

Capital City Elderly, LP

**MHDC Project No.: 01-052-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 Elderly, LP:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Capital City Elderly, LP, 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 Elderly, LP 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 Elderly, LP 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 Elderly, LP'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital City Elderly, LP'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 Elderly, LP'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.

Novogradac & Company LLP

Austin, Texas

February 29, 2024

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
BALANCE SHEETS
December 31, 2023 and 2022

Assets

		December 31,	
		2023	2022
Current Assets			
1130	Tenant accounts receivable	\$ 374	\$ 959
1200	Miscellaneous prepaid expenses (Supplemental Schedule > \$1,000)	1,319	525
1100T	Total Current Assets	1,693	1,484
Deposits Held in Trust - Funded			
1191	Tenant deposits held in trust	16,677	15,673
Restricted Deposits And Funded Reserves			
1310	Escrow deposits	42,541	(13,229)
1320	Replacement reserve	44,086	38,188
1330	Other reserves	37,530	37,388
1300T	Total Deposits	124,157	62,347
Fixed Assets			
1420	Buildings	4,512,905	4,495,655
1450	Furniture for project/tenant use	155,231	155,672
1465	Office furniture and equipment	5,306	5,306
1490	Miscellaneous fixed assets	328,529	328,529
1400T	Total Fixed Assets	5,001,971	4,985,162
1495	Less: Accumulated depreciation	2,752,929	2,638,631
1400N	Net Fixed Assets	2,249,042	2,346,531
Other Assets			
1520	Right-of-use asset	42,460	43,004
1500T	Total Other Assets	42,460	43,004
1000T	Total Assets	\$ 2,434,029	\$ 2,469,039

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
BALANCE SHEETS (CONTINUED)
December 31, 2023 and 2022

Liabilities

		December 31,	
		2023	2022
Current Liabilities			
2105	Bank overdraft - operations	\$ 60,129	\$ —
2110	Accounts payable - operations	10,886	4,456
2113	Accounts payable - entity	7,000	7,000
2123	Accrued management fee payable	51,507	36,837
2170	Mortgage payable - first mortgage (short-term)	17,750	17,750
2190	Miscellaneous current liabilities (Supplemental Schedule > \$1,000)	4,389	4,469
2210	Prepaid revenue	2,204	2,283
2122T	Total Current Liabilities	153,865	72,795
Deposit And Prepayment Liabilities			
2191	Tenant deposits held in trust (contra)	15,500	15,200
Long-Term Liabilities			
2320	Mortgage payable - first mortgage	322,458	340,208
2300T	Total Long-Term Liabilities	322,458	340,208
2000T	Total Liabilities	491,823	428,203
Partners' Equity			
3130	Partners' equity	1,942,206	2,040,836
2033T	Total Liabilities And Partners' Equity	\$ 2,434,029	\$ 2,469,039

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENT OF INCOME
For the Year Ended December 31, 2023

	Description of Account	Acct. No.	Amount
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 239,600
	Tenant Assistance Payments	5121	\$ —
	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	\$ —
	Total Rent Revenue	5100T	\$ 239,600
Vacancies 5200	Apartments	5220	\$ 9,579
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 1,605
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	Total Vacancies	5200T	\$ 11,184
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 228,416
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 369
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 157
	Revenue from Investments - Miscellaneous	5490	\$ 142
	Total Financial Revenue	5400T	\$ 668
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 2,291
	Tenant Charges	5920	\$ 896
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 4
	Total Other Revenue	5900T	\$ 3,191
	Total Revenue	5000T	\$ 232,275
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 419
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 2,332
	Other Renting Expenses	6250	\$ 329
	Office Salaries	6310	\$ 5,887
	Office Expenses	6311	\$ 2,179
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 17,640
	Manager or Superintendent Salaries	6330	\$ 9,363
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ —
	Audit Expense	6350	\$ 5,700
	Telephone Expense	6360	\$ 6,817
	Bad Debts	6370	\$ —
	Miscellaneous Administrative Expenses	6390	\$ 6,883
	Total Administrative Expenses	6263T	\$ 57,549
Utilities	Electricity	6450	\$ 15,557
	Water	6451	\$ 7,853
	Gas	6452	\$ 436
	Sewer	6453	\$ 4,372
	Cable TV / Internet Access	6454	\$ 1,447
	Total Utilities Expense	6400T	\$ 29,665
	Total Expenses (Carry Forward to Page 2)		\$ 87,214

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2023

		Balance Carried Forward		\$	87,214
Operating Maintenance Expenses 6500	Payroll	6510	\$	13,681	
	Supplies	6515	\$	10,882	
	Contracts	6520	\$	19,028	
	Operating and Maintenance Rent Free Unit	6521	\$	—	
	Garbage and Trash Removal	6525	\$	2,806	
	Security Payroll/Contract	6530	\$	4,780	
	Security Rent Free Unit	6531	\$	—	
	Heating/Cooling Repairs and Maintenance	6546	\$	3,376	
	Snow Removal	6548	\$	702	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$	591	
	Maintenance Tools and Equipment	6571	\$	—	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$	—	
	Exterminating	6573	\$	1,350	
	Elevator Maintenance/Contracts	6574	\$	2,567	
	Vacant Unit Preparation	6580	\$	3,443	
	Miscellaneous Operating and Maintenance Expenses	6590	\$	780	
	Total Operating and Maintenance Expenses	6500T		\$	63,986
Taxes and Insurance 6700	Real Estate Taxes	6710	\$	—	
	Payroll Taxes (Project's Share)	6711	\$	2,139	
	Property and Liability Insurance (Hazard)	6720	\$	48,309	
	Fidelity Bond Insurance	6721	\$	62	
	Workmen's Compensation	6722	\$	2,224	
	Health Insurance and Other Employee Benefits	6723	\$	12,232	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$	—	
	Total Taxes and Insurance	6700T		\$	64,966
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$	—	
	Interest Attributable to Debt Issuance Costs	6822	\$	—	
	Interest on Notes Payable (Long-Term)	6830	\$	—	
	Interest on Notes Payable (Short-Term)	6840	\$	—	
	Mortgage Insurance Premium/Service Charge	6850	\$	—	
	Miscellaneous Financial Expenses	6890	\$	—	
	Total Financial Expenses	6800T		\$	—
Supportive Services -	Supportive Services Expenses (attach Schedule)	6990	\$	—	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$	216,166
	Profit (Loss) before Depreciation and Amortization	5060T		\$	16,109
	Depreciation Expense	6600	\$	114,739	
	Amortization Expense	6610	\$	—	
	Total Depreciation and Amortization			\$	114,739
	Operating Profit or (Loss)	5060N		\$	(98,630)
Corporate or Mortgagor Entity Expenses 7100	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	\$	—	
	Other Expenses	7190	\$	—	
	Net Entity Expenses	7100T		\$	—
	Profit or Loss (Net Income or Loss)	3250		\$	(98,630)
Miscellaneous or other Income and Expense Sub-account Groups. 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.					
Part II					
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)				\$	17,750
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)				\$	19,542
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)				\$	—
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)				\$	—

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2022

	Description of Account	Acct. No.	Amount
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 229,000
	Tenant Assistance Payments	5121	\$ —
	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	\$ —
	Total Rent Revenue	5100T	\$ 229,000
Vacancies 5200	Apartments	5220	\$ 8,265
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 2,361
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	Total Vacancies	5200T	\$ 10,626
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 218,374
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 75
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 264
	Revenue from Investments - Miscellaneous	5490	\$ 126
	Total Financial Revenue	5400T	\$ 465
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 2,362
	Tenant Charges	5920	\$ 421
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 769
	Total Other Revenue	5900T	\$ 3,552
	Total Revenue	5000T	\$ 222,391
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 243
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 1,395
	Other Renting Expenses	6250	\$ 213
	Office Salaries	6310	\$ 8,370
	Office Expenses	6311	\$ 3,272
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 17,430
	Manager or Superintendent Salaries	6330	\$ 8,986
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 3
	Audit Expense	6350	\$ 5,700
	Telephone Expense	6360	\$ 6,113
	Bad Debts	6370	\$ —
	Miscellaneous Administrative Expenses	6390	\$ 7,772
	Total Administrative Expenses	6263T	\$ 59,497
Utilities	Electricity	6450	\$ 14,329
	Water	6451	\$ 6,424
	Gas	6452	\$ 439
	Sewer	6453	\$ 4,189
	Cable TV / Internet Access	6454	\$ 1,359
	Total Utilities Expense	6400T	\$ 26,740
	Total Expenses (Carry Forward to Page 2)		\$ 86,237

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2022

		Balance Carried Forward		\$ 86,237
Operating Maintenance Expenses 6500	Payroll	6510	\$ 13,991	
	Supplies	6515	\$ 12,316	
	Contracts	6520	\$ 20,369	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 2,642	
	Security Payroll/Contract	6530	\$ 8,508	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 3,414	
	Snow Removal	6548	\$ 3,944	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 776	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 1,775	
	Elevator Maintenance/Contracts	6574	\$ 3,649	
	Vacant Unit Preparation	6580	\$ 5,123	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 784	
	Total Operating and Maintenance Expenses	6500T		\$ 77,291
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 2,421	
	Property and Liability Insurance (Hazard)	6720	\$ 45,579	
	Fidelity Bond Insurance	6721	\$ 35	
	Workmen's Compensation	6722	\$ 2,142	
	Health Insurance and Other Employee Benefits	6723	\$ 12,325	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
	Total Taxes and Insurance	6700T		\$ 62,502
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ —	
	Interest Attributable to Debt Issuance Costs	6822	\$ —	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ —	
	Miscellaneous Financial Expenses	6890	\$ —	
	Total Financial Expenses	6800T		\$ —
Supportive Services -	Supportive Services Expenses (attach Schedule)	6990	\$ —	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 226,030
	Profit (Loss) before Depreciation and Amortization	5060T		\$ (3,639)
	Depreciation Expense	6600	\$ 113,909	
	Amortization Expense	6610	\$ —	
	Total Depreciation and Amortization			\$ 113,909
	Operating Profit or (Loss)	5060N		\$ (117,548)
Corporate or Mortgagor Entity Expenses 7100	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	\$ —	
	Other Expenses	7190	\$ (333)	
	Net Entity Expenses	7100T		\$ (333)
	Profit or Loss (Net Income or Loss)	3250		\$ (117,215)
Miscellaneous or other Income and Expense Sub-account Groups. 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.				
Part II				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)				\$ 17,750
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)				\$ 18,987
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)				\$ 5,051
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)				\$ —

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENTS OF PARTNERS' EQUITY
For the Years Ended December 31, 2023 and 2022

Account		Limited Partner		General Partner		Total Partners' Equity	
Allocation Percentage		99.99%		0.01%		100.00%	
	Balance, January 1, 2022	\$	2,158,274	\$	(223)	\$	2,158,051
	Net loss		(117,203)		(12)		(117,215)
	Balance, December 31, 2022	\$	2,041,071	\$	(235)	\$	2,040,836
3250	Net loss		(98,620)		(10)		(98,630)
3130	Balance, December 31, 2023	\$	1,942,451	\$	(245)	\$	1,942,206

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (98,630)	\$ (117,215)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	114,739	113,909
Lease expense	544	544
Change in tenant security deposits held in trust	(1,004)	(518)
Change in accounts receivable	585	(584)
Change in prepaid expenses	(794)	91
Change in miscellaneous current assets	-	320
Change in accounts payable	6,430	1,476
Change in security deposits payable	300	425
Change in prepaid rent	(79)	168
Change in accrued expenses	14,590	12,613
Net cash provided by operating activities	<u>36,681</u>	<u>11,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(17,250)	(58,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in bank overdraft	60,129	(8,505)
Payments of mortgage	(17,750)	(17,750)
Net cash provided by financing activities	<u>42,379</u>	<u>(26,255)</u>
Net change in cash, cash equivalents and restricted cash	61,810	(73,676)
Cash, cash equivalents and restricted cash at beginning of year	<u>62,347</u>	<u>136,023</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 124,157</u>	<u>\$ 62,347</u>
Cash and cash equivalents	\$ -	\$ -
Restricted cash	124,157	62,347
Total cash, cash equivalents and restricted cash	<u>\$ 124,157</u>	<u>\$ 62,347</u>

see accompanying notes

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. Organization

Capital City Elderly, LP (the “Entity”), a Missouri limited partnership, was formed April 13, 2001. The Entity was formed to acquire an interest in real property and to construct and operate a 50-unit apartment complex for the elderly located in Jefferson City, Missouri known as Ted Herron 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.

In prior years, Community Investment Group II, LLC (the “Original Limited Partner”) transferred and assigned its rights, title, and interest in the Entity to Herron Apartments Investment Corporation (the “Limited Partner”).

The general partner is Capital City Elderly Housing Corporation (the “General Partner”). Pursuant to the Amended and Restated Agreement of Limited Partnership dated August 1, 2001, 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 Original Limited Partner was required to provide capital contributions totaling \$4,381,330, subject to potential adjustments 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 ELDERLY, LP
MHDC PROJECT NO. 01-052-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, funding of operating deficits, 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 years ended December 31, 2023 and 2022, no bad debt expense was incurred each year.

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 15 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 5 years using the straight-line method. Depreciation expense for the years ended December 31, 2023 and 2022 was \$114,739 and \$113,909, 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 ELDERLY, LP
MHDC PROJECT NO. 01-052-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 ELDERLY, LP
MHDC PROJECT NO. 01-052-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 tenant 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, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

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 \$42,541 and a deficit balance of \$13,229, respectively.

Replacement reserve

Pursuant to a regulatory agreement between the Entity and MHDC, annual deposits of \$19,542 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 \$44,086 and \$38,188, respectively.

Other reserves

Pursuant to a regulatory agreement between the Entity and MHDC, an operating reserve and a rent-up reserve were established to meet any cash deficits in the operation of the Property during the life of the loan from MHDC. The Entity must have approval from MHDC before funds from the reserves are released. As of December 31, 2023 and 2022, the operating reserve balance was \$8,333 and \$8,301, respectively. As of December 31, 2023 and 2022, the rent-up reserve balance was \$29,197 and \$29,087, respectively.

Residual receipts reserve

Pursuant to a regulatory agreement between the Entity and MHDC, surplus cash in excess of the cumulative allowable distributions are deposited into the residual receipts reserve account. These deposits are held by MHDC until approval is obtained for use of the funds. As of December 31, 2023 and 2022, the residual receipts reserve had not been funded.

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

4. Mortgage payable – first mortgage

In 2003, the Entity obtained construction and permanent financing (the “Permanent Loan”) in the amount of \$710,000 from MHDC. The nonrecourse loan is secured by a first deed of trust on the Property. The Permanent Loan does not bear interest and matures on February 1, 2043. Principal payments of \$1,479 are due monthly. As of December 31, 2023 and 2022, \$340,208 and \$357,958, respectively, was payable.

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

Year ending December 31,	
2024	\$ 17,750
2025	17,750
2026	17,750
2027	17,750
2028	17,750
Thereafter	<u>251,458</u>
Total	<u>\$ 340,208</u>

5. 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 \$30 per occupied unit per month. During 2023 and 2022, property management fees of \$17,640 and \$17,430, respectively, were incurred. As of December 31, 2023 and 2022, property management fees of \$51,507 and \$36,837, respectively, were payable.

Related party advances

The Housing Authority for the City of Jefferson, Missouri (“JCHA”), a related party of the General Partner, advanced funds to the Entity to cover operating costs. As of December 31, 2023 and 2022, \$7,000 remained payable both years.

Ground lease

On August 24, 2001, 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 August 24, 2001 and will terminate on August 1, 2099. Annually during the term of the lease, base rent (“Base Rent”) is due on February 1st of the following year. Base Rent is \$1 per year. Upon expiration of the agreement, the Entity has an option to purchase the property. As JCHA acts as the Land Clearance for Redevelopment Authority of Jefferson City, Missouri and also holds the fee title to the property, the property is exempt from the payment of real estate taxes as long as JCHA continues to hold the property.

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. Related party transactions (continued)

Ground lease (continued)

During 2023 and 2022, the Entity incurred ground lease expense of \$544 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 \$42,460 and \$43,004, respectively. As of December 31, 2023 and 2022, no ground lease payable was outstanding each year.

Incentive management fee

Pursuant to the Partnership Agreement, the Entity pays an incentive management fee to the General Partner for its services in managing the business of the Entity. In consideration for such services, the General Partner shall receive an annual noncumulative fee of 85% of the Net Annual Cash Flow, as defined in the Partnership Agreement., subject to available cash flow. The fee shall not exceed \$30,000 per year. During 2023 and 2022, no incentive management fee was incurred.

6. Low-income housing tax credits

The Entity expects to generate an aggregate of \$3,745,000 of federal low-income housing tax credits and \$3,745,000 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, 2013, the complete amount of Tax Credits, \$7,490,000, had been fully allocated to the Entity.

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

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. Commitments

The Entity has entered into a regulatory agreement with MHDC, which regulates, among other things, the rents which may be charged for apartment units in the Project, prohibits the sale of the Project without MHDC consent, limits the annual distribution of cash flow to the partners and otherwise regulates the relationship between the Entity and MHDC.

A land use restriction agreement filed with MHDC requires that at least 40% of the residential units shall be set aside and made available for rental solely to eligible low-income individuals or families, as defined in the Code.

MHDC SUPPLEMENTARY INFORMATION

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-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 \$ (60,129)

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

Central Trust Bank, savings 16,677

Funds Held by Mortgagor, TOTAL (\$43,452)

C. Funds Held by Mortgagee, in Trust:

1. Tax and Insurance Escrow, MHDC	\$42,541
2. Reserve Fund for Replacements, MHDC	44,086
3. Operating Reserve Escrow, MHDC	8,333
4. Rent-up Reserve Escrow, MHDC	<u>29,197</u>

Funds Held by Mortgagee, TOTAL \$124,157

TOTAL Funds in Financial Institutions \$80,705

Balances audited/verified as of December 31, 2023

see report of independent auditors

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
Schedule of Changes in Property and Equipment
December 31, 2023

Assets				
Asset Description	12/31/2022 Balance	Additions	Deletions	12/31/2023 Balance
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	328,529	-	-	328,529
Buildings	4,495,655	17,250	-	4,512,905
Building Improvements	-	-	-	-
Equipment	5,306	-	-	5,306
Furniture	155,672	-	441	155,231
TOTALS	<u>\$ 4,985,162</u>	<u>\$ 17,250</u>	<u>\$ 441</u>	<u>\$ 5,001,971</u>

Accumulated Depreciation				
Asset Description	12/31/2022 Balance	Current Provisions	Deletions	12/31/2023 Balance
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	320,775	649	-	321,424
Buildings	2,156,899	114,069	-	2,270,968
Building Improvements	-	-	-	-
Equipment	5,285	21	-	5,306
Furniture	155,672	-	441	155,231
TOTALS	<u>\$ 2,638,631</u>	<u>\$ 114,739</u>	<u>\$ 441</u>	<u>\$ 2,752,929</u>

Net Book Value at 12/31/2023
\$ -
\$ 7,105
\$ 2,241,937
\$ -
\$ -
\$ -
<u>\$ 2,249,042</u>

see report of independent auditors

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
TIN # 43-1923274

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	2003	374,500	304,700	374,500	304,700
2	2004	374,500	374,500	374,500	374,500
3	2005	374,500	374,500	374,500	374,500
4	2006	374,500	374,500	374,500	374,500
5	2007	374,500	374,500	374,500	374,500
6	2008	374,500	374,500	374,500	374,500
7	2009	374,500	374,500	374,500	374,500
8	2010	374,500	374,500	374,500	374,500
9	2011	374,500	374,500	374,500	374,500
10	2012	374,500	374,500	374,500	374,500
11	2013	-	69,800	-	69,800
12	2014	-	-	-	-
13	2015	-	-	-	-
14	2016	-	-	-	-
15	2017	-	-	-	-

see report of independent auditors

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
Schedule of Escrow Deposits and Replacement Reserves
Supporting Schedule Required by HUD & MHDC
December 31, 2023

Replacement Reserves

Balance, January 1, 2023	\$ 38,188
Monthly deposits	19,542
Interest earned	156
Release of funds	<u>(13,800)</u>
Balance, December 31, 2023	
Confirmed by mortgagee	<u><u>\$ 44,086</u></u>

Mortgage Escrow Deposits

Insurance escrow	\$ 42,541
Other reserves	<u>37,530</u>
Total mortgage escrow deposits	<u><u>\$ 80,071</u></u>

see report of independent auditors

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS

Project Name	Fiscal Period Ended	Project Number
Capital City Elderly, LP	December 31, 2023	01-052-HT

PART A - COMPUTE SURPLUS CASH

CASH	1. Cash (<i>Accounts 1120, 1170, 1191</i>)	\$ 16,677	
	2. Tenant subsidy vouchers due for period covered by financial statement	\$ -	
	3. Other (<i>Describe</i>) (<i>S1300-030</i>)	\$ -	
	<i>(a) Total Cash (Add Lines 1, 2, and 3)</i>		\$ 16,677
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	\$ -	
	5. Delinquent mortgage principal payments	\$ -	
	6. Delinquent deposits to reserve for replacements	\$ -	
	7. Accounts payable (<i>due within 30 days</i>)	\$ 10,886	
	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>)	\$ 4,389	
	11. Prepaid Rents (<i>Account 2210</i>)	\$ 2,204	
	12. Tenant security deposits liability (<i>Account 2191</i>)	\$ 15,500	
	13. Other: current obligations	\$ -	
	<i>(b) Less Total Current Obligations (Add Lines 4 through 13)</i>		\$ 32,979
	<i>(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))</i>		\$ (16,302)

PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

1. Surplus Cash		\$ -
LIMITED DIVIDEND PROJECTS	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		\$ -

MARK TO MARKET

5. Incentive Performance Fee Payable		
6. Percentage Surplus Cash Split		
7. Surplus Cash Available for Second Mortgage Payments	\$ -	
8. Surplus Cash Available for Distribution		\$ -
9. Deposit Due Residual Receipts <i>be deposited with Mortgagee within 60 days after Fiscal Period ends</i>	(<i>Must</i>)	-

PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
COMPUTATION OF DISTRIBUTIONS TO OWNERS AND
REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

Development Name: Capital City Elderly, LP
MHDC #: 01-052-HT

Fiscal Period	from: <u>January 1, 2023</u> to: <u>December 31, 2023</u>
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A. Annual distribution earned during fiscal period covered by statement:

Current Equity *	4,751,685	(1)
Distribution percent per Regulatory Agreement	8%	(2)
Annual distribution earned for: <u>2023</u>	<u>\$380,135</u>	(3)

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	\$ 378,715	
2021	\$ 377,295	
2020	\$ 375,875	
2019	\$ 374,455	
2018	\$ 373,035	
2017	\$ 371,615	
2016	\$ 370,195	
2015	\$ 368,775	
2014	\$ 367,355	
2013	\$ 365,935	
2012	\$ 364,515	
2011	\$ 363,095	
2010 and prior years	\$ 2,853,640	
Total prior year distributions earned	\$ 7,304,500	(4)
Less: Distributions made to partners in prior years		(5)
Less: Other Partnership management review fee	\$ 22,500	(6)

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

\$ 7,282,000 (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) **	<u>\$ 7,662,135</u>	(11)
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E. Amount available for distribution during next fiscal period:

Surplus Cash (from form HUD-93486, Line 1. of Part B)	\$ -	(12)
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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)
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* 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 ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
STATEMENT OF CASH FLOWS - HUD BASIS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

S1200-010	Rental receipts	\$ 228,922
S1200-020	Interest receipts	668
S1200-030	Other operating receipts	<u>3,191</u>
S1200-040	Total receipts	232,781

CASH PAID FOR:

S1200-050	Administrative expenses	(18,309)
S1200-070	Management fee expense	(2,970)
S1200-090	Utilities expenses	(29,665)
S1200-100	Salaries and wages expense	(45,526)
S1200-110	Operating and maintenance expenses	(49,761)
S1200-140	Property insurance expense	(49,165)
S1200-160	Tenant security deposits	<u>(704)</u>
S1200-230	Total disbursements	<u>(196,100)</u>
S1200-240	Net cash provided by (used in) operating activities	36,681

CASH FLOWS FROM INVESTING ACTIVITIES

S1200-245	Net deposits to the mortgage escrow account	(55,770)
S1200-250	Net deposits to the reserve for replacement account	(5,898)
S1200-255	Net deposits to other reserves	(142)
S1200-330	Net purchase of fixed assets	<u>(17,250)</u>
S1200-350	Net cash provided by (used in) investing activities	(79,060)

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Principal payments - first mortgage (or bonds)	(17,750)
S1200-455	Entity/construction financing activities	<u>60,129</u>
S1200-460	Net cash provided by (used in) financing activities	<u>42,379</u>
S1200-470	NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	-
S1200-480	BEGINNING OF PERIOD CASH	<u>-</u>
S1200T	END OF PERIOD CASH	<u><u>\$ -</u></u>

see report of independent auditors

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-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)	\$ (98,630)
ADJUSTMENTS TO RECONCILE NET PROFIT (LOSS) TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES		
6600	Depreciation expense	114,739
Changes in asset and liability accounts		
Decrease (increase) in assets		
S1200-490	Decrease (increase) in tenant accounts receivable	585
S1200-520	Decrease (increase) in prepaid expenses	(794)
S1200-530	Decrease (increase) in cash restricted for tenant security deposits	(1,004)
Increase (decrease) in liabilities		
S1200-540	Increase (decrease) in accounts payable	6,430
S1200-560	Increase (decrease) in accrued liabilities	14,590
S1200-580	Increase (decrease) in tenant security deposits held in trust	300
S1200-590	Increase (decrease) in prepaid revenue	(79)
S1200-600	Other adjustments (include detail):	
S1200-601	Lease expense	544
S1200-610	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 36,681</u>

see report of independent auditors

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
MORTGAGOR CERTIFICATION
December 31, 2023

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

Capital City Elderly, LP
(A Missouri Limited Partnership)


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

43-1923274

Auditee Telephone Number

(573) 635-6163

CAPITAL CITY ELDERLY, LP
MHDC PROJECT NO. 01-052-HT
MANAGING AGENT CERTIFICATION
December 31, 2023

I hereby certify that I have examined the accompanying financial statements and supplemental data of Capital City Elderly, LP 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