



Waukesha County CDBG Program
Program Administrator
515 W. Moreland Blvd.
Waukesha, WI 53188
1.262.896.3370 (direct)
1.262.896.8510 (fax)

**The HOME Consortium
Board of Directors Meeting
Thursday, February 16, 2023 at 9:00 A.M.**

This meeting will be held via the Microsoft Teams application and will be open to the public.
Interested members of the public are encouraged to participate in the meeting via telephone

To join the meeting:

- Dial 414-435-2078
- Enter the Access Code **990 844 755#**

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Approval of the Minutes from the December 15, 2022, Board Meeting
4. Public/Staff Comment
5. Financial Status Report
6. HOME Consortium Loan Portfolio update
7. Ted Matkom from Gorman and Co/Candise St. Lofts will explain why no annual payment was made in 2022 due to insufficient cash flow
8. Independence Village HOME Funds reallocation of funds
9. Housing Action Coalition administrative funding application
10. HOME Bylaws DRAFT
11. Adjournment

The next HOME Board meeting is scheduled for Thursday, March 16, 2023

All agenda items are potentially actionable

In accordance with the Americans with Disabilities Act, persons requiring any means of handicap accessibility for this meeting must contact Kristin Silva at 896-3370 (FAX 896-8510) at least 48 hours prior to meeting.

Minutes of the
HOME Board Meeting
December 15, 2022

Members Present: John Kannard, Russell Kutz, Jeff Smith,
Jay Schreurs, Deb Sielski, Kris Deiss
Kathleen Schilling, Christine Howard,
Staff: Kristin Silva, Christina Brockish, Lisa Johnson
Absent: Jay Shambeau
Guests: Anthony Werth, Independence Village

1. The meeting was called to order via Teams by John Kannard, Board Chairperson, with a quorum of the Board present at 9:05 am.
2. The Board Chair led the Pledge of Allegiance
3. On a motion by Kathleen Schilling and seconded by Christine Howard, the minutes from the November 17, 2022, HOME Board meeting were unanimously approved.
4. No public or staff comments.
5. Kristin reviewed the Financial Status Report.
6. Independence Village application was reviewed again. The project is requesting \$770,000 for a 34-unit complex remodel of a former bank building for persons with special needs. The Executive Committee gave the project a score of 62. Jeff Smith asked several questions about the project. Christine Howard supports this project and sees the needs for this type of housing. On a motion by Christine Howard and seconded by Kris Deiss, the board unanimously approved Independence Village application for \$770,000.00.
7. 2023 Slate of Officers – Jeff Smith nominated Russell Kutz for the Treasurer position which he declined. Russell Kutz nominated John Kannard for the Treasurer position and he accepted. On a motion by Christine Howard and seconded by Kathleen Schilling, the 2023 Slate of Officers was unanimously approved. The 2023 Slate of Officers is:

Jay Schreurs—Chairperson
Deb Sielski—Vice Chairperson
Christine Howard—Secretary
John Kannard--Treasurer
8. The meeting was adjourned at 9:43 am.

Respectfully Submitted,

John Kannard

HOME CONSORTIUM LOAN PORTFOLIO 1998--2022

	DPA		REHAB		PURCHASE-REHAB			
	# of loans	Amount	# of loans	Amount	# of loans	Amount	TOTAL Loans	TOTAL AMOUNT
Jefferson	447	\$ 1,794,012	122	\$ 886,000	133	\$ 2,166,259	702	\$ 4,846,271
Ozaukee	242	\$ 983,000	45	\$ 352,235	5	\$ 50,341	292	\$ 1,385,576
Washington	236	\$ 2,375,377	120	\$ 636,682	13	\$ 172,807	369	\$ 3,184,866
Waukesha	185	\$ 1,917,040	549	\$ 2,117,175	29	\$ 392,642	763	\$ 4,426,857
TOTAL	1110	\$ 7,069,429	836	\$ 3,992,092	180	\$ 2,782,049	2126	\$ 13,843,570



HOME INVESTMENT PARTNERSHIP PROGRAM 2023

APPLICATION FOR ADMINISTRATION FUNDING

GENERAL INFORMATION

Applicant's Legal Name: _____

Applicant's Federal Identification Number: _____

Applicant's UEI Number: _____

Date Incorporated: _____

Address: _____

Telephone: _____

E-Mail: _____

Primary Contact Person: _____

Title: _____

Amount of HOME Admin Requested: _____

Area Served by Applicant: _____

AGENCY CAPACITY AND EXPERIENCE

Provide a brief description of your agency and experience. Highlight experience relevant to this application. Please describe staff roles and major job responsibilities.

List the Project Personnel who will be paid with HOME funds:

Position Title	Total Salary	HOME Portion (\$ and %)

GOALS AND OUTCOMES

Please describe anticipated agency goals for the funding cycle. What will HOME funds allow the agency to accomplish?

AGENCY BUDGET

Revenues	2022 Actual	2023 Budget
HOME Funding		
Other HUD Grants		
1.		
2.		
3.		
Other Federal Grants		
1.		
2.		
3.		
Other Government Grants		
United Way		
Program Service Fees		
Membership, Fund Raising, Donations		
Investment Income		
Other (Specify)		
TOTAL		
Expenses	2022 Actual	2023 Budget
Personnel Costs		
Insurance		
Operating Expenses		
Capital Expenses		
Allocated Overhead		
Other		
TOTAL		

Explain any major deviations between any of the years: _____

An officer of the organization's governing body must sign this application:

The undersigned, an authorized officer of the organization, does hereby certify that the information set forth in this grant application is true and correct, that the Federal tax exemption determination letter has not been revoked and the present operation of the organization and its current sources of support are not inconsistent with the organization's continuing tax exempt classification as set forth in such determination letter.

Name: _____

Title: _____

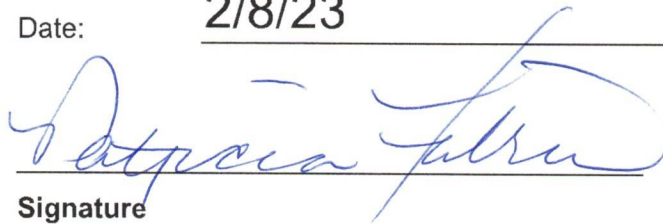
Date: _____

Signature

An officer of the organization's governing body must sign this application:

The undersigned, an authorized officer of the organization, does hereby certify that the information set forth in this grant application is true and correct, that the Federal tax exemption determination letter has not been revoked and the present operation of the organization and its current sources of support are not inconsistent with the organization's continuing tax exempt classification as set forth in such determination letter.

Name: Patricia Fabian
Title: Executive Director
Date: 2/8/23


Signature

DRAFT BYLAWS OF THE
HOME CONSORTIUM BOARD
WAUKESHA COUNTY, WISCONSIN

ARTICLE 1 – GENERAL

1.1 Name and Area of Service: The name of this organization shall be the HOME Consortium (HOME) Board of Directors, hereinafter referred to as the “HOME Board”. The area to be served shall be Jefferson, Ozaukee, Washington and Waukesha Counties, Wisconsin.

1.2 Purpose: The purpose of the HOME Board shall be to assist in planning, developing, and implementing affordable housing under the Cranston-Gonzalez National Affordable Housing Act of 1990(42 U.S.C. § 12701 et seq.) as amended, (hereinafter “NAHA”), which provides Federal assistance for the HOME Investment Partnership Program (hereinafter “HOME Program”).

The HOME Board shall:

- a) Make decisions regarding the allocation of the federal funds across program areas;
- b) Ensure that the HOME funds are spent in accordance with HUD rules regarding the use of the funds. Ensure that no more money is spent than is available;
- c) Make decisions regarding the expenditure of Community Housing Development Organization (CHDO) set-aside money;
- d) Review program activities and rules to ensure that money is being spent to benefit the consortium as a whole;
- e) Conduct public hearings on community needs;
- f) Review and approve housing development project applications;
- g) Accept, review and recommend to the Waukesha County Board of Supervisors and the Waukesha County Executive an annual statement of HOME Program allocations;
- h) Review and make recommendations concerning contracts and subgrantee agreements and revisions thereto for the Waukesha County Executive.

1.3 Governing Body: The HOME Consortium is a federally recognized consortium of four counties, that formed in 1998/1999 for the purposed of receiving a direct federal allocation of HOME funds annually from the Department of Housing and Urban Development. The four counties of the HOME Consortium are Jefferson, Ozaukee, Washington and Waukesha Counties. Each County is represented on the HOME Board by three members and one alternate. The HOME Board members are appointed by their respective County Executive/County Administrator or Chair of the County Board, with confirmation by the respective County Board of Supervisors.

1.4 Responsible Party: Waukesha County is the “Lead Agent” of the Consortium. The chief elected officer (County Executive) of Waukesha County is responsible for the execution of the

Grant Agreement with HUD for receipt of HOME funds. The County Executive has designated the Waukesha Community Development Manager, as staff person, with primary grant responsibility. The registered office is:

Waukesha County Administration Center
Community Development Division
515 W. Moreland Blvd., Room AC320
Waukesha, WI 53188
(262) 548-7920

1.5 Grantee Responsibility: Waukesha County shall be the federally recognized and designated “grantee”. Waukesha County, by ordinance approved by the Waukesha County Board of Supervisors, shall delegate the County Executive to execute a grant agreement with the U.S. Department of Housing and Urban Development (HUD) to receive federal HOME funds on an annual basis on behalf of the HOME Consortium Board of Directors.

ARTICLE 2 – Membership

2.1 General Powers: The HOME Consortium Board of Directors shall be responsible for program oversight decisions to include, but not limited to, application review, funding allocations, and such powers and authority related to the direct business related to HOME funds.

2.2 Board Composition: The HOME Consortium Board is comprised of the following twelve members:

- Three members from Jefferson County (and one alternate member)
- Three members from Ozaukee County (and one alternate member)
- Three members from Washington County (and one alternate member)
- Three members from Waukesha County (and one alternate member)

2.3 Appointment: The term of appointment shall be for three (3) years. The appointments shall be staggered with renewable three-year terms, not to exceed four consecutive terms (12 years).

2.4 Cause for Removal: Any member(s) of the HOME Consortium Board may be removed for cause including the following:

- For conviction of any federal or state felony.
- For absence from three regular meetings in a twelve (12) month period without just cause (or 2/3 of scheduled meetings in one year).
- By majority vote of the Executive Committee.

2.5 Resignations: All resignations from the HOME Consortium Board shall be in writing addressed to the Board Chair and Community Development Manager and will take effect upon receipt unless another date is specified therein.

2.6 Vacancies: Vacancies shall be filled by appointment for the remainder of the unexpired term. Membership vacancies shall be filled for the unexpired term in the same manner that the original appointments were made.

ARTICLE 3 – MEETINGS AND ATTENDANCE

3.1 Meetings Schedule: The HOME Consortium Board shall mutually agree on a meeting schedule. Currently, meetings are scheduled monthly on the third Thursday of each month at 9:00 a.m. Discussions on a meeting being cancelled, rescheduled, or other changes shall be discussed at HOME Consortium Board meetings, if allowed, for mutual agreement; however, the HOME Board delegates to the Chairman to cancel, reschedule, or call a special meeting with particular decision-making. HOME Board meetings are generally scheduled at the following location:

Waukesha County Administration Center
515 W. Moreland Blvd.
Room AC355/59
Waukesha, WI 53188

The location of meetings is to be determined by HOME Board members. A HOME Board meeting must be held at least quarterly in lieu of a monthly meeting.

3.2 Board Attendance: Members of the HOME Consortium Board shall be expected to attend all meetings of the Board and assigned committee meetings. Members shall miss no more than (3) meetings in a twelve (12) month period unless excused by the Chairperson, Vice Chairperson, or Community Development Manager. HOME Board members must call or provide notice by email prior to the posted time of the specific HOME Board meeting. A resignation will be requested by the HOME Board Chairperson upon a member's inability to actively participate in business of the HOME Board. Members may participate in regular, special, and emergency meetings of this organization through teleconferencing or videoconferencing to the extent such participation is allowable by state law and policy. Members who participate via teleconference or videoconference will be considered in attendance.

3.3 Public Meeting Notification: Waukesha County shall be responsible for the official Public Notice of a HOME Consortium Board meeting, which must be posted at the minimum of 48 hours prior to the meeting. Waukesha County shall make every effort to post the Public Notice seven days prior to the scheduled meeting. Waukesha County will also forward to the County Clerk of each participating HOME Consortium County an e-mail of the meeting for posting on their respective County Website. Transmittal of meeting notices shall be completed by the most efficient and expedient method available. HOME Board meetings and available agenda items

will be e-mailed to HOME Board members approximately 7 days before a meeting, and to interested parties upon request.

- a. Should the agenda be amended from its original posting, Waukesha County will post the amended agenda at least 24 hours prior to the meeting and will make every effort to distribute the amendment for posting. A hard copy of any amended agenda will be available for distribution at the meeting.
- b. The 24-hour rule will be in effect unless circumstances arise such as weather or other unanticipated circumstances cause a meeting cancellation. Should a meeting require cancellation, a notification will be posted as soon as possible.
- c. A special meeting may be called by the Chairperson provided at least 48-hour notice is provided *to all Board members* and a quorum of the HOME Board can attend.

3.4 **Quorum:** A majority of the HOME Board in attendance at a meeting will constitute a quorum. A quorum would be seven (7) voting members from a 12-member HOME Consortium Board.

3.5 **Conduct of Meetings:** The HOME Board shall be called to order by the Chairperson at the scheduled posted time if a quorum of the HOME Board is present. The meeting shall follow Roberts Rules of Order and shall be conducted in a manner open to the public. The HOME Board may only vote to go into a closed session when the conditions warrant such a motion. The HOME Board must follow the posted agenda and only those items listed on the agenda can be discussed. All items on the agenda are potentially actionable.

3.6 **Action Approval:** To undertake a vote on any issue requires a motion and a second from a HOME Board member. HOME Board voting shall follow the HOME Board voting section 2.3 of this document. Any and all HOME Board action shall be described in the minutes of the meeting as approved by the Board at the subsequent Board meeting. All Board meetings shall begin as scheduled by a Call to Order by the Chair. A quorum of the Board must be present to Call to Order. Any eligible Board member may abstain from voting on specific agenda items; however, the Board may not take action on an agenda item if the abstaining by any Board member reduces the eligible member votes below a quorum.

3.7 **Electronic Voting:** Voting by electronic mail (email) is not permitted under these bylaws.

3.8 **Board Voting:** The HOME Board shall follow Robert's Rules of Order requiring a motion and second prior to a vote being taken on any issue requiring action. Each vote is equally considered and a simple majority shall constitute approval.

3.9 **Conflict of Interest:** Any potential conflict of interest shall be governed by the HOME regulation at 24 CFR §570.611. A potential conflict may be determined by the person affected, HOME staff, a program administrator, or any HOME Board member. Identification of a potential conflict shall automatically exclude a HOME Board member from voting on an issue related to the potential conflict. Waukesha County staff shall be responsible for submitting a written request for an exception to its local HUD CPD office.

- a) **Persons Covered:** Any person who is an employee, agent, consultant, officer or elected appointed official of a subgrantee who: (i) exercises any functions or responsibilities with respect to HOME activities, (ii) is in a position to participate in the decision making process, (iii) or gains inside information with regard to such activities is prohibited from:
 - i) Obtaining a financial interest or benefit from a HOME activity
 - ii) Having a financial interest in any contract with respect to a HOME activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one-year thereafter.

ARTICLE 4 – OFFICERS

4.1 **Election of Officers:** The HOME Board shall elect a Chairperson, Vice Chairperson, Secretary and Treasurer to serve one-year (1-year) terms. Officer terms will align with the HOME Board's fiscal year and will commence January 1 and conclude on December 31. The election shall take place at the last HOME meeting before the conclusion of the fiscal year.

4.2 **Slate of Officers.** The Slate of Officers will have a representative from each County, and that representative will rotate through the Slate of Officers until he/she has served in every position, from Treasurer to Chairperson.

4.3 **Chairperson:** The Chairperson shall preside at all meetings of the HOME Board, appoint the members of any special or standing committees, sign all official documents when required, and perform such other duties as are usual to his office.

4.4 **Vice Chairperson:** The Vice Chairperson shall perform the duties of the Chairperson in the event of the Chairperson's absence, disability, or resignation. The Vice Chairperson will conduct HOME Board meetings in the absence of the Chairperson.

ARTICLE 5 -- COMMITTEES

5.1 **Committees:** The HOME Board, on a vote of majority, may create a committee (or subcommittees) for the purpose as determined by the HOME Board. All committees are responsible for reporting to the full Board of Directors. Preferably all committees shall have

representation from the HOME Board; however, the HOME Board may create an independent committee to investigate, determine applicability, or report relevant information to the HOME Board. All committees work shall be conducted at the pleasure of the HOME Board and may be disbanded by a majority vote of Board members or when the purpose of the committee has been completed. Committees must report to and serve the HOME Board.

5.2 Executive Committee: The Executive Committee shall be elected by the Board from among its members at the last Board meeting of the year, and shall hold office for one year until their successors are elected. The Executive Committee is an ad hoc committee established with a succession of leadership as follows: Chairperson, Vice-Chairperson, Secretary and Treasurer. The committee is called upon at the discretion of the Chairperson who shall preside at all meetings of the HOME Board, appoint the members of any special or standing committees, sign all official documents when required, and perform such other duties as are usual to his office. The Executive Committee may meet without a quorum of the HOME Board present; however, any recommendation, policy or procedures must be approved by a quorum of the HOME Board. The Executive Committee may only meet with advanced notice to its members. If an Executive Committee member leaves the Board at any time during the year, the HOME Board can elect a new Executive Committee member to replace them.

ARTICLE 6 – PROGRAM ADMINISTRATOR

6.1 Program Administrator: Waukesha County shall be the designated Program Administrator for the following purposes:

- a. Create and maintain minutes of the HOME Board meetings, including records of actions taken by the HOME Board;
- b. Maintain such record in such a manner (books, binders, or electronically accessible on a website) that all minutes are accessible for review;
- c. Provide proper, public notice of all meetings;
- d. Post all Public Hearings;
- e. Maintain such records considered as the official copy with the recognized Waukesha County seal affixed. In the case of the HOME Board minutes, such documents must be signed by the designated HOME Board Chairperson;
- f. Perform other such duties and authority as directed by the HOME Board.

The HOME Board shall ensure that all duties of the Program Administrator are carried out in accordance with these operating procedures. All minutes of HOME Board meetings and/or public hearings must be approved by HOME Board action.

6.2 Subcontracting: The grantee (Waukesha County) may subcontract to subgrantee specific administrative functions, program administration or technical assistance or any other HOME program component either through Waukesha County operating procedures or with the approval of the HOME Board. All contracting must follow established Waukesha County and Federal procurement standards.

ARTICLE 7 – FINANCIAL RECORDKEEPING, PAYMENTS AND REPORTING REQUIREMENTS

7.1 Financial Reporting: As the Federal grantee, Waukesha County has fiscal responsibility for receipt, expenditure, approval, and maintenance of financial records related to the HOME program. Waukesha County shall maintain an internal financial system, which provides sufficient detailed documentation for audit purposes to justify the payment of invoices for services related to the HOME program under a specific written and executed agreement. Waukesha County has established an Invoice for Payment form to be accompanied by documentation for payment. Payments under the Federal HOME program are paid on a “reimbursement” basis either for completed work or approved committed obligation.

Waukesha County is also responsible for the Federal record-keeping reimbursement on the Federal IDIS system. Waukesha County shall seek reimbursement from the U.S. Department of HUD for payments made through the County FMIS system. Payment on the County FMIS system and reimbursement through the Federal IDIS system shall be reconciled annually for audit purposes.

7.2 Maintenance of Records: Waukesha County shall maintain detailed “hard copy” records of requests for payments and payments made through the County FMIS system. After payments are authorized and paid through the County system, Waukesha County shall maintain such records as required under Federal regulations for a minimum period of seven years. Records shall be stored in such a manner to be safe from normal damage, fire, or theft. Waukesha County shall scan the documentation on the County FMIS system for back-up in case the original documentation is destroyed.

7.3 Cash Advances: The general policy is that the HOME program operates on a reimbursement only basis; however, under specific circumstances the HOME Board may authorize a cash advance to undertake an activity. All cash advances must be documented including expenditures related to the advance.

7.4 Loan Documents: Waukesha County shall maintain detailed individual loan records in accordance with Federal regulations. All loan documents shall be recorded with the Register of Deeds office, naming Waukesha County as the mortgagor.

ARTICLE 8 -- INDEMNIFICATION

8.1 GENERAL: The HOME Board's Administrative Entity will maintain errors and omissions insurance, bonding and general liability insurance. HOME Board Officers and Members will be named as additional insured on the general liability policy and errors and omissions insurance. The HOME Board Officers and Members will agree to indemnify and hold harmless the Administrative Entity from and against any and every claim, demand, suit payment, damage, loss, costs and expense that the HOME Board Officers and Members may hereafter suffer, incur, be put to, pay or lay out by reason of performing its obligations under its bylaws. The provisions of this section shall not apply to claims, demands, suits, payments, damages, losses costs and expenses caused by or resulting from the sole negligence of the HOME Board Officers and Members.

ARTICLE 9 – Amendments

9.1 Except as prohibited by HOME regulations, these bylaws, may be amended or repealed by such actions adopted by the HOME Board by a majority vote.

ARTICLE 10 – Program Year

10.1 The HOME Program will operate from January 1 to December 31 of each funded year. Expenditure requirements to meet Federal regulations shall utilize January 1 as the beginning of a program year.

****End of Bylaws****

Waukesha County:

By: _____

Date: _____

Paul Farrow
County Executive

HOME Consortium Board:

By: _____

Date: _____

HOME Board Chairperson

Candise Street Lofts, LLC
WHEDA Project No. 6297

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

The following name is the independent auditor
contact regarding the above project:

Tina Huisman, CPA, Partner
Baker Tilly US, LLP
P.O. Box 7398
Madison, Wisconsin 53707-7398
608 249 6622
EIN: 39-0859910

Candise Street Lofts, LLC

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Independent Auditors' Report

To the Members of
Candise Street Lofts, LLC

Opinion

We have audited the financial statements of Candise Street Lofts, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, members' equity and cash flows for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and the results of its operations and its cash flows for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company 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 the financial statements in accordance with GAAP and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
February 25, 2022

Candise Street Lofts, LLC

Balance Sheets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 130,514	\$ 47,073
Accounts receivable, tenant	130	98
Accounts receivable, related party	-	2
Accounts receivable, other	-	66
Prepaid expenses	<u>22,279</u>	<u>6,036</u>
Total current assets	<u>152,923</u>	<u>53,275</u>
Deposits Held in Trust		
Tenant security deposits	<u>27,614</u>	<u>26,848</u>
Restricted Cash		
Construction cash	33,228	239,850
Reserve for replacements	16,098	5,370
Operating reserve	123,891	-
Mortgage escrow	<u>461</u>	<u>-</u>
Total restricted cash	<u>173,678</u>	<u>245,220</u>
Net Property and Equipment	<u>9,725,831</u>	<u>10,039,964</u>
Intangible Assets, Net of Accumulated Amortization	<u>71,442</u>	<u>76,734</u>
Total assets	<u>\$ 10,151,488</u>	<u>\$ 10,442,041</u>

See notes to financial statements

Candise Street Lofts, LLC

Balance Sheets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities and Members' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 3,785	\$ 3,827,648
Accounts payable	1,681	57,621
Accounts payable, related party	241	1,057
Construction payables, related party	7,055	42,295
Accrued interest	2,032	7,209
Accrued property taxes	-	13,297
Accrued management fees, related party	462	1,558
Accrued asset management fee, related party	10,150	5,000
Accrued supportive services fee	-	1,750
Accrued expenses	1,666	-
Prepaid tenant rents	13,470	10,109
Development fee payable, related party	<u>72,287</u>	<u>-</u>
Total current liabilities	<u>112,829</u>	<u>3,967,544</u>
Deposits Held in Trust		
Tenant security deposits	<u>27,554</u>	<u>26,786</u>
Long-Term Liabilities		
Long-term debt	2,543,198	2,170,419
Accrued interest	19,500	2,500
Development fee payable, related party	119,907	573,544
Accrued company administration fee, related party	<u>10,150</u>	<u>5,000</u>
Total long-term liabilities	<u>2,692,755</u>	<u>2,751,463</u>
Total liabilities	<u>2,833,138</u>	<u>6,745,793</u>
Members' Equity		
	<u>7,318,350</u>	<u>3,696,248</u>
Total liabilities and members' equity	<u><u>\$ 10,151,488</u></u>	<u><u>\$ 10,442,041</u></u>

See notes to financial statements

Candise Street Lofts, LLC

Statements of Operations

Year Ended December 31, 2021 and Period from February 14, 2018 through December 31, 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Net rental revenue	\$ 292,895	\$ 63,983
Other revenue	<u>13,319</u>	<u>4,366</u>
Total revenues	<u>306,214</u>	<u>68,349</u>
Rental Expenses		
General and administrative	66,250	36,328
Utilities	33,402	8,150
Operating and maintenance	28,073	16,984
Taxes and insurance	<u>45,133</u>	<u>31,790</u>
Total rental expenses	<u>172,858</u>	<u>93,252</u>
Net rental income (loss)	<u>133,356</u>	<u>(24,903)</u>
Financial Expense (Income)		
Interest income	(97)	-
Interest expense	<u>89,880</u>	<u>111,175</u>
Income (loss) before other expenses	<u>43,573</u>	<u>(136,078)</u>
Other Expenses		
Depreciation	316,798	158,133
Amortization	5,292	2,646
Asset management fee	5,150	5,000
Company administration fee	5,150	5,000
Organizational costs	<u>-</u>	<u>20,870</u>
Total other expenses	<u>332,390</u>	<u>191,649</u>
Net loss	<u><u>\$ (288,817)</u></u>	<u><u>\$ (327,727)</u></u>

See notes to financial statements

Candise Street Lofts, LLC

Statements of Members' Equity

Year Ended December 31, 2021 and Period from February 14, 2018 through December 31, 2020

	<u>Managing Member</u>	<u>Special Member</u>	<u>Investment Member</u>	<u>Total</u>
Members' Equity				
Balances, February 14, 2018	\$ -	\$ -	\$ -	\$ -
Net loss	(33)	-	(327,694)	(327,727)
Capital contributions	<u>100</u>	<u>10</u>	<u>8,147,749</u>	<u>8,147,859</u>
Balances, December 31, 2020	67	10	7,820,055	7,820,132
Net loss	<u>(29)</u>	<u>-</u>	<u>(288,788)</u>	<u>(288,817)</u>
Balances, December 31, 2021	<u>\$ 38</u>	<u>\$ 10</u>	<u>\$ 7,531,267</u>	<u>\$ 7,531,315</u>
Subscription Receivable				
Balances, February 14, 2018	\$ -	\$ -	\$ -	\$ -
Capital contributions	100	10	8,147,749	8,147,859
Subscription receipts	<u>(100)</u>	<u>-</u>	<u>(4,073,875)</u>	<u>(4,073,975)</u>
Balances, December 31, 2020	-	10	4,073,874	4,073,884
Subscription receipts	<u>-</u>	<u>-</u>	<u>(3,910,919)</u>	<u>(3,910,919)</u>
Balances, December 31, 2021	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 162,955</u>	<u>162,965</u>
Less syndication costs				<u>(50,000)</u>
Member's Equity				<u>\$ 7,318,350</u>
Percentage Interest	<u>0.010 %</u>	<u>- %</u>	<u>99.990 %</u>	<u>100.00 %</u>

See notes to financial statements

Candise Street Lofts, LLC

Statements of Cash Flows

Year Ended December 31, 2021 and Period from February 14, 2018 through December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from tenants, agencies and other sources	\$ 310,379	\$ 105,080
Interest received	97	-
General and administrative expenses paid	(69,096)	(33,022)
Utilities paid	(31,736)	(8,150)
Operating and maintenance expenses paid	(28,831)	(14,310)
Taxes and insurance paid	(74,673)	(24,523)
Organizational costs paid	-	(20,870)
Interest paid	(58,562)	(83,508)
Net cash flows from operating activities	<u>47,578</u>	<u>(79,303)</u>
Cash Flows From Investing Activities		
Capital expenditures	(2,665)	(9,526,260)
Cash paid for tax credit fees	-	(79,380)
Net cash flows from investing activities	<u>(2,665)</u>	<u>(9,605,640)</u>
Cash Flows From Financing Activities		
Cash used to retire debt	(3,820,579)	(2,100,000)
Syndication costs	-	(50,000)
Proceeds from issuance of debt	350,000	8,144,769
Subscription receipts	3,910,919	4,073,975
Loan costs	-	(64,660)
Development fee	(381,350)	-
Construction payables paid	(35,240)	-
Accounts payables paid	(55,998)	-
Net cash flows from financing activities	<u>(32,248)</u>	<u>10,004,084</u>
Net change in cash, cash equivalents and restricted cash	12,665	319,141
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>319,141</u>	<u>-</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 331,806</u>	<u>\$ 319,141</u>

See notes to financial statements

Candise Street Lofts, LLC

Statements of Cash Flows

Year Ended December 31, 2021 and Period from February 14, 2018 through December 31, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Net Income (Loss) to Net Cash Flows From Operating Activities		
Net loss	\$ (288,817)	\$ (327,727)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Noncash items included in net loss:		
Depreciation	316,798	158,133
Amortization	5,292	2,646
Amortization of debt issuance costs	13,036	8,312
Interest expense added to long-term debt	6,459	9,646
Changes in noncash components of working capital:		
Accounts receivable, tenant	(32)	(98)
Accounts receivable, related party	2	(2)
Accounts receivable, other	66	(66)
Prepaid expenses	(16,243)	(6,036)
Accounts payable	58	1,623
Accrued payable, related party	(816)	1,057
Accrued asset management fee, related party	5,150	5,000
Accrued supportive services fee	(1,750)	1,750
Accrued company administration fee, related party	5,150	5,000
Accrued expenses	1,666	-
Prepaid tenant rents	3,361	10,109
Accrued interest	11,823	9,709
Accrued management fees, related party	(1,096)	1,558
Tenant security deposits	768	26,786
Accrued property taxes	(13,297)	13,297
Cash flows from operating activities	<u>\$ 47,578</u>	<u>\$ (79,303)</u>
Supplemental Disclosure of Noncash Transactions		
Construction payables capitalized in property and equipment	<u>\$ -</u>	<u>\$ 42,295</u>
Development fee payable capitalized in property and equipment	<u>\$ -</u>	<u>\$ 573,544</u>
Accounts payable capitalized in property and equipment	<u>\$ -</u>	<u>\$ 55,998</u>

See notes to financial statements

Candise Street Lofts, LLC

Notes to Financial Statements

December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Operations

Candise Street Lofts, LLC (the Company) was organized on February 14, 2018, as a limited liability company (LLC) formed under the Wisconsin Limited Liability Company Act, to develop, rehabilitate, construct, own and operate a 36-unit low income housing project known as Candise Street Lofts (the project), located in Jefferson, Wisconsin. The project is regulated by the Wisconsin Housing and Economic Development Authority (WHEDA). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The project was placed in service on June 30, 2020.

The project also qualifies as a certified historic structure under Section 47(c)(1) of the IRC. The state and federal historic tax credits will be allocated among the members in accordance with their respective shares of the Company.

The Company shall continue in perpetuity unless dissolved earlier in accordance with provisions of agreement.

Reporting Period

The accompanying financial statements are shown as of December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period from February 14, 2018 (inception) through December 31, 2020.

Cash and Cash Equivalents

The Company considers depository accounts, money market accounts and investments with a maturity at the date of acquisition and expected usage of three months or less to be cash and cash equivalents.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 130,514	\$ 47,073
Construction cash (Note 3)	33,228	239,850
Tenant security deposits (Note 2)	27,614	26,848
Reserve for replacements (Note 3)	16,098	5,370
Mortgage escrow (Note 3)	461	-
Operating reserve (Note 3)	<u>123,891</u>	<u>-</u>
Total cash, cash equivalents and restricted cash	<u>\$ 331,806</u>	<u>\$ 319,141</u>

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of December 31, 2021 and 2020. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. No bad debt expense was incurred for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Rental Revenues

The rental property is generally leased to tenants under one-year noncancellable operating leases. Rental revenue is recognized on a straight-line basis over the terms of the leases.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses were \$5,054 and \$11,635 for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020, respectively.

Capitalized Interest, Real Estate Taxes and Insurance

The Company capitalized interest, insurance and property taxes incurred during the construction period. The total capitalized interest, insurance and property taxes were \$53,085, \$47,652 and \$11,965 for the period from February 14, 2018 through December 31, 2020.

Property and Equipment

Property and equipment are being depreciated using straight-line over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	40
Land improvements	15
Furnishings and fixtures	5

Property and equipment are stated at cost. Major expenditures for property and equipment are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Intangible Assets

Intangible assets consist of tax credit fees of \$79,380 as of December 31, 2021 and 2020, which have been capitalized and amortized using the straight-line method over the tax credit compliance period (15 years). Accumulated amortization of these costs is \$7,938 and \$2,646 as of December 31, 2021 and 2020, respectively.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Amortization expense related to the intangible assets for years ending after December 31, 2021 is estimated as follows:

Years ending December 31:

2022	\$	5,292
2023		5,292
2024		5,292
2025		5,292
2026		5,292
2027 and thereafter		<u>44,982</u>
Total	\$	<u>71,442</u>

Debt Issuance Costs

As of December 31, 2020, debt issuance costs consist of permanent financing fees of \$44,107 and construction financing fees of \$20,553. Upon establishment of permanent financing, the permanent financing fees will be amortized using the effective interest method over the life of the related loan. As of December 31, 2020, permanent financing had not occurred. Construction financing fees were being amortized over the life of the construction loan. Accumulated amortization of construction financing fees was \$8,312 as of December 31, 2020. During 2021, the construction loan converted to permanent financing and the construction financing fees were fully amortized.

As of December 31, 2021, debt issuance costs consist of permanent financing fees of \$44,107 which are being amortized using the effective interest method. Accumulated amortization was \$795 as of December 31, 2021. Amortization expense related to debt issuance costs is included in interest expense on the accompanying statement of operations. Unamortized debt issuance costs are shown net of long-term debt as described in Note 5.

Income Taxes

The Company is a limited liability company treated as partnership for federal and state income tax purposes. As such, the Company's income, losses and credits are included in the income tax returns of its members. Accordingly, no provision or benefit has been made for income taxes in the accompanying financial statements. While the Company is not taxed for federal or state income tax purposes, the Company's policy is to evaluate and review its tax positions on an ongoing basis to ensure compliance with the applicable portions of the Internal Revenue Code and the respective state laws and regulations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events occurring through February 25, 2022, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Company's financial statements. No events requiring recording or disclosure were noted.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Reclassification

For comparability, certain 2020 amounts have been reclassified to conform with classifications adopted in 2021.

2. Tenant Security Deposits

The tenant security deposits are maintained in an interest-bearing savings account separate from the operating account of the Company. Withdrawals are restricted to reimbursements of tenants' security deposits.

3. Restricted Cash

Reserve for Replacement

The Company is required to fund a replacement reserve to fund major repairs, capital expenditures and replacement of capital items of the Company. As defined in the operating agreement, commencing upon the completion date the Company shall deposit \$10,800 annually, or such greater amount required by the lender, subject to cash flow, as defined in Note 10. If cash flow for any year is insufficient to make such deposit in full the managing member shall fund such shortfall from their own funds in the form of an operating deficit loan. At the end of the compliance period, any remaining balance in the replacement reserve shall be released to the managing member. The reserve for replacement balance was \$16,098 and \$5,370 as of December 31, 2021 and 2020, respectively.

Operating Reserve

The Company is required to fund an operating reserve in order to fund operating deficits incurred by the Company. As defined in the operating agreement, an initial deposit of \$123,811 shall be funded into a segregated bank account upon receipt of the third installment of the investment member's capital contribution. The Company shall maintain a balance of \$123,811, replenished from cash flow, as defined in Note 10. The managing member shall be entitled to withdraw funds from the operating reserve, subject to the special member's consent, only after rental achievement, to fund operating deficits. Any amounts requested by the managing members in excess of \$15,000 in the aggregate per annum shall be approved by the special member. At the end of the compliance period, any remaining balance in the operating reserve shall be released to the Company and applied to payment first of any outstanding asset management fees and then of any outstanding deferred development fee note, and any remaining amount shall be applied or distributed subject to cash flow, as defined in Note 10. The operating reserve balance was \$123,891 and \$0 as of December 31, 2021 and 2020, respectively.

Construction Cash

The Company had construction cash of \$33,228 and \$239,850 as of December 31, 2021 and 2020, respectively which is to be used to pay expenses resulting from construction.

Mortgage Escrow

The Company is required to establish with the lender an escrow for the payment of real estate taxes, special assessments, and amounts for other charges and expenses which the lender, at any time during the loan term, reasonably deems necessary to protect the mortgaged property to prevent the imposition of liens on the mortgaged property, or otherwise protect the lender's interests. The mortgage escrow balance was \$461 and \$0 as of December 31, 2021 and 2020, respectively.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

4. Property and Equipment

The change in the major categories of property and equipment for the year ended December 31, 2021 is summarized as follows:

Assets	Cost			Balance 12/31/2021
	Balance 1/1/2021	Additions	Reductions	
Land	\$ 68,500	\$ -	\$ -	\$ 68,500
Land improvements	829,847	-	-	829,847
Buildings and improvements	9,137,186	-	-	9,137,186
Furnishings and fixtures	162,564	2,665	-	165,229
Total	<u>\$ 10,198,097</u>	<u>\$ 2,665</u>	<u>\$ -</u>	<u>\$ 10,200,762</u>
Assets	Accumulated Depreciation			Balance 12/31/2021
	Balance 1/1/2021	Additions	Reductions	
Land improvements	\$ 27,662	\$ 55,323	\$ -	\$ 82,985
Buildings and improvements	114,215	228,429	-	342,644
Furnishings and fixtures	16,256	33,046	-	49,302
Total	<u>\$ 158,133</u>	<u>\$ 316,798</u>	<u>\$ -</u>	<u>\$ 474,931</u>
Net property and equipment	<u>\$ 10,039,964</u>			<u>\$ 9,725,831</u>

5. Long-Term Debt

Long-term debt consists of the following as of December 31:

	2021	2020
Construction loan payable to Associated Bank, dated July 11, 2019 with a maximum amount of \$6,200,000. The note bears interest at a variable rate of 2.50 percent plus LIBOR (2.65 percent as of December 31, 2020). Monthly installments of interest are payable the first day of each month commencing August 1, 2019. The note matures July 11, 2021 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property. During 2021, the loan was paid off with proceeds from the third and final equity installment.	\$ -	\$ 3,818,769

Candise Street Lofts, LLC

Notes to Financial Statements

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Note payable to WHEDA, dated July 11, 2019 in the original principal amount of \$415,000. The note bears interest at a fixed rate of 5.90 percent. Monthly payments of interest only are payable the first of each month commencing August 1, 2019. The note was converted during June 2021 and monthly payments of principal and interest in the amount of \$2,338 are payable starting July 11, 2021. The note matures July 31, 2056 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property.	\$ 413,190	\$ 415,000
Note payable (City Loan) to the City of Jefferson, dated July 11, 2019 in the original principal amount of \$650,000. The note bears interest at a fixed rate of 1.00 percent, annually. Monthly payments of principal and interest are payable beginning July 1, 2021, subject to cash flow as described in Note 10. The note matures July 11, 2037 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property. Interest of \$16,105 and \$9,646 is accrued and included in the loan balance as of December 31, 2021 and 2020, respectively.	666,105	659,646
Note payable (HOME Loan) to the Lutheran Social Services of Wisconsin and Upper Michigan, Inc., dated July 11, 2019, with a maximum principal amount of \$500,000. The note bears interest at a fixed rate of 3.00 percent. Maximum annual payments of principal and interest of \$19,374 are payable beginning July 1, 2021, subject to cash flow as described in Note 10. The note matures July 11, 2049 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property.	500,000	400,000
Note payable to the Lutheran Social Services of Wisconsin and Upper Michigan, Inc., dated July 11, 2019, in the original principal amount of \$250,000. The note is non interest bearing. The note matures July 11, 2059 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property.	250,000	-
Note payable to the Lutheran Social Services of Wisconsin and Upper Michigan, Inc., dated July 11, 2019, in the original principal amount of \$149,000. The note is non interest bearing. The note matures July 11, 2059 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property.	149,000	149,000

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Note payable to the Lutheran Social Services of Wisconsin and Upper Michigan, Inc., dated July 11, 2019, in the original principal amount of \$612,000. The note is non interest bearing. The note matures June 30, 2059 at which time all remaining principal and interest shall be due. The note is secured by the mortgage on the rental property.	\$ 612,000	\$ 612,000
Total long-term debt	2,590,295	6,054,415
Less unamortized debt issuance costs	(43,312)	(56,348)
Less current portion of long-term debt	<u>(3,785)</u>	<u>(3,827,648)</u>
Long-term debt, net	<u>\$ 2,543,198</u>	<u>\$ 2,170,419</u>

Principal requirements on long-term debt, subject to cash flow as defined by the loan agreements, for years ending after December 31, 2021 are as follows:

Years ending December 31:	
2022	\$ 3,785
2023	4,014
2024	4,258
2025	4,516
2026	4,790
2027 and thereafter	<u>2,568,932</u>
Total	<u>\$ 2,590,295</u>

6. Management Fees

The Company entered into a management agreement with Gorman & Company, LLC (Gorman), an affiliate of the managing member. The agreement requires that a management fee of 6 percent of gross receipts and other income collected be payable on a monthly basis to Gorman. Management fees incurred under this agreement were \$18,573 and \$3,375 for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020, respectively. Accrued management fees payable to Gorman were \$462 and \$1,558 as of December 31, 2021 and 2020, respectively.

In the event that Gorman is engaged for supervision of fire restoration, casualty loss or other major insurance loss repairs, a fee of 10 percent of the total restoration cost shall be paid to Gorman. There were no supervision fees earned for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020.

7. Related Party Transactions

Management Fees

An affiliate of the managing member manages the Company's rental property. Property management fees were incurred as discussed in Note 6.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Development Fee

Pursuant to the development services agreement, the Company shall pay a development fee totaling \$1,000,000 to the developer, Gorman. Any deferred development fee shall be evidenced by a deferred development fee note and shall be payable from available cash flow, as defined in Note 10. The deferred development fee note shall not bear interest. The development fee is to be paid by the fifteenth anniversary (2035). As of December 31, 2021 and 2020, development fees incurred were \$1,000,000, all of which have been capitalized into the building. Development fees payable were \$192,194 and \$573,544 as of December 31, 2021 and 2020, respectively.

Operating Deficit Loans

Per the operating agreement, in the event of an operating deficit, the managing member is required to fund an operating deficit loan in order to pay the operating deficit. In no event shall the loan exceed \$150,000. The loan will be noninterest bearing and is payable from available cash flow, as defined in Note 10. There were no operating deficit loans as of December 31, 2021 and 2020.

Company Administration Fee

Pursuant to the operating agreement, the Company is obligated to pay an annual company administration fee to the managing member in the amount of \$5,000, increasing by 3 percent annually, commencing in 2020. The fee shall be payable only to the extent of available cash flow and any unpaid fees accrue without interest until there is sufficient cash flow as defined in Note 10. Company administration fees incurred were \$5,150 and \$5,000 for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020, respectively. Accrued company administration fees were \$10,150 and \$5,000 as of December 31, 2021 and 2020, respectively.

Asset Management Fee

Pursuant to the operating agreement, the Company is obligated to pay an annual asset management fee to BCP Asset Management, an affiliate of the investment member, in the amount of \$5,000, increasing by 3 percent annually, commencing in 2020. The fee shall be payable only to the extent of available cash flow and any unpaid fees accrue without interest until there is sufficient cash flow as defined in Note 10. If cash flow for any year is insufficient to pay the full amount of the asset management fee, the shortfall shall be paid from funds advanced through an operating deficit loan subject to the prior consent of the special member. Asset management fees incurred were \$5,150 and \$5,000 for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020, respectively. Accrued asset management fees were \$10,150 and \$5,000 as of December 31, 2021 and 2020, respectively.

Incentive Management Fee

Pursuant to the operating agreement, the Company is obligated to pay an annual non-cumulative incentive management fee to the managing member in an amount equal to 12 percent of the gross income of the project annually. The fee shall be payable only to the extent of available cash flow as defined in Note 10. There were no incentive management fees for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020.

Reimbursable Expenses

The Company is obligated to reimburse Gorman for expenses that are paid on the Company's behalf by Gorman. The reimbursable expenses include maintenance expenses, payroll and insurance, and compliance services and total approximately \$31,000 and \$25,000 for the year ended December 31, 2021 and for the period from February 14, 2018 through December 31, 2020, respectively. The Company had accounts payable to Gorman of \$241 and \$1,057 as of December 31, 2021 and 2020, respectively.

Construction Contract

The Company entered into a construction contract agreement with an affiliate of the managing member, dated April 22, 2019, in the amount of \$6,595,555, including change orders, for construction services in connection with the project. As of December 31, 2020, construction in the full amount of \$6,595,555 has been completed and billed.

The Company entered into an additional construction contract agreement with an affiliate of the managing member, dated May 22, 2019, in the amount of \$668,200, including change orders, for construction services in connection with the project. As of December 31, 2020, construction in the full amount of \$668,200 has been completed and billed.

The Company had construction payable, including retainage, due to an affiliate of the managing member of \$7,055 and \$42,295 as of December 31, 2021 and 2020, respectively.

Architect Agreement

The Company entered into an architect agreement with an affiliate of the managing member, dated April 16, 2019, in the amount of \$126,000, for architect services in connection with the project. As of December 31, 2020, services in the full amount of \$126,000 have been completed and paid in full.

8. Commitments and Contingencies**Land Use Restriction**

The Company has signed a land use restriction agreement with Wisconsin Housing and Economic Development Authority (WHEDA) as a condition to receiving an allocation of low-income housing tax credits from WHEDA. Under this agreement, the Company must continuously comply with Section 42 and other applicable sections of the Internal Revenue Code (IRC). The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the Company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns.

The Company has signed a land use restriction agreement with the State of Wisconsin as a condition to receiving loans under the Home Investment Partnership Act (HOME funds). Under this agreement, the project must continuously comply with Title 42 of the United States Code, Section 12701, and other applicable sections of the United States Code (the U.S. Code), as well as the Title 24 of the Code of Federal Regulations Part 92 (CFR). The agreement places occupancy restrictions on rents and the minimum percentage of units which shall be occupied by individuals or families whose income meets the requirements set under the CFR. The restrictions are applicable to 11 floating units within the 36 unit apartment complex. If the project fails to comply with this agreement, the U.S. Code or the CFR, it may be required to repay the entire outstanding balance upon demand.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Put Option

Commencing on the first anniversary of the expiration date of the tax credit compliance period (2035) and ending two years plus six months thereafter, the investment member shall have the right to require the managing member to purchase the interest of each of the investment member and the special member (the put option) for an aggregate purchase price equal to the amount each such member would receive if the project was sold for fair market value (the purchase price) as determined per the operating agreement. In the event that the investment member exercises its put option, the purchase price shall be paid to the investment member in cash or immediately available funds, unless otherwise mutually agreed, at a closing to occur no later than thirty days after the investment member has given notice to the managing member of the exercise of the put option. As of the effective date of the closing, the investment member and special member shall have no further interest in the Company.

Cash Concentration

The Company maintains its cash accounts in a federally insured institution where the maximum insurable amount of customers' deposits is \$250,000. At certain times during the year the account balances may exceed the federally insured limit. The Company has not incurred any losses in these accounts and management has determined that the risk of loss is minimal.

Operating Environment

The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by any of these authorities. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Supportive Services Fee

The Company was obligated to pay a monthly supportive services fee to Lutheran Social Services (LSS) to cover social services provided by LSS and other costs and expenses incurred by the services coordinator commencing on August 1, 2019. Services fees incurred were \$1,750 for the period from February 14, 2018 through December 31, 2020. Accrued services fees were \$1,750 as of 2020.

The supportive services agreement was amended during 2021 to state that the supportive services fee will no longer be required starting in 2021.

9. Members

As of December 31, 2021 and 2020, the managing member is Candise Street Lofts MM, LLC, the special member is BCCC, Inc. and the investment member is Central States Affordable Housing Fund III, A Limited Partnership. The interests of the managing member, special member and investment member are 0.01 percent, 0.00 percent, and 99.99 percent, respectively.

10. Company Profits and Losses and Distributions

As defined by the terms of the operating agreement, profits, losses and tax credits are allocated to the managing member, special member and investment member are 0.01 percent, 0.00 percent, and 99.99 percent, respectively, except that special allocation provisions apply in the event of a refinancing, sale or other disposition of property of the Company if proceeds of such transactions are not retained by the Company for the continuation of business.

Candise Street Lofts, LLC

Notes to Financial Statements
December 31, 2021 and 2020

Net operating cash flow as defined in the operating agreement is to be distributed as follows:

1. To pay the investment member any unpaid adjuster amounts, guaranty payments and/or indemnity payments owed by the Company which the investment member is entitled to receive pursuant to the operating agreement, the guaranty or the development agreement and to repay any loan made by the investment member;
2. To pay the asset management fee for such year and for any previous year(s) as to which the asset management fee shall not yet have been paid in full;
3. To replenish the operating reserve account up to \$92,858;
4. To pay any amounts due and owing under a deferred development fee note;
5. To replenish the operating reserve account up to \$123,811;
6. To pay the city loan in accordance with the city loan documents;
7. To pay the HOME loan in accordance with the HOME loan documents in an amount not to exceed \$19,374.06;
8. To repay any operating deficit loans;
9. To pay the company administration fee for such year and for any previous year(s) as to which the company administration fee shall not yet have been paid in full;
10. To repay any subordinated loans; and
11. The balance to be paid to the managing member and investment member prior to the end of the historic tax credit period, 0.01 percent to the managing member and 99.99 percent to the investment member, and upon the expiration of the historic tax credit period, 10 percent to the investment member and 90 percent to the managing member (first as payment of the incentive management fee and then as a distribution).

Gains or losses from a sale, exchange, or other disposition of the property owned by the Company is allocable per the operating agreement.

Candise Street Lofts, LLC

Supplementary Information
Year Ended December 31, 2021

Delinquent Tenants' Accounts Receivable

	Number of Tenants	Amounts Past Due
Delinquent 1 - 30 days	1	\$ 110
Delinquent over 90 days	1	20
	<u>2</u>	<u>\$ 130</u>

Funded Reserves

	Reserve for Replacements	Operating Reserve	Mortgage Escrow
Balance, January 1, 2021	\$ 5,370	\$ -	\$ -
Required deposits	10,800	123,811	22,917
Interest earned	3	80	-
Withdrawals	-	-	(22,456)
Bank fees	<u>(75)</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2021	<u>\$ 16,098</u>	<u>\$ 123,891</u>	<u>\$ 461</u>

Computation of Surplus Cash**Current Assets**

Cash and cash equivalents		\$ 130,514
*MEMO, tenant security deposits	27,614	
Mortgage escrow		<u>461</u>
Total current assets		<u>130,975</u>

Current Liabilities

Accounts payable, trade		1,681
Accounts payable, related party		241
Accrued interest		2,032
Prepaid tenant rent		13,470
Accrued management fees, related party		462
Accrued expenses		1,666
*MEMO, tenant security deposits	27,554	
Total current liabilities		<u>19,552</u>
Surplus cash as of December 31, 2021		<u>\$ 111,423</u>



BALANCE SHEET

52993 Candise Street Lofts, LLC

Date of Statement:

12/31/2021

	Account ID	Agency Label	Amount	Comment
1100 CURRENT ASSETS	1120.01	Cash - Operations	\$ 130,514	
	1121.01	Construction Cash Account	\$ 33,228	
	1125.11	Cash - Entity	\$ -	
	1130.01	Tenant Accounts Receivable	\$ 130	
	1130.02	Allowance for Doubtful Accounts (deduct)	\$ -	
	1140.01	Accounts and Notes Receivable-Operations	\$ -	
	1140.91	Accounts Receivable-WHEDA	\$ -	
	1145.01	Accounts and Notes Receivable-Entity	\$ -	
	1160.01	Accounts Receivable-Interest	\$ -	
	1160.11	Interest Reduction Payment Receivable	\$ -	
	1170.11	Short Term Investments- Operations	\$ -	
	1170.21	Short Term Investments-Entity	\$ -	
	1190.01	Misc Current Assets	\$ -	
	1191.01	Tenant Security Deposits	\$ 27,614	
	1100	Total Current Assets	\$ 191,486	
1200 PREPAID EXPENSES	1210.01	Misc Prepaid Expenses	\$ 22,279 *	
	1200	Total Prepaid Expenses	\$ 22,279	
1300 FUNDED RESERVES	1310.01	Escrow Deposits	\$ -	
	1310.21	Insurance Escrow	\$ -	
	1310.22	Real Estate Tax or PILOT Escrow	\$ 461	
	1320.01	Reserve for Replacements	\$ 16,098	
	1330.01	Other Reserve	\$ 123,891	
	1340.01	Residual Receipts Reserve	\$ -	
	1360.01	Development Cost Escrow	\$ -	
	1360.41	FHA Insurance Reserve	\$ -	
	1380.01	Management Improvement and Operating Plan	\$ -	
	1300	Total Funded Reserves	\$ 140,450	
1400 FIXED ASSETS	1410.01	Land	\$ 898,347	
	1420.01	Building	\$ 9,137,186	
	1440.01	Building Equipment (portable)	\$ -	
	1450.01	Furnishings	\$ 165,229	
	1450.31	Furniture for Project/Tenant Use	\$ -	
	1450.91	Office Furniture and Equipment	\$ -	
	1470.01	Maintenance Equipment	\$ -	
	1480.01	Motor Vehicles	\$ -	
	1490.01	Misc Fixed Assets	\$ -	
	1490.11	Accumulated Depreciation (deduct)	\$ (474,931)	
	1400	Total Fixed Assets	\$ 9,725,831	
1500 INVESTMENTS	1510.01	Investments-Operations	\$ -	
	1515.01	Investments-Entity	\$ -	
	1530.01	Intangible Assets	\$ 71,442	
	1500	Total Investment Long-term	\$ 71,442	
1900 MISC ASSETS	1910.01	Misc Other Assets	\$ -	
	1900	Total Other Assets	\$ -	
		TOTAL ASSETS	\$ 10,151,488	



BALANCE SHEET

52993 Candise Street Lofts, LLC

Date of Statement:

12/31/2021

**2100
CURRENT
LIABILITIES**

Account ID	Agency Label	Amount	Comment
2105.01	Bank Overdraft-Operations	\$ -	
2110.01	Accounts Payable-Operations	\$ 3,588	
2110.11	Accounts Payable-Construction/Development	\$ 7,055	
2110.91	Accounts Payable-30 Days	\$ -	
2112.01	Accounts Payable-Project Improvements Items	\$ -	
2113.01	Accounts Payable-Entity	\$ 10,150 **	
2115.11	Accounts Payable-236 Excess Income Due HUD	\$ -	
2115.21	Accounts Payable-WHEDA/HUD	\$ -	
2120.01	Accrued Wages Payable	\$ -	
2120.11	Accrued Payroll Taxes Payable	\$ -	
2120.31	Accrued Management Fee Payable	\$ 462	
2130.01	Accrued Interest Payable-First Mortgage	\$ 2,032	
2130.31	Accrued Interest Payable-Second Mortgage	\$ -	
2130.41	Accrued Interest Payable-Section 236	\$ -	
2131.11	Accrued Interest Payable-Other Loans (Surp Cash)	\$ -	
2131.12	Accrued Interest Payable-Other Loans and Notes	\$ -	
2131.21	Accrued Interest Payable-Flexible Subsidy Loan	\$ -	
2131.31	Accrued Interest Payable-Capital Improvement Loan	\$ -	
2131.32	Accrued Interest Payable-Operating Loss Loan	\$ -	
2150.11	Accrued Real Estate & Property Tax Payable	\$ -	
2160.01	Short Term Notes Payable	\$ -	
2160.31	Other Loans and Notes Payable, Surplus Cash ST	\$ -	
2160.32	Other Loans and Notes (Short Term)	\$ -	
2160.41	Flexible Subsidy Loan Payable (Short Term)	\$ -	
2160.51	Capital Improvement Loan Payable (Short Term)	\$ -	
2160.52	Operating Loss Loan Payable (Short Term)	\$ -	
2170.11	Mortgage Payable-First Mortgage (Short Term)	\$ 3,785	
2170.31	Mortgage Payable-Second Mortgage (Short Term)	\$ -	
2180.01	Utility Allowances	\$ -	
2190.01	Misc Current Liabilities/Preservation Fee	\$ -	
2191.01	Tenant Security Deposits	\$ 27,554	
2210.01	Prepaid Revenue	\$ 13,470	
2100	Current Liabilities	\$ 68,096	

**2300
LONG-TERM
LIABILITIES**

2310.01	Notes Payable-Long Term	\$ -	
2310.31	Notes Payable-Surplus Cash	\$ -	
2310.32	Other Loans and Notes Payable	\$ 1,011,000	
2310.33	Other Loans and Notes Payable-Surplus Cash	\$ 1,166,105	
2310.41	Flexible Subsidy Loan Payable	\$ -	
2310.51	Capital Improvement Loan Payable	\$ -	
2310.52	Operating Loss Loan Payable	\$ -	
2320.11	Mortgage Payable-First Mortgage	\$ 366,093	
2320.31	Mortgage Payable-Second Mortgage	\$ -	
2390.01	Misc Long Term Liabilities	\$ 221,844 ***	
2300	Long-Term Liabilities	\$ 2,765,042	

TOTAL LIABILITIES

\$ 2,833,138

3110.11 Total Equity/Retained Earnings

\$ 7,318,350

TOTAL EQUITY

\$ 7,318,350

TOTAL LIABILITIES & EQUITY

\$ 10,151,488

Do assets equal liabilities plus equity?

YES

Additional Comments:

* Prepaid Insurance - \$18,402; Prepaid Expenses - \$3,877

** Accrued Asset Management Fee - \$10,150

*** Development Fee Payable - \$192,194; Accrued Interest - \$19,500; Accrued Company Administration Fee - \$10,150



PROFIT & LOSS STATEMENT

52993 Candise Street Lofts, LLC

Statement Period:

01/01/2021 - 12/31/2021

	Account ID	Agency Label	Amount	Comment
5100 RENT REVENUE	5120.11	Rent Revenue-Gross Potential	\$	293,580
	5120.21	Tenant Assistance Payments	\$	-
	5140.01	Rent Revenue - Commercial/Stores @ 100%	\$	-
	5170.01	Rent Revenue-Garage/Parking @ 100%	\$	-
	5180.01	Flexible Subsidy Revenue	\$	-
	5190.01	Misc Rent Revenue	\$	-
	5190.11	Excess Rent	\$	-
	5190.12	Rent Revenue/Insurance	\$	-
	5190.13	Special Claims Revenue	\$	-
	5190.14	Retained Excess Income	\$	-
	5100	Rent Revenue	\$	293,580
5200 VACANCY	5220.01	Apartment Vacancies (deduct)	\$	(685)
	5240.01	Stores/Commercial Vacancies or Concessions (deduct)	\$	-
	5250.01	Rental Concessions (deduct)	\$	-
	5270.01	Garage/Parking Vacancies or Concessions (deduct)	\$	-
	5290.01	Miscellaneous (deduct)	\$	-
	5200	Vacancy	\$	(685)
5300 ELDERLY SERVICE REVENUE	5310.14	Priv Pay Room / Board	\$	-
	5310.24	Medicare Room / Board	\$	-
	5310.34	Medicaid Room / Board	\$	-
	5310.44	VA Room / Board	\$	-
	5320.34	Food	\$	-
	5320.51	Housekeeping	\$	-
	5320.71	Laundry / Linen	\$	-
	5300	Elderly Service Revenue	\$	-
5400 FINANCIAL REVENUE	5410.01	Financial Revenue-Project Operations	\$	97
	5430.01	Revenue from Investments-Residual Receipts	\$	-
	5440.01	Revenue from Investments-Replacement Reserve	\$	-
	5490.01	Revenue from Investments-Miscellaneous	\$	-
5900 OTHER REVENUE	5910.01	Laundry/Vending Income (Net)	\$	-
	5920.01	Tenant Charges	\$	13,249
	5990.01	Miscellaneous Revenue	\$	70 *
	5900	Other Revenue	\$	13,319
5000 REVENUE			\$	306,311
6200-6300 RENT/ADMIN EXPENSES	6210.01	Advertising/Marketing Expense	\$	5,054
	6250.01	Other Rent Expense	\$	2,802
	6310.01	Office Salaries	\$	883
	6311.01	Office Expenses	\$	8,645
	6311.21	Office or Model Apartment Rent	\$	-
	6320.01	Management Fees All	\$	18,573
	6330.11	Manager/Superintendent Salaries	\$	6,355
	6330.21	Administrative Rent-Free Unit	\$	-
	6340.01	Legal Expense-Project Only	\$	8,531
	6350.01	Audit Expense - Project Only	\$	-
	6351.01	Bookkeeping Fees/Accounting Services	\$	7,608
	6370.01	Bad Debt Expense	\$	-
	6390.01	Misc Administrative Expenses	\$	7,799 **
	6200	Administrative Expense	\$	66,250
6400 UTILITY EXPENSE	6420.01	Fuel Oil	\$	-
	6450.11	Electricity	\$	14,749
	6450.21	Gas	\$	7,575
	6450.32	Water	\$	5,708
	6450.33	Sewer	\$	5,370
6500 OPERATING & MAINTENANCE EXPENSE	6400	Utility Expense	\$	33,402
	6510.01	Payroll	\$	879
	6510.31	Operating and Maintenance Rent Free Unit	\$	-
	6515.01	Supplies	\$	1,376
	6520.01	Contracts	\$	7,056
	6525.01	Garbage & Trash Removal	\$	4,882
	6530.11	Security Payroll/Contract (incl taxes and benefits)	\$	-
	6530.21	Security Rent Free Unit	\$	-
	6540.11	Heating/Cooling Repairs & Maintenance	\$	267
	6540.21	Snow Removal	\$	3,900
	6570.01	Vehicle/Maintenance Equipment Operation & Repairs	\$	155
	6580.01	RR releases to reimburse expensed items and/or CAPEX paid from project operations (deduct)	\$	-
	6590.01	Misc Operating & Maintenance Expense	\$	9,558 ***
	6500	Operating and Maintenance Expense	\$	28,073



PROFIT & LOSS STATEMENT

52993 Candise Street Lofts, LLC

Statement Period:

01/01/2021 - 12/31/2021

Account ID	Agency Label	Amount	Comment
6700			
TAXES AND INSURANCE			
6710.01	Real Estate & Personal Property Taxes	\$ 22,456	
6711.01	Payroll Taxes - Project Share	\$ -	
6720.01	Property & Liability Insurance (Hazard)	\$ 22,365	
6723.01	Health Insurance and Other Employee Benefits	\$ 272	
6723.11	Fidelity Bond Insurance	\$ -	
6723.21	Workmens Compensation	\$ 40	
6790.01	Misc Taxes, Licenses, Permits, and Insurance	\$ -	
6700	Tax and Insurance Expense	\$ 45,133	
6900			
ELDERLY SERVICE EXPENSE			
6930.11	Dietary Salaries	\$ -	
6930.21	Food	\$ -	
6930.22	Dietary Prchsd Serv	\$ -	
6940.11	Regstrd Nurse Salary	\$ -	
6950.11	Housekeeping Salary	\$ -	
6950.21	Housekeeping Supply	\$ -	
6950.31	Other Housekeeping	\$ -	
6960.22	Medical Supplies	\$ -	
6960.29	Medical Prchsd Serv	\$ -	
6970.01	Laundry Expenses	\$ -	
6975.01	Medical Records	\$ -	
6980.11	Recreation/Rehab	\$ -	
6980.21	Activity Supplies	\$ -	
6990.01	Elderly Service Other	\$ -	
6900	Elderly Service Expense	\$ -	
RR DEPOSITS			
11320.01	Annual Replacement Reserve Deposits	\$ 10,800	
	TOTAL OPERATING EXPENSES	\$ 183,658	
	NET OPERATING INCOME (NOI)	\$ 122,653	
6800			
FINANCIAL EXPENSE			
6810.01	WHEDA Senior Hard Debt Interest	\$ 29,328	
6820.01	WHEDA Junior Hard Debt Interest	\$ -	
6825.01	Other Mortgage Interest	\$ 60,552	
6850.01	Mortgage Insurance Premium/Service Charge	\$ -	
6890.01	Misc Financial Expense/Preservation Fee	\$ -	
6800	Financial Expense	\$ 89,880	
DEPRECIATION AMORTIZATION			
6610.01	Depreciation Expense	\$ 316,798	
6620.01	Amortization Expense	\$ 5,292	
	OPERATING PROFIT OR LOSS	\$ (289,317)	
7100			
CORPORATE OR MORTGAGOR EXPENSE			
7110.01	Officer's Salaries	\$ -	
7120.01	Legal Expense	\$ -	
7130.01	Federal, State, and Other Income Taxes	\$ -	
7140.01	Interest Income	\$ -	
7140.11	Interest on Notes Payable	\$ -	
7140.21	Interest on Mortgage Payable	\$ -	
7190.01	Other Expense	\$ 10,300 ****	
7100	Net Entity Expenses	\$ 10,300	
TOTAL PRINCIPAL PAYMENTS			
16810.01	WHEDA Senior Hard Debt Principal	\$ -	
16820.01	WHEDA Junior Hard Debt Principal	\$ -	
16825.01	Other Debt Principal	\$ -	

Additional Comments:

* Credit Check Income - \$120; Pet Fee Concession - (\$50)

** Licenses and Permits - \$3; Education - \$179; Compliance Fees - \$1,620; Compliance Fees - Gorman - \$540; Resident Services - (\$1,707); Bank Fees - \$3,547; Miscellaneous Administrative Expenses - \$85; Resident Services - \$1,646; Security - \$160; Construction Related Expenses - \$1,726

*** Appliance Repairs Expense - \$35; Apartment Repair Expense - \$1,817; Exterior Building Expense - \$909; Interior Common Area Expense - \$2,882; Exterior Common Area Expense - \$737; Fire Alarm/Extinguishers - \$3,037; Turnover Cleaning - \$141

**** Company Administration Fee - \$5,150; Asset Management Fee - \$5,150

Candise Street Lofts, LLC

Managing Agent's Certification
December 31, 2021

We hereby certify that we have examined the foregoing financial statements and supplementary information of Candise Street Lofts, LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Gorman & Company, LLC

Mike Redman, CFO

Date

Managing Agent's Employer Identification
Number: 82-3739186

Candise Street Lofts, LLC

Mortgagor's Certification
December 31, 2021

We hereby certify that we have examined the foregoing financial statements and supplementary information of Candise Street Lofts, LLC and, to the best of our knowledge and belief, the same are complete and accurate.

**Candise Street Lofts MM, LLC
Gorman & Company, LLC
Managing Member**

Gorman & Company, LLC, Member
Mike Redman, CFO

Date

Mortgagor's Employer Identification
Number: 39-1490225