

AUDITED FINANCIAL STATEMENTS
OF
SOUTH FIRST PHASE ONE, L.L.C.
DECEMBER 31, 2024

AUDITED FINANCIAL STATEMENTS

OF

SOUTH FIRST PHASE ONE, L.L.C.

DECEMBER 31, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
FINANCIAL STATEMENTS:	
Balance Sheet	3
Statement of Income	5
Statement of Members' Capital	6
Statement of Cash Flows	7
Notes to Financial Statements	9
SUPPLEMENTAL INFORMATION:	
Supplemental Information	15



Dooley & Vicars

Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

1

INDEPENDENT AUDITOR'S REPORT

To the Members
of South First Phase One, L.L.C.

Opinion

We have audited the accompanying financial statements of South First Phase One, L.L.C. (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income, members' capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Company 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 audit opinion.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 15 to 22 is presented for purposes of additional analysis, and is not a required part of the financial statements of South First Phase One, L.L.C. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above-described supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
March 20, 2025

**SOUTH FIRST PHASE ONE, L.L.C.
BALANCE SHEET
AS OF DECEMBER 31, 2024**

ASSETS

Current Assets

Cash	\$ 695,329
Accounts Receivable - Tenant, Net Allowance of \$13,508	30,778
Accounts Receivable - Other	21,964
Prepaid Insurance	25,941
Prepaid Expenses	82,708
Total Current Assets	<u>856,720</u>

Deposits and Funded Reserves

Escrow Deposits	28,211
Reserve for Replacements	14,190
Total Deposits and Funded Reserves	<u>42,401</u>

Fixed Assets

Land	1,100,000
Land Improvements	1,714,804
Building	16,449,820
Furnishings	294,001
Accumulated Depreciation	(1,127,486)
Total Fixed Assets	<u>18,431,139</u>

Other Assets

Deferred Loan Cost, Net Accumulated Amortization of \$9,166	59,584
Total Other Assets	<u>59,584</u>

TOTAL ASSETS	<u><u>\$ 19,389,844</u></u>
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**SOUTH FIRST PHASE ONE, L.L.C.
BALANCE SHEET
AS OF DECEMBER 31, 2024
(CONTINUED)**

LIABILITIES AND MEMBERS' CAPITAL

Current Liabilities

Accounts Payable	\$ 13,753
Accounts Payable - Other	1,187
Accounts Payable - Affiliate	119,798
Accounts Payable - Subsidy	9,896
Accrued Expenses	8,501
Prepaid Rent	6,727
Mortgage Payable - Current Portion	105,235
Total Current Liabilities	<u>265,097</u>

Other Liabilities

Tenant Security Deposit Liability	<u>24,936</u>
Total Other Liabilities	<u>24,936</u>

Long-Term Liabilities

Developer Fee Payable	500,000
VH Mortgage Payable	3,921,418
Mortgage Payable	3,859,000
Notes Payable	3,525,748
Long-Term Due to Affiliate	1,100,000
Long-Term Interest Payable	60,614
Less: Current Portion Long-Term Debt	(105,235)
Less: Deferred Loan Cost, Net Accumulated Amortization of \$6,875	(156,535)
Total Long-Term Liabilities	<u>12,705,010</u>

Total Liabilities	<u>12,995,043</u>
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Members' Capital

VAHM, L.L.C.	(6)
South First Phase One Management, L.L.C.	(50)
Housing Equity Fund of Virginia XXIII, L.L.C.	2,243,949
Housing Equity Fund of Virginia XXIV, L.L.C.	4,150,908
Total Members' Capital	<u>6,394,801</u>

TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 19,389,844</u>
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SOUTH FIRST PHASE ONE, L.L.C.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

Revenues

Rental Income	\$ 951,056
Interest Income	1,481
Other Income	4,777
	<u>957,314</u>

Expenses

Administrative	173,192
Management Fee	59,831
Utilities	175,640
Operating and Maintenance	216,237
Property and Liability Insurance	18,529
Miscellaneous Taxes and Insurance	19,116
Interest and Financial	48,823
Other Financial	177
Depreciation & Amortization	586,973
	<u>1,298,518</u>
 NET INCOME (LOSS)	 <u><u>\$ (341,204)</u></u>

**SOUTH FIRST PHASE ONE, L.L.C.
STATEMENT OF MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>VAHM, L.L.C.</u>	<u>South First Phase One Management , L.L.C.</u>	<u>Housing Equity Fund of Virginia XXIII, L.L.C.</u>	<u>Housing Equity Fund of Virginia XXIV, L.L.C.</u>	<u>TOTAL</u>
Percentage of Ownership	0.001%	0.009%	35.096%	64.894%	100.000%
Balance at Beginning of Year	\$ (5)	\$ (41)	\$ 102,460	\$ 191,291	\$ 293,705
Capital Contributions	-	-	2,173,680	4,019,140	6,192,820
Prior Period Adjustment	2	22	87,558	161,898	249,480
Income (Loss)	<u>(3)</u>	<u>(31)</u>	<u>(119,749)</u>	<u>(221,421)</u>	<u>(341,204)</u>
BALANCE AT END OF YEAR	<u><u>\$ (6)</u></u>	<u><u>\$ (50)</u></u>	<u><u>\$ 2,243,949</u></u>	<u><u>\$ 4,150,908</u></u>	<u><u>\$ 6,394,801</u></u>

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

**SOUTH FIRST PHASE ONE, L.L.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Cash Flows from Operating Activities

Rental Receipts	\$ 1,206,190
Interest Receipts	1,481
Other Receipts	4,777
Total Income	<u>1,212,448</u>
Administrative Expenses	22,913
Management Fees	57,675
Utilities	175,640
Salaries and Wages	220,233
Operating and Maintenance	44,298
Property and Liability Insurance	120,713
Misc. Taxes, Licenses, and Permits	19,116
Tenant Security Deposits	(14,753)
Interest on Mortgages and Notes	26,488
Financial Fees	177
Total Expenses	<u>672,500</u>
Net Cash Provided By (Used In) Operating Activities	<u>539,948</u>

Cash Flows from Investing Activities

(Increase)/Decrease in Building and Improvements	<u>(920,655)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(920,655)</u>

Cash Flows from Financing Activities

Capital Contributions	6,192,820
Proceeds of Long-Term Borrowings	7,095,337
Payments of Long-Term Borrowings	<u>(12,619,929)</u>
Net Cash Provided By (Used In) Financing Activities	<u>668,228</u>
Net Increase/(Decrease) in Cash	287,521
Cash - Beginning of Year	<u>450,209</u>
CASH - END OF YEAR	<u><u>\$ 737,730</u></u>

SOUTH FIRST PHASE ONE, L.L.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

Reconciliation of Cash and Cash Equivalents

Cash	\$ 695,329
Escrow Deposits	28,211
Replacement Reserves	<u>14,190</u>
Total Cash and Cash Equivalents	<u>\$ 737,730</u>

Reconciliation of Cash Provided By (Used In) Operating Activities

Net Profit<Loss>	\$ (341,204)
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Add <Deduct> Adjustment to Reconcile Net <Loss> Income to Net Cash Provided By (Used In) Operating Activities

Depreciation & Amortization	586,973
Period Period Adjustments	249,480
(Increase)/Decrease in Accounts Receivable - Tenants	(20,762)
(Increase)/Decrease in Accounts Receivable - Other	24,363
(Increase)/Decrease in Prepaid Expenses	(102,184)
Increase/(Decrease) in Accounts Payable	101,985
Increase/(Decrease) in Accrued Expenses	2,156
Increase/(Decrease) in Prepaid and Deferred Revenues	2,053
Increase/(Decrease) in Security Deposit Liability	14,753
Non-Cash Interest Expense	<u>22,335</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 539,948</u>

Supplemental Disclosure of Cash Flow Information

Non-Cash Items Disclosure

Increase in Developer Fee Payable	<u>\$ (500,000)</u>
Increase in Fixed Assets	<u>\$ (500,000)</u>

**SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1: Nature of Business and Significant Accounting Policies

Nature of Business - South First Phase One, L.L.C. (the Company), is a Virginia limited liability company formed in 2019 to ground lease, develop, construct, own, maintain and operate a 62-unit apartment complex located in Charlottesville, Virginia known as South First Phase One (the "Project"). On February 25, 2022, the Housing Equity Fund of Virginia, XXIV, L.L.C., was admitted to the company as an investor member. As of December 31, 2024, the Company has four members -- South First Phase One Management, L.L.C. owns a 0.009% managing member interest, VAHM, L.L.C. owns a 0.001% special member interest, the Housing Equity Fund of Virginia XXIII, L.L.C., owns a 35.096% investor member interest, and the Housing Equity Fund of Virginia XXIV, L.L.C., owns a 64.894% investor member interest. Profits, losses, tax credits and cash disbursements are allocated among the members based on their respective ownership interest.

A summary of the Company's significant accounting policies follows:

Cash and Cash Equivalents - For purposes of reporting, the Company includes all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

Real Estate Costs - Costs that clearly relate to the acquisition, development, and construction of the apartments are capitalized. Interest costs were capitalized while development and construction were in progress.

Depreciation - The buildings are depreciated using the straight-line method over their estimated useful life of 40 years. Land improvements are depreciated using the straight-line method over their estimated useful life of 15 years. Depreciation of equipment, furniture, and fixtures is computed using the straight-line method over the estimated useful life, generally 5 years.

Income Taxes - No provision or liability for income taxes has been recorded because the members are taxed on their proportionate shares of the Company's income. Income for tax purposes will differ from book income due to timing differences in depreciation and amortization expenses. The Company has no material uncertain tax positions requiring disclosure. Fiscal years ending on or after December 31, 2021, remain subject to examination by federal and state tax authorities.

Deferred Charges - Financing costs are amortized over the term of the mortgage loan using the effective yield method. Tax credit fees are amortized over fifteen years using the straight-line method.

Tenant Security Deposits - The Company collects security deposits from each tenant to provide for costs incurred or unpaid rent when a tenant vacates the apartment. The cash collected is kept separate from operating funds and interest is paid on the security deposits in accordance with the lease agreement.

**SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

Note 1: Nature of Business and Significant Accounting Policies (Cont.)

Subsequent Events - Management has evaluated subsequent events through March 20, 2025, the date on which the financial statements were available to be issued.

Advertising Costs - Advertising costs are charged to operations when incurred.

Accounts Receivable and Bad Debts - Tenant receivables are charged to bad debt when they are determined to be uncollectible based on a periodic review of the accounts by management. U.S. generally accepted accounting principles require that the allowance method be used to recognize bad debts. Management's allowance is for delinquent accounts over 90 days old.

Impairment of Long-Term Assets - The Company reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property. There were no impairment losses recognized in 2024.

Use of Estimates in the Preparation of Financial Statements - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue from residential leases is recorded when due, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, storage, parking, laundry facilities and other charges and is recorded when earned. Prepayments of revenue are deferred and classified as liabilities until earned.

Note 2: Mortgage Escrow Deposits

The Company has a reserve for taxes and insurance, held by Virginia Housing. Activity for the reserve account is as follows:

December 31, 2023	\$ -
Deposits	158,708
Payments	(130,497)
December 31, 2024	<u>\$ 28,211</u>

Note 3: Reserve Funds - Reserve for Replacement

Under the mortgage agreement, the Company is required to set aside amounts for the replacement of property and other project expenditures approved by Virginia Housing. Activity for the reserve account is as follows:

December 31, 2023	\$ -
Monthly Deposits	13,950
Interest Earned During the Year	240
December 31, 2024	<u>\$ 14,190</u>

SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)

Note 4: Fixed Assets

South First Phase One is a 62-unit apartment project under active development in Charlottesville, Virginia.

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Land	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
Land				
Improvements	1,714,804	-	-	1,714,804
Building	16,050,100	399,720	-	16,449,820
Appliances	273,066	20,935	-	294,001
TOTAL	\$ 19,137,970	\$ 420,655	\$ -	\$ 19,558,625

Changes in Accumulated Depreciation:

	Balance 12/31/2023	Current Provision	Deductions	Balance	Net Book Value 12/31/2024
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000
Land					
Improvements	97,341	114,320	-	211,661	1,503,143
Building	401,253	409,853	-	811,106	15,638,714
Appliances	46,502	58,217	-	104,719	189,282
TOTAL	\$ 545,096	\$ 582,390	\$ -	\$ 1,127,486	\$18,431,139

Note 5: Notes and Mortgages Payable

At December 31, 2024, the Company, had the following notes payable:

Charlottesville Redevelopment and Housing Authority (CRHA)	\$ 1,160,614
CCDC - City Bond Loan Fund	1,125,000
CCDC - Sponsor VH Loan	500,000
CCDC - Affordable Housing Opportunity Fund Loan	2,734,000
CRHA - DHCD Loans	2,525,748
CRHA - FHLB	500,000
Virginia Housing	3,921,418
Less: Current Portion Long-Term Debt	(105,235)
Less: Deferred Loan Cost, Net of Accumulated Amortization	(156,535)
	\$ 12,205,010

**SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

Note 5: Notes and Mortgages Payable (Cont.)

The note payable to CRHA was made on January 8, 2021 in the original amount of \$1,100,000, bearing interest of 1.35% per annum. The note is secured by a deed of trust and the entire principal and accrued interest on the note are due in full January 8, 2051. At December 31, 2024, the balance of principal and accrued interest was \$1,160,614.

The CCDC - City Bond Loan is for an amount up to \$1,125,000, bearing interest of 0% per annum. The loan is payable from Net Cash Flow as stated in the Operating Agreement and is due in full in 2051. At December 31, 2024, the entirety of \$1,125,000 has been drawn from this loan.

The CCDC - Sponsor VH Loan is for an amount up to \$500,000, bearing interest of 0% per annum. The loan is payable and is due in full in 2051. At December 31, 2024, the entirety of \$500,000 has been drawn from this loan.

The CCDC - Affordable Housing Opportunity Fund Loan is for \$2,500,000, bearing interest of 0% per annum. The loan is payable from Net Cash Flow as stated in the Operating Agreement and is due in full in 2051. At December 31, 2024, the balance of this loan was \$2,734,000.

The CRHA - DHCD Loans consist of three loans of \$650,000, \$1,434,000, and \$650,000 respectively, and bear interest rates of 1%, 0%, and 1%, respectively. The loans are due in full in 2059.

The Company has an FHLB Loan payable to CRHA in the amount of \$500,000. The loan bears no interest and is to be paid from net cash flows with the full balance due in 2051.

The Virginia Housing note has a stated interest rate of 0.5%. Payments of \$10,383 are to be made monthly beginning February, 21, 2024, and consist of principal and interest. The note and any accrued interest are due in full 2059.

Established principal payments for the next five years are as follows:

2025	\$	105,235
2026		105,762
2027		106,292
2028		106,825
2029		107,360
Thereafter		3,389,944
	\$	<u>3,921,418</u>

Note 6: Interest Cost

The total interest cost incurred during the year ended December 31, 2024, was \$48,823. Of this amount, \$6,875 was attributed to loan cost amortization.

**SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

Note 7: Related Party Transactions

As discussed in Note 5, the Company has five deed of trust notes payable to Charlottesville Redevelopment and Housing Authority (CRHA), an affiliate of the managing member, in the aggregate amount of \$4,186,362.

CHRA is the management agent for the Project and was paid a management fee of \$59,831 during 2024.

As discussed in Note 5, the Company has deed of trust notes payable to the Charlottesville Community Development Corporation (CCDC), an affiliate of the managing member, in the amount of \$2,734,000, \$500,000, and \$1,125,000.

Also as discussed in Note 5, the Company has a loan with CRHA originating with the Federal Home Loan Bank (FHLB) for \$500,000. As of December 31, 2024, the original balance of \$500,000 remains outstanding until maturity no later than 2051.

CCDC is also the Project developer and shall be due a developer fee in the amount of \$500,000. Developer fee payments shall be paid from available cash flow as stated in the operating agreement.

The Company paid Housing Capital Corporation, an affiliate of the Housing Equity Fund of Virginia XXIII, L.L.C. and Housing Equity Fund of Virginia XXIV, L.L.C., \$16,545 in accounting fees for 2023 and 2024.

Note 8: Risk and Uncertainties

Financial instruments which potentially subject the Company to concentration of credit risks consist principally of temporary cash investments and restricted deposits and funded reserves held by the mortgagee. The Company places its temporary cash investments with high-credit quality financial institutions and, by policy, limits the amount of temporary cash investments held at any one financial institution. Deposit accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**SOUTH FIRST PHASE ONE, L.L.C.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(CONTINUED)**

Note 9: Current Vulnerability Due to Certain Concentrations

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

Note 10: Contingencies and Commitments

The Company's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the Investor Members.

Note 11: Prepaid Expense

In 2024, The Company paid \$82,708 for a 10-year contract with a security provider. The expenses will be recognized on a straight-line basis at \$8,271 per year over the minimum 10-year period beginning in 2025. As of December 31, 2024, the prepaid balance of \$82,708 was reported as an asset on the balance sheet as part of prepaid expenses.

Note 12: Prior Period Adjustment

In 2024, The Company discovered errors in outstanding reconciling items in the preceding year, resulting in the understatement of cash balances. These items were identified and removed from the outstanding item list during the current period. The corrected items totaled \$249,480.

SUPPLEMENTAL INFORMATION



Version 10/30/2020

VIRGINIA HOUSING BALANCE SHEET

Development Name: **SOUTH FIRST PHASE ONE, L.L.C.**

VHDA/DHCD #: 100209938; 700209939; 750242195; & 800242194

As of: **DECEMBER 31, 2024**

ASSETS

CURRENT ASSETS

Cash on Hand	\$ -	
Cash in Bank	\$ 695,329.00	
Cash - Investments	\$ -	
Cash - Mortgagor Entity	\$ -	
Accounts Receivable - Tenant	\$ 30,778.00	
Accounts Receivable - Net HAP	\$ -	
Accounts Receivable - Other	\$ 21,964.00	
Prepaid Expenses		
Property Insurance	\$ 25,941.00	
Mortgage Insurance	\$ -	
Taxes	\$ -	
Miscellaneous (Attach detail)	\$ 82,708.00	\$ 856,720.00

DEPOSITS HELD IN TRUST - FUNDED

Tenant Security Deposits	\$ -	
Other Deposits	\$ -	\$ -

RESTRICTED DEPOSITS & FUNDED RESERVES

Mortgage Escrow Deposits (Attach detail)	\$ 28,211.00	
Replacement Reserve	\$ 14,190.00	
Miscellaneous Reserve	\$ -	
Operating/Residual Receipts Reserve	\$ -	
Development-Held Reserve	\$ -	\$ 42,401.00

FIXED ASSETS

Net Book Value		
Land	\$ 1,100,000.00	
Land Improvements	\$ 1,503,143.00	
Buildings	\$ 15,638,714.00	
Equipment	\$ -	
Furniture and Fixtures	\$ 189,282.00	
Other	\$ -	\$ 18,431,139.00

OTHER ASSETS

(Attach detail)	\$ 59,584.00	\$ 59,584.00
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TOTAL ASSETS		\$ 19,389,844.00
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See notes to financial statements.

LIABILITY & OWNER EQUITY

LIABILITIES

CURRENT LIABILITIES

Accounts Payable - 30 Days	\$ 143,447.00	
Accounts Payable - Over 30 Days	\$ -	
Accrued Mortgage Interest Payable - Virginia Housing	\$ -	
Accrued Mortgage Interest Payable - Other	\$ -	
Accrued Interest Payable - Other	\$ -	
Accrued Expenses Not Escrowed	\$ 8,501.00	
Net HAP Payable	\$ -	
Notes Payable - Short Term	\$ -	
Rent Deferred Credits	\$ 6,727.00	
Virginia Housing Mortgage Payable	\$ 105,235.00	
Non-Virginia Housing Mortgage Payable	\$ -	
Miscellaneous Current Liabilities (Attach detail)	\$ 1,187.00	\$ 265,097.00

DEPOSIT & PREPAYMENT LIABILITIES

Tenant Security Deposits	\$ 24,936.00	
Other Deposits	\$ -	
Interest Deferred Credit	\$ -	\$ 24,936.00

LONG TERM LIABILITIES

Virginia Housing Mortgage Payable	\$ 3,659,648.00	
Non-Virginia Housing Mortgage Payable	\$ 3,859,000.00	
Notes Payable (Attach detail)	\$ 3,586,362.00	\$ 11,105,010.00

OTHER LIABILITIES

(Attach detail)	\$ 1,600,000.00	\$ 1,600,000.00
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TOTAL LIABILITIES

\$ 12,995,043.00

OWNER EQUITY

TOTAL OWNER EQUITY/PARTNERS CAPITAL (DEFICIT)

\$ 6,394,801.00

TOTAL LIABILITIES & OWNER EQUITY

\$ 19,389,844.00



VIRGINIA HOUSING STATEMENT OF PROFIT AND LOSS

Version 10/30/2020

Month/Period

Beginning:

JANUARY 1, 2024

Ending:

DECEMBER 31, 2024

Development Name: SOUTH FIRST PHASE ONE, L.L.C.

VHDA/DHCD #: 100209938; 700209939; 750242195; & 800242194

Part I	Description of Account	Acct. No.	Amount	
Rental Income 5100	Apartments	5120	\$ 274,835.00	
	Tenant Assistance Payments	5121	\$ 675,165.00	
	Furniture and Equipment	5130	\$ -	
	Stores and Commercial	5140	\$ -	
	Garage and Parking Spaces	5170	\$ -	
	Flexible Subsidy Income	5180	\$ -	
	Miscellaneous Income (attach detail)	5190	\$ 1,056.00	
	Total Rental Income Potential at 100% Occupancy			\$ 951,056.00
Vacancies 5200	Apartments	5220	\$ -	
	Furniture and Equipment	5230	\$ -	
	Stores and Commercial	5240	\$ -	
	Garage and Parking Spaces	5270	\$ -	
	Concessions	5280	\$ -	
	Miscellaneous (attach detail)	5290	\$ -	
	Total Vacancies		\$ -	\$ -
	Net Rental Income - Rental Income Less Vacancies		\$ -	\$ 951,056.00
	Elderly and Congregate Services Income -- 5300		\$ -	
	Total Service Income (attach detail)	5300	\$ -	\$ -
Financial Income 5400	Interest Income--Development Operations	5410	\$ 1,481.00	
	Income from Investments--Residual Receipts	5430	\$ -	
	Income from Investments--Reserve for Replacements	5440	\$ -	
	Income from Investments--Miscellaneous	5490	\$ -	
	Total Financial Income			\$ 1,481.00
Other Income 5900	Laundry and Vending	5910	\$ -	
	NSF and Late Charges	5920	\$ 3,812.00	
	Damages and Cleaning Fees	5930	\$ -	
	Forfeited Tenant Security Deposits	5940	\$ -	
	Other Income (attach detail)	5990	\$ 965.00	
	Total Other Income			\$ 4,777.00
	Total Income			\$ 957,314.00
Administrative Expenses 6200/6300	Advertising	6210	\$ 767.00	
	Other Administrative Expenses	6250	\$ 26,338.00	
	Office Salaries	6310	\$ 89,088.00	
	Office Supplies	6311	\$ 7,429.00	
	Office or Model Apartment Rent	6312	\$ -	
	Management Fee	6320	\$ 59,831.00	
	Manager's or Superintendent's Salaries	6330	\$ -	
	Manager's or Superintendent's Rent Free Unit	6331	\$ -	
	Legal Expenses (Development)	6340	\$ 5,810.00	
	Auditing Expenses (Development)	6350	\$ -	
	Bookkeeping Fees/Accounting Services	6351	\$ -	
	Telephone and Answering Service	6360	\$ 1,130.00	
	Bad Debts	6370	\$ 45.00	
	Miscellaneous Administrative Expenses (attach detail)	6390	\$ 42,585.00	
	Total Administrative Expenses			\$ 233,023.00
Utilities Expense 6400	Fuel Oil/Coal	6420	\$ -	
	Electricity (Light and Miscellaneous Power)	6450	\$ 118,025.00	
	Water	6451	\$ 16,959.00	
	Gas	6452	\$ 15,365.00	
	Sewer	6453	\$ 25,291.00	
	Total Utilities Expense			\$ 175,640.00

Operating and Maintenance Expenses 6500	Janitor and Cleaning Payroll	6510	\$ -	
	Janitor and Cleaning Supplies	6515	\$ 2,933.00	
	Janitor and Cleaning Contract	6517	\$ 280.00	
	Exterminating Payroll/Contract	6519	\$ 18.00	
	Exterminating Supplies	6520	\$ -	
	Garbage and Trash Removal	6525	\$ -	
	Security Payroll/Contract	6530	\$ 278.00	
	Grounds Payroll	6535	\$ -	
	Grounds Supplies	6536	\$ 3,028.00	
	Grounds Contract	6537	\$ 1,227.00	
	Repairs Payroll	6540	\$ 131,145.00	
	Repairs Materials	6541	\$ 33,324.00	
	Repairs Contract	6542	\$ 39,443.00	
	Elevator Maintenance/Contract	6545	\$ -	
	Heating/Cooling Repairs and Maintenance	6546	\$ 475.00	
	Swimming Pool Maintenance/Contract	6547	\$ -	
	Snow Removal	6548	\$ 112.00	
	Decorating Payroll/Contract	6560	\$ -	
	Decorating Supplies	6561	\$ 1,488.00	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 2,486.00	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ -	
	Total Operating and Maintenance Expenses			\$216,237.00
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ -	
	Payroll Taxes (Development's Share)	6711	\$ -	
	Miscellaneous Taxes, Licenses and Permits	6719	\$ 1,935.00	
	Property and Liability Insurance (Hazard)	6720	\$ 18,529.00	
	Fidelity Bond Insurance	6721	\$ -	
	Workmen's Compensation	6722	\$ -	
	Health Insurance and Other Employee Benefits	6723	\$ 9,541.00	
	Other Insurance (attach detail)	6729	\$ 7,640.00	
	Total Taxes and Insurance			\$ 37,645.00
Financial Expenses 6800	Interest on Bonds Payable	6810	\$ -	
	Interest on Mortgages Payable - Virginia Housing	6820	\$ 6,875.00	
	Interest on Mortgages Payable - Other	6825	\$ -	
	Interest on Notes Payable (Short -Term)	6830	\$ -	
	Interest on Notes Payable (Long -Term)	6840	\$ 41,948.00	
	Mortgage Insurance Premium/Service Charges	6850	\$ -	
	Miscellaneous Financial Expenses	6890	\$ 177.00	
	Total Financial Expenses			\$ 49,000.00
Services Expenses 6900	Total Services Expenses (attach detail)	6900		\$ -
	Total Cost of Operations Before Depreciation			\$ 711,545.00
	Profit (Loss) Before Depreciation			\$ 245,769.00
	Depreciation (Total)—6600	6600	\$ 586,973.00	\$ 586,973.00
Depreciation 6600	Operating Profit or (Loss)			\$ (341,204.00)
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110		
	Legal Expenses (Entity)	7120		
	Taxes (Federal - State - Entity)	7130-32		
	Other Expenses (Entity)	7190	0.00	
	Total Corporate Expenses			\$ -
	Net Profit or (Loss)			\$ (341,204.00)

Miscellaneous or Other Income and Expense Sub-account Groups. If Miscellaneous or Other Income and/or Expense Sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6729, 6890 and 7190) exceed the Account Groupings by 10% or more, attach detail describing or explaining the Miscellaneous Income or Expense.

Part II

1a. Total principal payments required under the Virginia Housing mortgage(s), even if payments under a Workout Agreement are less or more than those required under the mortgage(s).	\$ 78,582.00
1b. Total principal payments required under non-Virginia Housing mortgage(s), even if payments under a Workout Agreement are less or more than those required under the mortgage(s).	\$ -
2. Replacement, Miscellaneous and Operating Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	\$ 13,950.00
3. Replacement, Miscellaneous or Operating Reserve releases included as expense items on this Statement of Profit and Loss.	\$ -
4. Development Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Statement of Profit and Loss.	\$ -



form updated 10/30/2020

VIRGINIA HOUSING

Development Name: SOUTH FIRST PHASE ONE, L.L.C.

VHDA/DHCD Number(s): 100209938; 700209939; 750242195; & 800242194

Accounts Payable Other than Trade Creditors

Due Mortgagor/Grantee

Payable Within 30 Days *	<u>\$0.00</u> *
Payable in More Than 30 Days	<u>\$0.00</u>
Balance	<u>\$0.00</u>

* Of this amount, \$_____ is past due.

Due Management Agent

Payable Within 30 Days *	<u>\$119,798.00</u> *
Payable in More Than 30 Days	<u>\$0.00</u>
Balance	<u>\$119,798.00</u>

* Of this amount, \$_____ is past due.

Due Others

Payable Within 30 Days *	<u>\$0.00</u> *
Payable in More Than 30 Days	<u>\$0.00</u>
Balance	<u>\$0.00</u>

* Of this amount, \$_____ is past due.

Accounts Payable Trade Creditors

Payable Within 30 Days *	<u>\$14,940.00</u> *
Payable in More Than 30 Days	<u>\$0.00</u>
Balance	<u>\$14,940.00</u>

* Of this amount, \$_____ is past due.



form updated 10/30/2020

VIRGINIA HOUSING

COMPUTATION OF SURPLUS CASH / RESIDUAL RECEIPTS AND DISTRIBUTIONS

Development Name: SOUTH FIRST PHASE ONE, L.L.C.

VHDA/DHCD Number(s): 100209938; 700209939; 750242195; & 800242194

Cash

Operating Account - Cash in Bank	\$695,329.00
Operating Account - Investments	\$0.00
Operating Account - Cash On Hand	\$0.00
Security Deposit Account	\$0.00
Net HAP Receivable	\$0.00
Other (<i>Attach detail</i>)	\$0.00

TOTAL CASH

\$695,329.00

Current Obligations

Mortgage Interest Payable First of Next Month	\$0.00
Accounts Payable (Due Within 30 Days)	\$143,447.00
Accrued Expenses Not Escrowed	\$8,501.00
Tenant Security Deposits	\$24,936.00
Net HAP Payable	\$0.00
Prepaid Rent	\$6,727.00
Other (<i>Attach detail</i>)	\$0.00

TOTAL CURRENT OBLIGATIONS

\$183,611.00

Surplus Cash

\$511,718.00

Distribution / Residual Receipts (Limited Distribution Developments Only)

Beginning Balance: Accrued Distributions From Prior Year(s) Unpaid	\$0.00
Distribution Earned During Audit Year	\$0.00
Distribution Paid During Audit Year Against Audit Year	\$0.00
Distribution Paid During Audit Year Against Prior Year(s)	\$0.00
Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End	\$0.00

Allowable Distribution to be Paid From Audit Year	\$0.00
Allowable Distribution to be Paid From Prior Year(s)	\$0.00

Total Allowable Distributions to be Paid as of Audit Year End **\$0.00**

Residual Receipts to be Deposited into Operating Reserve Account **\$0.00**

Supplement to
Virginia Housing
Financial Statements

Month/Period

Beginning: JANUARY 1, 2024

Ending: DECEMBER 31, 2024

Development Name/ South First Phase One, L.L.C.

VH/DHCD

Number(s): 100209938; 700209939; 750242195; & 800242194

Balance Sheet

Mortgage Escrow Deposits

Real Estate Tax Escrow	\$ 1,033.00
Insurance Escrow	<u>27,178.00</u>
Total Mortgage Escrow Deposits	<u>\$ 28,211.00</u>

Other Assets

Deferred Tax Credit Fee, Net Accumulated Amortization	\$ 59,584.00
Total Other Assets	<u>\$ 59,584.00</u>

Miscellaneous Current Liabilities

Due to Affiliates	\$ 119,798.00
Accrued Expense	<u>8,501.00</u>
Total Misc. Current Liabilities	<u>\$ 128,299.00</u>

Notes Payable

CCDC - Sponsor VH Loan	\$ 500,000.00
DHCD Loans	2,525,748.00
FHLB Grant	500,000.00
Long-Term Interest Payable	<u>60,614.00</u>
	<u>\$ 3,586,362.00</u>

Other Liabilities

Developer Fee	\$ 500,000.00
Due to Affiliates	<u>1,100,000.00</u>
Total Other Liabilities	<u>\$ 1,600,000.00</u>

Supplement to
Virginia Housing Development Authority
Financial Statements
(Continued)

Month/Period

Beginning: JANUARY 1, 2024

DECEMBER 31, 2024

Development Name/ South First Phase One, L.L.C.

VH/DHCD

Number(s): 100209938; 700209939; 750242195; & 800242194

Statement of Profit and Loss

5990 Other Income

Legal Fees - Tenant	\$ 790.00
Misc. Tenant Income	25.00
Community Center Rental Fee	<u>150.00</u>
Total Other Income	<u>\$ 965.00</u>

Statement of Cash Flows

Other Financing Activities

Capital Contribution	<u>\$ 6,192,820.00</u>
Total Other Financing Activities	<u>\$ 6,192,820.00</u>

Statement of Surplus Cash

Other Current Obligations

Due to Affiliates	<u>\$ 128,299.00</u>
Total Other Current Obligations	<u>\$ 128,299.00</u>