

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



**Loveridge Hunt & Co., PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**Loveridge Hunt & Co., PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members  
Bicycle Apartments LLC  
Yakima, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bicycle Apartments LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bicycle Apartments LLC as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bicycle Apartments LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

## INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information shown on pages 17 to 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 audits 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.

*Loveridge Hunt + Co, PLLC*

Bellevue, Washington  
February 28, 2023

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

BALANCE SHEETS

	December 31,	
	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 199,411	\$ 1,044,715
RESTRICTED DEPOSITS AND FUNDED RESERVES:		
Tenant trust - security deposits	26,640	25,565
Operating reserve	944,249	942,886
Replacement reserve	56,840	28,000
Total restricted deposits and funded reserves	1,027,729	996,451
RENTAL PROPERTY AND EQUIPMENT, AT COST:		
Buildings, improvements and equipment	15,332,055	15,332,055
Less: accumulated depreciation	(960,457)	(532,364)
	14,371,598	14,799,691
Land	1,096,737	1,096,737
Total Fixed Assets	15,468,335	15,896,428
OTHER ASSETS:		
Tax credit fees, net of accumulated amortization of \$22,716 and \$12,232	134,550	145,034
Prepaid expenses - asset management fee	97,500	105,000
Total Other Assets	232,050	250,034
TOTAL ASSETS	\$ 16,927,525	\$ 18,187,628

Continued on Page 5.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

BALANCE SHEETS - (CONTINUED)

	December 31,	
	2022	2021
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ <u>51,993</u>	\$ <u>25,747</u>
Total Current Liabilities	51,993	25,747
DEPOSITS LIABILITY:		
Tenant security deposits payable	26,640	25,565
LONG-TERM LIABILITIES:		
Accrued interest payable	29,750	120,798
Notes payable	3,014,032	3,025,000
Company administrative fee	4,680	-
Developer fee	<u>-</u>	<u>898,174</u>
Total Long-Term Liabilities	3,048,462	4,043,972
MEMBERS' EQUITY	<u>13,800,430</u>	<u>14,092,344</u>
TOTAL LIABILITIES AND MEMBERS EQUITY	<u>\$ <u>16,927,525</u></u>	<u>\$ <u>18,187,628</u></u>

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

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2022	2021
<b>RENTAL REVENUE:</b>		
Tenant rent	\$ 331,471	\$ 326,047
Rental subsidy	<u>330,648</u>	<u>298,328</u>
Total Rental Revenue	662,119	624,375
<b>MISCELLANEOUS REVENUE:</b>		
Other revenue	<u>11,371</u>	<u>22,368</u>
<b>TOTAL REVENUE</b>	673,490	646,743
<b>EXPENSES:</b>		
Administrative	184,796	186,533
Management fee	51,636	44,688
Asset management fee	7,500	7,500
Utilities	73,772	57,298
Maintenance and operating	82,361	57,180
Taxes and insurance	39,968	15,089
Interest on notes payable	66,291	115,838
Company administrative fee	4,680	-
Marketing expense	<u>15,823</u>	<u>31,893</u>
	526,827	516,019
 Net income before depreciation and amortization	 146,663	 130,724
 Depreciation	 428,093	 426,040
Amortization	<u>10,484</u>	<u>10,485</u>
 Net loss	 \$ <u><u>(291,914)</u></u>	 \$ <u><u>(305,801)</u></u>

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



BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2022 AND 2021

	Managing Member	Investor Member	Total
Balance - January 1, 2021	\$ (40)	\$ 9,882,459	\$ 9,882,419
Contributions	-	4,515,726	4,515,726
Net loss	(31)	(305,770)	(305,801)
Balance - December 31, 2021	(71)	\$ 14,092,415	\$ 14,092,344
Net loss	(29)	(291,885)	(291,914)
Balance - December 31, 2022	\$ (100)	\$ 13,800,530	\$ 13,800,430

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

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (291,914)	\$ (305,801)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	438,577	436,525
Amortization of debt issuance costs	-	23,375
Changes in assets and liabilities:		
Prepaid expenses	7,500	7,500
Accounts payable	26,246	(68,385)
Accrued interest payable	(91,048)	43,653
Accrued company administrative fee	4,680	-
Tenant security deposits payable	<u>1,075</u>	<u>(1,906)</u>
Net cash provided by operating activities	95,116	134,961
Cash flows from investing activities:		
Payments of fixed assets and construction costs	-	(73,750)
Cash flows from financing activities:		
Proceeds from loans	(10,968)	49,820
Payments of construction loan	-	(2,811,636)
Proceeds from capital contributions	-	4,515,726
Development fee payments	<u>(898,174)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(909,142)</u>	<u>1,753,910</u>
Net increase (decrease) in cash and restricted cash	(814,026)	1,815,121
Cash and restricted cash, beginning of year	<u>2,041,166</u>	<u>226,045</u>
Cash and restricted cash, end of year	<u>\$ 1,227,140</u>	<u>\$ 2,041,166</u>
Supplemental disclosure of cash flow information:		
cash paid for interest during the year	\$ 157,339	\$ 48,810

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

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS

Bicycle Apartments LLC ("the Company") was formed in Washington in December 2015, as a Limited Liability Company. Under the terms of the Amended and Restated Operating Agreement ("the Operating Agreement") dated August 1, 2019, the Managing Member is Bicycle Apartments GP LLC, a Washington Limited Liability Company (the "Managing Member"), the special Investor Member is BFIM Special Limited Partner, Inc., a Florida Corporation and the Investor Member is BF Bicycle Apartments, LLC, a Delaware Limited Liability Company (the "Investor Member"). The Company will continue until terminated in accordance with the provisions of the Operating Agreement.

The Company was organized to acquire, finance, own, construct, maintain, improve, and operate a 80-unit apartment project known as Bicycle Apartments LLC ("the Project") located in Yakima, Washington. Construction began in 2019 and was completed in November 2020.

The Company has received a preliminary reservation of federal low-income housing tax credits (LIHTC) under Section 42 of the Internal Revenue Code administered by the Washington State Housing Finance Commission (WSHFC). Under this program, housing provided by the Company is subject to monitoring of tenant eligibility by WSHFC. Except for the manager unit, the Company has agreed to maintain 79 apartments as both rent restricted and occupied by low-income tenants for a minimum period of 40 years beginning 2020. Additionally, 40 units are set aside for homeless.

During the years ended December 31, 2022 and 2021, the Company received rental assistance in the amount of \$330,648 and \$298,328, respectively, from the Housing Authority of Yakima, representing 49 and 46 percent of total revenue, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges, which are recognized as performance obligations are satisfied.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capitalization and Depreciation

Land, building and furniture and fixtures are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. Upon disposal of the depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Costs that clearly relate to the construction of the project are capitalized. Costs are allocated to project components by the specific identification method.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives for financial reporting purposes. For income tax purposes, accelerated lives and methods are used. For financial statement purposes, the following estimated useful lives and methods are used:

	<u>Estimated life</u>	<u>Method</u>
Land.....	-	None
Building and improvements .....	40 years	straight-line
Site improvements.....	20 years	straight-line
Furniture and fixtures.....	10 years	straight-line

Amortization

Amortization is computed on a straight-line basis. Tax credit fees are amortized over a 15-year period. Organization costs are expensed as incurred.

Income Taxes

The Company is not subject to income taxes. Income or loss from the Company is reported on the returns of the individual members. Management believes that the Company has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, the Company's tax returns remain open for three years for federal income tax examination.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense in accordance with ASU 2015-03. See Note 5 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash, Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total amount shown in the statements of cash flows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 199,411	\$ 1,044,715
Tenant trust - security deposits	26,640	25,565
Operating reserve	944,249	942,886
Replacement reserve	<u>56,840</u>	<u>28,000</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 1,227,140</u>	<u>\$ 2,041,166</u>

Impairment

The Company reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized as of December 31, 2022 and 2021.

Estimates

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

Profit and Loss Allocations

Profits and losses are allocated as follows:

Managing Member	0.01%
Investor Member	99.99%

BICYCLE APARTMENTS LLC  
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NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Subsequent Event

Management of the Company has evaluated events and transactions occurring after December 31, 2022 through February 28, 2023, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

NOTE 3 - RESERVES

Operating Reserve

In accordance with provisions in the Operating Agreement, the Company is required to fund an operating reserve in the amount of \$1,000,000 upon the payment of the third installment from the Investor Member. To the extent that net proceeds through such date are insufficient to fund the operating reserve in full, the Managing Member shall make a special capital contribution to the Company in the amount necessary to fund the balance of the operating reserve. Funds held in the Operating Reserve may be used to pay operating expenses without consent of the Special Investor Member as long as the aggregate amount withdrawn from the Operating Reserve in the applicable fiscal year does not exceed the applicable ECR withdrawal Cap for such fiscal year. As of December 31, 2022 and 2021, the operating reserve totaling \$944,249 and \$942,886, respectively. In 2022 and 2021, the applicable ECR withdrawal Cap was zero.

Replacement Reserve

In accordance with provisions in the Operating Agreement, the Company is required to fund a replacement reserve in the amount of \$28,000, \$350 per unit per year commencing on the Completion Date and increasing 3% annually. As of December 31, 2022 and 2021, replacement reserve balance totaled \$56,840 and \$28,000, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

Advances from Affiliate of the Managing Member

Labor services are performed for the Company by employees of an affiliate of the Managing Member. Additionally, the affiliate of the Managing Member pays substantially all operating expenses as they come due. The Company reimburses the affiliate of the Managing Member for the operating expenses, labor expenses including payroll taxes and applicable benefits on a monthly basis. These expenses are expensed as incurred. As of December 31, 2022 and 2021, the Company is obligated to repay an affiliate of the Managing Member \$51,993 and \$25,033, respectively, for operating costs paid on its behalf.

Notes Payable to Managing Member

The Company has two notes payable to an affiliate of the Managing Member totaling \$750,000 and \$989,032, as discussed further in Note 5.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Property Management

In accordance with the property management agreement, the Company pays an affiliate of the Managing Member a property management fee not to exceed the lesser of 7 percent of effective gross income or the maximum amount permitted by any relevant Governmental Agency or Lender. During 2022 and 2021, property management fees charged totaled \$51,636 and \$44,688, respectively.

Asset Management Fee

In accordance with the operating agreement, the Company prepaid the Special Investor Member an asset management fee in the amount of \$112,500 for asset management services to the Company related to the Project during the Compliance Period. As of December 31, 2022 and 2021, prepaid asset management fees totaled \$97,500 and \$105,000, respectively. During 2022 and 2021, asset management fee expense totaled \$7,500 each year.

Company Administration Fee

The Company is to pay the Managing Member a company administration fee totaling \$4,500 starting in 2022. The fee is to increase by 4 percent each year. The fee is payable from available cash flow and is cumulative. As of December 31, 2022 the fee charged to expense totaled \$4,680. As of December 31, 2022, there company administrative fee payable totaled \$4,680.

Developer Fee

Pursuant to the Development Fee Agreement, an affiliate of the Managing Member is entitled to a development fee in the amount of \$1,499,076. Per the WSHFC limitation on the developer fee charged to the Company, only \$1,409,639 can be charged. As of December 31, 2022, the developer fees was paid in full. As of December 31, 2021, the developer fee payable totaled \$898,174. The Developer shall be paid such portion of its developer fee as possible from available debt and equity proceeds of the Company, to the extent such proceeds are not required for other Company's purposes. The remainder of the developer fee shall constitute a loan bearing an interest rate equal to the long-term applicable federal rate for the month in which the Project achieves construction completion. In accordance with the Development Agreement, the entire fee shall be paid no later than April 1, 2034. To the extent that cash flow and/or net proceeds through such date are insufficient to repay the developer fee in full, the Managing Member shall make a capital contribution to the Company in the amount necessary to pay the balance of the developer fee.

NOTE 5 - NOTES PAYABLE

Substantially all of the rental property and equipment is pledged as collateral on the notes. No member is personally liable for the notes. As of December 31, 2022 and 2021, it is not practicable to make a reasonable estimate of fair value for the notes payable.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - NOTES PAYABLE - (CONTINUED)

Promissory Note - Washington Housing Trust Fund

The Company has a Promissory Note to Washington State Department of Commerce in the amount of \$1,275,000 at an interest rate of 1 percent per annum. The full principal loan amount shall be due and payable on or before March 31, 2061. Payment of principal and interest are subject to cash flow (as defined in the Operating Agreement). Starting on March 31, 2037, annual payment of principal and interest shall be due in the amount of \$67,213. As of December 31, 2022 and 2021, the mortgage note totaled \$1,275,000 each year. As of December 31, 2022 and 2021, interest expense totaled \$12,750 each year, and accrued interest totaled \$29,750 and \$17,000, respectively.

Sponsor Loan - FHLBDM Loan

The Company entered into a Promissory Note with an affiliate of the Managing Member in the amount of \$750,000. The Promissory Note incurs interest of 3 percent compounded per annum and matures on March 31, 2061. Payment of principal and interest are subject to cash flow (as defined in the Operating Agreement). As of December 31, 2022 and 2021, the note payable totaled \$750,000. During 2022 and 2021, interest expense totaled \$23,871 and \$13,519. As of December 31, 2022, there was no accrued interest. As of December 31, 2021, accrued interest totaled \$45,675.

Sponsor Loan - Yakima Office of Neighborhood Development Services - HOME Loan

The Company entered into a Promissory Note with an affiliate of the Managing Member in the amount of \$1,000,000. The Promissory Note incurs interest of 3 percent compounded per annum and matures on March 31, 2061. Payment of principal and interest are subject to cash flow (as defined in the Operating Agreement). As of December 31, 2022 and 2021, the note payable totaled \$989,032 and \$1,000,000, respectively. During 2022 and 2021, interest expense totaled \$29,670 and \$17,385, respectively. As of December 31, 2022, there was no accrued interest. As of December 31, 2021, accrued interest totaled \$58,123.

NOTE 6 - CONSTRUCTION NOTE PAYABLE

The Company entered into a Construction Loan with Cashmere Valley Bank to fund the construction of the development in the amount of \$9,700,000 with an interest rate of 3.95 percent per annum and a maturity date of August 19, 2021. All accrued interest and principal were due upon maturity and was paid in full in May 2021 with the third equity installment from the Investor Member. As of December 31, 2021, interest expense totaled \$48,810. During 2021, debt issuance cost expensed totaled \$23,375. Substantially all of the rental property and equipment was pledged as collateral on the note.



BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - COMPANY PROFITS AND LOSSES AND DISTRIBUTIONS

Generally, all profits and losses are allocated 0.01 percent to the Managing Member and 99.99 percent to the Investor Member. Cash Flow, as defined by the Operating Agreement, generally is distributable 0.01 percent to the Managing Member and 99.99 percent to the Investor Member. Profit and losses arising from the sale, refinancing or other disposition of all or substantially all of the Company's assets will be specially allocated based on the respective members' capital account balances, as prioritized in the Operating Agreement. Additionally, the Operating Agreement provides for other instances in which a special allocation of profits and losses and distributions may be required.

NOTE 8 - CAPITAL CONTRIBUTION

The Investor Member shall contribute as its Capital Contribution the sum of \$14,731,910, payable in four installments. During 2021, the Company received an upward adjuster to the Capital Contribution due to early lease up of units. As of December 31, 2022 and 2021, the Investor Member provided capital contributions totaled \$14,828,063.

NOTE 9 - DISTRIBUTIONS OF CASH FLOW

Cash receipts as defined in the Amended and Restated Operating Agreement.

	<u>2022</u>
<u>Cash receipts as defined by Operating Agreement</u>	
Rental receipts	\$ 662,119
Other revenue	11,371
Less interest receipts	<u>(1,369)</u>
Total receipts	672,121
 <u>Cash expenses as defined by Operating Agreement</u>	
Administrative	(184,796)
Management fee	(51,636)
Utilities	(73,772)
Maintenance and operating	(82,361)
Taxes and insurance	(39,968)
Interest payments	(157,339)
Marketing	(15,823)
Change in accounts payable	<u>26,246</u>
Total expenses	<u>(579,449)</u>
 Distributable Cash Flow	 \$ <u><u>92,672</u></u>

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DISTRIBUTIONS OF CASH FLOW - (CONTINUED)

Subject to any Requisite Approvals and the Regulatory Agreements, (i) net rental income generated through the Development Obligation Date shall be includable in Designated Proceeds and applied to pay Development Cost (including the Development Fee); provided, however, that any balance remaining after payment in full of all Development Costs (including the Development Fee) shall be distributed as Cash Flow in accordance with priorities set forth below, and (ii) after the Development Obligation Date, Cash Flow for each Fiscal Year (or fraction portion thereof) shall be distributed, within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

- 1 To the Investor Member in an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;
- 2 To replenish Operating Reserve as necessary so that the balance equals the sum (i) 230 plus (ii) the sum of the amounts of the then-applicable ECR withdrawal caps for the remaining years of the compliance period;
- 3 To the payment of the Deferred Development Fee Note and any accrued but unpaid interest thereon;
- 4 To payment of the Deferred Property Management Fee and any outstanding Operating Expense Loans (pro rata);
- 5 To payment of any outstanding Voluntary Loans;
- 6 To the payment of the ONDS Mortgage Loan in accordance with the ONDS Mortgage Loan Documents;
- 7 To payment of debt service on the AHP Mortgage Loan in accordance with the AHP Mortgage Loan Document;
- 8 10% of the balance remaining after Clause Sixth above shall be distributed to the Investor Member;
- 9 To the payment of the Supervisory Management Fee; and
- 10 Any balance, shall be distributed 100% to the Managing Member.

Net Cash Flow as defined in the Operating Agreement	\$ <u>92,672</u>
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Applied to the following:

(1) To investor for any unpaid credit adjuster payments owed, none	-
(2) To replenish Operating Reserve as necessary, none due	-
(3) To Deferred Development Fee Note and any accrued interest, none	-
(4) To Deferred Property Management fee and any outstanding operating loans, none	-
All amounts due under the development loan, none	
(5) To outstanding Voluntary Loans payment, none	-
(6) To ONDS Mortgage Loan	92,672
(7) To payment of the debt service on the AHP Mortgage Loan,	-
(8) 10% of the balance remaining to the Investor member	-
(9) To Supervisory Management Fee payment,	-
(10) any balance, shall be distributed 100% to the Managing Member	-
Total	\$ <u><u>92,672</u></u>

ADDITIONAL INFORMATION

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

SCHEDULES OF INCOME AND OPERATING EXPENSES

	Years Ended December 31,	
	2022	2021
Rent income:		
Residential income	\$ 331,471	\$ 326,047
Subsidy income	<u>330,648</u>	<u>298,328</u>
	<u>\$ 662,119</u>	<u>\$ 624,375</u>
Other income:		
Laundry and vending	\$ 10,002	\$ 14,066
NSF, late charges and screening	-	7,996
Interest income	<u>1,369</u>	<u>306</u>
	<u>\$ 11,371</u>	<u>\$ 22,368</u>
Administrative expenses:		
Office expenses	\$ 2,893	\$ 4,909
Licenses, permits, fees, taxes	1,997	5,116
Accounting	28,019	31,771
Payroll benefits	34,962	23,463
Manager salary and payroll taxes	108,753	114,311
Telephone expense	1,793	1,294
Other administrative	<u>6,379</u>	<u>5,669</u>
	<u>\$ 184,796</u>	<u>\$ 186,533</u>
Utilities:		
Sewer	\$ 46,363	\$ 33,558
Electricity	12,013	10,113
Garbage	<u>15,396</u>	<u>13,627</u>
	<u>\$ 73,772</u>	<u>\$ 57,298</u>
Management fees:		
Property management	<u>\$ 51,636</u>	<u>\$ 44,688</u>

Continued on Page 19.

BICYCLE APARTMENTS LLC  
(A LIMITED LIABILITY COMPANY)

SCHEDULES OF INCOME AND OPERATING EXPENSES - (CONTINUED)

	Years Ended December 31,	
	2022	2021
Repairs and maintenance expenses:		
Grounds maintenance	\$ 918	\$ 1,269
Repairs and maintenance payroll and taxes	47,188	37,134
Fire systems contract	10,294	4,329
Janitor and cleaning contract/salaries	815	1,377
Repairs supplies	13,993	5,003
Appliances	7,149	-
Exterminating	<u>2,004</u>	<u>8,068</u>
	<u>\$ 82,361</u>	<u>\$ 57,180</u>
Taxes and insurance expenses:		
Insurance expense	\$ -	\$ -
Personal property taxes	45	38
Property and liability insurance	<u>39,923</u>	<u>15,051</u>
	<u>\$ 39,968</u>	<u>\$ 15,089</u>
Interest expense		
Interest on notes payable to affiliate	\$ 66,291	\$ 43,654
Amortization of debt issuance costs	-	23,375
Interest on other notes payable	<u>-</u>	<u>48,809</u>
	<u>\$ 66,291</u>	<u>\$ 115,838</u>
Depreciation and amortization		
Depreciation	\$ 428,093	\$ 426,040
Amortization	<u>10,484</u>	<u>10,485</u>
	<u>\$ 438,577</u>	<u>\$ 436,525</u>