EVERETT AND EAGLE L.P.

(A CALIFORNIA LIMITED PARTNERSHIP)
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019

HCVT

HOLTHOUSE | CARLIN | VAN TRIGT LLP

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(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, 2020 and 2019, and the related statements of operations, changes in partners' capital (deficit), 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, 2020 and 2019, 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
April 8, 2021

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

AS OF DECEMBER 31,	**2020**	**2019**
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	(853,265)	(426,633)
Property, net	14,239,064	14,665,696
Cash and cash equivalents	331,714	277,210
Tenant and subsidy accounts receivable	6,226	754
Prepaid expenses and other assets	8,343	6,277
TCAC refundable deposit	31,632	31,632
Prepaid ground lease	9,700	9,800
Restricted cash:		
Operating reserve	50,068	50,023
Replacement reserve	16,000	4,000
Impounds - taxes and insurance	13,869	14,690
Tenant security deposits	19,000	19,000
Deferred costs, net	43,203	46,179
Total assets	$ 14,768,819	$ 15,125,261
Liabilities and Partners' Capital (Deficit)		
Notes payable, net of debt issuance costs	$ 8,572,548	$ 8,547,248
Accounts payable and accrued expenses	6,379	14,191
Accrued interest payable	483,248	327,368
Accrued partnership administration fees	20,300	10,000
Developer fee payable	342,677	342,677
Construction costs payable	-	41,464
Due to affiliate	-	12,326
Prepaid rents	7,082	3,867
Tenant security deposits liability	19,000	19,000
Total liabilities	9,451,234	9,318,141
Commitments and contingencies (See Notes)		
Partners' capital (deficit)	5,317,585	5,807,120
Total liabilities and partners' capital (deficit)	$ 14,768,819	$ 15,125,261

See accompanying notes to financial statements.

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

FOR THE YEARS ENDED DECEMBER 31,	2020	2019
Revenues		
Tenant rents	$ 139,945	$ 100,766
Rental subsidies	376,242	375,727
Total rental revenues	516,187	476,493
Other revenue	7,575	2,591
Total revenues	523,762	479,084
Operating expenses (Schedule I)		
Administrative	131,656	122,482
Utilities	10,899	10,440
Operating and maintenance	44,000	41,927
Ground lease expense	60	60
Taxes and insurance	30,229	29,024
Total operating expenses	216,844	203,933
Operating income before partnership and financial (income) expenses	306,918	275,151
Partnership and financial (income) expenses		
Interest expense	347,093	467,723
Interest income	(721)	(1,193)
Investor services fee	5,305	5,567
Partnership administration fee	10,300	10,000
Miscellaneous financial expenses	4,827	36,792
Start-up costs	-	42,475
Total partnership and financial (income) expenses	366,804	561,364
Loss before depreciation and amortization	(59,886)	(286,213)
Depreciation	426,633	426,633
Amortization of TCAC fees and ground lease	3,016	3,535
Net loss	$ (489,535)	$ (716,381)

See accompanying notes to financial statements.

EVERETT AND EAGLE L.P.
(A CALIFORNIA LIMITED PARTNERSHIP)
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)

	General Partner	Limited Partner	Total
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
Net loss	(49)	(489,486)	(489,535)
Balance, December 31, 2020	$ (25)	$ 5,317,610	$ 5,317,585

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,	2020	2019
Operating activities		
Net loss	$ (489,535)	$ (716,381)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	426,633	426,633
Amortization of deferred costs	2,976	3,495
Amortization of ground lease	100	100
Amortization of debt issuance costs	4,586	39,676
Changes in operating assets and liabilities:		
Tenant and subsidy accounts receivable	(5,472)	(754)
Prepaid expenses and other assets	(2,066)	(6,277)
Accounts payable and accrued expenses	(7,813)	14,191
Accrued interest payable	155,880	105,233
Accrued partnership administration fees	10,300	10,000
Due to affiliate	(12,326)	12,326
Prepaid rents	3,215	3,867
Tenant security deposits liability	-	19,000
Net cash provided by (used in) operating activities	86,478	(88,891)
Investing activities		
Expenditures for development and construction costs	(41,464)	(2,524,762)
Cash used in investing activities	(41,464)	(2,524,762)
Financing activities		
Proceeds from notes payable	50,000	3,416,673
Payments on notes payable	(29,286)	(6,472,932)
Expenditures for debt issuance costs	-	(37,032)
Contributions from Limited Partner	-	6,061,920
Net cash provided by financing activities	20,714	2,968,629
Net change in cash, cash equivalents, and restricted cash	65,728	354,976
Cash, cash equivalents, and restricted cash at beginning of year	364,923	9,947
Cash, cash equivalents, and restricted cash at end of year	$ 430,651	$ 364,923

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	$ 186,627	$ 298,832

See accompanying notes to financial statements.

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.

Revenue Recognition Rental revenues are 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. Rental revenues reflect the gross potential rent that may be earned. Vacancies are shown separately as a reduction in rental revenue. Other revenue consists of other income from laundry vending, and miscellaneous charges to tenants. Such other revenue is recognized when earned.

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 were $14,003 and $13,200 for the years ended December 31, 2020 and 2019, respectively.

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,		**2020**		**2019**
Cash and cash equivalents	$	331,714	$	277,210
Restricted cash:				
Operating reserve		50,068		50,023
Replacement reserve		16,000		4,000
Impounds – taxes and insurance		13,869		14,690
Tenant security deposits		19,000		19,000
Cash, cash equivalents, and restricted cash	$	430,651	$	364,923

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 2020 and 2019.

Debt Issuance Costs Debt issuance costs of $297,856, net of accumulated amortization of $175,640 and $171,054 as of December 31, 2020 and 2019, 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.

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.

COVID-19 Pandemic During 2020, the COVID-19 pandemic continued to rapidly evolve. Mandates from federal, state and/or local authorities to mitigate the spread of the virus have adversely impacted global commercial activity and contributed to significant volatility in financial markets. However, the pandemic to date has not had a significant impact on the operations of the Project. Although some tenants requested some form of rent deferral, such deferrals of rent were not material. Its duration, severity and the potential impact on the general population, the Project tenants, the onsite personnel, and the potential changes in tenant preferences for living arrangements, are among the many unknowns and could materially impact the future results of operations, financial condition, liquidity, and overall performance of the Project.

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, 2020.

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 2020 and 2019:

	Balance 1/1/20	Deposits	Withdrawals/ Fees	Interest Earned	Balance 12/31/20
Operating reserve	$ 50,023	$ -	$ -	$ 45	$ 50,068
Replacement reserve	4,000	12,000	-	-	16,000
Impounds – taxes and insurance	14,690	15,504	(16,325)	-	13,869
Total	$ 68,713	$ 27,504	$ (16,325)	$ 45	$ 79,937

	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

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. The Partnership incurred ground lease expense of $60 and $60 for the years ended December 31, 2020 and 2019, respectively.

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,	2020	2019
TCAC fees	$ 43,741	$ 43,741
Deferred ground lease costs	5,933	5,933
Less: accumulated amortization	(6,471)	(3,495)
Total deferred costs, net	$ 43,203	$ 46,179

5. NOTES PAYABLE

As of December 31,	2020	2019
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. 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.	$ 3,291,482	$ 3,320,768
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	153,282
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.	1,000,000	950,000
Total notes payable	8,694,764	8,674,050
Less: unamortized debt issuance costs	(122,216)	(126,802)
Total notes payable, net	$ 8,572,548	$ 8,547,248

At December 31, 2020, anticipated principal repayments of notes payable are as follows:

For the Year Ending December 31,	Amount
2021	$ 31,511
2022	33,330
2023	35,255
2024	36,778
2025	39,414
Thereafter	8,518,476
Total	$ 8,694,764

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 2020 and 2019 is as follows:

	Accrued Interest 1/1/20	Interest Expense	Interest Paid	Accrued Interest 12/31/20
Chase Loan	$ 15,870	$ 186,627	$ (186,627)	$ 15,870
HOME Loan	4,737	4,598	-	9,335
HACA Loan	289,423	121,657	-	411,080
County Loan	17,338	29,625	-	46,963
	$ 327,368	342,507	$ (186,627)	$ 483,248
Amortization of debt issuance costs		4,586		
Total interest expense		$ 347,093		

	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		

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, 2020 and 2019, $342,678 remains unpaid.

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. Investor services fees of $5,305 and $5,567 were incurred and paid in 2020 and 2019, respectively.

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. Partnership administration fees of $10,300 and $10,000 were incurred in 2020 and 2019, respectively; of which $20,300 and $10,000 was unpaid as of December 31, 2020 and 2019, respectively.

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. The aggregate amount earned under the HAP contract was $376,242 and 375,727 for the years ended December 31, 2020 and 2019, respectively.

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, 2020, 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 2016. 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.
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EVERETT AND EAGLE L.P.

(A CALIFORNIA LIMITED PARTNERSHIP)
SCHEDULES OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,	2020	2019
Administrative expenses		
Advertising	$ -	$ 3,270
Manager's salaries	21,809	21,191
Manager's unit	20,612	-
Office supplies	1,171	1,749
Professional fees - accounting	23,675	37,431
Professional fees - legal	1,123	7,079
Property management fees	14,003	13,200
Telephone expense	2,431	3,577
Tenant services	45,470	33,077
Miscellaneous administrative	1,362	1,908
Total administrative expenses	$ 131,656	$ 122,482
Utilities expenses		
Electricity	$ 3,071	$ 6,640
Water and sewer	7,828	3,800
Total utilities expenses	$ 10,899	$ 10,440
Operating and maintenance expenses		
Decorating and painting	$ -	$ 168
Janitorial supplies	476	703
Maintenance salaries	15,922	16,663
Repairs and maintenance contracts	18,863	17,983
Trash removal	8,582	6,083
Miscellaneous operating and maintenance expenses	157	327
Total operating and maintenance expenses	$ 44,000	$ 41,927
Ground lease expense		
Ground lease expense	$ 60	$ 60
Total ground lease expense	$ 60	$ 60
Taxes and insurance expenses		
Employee benefits	$ 7,957	$ 6,675
Payroll taxes	3,288	3,341
Property and liability insurance	15,227	14,827
Real estate taxes	250	125
Worker's compensation	2,506	2,456
Miscellaneous taxes and insurance expenses	1,001	1,600
Total taxes and insurance expenses	$ 30,229	$ 29,024

See independent auditor's report.

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

FOR THE YEAR ENDED DECEMBER 31,	2020
Operating revenue	
Total revenues, including interest	$ 524,483
Change in tenant accounts receivable	(5,472)
Change in prepaid rents	3,215
Total operating revenue	522,226
Less:	
Operating expenses	(216,844)
Debt service	(215,913)
Change in restricted funds	(11,179)
Total project expenses	(443,936)
Cash Flow	$ 78,290
Distribution of Cash Flow	
Investor services fee (paid)	$ (5,305)
Developer fee payable	(72,985)
Total distribution of Cash Flow	$ (78,290)

See independent auditor's report.