

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297**

**Financial Statements
and
Supplementary Information**

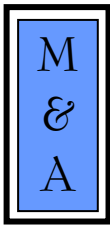
December 31, 2021 and 2020

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297**

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

**To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado**

Opinion

We have audited the accompanying financial statements of Riverview Apartments Preservation LP (HUD Project No. 101-11297), a Colorado limited partnership, which comprise the balance sheets as December 31, 2021 and 2020, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Riverview Apartments Preservation LP as of December 31, 2021 and 2020, and the results of its operations, the changes in partners' capital, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Riverview Apartments Preservation 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 U.S. 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 Riverview Apartments Preservation LP's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. 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 Riverview Apartments Preservation 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 Riverview Apartments Preservation 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 Riverview Apartments Preservation LP's financial statements as a whole. The accompanying supplementary information shown on pages 19 – 33 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, 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 supplementary information on pages 19 – 33 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 U.S. GAAS. In our opinion, the supplementary information on pages 19 – 33 is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of Riverview Apartments Preservation LP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Riverview Apartments Preservation LP's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
March 30, 2022

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents - Unrestricted	\$ 890,328	\$ 619,286
Cash and cash equivalents - Restricted	1,661,022	1,624,361
Accounts receivable, net - Tenants	14,317	27,827
Accounts receivable, net - Other	7,651	4,418
Deposits and prepaid expenses	49,274	128,558
Fixed assets, net	11,381,477	11,636,563
Deferred costs, net	102,649	102,649
Total Assets	\$ 14,106,718	\$ 14,143,662
 LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable	\$ 102,274	\$ 10,247
Due to Eagle County	42,080	46,670
Accrued expenses	12,064	29,294
Accrued interest payable	1,997,435	1,834,660
Accrued to Eagle County Housing and Development Authority	314,162	401,975
Deferred revenue	11,066	11,466
Tenant security deposits	35,774	35,057
Long-term debt, net of unamortized debt issue costs	12,310,542	12,157,968
Total Liabilities	14,825,397	14,527,337
PARTNERS' CAPITAL (DEFICIT)	(718,679)	(383,675)
Total Liabilities and Partners' Capital	\$ 14,106,718	\$ 14,143,662

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Operations
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Tenant rents	\$ 502,027	\$ 432,131
Tenant assistance payments, net	1,001,035	1,046,982
Miscellaneous income	19,895	22,169
	<u>1,522,957</u>	<u>1,501,282</u>
Total Revenues		
OPERATING EXPENSES		
Repairs and maintenance	189,380	223,745
Utilities	116,135	103,501
General and administration	223,760	200,387
Management fees	88,873	92,662
	<u>618,148</u>	<u>620,295</u>
Total Operating Expenses		
INCOME (LOSS) from OPERATIONS	904,809	880,987
OTHER INCOME (EXPENSES)		
Investment earnings	2,580	6,838
Depreciation	(476,540)	(472,838)
Amortization	-	(3,081)
Extinguished debt expense	(308,300)	-
Interest expense	(457,553)	(632,054)
	<u>(1,239,813)</u>	<u>(1,101,135)</u>
Net Other Income (Expenses)		
NET INCOME (LOSS)	<u>\$ (335,004)</u>	<u>\$ (220,148)</u>

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Changes in Partners' Capital
For the years ended December 31, 2021 and 2020

	<u>General Partner</u>	<u>Special Limited Partner</u>	<u>Administrative Limited Partner</u>	<u>Investor Limited Partner</u>	<u>Total</u>
Balance - January 1, 2020	\$ (99)	\$ (99)	\$ (302)	\$ (163,027)	\$ (163,527)
Net income (loss) for the year	<u>(11)</u>	<u>(11)</u>	<u>(22)</u>	<u>(220,104)</u>	<u>(220,148)</u>
Balance - December 31, 2020	(110)	(110)	(324)	(383,131)	(383,675)
Net income (loss) for the year	<u>(17)</u>	<u>(17)</u>	<u>(34)</u>	<u>(334,936)</u>	<u>(335,004)</u>
Balance - December 31, 2021	<u>\$ (127)</u>	<u>\$ (127)</u>	<u>\$ (358)</u>	<u>\$ (718,067)</u>	<u>\$ (718,679)</u>

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Cash Flows
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Cash received for rent	\$ 1,512,939	\$ 1,508,940
Investment income received	2,580	6,838
Other cash receipts	19,895	22,170
Net change in tenant security deposits	112	(2,140)
Interest paid	(283,961)	(432,031)
Cash paid for goods and services	(684,423)	(566,194)
Net Cash Provided (Used) By Operating Activities	<u>567,142</u>	<u>537,583</u>
Cash Flows From Financing Activities:		
Cash received from long-term debt proceeds	8,490,100	-
Repayment of long-term debt	(8,201,902)	(104,354)
Debt issuance costs paid	(326,183)	(128,558)
Net Cash Provided (Used) By Financing Activities	<u>(37,985)</u>	<u>(232,912)</u>
Cash Flows From Investing Activities:		
Cash paid to purchase capital assets	(221,454)	(755)
Cash received on sale of investments	-	257,624
Net Cash Provided (Used) By Investing Activities	<u>(221,454)</u>	<u>256,869</u>
Net Increase (Decrease) in Cash and Cash Equivalents	307,703	561,540
Cash and Cash Equivalents - Beginning	<u>2,243,647</u>	<u>1,682,107</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,551,350</u>	<u>\$ 2,243,647</u>
Cash and Cash Equivalents - Ending is comprised of:		
Cash and cash equivalents - Unrestricted	\$ 890,328	\$ 619,286
Cash and cash equivalents - Restricted	1,661,022	1,624,361
Total	<u>\$ 2,551,350</u>	<u>\$ 2,243,647</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:		
Income (loss) from operations	<u>\$ 904,809</u>	<u>\$ 880,987</u>
Adjustments to reconcile:		
Interest income	2,580	6,838
Interest expense, net of amortization of debt issue costs	(446,736)	(623,871)
Prepaid debt issuance costs	-	128,558
(Increase) decrease in accounts receivable, net	10,277	24,869
(Increase) decrease in prepaid expenses	(49,274)	(128,558)
Increase (decrease) in accounts payable and accrued liabilities	(13,016)	36,892
Increase (decrease) in accrued interest payable	162,775	191,840
Increase (decrease) in due to Eagle County and related entities	(4,590)	9,707
Increase (decrease) in deferred revenue	(400)	6,384
Increase (decrease) in tenant security deposits, net	717	3,937
Total Adjustments	<u>(337,667)</u>	<u>(343,404)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 567,142</u>	<u>\$ 537,583</u>

The accompanying notes are an integral part of these financial statements

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020**

1. Organization

Riverview Apartments Preservation LP (the "Partnership") is a Colorado limited partnership, formed pursuant to a limited partnership agreement adopted February 2, 2009, and subsequently amended and restated (the "Partnership Agreement"). The Partnership began operations on August 1, 2010. The Partnership's purpose is to renovate, own, and operate a 72-unit apartment project known as "Riverview Apartments" (the "Project") located in unincorporated Eagle County, Colorado. The Project is rented to low-income tenants who are subsidized by the U.S. Department of Housing and Urban Development ("HUD") through a Section 8 Housing Assistance Payments contract ("HAP Contract") with the Partnership. The Project is operated in a manner necessary to qualify for Federal low-income housing tax credits ("Tax Credits"), as provided under section 42 of the Internal Revenue Code.

The General Partner of the Partnership is Riverview Apartments Preservation LLC; a Colorado limited liability corporation (the "General Partner") whose sole member, Eagle County Housing and Development Authority ("ECHDA"), is a component unit of Eagle County, Colorado. The Partnership Agreement also provides for the following limited partners: ECHDA is Special Limited Partner; Alliant Tax Credit 58, LLC, a Florida limited liability company, is Administrative Limited Partner; and Alliant Tax Credit Fund 58, LTD., a Florida limited partnership, is the Investor Limited Partner. In accordance with the Partnership Agreement, profits and losses from operations, and Tax Credits are allocated 0.005% to the General Partner, 0.005% to the Special Limited Partner, 0.01% to the Administrative Limited Partner, and 99.98% to the Investor Limited Partner.

Pursuant to the Partnership Agreement, the Investor Limited Partner is required to provide capital contributions totaling \$3,840,695, subject to potential adjustments based, among other occurrences, on the amount of Tax Credits ultimately allocated to the Project. As of December 31, 2021, all required capital contributions have been made by the Investor Limited Partner, in accordance with the Partnership Agreement.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The Partnership utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

B. Cash Equivalents

For the purposes of the Statement of Cash Flows, the Partnership defines cash equivalents as all cash, money market, and savings accounts, plus all investments with original maturities of three months or less.

Certificates of deposit held for investment that are not debt instruments and with original maturities of greater than 90 days when purchased are reported as "Investments – Certificates of deposit" in these financial statements.

C. Restricted Assets

Certain of the Partnership's assets are classified as restricted assets because their use is restricted to specific purposes by legally binding commitments. At December 31, 2021 and 2020, the Partnership held restricted cash balances related to security deposits and funding established by the HUD Commitment for Insurance of Advances.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

D. Tenant Security Deposits

Tenant security deposits are placed into a separate bank account and are generally held until termination of the underlying tenant lease, at which time some or all deposits may be returned to the lessee.

E. Allowance for Uncollectible Accounts

The Partnership uses the allowance method to recognize the potential uncollectibility of receivables, including amounts due from tenants. At December 31, 2021, the Partnership has recorded an allowance of \$1,680 to provide for amounts which management determined may not be collectible (\$1,680 at December 31, 2020).

F. Fixed Assets

Fixed assets, with an initial cost in excess of \$5,000, are recorded at cost. Depreciation on the building structures and major improvements is computed using the straight-line method, over an estimated useful life of 30 years. Depreciation on furniture and equipment is computed using the straight-line method, over an estimated useful life of 7 years.

G. Deferred Costs

Deferred costs include fees incurred to obtain the Project's tax credit status and are amortized on a straight-line basis over the 10-year term of the Tax Credits.

H. Debt Issuance Costs

Debt issuance costs incurred in connection with obtaining long-term financing are amortized to interest expense over the 35-year term of the HUD-insured Mortgage using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

I. Revenue Recognition

Rental revenues attributable to residential leases and related tenant assistance payments (pursuant to the HAP Contract but considered part of the lease arrangement) are recorded when due, generally upon the first day of each month. Any such payments received in advance are deferred until earned. Leases are for periods of up to one year, with rental payments due monthly. The Partnership has determined that these revenues are exempt from generally accepted accounting principles governing contracts with customers and contributions, but are subject to current and future lease standards.

J. Income Taxes

In accordance with federal and state income tax regulations, taxes are levied on the partners in their individual capacity. Consequently, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Partnership's income tax returns are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Partnership's returns are no longer subject to examination for tax years prior to 2018 by the Internal Revenue Service and for tax years prior to 2017 by the Colorado Department of Revenue.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

K. Subsequent Events

Management has evaluated subsequent events through March 30, 2022; the date these financial statements were available to be issued.

L. Use of Estimates

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

3. Restricted Cash and Investments

The Partnership's restricted cash and investment balances are comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted Cash:		
Tenant security deposits	\$ 37,802	\$ 37,197
Operating Deficit Reserve	350,333	349,351
Replacement Reserve	939,511	897,424
Re-tenanting Reserve	280,636	275,491
Property Insurance Escrow	(1,682)	45,859
Mortgage Insurance Premium Escrow	-	19,039
Deferred Repairs and Debt Service Escrow	54,422	-
	<u>54,422</u>	<u>-</u>
Total - Restricted Cash	<u>\$ 1,661,022</u>	<u>\$ 1,624,361</u>

As a condition of securing HUD's commitment to insure certain mortgage indebtedness of the Partnership in connection with the acquisition of the Project (the "Commitment"), the Partnership was required to establish a Working Capital Escrow from the mortgage proceeds. The Working Capital Escrow is to be held for a period ending one year after the date of substantial completion of the Project as determined by HUD, with any remaining balance to be refunded to the Partnership.

The Commitment and the Partnership Agreement require the Partnership to establish and maintain an Operating Deficit Reserve sufficient to meet three months of expenses of the Project – defined by the Partnership Agreement as being equal to \$478,296 and funded from the Investor Limited Partner's required capital contributions. During 2020, \$144,109 was released from the restricted Operating Deficit Reserve.

The Partnership is required by the terms of the Commitment and the Partnership Agreement to establish a Replacement Reserve, with an initial deposit of \$690,000 funded from the Investor Limited Partner's required capital contributions. Thereafter, following completion of rehabilitation of the Project, the Partnership is required to make annual contributions to the Replacement Reserve in an amount equal to the greater of \$35,600 or \$494 per unit (increased annually by 2.5%). This account is to be used to make capital improvements and repairs to the Project.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

3. Restricted Cash and Investments (continued)

Subsequently, as a condition of securing HUD's commitment to insure certain mortgage indebtedness of the Partnership in connection with the refinancing of the Project (the "Refinancing Commitment"), the Partnership is required to establish a Replacement Reserve from the mortgage proceeds in the amount of \$885,680 funded from the escrow held under the Commitment. Thereafter, the Partnership is required to make annual contributions to the Replacement Reserve in an amount equal to the greater of \$44,424 or \$617 per unit (increased annually by 1.95%). This account is to be used to make capital improvements and repairs to the Project.

Under the terms of the Partnership Agreement, the Partnership is required to establish a Re-tenanting Reserve of \$275,000, which is to be funded from the Investor Limited Partner's required capital contributions. These funds are solely to be used in the event of termination or suspension of the Partnership's HAP Contract with HUD.

As a condition of the Refinancing Commitment, the Partnership is required to establish a Deferred Repairs and Debt Service Escrow of \$55,278. The Deferred Repairs and Debt Service Escrow is to be held for completion of repairs deferred, debt service payments, and to offset operating losses. During 2021, \$900 was released from the Deferred Repairs and Debt Service Escrow.

As of December 31, 2021 and 2020, the Replacement Reserve, the Re-tenanting Reserve, and the Deferred Repairs and Debt Service Escrow had been funded in accordance with the terms of the Commitment, Refinancing Commitment, and the Partnership Agreement, as applicable. As of December 31, 2021, the Operating Deficit Reserve was not funded in accordance with the terms of the Partnership Agreement; however, the Operating Deficit Reserve was funded appropriately at December 31, 2020.

4. Fixed Assets

The Partnership's fixed assets were comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,900,000	\$ 1,900,000
Buildings	14,385,193	14,163,737
Furniture and fixtures	242,346	242,346
At cost	<u>16,527,539</u>	<u>16,306,083</u>
Less: Accumulated depreciation	<u>(5,146,062)</u>	<u>(4,669,520)</u>
Fixed Assets, net	<u><u>\$ 11,381,477</u></u>	<u><u>\$ 11,636,563</u></u>

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

5. Deferred Costs

The following are the Partnership's deferred costs balances at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred tax credit costs	\$ 30,818	\$ 30,818
Other deferred costs	102,649	102,649
	<u>133,467</u>	<u>133,467</u>
Less: Accumulated amortization	<u>(30,818)</u>	<u>(30,818)</u>
Deferred costs, net	<u><u>\$ 102,649</u></u>	<u><u>\$ 102,649</u></u>

6. Green Retrofit Program

As part of its renovation of the Project, the Partnership committed to HUD that managers of the property would complete a minimum of 16 hours of training in acceptable topics that promote green energy efficiencies. ECHDA has represented that appropriate staff have completed this required training within the timelines specified by HUD.

7. Long-term Debt

A. HUD-Insured Mortgage Note Payable

1. Project No. 101-35641

In August 2010 and in connection with the acquisition of the Project, the Partnership entered into a mortgage note agreement (the "HUD-insured Mortgage") with Dougherty Mortgage, LLC ("Dougherty") in the principal amount of \$8,900,000. The HUD-insured Mortgage is insured by HUD under section 221(d)(4) of the Housing and Community Development Act of 1992, as amended, and is secured by a first deed of trust on the Project. Amounts were advanced on the HUD-insured Mortgage as the renovation of the Project proceeded, with the full \$8,900,000 principal balance in 2011. Interest accrued on the principal amount outstanding at 5.3% per annum, with monthly interest-only payments beginning September 2010 and continuing until May 2011.

Beginning June 2011, the HUD-insured Mortgage converted to a permanent loan, with blended monthly payments of \$44,699 until maturity in May 2051. Unless otherwise directed by HUD, the HUD-insured Mortgage may not be prepaid prior to June 2013, and any prepayment from June 2013 through May 2021 will require the Partnership to pay Dougherty a prepayment penalty equal to between 8% and 1% of the prepayment amount (dependent on timing of prepayment). As noted below, the HUD-insured Mortgage was refinanced in 2021, and the Partnership incurred a prepayment penalty of \$80,675 as a result of the refinancing. In connection with the refinancing, the Partnership paid \$150,000 to the Investor Limited Partner as part of an amendment to the Partnership Agreement to modify the new loan terms.

During 2021, the Partnership incurred interest on the HUD-insured Mortgage totaling \$107,134 (2020 – \$431,570). At December 31, 2021, the principal balance of the HUD-insured Mortgage was \$0 (\$8,094,537 at December 31, 2020) and accrued interest payable was \$0 (\$35,751 at December 31, 2020). The HUD-insured Mortgage is reported on the December 31, 2021 balance sheet net of unamortized debt issuance costs of \$0 (2020 – \$241,574).

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)**

7. Long-term Debt (continued)

A. HUD-Insured Mortgage Note Payable (continued)

2. Project No. 101-11297

In March 2021, the Partnership entered into a mortgage note agreement (the “Refinanced HUD-insured Mortgage”) with Gershman Investment Corp. (“Gershman”) in the principal amount of \$8,490,100 to refinance the HUD-Insured Mortgage. The Refinanced HUD-insured Mortgage is insured by HUD under sections 207/223(f) of the Housing and Community Development Act of 1992, as amended, and is secured by a first deed of trust on the Project. The Refinanced HUD-insured Mortgage bears interest at 2.24% per annum, and requires monthly blended payments of \$29,182 until maturity in April 2056.

Unless otherwise directed by HUD, the Refinanced HUD-insured Mortgage may not be prepaid prior to March 2021, and any prepayment from March 2021 through April 2030 will require the Partnership to pay Gershman a prepayment penalty equal to between 10% and 1% of the prepayment amount (dependent on timing of prepayment).

During 2021, the Partnership incurred interest on the Refinanced HUD-insured Mortgage totaling \$141,196 (2020 – \$0). At December 31, 2021, the principal balance of the Refinanced HUD-insured Mortgage was \$8,382,734 (\$0 at December 31, 2020) and accrued interest payable was \$0 (\$0 at December 31, 2020). The Refinanced HUD-insured Mortgage is reported on the December 31, 2021 balance sheet net of unamortized debt issuance costs of \$377,197 (2020 – \$0).

Future minimum principal payments in each of the next five years following December 31, 2021, and for five-year increments thereafter, are as follows:

2022	\$ 164,083
2023	167,796
2024	171,593
2025	175,477
2026	179,448
2027 - 2031	960,028
2032 - 2036	1,073,691
2037 - 2041	1,200,812
2042 - 2046	1,342,983
2047 - 2051	1,501,987
2052 - 2056	1,444,836
	<hr/>
Total	\$ 8,382,734
	<hr/>

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

7. Long-term Debt (continued)

B. Pre-Development Note – ECHDA

In August 2010 and in connection with the acquisition of the Project, the Partnership executed a promissory note with ECHDA (the “Pre-Development Note”) in the principal amount of \$2,172,000. The Pre-Development Note, which matures August 1, 2065 and bears interest at 3.94% per annum, is secured by a second deed of trust on the Project. Annual payments may be made on the Pre-Development Note on or before June 1 of each year, beginning in 2011, to the extent of the Project’s Surplus Cash, as defined, for the immediately preceding year.

During 2021, the Partnership accrued interest expense of \$128,008 in respect of the Pre-Development Note (2020 – \$123,156). At December 31, 2021, the principal balance outstanding on the Pre-Development Note was \$2,172,000 (\$2,172,000 at December 31, 2020) and cumulative accrued interest payable was \$1,204,947 (\$1,076,939 at December 31, 2020). No payments were made in 2021 or 2020 in respect of the Pre-Development Note or interest accrued thereon.

C. Green Retrofit Loan – ECHDA

In August 2010, the Partnership executed a promissory note with ECHDA (the “Green Retrofit Loan”) for up to \$1,144,598 to fund certain improvements to the Project. The Green Retrofit Loan, which matures August 1, 2065 and bears interest at 3% per annum (simple interest), is secured by a third deed of trust on the Project. Annual payments may be made on the Green Retrofit Loan annually on or before June 1, beginning in 2011, to the extent of the Project’s Surplus Cash, as defined, for the immediately preceding year.

At December 31, 2021, the principal balance outstanding on the Green Retrofit Loan was \$1,144,598 (\$1,144,598 at December 31, 2020) and cumulative accrued interest payable was \$376,460 (\$342,122 at December 31, 2020). Interest expense of \$34,338 was accrued in respect of the Green Retrofit Loan for 2021 (\$34,338 for 2020).

No payments were made in 2021 or 2020 in respect of the Green Retrofit Loan or interest accrued thereon.

D. CDH Loan – ECHDA

In August 2010 and in connection with the acquisition of the Project, the Partnership executed a promissory note with ECHDA (the “CDH Loan”) in the principal amount of \$450,000. The CDH Loan, which matures August 1, 2065 and is non-interest bearing, is secured by a fourth deed of trust on the Project. Annual payments may be made on the CDH Loan on or before June 1 of each year, beginning in 2011, to the extent of the Project’s Surplus Cash, as defined, for the immediately preceding year.

At December 31, 2021, the principal balance outstanding on the CDH Loan was \$450,000 (\$450,000 at December 31, 2020).

No payments were made in 2021 or 2020 in respect of the CDH Loan.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

7. Long-term Debt (continued)

E. Bridge Loan – ECHDA

In August 2010 and in connection with the acquisition of the Project, the Partnership executed a promissory note with ECHDA (the “Bridge Loan”) in the principal amount of \$1,951,496. The Bridge Loan, which matures August 1, 2065 and bears interest at 3.94% per annum, is secured by a fifth deed of trust on the Project. Annual payments may be made on the Bridge Loan on or before June 1 of each year, beginning in 2011, to the extent of the Project’s Surplus Cash, as defined, for the immediately preceding year. However, the terms of the Bridge Loan also require the Partnership to reduce the principal balance of the Bridge Loan to \$538,407 by the earlier of March 31, 2012 or the date on which the Investor Limited Partner has funded its entire capital contribution under the Partnership Agreement. The required principal reduction payment was made by the Partnership in 2011.

At December 31, 2021, the principal balance outstanding on the Bridge Loan was \$538,407 (\$538,407 at December 31, 2020) and cumulative accrued interest payable was \$416,028 (\$379,849 at December 31, 2020). During 2021, the Partnership accrued interest expense of \$36,179 in respect of the Bridge Loan (2020 – \$34,808).

No payments were made in 2021 or 2020 in respect of the Bridge Loan or interest accrued thereon.

8. Related Party Transactions

A. Management Agreement

Effective July 1, 2015, the Partnership entered into an agreement with ECHDA, whereby ECHDA is to provide management of the day-to-day operations of the Project, and to ensure operational compliance with all the terms and conditions of the HAP Contract and the HUD-insured Note. Pursuant to the agreement, ECHDA is to be reimbursed for all costs, including staffing, incurred on behalf of the Partnership in managing the Project. The terms of the agreement also provide for ECHDA to be paid a management fee equal to 3.45% of all residential and miscellaneous income generated by the Project. During 2018, the Partnership and ECHDA executed the First Amendment to the Management Agreement, extending the term of the management agreement to June 30, 2021. Effective June 1, 2020, the parties executed a new Property Management Agreement under substantially similar terms, and extending through May 31, 2024.

For 2021, the Partnership incurred management fee expense of \$52,631 (2020 – \$56,856) in accordance with the agreement. At December 31, 2021, \$1,631 was payable to ECHDA for such fees (2020 - \$5,669).

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)**

8. Related Party Transactions (continued)

B. Asset Management Fee

As part of the Partnership Agreement, the Investor Limited Partner is to be paid \$10,000 annually, following completion of the Project's renovation, for its services in reviewing the informational reports, financial statements, and tax returns of the Partnership. The fee is to be adjusted annually based on changes in the Consumer Price Index, as defined.

For 2021, the Partnership incurred asset management fee expense of \$12,064 (2020 – \$11,865) in accordance with the Partnership Agreement. At December 31, 2021, a balance of \$12,064 was payable to the Investor Limited Partner for such fees (\$29,294 at December 31, 2020). Pursuant to the Partnership Agreement, such fees are payable only to the extent of sufficient Cash Flow, and in the priority detailed at Note 9.

C. Development Services Agreement

On August 1, 2010, the Partnership entered into a Development Services Agreement with ECHDA for the provision of services to oversee the development and construction of the Project. Under the Development Services Agreement, ECHDA is entitled to receive a development fee totaling \$500,000 which is payable from available cash flow and upon the Partnership's receipt of the Investor Limited Partner's required capital contributions in accordance with the Partnership Agreement.

Through December 31, 2011, ECHDA had earned the entire development fee of \$500,000; all of which was capitalized to the carrying value of the Project's buildings. At December 31, 2021, development fees totaling \$77,653 were payable to ECHDA by the Partnership under the terms of the Development Services Agreement (\$189,644 at December 31, 2020).

D. Partnership Management Fee

As part of the Partnership Agreement, the General Partner is to be paid \$20,000 annually following completion of the Project's renovation, for its services in managing the Partnership pursuant to the Partnership Agreement. The fee is to be adjusted annually based on changes in the Consumer Price Index, as defined.

For the year ended December 31, 2021, the Partnership recognized an expense of \$24,178 (2020 – \$23,941) in respect of this fee arrangement. A balance of \$236,509 was payable to the General Partner at December 31, 2021 for these fees (\$212,331 at December 31, 2020). Pursuant to the Partnership Agreement, such fees are payable only to the extent of sufficient Cash Flow, and in the priority detailed at Note 9.

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)**

8. Related Party Transactions (continued)

E. Other Services

During 2021 and 2020, Eagle County provided certain services to, and incurred expenses on behalf of, the Partnership, including administrative and maintenance personnel. For 2021 and 2020, the following services were provided by Eagle County:

	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 187,946	\$ 189,370
Repairs and maintenance	14,314	2,918
Utilities	107,726	94,875
Office and administrative	4,433	3,729
Total	<u>\$ 314,419</u>	<u>\$ 290,892</u>

At December 31, 2021, a balance of \$42,080 (2020 – \$46,670) was payable to Eagle County in respect of services provided and other reimbursements.

9. Partnership Agreement – Distribution and Application of Cash Flow

The Partnership Agreement provides that the Partnership's Cash Flow (the excess of Cash Receipts over Expenditures) for each year is to be distributed in the following order of priority:

- i) To the Investor Limited Partner in an amount equal to any unpaid Housing Tax Credit Shortfall Payment;
- ii) To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;
- iii) To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans, Deferred Development Fee, Second Priority Loan, Third Priority Loan, Fourth Priority Loan, and Fifth Priority Loan) from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;
- iv) To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans, Deferred Development Fee, Second Priority Loan, Third Priority Loan, Fourth Priority Loan, and Fifth Priority Loan) payable to Partners or their Affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;
- v) To pay in full any unpaid Asset Management Fees;
- vi) To pay in full any unpaid and accrued Management Fee;
- vii) To pay in full any unpaid Development Fee;
- viii) To pay in full any accrued and unpaid Partnership Management Fees;
- ix) To pay in full any outstanding principal or interest on the Second Priority Loan;
- x) To pay in full any outstanding principal or interest on the Third Priority Loan;
- xi) To pay in full any outstanding principal or interest on the Fourth Priority Loan;
- xii) To pay in full any outstanding principal or interest on the Fifth Priority Loan;
- xiii) To pay in full any Operating Loans; and
- xiv) The balance to be paid 0.005% to the General Partners, 0.005% to the Special Limited Partner, 0.01 % to the Administrative Limited Partner and 99.98% to the Investor Limited Partner. However, the Investor Limited Partner is not to receive less than 10% of the distributions made pursuant to sections (viii) and (xiii) above.

The Partnership did not generate positive Cash Flow, as defined, for 2021 but generated positive Cash Flow of \$141,285 for 2020.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Notes to the Financial Statements
December 31, 2021 and 2020
(Continued)

10. Low-Income Housing Tax Credits

The Partnership expects to generate Tax Credits aggregating to \$5,508,950, which generally will become available for use by the Partners, pro rata, over a ten-year credit period, which began in 2011. In order to qualify for the Tax Credits, the Project must comply with various federal and state requirements which 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 Partnership has also agreed to maintain and operate the Project as low-income housing for another 15 years after the above period ends. Because the Tax Credits are subject to ongoing 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 may result in generating a lesser amount of Tax Credits than expected.

At December 31, 2021, the Project had generated cumulative Tax Credits of \$5,508,950 (\$5,462,963 at December 31, 2020).

11. HAP Contract

Effective August 1, 2010, the Partnership was assigned a HAP Contract with HUD to subsidize tenant rents. Based on the resources and income of each tenant, HUD determines the HAP subsidy to be provided to the Partnership. The HAP Contract has a 20-year term, expiring November 1, 2029.

This agreement was mutually terminated as of November 1, 2020 and replaced with a new HAP Contract with HUD to subsidize tenant rents. The new HAP Contract has a 20-year term, expiring November 1, 2040.

During the year ended December 31, 2021, the Partnership earned HAP subsidies totaling \$1,001,035 (2020 – \$1,046,982).

12. Concentrations

A. Geographical Area and Rent Subsidies

The Partnership operates a single property located in unincorporated Eagle County, Colorado. Future operations could be affected by economic changes or other conditions in that geographical area or by changes in federal low-income rental subsidies or the demand for such housing.

B. Credit Risk

The Federal Deposit Insurance Corporation (the "FDIC") insures up to \$250,000 per depositor at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. At December 31, 2021, the Partnership's uninsured cash balances totaled \$464,342 (\$1,040,749 at December 31, 2020).

13. Deficit Partners' Capital

At December 31, 2021, the Partnership had a deficit partners' capital balance of \$718,679 (\$383,675 at December 31, 2020).

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Balance Sheet - HUD Basis
December 31, 2021

ASSETS

Current assets:

1120	Cash - Operations	\$ 890,328
1130	Tenant/member accounts receivable	15,997
1131	Allowance for doubtful accounts	<u>(1,680)</u>
	1130N Net tenant accounts receivable	<u>14,317</u>
1135	Accounts receivable - HUD	7,538
1140	Accounts and notes receivable - Operations	113
1200	Prepaid expenses	49,274
	1100T Total current assets	<u>961,570</u>

Deposits held in trust:

1191	Tenant/patient deposits held in trust	37,802
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Restricted deposits and funded reserves:

1310	Escrow deposits	52,740
1320	Replacement Reserve	939,511
1330	Other reserves	<u>630,969</u>
	1300T Total deposits	<u>1,623,220</u>

Fixed assets:

1410	Land	1,900,000
1420	Buildings	14,385,191
1460	Furnishings	<u>242,346</u>
	1400T Total fixed assets	<u>16,527,537</u>
1495	Accumulated depreciation	<u>(5,146,060)</u>
	1400N Net fixed assets	<u>11,381,477</u>

Other assets:

1520	Deferred financing costs	<u>102,649</u>
	1500T Total other assets	<u>102,649</u>
	1000T Total Assets	<u>\$ 14,106,718</u>

LIABILITIES

Current liabilities:

2110	Accounts payable - Operations	\$ 144,354
2111	Accounts payable - Construction/development	77,653
2123	Accrued management fee payable	248,573
2133	Accrued interest payable - Other loans and notes (Surplus Cash)	1,997,435
2170	Mortgage (or bonds) payable - First mortgage (bonds) - Short-term	164,083
2210	Prepaid revenue	<u>11,066</u>
	2122T Total current liabilities	<u>2,643,164</u>

Other liabilities:

2191	Tenant/patient deposits held in trust (contra)	35,774
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Long-term liabilities:

2320	Mortgage (or bonds) payable - First mortgage (bonds)	7,841,454
2323	Other loans and notes payable - Surplus Cash	<u>4,305,005</u>
	2300T Total long-term liabilities	<u>12,146,459</u>
	2000T Total Liabilities	<u>14,825,397</u>

PARTNERS' CAPITAL

3130	Total Equity	<u>(718,679)</u>
	2033T Total Liabilities and Equity	<u>\$ 14,106,718</u>

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Profit and Loss - HUD Basis
For the year ended December 31, 2021

REVENUE

Rent revenue:		
5120	Rent revenue - Gross potential	\$ 521,259
5121	Tenant assistance payments	<u>1,001,035</u>
5100T	Total rent revenue	<u>1,522,294</u>
Vacancies:		
5220	Vacancies - Apartments	<u>(19,232)</u>
5200T	Total vacancies	<u>(19,232)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>1,503,062</u>
Financial revenue:		
5410	Financial revenue - Project operations	1,491
5440	Revenue from investments - Replacement Reserve	<u>1,089</u>
5400T	Total financial revenue	<u>2,580</u>
Other revenue:		
5910	Laundry and vending revenue	14,989
5920	Tenant charges	2,819
5990	Miscellaneous revenue	<u>2,087</u>
5900T	Total other revenue	<u>19,895</u>
5000T	Total Revenue	<u>1,525,537</u>

EXPENSES

Administrative expenses:		
6210	Advertising and marketing	1,350
6311	Office expenses	13,360
6320	Management fee	52,631
6330	Manager or superintendent salaries	63,337
6350	Audit expense	26,339
6390	Miscellaneous administrative expenses	<u>10,113</u>
6263T	Total administrative expenses	<u>167,130</u>
Utilities expenses:		
6450	Electricity	21,798
6451	Water	49,418
6453	Sewer	<u>36,511</u>
6400T	Total utilities expenses	<u>107,727</u>
Operating and maintenance expenses:		
6515	Supplies	103,100
6520	Contracts	66,816
6525	Garbage and trash removal	8,408
6548	Snow removal	<u>9,521</u>
6500T	Total operating and maintenance expenses	<u>187,845</u>
Taxes and insurance:		
6711	Payroll taxes - Project's share	28,065
6720	Property and liability insurance - Hazard	45,859
6722	Workmen's Compensation	3,272
6723	Health insurance and other employee benefits	<u>26,456</u>
6700T	Total taxes and insurance	<u>103,652</u>
Financial expenses:		
6820	Interest on first mortgage (or bonds) payable	259,028
6850	Mortgage insurance premium/service charge	15,552
6890	Miscellaneous financial expenses	<u>308,300</u>
6800T	Total financial expenses	<u>582,880</u>
6000T	Total Cost of Operations before Depreciation	<u>1,149,234</u>
5060T	Profit (Loss) before Depreciation	<u>376,303</u>
6600	Depreciation expense	<u>476,540</u>
5060N	Operating Profit (Loss)	<u>(100,237)</u>
Corporate or mortgagor revenue and expenses:		
7141	Interest on notes payable	198,525
7190	Other expenses	<u>36,242</u>
7100T	Net entity expenses	<u>234,767</u>
3250	Net Income (Loss)	<u>\$ (335,004)</u>

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Changes in Partners' Capital - HUD Basis
For the year ended December 31, 2021

PARTNERS' CAPITAL - BEGINNING OF YEAR:

S1100-010 Beginning of Year Balance \$ (383,675)

3250 Net Income (Loss) (335,004)

PARTNERS' CAPITAL - END OF YEAR:

3130 End of Year \$ (718,679)

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Statement of Cash Flows - HUD Basis
For the year ended December 31, 2021

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts:		
S1200-010	Rental receipts	\$ 1,513,052
S1200-020	Interest received	2,580
S1200-030	Other operating receipts	19,782
	S1200-040 Total receipts	<u>1,535,414</u>
Disbursements:		
S1200-050	Administrative	(50,683)
S1200-070	Management fee	(52,631)
S1200-090	Utilities	(95,985)
S1200-100	Salaries and wages	(63,337)
S1200-110	Operating and maintenance	(112,629)
S1200-140	Property insurance	(95,133)
S1200-150	Miscellaneous taxes and insurance	(57,793)
S1200-160	Tenant security deposits	112
S1200-180	Interest on first mortgage	(283,962)
S1200-210	Mortgage interest premium	(15,552)
S1200-220	Miscellaneous financial	(121,385)
S1200-225	Entity/construction disbursements	(141,284)
	S1200-230 Total disbursements	<u>(1,090,262)</u>
	S1200-240 Net cash provided by (used in) operating activities	<u>445,152</u>

CASH FLOW FROM INVESTING ACTIVITIES:

S1200-245	Net deposits to Mortgage Escrow account	12,158
S1200-250	Net deposits to Replacement Reserve account	(42,087)
S1200-255	Net deposits to other reserves	(6,127)
S1200-330	Net purchase of fixed assets	(221,454)
	S1200-350 Net cash provided by (used in) investing activities	<u>(257,510)</u>

CASH FLOW FROM FINANCING ACTIVITIES:

S1200-360	Principal payments - First mortgage (or bonds)	(8,201,902)
S1200-365	Proceeds from mortgages, loans, or notes payable	8,490,100
S1200-450	Other financing activities	(204,798)
	S1200-460 Net cash provided by (used in) financing activities	<u>83,400</u>
	S1200-470 Net increase (decrease) in cash and cash equivalents	271,042
	S1200-480 Beginning of period cash	<u>619,286</u>
	S1200T End of period cash	<u>\$ 890,328</u>

**RECONCILIATION OF NET PROFIT (LOSS) TO
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:**

3250	Net income (loss)	<u>\$ (335,004)</u>
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
6600	Depreciation expense	476,541
S1200-486	Amortization of debt issuance costs	10,817
S1200-490	Decrease (increase) in tenant/member accounts receivable	13,510
S1200-500	Decrease (increase) in accounts receivable - Other	(3,233)
S1200-520	Decrease (increase) in prepaid expenses	(49,274)
S1200-530	Decrease (increase) in cash restricted for tenant deposits	(605)
S1200-540	Increase (decrease) in accounts payable	87,435
S1200-560	Increase (decrease) in accrued liabilities	6,948
S1200-570	Increase (decrease) in accrued interest payable	162,775
S1200-580	Increase (decrease) in tenant security deposits held in trust	717
S1200-590	Increase (decrease) in prepaid revenue	(400)
S1200-605	Increase (decrease) in entity/construction liability accounts	(111,990)
S1200-600	Other adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:	
	Derecognized debt issuance costs	<u>186,915</u>
S1200-610	Net cash provided by (used in) operating activities	<u>\$ 445,152</u>

The accompanying notes are an integral part of these financial statements

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Schedule of Reserve for Replacement and
Computation of Surplus Cash, Distributions, and Residual Receipts
For the year ended December 31, 2021

SCHEDULE OF RESERVE FOR REPLACEMENT:

1320P	Balance at beginning of year	\$ 897,424
1320DT	Total monthly deposits	40,998
1320INT	Interest on Replacement Reserve accounts	<u>1,089</u>
1320	Balance at end of year (confirmed by Mortgagee)	<u><u>\$ 939,511</u></u>

COMPUTATION OF SURPLUS CASH:

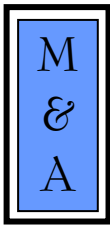
Cash:		
S1300-010	Cash (<i>Accounts 1120, 1170, 1191</i>)	\$ 928,130
1135	Accounts receivable - HUD	<u>7,538</u>
S1300-040	Total cash	<u><u>935,668</u></u>
Current obligations:		
S1300-075	Accounts payable (<i>due within 30 days</i>)	144,355
S1300-080	Loans and notes payable (<i>due within 30 days</i>)	13,534
2210	Prepaid revenue	11,066
2191	Tenant/patient deposits held in trust (contra)	<u>35,774</u>
S1300-140	Total current obligations	<u><u>204,729</u></u>
S1300-150	Surplus cash (deficiency)	<u><u>\$ 730,939</u></u>
S1300-200	Amount Available for Distribution During Next Fiscal Period	<u><u>\$ 730,939</u></u>

The accompanying notes are an integral part of these financial statements.

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
Schedule of Changes in Fixed Asset Accounts - HUD Basis
For the year ended December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
1410 Land	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000
1420 Buildings	14,163,737	221,454	-	14,385,191
1460 Furnishings	242,346	-	-	242,346
1400T Total fixed assets	16,306,083	221,454	-	16,527,537
1495 Accumulated depreciation	<u>(4,669,520)</u>	<u>(476,540)</u>	-	<u>(5,146,060)</u>
1400N Total - net book value	<u><u>\$ 11,636,563</u></u>	<u><u>\$ (255,086)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,381,477</u></u>

The accompanying notes are an integral part of these financial statements.



MCMAHAN AND ASSOCIATES, L.L.C.

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

**To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Riverview Apartments Preservation LP (HUD Project No. 101-11297), a Colorado limited partnership, which comprise the balance sheet as of December 31, 2021, and related statements operations, changes in partners' capital and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

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

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

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

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

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INDEPENDENT AUDITOR'S REPORT
To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Compliance and Other Matters

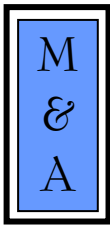
As part of obtaining reasonable assurance about whether Riverview Apartments Preservation LP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
March 30, 2022



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS*

To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Report on Compliance for Each Major HUD Program

Opinion on Each Major HUD Program

We have audited the compliance of Riverview Apartments Preservation LP (HUD Project No. 101-11297), a Colorado limited partnership, with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on each of Riverview Apartments Preservation LP's major U.S. Department of Housing and Urban Development ("HUD") programs for the year ended December 31, 2021. Riverview Apartments Preservation LP's major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
HUD Insured Loan Program Sections 207/223(7)	Federal Financial Reports; Fair Housing and Nondiscrimination ;Mortgage Status; Replacement Reserve; Distribution to Owners; Equity Skimming; Cash Receipts; Cash Disbursements; Tenant Security Deposits; Management Functions; Unauthorized Change of Ownership/Acquisition of Liabilities; Unauthorized Loans of Project Funds
Housing Assistance Payment Program Section 8	Federal Financial Reports; Fair Housing and Nondiscrimination; Cash Receipts; Cash Disbursements; Tenant Application, Eligibility, and Recertification; Units Lease to Extremely Low-Income Families; Tenant Security Deposits

In our opinion, Riverview Apartments Preservation LP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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INDEPENDENT AUDITOR'S REPORT
To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Basis for Opinion (continued)

We are required to be independent of Riverview Apartments Preservation LP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Riverview Apartments Preservation LP's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Riverview Apartments Preservation LP's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Riverview Apartments Preservation LP's compliance based on our audit. 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 U.S. GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Riverview Apartments Preservation LP's compliance with the requirements of the government program as a whole

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Riverview Apartments Preservation LP's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Riverview Apartments Preservation LP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Riverview Apartments Preservation LP's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

We noted certain matters that we are required to report to management of Riverview Apartments Preservation LP in a separate written communication. These matters are described in our Letter to the Partners dated March 30, 2022.

INDEPENDENT AUDITOR'S REPORT
To the Partners
Riverview Apartments Preservation LP
Eagle County, Colorado

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of Riverview Apartments Preservation LP's internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
March 30, 2022

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021**

Our audit disclosed no findings that are required to be reported herein under the HUD *Consolidated Audit Guide for Audits of HUD Programs* for the year ended December 31, 2021.


**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
AUDITOR'S COMMENTS ON AUDIT RESOLUTION OF MATTERS RELATING TO HUD PROGRAMS
December 31, 2021**

There were no findings or questioned costs noted for the year ended December 31, 2020.

**Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
CERTIFICATION OF OFFICERS
December 31, 2021**

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

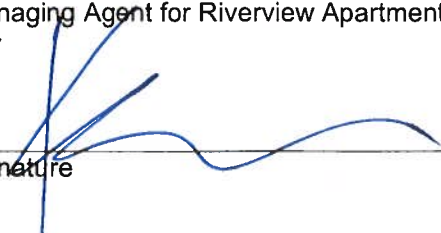
Riverview Apartments Preservation LLC
General Partner of Riverview Apartments Preservation LP
BY: Eagle County Housing and Development Authority, its sole member

 _____ Signature	_____ March 30, 2022 Date
Name of Signatory:	_____ Kim Williams
Title of Certifying Official:	_____ Executive Director – Eagle County Housing and Development Authority
Auditee Telephone Number:	_____ 970-328-8773

Riverview Apartments Preservation LP
(A Colorado Limited Partnership)
HUD Project No. 101-11297
MANAGING AGENT'S CERTIFICATION
December 31, 2021

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

Eagle County Housing and Development Authority
Managing Agent for Riverview Apartments Preservation LP
BY:

Signature		March 30, 2022
Name of Signatory:	Kim Williams	Date
Title of Certifying Official:	Executive Director – Eagle County Housing and Development Authority	
Auditee Telephone Number:	970-328-8773	