



**SOMMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)**

**A Project of the
Capitol Area Development Authority**

**Independent Auditor's Reports,
Financial Statements,
and Supplemental Information**

**For the Fiscal Years Ended
June 30, 2009 and 2008**

**CAPITOL AREA
DEVELOPMENT AUTHORITY**

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**SOMERSET PARKSIDE APARTMENTS
(CONTRACT NUMBER 80-RHC-007)
A PROJECT OF THE
CAPITOL AREA DEVELOPMENT AUTHORITY
SACRAMENTO, CALIFORNIA**

Independent Auditor's Reports,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2009 and 2008

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
For the Fiscal Years Ended June 30, 2009 and 2008

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NEWPORT BEACH

SAN MARCOS

SAN DIEGO

Board of Directors
Capitol Area Development Authority
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of Somerset Parkside Apartments (Contract Number 80-RHC-07) (the Project), a project of the Capitol Area Development Authority (Authority) as of and for the fiscal years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, the financial statements present only the Project and do not purport to, and do not, present fairly, in all material respects, the financial position of the Authority as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Project as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 1, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macior Meni & O'Connell LLP

Certified Public Accountants

Sacramento, California
December 1, 2009

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Statements of Net Assets
June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 65,640 | \$ 65,027 |
| Prepaid expenses | 818 | - |
| Restricted cash - tenant security deposits | <u>8,450</u> | <u>7,400</u> |
| Total current assets | <u>74,908</u> | <u>72,427</u> |
| Noncurrent assets: | | |
| Restricted cash - reserve for replacements | 23,680 | 16,658 |
| Capital assets: | | |
| Buildings and improvements, net of accumulated depreciation | <u>236,608</u> | <u>293,364</u> |
| Total noncurrent assets | <u>260,288</u> | <u>310,022</u> |
| Total assets | <u>335,196</u> | <u>382,449</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 11,791 | 6,105 |
| Prepaid rent | 1,498 | 2,509 |
| Due to State - HCD | 43,447 | 42,069 |
| Security deposits | <u>8,450</u> | <u>7,400</u> |
| Total current liabilities | <u>65,186</u> | <u>58,083</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 236,608 | 293,364 |
| Restricted for replacements | 23,680 | 16,658 |
| Unrestricted | <u>9,722</u> | <u>14,344</u> |
| Total net assets | <u>\$ 270,010</u> | <u>\$ 324,366</u> |

See accompanying notes to financial statements.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Years Ended June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|-------------------|-------------------|
| Operating revenues | | |
| Rental revenue, net | \$ 118,146 | \$ 118,673 |
| HCD annuities | 28,978 | 27,802 |
| Less: Excess program payments | <u>(30,356)</u> | <u>(13,091)</u> |
| Net HCD annuities | <u>(1,378)</u> | <u>14,711</u> |
| Other revenues: | | |
| CADA annuity | 3,200 | - |
| Coin-operated laundry | 3,139 | 3,035 |
| Parking | 1,525 | 1,493 |
| Miscellaneous | <u>2,619</u> | <u>2,126</u> |
| Total operating revenues | <u>127,251</u> | <u>140,038</u> |
| Operating expenses | | |
| Payroll: | | |
| Salaries and benefits | <u>30,430</u> | <u>29,774</u> |
| Administrative: | | |
| Legal and accounting services | 4,878 | 6,127 |
| Management fee | 15,237 | 14,652 |
| Media | <u>540</u> | <u>336</u> |
| Total administrative | <u>20,655</u> | <u>21,115</u> |
| Utilities | <u>25,452</u> | <u>25,605</u> |
| Operating and maintenance: | | |
| Services and supplies | 3,877 | 9,404 |
| Courtesy patrol | 2,640 | 2,505 |
| Maintenance contract | 6,238 | 8,526 |
| Decorating and painting | 3,391 | 4,334 |
| Repairs and maintenance | <u>26,825</u> | <u>28,122</u> |
| Total operating and maintenance | <u>42,971</u> | <u>52,891</u> |
| Insurance and taxes: | | |
| Insurance | 6,676 | 7,029 |
| Property taxes | <u>1,147</u> | <u>1,147</u> |
| Total insurance and taxes | <u>7,823</u> | <u>8,176</u> |
| Depreciation | <u>56,756</u> | <u>56,756</u> |
| Total operating expenses | <u>184,087</u> | <u>194,317</u> |
| Operating loss | <u>(56,836)</u> | <u>(54,279)</u> |
| Non-operating revenues | | |
| Interest income | <u>2,480</u> | <u>4,428</u> |
| Change in net assets | (54,356) | (49,851) |
| Net assets, beginning of year | <u>324,366</u> | <u>374,217</u> |
| Net assets, end of year | <u>\$ 270,010</u> | <u>\$ 324,366</u> |

See accompanying notes to financial statements.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Rental receipts | \$ 117,135 | \$ 119,970 |
| HCD annuities | - | 12,376 |
| CADA annuity | 3,200 | - |
| Other receipts | 7,283 | 6,654 |
| Tenant security deposits received | 4,600 | 900 |
| Payroll and related costs | (30,430) | (29,774) |
| Administrative expenses | (20,655) | (21,115) |
| Utilities expense | (25,452) | (25,605) |
| Operating and maintenance expenses | (38,103) | (61,750) |
| Tenant security deposits paid | (3,550) | (1,350) |
| Insurance and taxes expense | (7,823) | (8,176) |
| Net cash provided by (used for) operating activities | <u>6,205</u> | <u>(7,870)</u> |
| Cash flows from investing activities: | | |
| Interest receipts | <u>2,480</u> | <u>4,428</u> |
| Net increase (decrease) in cash | 8,685 | (3,442) |
| Cash and cash equivalents, beginning of year | 89,085 | 92,527 |
| Cash and cash equivalents, end of year | <u>\$ 97,770</u> | <u>\$ 89,085</u> |
| Cash and cash equivalents | \$ 65,640 | \$ 65,027 |
| Restricted cash: | | |
| Tenant security deposits | 8,450 | 7,400 |
| Reserve for replacements | <u>23,680</u> | <u>16,658</u> |
| Total cash and cash equivalents | <u>\$ 97,770</u> | <u>\$ 89,085</u> |

See accompanying notes to financial statements.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|-------------|-------------|
| Reconciliation of operating loss to net cash provided by (used for) operating activities: | | |
| Operating loss | \$ (56,836) | \$ (54,279) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 56,756 | 56,756 |
| Changes in assets and liabilities: | | |
| Prepaid expenses | (818) | - |
| Accounts payable | 5,686 | (8,859) |
| Due to State - HCD | 1,378 | (2,335) |
| Prepaid rent | (1,011) | 1,297 |
| Security deposits | 1,050 | (450) |
| Net cash provided by (used for) operating activities | \$ 6,205 | \$ (7,870) |

See accompanying notes to financial statements.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Somerset Parkside Apartments (Project) are a 26-unit apartment complex located in downtown Sacramento, California. It provides housing for eligible low-income families under the State of California Department of Housing and Community Development (HCD) Rental Housing Construction Program (RHCP). This program provides long-term financing to construct the housing project and monthly annuities to fund operating deficits.

In accordance with a regulatory agreement dated April 8, 1982, the Capitol Area Development Authority (Authority) manages the Project. The Authority is a joint powers agency with a Board of Directors comprised of appointees of the City of Sacramento (City) and the State of California. The accompanying financial statements present only the Project and are not intended to present fairly the financial position or changes in financial position of the Authority in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Project is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Project distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from tenants of its housing units. Operating expenses for the Project include employee services, administrative expenses, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the Authority has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

Cash, Cash Equivalents and Restricted Cash

The Project participates in the City's investment pool. The City Treasurer pools cash with other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based upon quoted market prices. However, the value of the pool shares in the City's investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Project's position in the pool.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Restricted Cash (Continued)

The City's investment pool is unrated and the weighted average maturities were 1.16 years at June 30, 2009 and 1.4 years at June 30, 2008. At June 30, 2009 and 2008, the entire amount of the Project's cash and cash equivalents and restricted cash are invested in the City's investment pool. Detailed disclosures, including investment policies and associated risk policies, regarding the Project's cash and investments are included in the notes to the Authority's basic financial statements.

Restricted cash and cash equivalents include replacement reserves and tenant security deposits.

For purposes of the statements of cash flows, the Authority considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account.

Capital Assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond 1 year, are stated at cost. Depreciation is calculated using the straight-line method over an estimated useful life of between 5 to 30 years. Maintenance and repair costs are expensed as incurred.

Use of 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 certain reported amounts and disclosures. Actual results could differ from these estimates.

NOTE B – TENANT SECURITY DEPOSITS

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in these financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held as of June 30, 2009 and 2008 amounted to \$8,450 and \$7,400, respectively.

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2009 and 2008

NOTE C - CAPITAL ASSETS

Information on additions and disposals of capital assets is presented below:

| | <u>June 30, 2008</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2009</u> |
|---------------------------------------|----------------------|--------------------|------------------|----------------------|
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 1,425,758 | \$ - | \$ - | \$ 1,425,758 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | <u>(1,132,394)</u> | <u>(56,756)</u> | <u>-</u> | <u>(1,189,150)</u> |
| Capital assets being depreciated, net | <u>293,364</u> | <u>(56,756)</u> | <u>-</u> | <u>236,608</u> |
| Capital assets, net | <u>\$ 293,364</u> | <u>\$ (56,756)</u> | <u>\$ -</u> | <u>\$ 236,608</u> |

| | <u>June 30, 2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2008</u> |
|---------------------------------------|----------------------|--------------------|------------------|----------------------|
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 1,425,758 | \$ - | \$ - | \$ 1,425,758 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | <u>(1,075,638)</u> | <u>(56,756)</u> | <u>-</u> | <u>(1,132,394)</u> |
| Capital assets being depreciated, net | <u>350,120</u> | <u>(56,756)</u> | <u>-</u> | <u>293,364</u> |
| Capital assets, net | <u>\$ 350,120</u> | <u>\$ (56,756)</u> | <u>\$ -</u> | <u>\$ 293,364</u> |

NOTE D - REPLACEMENT RESERVES

Replacement reserves, which are reported in these financial statements as restricted cash, are funded monthly to provide for future major additions, repairs or replacements. The replacement reserve activity for the years is as follows:

| | <u>2009</u> | <u>2008</u> |
|-------------------|------------------|------------------|
| Beginning balance | \$ 16,658 | \$ 9,663 |
| Interest earned | 622 | 595 |
| Required deposits | <u>6,400</u> | <u>6,400</u> |
| Ending balance | <u>\$ 23,680</u> | <u>\$ 16,658</u> |

SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2009 and 2008

NOTE E - UNEXPENDED PROGRAM PAYMENTS

As stated in Note A, the HCD Rental Housing Construction Program provides operating funds to the Project to cover the operating costs not covered by rental revenues. For the fiscal year ended June 30, 2009, unexpended payments due back to HCD exceeded HCD authorized annuities by \$1,378. For the fiscal year ended June 30, 2008, HCD authorized annuities exceeded unexpended payments due back to HCD by \$14,711.

In determining the qualifying operating costs, HCD disallows certain expenses reflected in these financial statements. Specifically excluded are depreciation expense, repairs paid out of replacement reserves and asset acquisitions exceeding authorized budget. For the fiscal years ended June 30, 2009 and 2008, rental and program revenues exceeded qualifying operating costs by \$30,356 and \$13,091, respectively. Net unexpended program payments are reported as Due to State - HCD on the Project's statements of net assets.

The activity in the account for the fiscal years ended June 30, are as follows:

| | <u>2009</u> | <u>2008</u> |
|--|------------------|------------------|
| Beginning balance | \$ 42,069 | \$ 44,404 |
| Excess program payments for the current year | 30,356 | 13,091 |
| Payment to HCD | <u>(28,978)</u> | <u>(15,426)</u> |
| Ending balance | <u>\$ 43,447</u> | <u>\$ 42,069</u> |

NOTE F - LEASED PROPERTY

The land on which the Project is located is owned by the State of California. On June 12, 1981, a 60-year operating lease was entered into between the Authority and the State of California. This lease is without cost, so it is not reflected in these financial statements.

The State of California or the Authority may terminate the lease at any time by giving 60 days notice. Should this lease be terminated, the developmental ground lease will be honored by the State on behalf of the Authority.

SUPPLEMENTAL INFORMATION

**SOMERSET PARKSIDE APARTMENTS
(Contract Number 80-RHC-007)
A Project of the Capitol Area Development Authority
Supplemental Information Required by HCD
For the Fiscal Year Ended June 30, 2009**

Insurance

Insurance premiums are current as of June 30, 2009. The annual renewal policy was paid before the due date.

Project Name: Somerset Parkside

Contract #: 80-RHC-007

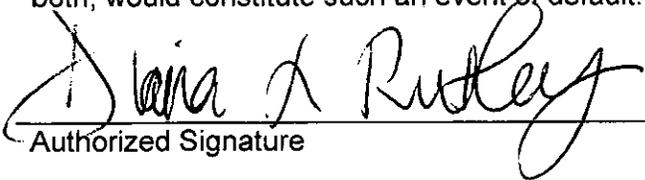
Sponsor's Name: Capitol Area Development Authority

Project Fiscal Year: 2008/2009

The sponsor must send one copy of this *Annual Report Sponsor Certification* along with the annual *Audited Financial Statements* to the Department of Housing and Community Development within ninety (90) days (or within the period of time specified in the Regulatory Agreement, if different) after the end of the project fiscal year. The *Annual Report Sponsor Certification* must have original signatures. Please note that if additional information is required for a specific program's *annual reporting requirement*, that information must accompany the *Annual Audited Financial Statements* as a separate attachment. The *Annual Report* includes the *Sponsor Certification*, the *Audited Financial Statements* and all other annual reporting documents.

Sponsor Certification

It is hereby certified that all of the representations made by the sponsor in the Regulatory Agreement and the financial disclosures contained in the *Annual Report* are true and correct, and that there is not any condition, event, or act which would constitute an event of default there under, or which with notice, passage of time, or both, would constitute such an event of default.



Authorized Signature

Diana L. Rutley

Printed Name

Property Manager

Title

11-2-09

Date

Explanation of other Withdrawals:

ADDITIONAL REQUESTED INFORMATION FOR FY:

2008/2009

| ITEM | YES | NO | DATES PAID AND COMMENTS |
|--|-----|----|-------------------------|
| 1. Operating Reserves: Funded monthly? If not, how often? | | | Not Applicable |
| 2. Replacement Reserves: Funded monthly? If not, how often? | X | | |
| 3. Security Deposit Acct. : Bal. equal to/greater than security deposit liability plus interest? Explain if "No". | | | Not Applicable |
| 4. Taxes: Paid current, on time & no late fees incurred? | X | | |
| 5. Insurance: Is coverage according to Regulatory Agreement? | X | | |
| 6. Insurance: Paid current and the renewal policy paid on time? | X | | |
| 7. Required Debt Service: Paid current & always paid by due date? | | | Not Applicable |
| 8. Debt: Has additional indebtedness been incurred? (If "YES", explain what, when and with whom.) | | X | |
| 9. Other Reserve Account?: Name other reserve accounts, how funded, who controls them and their purpose. | | | Not Applicable |
| 10. Account Insurance: Are all accounts insured by Federal Gov't? | X | | |

Rental Housing Construction Program (RHCP) - Original
PROPOSED OPERATING COSTS

Reporting Period: 07/01/2008 to 08/30/2009

Contract No: 80-RHC-007
Project Name: Somerset Parkside
Prepared by: Noelle Mussen, Controller
Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
Units/Sq. Ft. - Total: 26

Unit months: 312

| ACCOUNT NAME | Account Codes | Proposed Budget | Proration Percentage | Assisted Units | Non-Assisted | Commercial | Proposed Total Budget |
|--|-------------------|-----------------|----------------------|----------------|--------------|------------|-----------------------|
| MANAGEMENT FEE: 6200/6300 | | | | | | | |
| 1 Management Fee or Sponsor Overhead | 6320 | 15,237 | 100.00% | 15,237 | 0 | 0 | 15,237 |
| ADMINISTRATIVE EXPENSES: 6200/6300 | | | | | | | |
| 2 Advertising | 6210 | 540 | 100.00% | 540 | 0 | 0 | 540 |
| 3 Apartment Resale Expense (Cooperatives) | 6235 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 4 Other Renting Expenses | 6250 | 100 | 100.00% | 100 | 0 | 0 | 100 |
| 5 Office Salaries | 6310 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 6 Office Supplies | 6311 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 7 Office or Model Apartment Rent | 6312 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 8 Manager or Superintendent Salaries | 6330 | 16,848 | 100.00% | 16,848 | 0 | 0 | 16,848 |
| 9 Manager's or Superintendent's Rent Free Unit | 6331 | 7,836 | 100.00% | 7,836 | 0 | 0 | 7,836 |
| 10 Legal Expense - Project | 6340 | 1,500 | 100.00% | 1,500 | 0 | 0 | 1,500 |
| 11 Audit Expense - Project | 6350 | 4,095 | 100.00% | 4,095 | 0 | 0 | 4,095 |
| 12 Bookkeeping Fees/Accounting Services | 6351 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 13 Telephone and Answering Service Expenses | 6360 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 14 Bad Debt Expense | 6370 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 15 Miscellaneous Administrative Expenses (specify) | 6390 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 16 TOTAL ADMINISTRATIVE EXPENSE: | 6200/6300T | 30,919 | 100.00% | 30,919 | 0 | 0 | 30,919 |
| UTILITIES EXPENSE: 6400 | | | | | | | |
| 17 Fuel Oil/Coal | 6420 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 18 Electricity | 6450 | 3,000 | 100.00% | 3,000 | 0 | 0 | 3,000 |
| 19 Water | 6451 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 20 Gas | 6452 | 2,000 | 100.00% | 2,000 | 0 | 0 | 2,000 |
| 21 Sewer | 6453 | 22,000 | 100.00% | 22,000 | 0 | 0 | 22,000 |
| 22 TOTAL UTILITIES EXPENSE: | 6400T | 27,000 | 100.00% | 27,000 | 0 | 0 | 27,000 |
| OPERATING AND MAINTENANCE EXPENSES: 6500 | | | | | | | |
| 23 Janitor and Cleaning Payroll | 6510 | 6,275 | 100.00% | 6,275 | 0 | 0 | 6,275 |
| 24 Janitor and Cleaning Supplies | 6515 | 6,000 | 100.00% | 6,000 | 0 | 0 | 6,000 |
| 25 Janitor and Cleaning Contract | 6517 | 8,884 | 100.00% | 8,884 | 0 | 0 | 8,884 |
| 26 Exterminating Payroll/Contract | 6519 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 27 Exterminating Supplies | 6520 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 28 Garbage and Trash Removal | 6525 | 3,000 | 100.00% | 3,000 | 0 | 0 | 3,000 |
| 29 Security Payroll/Contract | 6530 | 2,640 | 100.00% | 2,640 | 0 | 0 | 2,640 |
| 30 Grounds Payroll | 6535 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 31 Grounds Supplies | 6536 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 32 Grounds Contract | 6537 | 1,116 | 100.00% | 1,116 | 0 | 0 | 1,116 |
| 33 Repairs Payroll | 6540 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 34 Repairs Material | 6541 | 6,000 | 100.00% | 6,000 | 0 | 0 | 6,000 |
| 35 Repairs Contract | 6542 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 36 Elevator Maintenance/Contract | 6545 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 37 Heating/Cooling Repairs and Maintenance | 6546 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 38 Swimming Pool Maintenance/Contract | 6547 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 39 Snow Removal | 6548 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 40 Decorating Payroll/Contract | 6560 | 7,000 | 100.00% | 7,000 | 0 | 0 | 7,000 |
| 41 Decorating Supplies | 6561 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 42 Vehicle and Maintenance Equipment Operation/Repairs | 6570 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 43 Misc. Operating and Maintenance Expenses (specify) | 6590 | 20,000 | 100.00% | 20,000 | 0 | 0 | 20,000 |
| 44 TOTAL OPERATING & MAINTENANCE EXPENSE: | 6500T | 60,915 | 100.00% | 60,915 | 0 | 0 | 60,915 |
| TAXES AND INSURANCE: 6700 | | | | | | | |
| 45 Real Estate Taxes | 6710 | 1,150 | 100.00% | 1,150 | 0 | 0 | 1,150 |
| 46 Payroll Taxes (Project's Share) | 6711 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 47 Misc. Taxes, Licenses and Permits | 6719 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 48 Property and Liability Insurance (Hazard) | 6720 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 49 Fidelity Bond Insurance | 6721 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 50 Worker's Compensation | 6722 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 51 Health Insurance/Other Employee Benefits | 6723 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 52 Other Insurance | 6729 | 9,025 | 100.00% | 9,025 | 0 | 0 | 9,025 |
| 53 TOTAL TAXES AND INSURANCE: | 6700T | 10,175 | 100.00% | 10,175 | 0 | 0 | 10,175 |
| ASSISTED LIVING/BOARD & CARE EXPENSES: 6900 | | | | | | | |
| 54 Food | 6932 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 55 Recreation and Rehabilitation | 6980 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 56 Rehabilitation Salaries | 6983 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 57 Other Service Expenses | 6990 | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 58 TOTAL ASSISTED LIVING EXPENSES | 6900T | 0 | 100.00% | 0 | 0 | 0 | 0 |
| 59 SUBTOTAL OPERATING COSTS: | | 144,246 | | 144,246 | 0 | 0 | 144,246 |
| 60 CONTINGENCY RESERVE (RHCP-O Only): | 3.00% | 4,327 | | 4,327 | 0 | 0 | 4,327 |
| 61 TOTAL OPERATING COSTS | | 148,573 | | 148,573 | 0 | 0 | 148,573 |

SIGNATURES:

Management Agent By *Noelle Mussen* Title *Controller* Date *11/30/09*
 Borrower By _____ Title _____ Date _____
 Sponsor (Local Agency) By _____ Title _____ Date _____

Rental Housing Construction Program (RHCP) - Original

PROPOSED CASH FLOW ANALYSIS

Reporting Period: 07/01/2008 to 06/30/2009

Contract No: 80-RHC-007
Project Name: Somerset Parkside
Prepared by: Noelle Mussen, Contoller
Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
Units/Sq. Ft. - Total: 26

Unit months: 312

| ACCOUNT NAME | Account Codes | Assisted Units Proposed | Non-Assisted Units Proposed | Commercial | Total Project Proposal |
|---|---------------|-------------------------|-----------------------------|--------------|------------------------|
| REVENUE ACCOUNTS/RENT REVENUE: 5100 | | | | | |
| 1 Rent Revenue - Gross Potential | 5120 | 120,567 | 0 | 0 | 120,567 |
| 2 Tenant Assistance Payments | 5121 | 0 | 0 | 0 | 0 |
| 3 Rent Revenue - Stores and Commercial | 5140 | 0 | 0 | 0 | 0 |
| 4 Garage and Parking Spaces | 5170 | 1,400 | 0 | 0 | 1,400 |
| 5 Flexible Subsidy Revenue | 5180 | 0 | 0 | 0 | 0 |
| 6 Rent Revenue - Miscellaneous | 5190 | 0 | 0 | 0 | 0 |
| 7 Excess Rent | 5191 | 0 | 0 | 0 | 0 |
| 8 Rent Revenue/Insurance | 5192 | 0 | 0 | 0 | 0 |
| 9 Special Claims Revenue | 5193 | 0 | 0 | 0 | 0 |
| 10 Retained Excess Income | 5194 | 0 | 0 | 0 | 0 |
| 11 GROSS POTENTIAL RENT (GR) | 5100T | 121,967 | 0 | 0 | 121,967 |
| VACANCIES: 5200 | | | | | |
| Vacancy percentage | | | | | |
| | | 3.00% | 0.00% | 0.00% | |
| 12 Apartments | 5220 | 3,617 | 0 | 0 | 3,617 |
| 13 Stores and Commercial | 5240 | 0 | 0 | 0 | 0 |
| 14 Rental Concessions | 5250 | 0 | 0 | 0 | 0 |
| 15 Garage and Parking Space | 5270 | 0 | 0 | 0 | 0 |
| 16 Miscellaneous | 5290 | 0 | 0 | 0 | 0 |
| Total Vacancies | 5200T | 3,617 | 0 | 0 | 3,617 |
| ASSISTED LIVING/BOARD & CARE REVENUE: 5300 | | | | | |
| 17 Food | 5332 | 0 | 0 | 0 | 0 |
| 18 Recreation (Activities) and Rehabilitation | 5380 | 0 | 0 | 0 | 0 |
| 19 Rehabilitation | 5385 | 0 | 0 | 0 | 0 |
| 20 Other Service Revenue | 5390 | 0 | 0 | 0 | 0 |
| Total Living Revenues | 5300T | 0 | 0 | 0 | 0 |
| FINANCIAL REVENUE: 5400 | | | | | |
| 21 Financial Revenue - Project Operations | 5410 | 2,250 | 0 | 0 | 2,250 |
| Total Financial Revenue | 5400T | 2,250 | 0 | 0 | 2,250 |
| OTHER REVENUE: 5900 | | | | | |
| 22 Laundry and Vending Revenue | 5910 | 3,000 | 0 | 0 | 3,000 |
| 23 NSF and Late Charges | 5920 | 0 | 0 | 0 | 0 |
| 24 Damages and Cleaning Fees | 5930 | 0 | 0 | 0 | 0 |
| 25 Forfeited Tenant Security Deposits | 5940 | 0 | 0 | 0 | 0 |
| 26 Other Revenue | 5990 | 0 | 0 | 0 | 0 |
| Total other Revenue | 5900T | 3,000 | 0 | 0 | 3,000 |
| 27 EFFECTIVE GROSS RENT (EGR) | 5152N | 123,600 | 0 | 0 | 123,600 |
| 28 TOTAL OPERATING EXPENSES | 6000T | 148,573 | 0 | 0 | 148,573 |
| 29 NET OPERATING INCOME (NOI) | 5000T | (24,973) | 0 | 0 | (24,973) |
| FINANCIAL EXPENSES: 6800 | | | | | |
| 30 Non-Contingent Debt Service (specify lender) | | | | | |
| 1st Mortgage = | 6895 | 0 | 0 | 0 | 0 |
| 2nd Mortgage = | | 0 | 0 | 0 | 0 |
| 3rd Mortgage = | | 0 | 0 | 0 | 0 |
| 31 HCD Required Payments | 6890 | 0 | 0 | 0 | 0 |
| 32 Lease Payment | 6890 | 0 | 0 | 0 | 0 |
| 33 Miscellaneous Financial Expenses | 6890 | 0 | 0 | 0 | 0 |
| Total Financial Expenses | 6800T | 0 | 0 | 0 | 0 |
| FUNDED RESERVES: 1300 | | | | | |
| 34 Escrow Deposits | 1310 | 0 | 0 | 0 | 0 |
| 35 Replacement Reserve-Deposit | 1320 | 6,400 | 0 | 0 | 6,400 |
| 36 Operating Reserve-Deposit | 1365 | 0 | 0 | 0 | 0 |
| 37 Other Reserves (specify) | | | | | |
| #1 | 1350 | 0 | 0 | 0 | 0 |
| #2 | 1350 | 0 | 0 | 0 | 0 |
| #3 | 1350 | 0 | 0 | 0 | 0 |
| Total Reserve Deposits | | 6,400 | 0 | 0 | 6,400 |
| 38 PROJECT CASH FLOW (CF) | | (31,373) | 0 | 0 | (31,373) |

Rental Housing Construction Program (RHCP) - Original

PROPOSED CASH FLOW ANALYSIS

Reporting Period: 07/01/2008 to 06/30/2009

Contract No: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Contoller
 Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
 Units/Sq. Ft. - Total: 26

Unit months: 312

| ACCOUNT NAME | Account Codes | Assisted Units Proposed | Non-Assisted Units Proposed | Commercial | Total Project Proposal |
|--|---------------|-------------------------|-----------------------------|------------|------------------------|
| ADDITIONAL REVENUE: | | | | | |
| 39 RHCP-O Annuity Fund Request (For Assisted Units Only) | | 0 | | | 0 |
| 40 Withdrawal from Operating Reserves | | 0 | 0 | 0 | 0 |
| 41 Borrower Contribution | | 0 | 0 | 0 | 0 |
| 42 Other (specify) | | 0 | 0 | 0 | 0 |
| Total Additional Revenue | | 0 | 0 | 0 | 0 |
| USE OF CASH FLOW: | | | | | |
| 43 HCD Interest Payments | | 0 | 0 | 0 | 0 |
| 44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only) | | 0 | 0 | 0 | 0 |
| 45 Asset Mgmt Fee/Partshp Costs (MHP/HOME under UMR) | | 0 | 0 | 0 | 0 |
| 46 Borrower Distributions | | 0 | 0 | 0 | 0 |
| 47 Residual Receipt Loan Payments | | 0 | 0 | 0 | 0 |
| 48 Other (specify) | | 0 | 0 | 0 | 0 |
| Total Use of Cash Flow | | 0 | 0 | 0 | 0 |

SIGNATURES:

| | | | |
|---|----------------------|-------------------|-----------------|
| Management Agent | By | Title | Date |
| <i>Capitol Area Development Authority</i> | <i>Noelle Mussen</i> | <i>Controller</i> | <i>11/30/09</i> |
| Borrower | By | Title | Date |
| Sponsor (Local Agency) | By | Title | Date |

Rental Housing Construction Program (RHCP) - Original

APPROVED OPERATING COSTS

Reporting Period: 07/01/2008 to 06/30/2009

Contract: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Contoller
 Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
 Units/Sq. Ft. - Total: 26

Unit Months: 312

| ACCOUNT NAME | ACCOUNT CODES | TOTAL EXPENSES | | | |
|---|-------------------|----------------|---------------|---------------|---------------|
| | | PROPOSED | | HCD APPROVED | |
| | | ANNUAL (A) | PUM (B) | ANNUAL (C) | PUM (D) |
| MANAGEMENT FEE: 6200/6300 | | | | | |
| 1 Management Fee or Sponsor Overhead | 6320 | 15,237 | 48.84 | 15,237 | 48.84 |
| ADMINISTRATIVE EXPENSES: 6200/6300 | | | | | |
| 2 Advertising | 6210 | 540 | 1.73 | 540 | 1.73 |
| 3 Apartment Resale Expense (Cooperatives) | 6235 | 0 | 0.00 | 0 | 0.00 |
| 4 Other Renting Expenses | 6250 | 100 | 0.32 | 100 | 0.32 |
| 5 Office Salaries | 6310 | 0 | 0.00 | 0 | 0.00 |
| 6 Office Supplies | 6311 | 0 | 0.00 | 0 | 0.00 |
| 7 Office or Model Apartment Rent | 6312 | 0 | 0.00 | 0 | 0.00 |
| 8 Manager and Superintendent Salaries | 6330 | 16,848 | 54.00 | 16,848 | 54.00 |
| 9 Manager's or Superintendent's Rent Free Unit | 6331 | 7,836 | 25.12 | 7,836 | 25.12 |
| 10 Legal Expense - Project | 6340 | 1,500 | 4.81 | 1,500 | 4.81 |
| 11 Audit Expense - Project | 6350 | 4,095 | 13.13 | 4,095 | 13.13 |
| 12 Bookkeeping Fees/Accounting Services | 6351 | 0 | 0.00 | 0 | 0.00 |
| 13 Telephone and Answering Service Expenses | 6360 | 0 | 0.00 | 0 | 0.00 |
| 14 Bad Debt Expense | 6370 | 0 | 0.00 | 0 | 0.00 |
| 15 Miscellaneous Administrative Expenses (specify) | 6390 | 0 | 0.00 | 0 | 0.00 |
| 16 TOTAL ADMINISTRATIVE EXPENSES | 6200/6300T | 30,919 | 99.10 | 30,919 | 99.10 |
| UTILITIES EXPENSES: 6400 | | | | | |
| 17 Fuel Oil/Coal | 6420 | 0 | 0.00 | 0 | 0.00 |
| 18 Electricity | 6450 | 3,000 | 9.62 | 3,000 | 9.62 |
| 19 Water | 6451 | 0 | 0.00 | 0 | 0.00 |
| 20 Gas | 6452 | 2,000 | 6.41 | 2,000 | 6.41 |
| 21 Sewer | 6453 | 22,000 | 70.51 | 20,000 | 64.10 |
| 22 TOTAL UTILITIES EXPENSES | 6400T | 27,000 | 86.54 | 25,000 | 80.13 |
| OPERATING AND MAINTENANCE EXPENSES: 6500 | | | | | |
| 23 Janitor and Cleaning Payroll | 6510 | 6,275 | 20.11 | 6,275 | 20.11 |
| 24 Janitor and Cleaning Supplies | 6515 | 6,000 | 19.23 | 6,000 | 19.23 |
| 25 Janitor and Cleaning Contracts | 6517 | 8,884 | 28.47 | 8,884 | 28.47 |
| 26 Exterminating Payroll/Contract | 6519 | 0 | 0.00 | 0 | 0.00 |
| 27 Exterminating Supplies | 6520 | 0 | 0.00 | 0 | 0.00 |
| 28 Garbage and Trash Removal | 6525 | 3,000 | 9.62 | 3,000 | 9.62 |
| 29 Security Payroll/Contract | 6530 | 2,640 | 8.46 | 2,640 | 8.46 |
| 30 Grounds Payroll | 6535 | 0 | 0.00 | 0 | 0.00 |
| 31 Grounds Supplies | 6536 | 0 | 0.00 | 0 | 0.00 |
| 32 Grounds Contract | 6537 | 1,116 | 3.58 | 1,116 | 3.58 |
| 33 Repairs Payroll | 6540 | 0 | 0.00 | 0 | 0.00 |
| 34 Repairs Material | 6541 | 6,000 | 19.23 | 6,000 | 19.23 |
| 35 Repairs Contract | 6542 | 0 | 0.00 | 0 | 0.00 |
| 36 Elevator Maintenance/Contract | 6545 | 0 | 0.00 | 0 | 0.00 |
| 37 Heating/Cooling Repairs and Maintenance | 6546 | 0 | 0.00 | 0 | 0.00 |
| 38 Swimming Pool Maintenance/Contract | 6547 | 0 | 0.00 | 0 | 0.00 |
| 39 Snow Removal | 6548 | 0 | 0.00 | 0 | 0.00 |
| 40 Decorating/Payroll Contract | 6560 | 7,000 | 22.44 | 7,000 | 22.44 |
| 41 Decorating Supplies | 6561 | 0 | 0.00 | 0 | 0.00 |
| 42 Vehicle and Maint. Equipment Operation/Repairs | 6570 | 0 | 0.00 | 0 | 0.00 |
| 43 Misc. Operating and Maintenance Expenses (specify) | 6590 | 20,000 | 64.10 | 20,000 | 64.10 |
| 44 TOTAL OPERATING & MAINTENANCE EXPENSES | 6500T | 60,915 | 195.24 | 60,915 | 195.24 |

Rental Housing Construction Program (RHCP) - Original

APPROVED OPERATING COSTS

Reporting Period: 07/01/2008 to 06/30/2009

Contract: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Contoller
 Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
 Units/Sq. Ft. - Total: 26

Unit Months: 312

| | | TOTAL EXPENSES | | | |
|--|--------------|----------------|---------------|----------------|---------------|
| | | PROPOSED | | HCD APPROVED | |
| TAXES AND INSURANCE: 6700 | | | | | |
| 45 Real Estate Taxes | 6710 | 1,150 | 3.69 | 1,150 | 3.69 |
| 46 Payroll Taxes (Project's Share) | 6711 | 0 | 0.00 | 0 | 0.00 |
| 47 Misc. Taxes, Licenses and Permits | 6719 | 0 | 0.00 | 0 | 0.00 |
| 48 Property and Liability Insurance (Hazard) | 6720 | 0 | 0.00 | 0 | 0.00 |
| 49 Fidelity Bond Insurance | 6721 | 0 | 0.00 | 0 | 0.00 |
| 50 Worker's Compensation | 6722 | 0 | 0.00 | 0 | 0.00 |
| 51 Health Insurance and Other Employee Benefits | 6723 | 0 | 0.00 | 0 | 0.00 |
| 52 Other Insurance | 6729 | 9,025 | 28.93 | 9,025 | 28.93 |
| 53 TOTAL TAXES AND INSURANCE | 6700T | 10,175 | 32.61 | 10,175 | 32.61 |
| ASSISTED LIVING/BOARD & CARE EXPENSES; 6900 | | | | | |
| 54 Food | 6932 | 0 | 0.00 | 0 | 0.00 |
| 55 Recreation and Rehabilitation | 6980 | 0 | 0.00 | 0 | 0.00 |
| 56 Rehabilitation Salaries | 6983 | 0 | 0.00 | 0 | 0.00 |
| 57 Other Service Expenses | 6990 | 0 | 0.00 | 0 | 0.00 |
| 58 TOTAL ASSISTED LIVING EXPENSES | 6900T | 0 | 0.00 | 0 | 0.00 |
| 59 SUBTOTAL OPERATING COSTS | | 144,246 | 462.33 | 142,246 | 455.92 |
| 60 CONTINGENCY RESERVE (RHCP-O Only): | 3.00% | 4,327 | 13.87 | 4,267 | 13.68 |
| 61 TOTAL OPERATING COSTS | | 148,573 | 476.20 | 146,513 | 469.59 |

SIGNATURES:

| | | | |
|------------------------|----|---|-----------------|
| Management | By | Title | Date |
| | | <i>Capital Area Development Authority</i> | <i>11/30/09</i> |
| Borrower | By | Title | Date |
| | | <i>Noelle Mussen</i> | |
| Sponsor (Local Agency) | By | Title | Date |

DEPARTMENTAL APPROVAL:

| | | | |
|--|----|-------|------|
| Department of Housing and Community Development | By | Title | Date |
|--|----|-------|------|

APPROVED PRORATION OF COSTS

Reporting Period: 07/01/2008 to 06/30/2009

Contract: 80-RHC-007
Project Name: Somerset Parkside
Prepared by: Noelle Mussen, Controller
Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
Units/Sq. Ft. - Total: 26

Unit Months: 312

| ACCOUNT NAME | PRORATED EXPENSES | | | | | | | | |
|--|-------------------|---------|----------------|---------------|----------------|--------------|----------------|---------------|----------------|
| | ACCOUNT CODES | % (E) | ASSISTED (F) | NON ASST. (G) | COMMERCIAL (H) | % (I) | ASSISTED (J) | NON ASST. (K) | COMMERCIAL (L) |
| MANAGEMENT FEE: 6200/6300 | | | | | | | | | |
| 1 Management Fee or Sponsor Overhead | 6320 | 100.00% | 15,237 | 0 | 0 | 100.00% | 15,237 | 0 | 0 |
| ADMINISTRATIVE EXPENSES: 6200/6300 | | | | | | | | | |
| 2 Advertising | 6210 | 100.00% | 540 | 0 | 0 | 100.00% | 540 | 0 | 0 |
| 3 Apartment Resale Expense (Cooperatives) | 6235 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 4 Other Renting Expenses | 6250 | 100.00% | 100 | 0 | 0 | 100.00% | 100 | 0 | 0 |
| 5 Office Salaries | 6310 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 6 Office Supplies | 6311 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 7 Office or Model Apartment Rent | 6312 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 8 Manager or Superintendent Salaries | 6330 | 100.00% | 16,848 | 0 | 0 | 100.00% | 16,848 | 0 | 0 |
| 9 Manager's or Superintendent's Rent Free Unit | 6331 | 100.00% | 7,836 | 0 | 0 | 100.00% | 7,836 | 0 | 0 |
| 10 Legal Expense - Project | 6340 | 100.00% | 1,500 | 0 | 0 | 100.00% | 1,500 | 0 | 0 |
| 11 Audit Expense - Project | 6350 | 100.00% | 4,095 | 0 | 0 | 100.00% | 4,095 | 0 | 0 |
| 12 Bookkeeping Fees/Accounting Services | 6351 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 13 Telephone and answering Service Expenses | 6360 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 14 Bad Debt Expense | 6370 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 15 Miscellaneous Administrative Expenses (specify) | 6390 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 16 TOTAL ADMINISTRATIVE EXPENSE: | 6200/6300T | | 30,919 | 0 | 0 | | 30,919 | 0 | 0 |
| UTILITIES EXPENSE: 6400 | | | | | | | | | |
| 17 Fuel Oil/Coal | 6420 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 18 Electricity | 6450 | 100.00% | 3,000 | 0 | 0 | 100.00% | 3,000 | 0 | 0 |
| 19 Water | 6451 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 20 Gas | 6452 | 100.00% | 2,000 | 0 | 0 | 100.00% | 2,000 | 0 | 0 |
| 21 Sewer | 6453 | 100.00% | 22,000 | 0 | 0 | 100.00% | 22,000 | 0 | 0 |
| 22 TOTAL UTILITIES EXPENSE: | 6400T | | 27,000 | 0 | 0 | | 25,000 | 0 | 0 |
| OPERATING AND MAINTENANCE EXPENSES: 6500 | | | | | | | | | |
| 23 Janitor and Cleaning Payroll | 6510 | 100.00% | 6,275 | 0 | 0 | 100.00% | 6,275 | 0 | 0 |
| 24 Janitor and Cleaning Supplies | 6515 | 100.00% | 6,000 | 0 | 0 | 100.00% | 6,000 | 0 | 0 |
| 25 Janitor and Cleaning Contracts | 6517 | 100.00% | 8,884 | 0 | 0 | 100.00% | 8,884 | 0 | 0 |
| 26 Exterminating Payroll/Contract | 6519 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 27 Exterminating Supplies | 6520 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 28 Garbage and Trash Removal | 6525 | 100.00% | 3,000 | 0 | 0 | 100.00% | 3,000 | 0 | 0 |
| 29 Security Payroll/Contract | 6530 | 100.00% | 2,640 | 0 | 0 | 100.00% | 2,640 | 0 | 0 |
| 30 Grounds Payroll | 6535 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 31 Grounds Supplies | 6536 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 32 Grounds Contract | 6537 | 100.00% | 1,116 | 0 | 0 | 100.00% | 1,116 | 0 | 0 |
| 33 Repairs Payroll | 6540 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 34 Repairs Material | 6541 | 100.00% | 6,000 | 0 | 0 | 100.00% | 6,000 | 0 | 0 |
| 35 Repairs Contract | 6542 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 36 Elevator Maintenance/Contract | 6545 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 37 Heating/Cooking Repairs and Maintenance | 6546 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 38 Swimming Pool Maintenance/Contract | 6547 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 39 Snow Removal | 6548 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 40 Decorating/Payroll Contract | 6560 | 100.00% | 7,000 | 0 | 0 | 100.00% | 7,000 | 0 | 0 |
| 41 Decorating Supplies | 6561 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 42 Vehicle and Maint. Equipment Operation/Reports | 6570 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 43 Misc. Operating and Maintenance Expenses (specify) | 6590 | 100.00% | 20,000 | 0 | 0 | 100.00% | 20,000 | 0 | 0 |
| 44 TOTAL OPERATING & MAINTENANCE EXPENSE: | 6500T | | 60,915 | 0 | 0 | | 60,915 | 0 | 0 |
| TAXES AND INSURANCE: 6700 | | | | | | | | | |
| 45 Real Estate Taxes | 6710 | 100.00% | 1,150 | 0 | 0 | 100.00% | 1,150 | 0 | 0 |
| 46 Payroll Taxes (Project's Share) | 6711 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 47 Misc. Taxes, Licenses and Permits | 6719 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 48 Property and Liability Insurance (Hazard) | 6720 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 49 Fidelity Bond Insurance | 6721 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 50 Worker's Compensation | 6722 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 51 Health Insurance/Other Employee Benefits | 6723 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 52 Other Insurance | 6729 | 100.00% | 9,025 | 0 | 0 | 100.00% | 9,025 | 0 | 0 |
| 53 TOTAL TAXES AND INSURANCE: | 6700T | | 10,175 | 0 | 0 | | 10,175 | 0 | 0 |
| ASSISTED LIVING/BOARD & CARE EXPENSES: 6900 | | | | | | | | | |
| 54 Food | 6932 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 55 Recreation and Rehabilitation | 6980 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 56 Rehabilitation Salaries | 6983 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 57 Other Service Expenses | 6990 | 100.00% | 0 | 0 | 0 | 100.00% | 0 | 0 | 0 |
| 58 TOTAL ASSISTED LIVING EXPENSES: | 6900T | | 0 | 0 | 0 | | 0 | 0 | 0 |
| 59 SUBTOTAL OPERATING COSTS: | | | 144,246 | 0 | 0 | | 142,246 | 0 | 0 |
| 60 CONTINGENCY RESERVE (RHCP-O Only): | 3.00% | | 4,327 | 0 | 0 | 3.00% | 4,267 | 0 | 0 |
| 61 TOTAL OPERATING COSTS | | | 148,573 | 0 | 0 | | 146,513 | 0 | 0 |

SIGNATURES:

Management By _____ Title _____ Date _____
Capital Area Development Authority
 Borrower By *Noelle Mussen* Title *Controller* Date *11/30/09*

Sponsor (Local Agency) By _____ Title _____ Date _____

DEPARTMENTAL APPROVAL:

Department of Housing and
Community Development

By _____ Title _____ Date _____

Rental Housing Construction Program (RHCP) - Original

APPROVED CASH FLOW ANALYSIS

Reporting Period: 07/01/2008 to 06/30/2009

Contract: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Contoller
 Date Prepared: 10/30/2008

Units/Sq Ft - Assisted 26
 Units/Sq Ft - Total 28

| ACCOUNT NAME | ASSISTED UNITS | | | NON-ASSISTED UNITS | | | TOTAL PROJECT | | |
|--|----------------|-----------------|-----------------|--------------------|--------------|----------------|-----------------|-----------------|----------------|
| | Account Codes | Proposed (A) | Approved (B) | Proposed (C) | Approved (D) | Commercial (E) | Proposed (F) | Approved (G) | Commercial (H) |
| REVENUE ACCOUNTS/RENT REVENUE: 5100 | | | | | | | | | |
| 1 Rent Revenue - Gross Potential | 5120 | 120,567 | 118,146 | 0 | 0 | 0 | 120,567 | 118,146 | 0 |
| 2 Tenant Assistance Payments | 5121 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Rent revenue - Stores and Commercial | 5140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Garage and Parking Spaces | 5170 | 1,400 | 1,400 | 0 | 0 | 0 | 1,400 | 1,400 | 0 |
| 5 Flexible Subsidy Revenue | 5180 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Miscellaneous Rent Revenue | 5190 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Excess Rent | 5191 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Rent Revenue/Insurance | 5192 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 Special Claims Revenue | 5193 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Retained Excess Income | 5194 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 GROSS POTENTIAL RENT (GR) | 5100T | 121,967 | 117,546 | 0 | 0 | 0 | 121,967 | 117,546 | 0 |
| VACANCIES: 5200 | | | | | | | | | |
| Vacancy Percentage: | | 3.00% | 3.00% | 0.00% | 0.00% | 0.00% | | | |
| 12 Apartments - | 5220 | 3,617 | 3,484 | 0 | 0 | 0 | 3,617 | 3,484 | 0 |
| 13 Stores and Commercial | 5240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Rental Concessions | 5260 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Garage and Parking Spaces | 5270 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Miscellaneous | 5290 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Vacancies | 5200T | 3,617 | 3,484 | 0 | 0 | 0 | 3,617 | 3,484 | 0 |
| ASSISTED LIVING/BOARD & CARE REVENUES: 5300 | | | | | | | | | |
| 17 Food | 5332 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 Recreation (Activities) and Rehabilitation | 5380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Rehabilitation | 5385 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Other Service Revenue | 5390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Living Revenue | 6300T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FINANCIAL REVENUE: 5400 | | | | | | | | | |
| 21 Financial Revenue - Project Operations | 5410 | 2,250 | 2,250 | 0 | 0 | 0 | 2,250 | 2,250 | 0 |
| Total Financial Revenue | 5400T | 2,250 | 2,250 | 0 | 0 | 0 | 2,250 | 2,250 | 0 |
| OTHER REVENUE: 5900 | | | | | | | | | |
| 22 Laundry and Vending Revenue | 5910 | 3,000 | 3,000 | 0 | 0 | 0 | 3,000 | 3,000 | 0 |
| 23 NSF and Late Charges | 5920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 Damages and Cleaning Fees | 5930 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 Forfeited Tenant Security Deposits | 5940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 Other Revenue | 5990 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Revenue | 5900T | 3,000 | 3,000 | 0 | 0 | 0 | 3,000 | 3,000 | 0 |
| 27 EFFECTIVE GROSS RENT (EGR) | 5152T | 123,600 | 119,314 | 0 | 0 | 0 | 123,600 | 119,314 | 0 |
| 28 TOTAL OPERATING EXPENSES | 6000T | 148,573 | 146,513 | 0 | 0 | 0 | 148,573 | 146,513 | 0 |
| 29 NET OPERATING INCOME (NOI) | 5000T | (24,973) | (27,200) | 0 | 0 | 0 | (24,973) | (27,200) | 0 |
| FINANCIAL EXPENSES: 6800 | | | | | | | | | |
| 30 Non-Contingent Debt Service (specify lender) | 6895 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1st Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2nd Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3rd Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 HCD Required Payments | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Lease Payment | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Miscellaneous Financial Expenses | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Financial Expenses | 6800T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FUNDED RESERVES: | | | | | | | | | |
| 34 Escrow Deposits | 1300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Replacement Reserve-Deposit | 1320 | 6,400 | 6,400 | 0 | 0 | 0 | 6,400 | 6,400 | 0 |
| 36 Operating Reserve-Deposit | 1300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 Other Reserves (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #1 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #2 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #3 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reserve Deposits | | 6,400 | 6,400 | 0 | 0 | 0 | 6,400 | 6,400 | 0 |
| 38 PROJECT CASH FLOW (CF) | | (31,373) | (33,600) | 0 | 0 | 0 | (31,373) | (33,600) | 0 |
| ADDITIONAL REVENUE: | | | | | | | | | |
| 39 RHCP-Q Annuity Fund Request (For Assisted Units Only) | | 0 | 33,600 | 0 | 0 | 0 | 0 | 33,600 | 0 |
| 40 Withdrawal from Operating Reserves | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 Borrower Contribution | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42 Other (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Additional Revenue | | 0 | 33,600 | 0 | 0 | 0 | 0 | 33,600 | 0 |
| USE OF CASH FLOW: | | | | | | | | | |
| 43 HCD Interest Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 Asset Mgmt Fee/Prtrshp Costs (MHP/HOME under UMR) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 Borrower Distributions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47 Residual Receipt Loan Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 48 Other (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Use of Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

SIGNATURES:

Management By *Noelle Mussen* Title *Contoller* Date *11/30/09*
 Borrower By _____ Title _____ Date _____

Sponsor (Local Agency) By _____ Title _____ Date _____

HCD Use Only:

Annually Payment in the amount of \$33,600 for the fiscal year from 7/1/2008 to 6/30/2009
 is approved for payment from the RHCP Annuity Fund

Monitoring and Management Program Representative _____ Date _____
 Department of Housing and Community Development

Monitoring and Management Program Manager _____ Date _____
 Department of Housing and Community Development

Rental Housing Construction Program (RHCP) - Original

REPORT OF ACTUAL OPERATING COSTS

Reporting Period: 7/1/2008 to 06/30/2009

Contract No: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Contoller
 Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
 Units/Sq. Ft. - Total: 26
 Unit Months: 312

| ACCOUNT NAME | ACCOUNT CODES | UNIT EXPENSES | | | | | | PROJECT TOTALS | | |
|--|-------------------|-----------------------|-----------------|-----------------------|---------------------|---------------------|-------------------|-------------------------|---------------------------|----------------------|
| | | Approved Assisted (A) | Actual Assisted | Approved Non-Assisted | Actual Non-Assisted | Proposed Commercial | Actual Commercial | Approved Total Expenses | Total Actual Expenses (B) | Project Variance (C) |
| MANAGEMENT FEE: 6200/6300 | | | | | | | | | | |
| 1 Management Fee or Sponsor Overhead | 6320 | 15,237 | 15,237 | 0 | 0 | 0 | 0 | 15,237 | 15,237 | 0 |
| ADMINISTRATIVE EXPENSES: 6200/6300 | | | | | | | | | | |
| 2 Advertising | 6210 | 540 | 540 | 0 | 0 | 0 | 0 | 540 | 540 | 0 |
| 3 Apartment Resale Expense (Cooperatives) | 6235 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Other Renting Expenses | 6250 | 100 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 100 |
| 5 Office Salaries | 6310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Office Supplies | 6311 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Office or Model Apartment Rent | 6312 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Manager and Superintendent Salaries | 6330 | 16,848 | 16,848 | 0 | 0 | 0 | 0 | 16,848 | 16,848 | 0 |
| 9 Manager's or Superintendent's Rent Free Unit | 6331 | 7,836 | 7,836 | 0 | 0 | 0 | 0 | 7,836 | 7,836 | 0 |
| 10 Legal Expense - Project | 6340 | 1,500 | 783 | 0 | 0 | 0 | 0 | 1,500 | 783 | 717 |
| 11 Audit Expense - Project | 6350 | 4,095 | 4,095 | 0 | 0 | 0 | 0 | 4,095 | 4,095 | 0 |
| 12 Bookkeeping Fees/Accounting Services | 6351 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Telephone and Answering Service Expenses | 6360 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Bad Debt Expense | 6370 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Miscellaneous Administrative Expenses (specify) | 6390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 TOTAL ADMINISTRATIVE EXPENSES | 6200/6300T | 30,619 | 30,102 | 0 | 0 | 0 | 0 | 30,619 | 30,102 | 817 |
| UTILITIES EXPENSES: 6400 | | | | | | | | | | |
| 17 Fuel Oil/Coal | 6420 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 Electricity | 6450 | 3,000 | 2,757 | 0 | 0 | 0 | 0 | 3,000 | 2,757 | 243 |
| 19 Water | 6451 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Gas | 6452 | 2,000 | 1,201 | 0 | 0 | 0 | 0 | 2,000 | 1,201 | 799 |
| 21 Sewer | 6453 | 20,000 | 18,225 | 0 | 0 | 0 | 0 | 20,000 | 18,225 | 1,775 |
| 22 TOTAL UTILITIES EXPENSES | 6400T | 25,000 | 22,183 | 0 | 0 | 0 | 0 | 25,000 | 22,183 | 2,817 |
| OPERATING AND MAINTENANCE EXPENSES: 6500 | | | | | | | | | | |
| 23 Janitor and Cleaning Payroll | 6510 | 6,275 | 5,746 | 0 | 0 | 0 | 0 | 6,275 | 5,746 | 529 |
| 24 Janitor and Cleaning Supplies | 6515 | 6,000 | 3,877 | 0 | 0 | 0 | 0 | 6,000 | 3,877 | 2,123 |
| 25 Janitor and Cleaning Contracts | 6517 | 8,884 | 5,122 | 0 | 0 | 0 | 0 | 8,884 | 5,122 | 3,762 |
| 26 Exterminating Payroll/Contract | 6519 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 Exterminating Supplies | 6520 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28 Garbage and Trash Removal | 6525 | 3,000 | 3,268 | 0 | 0 | 0 | 0 | 3,000 | 3,268 | (268) |
| 29 Security Payroll/Contract | 6530 | 2,640 | 2,640 | 0 | 0 | 0 | 0 | 2,640 | 2,640 | 0 |
| 30 Grounds Payroll | 6535 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Grounds Supplies | 6536 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Grounds Contract | 6537 | 1,116 | 1,116 | 0 | 0 | 0 | 0 | 1,116 | 1,116 | 0 |
| 33 Repairs Payroll | 6540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Repairs Material | 6541 | 6,000 | 5,002 | 0 | 0 | 0 | 0 | 6,000 | 5,002 | 998 |
| 35 Repairs Contract | 6542 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36 Elevator Maintenance/Contract | 6545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 Heating/Cooling Repairs and Maintenance | 6546 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 Swimming Pool Maintenance/Contract | 6547 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 Snow Removal | 6548 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 Decorating/Payroll Contract | 6560 | 7,000 | 3,391 | 0 | 0 | 0 | 0 | 7,000 | 3,391 | 3,609 |
| 41 Decorating Supplies | 6561 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42 Vehicle and Maint. Equipment Operation/Repairs | 6570 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 43 Misc. Operating and Maintenance Expenses (specify) | 6590 | 20,000 | 18,624 | 0 | 0 | 0 | 0 | 20,000 | 18,624 | 1,376 |
| 44 TOTAL OPERATING & MAINTENANCE EXPENSES | 6500T | 80,915 | 48,786 | 0 | 0 | 0 | 0 | 80,915 | 48,786 | 12,129 |
| TAXES AND INSURANCE: 6700 | | | | | | | | | | |
| 45 Real Estate Taxes | 6710 | 1,150 | 1,147 | 0 | 0 | 0 | 0 | 1,150 | 1,147 | 3 |
| 46 Payroll Taxes (Project's Share) | 6711 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47 Misc. Taxes, Licenses and Permits | 6719 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 48 Property and Liability Insurance (Hazard) | 6720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 49 Fidelity Bond Insurance | 6721 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 Worker's Compensation | 6722 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51 Health Insurance and Other Employee Benefits | 6723 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 52 Other Insurance | 6729 | 9,025 | 6,676 | 0 | 0 | 0 | 0 | 9,025 | 6,676 | 2,349 |
| 53 TOTAL TAXES AND INSURANCE | 6700T | 10,175 | 7,823 | 0 | 0 | 0 | 0 | 10,175 | 7,823 | 2,352 |
| ASSISTED LIVING/BOARD & CARE EXPENSES: 6900 | | | | | | | | | | |
| 54 Food | 6932 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55 Recreation and Rehabilitation | 6980 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 56 Rehabilitation Salaries | 6983 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 57 Other Service Expenses | 6990 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58 TOTAL ASSISTED LIVING EXPENSES | 6900T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61 TOTAL OPERATING COSTS | | 142,246 | 124,131 | 0 | 0 | 0 | 0 | 142,246 | 124,131 | 18,115 |

Rental Housing Construction Program (RHCP) - Original
ACTUAL CASH FLOW ANALYSIS

Reporting Period: 07/01/2008 to 06/30/2009

Contract No: 80-RHC-007
 Project Name: Somerset Parkside
 Prepared by: Noelle Mussen, Controller
 Date Prepared: 10/30/2009

Units/Sq. Ft. - Assisted: 26
 Units/Sq. Ft. - Total: 26
 Unit Months: 312

| ACCOUNT NAME | Account Codes | ASSISTED UNITS | | NON-ASSISTED UNITS | | COMMERCIAL | | TOTAL PROJECT | | PROJECT VARIANCE Cashflow Variance (I) |
|--|---------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|--|
| | | Approved Cashflow (A) | Actual Cashflow (B) | Approved Cashflow (C) | Actual Cashflow (D) | Proposed Cashflow (E) | Actual Cashflow (F) | Approved Cashflow (G) | Actual Cashflow (H) | |
| REVENUE ACCOUNTS/RENT REVENUE: 5100 | | | | | | | | | | |
| 1 Rent Revenue | 5120 | 116,148 | 118,146 | 0 | 0 | 0 | 0 | 116,148 | 118,146 | 1,998 |
| 2 Tenant Assistance Payments | 5121 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Rent revenue - Stores and Commercial | 5140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Garage and Parking Spaces | 5170 | 1,400 | 1,525 | 0 | 0 | 0 | 0 | 1,400 | 1,525 | 125 |
| 5 Flexible Subsidy Revenue | 5185 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Miscellaneous Rent Revenue | 5190 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Excess Rent | 5191 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Rent Revenue/Insurance | 5192 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 Special Claims Revenue | 5193 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Retained Excess Income | 5194 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 GROSS RENT REVENUE | 5100T | 117,548 | 119,671 | 0 | 0 | 0 | 0 | 117,548 | 119,671 | 2,123 |
| <i>Total Vacancies (HCD Use Only)</i> | 5200T | 3,484 | 0 | 0 | 0 | 0 | 0 | 3,484 | 0 | 0 |
| ASSISTED LIVING/BOARD & CARE REVENUES: 5300 | | | | | | | | | | |
| 17 Food | 5332 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 Recreation (Activities) and Rehabilitation | 5380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Rehabilitation | 5385 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Other Service Revenue | 5390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Living Revenue</i> | 6300T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FINANCIAL REVENUE: 5400 | | | | | | | | | | |
| 21 Financial Revenue - Project Operations | 5410 | 2,250 | 1,859 | 0 | 0 | 0 | 0 | 2,250 | 1,859 | (391) |
| <i>Total Financial Revenue</i> | 5400T | 2,250 | 1,859 | 0 | 0 | 0 | 0 | 2,250 | 1,859 | (391) |
| OTHER REVENUE: 5900 | | | | | | | | | | |
| 22 Laundry and Vending Revenue | 5910 | 3,000 | 3,139 | 0 | 0 | 0 | 0 | 3,000 | 3,139 | 139 |
| 23 NSF and Late Charges | 5920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 Damages and Cleaning Fees | 5930 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 Forfeited Tenant Security Deposits | 5940 | 0 | 247 | 0 | 0 | 0 | 0 | 0 | 247 | 247 |
| 26 Other Revenue | 5990 | 0 | 2,372 | 0 | 0 | 0 | 0 | 0 | 2,372 | 2,372 |
| <i>Total Other Revenue</i> | 5900T | 3,000 | 5,758 | 0 | 0 | 0 | 0 | 3,000 | 5,758 | 2,758 |
| 27 EFFECTIVE GROSS RENT (EGR) | 5152T | 119,314 | 127,288 | 0 | 0 | 0 | 0 | 119,314 | 127,288 | 7,974 |
| 28 TOTAL OPERATING EXPENSES | 6000T | 145,513 | 124,131 | 0 | 0 | 0 | 0 | 145,513 | 124,131 | 22,382 |
| 29 NET OPERATING INCOME (NOI) | 5000T | (27,200) | 3,157 | 0 | 0 | 0 | 0 | (27,200) | 3,157 | 30,357 |
| FINANCIAL EXPENSES: 6800 | | | | | | | | | | |
| 30 Non-Contingent Debt Service (specify lender) | 6895 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1st Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2nd Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3rd Mortgage = | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 HCD Required Payments | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Lease Payment | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Miscellaneous Financial Expenses | 6890 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Financial Expenses</i> | 6800T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FUNDED RESERVES: | | | | | | | | | | |
| 34 Escrow Deposits | 1300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Replacement Reserve-Deposit | 1320 | 6,400 | 6,400 | 0 | 0 | 0 | 0 | 6,400 | 6,400 | 0 |
| 36 Operating Reserve-Deposit | 1300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 Other Reserves (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #1 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #2 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| #3 | 1330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Reserve Deposits</i> | | 6,400 | 6,400 | 0 | 0 | 0 | 0 | 6,400 | 6,400 | 0 |
| 38 PROJECT CASH FLOW (CF) | | (33,600) | (3,243) | 0 | 0 | 0 | 0 | (33,600) | (3,243) | 30,357 |
| ADDITIONAL REVENUE: | | | | | | | | | | |
| 39 RHCP-O Annuity Fund Request (For Assisted Units Only) | | 33,600 | 28,978 | 0 | 0 | 0 | 0 | 33,600 | 28,978 | (4,622) |
| 40 Withdrawal from Operating Reserves | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 Borrower Contribution | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42 Other (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Additional Revenue</i> | | 33,600 | 28,978 | 0 | 0 | 0 | 0 | 33,600 | 28,978 | (4,622) |
| USE OF CASH FLOW: | | | | | | | | | | |
| 43 HCD Interest Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 Asset Mgmt Fee/Prtrshp Costs (MHP/HOME under UMR) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 Borrower Distributions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47 Residual Receipt Loan Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 48 Other (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Use of Cash Flow</i> | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

OTHER REPORT



SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

Board of Directors
Capitol Area Development Authority
Sacramento, California

**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 *GOVERNMENTAL AUDITING STANDARDS***

We have audited the financial statements of Somerset Parkside Apartments (Contract Number 80-RHC-007) (Project), a project of the Capital Area Development Authority (Authority), as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 1, 2009. Our report includes an explanatory paragraph describing that the financial statements present only the Project and do not purport to, and do not, present fairly the financial position or changes in financial position of the Authority. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over the Project's financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over the Project's financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over the Project's financial reporting.

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 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 statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Directors, management, the State of California Department of Housing and Community Development and is not intended to be and should not be used by anyone other than these specified parties.

Macior Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California
December 1, 2009