

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2019 AND 2018



EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Everett and Eagle L.P.:

Report on the Financial Statements

We have audited the accompanying financial statements of Everett and Eagle L.P., a California limited partnership (the Partnership), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in partners' capital, 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.

Auditor's 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. 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 auditor's 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 Partnership'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 Partnership'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 Everett and Eagle L.P. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Report on the Supplementary Information

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

Holthouse Carlin & Van Trigt LLP

Los Angeles, California
March 23, 2020

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
BALANCE SHEETS

AS OF DECEMBER 31,	2019	2018
Assets		
Property, at cost		
Leasehold land improvements	\$ 653,457	\$ 653,457
Offsite improvements	58,032	58,032
Buildings and improvements	13,419,660	13,419,660
Site work	737,313	737,313
Personal property	223,867	223,867
Total property	15,092,329	15,092,329
Less: accumulated depreciation	(426,633)	-
Property, net	14,665,696	15,092,329
Cash and cash equivalents	277,210	9,947
Tenant accounts receivable	754	-
Prepaid expenses and other assets	6,277	-
TCAC refundable deposit	31,632	31,632
Prepaid ground lease	9,800	9,900
Restricted cash:		
Operating reserve	50,023	-
Replacement reserve	4,000	-
Impounds - taxes and insurance	14,690	-
Tenant security deposits	19,000	-
Deferred costs, net	46,179	49,674
Total assets	\$ 15,125,261	\$ 15,193,482
Liabilities and Partners' Capital		
Notes payable, net of debt issuance costs	\$ 8,547,248	\$ 11,600,863
Accounts payable and accrued expenses	14,191	-
Accrued interest payable	327,368	198,153
Accrued partnership administration fees	10,000	-
Developer fee payable	342,677	775,000
Construction costs payable	41,464	2,157,885
Due to affiliate	12,326	-
Prepaid rents	3,867	-
Tenant security deposits liability	19,000	-
Total liabilities	9,318,141	14,731,901
Commitments and contingencies (See Notes)		
Partners' capital	5,807,120	461,581
Total liabilities and partners' capital	\$ 15,125,261	\$ 15,193,482

See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,	2019	2018
Revenues		
Tenant rents	\$ 100,766	\$ -
Rental subsidies	375,727	-
Net rental revenues	476,493	-
Other revenue	2,591	-
Total revenues	479,084	-
Operating expenses (Schedule I)		
Administrative	122,482	11,251
Utilities	10,440	-
Operating and maintenance	41,927	-
Ground lease expense	60	-
Taxes and insurance	29,024	1,874
Total operating expenses	203,933	13,125
Operating income (loss) before partnership and financial (income) expenses	275,151	(13,125)
Partnership and financial (income) expenses		
Interest expense	467,723	-
Interest income	(1,193)	-
Investor services fee	5,567	-
Partnership administration fee	10,000	-
Miscellaneous financial expenses	36,792	-
Start-up costs	42,475	31,041
Total partnership and financial (income) expenses	561,364	31,041
Loss before depreciation and amortization	(286,213)	(44,166)
Depreciation	426,633	-
Amortization	3,535	-
Net loss	\$ (716,381)	\$ (44,166)

See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.

(A CALIFORNIA LIMITED PARTNERSHIP)

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	General Partner		Limited Partner		Total
Balance, December 31, 2017	\$	100	\$	505,647	\$ 505,747
Net loss		(4)		(44,162)	(44,166)
Balance, December 31, 2018		96		461,485	461,581
Contributions		-		6,061,920	6,061,920
Net loss		(72)		(716,309)	(716,381)
Balance, December 31, 2019	\$	24	\$	5,807,096	\$ 5,807,120

See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2019	2018
Operating activities		
Net loss	\$ (716,381)	\$ (44,166)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	426,633	-
Amortization of deferred costs	3,495	-
Amortization of debt issuance costs	39,676	-
Ground lease expense	100	-
Changes in operating assets and liabilities:		
Tenant accounts receivable	(754)	-
Prepaid expenses and other assets	(6,277)	-
Accounts payable and accrued expenses	14,191	-
Accrued interest payable	105,233	-
Accrued partnership administration fees	10,000	-
Due to affiliate	12,326	-
Prepaid rents	3,867	-
Tenant security deposits liability	19,000	-
Net cash used in operating activities	(88,891)	(44,166)
Investing activities		
Expenditures for development and construction costs	(2,524,762)	(9,422,451)
Cash used in investing activities	(2,524,762)	(9,422,451)
Financing activities		
Proceeds from notes payable	3,416,673	7,240,757
Payments on notes payable	(6,472,932)	-
Expenditures for debt issuance costs	(37,032)	-
Contributions from Limited Partner	6,061,920	-
Net cash provided by financing activities	2,968,629	7,240,757
Net change in cash, cash equivalents, and restricted cash	354,976	(2,225,860)
Cash, cash equivalents, and restricted cash at beginning of year	9,947	2,235,807
Cash, cash equivalents, and restricted cash at end of year	\$ 364,923	\$ 9,947

See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, **2019** **2018**

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$	298,832	\$	-
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Supplemental disclosure of noncash investing and financing activities:

Unpaid construction and development costs	\$	-	\$	2,157,885
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Unpaid developer fee	\$	-	\$	669,000
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Unpaid capitalized interest (including capitalized interest of \$87,270 added to principal)	\$	-	\$	225,196
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Amortization of debt issuance costs capitalized to property	\$	-	\$	131,072
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See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.

(A CALIFORNIA LIMITED PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Everett and Eagle L.P. is a California limited partnership (the Partnership), which was formed on November 22, 2016 and subsequently amended and restated on June 27, 2017. The original partners were as follows: 2437 Eagle Avenue, LLC, a California limited liability company (the General Partner) and the Housing Authority of the City of Alameda, a public body corporate and politic (the Initial Limited Partner). Effective June 27, 2017, the Initial Limited Partner withdrew from the Partnership and Wincopin Circle LLLP, a Maryland limited liability limited partnership, was admitted as the limited partner. Effective July 14, 2017, Wincopin Circle LLLP assigned its limited partner interest to Enterprise Neighborhood Impact Fund II, LLC, a Delaware limited liability company (the Limited Partner).

The Partnership is involved in the acquisition, construction, financing, leasing, and operation of a 20-unit multifamily affordable rental housing project located in Alameda, California (the Project), that was placed-in-service on December 17, 2018.

The Partnership has entered into regulatory agreements with the California Tax Credit Allocation Committee (TCAC), The Housing Authority of the City of Alameda (HACA), and the City of Alameda, which will govern the ownership, occupancy, tenant income and rents, and management of the Project.

The First Amended and Restated Agreement of Limited Partnership (Partnership Agreement) has various provisions which determine, among other things, allocations of profits, losses and distributions to partners, the ability to sell or refinance the Project, loans and guarantees, the rights and duties of the General Partner, and other Partnership matters.

The General Partner and Limited Partner's percentage of interest in profits and losses is generally .01% and 99.99%, respectively.

Basis of Accounting The Partnership's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The accrual method of accounting is used which reflects revenues when earned and expenses as incurred.

Rental Revenue Rental revenue is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and its tenants are operating leases. Residential rental revenues reflect the gross potential rent that may be earned. Vacancies are shown separately as a reduction in residential rent revenues.

Tenant Accounts Receivable Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property Management Fee The Partnership entered into a property management agreement with an unrelated entity. The property management agreement provides for a monthly fee equal to \$55 per unit. Property management fees of \$13,200 were incurred for the year ended December 31, 2019. There were no property management fees incurred for the year ended December 31, 2018.

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Cash, Cash Equivalents, and Restricted Cash For purposes of the balance sheets and statements of cash flows, cash and cash equivalents consist of cash and highly liquid unrestricted investments with an original maturity of three months or less when purchased. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the totals of the same such amounts presented in the statements of cash flows:

As of December 31,	2019	2018
Cash and cash equivalents	\$ 277,210	\$ 9,947
Restricted cash:		
Operating reserve	50,023	-
Replacement reserve	4,000	-
Impounds – taxes and insurance	14,690	-
Tenant security deposits	19,000	-
Cash, cash equivalents, and restricted cash	\$ 364,923	\$ 9,947

Property Property is stated at cost. Depreciation will be provided using the straight-line method over the following estimated useful lives:

Description	Life
Leasehold land improvements	99 years
Offsite improvements	20 years
Buildings and improvements	40 years
Site work	20 years
Personal property	5 years

The Partnership capitalizes expenditures or betterments that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

The Partnership reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Partnership recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. No impairment losses were recognized in 2019 and 2018.

Debt Issuance Costs Debt issuance costs of \$297,856 and \$260,824, net of accumulated amortization of \$171,054 and \$131,378 as of December 31, 2019 and 2018, respectively, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is calculated using a method that approximates the effective interest method.

Concentrations of Business and Credit Risk The Partnership may have exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Partnership believes that its credit risk is not significant.

EVERETT AND EAGLE L.P.
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The Partnership was granted an exemption from real property taxes with the Alameda County Assessor, which must be renewed annually. In the event the County Assessor does not grant the exemption, the Partnership's cash flow would be adversely impacted.

The Partnership rents to people with qualifying levels of income who work primarily in Alameda, California. The Partnership is subject to business risks associated with the future funding of governmental public assistance, which affects occupancy as well as tenant's ability to make rental payments.

Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Change in Accounting Principle Effective January 1, 2019, the Partnership adopted the provisions of Accounting Standards Update 2016-18, *Statement of Cash Flows – Restricted Cash* (ASU 2016-18). Under ASU 2016-18, restricted cash and restricted cash equivalents is now included with cash and cash equivalents when reconciling the total beginning and ending amounts for the periods shown on the statements of cash flows.

2. RESERVES

Operating Reserve The Partnership Agreement and loan agreements require an initial funding of an operating reserve of \$105,080 to be funded upon payment of the Third and Fifth Installments of the Limited Partner's Capital Contribution of \$50,000 and \$55,080, respectively. During 2019, \$50,000 of the operating reserve was funded from the Third Installment of the Limited Partner's capital contribution. Deposits to the operating reserve will be made from Cash Flow in order to maintain a balance of \$105,800.

Transition Reserve The Partnership Agreement and loan agreements require an initial funding of a transition reserve of \$675,000 from the Limited Partner capital contributions to be funded upon payment of the Fifth, Sixth, and Seventh Installments of the Limited Partner's Capital Contribution of \$150,000, \$216,000, and \$309,000, respectively, none of which has occurred as of December 31, 2019.

Replacement Reserve The Partnership Agreement and loan agreements require an annual replacement reserve of \$600 per unit (\$12,000 annually), with funding commencing in August 2019.

Impounds – Taxes and Insurance The Partnership is required to make monthly impound deposits to cover insurance premiums and property taxes.

The following describes the activity in the reserve accounts during 2019:

	Balance 1/1/19	Deposits	Withdrawals/ Fees	Interest Earned	Balance 12/31/19
Operating reserve	\$ -	\$ 50,000	\$ -	\$ 23	\$ 50,023
Replacement reserve	-	4,000	-	-	4,000
Impounds – taxes and insurance	-	14,690	-	-	14,690
Total	\$ -	\$ 68,690	\$ -	\$ 23	\$ 68,713

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NOTES TO FINANCIAL STATEMENTS
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3. GROUND LEASE AGREEMENT – HACA

On June 1, 2017, the Partnership entered into a Ground Lease Agreement (the Agreement) to lease land owned by HACA. The Agreement, which expires June 1, 2116, provides for a prepaid ground lease payment of \$9,900. The prepaid ground lease payment is reflected as prepaid ground lease in the accompanying balance sheets and is amortized over the life of the Agreement commencing in January 2019. During 2019, the Partnership incurred ground lease expense of \$60. During 2018, there was no ground lease expense.

4. DEFERRED COSTS

Deferred costs consist of deferred ground lease costs and TCAC fees. Deferred ground lease costs are amortized over the life of the ground lease (99 years), commencing in January 2019. TCAC fees are amortized over 15 years, commencing in January 2019. Deferred costs are as follows:

As of December 31,	2019	2018
TCAC fees	\$ 43,741	\$ 43,741
Deferred ground lease costs	5,933	5,933
Less: accumulated amortization	(3,495)	-
Total deferred costs, net	\$ 46,179	\$ 49,674

5. NOTES PAYABLE

As of December 31,	2019	2018
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Note payable to JPMorgan Chase Bank, N.A. (Chase Loan), a national banking association, provides construction financing in the maximum amount of \$9,859,528. The note is secured by a Construction and Permanent Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing. The note provides for interest only payments based on adjusted one-month LIBOR plus 1.85% per annum through the Conversion Date. The interest rate was 4.35% at December 31, 2018. In July 2019, the construction loan was partially paid off with the Limited Partner's capital contributions, with the remaining balance converted into a permanent loan of \$3,330,168. The permanent loan bears interest at 5.55% and requires monthly payments of principal and interest of \$17,993. The note will mature on September 21, 2039.

\$ 3,320,768 \$ 7,328,027

Note payable to the City of Alameda (HOME Loan), secured by a subordinated Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, borrowings up to \$153,282, simple interest at 3.00% per annum, payable from Residual Receipts; unpaid principal and interest are due on December 31, 2074.

153,282 152,282

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

As of December 31,	2019	2018
Note payable to HACA (HACA Loan), in the original amount of \$4,250,000, secured by a Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, interest at 2.68%, compounded annually; principal and interest payable annually from Residual Receipts; unpaid principal and interest is due December 31, 2074.	4,250,000	4,250,000
Note payable to County of Alameda (County Loan), in the maximum amount of \$1,000,000, secured by a subordinated Leasehold Deed of Trust, Assignment of Rents, and Security Agreement and Fixture Filing, simple interest at 3.00%, payable from Residual Receipts and unpaid principal and interest are due on December 31, 2074.	950,000	-
Total notes payable	8,674,050	11,730,309
Less: unamortized debt issuance costs	(126,802)	(129,446)
Total notes payable, net	\$ 8,547,248	\$ 11,600,863

At December 31, 2019, anticipated principal repayments of notes payable are as follows:

For the Year Ending December 31,	Amount
2020	\$ 29,286
2021	31,511
2022	33,330
2023	35,255
2024	36,778
Thereafter	8,507,890
Total	\$ 8,674,050

The HOME Loan, HACA Loan, and County Loan are payable based on available Residual Receipts, as defined in the respective loan agreements. The percentage of Residual Receipts shall be paid as follows: 2.84% to the HOME Loan, 78.65% to the HACA Loan, and 18.51% to the County Loan.

An analysis of accrued interest for 2019 and 2018 is as follows:

	Accrued Interest 1/1/19	Interest Expense	Interest Paid	Accrued Interest 12/31/19
Chase Loan	\$ 23,982	\$ 290,720	\$ (298,832)	\$ 15,870
HOME Loan	2,227	2,510	-	4,737
HACA Loan	171,944	117,479	-	289,423
County Loan	-	17,338	-	17,338
	\$198,153	428,047	\$ (298,832)	\$327,368
Amortization of debt issuance costs		39,676		
Total interest expense		\$ 467,723		

EVERETT AND EAGLE L.P.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

	Accrued Interest 1/1/18	Capitalized Interest	Interest Added to Principal	Interest Paid	Accrued Interest 12/31/18
Chase Loan	\$ -	\$ 111,252	\$ (87,270)	\$ -	\$ 23,982
HOME Loan	-	2,227	-	-	2,227
HACA Loan	60,227	111,717	-	-	171,944
Total	\$ 60,227	\$ 225,196	\$ (87,270)	\$ -	\$ 198,153

6. RELATED PARTY TRANSACTIONS

Developer Fee The Partnership has entered into a joint developer fee agreement with HACA and an affiliate of the General Partner (collectively, the Developer) to receive a fee of \$875,000 for its development services. The unpaid developer fee is expected to be paid from future Limited Partner capital contributions and Cash Flow. The developer fee shall be paid in full on or before December 31, 2032. As of December 31, 2019 and 2018, \$342,677 and \$775,000 remains unpaid, respectively.

Investor Services Fee In accordance with Partnership Agreement, the Limited Partner, is to receive an annual investor services fee of \$5,000 for the promotion of efficient communications and favorable relationships between the Partnership and Limited Partner, commencing the later of 2018 or the first calendar year the Partnership receives rental income. The fee shall increase by 3% per year and will be payable from Cash Flow. No investor services fee was incurred in 2018. An investor services fee of \$5,567 was incurred and paid in 2019.

Partnership Administration Fee In accordance with the Partnership Agreement, the General Partner is to receive an annual partnership administration fee of \$10,000 for supervisory services to cause the Project to operate efficiently, among other things, commencing the later of 2018 or the first calendar year the Partnership receives rental income. The fee shall increase by 3% per year and will be payable from Cash Flow. No partnership administration fee was incurred in 2018. A partnership administration fee of \$10,000 was incurred in 2019; all of which remains unpaid as of December 31, 2019.

Rental Subsidies The Project has entered into a Housing Assistance Payment (HAP) contract with HACA. The current term of the HAP contract is for the period commencing December 2018 and shall run for a period of twenty years. The contract is subject to renewal as it expires. In accordance with the HAP contract, the amount of each tenant's subsidy varies depending on the income of each tenant. No rental subsidies were earned under the HAP contract for the year ended December 31, 2018. The aggregate amount earned under the HAP contract was \$375,727 for the year ended December 31, 2019.

Due to Affiliate As of December 31, 2019, \$12,326 was due to the General Partner for expenses paid by the General Partner on behalf of the Partnership in connection with the permanent loan conversion.

In addition, included in construction costs payable as of December 31, 2019 and 2018 are \$39,781 and \$41,689, respectively, of construction and development costs paid by the General Partner on behalf of the Partnership.

7. CAPITAL CONTRIBUTIONS

Pursuant to the Partnership Agreement, the General Partner will make capital contributions of \$100. Subject to certain adjustments as defined in the Partnership Agreement, the Limited Partner anticipates making capital contributions of \$7,496,000. Through December 31, 2019, the Partnership has received \$6,714,920 in Limited Partner capital contributions and anticipates receiving the balance through 2031.

8. INCOME TAXES AND LOW-INCOME HOUSING TAX CREDITS

The Partnership is a pass-through entity for income tax purposes and all items of income and losses of the Partnership are reported by the partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. The Partnership is subject to income tax examinations by tax authorities prior to 2015. There are no tax examinations currently pending.

The Partnership has received an allocation of federal low-income housing tax credits from TCAC, which are available only to the extent the Partnership complies with the Internal Revenue Service's tax credit regulations. The General Partner is responsible to ensure that the Partnership satisfies such requirements and has made certain guarantees to the Limited Partner, which are defined in the Partnership Agreement.

9. PURCHASE OPTION AND RIGHT OF FIRST REFUSAL

The Partnership has granted its General Partner a buyout option and right of first refusal to purchase the Project or the Limited Partner's interest. The buyout option shall become available following the end of the Compliance Period and only if the General Partner has satisfied all obligations under the Partnership Agreement. The purchase price under this option is the greater of the fair market value of the Limited Partner's interest or the Project as of the date of the Buyout Notice or \$1 plus all federal, state, and local taxes attributable to such sale, plus all unpaid amounts due to the Limited Partner pursuant to the terms of the Partnership Agreement. The right of first refusal shall be granted to the General Partner for a period of 90 days before the Partnership can transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project. The purchase price under the right of first refusal is equal to the sum of the principal amount of all outstanding indebtedness secured by the Project, all other loans from the General Partner or its Affiliates, and any accrued interest on any of such debt; all federal, state, and local taxes attributable to such sale; and all unpaid amounts to the Limited Partner pursuant to the terms of the Partnership Agreement.

10. GENERAL PARTNER GUARANTEES

In connection with the development and operations of the Project, the General Partner and an affiliate have made certain guarantees, including an obligation to perform the General Partner's Partnership management duties, complete development of the Project, and provide Operating Deficit Loans, as defined in the Partnership Agreement.

11. CASH FLOW PAYMENT PRIORITIES

Payment of fees and other expenses contingent on Cash Flow, as defined by the Partnership Agreement, and distributions to partners from Cash Flow shall be disbursed as follows:

- First, to the Limited Partner, an amount equal to the Credit Deficiency;
- Second, to the Limited Partner, an amount sufficient to pay federal income taxes on taxable income allocated to the Limited Partner for such Fiscal Year by the Partnership, assuming the Limited Partner is subject to the maximum corporate federal income tax rate then in effect;
- Third, to pay the investor services fee;
- Fourth, from and after the Fifth Installment of the Limited Partner's capital contribution, to fund the operating reserve up to the operating reserve amount;
- Fifth, to the Developer to pay any unpaid balance on the deferred developer fee;
- Sixth, to the General Partner to repay any Operating Deficit Loan;
- Seventh, to pay the partnership administration fee;
- Eighth, to make payments on the HOME Loan, HACA Loan, and County Loan to the extent then due thereon; and
- Then, to the Partners in accordance with their Percentage Interests.

12. SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements, except as disclosed below.

Effects of the Coronavirus Outbreak As a result of the recent coronavirus outbreak in early 2020 (COVID-19), the economic environment in which the Project operates has been significantly disrupted, including impacting the ability of the onsite staff and the Project's tenants to perform their normal day-to-day duties and activities. The Partnership's management is in the process of gathering information, developing the appropriate responses to these events and the possible impact to the Project's cash flow. The Partnership's management is currently unable to determine if COVID-19 will have a material impact on its operations.

EVERETT AND EAGLE L.P.(A CALIFORNIA LIMITED PARTNERSHIP)
SCHEDULES OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,	2019	2018
Administrative expenses		
Advertising	\$ 3,270	\$ -
Manager's salaries	21,191	-
Office supplies	1,749	194
Professional fees - accounting	37,431	11,057
Professional fees - legal	7,079	-
Property management fees	13,200	-
Telephone expense	3,577	-
Tenant services	33,077	-
Other administrative	1,908	-
Total administrative expenses	\$ 122,482	\$ 11,251
Utilities expenses		
Electricity	\$ 6,640	\$ -
Water and sewer	3,800	-
Total utilities expenses	\$ 10,440	\$ -
Operating and maintenance expenses		
Decorating and painting	\$ 168	\$ -
Janitorial supplies	703	-
Maintenance salaries	16,663	-
Repairs and maintenance contracts	17,983	-
Trash removal	6,083	-
Miscellaneous operating and maintenance expenses		
Fire protection expenses	327	-
Total operating and maintenance expenses	\$ 41,927	\$ -
Ground lease expense		
Ground lease expense	\$ 60	\$ -
Total ground lease expense	\$ 60	\$ -
Taxes and insurance expenses		
Employee benefits	\$ 6,675	\$ -
Payroll taxes	3,341	-
Property and liability insurance	14,827	1,874
Real estate taxes	125	-
Worker's compensation	2,456	-
Miscellaneous taxes and insurance expenses		
Miscellaneous taxes	1,600	-
Total taxes and insurance expenses	\$ 29,024	\$ 1,874

See independent auditor's report.

EVERETT AND EAGLE L.P.
 (A CALIFORNIA LIMITED PARTNERSHIP)
 SCHEDULE OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31,

2019

Operating revenue

Total revenues, including interest	\$ 480,277
Change in tenant accounts receivable	(754)
Change in prepaid rents	3,867

Total operating revenue	483,390
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Less:

Operating expenses	(203,933)
Debt service	(84,294)
Change in restricted funds	(18,690)

Total project expenses	(306,917)
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Cash Flow	\$ 176,473
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Distribution of Cash Flow

Developer fee	\$ (176,473)
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Total distribution of Cash Flow	\$ (176,473)
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See independent auditor's report.