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**CAPITAL CITY APARTMENTS**  
**LIMITED PARTNERSHIP**  
**99-108-HT**  
*FINANCIAL STATEMENTS*  
*DECEMBER 31, 2018*

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## Independent Auditors' Report

Partners  
Capital City Apartments Limited Partnership  
Jefferson City, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of Capital City Apartments Limited Partnership, which comprise the balance sheet as of December 31, 2018 and 2017, and the related statements of profit and loss, partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Apartments Limited Partnership, as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *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 20 through 25, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary 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. Such information, except for page 25, 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, except for page 25, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying other information presented on page 25 has been prepared from the tax return information of Capital City Apartments Limited Partnership and has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019 on our consideration of Capital City Apartments Limited Partnership'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital City Apartments Limited Partnership's internal control over financial reporting and compliance.

*RubinBrown LLP*

March 20, 2019

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**BALANCE SHEET**  
**Page 1 Of 2**

Assets

|  |  | <b>December 31,</b> |                     |
|--|--|---------------------|---------------------|
|  |  | <b>2018</b>         | <b>2017</b>         |
| <b>Current Assets</b>                          |  |                     |                     |
| 1130   | Tenant accounts receivable   | \$ 26,352           | \$ 11,179           |
| 1190   | Miscellaneous current assets - AHRMA<br>subscriber savings account | 392                 | —                   |
| 1200   | Prepaid expenses   | 17,346              | 16,027              |
| 1100T  | <b>Total Current Assets</b>  | <b>44,090</b>       | <b>27,206</b>       |
| <b>Deposits Held In Trust - Funded</b>         |  |                     |                     |
| 1191   | Tenant deposits held in trust                                      | 12,789              | 12,899              |
| <b>Restricted Deposits And Funded Reserves</b> |  |                     |                     |
| 1310   | Escrow deposits  | (71)                | (71)                |
| 1320   | Replacement reserve  | 133,590             | 127,246             |
| 1300T  | <b>Total Deposits</b>  | <b>133,519</b>      | <b>127,175</b>      |
| <b>Fixed Assets (Note 3)</b>                   |  |                     |                     |
| 1410   | Land improvements  | 550,828             | 550,828             |
| 1420   | Buildings  | 4,544,501           | 4,544,501           |
| 1450   | Furniture for project/tenant use                                   | 87,386              | 90,683              |
| 1465   | Office furniture and equipment                                     | 12,013              | 12,013              |
| 1400T  | Total Fixed Assets   | <b>5,194,728</b>    | <b>5,198,025</b>    |
| 1495   | Less: Accumulated depreciation                                     | 2,712,642           | 2,568,542           |
| 1400N  | <b>Net Fixed Assets</b>  | <b>2,482,086</b>    | <b>2,629,483</b>    |
| <b>Other Assets</b>                            |  |                     |                     |
| 1520   | Deferred costs (Note 2)  | 368,891             | 373,459             |
| 1000T  | <b>Total Assets</b>  | <b>\$ 3,041,375</b> | <b>\$ 3,170,222</b> |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
99-108-HT**

**BALANCE SHEET  
Page 2 Of 2**

**Liabilities**

|   |  | <b>December 31,</b> |                     |
|---|--|---------------------|---------------------|
|   |  | <b>2018</b>         | <b>2017</b>         |
| <b>Current Liabilities</b>                |  |                     |                     |
| 2105                                      | Bank overdraft - operations  | \$ 54,893           | \$ 37,265           |
| 2110                                      | Accounts payable - operations  | 8,810               | 6,404               |
| 2111                                      | Accounts payable - construction/development (Note 5)                                   | 82,907              | 82,907              |
| 2123                                      | Accrued management fee payable (Note 5)  | 155,901             | 140,781             |
| 2131                                      | Accrued interest payable - first mortgage  | 621                 | 646                 |
| 2132                                      | Accrued interest payable - second mortgage (Note 5)                                    | 98,800              | 93,600              |
| 2170                                      | Mortgage payable - first mortgage (short-term) (Note 3)                                | 30,311              | 30,010              |
| 2172                                      | Mortgage payable - second mortgage (short-term) (Note 3)                               | 26,148              | 24,122              |
| 2190                                      | Miscellaneous current liabilities - advance from affiliate of general partner (Note 5) | 103,068             | 103,068             |
| 2190                                      | Miscellaneous current liabilities - accrued compensated absences                       | 3,910               | 4,242               |
| 2210                                      | Prepaid revenue  | 846                 | 928                 |
| 2122T                                     | <b>Total Current Liabilities</b>   | <b>566,215</b>      | <b>523,973</b>      |
| <b>Deposit And Prepayment Liabilities</b> |  |                     |                     |
| 2191                                      | Tenant deposits held in trust (contra)   | 11,164              | 11,138              |
| <b>Long-Term Liabilities (Note 3)</b>     |  |                     |                     |
| 2320                                      | Mortgage payable - first mortgage  |                     |                     |
|   | Principal amount   | 714,950             | 745,261             |
|   | Less: Unamortized debt issuance costs (Note 1)   | 25,813              | 26,995              |
|   | Mortgage payable - less unamortized debt issuance costs                                | 689,137             | 718,266             |
| 2322                                      | Mortgage payable - second mortgage   | 77,852              | 79,878              |
| 2300T                                     | <b>Total Long-Term Liabilities</b>   | <b>766,989</b>      | <b>798,144</b>      |
| 2000T                                     | <b>Total Liabilities</b>   | <b>1,344,368</b>    | <b>1,333,255</b>    |
| <b>Partners' Equity</b>                   |  |                     |                     |
| 3130                                      | Partners' equity   | 1,697,007           | 1,836,967           |
| 2033T                                     | <b>Total Liabilities And Partners' Equity</b>  | <b>\$ 3,041,375</b> | <b>\$ 3,170,222</b> |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**STATEMENT OF PROFIT AND LOSS**  
**For The Year Ended December 31, 2018**

| Part 1                                       | Description of Account                                       | Acct. No.                      | Amount            |
|--|--|--------------------------------|-------------------|
| <b>Rent Revenue<br/>5100</b>                 | Rent Revenue - Gross Potential                               | 5120                           | \$ 112,789        |
|  | Tenant Assistance Payments                                   | 5121                           | \$ 134,657        |
|  | Garage and Parking Spaces                                    | 5170                           | \$ —              |
|  | Flexible Subsidy Revenue                                     | 5180                           | \$ —              |
|  | Miscellaneous Rent Revenue                                   | 5190                           | \$ —              |
|  | Excess Rent  | 5191                           | \$ 8,511          |
|  | Rent Revenue/Insurance                                       | 5192                           | \$ —              |
|  | Special Claims Revenue                                       | 5193                           | \$ —              |
|  | Retained Excess Income                                       | 5194                           | \$ —              |
|  | <b>Total Rent Revenue</b>                                    | 5100T                          | <b>\$ 255,957</b> |
| <b>Vacancies<br/>5200</b>                    | Apartments   | 5220                           | \$ 11,808         |
|  | Stores and Commercial  | 5240                           | \$ —              |
|  | Rental Concessions   | 5250                           | \$ —              |
|  | Loss to Lease  | 5260                           | \$ 400            |
|  | Garage and Parking Space                                     | 5270                           | \$ —              |
|  | Miscellaneous  | 5290                           | \$ —              |
|  |  | <b>Total Vacancies</b>         | 5200T             |
|  | <b>Net Rental Revenue</b> <i>Rent Revenue Less Vacancies</i> | 5152N                          | <b>\$ 243,749</b> |
| <b>Supportive Services<br/>5390</b>          | Supportive Services Revenue                                  | 5390                           | \$ —              |
| <b>Financial Revenue<br/>5400</b>            | Financial Revenue - Project Operations                       | 5410                           | \$ —              |
|  | Revenue from Investments - Residual Receipts                 | 5430                           | \$ —              |
|  | Revenue from Investments - Replacement Reserve               | 5440                           | \$ 873            |
|  | Cable TV / Internet Access Revenue                           | 5954                           | \$ —              |
|  | Revenue from Investments - Reserves                          | 5490                           | \$ 115            |
|  |  | <b>Total Financial Revenue</b> | 5400T             |
| <b>Other Revenue<br/>5900</b>                | Laundry and Vending Revenue                                  | 5910                           | \$ —              |
|  | Tenant Charges   | 5920                           | \$ 10,681         |
|  | Interest Reduction Payments Revenue                          | 5954                           | \$ —              |
|  | Miscellaneous Revenue  | 5990                           | \$ 5,014          |
|  |  | <b>Total Other Revenue</b>     | 5900T             |
|  | <b>Total Revenue</b>   | 5000T                          | <b>\$ 260,432</b> |
| <b>Administrative Expenses<br/>6200/6300</b> | Conventions and Meetings                                     | 6203                           | \$ 531            |
|  | Management Consultants                                       | 6204                           | \$ —              |
|  | Advertising and Marketing                                    | 6210                           | \$ 3              |
|  | Other Renting Expenses                                       | 6250                           | \$ 759            |
|  | Office Salaries  | 6310                           | \$ 6,677          |
|  | Office Expenses  | 6311                           | \$ 2,284          |
|  | Office or Model Apartment Rent                               | 6312                           | \$ —              |
|  | Leased Furniture   | 6313                           | \$ —              |
|  | Management Fee/Bookkeeping/Accounting Services               | 6320                           | \$ 15,120         |
|  | Manager or Superintendent Salaries                           | 6330                           | \$ 4,838          |
|  | Administrative Rent Free Unit                                | 6331                           | \$ —              |
|  | Legal Expense - Project                                      | 6340                           | \$ 3,494          |
|  | Audit Expense  | 6350                           | \$ 7,200          |
|  | Bookkeeping Fees/Accounting Services                         | 6351                           | \$ —              |
|  | Telephone expense  | 6360                           | \$ 2,916          |
|  | Bad Debts  | 6370                           | \$ 2,504          |
|  | Miscellaneous Administrative Expenses                        | 6390                           | \$ 184            |
|  | <b>Total Administrative Expenses</b>                         | 6263T                          | <b>\$ 46,510</b>  |
| <b>Utilities Expense<br/>6400</b>            | Fuel Oil/Coal  | 6420                           | \$ —              |
|  | Electricity  | 6450                           | \$ 8,897          |
|  | Water  | 6451                           | \$ 21,691         |
|  | Gas  | 6452                           | \$ 1,932          |
|  | Sewer  | 6453                           | \$ 17,022         |
|  | Cable TV / Internet Access                                   | 6454                           | \$ —              |
|  |  | <b>Total Utilities Expense</b> | 6400T             |
|  | <b>Total Expenses (Carry Forward to Page 2)</b>              |                                | <b>\$ 96,052</b>  |



Project Name: Capital City Apartments Limited Partnership

|  |   |              | Balance Carried Forward | \$ 96,052           |
|--|---|--------------|-------------------------|---------------------|
| <b>Operating<br/>Maintenance<br/>Expenses<br/>6500</b>             | Payroll   | 6510         | \$ 27,007               |                     |
|  | Supplies  | 6515         | \$ 18,651               |                     |
|  | Contracts   | 6520         | \$ 26,980               |                     |
|  | Operating and Maintenance Rent Free Unit                              | 6521         | \$ —                    |                     |
|  | Garbage and Trash Removal   | 6525         | \$ 6,599                |                     |
|  | Security Payroll Contract   | 6530         | \$ 240                  |                     |
|  | Security Rent Free Unit   | 6531         | \$ —                    |                     |
|  | Heating/Cooling Repairs and Maintenance                               | 6546         | \$ 2,225                |                     |
|  | Snow Removal  | 6548         | \$ 1,424                |                     |
|  | Vehicle and Maintenance Equipment Operation and Repairs               | 6570         | \$ 750                  |                     |
|  | Maintenance Tools and Equipment                                       | 6571         | \$ —                    |                     |
|  | Pool Supplies and Pool Maintenance/Contracts                          | 6572         | \$ —                    |                     |
|  | Exterminating   | 6573         | \$ 2,452                |                     |
|  | Elevator Maintenance/Contracts  | 6574         | \$ —                    |                     |
|  | Vacant Unit Preparation   | 6580         | \$ 16,086               |                     |
|  | Miscellaneous Operating and Maintenance Expenses                      | 6590         | \$ 341                  |                     |
| <b>Total Operating and Maintenance Expenses</b>                    | <b>6500T</b>  |              | <b>\$ 102,755</b>       |                     |
| <b>Taxes<br/>and<br/>Insurance<br/>6700</b>                        | Real Estate Taxes   | 6710         | \$ —                    |                     |
|  | Payroll Taxes (Project's Share)                                       | 6711         | \$ 2,948                |                     |
|  | Property and Liability Insurance (Hazard)                             | 6720         | \$ 16,474               |                     |
|  | Fidelity Bond Insurance   | 6721         | \$ —                    |                     |
|  | Workmen's Compensation  | 6722         | \$ 622                  |                     |
|  | Health Insurance and Other Employee Benefits                          | 6723         | \$ 15,604               |                     |
|  | Miscellaneous Taxes, Licenses, Permits and Insurance                  | 6790         | \$ —                    |                     |
| <b>Total Taxes and Insurance</b>                                   | <b>6700T</b>  |              | <b>\$ 35,648</b>        |                     |
| <b>Financial<br/>Expenses<br/>6800</b>                             | Interest on Mortgage Payable  | 6820         | \$ 7,590                |                     |
|  | Amortization of debt issuance costs                                   | 6822         | \$ 1,182                |                     |
|  | Interest on Notes Payable (Long-Term)                                 | 6830         | \$ —                    |                     |
|  | Interest on Notes Payable (Short-Term)                                | 6840         | \$ —                    |                     |
|  | Mortgage Insurance Premium/Service Charge                             | 6850         | \$ —                    |                     |
| Miscellaneous Financial Expenses                                   | 6890  | \$ —         |                         |                     |
| <b>Total Financial Expenses</b>                                    | <b>6800T</b>  |              | <b>\$ 8,772</b>         |                     |
| <b>Supportive<br/>Services<br/>6990</b>                            | Supportive Services Expenses  | 6990         | \$ —                    |                     |
|  | Total Cost of Operations before Depreciation and Amortization         | 6000T        |                         | \$ 243,227          |
|  | Profit (Loss) before Depreciation and Amortization                    | 5060T        |                         | \$ 17,205           |
|  | Depreciation Expense  | 6600         | \$ 147,397              |                     |
|  | Amortization Expense  | 6610         | \$ 4,568                |                     |
|  | <b>Total Depreciation and Amortization</b>                            |              |                         | <b>\$ 151,965</b>   |
|  | <b>Operating Profit or (Loss)</b>                                     | <b>5060N</b> |                         | <b>\$ (134,760)</b> |
| <b>Corporate or<br/>Mortgagor<br/>Entity<br/>Expenses<br/>7100</b> | Entity Revenue  | 7105         | \$ —                    |                     |
|  | Officer's Salaries  | 7110         | \$ —                    |                     |
|  | Asset Management, Partnership and Incentive Performance Fee           | 7115         | \$ —                    |                     |
|  | Legal Expenses  | 7120         | \$ —                    |                     |
|  | Federal, State and Other Income Taxes                                 | 7130         | \$ —                    |                     |
|  | Fidelity and Bond Expense   | 7135         | \$ —                    |                     |
|  | Interest Income   | 7140         | \$ —                    |                     |
|  | Interest on Notes Payable (subordinate/surplus cash/non-MHDC)         | 7141         | \$ —                    |                     |
|  | Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan) | 7142         | \$ 5,200                |                     |
|  | Other Expenses  | 7190         | \$ —                    |                     |
| <b>Net Entity Expenses</b>   | <b>7100T</b>  |              | <b>\$ 5,200</b>         |                     |
| <b>Profit or Loss (Net Income or Loss)</b>                         | <b>3250</b>   |              | <b>\$ (139,960)</b>     |                     |

**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, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

|  |           |
|--|-----------|
| 1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)                                  | \$ 30,010 |
| 2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)                                     | \$ 17,413 |
| 3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003) | \$ 10,037 |
| 4. Debt Service for other loans (surplus cash/non-MHDC/partner loans) (Account 7145)   | \$ —      |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**STATEMENT OF PROFIT AND LOSS (Continued)**  
**For The Year Ended December 31, 2017**

| Part 1                                       | Description of Account                                | Acct. No.                      | Amount            |
|--|---|--------------------------------|-------------------|
| <b>Rent Revenue<br/>5100</b>                 | Rent Revenue - Gross Potential                        | 5120                           | \$ 148,474        |
|  | Tenant Assistance Payments                            | 5121                           | \$ 100,730        |
|  | Garage and Parking Spaces                             | 5170                           | \$ —              |
|  | Flexible Subsidy Revenue                              | 5180                           | \$ —              |
|  | Miscellaneous Rent Revenue                            | 5190                           | \$ —              |
|  | Excess Rent   | 5191                           | \$ 9,836          |
|  | Rent Revenue/Insurance                                | 5192                           | \$ —              |
|  | Special Claims Revenue                                | 5193                           | \$ —              |
|  | Retained Excess Income                                | 5194                           | \$ —              |
|  | <b>Total Rent Revenue</b>                             | 5100T                          | <b>\$ 259,040</b> |
| <b>Vacancies<br/>5200</b>                    | Apartments  | 5220                           | \$ 11,929         |
|  | Stores and Commercial                                 | 5240                           | \$ —              |
|  | Rental Concessions                                    | 5250                           | \$ 6,887          |
|  | Loss to Lease   | 5260                           | \$ 593            |
|  | Garage and Parking Space                              | 5270                           | \$ —              |
|  | Miscellaneous   | 5290                           | \$ —              |
|  |   | <b>Total Vacancies</b>         | 5200T             |
|  | <b>Net Rental Revenue Rent Revenue Less Vacancies</b> | 5152N                          | <b>\$ 239,631</b> |
| <b>Supportive Services<br/>5390</b>          | Supportive Services Revenue                           | 5390                           | \$ —              |
| <b>Financial Revenue<br/>5400</b>            | Financial Revenue - Project Operations                | 5410                           | \$ —              |
|  | Revenue from Investments - Residual Receipts          | 5430                           | \$ —              |
|  | Revenue from Investments - Replacement Reserve        | 5440                           | \$ 735            |
|  | Cable TV / Internet Access Revenue                    | 5954                           | \$ —              |
|  | Revenue from Investments - Reserves                   | 5490                           | \$ 70             |
|  |   | <b>Total Financial Revenue</b> | 5400T             |
| <b>Other Revenue<br/>5900</b>                | Laundry and Vending Revenue                           | 5910                           | \$ —              |
|  | Tenant Charges  | 5920                           | \$ 8,354          |
|  | Interest Reduction Payments Revenue                   | 5945                           | \$ —              |
|  | Cable TV / Internet Access Revenue                    | 5954                           | \$ —              |
|  | Miscellaneous Revenue                                 | 5990                           | \$ 24             |
|  |   | <b>Total Other Revenue</b>     | 5900T             |
|  | <b>Total Revenue</b>                                  | 5000T                          | <b>\$ 248,814</b> |
| <b>Administrative Expenses<br/>6200/6300</b> | Conventions and Meetings                              | 6203                           | \$ 1,240          |
|  | Management Consultants                                | 6204                           | \$ —              |
|  | Advertising and Marketing                             | 6210                           | \$ 115            |
|  | Other Renting Expenses                                | 6250                           | \$ 699            |
|  | Office Salaries                                       | 6310                           | \$ 5,125          |
|  | Office Expenses                                       | 6311                           | \$ 2,723          |
|  | Office or Model Apartment Rent                        | 6312                           | \$ —              |
|  | Leased Furniture                                      | 6313                           | \$ —              |
|  | Management Fee/Bookkeeping/Accounting Services        | 6320                           | \$ 15,090         |
|  | Manager or Superintendent Salaries                    | 6330                           | \$ 5,600          |
|  | Administrative Rent Free Unit                         | 6331                           | \$ —              |
|  | Legal Expense - Project                               | 6340                           | \$ 5,564          |
|  | Audit Expense   | 6350                           | \$ 7,000          |
|  | Bookkeeping Fees/Accounting Services                  | 6351                           | \$ —              |
|  | Telephone expense                                     | 6360                           | \$ 2,787          |
|  | Bad Debts   | 6370                           | \$ 8,260          |
| Miscellaneous Administrative Expenses        | 6390  | \$ 199                         |                   |
|  | <b>Total Administrative Expenses</b>                  | 6263T                          | <b>\$ 54,402</b>  |
| <b>Utilities Expense<br/>6400</b>            | Fuel Oil/Coal   | 6420                           | \$ —              |
|  | Electricity   | 6450                           | \$ 7,367          |
|  | Water   | 6451                           | \$ 19,785         |
|  | Gas   | 6452                           | \$ 1,399          |
|  | Sewer   | 6453                           | \$ 17,850         |
|  | Cable TV / Internet Access                            | 6454                           | \$ —              |
|  |   | <b>Total Utilities Expense</b> | 6400T             |
|  | <b>Total Expenses (Carry Forward to Page 2)</b>       | 6400T                          | <b>\$ 100,803</b> |

Project Name: Capital City Apartments Limited Partnership

|  |   |       | Balance Carried Forward | \$ 100,803   |
|--|---|-------|-------------------------|--------------|
| <b>Operating<br/>Maintenance<br/>Expenses<br/>6500</b>             | Payroll   | 6510  | \$ 21,729               |              |
|  | Supplies  | 6515  | \$ 21,005               |              |
|  | Contracts   | 6520  | \$ 16,567               |              |
|  | Operating and Maintenance Rent Free Unit                              | 6521  | \$ —                    |              |
|  | Garbage and Trash Removal   | 6525  | \$ 6,000                |              |
|  | Security Payroll Contract   | 6530  | \$ 240                  |              |
|  | Security Rent Free Unit   | 6531  | \$ —                    |              |
|  | Heating/Cooling Repairs and Maintenance                               | 6546  | \$ 1,578                |              |
|  | Snow Removal  | 6548  | \$ 517                  |              |
|  | Vehicle and Maintenance Equipment Operation and Repairs               | 6570  | \$ 498                  |              |
|  | Maintenance Tools and Equipment                                       | 6571  | \$ —                    |              |
|  | Pool Supplies and Pool Maintenance/Contracts                          | 6572  | \$ —                    |              |
|  | Exterminating   | 6573  | \$ 5,102                |              |
|  | Elevator Maintenance/Contracts  | 6574  | \$ —                    |              |
|  | Vacant Unit Preparation   | 6580  | 14,001                  |              |
|  | Miscellaneous Operating and Maintenance Expenses                      | 6590  | \$ 74                   |              |
| <b>Total Operating and Maintenance Expenses</b>                    | 6500T   |       | \$ 87,311               |              |
| <b>Taxes<br/>and<br/>Insurance<br/>6700</b>                        | Real Estate Taxes   | 6710  | \$ —                    |              |
|  | Payroll Taxes (Project's Share)                                       | 6711  | \$ 2,398                |              |
|  | Property and Liability Insurance (Hazard)                             | 6720  | \$ 15,095               |              |
|  | Fidelity Bond Insurance   | 6721  | \$ —                    |              |
|  | Workmen's Compensation  | 6722  | \$ 565                  |              |
|  | Health Insurance and Other Employee Benefits                          | 6723  | \$ 12,668               |              |
|  | Miscellaneous Taxes, Licenses, Permits and Insurance                  | 6790  | \$ —                    |              |
|  | <b>Total Taxes and Insurance</b>                                      | 6700T |                         | \$ 30,726    |
| <b>Financial<br/>Expenses<br/>6800</b>                             | Interest on Mortgage Payable  | 6820  | \$ 7,889                |              |
|  | Amortization of debt issues costs                                     | 6822  | \$ 1,182                |              |
|  | Interest on Notes Payable (Long-Term)                                 | 6830  | \$ —                    |              |
|  | Interest on Notes Payable (Short-Term)                                | 6840  | \$ —                    |              |
|  | Mortgage Insurance Premium/Service Charge                             | 6850  | \$ —                    |              |
|  | Miscellaneous Financial Expenses                                      | 6890  | \$ —                    |              |
| <b>Total Financial Expenses</b>                                    | 6800T   |       | \$ 9,071                |              |
| <b>Supportive<br/>Services<br/>6990</b>                            | Supportive Services Expenses  | 6990  | \$ —                    |              |
|  | Total Cost of Operations before Depreciation and Amortization         | 6000T |                         | \$ 227,911   |
|  | Profit (Loss) before Depreciation and Amortization                    | 5060T |                         | \$ 20,903    |
|  | Depreciation Expense  | 6600  | \$ 148,118              |              |
|  | Amortization Expense  | 6610  | \$ 4,568                |              |
|  | <b>Total Depreciation and Amortization</b>                            |       |                         | \$ 152,686   |
|  | <b>Operating Profit or (Loss)</b>                                     | 5060N |                         | \$ (131,783) |
| <b>Corporate or<br/>Mortgagor<br/>Entity<br/>Expenses<br/>7100</b> | Entity Revenue  | 7105  | \$ —                    |              |
|  | Officer's Salaries  | 7110  | \$ —                    |              |
|  | Asset Management, Partnership and Incentive Performance Fee           | 7115  | \$ —                    |              |
|  | Legal Expenses  | 7120  | \$ —                    |              |
|  | Federal, State, and Other Income Taxes                                | 7130  | \$ —                    |              |
|  | Fidelity and Bond Expense   | 7135  | \$ —                    |              |
|  | Interest Income   | 7140  | \$ —                    |              |
|  | Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)   | 7141  | \$ —                    |              |
|  | Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan) | 7142  | \$ 5,200                |              |
|  | Other Expenses  | 7190  | \$ —                    |              |
|  | <b>Net Entity Expenses</b>  | 7100T |                         | \$ 5,200     |
| <b>Profit or Loss (Net Income or Loss)</b>                         | 3250  |       | \$ (136,983)            |              |

**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, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

|  |           |
|--|-----------|
| 1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)                                  | \$ 29,711 |
| 2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)                                     | \$ 17,155 |
| 3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003) | \$ 8,147  |
| 4. Debt Service for other loans (surplus cash/non-MHDC/partner loans) (Account 7145)   | \$ —      |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

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**STATEMENT OF PROFIT AND LOSS (Continued)**

|                                     |                | <b>For The Years</b>      |              |
|-------------------------------------|----------------|---------------------------|--------------|
|                                     |                | <b>Ended December 31,</b> |              |
|                                     | <b>Account</b> | <b>2018</b>               | <b>2017</b>  |
| <b>5990 - Miscellaneous Revenue</b> |                |                           |              |
| 5990-010 Insurance proceeds         | 5990-020       | \$ 4,580                  | \$ —         |
| 5990-010 Other revenue              | 5990-020       | 434                       | 24           |
|                                     |                |                           |              |
| <b>Total Miscellaneous Revenue</b>  |                | <b>\$ 5,014</b>           | <b>\$ 24</b> |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
99-108-HT**

**STATEMENT OF PARTNERS' EQUITY  
For The Years Ended December 31, 2018 And 2017**

|  | <b>Limited<br/>Partner</b> | <b>General<br/>Partner</b> | <b>Total<br/>Partners'<br/>Equity</b> |
|--|----------------------------|----------------------------|---------------------------------------|
| <b>Allocation Percentage</b>                 | 99.99%                     | 0.01%                      | 100.00%                               |
| <b>Balance - January 1, 2017</b>             | \$ 1,974,193               | \$ (243)                   | \$ 1,973,950                          |
| <b>Net Loss</b>                              | (136,969)                  | (14)                       | (136,983)                             |
| S1100-010 <b>Balance - December 31, 2017</b> | 1,837,224                  | (257)                      | 1,836,967                             |
| 3250 <b>Net Loss</b>                         | (139,946)                  | (14)                       | (139,960)                             |
| 3130 <b>Balance - December 31, 2018</b>      | \$ 1,697,278               | \$ (271)                   | \$ 1,697,007                          |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**STATEMENT OF CASH FLOWS**

Page 1 Of 2

|   |  | <b>For The Years</b>      |                 |
|---|--|---------------------------|-----------------|
|   |  | <b>Ended December 31,</b> |                 |
|   |  | <b>2018</b>               | <b>2017</b>     |
| <b>Cash Flows From Operating Activities</b> |  |                           |                 |
| Receipts:                                   |  |                           |                 |
| S1200-010                                   | Rental receipts                                  | \$ 228,494                | \$ 236,501      |
| S1200-020                                   | Interest receipts                                | 988                       | 805             |
| S1200-030                                   | Other operating receipts                         | 15,695                    | 8,378           |
| S1200-040                                   | Total Receipts                                   | 245,177                   | 245,684         |
| Disbursements:                              |  |                           |                 |
| S1200-050                                   | Administrative                                   | 19,875                    | 28,587          |
| S1200-090                                   | Utilities  | 49,542                    | 46,401          |
| S1200-100                                   | Salaries and wages                               | 38,854                    | 32,352          |
| S1200-110                                   | Operating and maintenance                        | 73,342                    | 63,786          |
| S1200-140                                   | Property insurance                               | 18,185                    | 16,405          |
| S1200-150                                   | Miscellaneous taxes and insurance                | 19,174                    | 15,631          |
| S1200-160                                   | Tenant security deposits                         | (136)                     | 83              |
| S1200-180                                   | Interest on mortgages                            | 7,615                     | 7,914           |
| S1200-230                                   | Total Disbursements                              | 226,451                   | 211,159         |
| S1200-240                                   | <b>Net Cash Provided By Operating Activities</b> | <b>18,726</b>             | <b>34,525</b>   |
| <b>Cash Flows From Investing Activities</b> |  |                           |                 |
| S1200-245                                   | Net deposits to mortgage escrow account          | —                         | (62)            |
| S1200-250                                   | Net deposits to reserve for replacement account  | (6,344)                   | (2,973)         |
| S1200-350                                   | <b>Net Cash Used In Investing Activities</b>     | <b>(6,344)</b>            | <b>(3,035)</b>  |
| <b>Cash Flows From Financing Activities</b> |  |                           |                 |
| S1200-360                                   | Mortgage principal payments                      | (30,010)                  | (29,711)        |
| S1200-450                                   | Other financing activities -                     |                           |                 |
|   | Increase/decrease in bank overdraft (S1200-451)  | 17,628                    | (1,779)         |
| S1200-460                                   | <b>Net Cash Used In Financing Activities</b>     | <b>(12,382)</b>           | <b>(31,490)</b> |
| S1200-470                                   | <b>Net Increase In Cash</b>                      | —                         | —               |
| S1200-480                                   | <b>Beginning Of Period Cash</b>                  | —                         | —               |
| S1200T                                      | <b>End Of Period Cash</b>                        | <b>\$ —</b>               | <b>\$ —</b>     |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**STATEMENT OF CASH FLOWS**

Page 2 Of 2

|  |   | <b>For The Years</b>      |                  |
|--|---|---------------------------|------------------|
|  |   | <b>Ended December 31,</b> |                  |
|  |   | <b>2018</b>               | <b>2017</b>      |
| <b>Reconciliation Of Net Loss To Net Cash</b>              |   |                           |                  |
| <b>Provided By Operating Activities</b>                    |   |                           |                  |
| 3250   | Net loss  | \$ (139,960)              | \$ (136,983)     |
|  | Adjustments to reconcile net loss to net cash provided by operating activities: |                           |                  |
| 6600   | Depreciation  | 147,397                   | 148,118          |
| 6610   | Amortization of ground lease costs  | 4,568                     | 4,568            |
| 6822   | Amortization of debt issuance costs   | 1,182                     | 1,182            |
|  | (Increase) decrease in assets:  |                           |                  |
| S1200-490  | Tenant accounts receivable  | (15,173)                  | (3,224)          |
| S1200-520  | Prepaid expenses and other current assets                                       | (1,319)                   | (1,310)          |
| S1200-530  | Cash restricted for tenant security deposits                                    | (282)                     | 512              |
|  | Increase (decrease) in liabilities:   |                           |                  |
| S1200-540  | Accounts payable  | 2,406                     | 1,796            |
| S1200-560  | Accrued liabilities   | 14,788                    | 15,192           |
| S1200-570  | Accrued interest payable  | (25)                      | (25)             |
| S1200-580  | Tenant security deposits held in trust  | 26                        | (595)            |
| S1200-590  | Prepaid revenue   | (82)                      | 94               |
| S1200-605  | Increase in entity liability accounts:  |                           |                  |
| S1200-606  | Interest on mortgage payable - second mortgage (S1200-607)                      | 5,200                     | 5,200            |
| <b>S1200-610 Net Cash Provided By Operating Activities</b> |   | <b>\$ 18,726</b>          | <b>\$ 34,525</b> |

# CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP

## 99-108-HT

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### NOTES TO FINANCIAL STATEMENTS

#### December 31, 2018 And 2017

## 1. Organization And Summary Of Significant Accounting Policies

### Organization

Capital City Apartments Limited Partnership (the Partnership) was originally organized on June 1, 1999 as a limited partnership, amended for the first time on September 3, 1999, and amended and restated in its entirety on December 20, 1999. The Partnership was formed to acquire an interest in real property located in Jefferson City, Missouri and to construct and operate thereon a 9-building, 44-unit apartment complex (the Project). The Project is regulated by the Missouri Housing Development Commission (MHDC) as to rent charges and operating methods. Construction commenced in December 1999 and was substantially completed by October 2000. The regulatory agreement limits annual distributions of net operating receipts to surplus cash available at the end of each year not to exceed a percentage of partners' equity.

The regulatory agreement with MHDC stipulates that Net Earnings, as defined in the Acts and Regulations, may be declared or made only as of or after the end of an annual fiscal period. Net Earnings are defined by MHDC as the difference between Project Income and the payment of all operating expenses, taxes, insurance, reserve payments, payments necessary to maintain all escrow accounts fully funded, if any, and debt service. Any undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide Surplus Cash in excess of current requirements. In addition, the Partnership is required to deposit all Surplus Cash in excess of the cumulative allowable distributions into a residual receipts fund.

The Project has qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the Project as to occupant eligibility and unit gross rents, among other requirements. Each qualified building of the Project will have to meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. Additionally, the Partnership has agreed to utilize the Project pursuant to Section 42 for a total of 30 years.

### Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.



## **CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**

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### Notes To Consolidated Financial Statements *(Continued)*

#### **Tenants Accounts Receivable**

Tenant accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with tenants having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

#### **Restricted Deposits And Funded Reserves**

Restricted deposits and funded reserves are comprised of checking and money market funds and are valued at cost since they are readily converted to cash.

#### **Rental Property**

Rental property is stated at cost, less accumulated depreciation. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets ranging from 5 to 40 years.

The Partnership, using its best estimates based on reasonable and supportable assumptions and projections, reviews its buildings, property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable.

#### **Development Fees**

Development fees incurred for the development of the Project have been capitalized and added to the depreciable basis of the buildings.

#### **Capitalized Interest**

Interest during construction amounting to \$135,576 has been capitalized and added to the depreciable basis of the buildings.

#### **Ground Lease Costs**

Ground lease costs are capitalized and amortized over the 99-year lease term.

#### **Tax Credit Fees**

Tax credit fees are capitalized and amortized using the straight-line method over the 10-year tax credit period.

## CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP

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### Notes To Consolidated Financial Statements (Continued)

#### Debt Issuance Costs

Debt issuance costs totaling \$47,280 related to the original permanent financing were capitalized and are being amortized using the effective interest method over the life of the loan. Accumulated amortization totals \$21,467 and \$20,285 as of December 31, 2018 and 2017, respectively. Amortization expense is included in financial expenses on the statement of profit and loss.

#### Syndication Costs

Costs incurred in the syndication of the Limited Partner interest are recorded as an offset against capital raised.

#### Rental Revenue

The rental property is generally leased to tenants under one-year noncancelable operating leases. Rental revenue is recognized on a straight-line basis over the terms of the leases. Rental payments received in advance are deferred until earned.

#### Income Taxes

Under provisions of the Internal Revenue Code (the Code) and applicable state laws, the Partnership is not directly subject to income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements.

#### Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

## 2. Deferred Costs

Deferred costs consist of:

|                                | <u>2018</u>       | <u>2017</u>       |
|--------------------------------|-------------------|-------------------|
| Deferred ground lease costs    | \$ 452,263        | \$ 452,263        |
| Less: Accumulated amortization | 83,372            | 78,804            |
|                                | <u>\$ 368,891</u> | <u>\$ 373,459</u> |

## CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP

Notes To Consolidated Financial Statements (Continued)

### 3. Mortgage Notes Payable

Mortgage notes payable consist of the following:

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| Permanent financing is being provided through HOME loan funds by MHDC under a \$1,240,000 loan commitment. The nonrecourse loan is secured by a first deed of trust on the property and bears interest at an annual rate of 1%. The note is payable in monthly installments of \$3,135, including principal and interest, through January 2041.  | \$ 745,261        | \$ 775,271        |
| Construction and permanent financing is also being provided by the Housing Authority of the City of Jefferson, Missouri, an affiliate of the general partner, under a loan commitment of \$104,000. The nonrecourse loan is secured by a deed of trust subject to a Subordination Agreement between the lender and U. S. Bank, N.A. The loan bears interest at an annual rate of 5%. Beginning in September 2001, annual principal and interest payments of \$6,785 are payable from surplus cash, as determined in the Partnership Agreement. The entire balance of unpaid principal and interest is due in January 2040. | <u>104,000</u>    | <u>104,000</u>    |
|  | <u>\$ 849,261</u> | <u>\$ 879,271</u> |

The scheduled maturities of the mortgage notes payable at December 31, 2018 are as follows:

| <u>Year</u> | <u>Amount</u>     |
|-------------|-------------------|
| 2019        | \$ 56,459         |
| 2020        | 32,760            |
| 2021        | 33,194            |
| 2022        | 33,638            |
| 2023        | 34,093            |
| Thereafter  | <u>659,117</u>    |
|             | <u>\$ 849,261</u> |

## **CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **4. Commitments**

The Partnership has entered into a regulatory agreement with MHDC, which regulates, among other things, the rents, which may be charged for apartment units in the Project, prohibits the sale of the Project without MHDC consent, limits the annual distribution of cash flow to the partners and otherwise regulates the relationship between the Partnership and MHDC.

Pursuant to an agreement with HUD, under Section 8 of the Housing Assistance Payment Program, the Partnership is entitled to receive housing assistance payments on behalf of qualified tenants. The Partnership cannot sell or otherwise substantially liquidate its assets during such period that the agreement for housing assistance program with HUD is in existence without its prior approval.

A land use agreement filed with MHDC requires that at least 40% of the residential units shall be set aside and made available for rental solely to eligible low-income individuals or families, as defined in the Code.

The Partnership has executed a ground lease agreement with the Housing Authority of the City of Jefferson, Missouri (JCHA), an affiliate of the General Partner. The agreement is subject to various use restrictions and operating requirements, as defined in the agreement. Upon expiration of the agreement, the Partnership has an option to purchase the property. As JCHA acts as the Land Clearance for Redevelopment Authority of Jefferson City, Missouri, and also holds the fee title to the property, the property is exempt from the payment of real estate taxes as long as JCHA continues to hold the property.

#### **5. Related Party Transactions**

The Project is managed by JCHA, which receives a fee, not to exceed, \$30 per occupied unit per month. This fee amounted to \$15,120 and \$15,090 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, \$155,901 and \$140,781, respectively, was payable.

An affiliate of the General Partner earned a development fee totaling \$555,000 as consideration for services rendered to the Partnership during the construction phase. At December 31, 2018 and 2017, \$82,907 remains payable and is included in accounts payable - construction/development.

The Partnership Agreement provides for various guarantees and obligations of the General Partner and certain affiliated entities.

## **CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**

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### Notes To Consolidated Financial Statements (*Continued*)

An affiliate of the General Partner has provided construction and permanent financing in the amount of \$104,000 (Note 3). Interest expense of \$5,200 was charged during 2018 and 2017. At December 31, 2018 and 2017, accrued interest totaled \$98,800 and \$93,600, respectively, on such financing.

JCHA periodically advances funds to the Project to cover costs of operations. The balance outstanding at December 31, 2018 and 2017 is \$103,068, and is non-interest bearing.

The Partnership has entered into an incentive partnership management fee agreement with an affiliate of the General Partner for services in managing the business of the Partnership. In consideration for such services, the Partnership shall pay the fee solely from Net Cash Flow, as defined in the Partnership Agreement, and such fee shall not be cumulative. No such fee was paid or accrued by the Partnership at December 31, 2018 or 2017.

#### **6. Low-Income Housing Tax Credits (Unaudited)**

The Partnership was allocated low-income housing tax credits by the Missouri Housing Development Commission. Federal and state credits amounted to \$3,637,240 each. As of December 31, 2018, the Partnership has allocated all federal and state tax credits to the partners.

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
99-108-HT**

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**SUPPORTING DATA REQUIRED BY MHDC  
December 31, 2018**

**Schedule Of Escrow Deposits And Replacement Reserves**

|   |                       |
|---|-----------------------|
| Balance - January 1, 2018                                 | \$ 127,246            |
| Monthly deposits  | 17,413                |
| Interest earned   | 873                   |
| Release of funds  | <u>(11,942)</u>       |
| <br>Balance - December 31, 2018<br>confirmed by mortgagee | <br><u>\$ 133,590</u> |
| <br>Tax and insurance reserves                            | <br><u>\$ (71)</u>    |

# Computation of Surplus Cash, Distributions and Residual Receipts

| PROJECT NAME   | FISCAL PERIOD ENDED: | PROJECT NUMBER |
|--|----------------------|----------------|
| Capital City Apartments Limited Partnership  | 12/31/2018           | 99-108-HT      |
| Part A - Compute Surplus Cash  |                      |                |
| Cash   |                      |                |
| 1. Cash (Accounts 1120, 1170, 1191 minus Account 2105) (S1300-010)                               | \$ 12,789            |                |
| 2. Tenant subsidy due for period covered by financial statement (1135)                           | \$ —                 |                |
| 3. Other (describe) (S1300-030)  | \$ —                 |                |
| (a) Total Cash (Add Lines 1, 2, and 3) (S1300-040)   | \$ 12,789            |                |
| Current Obligations  |                      |                |
| 4. Accrued mortgage interest payable (S1300-050)   | \$ 621               |                |
| 5. Delinquent mortgage principal payments (S1300-060)  | \$ —                 |                |
| 6. Delinquent deposits to reserve for replacements (S1300-070)                                   | \$ —                 |                |
| 7. Accounts payable - 30 days (S1300-075)  | \$ 8,810             |                |
| 8. Loans and notes payable (due within 30 days) (S1300-080)                                      | \$ —                 |                |
| 9. Deficient tax insurance or MIP escrow deposits (S1300-090)                                    | \$ —                 |                |
| 10. Accrued expenses (not escrowed) (S1300-100)  | \$ 19,030            |                |
| 11. Prepaid revenue (2210)   | \$ 846               |                |
| 12. Tenant security deposits liability (2191)  | \$ 11,164            |                |
| 13. Other current obligations (S1300-110) - Bank Overdraft                                       | \$ 54,893            |                |
| (b) Total Current Obligations (Add Lines 4 through 13) (S1300-140)                               | \$ 95,364            |                |
| (c) Surplus Cash (Deficiency) [Line (a) minus Line (b)] (S1300-150)                              | \$ (82,575)          |                |
| Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts               |                      |                |
| 1. Surplus Cash  | \$ None              |                |
| Limited Dividend Projects  |                      |                |
| 2a. Annual distribution earned during fiscal period covered by the statement (S1300-160)         | \$ —                 |                |
| 2b. Distribution accrued and unpaid as of the end of the prior fiscal period (S1300-170)         | \$ —                 |                |
| 2c. Distributions and entity expenses paid during fiscal period covered by statement (S1300-180) | \$ —                 |                |
| 3. Distribution earned but unpaid (Line 2a plus 2b minus 2c) (S1300-190)                         | \$ —                 |                |
| 4. Amount available for distribution during next fiscal period (S1300-200)                       | \$ —                 |                |
| 5. Deposit due residual receipts (S1300-210)   | \$ —                 |                |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

**COMPUTATION OF DISTRIBUTIONS TO OWNERS AND  
REQUIRED DEPOSIT TO RESIDUAL RECEIPTS**

| <b>Development</b><br><b>Name:</b> Capital City Apartments Limited Partnership<br><b>A.</b>  | <b>Fiscal<br/>Period</b> | <b>From:</b> <u>January 1, 2018</u><br><b>To:</b> <u>December 31, 2018</u> |  |  |           |                |               |     |   |      |     |                                      |             |     |
|--|--------------------------|--|--|--|-----------|----------------|---------------|-----|---|------|-----|--------------------------------------|-------------|-----|
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: right; border-bottom: 1px solid black;">Line Item</th> </tr> </thead> <tbody> <tr> <td>Current Equity</td> <td style="text-align: right;">*\$ 5,009,239</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Multiply percent per regulatory agreement</td> <td style="text-align: right;">x 8%</td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Annual distribution earned for: 2018</td> <td style="text-align: right; border-top: 1px solid black;">=\$ 400,739</td> <td style="text-align: right; border-top: 1px solid black;">(3)</td> </tr> </tbody> </table> |                          |  |  |  | Line Item | Current Equity | *\$ 5,009,239 | (1) | Multiply percent per regulatory agreement | x 8% | (2) | Annual distribution earned for: 2018 | =\$ 400,739 | (3) |
|  |                          | Line Item  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Current Equity   | *\$ 5,009,239            | (1)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Multiply percent per regulatory agreement  | x 8%                     | (2)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Annual distribution earned for: 2018   | =\$ 400,739              | (3)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>B. Distribution accrued and unpaid as of the end of the prior fiscal period:</b>  |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Distributions earned per Regulatory Agreement at 12/31, or end of accounting year, if different, for years:  |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2017   | \$ 398,338               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2016   | \$ 395,961               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2015   | \$ 393,608               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2014   | \$ 391,278               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2013   | \$ 388,972               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2012   | \$ 386,688               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2011   | \$ 384,427               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2010   | \$ 382,188               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2009   | \$ 379,972               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2008   | \$ 377,778               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2007   | \$ 375,606               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2006   | \$ 373,455               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2005   | \$ 371,325               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2004   | \$ 369,217               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2003   | \$ 367,130               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2002   | \$ 365,064               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2001   | \$ 363,018               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 2000   | \$ 123,685               |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| 1999 and prior years   | \$ —                     |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Total prior year distributions earned  | \$ 6,587,710             | (4)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Less: Distributions made to partners in prior years:   | -\$ —                    | (5)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Less: Other  | -\$ —                    | (6)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>Distributions accrued and unpaid as of period covered by statement:</b>   | <b>=\$ 6,587,710</b>     | <b>(7)</b>   |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>C. Distributions paid during period covered by statement:</b>   |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| To partners  | \$ —                     | (8)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Other  | \$ —                     | (9)  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Total distributions paid during period covered by statement  | =\$ —                    | (10)   |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>D. Amount to be carried as distributions earned but unpaid:</b>   |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| Line (3) + Line (7) - Line (10) =  | **\$ 6,988,449           | (11)   |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>E. Amount available for distribution during next fiscal period:</b>   |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
|  | \$ None                  | (12)   |  |  |           |                |               |     |   |      |     |                                      |             |     |
| <b>F. Deposits due residual receipts:</b>  |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
| If Line (11) is greater than Line (12), enter zero (\$0), else enter Line (12) - Line (11), and deposit amount within 60 days of fiscal year end into joint account with mortgagee (MHDC).   |                          |  |  |  |           |                |               |     |   |      |     |                                      |             |     |
|  | \$ None                  | (13)   |  |  |           |                |               |     |   |      |     |                                      |             |     |

\* Current equity represents initial equity investment plus mortgage principal reduction through end of fiscal period.

\*\* Distributions may only be made to the extent that there is surplus cash available as shown in Part E.



**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP**  
**99-108-HT**

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**SUPPORTING DATA REQUIRED BY MHDC (Continued)**  
**December 31, 2018**

**Schedule Of Fixed Assets**

|       |                                  | <b>Balance</b>      |                     |                   |  | <b>Balance</b>      |
|-------|----------------------------------|---------------------|---------------------|-------------------|--|---------------------|
|       |                                  | <b>January 1,</b>   |                     |                   |  | <b>December 31,</b> |
|       |                                  | <b>2018</b>         | <b>Additions</b>    | <b>Deductions</b> |  | <b>2018</b>         |
| 1410  | Land improvements                | \$ 550,828          | \$ —                | \$ —              |  | \$ 550,828          |
| 1420  | Buildings                        | 4,544,501           | —                   | —                 |  | 4,544,501           |
| 1450  | Furniture for project/tenant use | 90,683              | —                   | 3,297             |  | 87,386              |
| 1465  | Office furniture and equipment   | 12,013              | —                   | —                 |  | 12,013              |
|       | Total                            | 5,198,025           | —                   | 3,297             |  | 5,194,728           |
| 1495  | Accumulated depreciation         | 2,568,542           | 147,397             | 3,297             |  | 2,712,642           |
| 1400N | <b>Net Book Value</b>            | <b>\$ 2,629,483</b> | <b>\$ (147,397)</b> | <b>\$ —</b>       |  | <b>\$ 2,482,086</b> |

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
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**SUPPORTING DATA REQUIRED BY MHDC (Continued)  
December 31, 2018**

**Funds In Financial Institutions**

**A. Funds Held By Mortgagor, Regular Operating Account**

JCHA Revolving Fund (checking)<sup>(1)</sup> \$ (54,893)

**B. Funds Held By Mortgagor In Trust, Tenant Security Deposits**

Central Bank (savings)<sup>(1)</sup>  
(corresponding security deposit liability totals \$11,164) 12,789

**Funds Held By Mortgagor, TOTAL** (42,104)

**D. Funds Held By Mortgagee, MHDC (In Trust)**

1. Tax and insurance escrow, Missouri Housing Development  
Commission<sup>(1)</sup> (71)

2. Reserve Fund For Replacements, Missouri Housing Development  
Commission<sup>(1)</sup> 133,590

**Funds Held By Mortgagee, Total** 133,519

**TOTAL FUNDS IN FINANCIAL INSTITUTIONS** \$ 91,415

<sup>(1)</sup> Balances audited as of December 31, 2018

**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
99-108-HT**

**SUPPORTING DATA REQUIRED BY MHDC (Continued)  
December 31, 2018**

**Schedule Of Eligible And Allocated Federal And  
State Tax Credits (Unaudited)**

**TIN #: 43-1868502**

| Credit<br>Year | Calendar<br>Year | Annual Federal LIHTC |            | Annual State LIHTC |            |
|----------------|------------------|----------------------|------------|--------------------|------------|
|                |                  | Allocated            | Eligible   | Allocated          | Eligible   |
| 1              | 2001             | \$ 363,724           | \$ 363,724 | \$ 363,724         | \$ 363,724 |
| 2              | 2002             | 363,724              | 363,724    | 363,724            | 363,724    |
| 3              | 2003             | 363,724              | 363,724    | 363,724            | 363,724    |
| 4              | 2004             | 363,724              | 363,724    | 363,724            | 363,724    |
| 5              | 2005             | 363,724              | 363,724    | 363,724            | 363,724    |
| 6              | 2006             | 363,724              | 363,724    | 363,724            | 363,724    |
| 7              | 2007             | 363,724              | 363,724    | 363,724            | 363,724    |
| 8              | 2008             | 363,724              | 363,724    | 363,724            | 363,724    |
| 9              | 2009             | 363,724              | 363,724    | 363,724            | 363,724    |
| 10             | 2010             | 363,724              | 363,724    | 363,724            | 363,724    |
| 11             | 2011             | N/A                  |            | N/A                |            |
| 12             | 2012             | N/A                  |            | N/A                |            |
| 13             | 2013             | N/A                  |            | N/A                |            |
| 14             | 2014             | N/A                  |            | N/A                |            |
| 15             | 2015             | N/A                  |            | N/A                |            |

**Independent Auditors' Report  
On Internal Control Over  
Financial Reporting And On  
Compliance And Other Matters  
Based On An Audit Of Financial  
Statements Performed In Accordance  
With *Government Auditing Standards***

Partners  
Capital City Apartments Limited Partnership  
Jefferson City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital City Apartments Limited Partnership, which comprise the balance sheet as of December 31, 2018, and the related statements of profit and loss, partners' equity and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Capital City Apartments Limited Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital City Apartments Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Capital City Apartments Limited Partnership's internal control.

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

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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Capital City Apartments Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose Of This Report**

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

*RubinBrown LLP*

March 20, 2019




**CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP  
99-108-HT**

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**MANAGING AGENT CERTIFICATION  
For The Year Ended December 31, 2018**

We hereby certify that we have examined the accompanying financial statements and supplementary information of Capital City Apartments Limited Partnership and, to the best of our knowledge and belief, the same is complete and accurate.

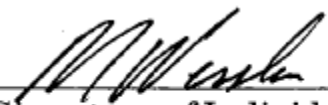
Housing Authority For The City Of  
Jefferson, Missouri

By:   
\_\_\_\_\_  
Signature of Signer

Cynthia Quetsch  
Printed Name of Signer

Executive Director  
Title of Signer

44-6005933  
Employer Identification Number

  
\_\_\_\_\_  
Signature of Individual Responsible for  
Management of Property

Michelle Wessler  
Printed Name of Individual Responsible for  
Management of Property

March 20, 2019  
Date

### Auditors' Transmittal Letter

S3200-010 Audit Firm RubinBrown LLP

S3200-020 Lead Auditor First Name Tracy

S3200-030 Lead Auditor Middle Name Lynn

S3200-040 Lead Auditor Last Name Senf

S3200-050 Auditor Street Address Line 1 One North Brentwood

S3200-060 Auditor Street Address Line 2 \_\_\_\_\_

S3200-070 Auditor City St. Louis

S3200-080 Auditor State Missouri

S3200-090 Auditor Zip Code 63105

S3200-100 Auditor Zip Code Extension \_\_\_\_\_

S3200-110 Auditor Telephone Number (314) 290-3300

S3200-120 Auditor Firm TIN 43-0765316

S3200-130 Date Of Independent Auditors' Report March 20, 2019