

**BELOIT MATURE ADULT HOUSING, LLC**  
(A Limited Liability Company)  
WHEDA PROJECT NO. 002201

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

December 31, 2010 and 2009

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Beloit Mature Adult Housing, LLC  
Beloit, Wisconsin

We have audited the accompanying balance sheets of Beloit Mature Adult Housing, LLC (a Wisconsin Limited Liability Company), WHEDA Project No. 002201, as of December 31, 2010 and 2009, and the related statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company'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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beloit Mature Adult Housing, LLC, WHEDA Project No. 002201, as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 12 – 14 and 16 – 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wegner LLP*

Wegner LLP  
Madison, Wisconsin  
February 15, 2011

Lead Auditor Information  
Scott R. Haumersen, Partner, CPA  
Wegner LLP  
2110 Luann Lane  
Madison, WI 53713  
Federal ID # 39-0974031  
(608) 274-4020



**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**BALANCE SHEETS**  
December 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 18,997	\$ 39,596
Accounts receivable	640	2,892
Prepaid insurance	1,967	2,071
Total current assets	21,604	44,559
Rental property - net	2,492,273	2,577,893
<b>OTHER ASSETS</b>		
Tenants' security deposits	19,342	17,794
Real estate tax escrow	17,166	16,916
Replacement reserve	139,850	98,056
Development cost escrow	732	717
Residual receipts reserve	30	27,121
Total other assets	177,120	160,604
<b>Total assets</b>	<b>\$ 2,690,997</b>	<b>\$ 2,783,056</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Tenants' security deposits payable	\$ 19,342	\$ 17,794
Prepaid rents	956	2,437
Accrued real estate taxes	19,823	18,043
Accrued interest payable	4,873	4,961
Current portion of mortgage note payable	15,719	14,623
Total current liabilities	60,713	57,858
<b>LONG-TERM LIABILITIES</b>		
Mortgage note payable less current portion	790,788	806,507
Mortgage notes payable - related party	892,080	892,080
Operating loan payable - related party	56,191	71,726
Financing fees - net	(12,104)	(14,537)
Total long-term liabilities	1,726,955	1,755,776
Total liabilities	1,787,668	1,813,634
Members' equity	903,329	969,422
<b>Total liabilities and members' equity</b>	<b>\$ 2,690,997</b>	<b>\$ 2,783,056</b>

See accompanying notes.

**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**STATEMENTS OF OPERATIONS**  
**Years ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Rental income	\$ 304,940	\$ 303,398
Vacancies and concessions	(35,083)	(17,585)
Interest	2,927	3,052
Miscellaneous	<u>27,414</u>	<u>25,130</u>
Total revenue	300,198	313,995
<b>EXPENSES</b>		
Rent and administrative	60,045	60,129
Utilities	38,455	37,939
Operating and maintenance	82,867	79,461
Taxes and insurance	25,666	25,081
Interest	58,964	59,913
Depreciation and amortization	<u>100,294</u>	<u>100,403</u>
Total expenses	<u>366,291</u>	<u>362,926</u>
<b>Net loss</b>	<u>\$ (66,093)</u>	<u>\$ (48,931)</u>

See accompanying notes.

**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**STATEMENTS OF MEMBERS' EQUITY**  
**Years ended December 31, 2010 and 2009**

	Operating Manager Member	Investor Member	Administrative Manager Member	Total
December 31, 2008 balances	\$ 326,641	\$ 691,839	\$ (127)	\$ 1,018,353
Net loss	<u>(5)</u>	<u>(48,921)</u>	<u>(5)</u>	<u>(48,931)</u>
December 31, 2009 balances	326,636	642,918	(132)	969,422
Net loss	<u>(7)</u>	<u>(66,080)</u>	<u>(7)</u>	<u>(66,093)</u>
December 31, 2010 balances	<u>\$ 326,629</u>	<u>\$ 576,838</u>	<u>\$ (139)</u>	<u>\$ 903,329</u>
Ownership percentages	0.01%	99.98%	0.01%	100.00%

See accompanying notes.

**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (66,093)	\$ (48,931)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	97,862	97,970
Amortization of financing fees	2,433	2,432
(Increase) decrease in assets		
Accounts receivable	2,252	(1,865)
Prepaid insurance	104	(2,071)
Tenants' security deposits	(1,548)	1,553
Real estate tax escrow	(250)	1,297
Increase (decrease) in liabilities		
Tenants' security deposits payable	1,548	(1,553)
Prepaid rents	(1,481)	2,211
Accrued real estate taxes	1,780	1,702
Accrued interest payable	(88)	(159)
<b>Net cash flows from operating activities</b>	<u>36,519</u>	<u>52,586</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits to and interest on replacement reserve	(60,502)	(17,347)
Withdrawals from replacement reserve	18,708	15,218
Deposits to and interest on development cost escrow	(15)	(17)
Deposits to and interest on residual receipts reserve	(31,796)	(17,878)
Withdrawals from residual receipts reserve	58,887	8,643
Purchases of rental property	(12,242)	-
<b>Net cash flows from investing activities</b>	<u>(26,960)</u>	<u>(11,381)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgage note payable	(14,623)	(13,603)
Principal payments on operating loan payable - related party	(15,535)	(8,596)
<b>Net cash flows from financing activities</b>	<u>(30,158)</u>	<u>(22,199)</u>
Change in cash	(20,599)	19,006
Cash - beginning of year	<u>39,596</u>	<u>20,590</u>
<b>Cash - end of year</b>	<u>\$ 18,997</u>	<u>\$ 39,596</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 59,052	\$ 60,072

See accompanying notes.

**BELOIT MATURE ADULT HOUSING, LLC**  
WHEDA PROJECT NO. 002201  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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Beloit Mature Adult Housing, LLC (Company), a Wisconsin limited liability company, was formed in January 1997 under the Wisconsin Limited Liability Company Act to acquire and operate a 47-unit residential rental housing project (project) for low and moderate income persons called Olympian Hill Apartments. Located in Beloit, Wisconsin, the project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code. The project is financed and regulated by the Wisconsin Housing and Economic Development Authority (WHEDA). The project was placed in service in February 1999. The Company was set up with three classes of membership: the operating manager member, the administrative manager member, and the investor member. The rights, privileges, and preferences of each class are defined in the Company's Operating Agreement. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounts Receivable**

The Company considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

**Rental Property**

Purchases of rental property are recorded at cost. Depreciation is provided using the straight-line method over 15 to 40 years for buildings and improvements and seven years for furniture and fixtures, the estimated useful lives of the assets.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Company has elected under the Internal Revenue Code to be a limited liability company. In lieu of corporation income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income. The Company's federal partnership income returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Company is no longer subject to such examinations for tax years before 2007.

**Date of Management's Review**

Management has evaluated subsequent events through February 15, 2011, the date which the financial statements were available to be issued.



**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 2 - RENTAL PROPERTY**

Rental property consisted of the following at December 31, 2010 and 2009:

	2010	2009
Buildings and improvements	\$ 3,653,907	\$ 3,641,665
Furniture and fixtures	52,492	52,492
Rental property	3,706,399	3,694,157
Less accumulated depreciation	1,214,126	1,116,264
Rental property - net	\$ 2,492,273	\$ 2,577,893

Depreciation expense was \$97,862 and \$97,970 for 2010 and 2009.

**NOTE 3 - MORTGAGE NOTE PAYABLE**

The Company is obligated on a \$900,000 nonrecourse mortgage note payable to WHEDA due October 1, 2014. The note bears an interest rate of 7.25% and requires monthly payments of \$6,140. The balance on the note was \$806,507 and \$821,130 at December 31, 2010 and 2009. In connection with this loan, the Company is subject to a Loan and Regulatory Agreement with WHEDA which contains restrictions on transferring any of the project's property, assigning the rights to manage or receive the rents and profits of the property, or assuming additional indebtedness. The members have assumed no personal liability for the mortgage. The mortgage note is collateralized by the Company's assets.

Future minimum principal payments are \$15,719, \$16,897, \$18,164, and \$755,727 for 2011, 2012, 2013, and 2014.

The Company incurred financing fees of \$36,860 and is amortizing these fees on a straight-line basis over 18 years, the life of the resulting loan. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements. Amortized fees included in depreciation and amortization expense was \$2,433 and \$2,432 for 2010 and 2009.

**NOTE 4 - ALLOWABLE DISTRIBUTIONS AND DISTRIBUTIONS PAYABLE**

Pursuant to the Loan and Regulatory Agreement described in note 3, the Operating Agreement, the First Amendment to the Operating Agreement, and the Surplus Cash Reserve Escrow Account and Security Agreement with WHEDA, there are limitations placed on annual cash flows equal to surplus cash. All surplus cash is required to be deposited in the Surplus Cash Reserve (Residual Receipts) with WHEDA by April 15<sup>th</sup> of each year, during the term of the WHEDA mortgage, until all amounts secured by the Security Instrument have been paid in full. WHEDA may disburse amounts from the Surplus Cash Reserve to pay any WHEDA approved operating deficits for the project or any other project related expenses approved by WHEDA in the exercise of its reasonable discretion.

**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE 4 - ALLOWABLE DISTRIBUTIONS AND DISTRIBUTIONS PAYABLE (continued)**

The allocation of annual surplus cash is applied in the following order of priority: (i) 50% of surplus cash to CAI up to the unpaid balance of any operating loan, (ii) incentive management fee to investor member until investor member has received distributions on a non-cumulative basis equal to an annual amount of \$6,445, (iii) incentive management fee to CAI until CAI has received distributions on a non-cumulative basis equal to an annual amount of \$6,445, (iv) supervisory management fee to CAI equal to 2.5% of the gross rental receipts from the project, and (v) the balance, 50.09% to investor member, .01% to administrative manager member, and 49.9% to CAI (of which, 99.98% as an incentive management fee and .002% as a return of capital).

The annual surplus cash undistributed by WHEDA shall accumulate and remain in the Surplus Cash Reserve. The accumulated and undistributed surplus cash in the Surplus Cash Reserve will be distributed once all amounts secured by the Security Instrument have been paid in full or termination of the partnership. The accumulated and undistributed surplus cash reserve is as follows:

	Accumulated & Undistributed Surplus Cash Reserve December 31, 2009	Current Year WHEDA Approved Distributions	Current Year Surplus Cash Allocation	Accumulated & Undistributed Surplus Cash Reserve December 31, 2010
Operating Manager Member				
Repayment of Operating Loan	\$ 23,410	\$ (15,535)	\$ 5,256	\$ 13,131
Incentive Management Fee	10,023	-	-	10,023
Supervisory Management Fee	2,645	-	-	2,645
Investor Member				
Incentive Management Fee	19,335	-	5,255	24,590
	<u>\$ 55,413</u>	<u>\$ (15,535)</u>	<u>\$ 10,511</u>	<u>\$ 50,389</u>

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company is liable on three subordinated nonrecourse mortgage notes payable to Community Action, Inc. of Rock and Walworth Counties (CAI), the operating manager member of the Company. The principal balances of these notes at December 31, 2010 and 2009 were \$663,080, \$204,000, and \$25,000 (total of \$892,080) and are payable, without interest, on December 31, 2014. These notes are collateralized by the assets of the Company, and the members have assumed no personal liability for the notes.

**BELOIT MATURE ADULT HOUSING, LLC**  
WHEDA PROJECT NO. 002201  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 5 - RELATED PARTY TRANSACTIONS (continued)**

Under the terms of the Operating Deficit Agreement, CAI was required to loan the Company any funds, not to exceed \$210,000, including the \$150,000 required deposit to the operating deficit reserve described in note 6, necessary to fund operating deficits incurred by the Company during the period from December 31, 2003 through December 31, 2006 (Reserve Period), as defined in the agreement. The maximum obligation was reduced to \$140,000 as of December 31, 2004. This obligation was reduced to zero as of December 31, 2006. Any loans under this agreement are non-interest bearing and are payable first from the operating deficit reserve and second from cash flow as provided in the Operating Agreement. The operating loan payable was \$56,191 and \$71,726 at December 31, 2010 and 2009.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

**Tenant Security Deposits**

Pursuant to the Loan and Regulatory Agreement, the Company is to maintain a separate bank account designated for security deposits received from the project's tenants. Withdrawals are restricted to reimbursements of tenants' security deposits.

**Real Estate Tax Escrow**

WHEDA requires the project to make monthly escrow payments to accumulate reserves for real estate taxes.

**Ground Lease**

The Company is liable on a 99-year lease with the City of Beloit for the land upon which the rental property sits. The City has assigned its rights to the lease to WHEDA. The lease requires an annual rent payment of \$1. The lease ends on December 11, 2096. The Company has the option to purchase the land for \$1 at any time during the lease term.

**Replacement Reserve**

Pursuant to the Loan and Regulatory Agreement, the Company is required to make monthly deposits of \$1,250 to the replacement reserve fund held by WHEDA. Disbursements are restricted to replacement of equipment, structural elements, and other components of the project of a capital nature. Withdrawal from the replacement reserve fund may be made only with the consent or upon the direction of WHEDA. Upon satisfaction of the mortgage note payable to WHEDA, these funds shall be distributed to the Company as permitted by WHEDA.

**Operating Manager Member Right to Purchase**

The WHEDA permanent loan agreement prohibits distributions to the investor member during the WHEDA loan term. The operating agreement with National Partnership Investments Corp (NPIC) allows an incentive management fee to be distributed to the investor member annually from surplus cash. A compromise agreed in a letter dated August 22, 2002 from Foley & Lardner to NPIC allows for payment of the incentive management fee to the investor member as a portion of the purchase price of the project.

**BELOIT MATURE ADULT HOUSING, LLC**  
WHEDA PROJECT NO. 002201  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

**Operating Manager Member Right to Purchase** (continued)

CAI has the right, upon termination of the compliance period on October 31, 2014 and ending two years thereafter, to purchase the project from the Company for a sale price equal to \$1 over the sum of: (i) all mortgages, (ii) the investor member's tax liability upon the sale calculated at the highest combined corporate federal and state tax rate, and (iii) the aggregate amount of all incentive management fees not distributed to the investor member from the residual receipts account held by WHEDA as described in note 5.

**Land Use Restriction Agreement (LURA)**

The Company entered into a LURA with WHEDA. Under this agreement, the Company must continuously comply with Internal Revenue Code (IRC) Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the Company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns.

Pursuant to the LURA and the Loan and Regulatory Agreement, the Company must set aside project units as described in the following paragraphs:

Eleven units must be set aside for households whose incomes do not exceed 30% of the Rock County Median Income (CMI) as published by the U.S. Department of Housing and Urban Development (HUD) and adjusted for family size. Rents, including estimated utilities, for these units shall not exceed 30% of 30% of the CMI.

One unit must be set aside for occupancy by a household whose income does not exceed 40% of the CMI as published by HUD and adjusted for family size. Rent, including estimated utilities, for this unit shall not exceed 30% of 40% of the CMI.

Seven units must be set aside for occupancy by households whose incomes do not exceed 50% of the CMI as published by HUD and adjusted for family size. Rents, including estimated utilities, for these units shall not exceed 30% of 50% of the CMI.

Twenty-eight units must be set aside for occupancy by households whose incomes do not exceed 60% of the CMI as published by HUD and adjusted for family size. Rents, including estimated utilities, for these units shall not exceed 30% of 60% of the CMI.

The Company is obligated to recertify tenant eligibility on an annual basis.

In addition, the Company has an agreement with CAI that requires it to rent 40% of the units to households whose incomes do not exceed 50% of the CMI as published by HUD and adjusted for family size. The remaining 60% of the units are required to be rented to persons whose incomes do not exceed 60% of the CMI as published by HUD and adjusted for family size.

**BELOIT MATURE ADULT HOUSING, LLC**  
WHEDA PROJECT NO. 002201  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

**Management Fees**

CAI subcontracted to third-party property managers for management fees. The project is obligated to pay a management fee equal to the greater of 8% of gross collections or \$30 per unit. Management fees totaled \$24,074 and \$25,100 for 2010 and 2009.

Under the terms of the Operating Agreement, the investor member and CAI are entitled to incentive management fees payable from surplus cash. No incentive management fees were paid in 2010 and 2009.

CAI is to receive supervisory management fees of 2.5% of gross rental receipts available from surplus cash. There were no supervisory management fees paid in 2010 and 2009.

**BELOIT MATURE ADULT HOUSING, LLC**  
**WHEDA PROJECT NO. 002201**  
**SUPPLEMENTARY INFORMATION REQUIRED BY WHEDA**  
 December 31, 2010

**ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM REGULAR TENANTS)**

None.

**DELINQUENT TENANTS' ACCOUNTS RECEIVABLE**

<u>0 - 30 Days</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>Total</u>
\$ 640	\$ -	\$ -	\$ 640

**MORTGAGE ESCROW DEPOSITS**

	<u>Confirmed escrow balances</u>	<u>Estimated requirements</u>	<u>Over (Under) funded amount</u>
Real estate taxes	\$ 17,166	\$ 19,823	\$ (2,657)

**RESERVE FUNDS HELD BY WHEDA**

In accordance with the provisions of the Loan and Regulatory Agreement, reserves are held by WHEDA to be used for replacement of property with the approval of WHEDA as follows:

	<u>Development Cost</u>	<u>Replacement Reserve</u>	<u>Residual Receipts</u>	<u>Tax Escrow</u>
Beginning balance	\$ 717	\$ 98,056	\$ 27,121	\$ 16,916
Regular payments	-	15,000	31,071	18,293
Escrow payment	-	-	-	-
Escrow transfer	-	43,352	(43,352)	-
Interest	15	2,150	725	-
Disbursements	-	(18,708)	(15,535)	(18,043)
Ending balance	<u>\$ 732</u>	<u>\$ 139,850</u>	<u>\$ 30</u>	<u>\$ 17,166</u>

**ACCOUNTS AND NOTES PAYABLE (OTHER THAN TRADE CREDITORS)**

Notes payable - related party	\$ 892,080
Operating loan payable - related party	<u>56,191</u>
Total accounts and notes payable (other than trade creditors)	<u>\$ 948,271</u>

**ACCRUED PROPERTY TAXES AND ACCRUED EXPENSES**

Accrued real estate taxes	\$ 19,823
Accrued interest payable	<u>4,873</u>
Total accrued property taxes and accrued expenses	<u>\$ 24,696</u>

**BELOIT MATURE ADULT HOUSING, LLC**  
 WHEDA PROJECT NO. 002201  
 SUPPLEMENTARY INFORMATION REQUIRED BY WHEDA (continued)  
 December 31, 2010

**SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS**

**CURRENT ASSETS**

Tenants' security deposits - memo	\$ 19,342		\$ 18,997
Project cash on hand			17,166
Real estate tax escrow			<u>17,166</u>
 Total current assets			 <u>36,163</u>

**CURRENT LIABILITIES**

Tenants' security deposits payable - memo	19,342		
Accrued interest payable			4,873
Prepaid rents			956
Accrued real estate taxes			<u>19,823</u>
 Total current liabilities			 <u>25,652</u>

**SURPLUS CASH**

\$ 10,511

**COMPENSATION TO MEMBERS**

None.

**UNAUTHORIZED DISTRIBUTIONS TO MEMBERS**

None.

**COMPUTATION OF MANAGEMENT FEE**

Receipts eligible for management fee			\$ 300,925
Property management fee %			<u>8%</u>
 Property management fee expense			 <u>\$ 24,074</u>

The management fee was paid in accordance with the management agreement.

**BELOIT MATURE ADULT HOUSING, LLC**  
 WHEDA PROJECT NO. 002201  
 SUPPLEMENTARY INFORMATION REQUIRED BY WHEDA (continued)  
 December 31, 2010

**CHANGES IN FIXED ASSETS ACCOUNTS**

Assets	Cost			Balance 12/31/10
	Balance 1/1/10	Additions	Reductions	
Building and improvements	\$ 3,641,665	\$ 12,242	\$ -	\$ 3,653,907
Furniture and fixtures	52,492	-	-	52,492
	<u>\$ 3,694,157</u>	<u>\$ 12,242</u>	<u>\$ -</u>	<u>\$ 3,706,399</u>

Assets	Accumulated Depreciation			Balance 12/31/10
	Balance 1/1/10	Additions	Reductions	
Building and improvements	\$ 1,063,796	\$ 97,840	\$ -	\$ 1,161,636
Furniture and fixtures	52,468	22	-	52,490
	<u>\$ 1,116,264</u>	<u>\$ 97,862</u>	<u>\$ -</u>	<u>\$ 1,214,126</u>





we do so you can.

## COMPLIANCE CERTIFICATE

DEVELOPMENT NAME Olympian Hill Apartments

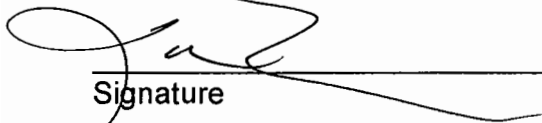
WHEDA<sub>SM</sub> DEVELOPMENT # 002201

FOR YEAR ENDING (mm/dd/yy) December 31, 2010

Witnesseth that on this 28th day of February, 2011 the undersigned, having borrowed certain funds from the WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY for the purpose of providing housing for low and moderate income residents, does hereby certify that during the preceding twelve months, the Development was continually in compliance with the Loan Documents for this Development, which requires, among other things, that 100 % of the units be occupied by income eligible tenants and representations set forth herein are true and correct.

Community Aciton, Inc. of Rock and Walworth Counties, Operating Manager Member  
Organization Name

By: Lisa Furseth, Esq.  
Owner (Type Name)

  
Signature

Executive Director  
Title

Wisconsin Housing and Economic Development Authority				FORM 600AL (Rev. 10/02)	
ANNUAL SCHEDULE OF ASSETS for Multifamily Projects					
Project Name: BELOIT MATURE ADULT HOUSING, LLC					
Period Beginning: 1/1/10			thru: 12/31/10		
			Project Number: 002201		
	Description of Account	ID	Account	Amount	Totals
1100	Cash - Operations		1120	\$18,997	
CURRENT	Construction Cash Account		1121		
ASSETS	Cash - Entity		1125		
	Tenant Accounts Receivable		1130	640	
	Allowance for Doubtful Accounts (deduct)		1131		
	Accounts Receivable - WHEDA <sub>SM</sub>		1135		
	Accounts and Notes Receivable - Operations		1140		
	Accounts and Notes Receivable - Entity		1145		
	Accounts Receivable - Interest		1160		
	Interest Reduction Payment Receivable		1165		
	Short Term Investments - Operations		1170		
	Short Term Investments - Entity		1175		
	Miscellaneous Current Assets		1190		
	Insurance Escrow		1312		
	Real Estate Tax or PILOT Escrow		1311	17,166	
	<b>TOTAL CURRENT ASSETS</b>		<b>1100</b>		\$36,803
1191	Tenant Security Deposits - RESTRICTED ASSET		1191		\$19,342
1200 PREPAID	Miscellaneous Prepaid Expenses		1200		\$1,967
EXPENSES					
1300	Escrow Deposits		1310		
FUNDED	Reserve for Replacements		1320	\$139,850	
RESERVES	Other Reserve		1330		
	Residual Receipts Reserve		1340	30	
	Management Improvement and Operating Plan		1381		
	Development Cost Escrow (DCE)		1390	732	
	FHA Insurance Reserve		1392		
	<b>Total Funded Reserves</b>		<b>1300</b>		\$140,612
1400	Land		1410		
FIXED	Buildings		1420	3,653,907	
ASSETS	Building Equipment (portable)		1440		
	Furniture for Project/Tenant Use		1450		
	Furnishings		1460	52,492	
	Office Furniture and Equipment		1465		
	Maintenance Equipment		1470		
	Motor Vehicles		1480		
	Miscellaneous Fixed Assets		1490		
	<b>Gross Fixed Assets</b>		<b>1400</b>	\$3,706,399	
1495	Accumulated Depreciation		1495	\$1,214,126	
ALLOWANCE					
ACCOUNTS	Total Accumulated Depreciation			\$1,214,126	
	<b>Net Fixed Assets</b>		<b>1400</b>		\$2,492,273
1500	Investments - Operations		1510		
INVESTMENTS	Investments - Entity		1515		
	Intangible Assets		1520		
	Miscellaneous Other Assets		1590		
	<b>TOTAL OTHER ASSETS</b>		<b>1500</b>	\$0	
	<b>TOTAL ASSETS</b>		<b>1000</b>		\$2,690,997

**ANNUAL SCHEDULE OF LIABILITIES AND EQUITY for Multifamily Projects**

Project Name: Beloit Mature Adult Housing, LLC

Period Beginning: 1/1/10

thru: 12/31/10

Project Number: 002201

	Description of Account	Account	Amount	Totals
2100	Bank Overdraft - Operations	2105		
CURRENT	Accounts Payable-30 Days	2109		
LIABILITIES	Accounts Payable - Operations	2110		
	Accounts Payable - Construction/Development	2111		
	Accounts Payable-Project Improvements Items	2112		
	Accounts Payable - Entity	2113		
	Accounts Payable-236 Excess Income Due HUD	2115		
	Accounts Payable-WHEDA <sub>SM</sub> /HUD	2116		
	Accrued Wages Payable	2120		
	Accrued Payroll Taxes Payable	2121		
	Accrued Management Fee Payable	2123		
	Accrued Interest Payable - Section 236	2130		
	Accrued Interest Payable - First Mortgage	2131	4,873	
	Accrued Interest Payable - Second Mortgage	2132		
	Accrued Interest Payable - Other Loans & Notes(Surplus Cash)	2133		
	Accrued Interest Payable - Other Loans and Notes	2134		
	Accrued Interest Payable - Flexible Subsidy Loan	2135		
	Accrued Interest Payable - Capital Improvement Loan	2136		
	Accrued Interest Payable - Operating Loss Loan	2137		
	Accrued Real Estate & Property Tax Payable	2150	19,823	
	Short Term Notes Payable	2160		
	Mortgage Payable - First Mortgage (Short Term)	2170	15,719	
	Mortgage Payable - Second Mortgage (Short Term)	2172		
	Other Loans and Notes Payable, Surplus Cash (Short Term)	2173		
	Other Loans and Notes (Short Term)	2174		
	Flexible Subsidy Loan Payable (Short Term)	2175		
	Capital Improvement Loan Payable (Short Term)	2176		
	Operating Loss Loan Payable (Short Term)	2177		
	Utility Allowances	2180		
	Miscellaneous Current Liabilities/Preservation Fee	2190		
	<b>Current Liabilities</b>			\$40,415
2191	Tenant Security Deposits - CONTRA ASSET	2191		\$19,342
2200 PREPAID	Prepaid Revenue	2210		\$956
REVENUES				
	<b>TOTAL CURRENT LIABILITIES</b>	<b>2122</b>		<b>\$60,713</b>
2300	Notes Payable - Long Term	2310		
LONG-TERM	Notes Payable - Surplus Cash	2311		
LIABILITIES	Mortgage Payable - First Mortgage	2320	790,788	
	Mortgage Payable - Second Mortgage	2322		
	Other Loans and Notes Payable - Surplus Cash	2323		
	Other Loans and Notes Payable	2324	892,080	
	Flexible Subsidy Loan Payable	2325		
	Capital Improvement Loan Payable	2326		
	Operating Loss Loan Payable	2327	56,191	
	Miscellaneous Long Term Liabilities	2390	(12,104)	
	<b>Total Long Term Liabilities</b>	<b>2300</b>		<b>\$1,726,955</b>
	<b>TOTAL LIABILITIES</b>	<b>2000</b>		<b>\$1,787,668</b>
3033 TOTAL	Total Equity/Retained Earnings	3033	\$903,329	
EQUITY				
	<b>TOTAL LIABILITIES and EQUITY/RETAINED EARNINGS</b>	<b>2033</b>		<b>\$2,690,997</b>

Wisconsin Housing and Economic Development Authority			FORM 800 (Rev.12/05)		
SCHEDULE OF PROFIT AND LOSS for Multifamily Projects					
Project Name: BELOIT MATURE ADULT HOUSING, LLC			Project Number: 002201		
Period Beginning: 1/1/10 thru: 12/31/10			Year: 2010		
	Description of Account	Acct. No.	Amount	Totals	
5100 RENTAL REVENUE	Rent Revenue - Gross Potential	5120	304,940		
	Tenant Assistance Payments	5121			
	Rent Revenue - Commercial/Stores @ 100%	5140			
	Rent Revenue - Garage/Parking @ 100%	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
	<b>Total Rent Revenue Potential</b>	<b>5100</b>			304,940
5200 VACANCIES	Apartment Vacancies	5220	23,772		
	Stores/Commercial Vacancies or Concessions	5240			
	Rental Concessions	5250	7,596		
	Garage/Parking Vacancies or Concessions	5270			
	Miscellaneous	5290	3,715		
	<b>Total Vacancies or Concessions</b>	<b>5200</b>			35,083
	<b>Net Rental Revenue (Rent Revenue less Vacancies)</b>	<b>5152</b>			269,857
5300	<b>Total Service Income</b>	<b>5300</b>			0
5400 FINANCIAL REVENUE	Financial Revenue - Project Operations	5410	37		
	Revenue from Investments-Residual Receipts	5430	725		
	Revenue from Investments-Replacement Reserve	5440	2,150		
	Revenue from Investments-Miscellaneous	5490	15		
	<b>Total Financial Revenue</b>	<b>5400</b>			2,927
5900 MISC. REVENUE	Laundry/Vending Income (Net)	5910	4,624		
	Tenant Charges	5920	21,966		
	Miscellaneous Revenue	5990	824		
	<b>Total Miscellaneous Revenue</b>	<b>5900</b>			27,414
	<b>Total Revenue</b>	<b>5000</b>			300,198
6200 RENT EXPENSE	Conventions and Meetings	6203			
	Management Consultants	6204			
	Advertising/Marketing Expense	6210	1,796		
	Other Rent Expense	6250			
	<b>Total Rent Expense</b>		1,796		
6300 ADMIN. EXPENSES	Office Salaries	6310	14,124		
	Office Expenses	6311	9,249		
	Office or Model Apartment Rent	6312			
	Management Fee - Residential Rents	6320	24,074		
	Management Fee - Commercial Rents	6321			
	Management Fee - Miscellaneous Income	6322			
	Manager/Superintendent Salaries	6330			
	Administrative Rent-free Unit	6331			
	Legal Expense-project only	6340			
	Audit Expense-project only	6350	6,500		
	Bookkeeping Fees/Accounting Services	6351	462		
	Bad Debt Expense	6370	3,840		
	Miscellaneous Administrative Expense	6390			
	<b>Total Administrative Expense</b>		58,249		
6200 + 6300	<b>Total Rent &amp; Administrative Expense</b>	<b>6263</b>			60,045
6400 UTILITIES EXPENSE	Fuel Oil	6420			
	Electricity	6450	18,778		
	Water	6451	8,217		
	Gas	6452	11,460		
	Sewer	6453			
	<b>Total Utilities Expense</b>	<b>6400</b>			38,455

	Description of Account	Acct. No.	Amount	Totals
6500 OPERATING & MAINTENANCE EXPENSE	Payroll	6510		
	Supplies	6515	30,298	
	Contracts	6520	49,917	
	Operating and Maintenance Rent Free Unit	6521		
	Garbage & Trash Removal	6525		
	Security Payroll/Contract (incl. taxes and benefits)	6530		
	Security Rent Free Unit	6531		
	Heating/Cooling Repairs & Maintenance	6546	2,652	
	Snow Removal	6548		
	Vehicle/Maintenance Equipment Operation & Repairs	6570		
	Misc. Operating & Maintenance Expense	6590		
	<b>Total Operating &amp; Maintenance Expense</b>	<b>6500</b>		
6900	<b>Total Service Expense</b>	<b>6900</b>		<b>0</b>
6700 TAXES AND INSURANCE	Real Estate & Personal Property Taxes	6710	19,823	
	Payroll Taxes (Project's Share)	6711		
	Property & Liability Insurance (Hazard)	6720	5,843	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790		
	<b>Total Taxes and Insurance</b>	<b>6700</b>		
3220	Replacement Reserve Deposits as Required by WHEDA	3220		15,000
	<b>Total Operating Expenses</b>			<b>222,033</b>
	<b>Net Operating Income (NOI)</b>			<b>78,165</b>
6800 FINANCIAL EXPENSE	Interest on Mortgage Payable	6820	58,964	
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expense/Preservation Fee	6890		
	<b>Total Financial Expense</b>	<b>6800</b>		
	<b>Total Expenses of Operations Before Depreciation</b>	<b>6000</b>		<b>280,997</b>
	<b>Profit or (Loss) Before Depreciation</b>	<b>5060</b>		<b>19,201</b>
6600	Depreciation Expense (Total)	6601		97,862
	Amortization Expense	6610		2,433
	<b>Operating Profit or Loss</b>	<b>5060</b>		<b>(81,094)</b>
7100 CORPORATE OR MORTGAGOR EXPENSE	Officer's Salaries	7110		
	Legal Expense	7120		
	Federal, State and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expense	7190		
	<b>Net Entity Expenses</b>	<b>7100</b>		
	<b>NET PROFIT OR (LOSS)</b>	<b>3250</b>		<b>(81,094)</b>
TOTAL PRINCIPAL PAYMENTS	WHEDA First Mortgage	9910		14,623
	Second Mortgage	9911		
	Other Mortgage(s)	9912		15,535
	Reserve releases to reimburse items expensed on this schedule.	9920		18,708
	Capital expenditures paid from project operations and expensed on this schedule.	9930		

**BELOIT MATURE ADULT HOUSING, LLC**  
(A Limited Liability Company)  
WHEDA PROJECT NO. 002201  
CERTIFICATION BY OPERATING MANAGER MEMBER OF MORTGAGOR  
December 31, 2010

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I hereby certify that I have examined the accompanying financial statements and supplemental data of Beloit Mature Adult Housing, LLC and, to the best of my knowledge and belief, the same are complete and accurate.



\_\_\_\_\_  
Lisa Furseth, Executive Director  
Community Action, Inc. of Rock and Walworth Counties,  
Operating Manager Member

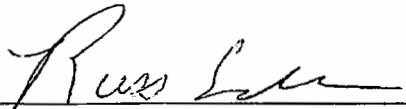
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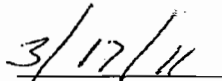
Employer ID #39-1052077

BELOIT MATURE ADULT HOUSING, LLC  
(A Limited Liability Company)  
WHEDA PROJECT NO. 002201  
CERTIFICATION BY MANAGEMENT AGENT  
December 31, 2010

I hereby certify that I have examined the accompanying financial statements and supplemental data of Beloit Mature Adult Housing, LLC and, to the best of my knowledge and belief, the same are complete and accurate.



\_\_\_\_\_  
Russ Endres, President  
Wisconsin Management Co., Inc., Management Agent



\_\_\_\_\_  
Date

Employer ID #39-1278530