6500</b>	Payroll	6510	\$	38,285
	Supplies	6515	\$	58,371
	Contracts	6520	\$	17,609
	Operating and Maintenance Rent Free Unit	6521	\$	—
	Garbage and Trash Removal	6525	\$	8,252
	Security Payroll/Contract	6530	\$	2,761
	Security Rent Free Unit	6531	\$	—
	Heating/Cooling Repairs and Maintenance	6546	\$	14,793
	Snow Removal	6548	\$	5,022
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$	1,836
	Maintenance Tools and Equipment	6571	\$	—
	Pool Supplies and Pool Maintenance/Contracts	6572	\$	—
	Exterminating	6573	\$	1,130
	Elevator Maintenance/Contracts	6574	\$	—
	Vacant Unit Preparation	6580	\$	20,740
	Miscellaneous Operating and Maintenance Expenses	6590	\$	13,961
	<b>Total Operating and Maintenance Expenses</b>	6500T	\$	182,760
<b>Taxes and Insurance 6700</b>	Real Estate Taxes	6710	\$	—
	Payroll Taxes (Project's Share)	6711	\$	3,779
	Property and Liability Insurance (Hazard)	6720	\$	69,840
	Fidelity Bond Insurance	6721	\$	43
	Workmen's Compensation	6722	\$	2,856
	Health Insurance and Other Employee Benefits	6723	\$	17,900
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$	—
	<b>Total Taxes and Insurance</b>	6700T	\$	94,418
<b>Financial Expenses 6800</b>	Interest on Mortgage Payable	6820	\$	6,365
	Interest Attributable to Debt Issuance Costs	6822	\$	1,182
	Interest on Notes Payable (Long-Term)	6830	\$	—
	Interest on Notes Payable (Short-Term)	6840	\$	—
	Mortgage Insurance Premium/Service Charge	6850	\$	—
	Miscellaneous Financial Expenses	6890	\$	—
	<b>Total Financial Expenses</b>	6800T	\$	7,547
<b>Supportive Services -</b>	Supportive Services Expenses (attach Schedule)	6990	\$	—
	Total Cost of Operations before Depreciation and Amortization	6000T	\$	413,604
	Profit (Loss) before Depreciation and Amortization	5060T	\$	(88,813)
	Depreciation Expense	6600	\$	137,569
	Amortization Expense	6610	\$	—
	<b>Total Depreciation and Amortization</b>		\$	137,569
	<b>Operating Profit or (Loss)</b>	5060N	\$	(226,382)
<b>Corporate or Mortgagor Entity Expenses 7100</b>	Entity Revenue	7105	\$	—
	Officer's Salaries	7110	\$	—
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$	—
	Legal Expenses	7120	\$	—
	Federal, State, and Other Income Taxes	7130	\$	—
	Fidelity & Bond Expense	7135	\$	—
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$	—
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$	5,200
	Other Expenses	7190	\$	—
	<b>Net Entity Expenses</b>	7100T	\$	(5,200)
	<b>Profit or Loss (Net Income or Loss)</b>	3250	\$	(231,582)
<b>Miscellaneous or other Income and Expense Sub-account Groups.</b> If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
<b>Part II</b>				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)			\$	31,234
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)			\$	19,840
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)			\$	62,700
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)			\$	—

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENTS OF PARTNERS' EQUITY  
For the Years Ended December 31, 2023 and 2022

Account		Limited Partner	General Partner	Total Partners' Equity
<b>Allocation Percentage</b>		<b>99.99%</b>	<b>0.01%</b>	<b>100.00%</b>
	Balance, January 1, 2022	\$ 2,675,580	\$ (174)	\$ 2,675,406
	<b>Net loss</b>	(231,559)	(23)	(231,582)
	Balance, December 31, 2022	\$ 2,444,021	\$ (197)	\$ 2,443,824
3250	<b>Net loss</b>	(12,923)	(1)	(12,924)
3130	<b>Balance, December 31, 2023</b>	\$ 2,431,098	\$ (198)	\$ 2,430,900

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (12,924)	\$ (231,582)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation expense	138,408	137,569
Lease expense	4,568	4,568
Interest expense - debt issuance costs	1,182	1,182
Change in tenant security deposits held in trust	(4,048)	(186)
Change in accounts receivable	(13,617)	14,196
Change in prepaid expenses	(1,104)	(98)
Change in miscellaneous current assets	-	392
Change in accounts payable	(4,221)	(15,423)
Change in security deposits payable	3,781	(62)
Change in prepaid rent	(1,194)	815
Change in due to related parties	20,320	17,960
Change in accrued interest	(26)	(27)
Change in accrued interest on the second mortgage	5,200	5,200
Change in accrued expenses	1,299	(1,044)
Net cash provided by (used in) operating activities	<u>137,624</u>	<u>(66,540)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(21,525)	(19,586)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in bank overdraft	10,086	27,324
Payments of mortgage	(31,547)	(31,234)
Net cash used in financing activities	<u>(21,461)</u>	<u>(3,910)</u>
Net change in cash, cash equivalents and restricted cash	94,638	(90,036)
Cash, cash equivalents and restricted cash at beginning of year	<u>24,314</u>	<u>114,350</u>
Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 118,952</u></u>	<u><u>\$ 24,314</u></u>
Cash and cash equivalents	\$ -	\$ -
Restricted cash	<u>118,952</u>	<u>24,314</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 118,952</u></u>	<u><u>\$ 24,314</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u><u>\$ 6,077</u></u>	<u><u>\$ 6,392</u></u>

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

1. Organization

Capital City Apartments Limited Partnership (the “Entity”), a Missouri limited partnership, was formed June 1, 1999. The Entity was formed to acquire an interest in real property and to rehabilitate and operate a 44-unit apartment complex located in Jefferson City, Missouri known as Capital City Apartments (the “Property”). The Property is rented to low-income tenants and is operated in a manner necessary to qualify for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42.

The general partner is Capital City Housing Corporation (the “General Partner”). The limited partner is Capital City Apartments Investment Corporation (the “Limited Partner”). Pursuant to the Agreement of Limited Partnership dated June 1, 1999, and the subsequent amendments (“the Partnership Agreement”), profits, losses and tax credits are allocated 0.01% to the General Partner and 99.99% to the Limited Partner.

The Property is regulated by the Missouri Housing Development Commission (“MHDC”) as to rent charges and operating methods. The regulatory agreement with MHDC stipulates that Net Earnings, as defined in the Acts and Regulations, may be declared or made only as of or after the end of an annual fiscal period. Net Earnings are defined by MHDC as the difference between Property Income and the payment of all operating expenses, taxes, insurance, reserve payments, payments necessary to maintain all escrow accounts fully funded, if any, and debt service. Any undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide Surplus Cash in excess of current requirements. In addition, the Entity is required to deposit all Surplus Cash in excess of the cumulative allowable distributions into a residual receipts fund.

Pursuant to the terms of the Partnership Agreement, the Limited Partners were required to provide capital contributions based on the amount of low-income housing tax credits ultimately allocated to the Property in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2023 and 2022, no capital contributions remained outstanding.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Entity prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, residual receipts, repairs or improvements to the buildings, and annual insurance payments.

Concentration of credit risk

The Entity maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Entity has not experienced any losses in such accounts. The Entity believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. For the year ended December 31, 2023, bad debt collections, net of expense, was \$4,115. For the year ended December 31, 2022, bad debt expense, net of collections, was \$19,498.

Fixed assets and depreciation

Fixed assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful life of 40 years using the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life between 5 and 10 years using the straight-line method. Depreciation expense for the years ended December 31, 2023 and 2022 was \$138,408 and \$137,569, respectively.

Impairment of long-lived assets

The Entity reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2023 or 2022.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Ground lease

The Entity determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Entity uses a risk-free rate at the commencement date in determining the present value of lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Entity will exercise that option. The ground lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Cash distributions

Cash distributions are limited by agreements between the Entity and MHDC to the extent of surplus cash as defined by MHDC. Undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide surplus cash in excess of current requirements. For the years ended December 31, 2023 and 2022, no distributions were made to the partners.

Income taxes

Income taxes on Entity income are levied on the partners at the partner level. Accordingly, all profits and losses of the Entity are recognized by each partner on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Entity to report information regarding its exposure to various tax positions taken by the Entity. Management has determined whether any tax positions have met the recognition threshold and has measured the Entity's exposure to those tax positions. Management believes that the Entity has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Entity are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Economic concentrations

The Entity operates one property in Jefferson City, Missouri. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition for tenant leases and tenant charges

The Entity is the lessor of the Property and accounts for tenant leases as operating leases. The Entity determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Federally-subsidized rent income

The Property is subject to a Section 8 Housing Assistance Payments Program (“HAP”) agreement with HUD. The effective date of the initial agreement was December 17, 1999, and the current agreement expires on December 31, 2039. HUD agreed to pay the owner the difference between the contract rent, as defined in the HAP agreement, and that portion of such rent payable by qualified tenants. Rental subsidy for the years ended December 31, 2023 and 2022 totaled \$312,102 and \$231,354, respectively.

Subsequent events

Subsequent events have been evaluated through February 29, 2024, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted deposits and funded reserves

Escrow deposits

Pursuant to a regulatory agreement between the Entity and MHDC, required monthly payments to the mortgagee include amounts for deposit to mortgage escrow funds. These are held by the mortgagee for future payment of real estate taxes and property and mortgage insurance. This fund is restricted in accordance with the provisions of the regulatory agreement. As of December 31, 2023 and 2022, the escrow deposits had a balance of \$76,259 and had a deficit balance of \$17,282, respectively.

Replacement reserve

Pursuant to a regulatory agreement between the Entity and MHDC, annual deposits of \$19,262 are made to the replacement reserve account. These deposits are held by the mortgagee until MHDC approval is obtained for use of the funds to repair or replace certain assets of the Property. As of December 31, 2023 and 2022, the balance was \$42,693 and \$41,596, respectively.



CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

4. Mortgage payable – first mortgage

In 2001, the Entity obtained permanent financing (the “Permanent Loan”) in the amount of \$1,240,000 from MHDC. The Permanent Loan has an interest rate of 1.00% per annum and matures on January 1, 2041. Principal and interest payments of \$3,135 are due monthly. The Permanent Loan is secured by a first Deed of Trust on the Property. During 2023 and 2022, interest expense was \$6,051 and \$6,365, respectively. As of December 31, 2023 and 2022, accrued interest was \$492 and \$518, respectively.

Debt issuance costs of \$47,280 are being amortized to interest expense over the term of the loan. For the years ended December 31, 2023 and 2022, the effective interest rate was 1.18% each year. During 2023 and 2022, amortization expense for debt issuance costs was \$1,182 each year.

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,		
2024	\$	31,864
2025		32,185
2026		32,508
2027		32,834
2028		33,164
Thereafter		<u>428,076</u>
Total	\$	<u>590,631</u>

5. Mortgage payable – second mortgage

In 1999, the Entity obtained construction and permanent financing (the “Note”) in the amount of \$104,000 from the Housing Authority for the City of Jefferson, Missouri, a related party of the General Partner. The nonrecourse loan is secured by a deed of trust on the Property subject to a subordination agreement between the lender and U.S. Bank, N.A. The Note has an interest rate of 5% per annum and matures on January 1, 2040. Principal and interest payments of \$6,785 are due annually and payable from surplus cash, as defined in the Partnership Agreement.

During 2023 and 2022, interest expense was \$5,200 each year. As of December 31, 2023 and 2022, accrued interest was \$124,800 and \$119,600, respectively. As of December 31, 2023 and 2022, note payable was \$104,000 each year.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

6. Related party transactions

Property management fee

The Entity entered into a management agreement with the Housing Authority of the City of Jefferson, Missouri (the “Management Agent”), a related party of the General Partner, for services rendered in connection with the leasing and operation of the Property. The Management Agent fee for its services is \$40 per occupied unit per month. During 2023 and 2022, property management fees of \$20,320 and \$17,960, respectively, were incurred. As of December 31, 2023 and 2022, property management fees of \$235,711 and \$215,391, respectively, were accrued.

Developer fee

The Housing Authority of the City of Jefferson, Missouri (“JCHA”), a related party of the General Partner, earned a development fee in the amount of \$555,000 for services relating to the development of the Property. The developer fee is unsecured, does not bear interest, and is payable from available cash flow, as further defined in the Partnership Agreement. As of December 31, 2023 and 2022, \$82,907 remained payable each year and is included in “Accounts payable – construction/development” on the accompanying balance sheets.

Related party advances

In prior years, JCHA, a related party of the General Partner, advanced funds to the Entity to cover costs of operations. The advances do not bear interest and are payable from surplus cash, as defined in the Partnership Agreement. As of December 31, 2023 and 2022, \$103,068 was payable each year and is included in “Accounts payable – entity” on the accompanying balance sheets.

Ground lease

On December 20, 1999, the Entity entered into a ground lease agreement (the “Ground Lease”) with JCHA, an affiliate of the General Partner. The term of the Ground Lease commenced on December 20, 1999 and will terminate on December 1, 2098. Base Rent of \$1 is due annually during the lease term. During 2023 and 2022, the Entity incurred ground lease expense of \$4,568 for each year, which is included in “Miscellaneous operating and maintenance expenses” on the accompanying statement of income. As of December 31, 2023 and 2022, the right-of-use asset recognized was \$346,051 and \$350,619, respectively. As of December 31, 2023 and 2022, no ground lease payable was outstanding each year.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

7. Low-income housing tax credits

The Entity generated \$3,637,240 of federal low-income housing tax credits and \$3,637,240 of state low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2004. The year in which the credit period begins is determined on a building-by-building basis within the Entity. In order to qualify for these credits, the Property must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Entity has also agreed to maintain and operate the Property as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

As of December 31, 2010, the complete amount of Tax Credits, \$7,274,480, had been fully allocated to the Entity.

The Entity does not anticipate generating additional Tax Credits in future years.

# **MHDC SUPPLEMENTARY INFORMATION**

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
Schedule of Funds in Financial Institutions  
December 31, 2023

**Funds in Financial Institutions as of December 31, 2023**

**A. Funds Held by Mortgagor, Regular Accounts:**

JCHA Revolving Fund, checking \$ (191,145)

**B. Funds Held by Mortgagor, in Trust, Tenant Security Deposit:**

Central Bank, savings 14,691

**Funds Held by Mortgagor, TOTAL** \$ (176,454)

**C. Funds Held by Mortgagee, in Trust:**

1. Tax and Insurance Escrow, MHDC 76,259  
2. Reserve Fund for Replacements, MHDC 42,693

**Funds Held by Mortgagee, TOTAL** \$ 118,952

**TOTAL Funds in Financial Institutions** \$ (57,502)

Balances audited/verified as of December 31, 2023

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
Schedule of Changes in Property and Equipment  
December 31, 2023

<b>Assets</b>				
<b>Asset Description</b>	<b>12/31/2022 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/2023B alance</b>
Land Improvements	550,828	-	-	550,828
Buildings	5,306,930	-	-	5,306,930
Equipment	10,777	-	-	10,777
Furniture	120,917	21,525	2,237	140,205
TOTALS	<u>\$ 5,989,452</u>	<u>\$ 21,525</u>	<u>\$ 2,237</u>	<u>\$ 6,008,740</u>

<b>Accumulated Depreciation</b>				
<b>Asset Description</b>	<b>12/31/2022 Balance</b>	<b>Current Provisions</b>	<b>Deletions</b>	<b>12/31/2023B alance</b>
Land Improvements	550,828	-	-	550,828
Buildings	1,842,927	133,569	-	1,976,496
Equipment	10,777	-	-	10,777
Furniture	100,329	4,839	2,237	102,931
TOTALS	<u>\$ 2,504,861</u>	<u>\$ 138,408</u>	<u>\$ 2,237</u>	<u>\$ 2,641,032</u>

<b>Net Book Value at 12/31/2023</b>
\$ -
\$ 3,330,434
\$ -
\$ 37,274
<u>\$ 3,367,708</u>

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
TIN # 43-1868502  
Schedule of Eligible and Allocated Federal and State Tax Credits (Unaudited)  
December 31, 2023

Credit Year	Calendar Year	Annual Federal LIHTC		Annual State LIHTC	
		Allocated	Eligible	Allocated	Eligible
1	2001	363,724	363,724	363,724	363,724
2	2002	363,724	363,724	363,724	363,724
3	2003	363,724	363,724	363,724	363,724
4	2004	363,724	363,724	363,724	363,724
5	2005	363,724	363,724	363,724	363,724
6	2006	363,724	363,724	363,724	363,724
7	2007	363,724	363,724	363,724	363,724
8	2008	363,724	363,724	363,724	363,724
9	2009	363,724	363,724	363,724	363,724
10	2010	363,724	363,724	363,724	363,724
11	2011	-	-	-	-
12	2012	-	-	-	-
13	2013	-	-	-	-
14	2014	-	-	-	-
15	2015	-	-	-	-

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
Schedule of Escrow Deposits and Replacement Reserves  
Supporting Schedule Required by HUD & MHDC  
December 31, 2023

**Replacement Reserves & Mortgage Escrow Deposits**

Balance, January 1, 2023	\$	41,596
Monthly deposits		20,435
Interest earned		169
Release of funds		<u>(19,507)</u>
Balance, December 31, 2023		
Confirmed by mortgagee	\$	<u><u>42,693</u></u>
Tax and Insurance reserves	\$	<u><u>76,259</u></u>

see report of independent auditors



# **COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS**

<b>Project Name</b> Capital City Apartments Limited Partnership		<b>Fiscal Period Ended</b> December 31, 2023	<b>Project Number</b> 99-108-HT	
<b>PART A - COMPUTE SURPLUS CASH</b>				
<b>CASH</b>	1. Cash ( <i>Accounts 1120, 1170, 1191</i> )	\$ 14,691		
	2. Tenant subsidy vouchers due for period covered by financial statement	\$ 1,524		
	3. Other ( <i>Describe</i> ) ( <i>S1300-030</i> )	\$ -		
	<i>(a) Total Cash (Add Lines 1, 2, and 3)</i>			\$ 16,215
<b>CURRENT OBLIGATIONS</b>	4. Accrued mortgage interest payable	\$ 492		
	5. Delinquent mortgage principal payments	\$ -		
	6. Delinquent deposits to reserve for replacements	\$ -		
	7. Accounts payable ( <i>due within 30 days</i> )	\$ 5,510		
	8. Loans and notes payable... ( <i>due within 30 days</i> )	\$ -		
	9. Deficient Tax Insurance or MIP Escrow Deposits	\$ -		
	10. Accrued expenses ( <i>not escrowed</i> )	\$ 7,258		
	11. Prepaid Rents ( <i>Account 2210</i> )	\$ 1,996		
	12. Tenant security deposits liability ( <i>Account 2191</i> )	\$ 13,991		
	13. Other: current obligations	\$ -		
	<i>(b) Less Total Current Obligations (Add Lines 4 through 13)</i>			\$ 29,247
	<i>(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))</i>			\$ (13,032)
<b>PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS</b>				
1. Surplus Cash		\$ -		
<b>LIMITED DIVIDEND PROJECTS</b>	2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$ -		
	2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	\$ -		
	2c. Distributions Paid During Fiscal Period Covered by Statement	\$ -		
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid ( <i>Line 2a plus 2b minus 2c</i> )	\$ -		
4. Amount Available for Distribution During Next Fiscal Period		\$ -		
5. Deposit Due Residual Receipts ( <i>Must be deposited with Mortgagee within 60 days after Fiscal Period ends</i> )		\$ -		
<b>PREPARED BY</b>		<b>REVIEWED BY</b>		
LOAN TECHNICIAN		LOAN SERVICER		
DATE		DATE		

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
COMPUTATION OF DISTRIBUTIONS TO OWNERS AND  
REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

Development Name: Capital City Apartments Limited Partnership **Fiscal** from: January 1, 2023  
MHDC #: 99-108-HT **Period** to: December 31, 2023

**A. Annual distribution earned during fiscal period covered by statement:**

Current Equity *	\$5,163,869 (1)
Distribution percent per Regulatory Agreement	8% (2)
Annual distribution earned for: <u>2023</u>	<u>\$413,110 (3)</u>

**B. Distributions accrued and unpaid as of the end of the prior fiscal period:**

Distributions earned per Regulatory Agreement at 12/31, or end of accounting year,  
if different, for years:

2022	\$ 410,586
2021	\$ 408,087
2020	\$ 405,613
2019	\$ 403,164
2018	\$ 400,739
2017	\$ 398,338
2016	\$ 395,961
2015	\$ 393,608
2014	\$ 391,278
2013	\$ 388,972
2012	\$ 386,688
2011	\$ 384,427
2010	\$ 382,188
2009	\$ 379,972
2008	\$ 377,778
2007	\$ 375,606
2006	\$ 373,455
2005	\$ 371,325
2004	\$ 369,217
2003	\$ 367,130
2002	\$ 365,064
2001	\$ 363,018
2000	\$ 123,685
1999 and prior years	\$ -
Total prior year distributions earned	\$ 8,615,899 (4)
Less: Distributions made to partners in prior years	(5)
Less: Other (explain)	(6)

**Distributions accrued and unpaid as of period covered  
by statement:**

\$ 8,615,899 (7)

**C. Distributions paid during period covered by statement:**

To partners	(8)
Other (explain)	(9)
Total distributions paid during period covered by statement	\$ - (10)

**D. Amount to be carried as distributions earned, but unpaid:**

Line (3) + Line (7) - Line (10) \*\* \$ 9,029,009 (11)

**E. Amount available for distribution during next fiscal period:**

Surplus Cash (from form HUD-93486, Line 1. of Part B) \$ - (12)

**F. Deposit due to Residual Receipts account:**

If Line (11) is greater than Line (12), enter zero (\$0), else enter  
Line (12) - Line (11), and deposit amount within 60 days of fiscal  
year end into joint account with mortgagee (MHDC). \$ - (13)

\* Current equity represents initial equity investment plus mortgage principal reduction through end of fiscal period.

\*\* Distributions may only be made to the extent that there is surplus cash available as shown in Part E.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF CASH FLOWS - HUD BASIS  
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

S1200-010	Rental receipts	\$ 403,409
S1200-020	Interest receipts	377
S1200-030	Other operating receipts	<u>6,029</u>
S1200-040	Total receipts	409,815

CASH PAID FOR:

S1200-050	Administrative expenses	(25,345)
S1200-090	Utilities expenses	(46,371)
S1200-100	Salaries and wages expense	(61,426)
S1200-110	Operating and maintenance expenses	(89,368)
S1200-140	Property insurance expense	(87,210)
S1200-160	Tenant security deposits	(267)
S1200-180	Interest on first mortgage	(6,077)
S1200-225	Entity/construction disbursements	<u>43,873</u>
S1200-230	Total disbursements	<u>(272,191)</u>

S1200-240	Net cash provided by (used in) operating activities	137,624
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CASH FLOWS FROM INVESTING ACTIVITIES

S1200-245	Net deposits to the mortgage escrow account	(93,541)
S1200-250	Net deposits to the reserve for replacement account	(1,097)
S1200-330	Net purchases of fixed assets	<u>(21,525)</u>
S1200-350	Net cash provided by (used in) investing activities	(116,163)

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Principal payments - first mortgage (or bonds)	(31,547)
S1200-455	Entity/construction financing activities	<u>10,086</u>
S1200-460	Net cash provided by (used in) financing activities	<u>(21,461)</u>

S1200-470	NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	-
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S1200-480	BEGINNING OF PERIOD CASH	<u>-</u>
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S1200T	END OF PERIOD CASH	<u><u>\$ -</u></u>
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see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
STATEMENT OF CASH FLOWS - HUD BASIS (CONTINUED)  
For the Year Ended December 31, 2023

RECONCILIATION OF NET PROFIT (LOSS) TO NET		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
3250	NET PROFIT OR (LOSS)	\$ (12,924)
ADJUSTMENTS TO RECONCILE NET PROFIT (LOSS) TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES		
6600	Depreciation expense	138,408
S1200-486	Amortization of debt issuance costs	1,182
Changes in asset and liability accounts		
Decrease (increase) in assets		
S1200-490	Decrease (increase) in tenant accounts receivable	(13,617)
S1200-520	Decrease (increase) in prepaid expenses	(1,104)
S1200-530	Decrease (increase) in cash restricted for tenant security deposits	(4,048)
Increase (decrease) in liabilities		
S1200-540	Increase (decrease) in accounts payable	(4,221)
S1200-560	Increase (decrease) in accrued liabilities	21,619
S1200-570	Increase (decrease) in accrued interest payable	(26)
S1200-580	Increase (decrease) in tenant security deposits held in trust	3,781
S1200-590	Increase (decrease) in prepaid revenue	(1,194)
S1200-600	Other adjustments (include detail):	
S1200-601	Lease expense	4,568
S1200-605	Increase (decrease) in entity/construction liability accounts:	
S1200-606	Interest on mortgage payable - second mortgage (S1200-607)	5,200
S1200-610	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 137,624</u>

see report of independent auditors

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Partners of

Capital City Apartments Limited Partnership:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital City Apartments Limited Partnership, which comprise the balance sheet as of December 31, 2023, and the related statements of income, partners' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 29, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Capital City Apartments Limited Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital City Apartments Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Capital City Apartments Limited Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Capital City Apartments Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Novogradac & Company LLP*

Austin, Texas

February 29, 2024

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
MORTGAGOR CERTIFICATION  
December 31, 2023

I hereby certify that I have examined the accompanying financial statements and supplemental data of Capital City Apartments Limited Partnership and, to the best of my knowledge and belief, the same is complete and accurate.

Capital City Apartments Limited Partnership  
(A Missouri Limited Partnership)

Michelle Wessler  
Signature

February 29, 2024  
Date

Name of Signatory

Michelle Wessler

Title of Certifying Official

President of the General Partner

Employer Identification Number of the owner

43-1868502

Auditee Telephone Number

(573) 635-6163

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
MHDC PROJECT NO. 99-108-HT  
MANAGING AGENT CERTIFICATION  
December 31, 2023

I hereby certify that I have examined the accompanying financial statements and supplemental data of Capital City Apartments Limited Partnership and, to the best of my knowledge and belief, the same is complete and accurate.

Housing Authority for the City of Jefferson, Missouri

By: Michelle Wessler  
Michelle Wessler  
Executive Director

44-6005933  
Employer Identification Number

Chera C. McCoy  
Signature of Individual Responsible for  
Management of Property

Chera McCoy  
Printed Name of Individual Responsible for  
Management of Property

February 29, 2024  
Date