

Capital City Apartments Limited Partnership

**MHDC Project No.: 99-108-HT
Financial Statements and Supplemental Information
with Report of Independent Auditors**

December 31, 2020 and 2019



Report of Independent Auditors

To the Partners of

Capital City Apartments Limited Partnership:

Report on the Financial Statements

We have audited the accompanying financial statements of Capital City Apartments Limited Partnership, a Missouri limited partnership, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Apartments Limited Partnership as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information 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.

The schedule of eligible and allocated federal and state tax credits, mortgagor certification and the managing agent certification have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2021 on our consideration of Capital City Apartments Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Capital City Apartments Limited Partnership's internal control over financial reporting and compliance.

Novogradac & Company LLP

Austin, Texas

February 15, 2021

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
BALANCE SHEETS
December 31, 2020 and 2019

Assets

		December 31,	
		2020	2019
Current Assets			
1130	Tenant accounts receivable	\$ 8,896	\$ 7,298
1135	Accounts receivable - HUD	1,524	1,524
1190	Miscellaneous current assets (Supplemental Schedule > \$1,000)	392	392
1200	Miscellaneous prepaid expenses (Supplemental Schedule > \$1,000)	26,726	18,748
1100T	Total Current Assets	37,538	27,962
Deposits Held in Trust - Funded			
1191	Tenant deposits held in trust	7,135	7,683
Restricted Deposits And Funded Reserves			
1310	Escrow deposits	(7,736)	(39)
1320	Replacement reserve	132,471	128,150
1300T	Total Deposits	124,735	128,111
Fixed Assets			
1420	Buildings	4,541,289	4,544,501
1450	Furniture for project/tenant use	91,195	85,105
1465	Office furniture and equipment	10,777	10,777
1490	Miscellaneous fixed assets	550,828	550,828
1400T	Total Fixed Assets	5,194,089	5,191,211
1495	Less: Accumulated depreciation	2,985,946	2,853,795
1400N	Net Fixed Assets	2,208,143	2,337,416
Other Assets			
1520	Intangible assets	359,755	364,323
1500T	Total Other Assets	359,755	364,323
1000T	Total Assets	\$ 2,737,306	\$ 2,865,495

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
BALANCE SHEETS (CONTINUED)
December 31, 2020 and 2019

Liabilities

		December 31,	
		2020	2019
Current Liabilities			
2105	Bank overdraft - operations	\$ 293,206	\$ 182,405
2110	Accounts payable - operations	7,548	6,661
2111	Accounts payable - construction/development	82,907	82,907
2113	Accounts payable - entity	103,068	103,068
2123	Accrued management fee payable	180,271	168,591
2131	Accrued interest payable - first mortgage	570	596
2132	Accrued interest payable - second mortgage	109,200	104,000
2170	Mortgage payable - first mortgage (short-term)	30,923	30,616
2190	Miscellaneous current liabilities (Supplemental Schedule > \$1,000)	6,602	5,655
2210	Prepaid revenue	657	518
2122T	Total Current Liabilities	814,952	685,017
Deposit And Prepayment Liabilities			
2191	Tenant deposits held in trust (contra)	7,035	7,583
Long-Term Liabilities			
2320	Mortgage payable - first mortgage	653,412	684,334
2322	Mortgage payable - second mortgage	104,000	104,000
2340	Debt Issuance Costs	(23,449)	(24,631)
2300T	Total Long-Term Liabilities	733,963	763,703
2000T	Total Liabilities	1,555,950	1,456,303
Partners' Equity			
3130	Partners' equity	1,181,356	1,409,192
2033T	Total Liabilities And Partners' Equity	\$ 2,737,306	\$ 2,865,495

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
STATEMENT OF INCOME
For the Year Ended December 31, 2020

	Description of Account	Acct. No.	Amount
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 175,613
	Tenant Assistance Payments	5121	\$ 80,971
	Rent Revenue - Stores and Commercial	5140	\$ —
	Garage and Parking Spaces	5170	\$ —
	Flexible Subsidy Revenue	5180	\$ —
	Miscellaneous Rent Revenue	5190	\$ —
	Excess Rent	5191	\$ 5,092
	Rent Revenue/Insurance	5192	\$ —
	Special Claims Revenue	5193	\$ —
	Retained Excess Income	5194	\$ —
	Total Rent Revenue	5100T	\$ 261,676
Vacancies 5200	Apartment	5220	\$ 115,764
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 1,319
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	Total Vacancies	5200T	\$ 117,083
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 144,593
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 34
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 668
	Revenue from Investments - Miscellaneous	5490	\$ —
	Total Financial Revenue	5400T	\$ 702
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ —
	Tenant Charges	5920	\$ 5,817
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 4,448
	Total Other Revenue	5900T	\$ 10,265
	Total Revenue	5000T	\$ 155,560
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 165
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 1
	Other Renting Expenses	6250	\$ 467
	Office Salaries	6310	\$ 8,720
	Office Expenses	6311	\$ 2,912
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 11,680
	Manager or Superintendent Salaries	6330	\$ 3,140
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 1,487
	Audit Expense	6350	\$ 5,500
	Telephone Expense	6360	\$ 3,035
	Bad Debts	6370	\$ —
	Miscellaneous Administrative Expenses	6390	\$ 6,180
Total Administrative Expenses	6263T	\$ 43,287	
Utilities	Electricity	6450	\$ 12,554
	Water	6451	\$ 18,145
	Gas	6452	\$ 7,861
	Sewer	6453	\$ 13,718
	Cable TV / Internet Access	6454	\$ —
	Total Utilities Expense	6400T	\$ 52,278
	Total Expenses (Carry Forward to Page 2)		\$ 95,565

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2020

		Balance Carried Forward		\$ 95,565
Operating Maintenance Expenses 6500	Payroll	6510	\$ 28,221	
	Supplies	6515	\$ 18,304	
	Contracts	6520	\$ 7,035	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 7,512	
	Security Payroll/Contract	6530	\$ 3,951	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 10,473	
	Snow Removal	6548	\$ 3,239	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 556	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 1,452	
	Elevator Maintenance/Contracts	6574	\$ —	
	Vacant Unit Preparation	6580	\$ 14,724	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 193	
Total Operating and Maintenance Expenses	6500T		\$ 95,660	
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 2,997	
	Property and Liability Insurance (Hazard)	6720	\$ 18,588	
	Fidelity Bond Insurance	6721	\$ 39	
	Workmen's Compensation	6722	\$ 1,320	
	Health Insurance and Other Employee Benefits	6723	\$ 15,930	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
	Total Taxes and Insurance	6700T		\$ 38,874
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 6,984	
	Interest Attributable to Debt Issuance Costs	6822	\$ 1,182	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ —	
	Miscellaneous Financial Expenses	6890	\$ —	
Total Financial Expenses	6800T		\$ 8,166	
Supportive Services -	Supportive Services Expenses (attach Schedule)	6990	\$ —	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 238,265
	Profit (Loss) before Depreciation and Amortization	5060T		\$ (82,705)
	Depreciation Expense	6600	\$ 135,363	
	Amortization Expense	6610	\$ 4,568	
	Total Depreciation and Amortization			\$ 139,931
	Operating Profit or (Loss)	5060N		\$ (222,636)
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$ —	
	Legal Expenses	7120	\$ —	
	Federal, State, and Other Income Taxes	7130	\$ —	
	Fidelity & Bond Expense	7135	\$ —	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 5,200	
	Other Expenses	7190	\$ —	
	Net Entity Expenses	7100T		\$ 5,200
	Profit or Loss (Net Income or Loss)	3250		\$ (227,836)
Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
Part II				
	1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)			\$ 30,615
	2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)			\$ 18,701
	3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)			\$ 4,547
	4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)			\$ —

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2019

	Description of Account	Acct. No.	Amount
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 152,467
	Tenant Assistance Payments	5121	\$ 100,745
	Rent Revenue - Stores and Commercial	5140	\$ —
	Garage and Parking Spaces	5170	\$ —
	Flexible Subsidy Revenue	5180	\$ —
	Miscellaneous Rent Revenue	5190	\$ —
	Excess Rent	5191	\$ 1,945
	Rent Revenue/Insurance	5192	\$ —
	Special Claims Revenue	5193	\$ —
	Retained Excess Income	5194	\$ —
	Total Rent Revenue	5100T	\$ 255,157
Vacancies 5200	Apartments	5220	\$ 59,751
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ 6,038
	Loss to Lease	5260	\$ 858
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	Total Vacancies	5200T	\$ 66,647
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 188,510
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 105
	Revenue from Investments - Residual Receipts	5430	\$ —
	Revenue from Investments - Replacement Reserve	5440	\$ 925
	Revenue from Investments - Miscellaneous	5490	\$ —
	Total Financial Revenue	5400T	\$ 1,030
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ —
	Tenant Charges	5920	\$ 8,703
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 132
	Total Other Revenue	5900T	\$ 8,835
	Total Revenue	5000T	\$ 198,375
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 1,324
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 31
	Other Renting Expenses	6250	\$ 584
	Office Salaries	6310	\$ 9,069
	Office Expenses	6311	\$ 2,064
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 12,690
	Manager or Superintendent Salaries	6330	\$ 2,891
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 1,658
	Audit Expense	6350	\$ 7,400
	Telephone Expense	6360	\$ 2,602
	Bad Debts	6370	\$ 16,670
	Miscellaneous Administrative Expenses	6390	\$ 6,603
Total Administrative Expenses	6263T	\$ 63,586	
Utilities	Electricity	6450	\$ 8,599
	Water	6451	\$ 21,661
	Gas	6452	\$ 3,782
	Sewer	6453	\$ 15,475
	Cable TV / Internet Access	6454	\$ —
	Total Utilities Expense	6400T	\$ 49,517
	Total Expenses (Carry Forward to Page 2)		\$ 113,103

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2019

		Balance Carried Forward		\$ 113,103
Operating Maintenance Expenses 6500	Payroll	6510	\$ 37,484	
	Supplies	6515	\$ 32,863	
	Contracts	6520	\$ 31,201	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 7,432	
	Security Payroll/Contract	6530	\$ 378	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 1,625	
	Snow Removal	6548	\$ 4,641	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 965	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 2,252	
	Elevator Maintenance/Contracts	6574	\$ —	
	Vacant Unit Preparation	6580	\$ 24,918	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 20,816	
	Total Operating and Maintenance Expenses	6500T		\$ 164,575
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 3,621	
	Property and Liability Insurance (Hazard)	6720	\$ 17,203	
	Fidelity Bond Insurance	6721	\$ —	
	Workmen's Compensation	6722	\$ 575	
	Health Insurance and Other Employee Benefits	6723	\$ 21,904	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
	Total Taxes and Insurance	6700T		\$ 43,303
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 7,289	
	Interest Attributable to Debt Issuance Costs	6822	\$ 1,182	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ —	
	Miscellaneous Financial Expenses	6890	\$ —	
	Total Financial Expenses	6800T		\$ 8,471
Supportive Services -	Supportive Services Expenses (attach Schedule)	6990	\$ —	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 329,452
	Profit (Loss) before Depreciation and Amortization	5060T		\$ (131,077)
	Depreciation Expense	6600	\$ 146,970	
	Amortization Expense	6610	\$ 4,568	
		Total Depreciation and Amortization		
	Operating Profit or (Loss)	5060N		\$ (282,615)
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$ —	
	Legal Expenses	7120	\$ —	
	Federal, State, and Other Income Taxes	7130	\$ —	
	Fidelity & Bond Expense	7135	\$ —	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 5,200	
	Other Expenses	7190	\$ —	
		Net Entity Expenses	7100T	
	Profit or Loss (Net Income or Loss)	3250		\$ (287,815)
Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
Part II				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)				\$ 30,311
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)				\$ 18,156
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)				\$ 19,703
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)				\$ —

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 STATEMENTS OF PARTNERS' EQUITY
 For the Years Ended December 31, 2020 and 2019

Account	Limited Partner	General Partner	Total Partners' Equity
Allocation Percentage	99.99%	0.01%	100.00%
Balance, January 1, 2019	\$ 1,697,278	\$ (271)	\$ 1,697,007
Net loss	(287,786)	(29)	(287,815)
Balance, December 31, 2019	\$ 1,409,492	\$ (300)	\$ 1,409,192
3250 Net loss	(227,813)	(23)	(227,836)
3130 Balance, December 31, 2020	\$ 1,181,679	\$ (323)	\$ 1,181,356

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (227,836)	\$ (287,815)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	135,363	146,970
Amortization expense	4,568	4,568
Interest expense - debt issuance costs	1,182	1,182
Change in tenant security deposits held in trust	548	5,106
Change in accounts receivable	(1,598)	17,530
Change in prepaid expenses	(7,978)	(1,402)
Change in accounts payable	887	(2,149)
Change in security deposits payable	(548)	(3,581)
Change in prepaid rent	139	(328)
Change in due to related parties	11,680	12,690
Change in accrued interest	(26)	(25)
Change in accrued interest on the second mortgage	5,200	5,200
Change in accrued expenses	947	1,745
Net cash used in operating activities	(77,472)	(100,309)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(6,090)	(2,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in bank overdraft	110,801	127,512
Payment of mortgage	(30,615)	(30,311)
Net cash provided by financing activities	80,186	97,201
Net change in cash, cash equivalents and restricted cash	(3,376)	(5,408)
Cash, cash equivalents and restricted cash at beginning of year	128,111	133,519
Cash, cash equivalents and restricted cash at end of year	\$ 124,735	\$ 128,111
Cash and cash equivalents	\$ -	\$ -
Restricted cash	124,735	128,111
Total cash, cash equivalents and restricted cash	\$ 124,735	\$ 128,111
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 7,010	\$ 7,314

see accompanying notes

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. Organization

Capital City Apartments Limited Partnership (the “Entity”), a Missouri limited partnership, was formed June 1, 1999. The Entity was formed to acquire an interest in real property and to rehabilitate and operate a 44-unit apartment complex located in Jefferson City, Missouri known as Capital City Apartments (the “Property”). The Property is rented to low-income tenants and is operated in a manner necessary to qualify for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42.

The general partner is Capital City Housing Corporation (the “General Partner”). The limited partner is Capital City Apartments Investment Corporation (the “Limited Partner”). Pursuant to the Agreement of Limited Partnership dated June 1, 1999, and the subsequent amendments (“the Partnership Agreement”), profits, losses and tax credits are allocated 0.01% to the General Partner and 99.99% to the Limited Partner.

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

Pursuant to the terms of the Partnership Agreement, the Limited Partners were required to provide capital contributions based on the amount of low-income housing tax credits ultimately allocated to the Property in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2020 and 2019, no capital contributions remained outstanding.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Entity prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Entity has experienced increased vacancy due to the involuntary conversion (Note 8). The current business plan for 2021 reflects continued initiatives to increase revenue and reduce expenses. Although the partners cannot guarantee that planned results will be obtained in 2021 or that sufficient debt or additional capital contributions will be available under acceptable terms, if at all, the partners believe that the planned revenue and expense assumptions can be realized. In the event that such revenue and expense assumptions are not realized, the Limited Partner has committed and has the financial ability to provide any necessary funding required for the Entity to operate through February 15, 2022.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, residual receipts, repairs or improvements to the buildings, and annual insurance payments.

Concentration of credit risk

The Entity maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Entity has not experienced any losses in such accounts. The Entity believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require 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. For the years ended December 31, 2020 and 2019, bad debt expense was \$0 and \$16,670, respectively.

Fixed assets and depreciation

Fixed assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful life of 40 years using the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life between 5 and 10 years using the straight-line method. Depreciation expense for the years ended December 31, 2020 and 2019 was \$135,363 and \$146,970, respectively.

Impairment of long-lived assets

The Entity reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2020 or 2019.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Cash distributions

Cash distributions are limited by agreements between the Entity and MHDC to the extent of surplus cash as defined by MHDC. Undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide surplus cash in excess of current requirements. For the years ended December 31, 2020 and 2019, no distributions were made to the partners.

Income taxes

Income taxes on Entity income are levied on the partners at the partner level. Accordingly, all profits and losses of the Entity are recognized by each partner on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Entity to report information regarding its exposure to various tax positions taken by the Entity. Management has determined whether any tax positions have met the recognition threshold and has measured the Entity's exposure to those tax positions. Management believes that the Entity has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Entity are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Federally-subsidized rent income

The Property is subject to a Section 8 Housing Assistance Payments Program ("HAP") agreement with HUD. The effective date of the initial agreement was December 17, 1999, and the current agreement expires on December 31, 2039. HUD agreed to pay the owner the difference between the contract rent, as defined in the HAP agreement, and that portion of such rent payable by qualified tenants. Rental subsidy for the years ended December 31, 2020 and 2019 totaled \$80,971 and \$100,745, respectively.

Economic concentrations

The Entity operates one property in Jefferson City, Missouri. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Impact of COVID-19 pandemic

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The severity and extent of the impact of COVID-19 on the Entity's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Entity's tenants, all of which are highly uncertain and cannot be predicted at this time. The Entity's future results could be adversely impacted by delays in rent collections. Significant uncertainty remains regarding the ongoing effects of the COVID-19 pandemic on the Entity's operations. Management is unable to reasonably estimate the impact of COVID-19 on its financial condition, results of operations or cash flows.

Subsequent events

Subsequent events have been evaluated through February 15, 2021, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted deposits and funded reserves

Escrow deposits

Pursuant to a regulatory agreement between the Entity and MHDC, required monthly payments to the mortgagee include amounts for deposit to mortgage escrow funds. These are held by the mortgagee for future payment of real estate taxes and property and mortgage insurance. This fund is restricted in accordance with the provisions of the regulatory agreement. As of December 31, 2020 and 2019, the balance has a deficit of \$7,736 and a deficit of \$39, respectively.

Replacement reserve

Pursuant to a regulatory agreement between the Entity and MHDC, annual deposits of \$18,701 are made to the replacement reserve account. These deposits are held by the mortgagee until MHDC approval is obtained for use of the funds to repair or replace certain assets of the Property. As of December 31, 2020 and 2019, the balance was \$132,471 and \$128,150, respectively.

4. Mortgage payable – first mortgage

In 2001, the Entity obtained permanent financing (the "Permanent Loan") in the amount of \$1,240,000 from MHDC. The Permanent Loan has an interest rate of 1.00% per annum and matures on January 1, 2041. Principal and interest payments of \$3,135 are due monthly. The Permanent Loan is secured by a first Deed of Trust on the Property. During 2020 and 2019, interest expense was \$6,984 and \$7,289, respectively. As of December 31, 2020 and 2019, accrued interest was \$570 and \$596, respectively.

Debt issuance costs of \$47,280 are being amortized to interest expense over the term of the loan. For the years ended December 31, 2020 and 2019, the effective interest rate was 1.18% each year. During 2020 and 2019, amortization expense for debt issuance costs was \$1,182 each year.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

4. Mortgage payable – first mortgage (continued)

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,		
2021	\$	30,923
2022		31,234
2023		31,548
2024		31,864
2025		32,185
Thereafter		<u>526,581</u>
Total	\$	<u>684,335</u>

5. Mortgage payable – second mortgage

In 1999, the Entity obtained construction and permanent financing (the “Note”) in the amount of \$104,000 from the Housing Authority for the City of Jefferson, Missouri, a related party of the General Partner. The nonrecourse loan is secured by a deed of trust on the Property subject to a subordination agreement between the lender and U.S. Bank, N.A. The Note has an interest rate of 5% per annum and matures on January 1, 2040. Principal and interest payments of \$6,785 are due annually and payable from surplus cash, as defined in the Partnership Agreement.

During 2020 and 2019, interest expense was \$5,200 each year. As of December 31, 2020 and 2019, accrued interest was \$109,200 and \$104,000, respectively. As of December 31, 2020 and 2019, note payable was \$104,000 each year.

6. Related party transactions

Property management fee

The Entity entered into a management agreement with the Housing Authority of the City of Jefferson, Missouri (the “Management Agent”), a related party of the General Partner, for services rendered in connection with the leasing and operation of the Property. The Management Agent fee for its services was \$30 per occupied unit per month. Effective January 1, 2020, and upon approval from MHDC, the fee was increased to \$40 per occupied unit per month. During 2020 and 2019, property management fees of \$11,680 and \$12,690, respectively, were incurred. As of December 31, 2020 and 2019, property management fees of \$180,271 and \$168,591, respectively, were accrued.

Developer fee

The Housing Authority of the City of Jefferson, Missouri (“JCHA”), a related party of the General Partner, earned a development fee in the amount of \$555,000 for services relating to the development of the Property. The developer fee is unsecured, does not bear interest, and is payable from available cash flow, as further defined in the Partnership Agreement. As of December 31, 2020 and 2019, \$82,907 remained payable each year and is included in “Accounts payable – construction/development” on the accompanying balance sheets.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

6. Related party transactions (continued)

Related party advances

In prior years, JCHA, a related party of the General Partner, advanced funds to the Entity to cover costs of operations. The advances do not bear interest and are payable from surplus cash, as defined in the Partnership Agreement. As of December 31, 2020 and 2019, \$103,068 was payable each year and is included in “Accounts payable – entity” on the accompanying balance sheets.

Ground lease

The Entity entered into a 99-year ground lease agreements with JCHA, an affiliate of the General Partner, for \$452,263. The lease was prepaid by the Entity. Deferred ground lease costs have been recorded for the full amount and are being amortized on a straight-line basis over the life of the lease, with amortization expense being recognized on the statement of operations. For 2020 and 2019, ground lease amortization expense was \$4,568 each year.

7. Low-income housing tax credits

The Entity expects to generate an aggregate of \$3,637,240 of federal low-income housing tax credits and \$3,637,240 of state low-income housing tax credits (“Tax Credits”). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2004. The year in which the credit period begins is determined on a building-by-building basis within the Entity. In order to qualify for these credits, the Property must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Entity has also agreed to maintain and operate the Property as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

As of December 31, 2010, the complete amount of Tax Credits, \$7,274,480, had been fully allocated to the Entity.

The Entity does not anticipate generating additional Tax Credits in future years.

8. Involuntary conversion

On May 23, 2019, the Property suffered significant damage due to a tornado. Restoration work began in June, 2019. As of February 15, 2021, the replacement value of the assets destroyed and the amount of the insurance claim had not yet been determined.

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

9. Rent schedule

On January 22, 2021, MHDC approved a rent increase applied retroactive to July 1, 2020. Since the rents were not in effect during 2020, the gross rent calculation was calculated using the rents actually in effect. Had MHDC approved the rent increase on July 1, 2020 the potential increase in rent would have been up to \$64,170.

**MHDC
SUPPLEMENTARY
INFORMATION**

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
Schedule of Funds in Financial Institutions
December 31, 2020

Funds in Financial Institutions as of December 31, 2020

A. Funds Held by Mortgagor, Regular Accounts:		
JCHA Revolving Fund, checking	<u>\$ (293,206)</u>	
B. Funds Held by Mortgagor, in Trust, Tenant Security Deposit:		
Central Bank, savings	<u>7,135</u>	
Funds Held by Mortgagor, TOTAL		\$ (286,071)
C. Funds Held by Mortgagee, in Trust:		
1. Tax and Insurance Escrow, MHDC	(7,736)	
2. Reserve Fund for Replacements, MHDC	<u>132,471</u>	
Funds Held by Mortgagee, TOTAL		<u>\$ 124,735</u>
TOTAL Funds in Financial Institutions		<u><u>\$ (161,336)</u></u>

Balances audited/verified as of December 31, 2020

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 Schedule of Changes in Property and Equipment
 December 31, 2020

Assets				
Asset Description	12/31/2019 Balance	Additions	Deletions	12/31/2020 Balance
Land Improvements	550,828	-	-	550,828
Buildings	4,544,501	-	3,212	4,541,289
Equipment	10,777	-	-	10,777
Furniture	85,105	6,090	-	91,195
TOTALS	\$ 5,191,211	\$ 6,090	\$ 3,212	\$ 5,194,089

Accumulated Depreciation				
Asset Description	12/31/2019 Balance	Current Provisions	Deletions	12/31/2020 Balance
Land Improvements	532,214	18,614	-	550,828
Buildings	2,227,826	116,164	3,212	2,340,778
Equipment	10,777	-	-	10,777
Furniture	82,978	585	-	83,563
TOTALS	\$ 2,853,795	\$ 135,363	\$ 3,212	\$ 2,985,946

Net Book Value at 12/31/2020
\$ -
\$ 2,200,511
\$ -
\$ 7,632
\$ 2,208,143

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 TIN # 43-1868502
 Schedule of Eligible and Allocated Federal and State Tax Credits (Unaudited)
 December 31, 2020

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

see report of independent auditors

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
Schedule of Escrow Deposits and Replacement Reserves
Supporting Schedule Required by HUD & MHDC
December 31, 2020

Replacement Reserves & Mortgage Escrow Deposits

Balance, January 1, 2020	\$ 128,150
Monthly deposits	18,701
Interest earned	668
Release of funds	<u>(15,048)</u>
Balance, December 31, 2020	
Confirmed by mortgagee	<u>\$ 132,471</u>
Tax and Insurance reserves	<u>\$ (7,736)</u>

see report of independent auditors

**COMPUTATION OF SURPLUS CASH,
DISTRIBUTIONS AND RESIDUAL RECEIPTS**

Project Name Capital City Apartments Limited Partnership	Fiscal Period Ended December 31, 2020	Project Number 99-108-HT
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PART A - COMPUTE SURPLUS CASH

CASH	1. Cash (<i>Accounts 1120, 1170, 1191</i>)	\$ 7,135	
	2. Tenant subsidy vouchers due for period covered by financial statement	\$ 1,524	
	3. Other (<i>Describe</i>) (S1300-030)	\$ -	
	<i>(a) Total Cash (Add Lines 1, 2, and 3)</i>		
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	\$ 570	
	5. Delinquent mortgage principal payments	\$ -	
	6. Delinquent deposits to reserve for replacements	\$ -	
	7. Accounts payable (<i>due within 30 days</i>)	\$ 7,548	
	8. Loans and notes payable... (<i>due within 30 days</i>)	\$ -	
	9. Deficient Tax Insurance or MIP Escrow Deposits	\$ -	
	10. Accrued expenses (<i>not escrowed</i>)	\$ 6,602	
	11. Prepaid Rents (<i>Account 2210</i>)	\$ 657	
	12. Tenant security deposits liability (<i>Account 2191</i>)	\$ 7,035	
	13. Other: current obligations (S1300-110) - Bank Overdraft	\$ 293,206	
<i>(b) Less Total Current Obligations (Add Lines 4 through 13)</i>		\$ 315,618	
<i>(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))</i>		\$ (306,959)	

PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

1. Surplus Cash		\$ -
LIMITED DIVIDEND PROJECTS	2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$ -
	2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	\$ -
	2c. Distributions Paid During Fiscal Period Covered by Statement	\$ -
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (<i>Line 2a plus 2b minus 2c</i>)	\$ -
4. Amount Available for Distribution During Next Fiscal Period		\$ -
5. Deposit Due Residual Receipts (<i>Must be deposited with Mortgagee within 60 days after Fiscal Period ends</i>)		\$ -

PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 COMPUTATION OF DISTRIBUTIONS TO OWNERS AND
 REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

Development Name: Capital City Apartments Limited Partnership **Fiscal** from: January 1, 2020
 MHDC #: 99-108-HT **Period** to: December 31, 2020

A. Annual distribution earned during fiscal period covered by statement:

Current Equity *	\$5,070,165 (1)
Distribution percent per Regulatory Agreement	8% (2)
Annual distribution earned for: <u>2020</u>	\$405,613 (3)

B. Distributions accrued and unpaid as of the end of the prior fiscal period:

Distributions earned per Regulatory Agreement at 12/31, or end of accounting year,
 if different, for years:

2019	\$ 403,164
2018	\$ 400,739
2017	\$ 398,338
2016	\$ 395,961
2015	\$ 393,608
2014	\$ 391,278
2013	\$ 388,972
2012	\$ 386,688
2011	\$ 384,427
2010	\$ 382,188
2009	\$ 379,972
2008	\$ 377,778
2007	\$ 375,606
2006	\$ 373,455
2005	\$ 371,325
2004	\$ 369,217
2003	\$ 367,130
2002	\$ 365,064
2001	\$ 363,018
2000	\$ 123,685
1999 and prior years	\$ -
Total prior year distributions earned	\$ 7,391,613 (4)
Less: Distributions made to partners in prior years	(5)
Less: Other (explain)	(6)

**Distributions accrued and unpaid as of period covered
 by statement:** \$ 7,391,613 (7)

C. Distributions paid during period covered by statement:

To partners	(8)
Other (explain)	(9)
Total distributions paid during period covered by statement	\$ - (10)

D. Amount to be carried as distributions earned, but unpaid:

Line (3) + Line (7) - Line (10) ** \$ 7,997,226 (11)

E. Amount available for distribution during next fiscal period:

Surplus Cash (from form HUD-93486, Line 1. of Part B) \$ - (12)

F. Deposit due to Residual Receipts account:

If Line (11) is greater than Line (12), enter zero (\$0), else enter
 Line (12) - Line (11), and deposit amount within 60 days of fiscal
 year end into joint account with mortgagee (MHDC). \$ - (13)

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

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

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 STATEMENT OF CASH FLOWS - HUD BASIS
 For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

S1200-010	Rental receipts	\$ 143,134
S1200-020	Interest receipts	702
S1200-030	Other operating receipts	10,265
S1200-040	Total receipts	154,101

CASH PAID FOR:

S1200-050	Administrative expenses	(17,913)
S1200-090	Utilities expenses	(52,278)
S1200-100	Salaries and wages expense	(60,328)
S1200-110	Operating and maintenance expenses	(67,439)
S1200-140	Property insurance expense	(26,605)
S1200-180	Interest on first mortgage	(7,010)
S1200-230	Total disbursements	(231,573)

S1200-240	Net cash provided by (used in) operating activities	(77,472)
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CASH FLOWS FROM INVESTING ACTIVITIES

S1200-245	Net deposits to the mortgage escrow account	7,697
S1200-250	Net deposits to the reserve for replacement account	(4,321)
S1200-330	Net purchase of fixed assets	(6,090)
S1200-350	Net cash provided by (used in) investing activities	(2,714)

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Principal payments - first mortgage (or bonds)	(30,615)
S1200-455	Entity/construction financing activities	110,801
S1200-460	Net cash provided by (used in) financing activities	80,186

S1200-470	NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	-
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S1200-480	BEGINNING OF PERIOD CASH	-
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S1200T	END OF PERIOD CASH	\$ -
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CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
 MHDC PROJECT NO. 99-108-HT
 STATEMENT OF CASH FLOWS - HUD BASIS (CONTINUED)
 For the Year Ended December 31, 2020

RECONCILIATION OF NET PROFIT (LOSS) TO NET		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
3250	NET PROFIT OR (LOSS)	\$ (227,836)
ADJUSTMENTS TO RECONCILE NET PROFIT (LOSS) TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES		
6600	Depreciation expense	135,363
6610	Amortization expense	4,568
S1200-486	Amortization of debt issuance costs	1,182
Changes in asset and liability accounts		
Decrease (increase) in assets		
S1200-490	Decrease (increase) in tenant accounts receivable	(1,598)
S1200-520	Decrease (increase) in prepaid expenses	(7,978)
S1200-530	Decrease (increase) in cash restricted for tenant security deposits	548
Increase (decrease) in liabilities		
S1200-540	Increase (decrease) in accounts payable	887
S1200-560	Increase (decrease) in accrued liabilities	12,627
S1200-570	Increase (decrease) in accrued interest payable	(26)
S1200-580	Increase (decrease) in tenant security deposits held in trust	(548)
S1200-590	Increase (decrease) in prepaid revenue	139
S1200-605	Increase (decrease) in entity/construction liability accounts:	
S1200-606	Interest on mortgage payable - second mortgage (S1200-607)	5,200
		5,200
S1200-610	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (77,472)

see report of independent auditors

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Partners of

Capital City Apartments Limited Partnership:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital City Apartments Limited Partnership, which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital City Apartments Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Novogradac & Company LLP

Austin, Texas

February 15, 2021

CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
MORTGAGOR CERTIFICATION
December 31, 2020 and 2019

I hereby certify that I have examined the accompanying financial statements and supplemental data of Capital City Apartments Limited Partnership and, to the best of my knowledge and belief, the same is complete and accurate.

Capital City Apartments Limited Partnership
(A Missouri Limited Partnership)



Signature

February 15, 2021


Date

Name of Signatory	<u>Cynthia Quetsch</u>
Title of Certifying Official	<u>President of the General Partner</u>
Employer Identification Number of the owner	<u>43-1868502</u>
Auditee Telephone Number	<u>(573) 635-6163</u>


CAPITAL CITY APARTMENTS LIMITED PARTNERSHIP
MHDC PROJECT NO. 99-108-HT
MANAGING AGENT CERTIFICATION
December 31, 2020 and 2019

I hereby certify that I have examined the accompanying financial statements and supplemental data of Capital City Apartments Limited Partnership and, to the best of my knowledge and belief, the same is complete and accurate.

Housing Authority for the City of Jefferson, Missouri

By: 
Cynthia Quetsch
Executive Director

44-6005933
Employer Identification Number


Signature of Individual Responsible for
Management of Property

Michelle Wessler
Printed Name of Individual Responsible for
Management of Property

February 15, 2021
Date