



SOLICITATION ADDENDUM

Solicitation Number: RFP FY22-086-03 (CG) Addendum #1
Page 1 of 3
Solicitation Due Date: November 9, 2021 1:00 p.m. Local Time

CITY OF PHOENIX
Housing Department,
251 W. Washington Street
4th Floor
Phoenix, AZ 85003

REQUEST FOR PROPOSAL RFP FY22-086-03 Accounting Services – Affordable Housing Audit

Questions and Responses from the Pre-Offer Conference held on October 21, 2021 and email questions received:

- 1. Can you please provide a copy (of at least a couple of the properties) of the statements to be audited?**

City Response: Attached are the audited combining FY 2019 and 2020 Financial Statements for the 17 properties and currently there is only a combining statement for the 17 properties.

- 2. The RFP makes reference to financial statements on a “single” and “combined” basis but references the 17 properties to be audited. Is there a combining statement that includes all of these properties required, and if so, how is the report used (tax credit project statements are typically stand-alone)?**

City Response: Currently, there are not any tax credits associated with the 17 Multi-Family Group of properties. Although, the housing department will look at each property and determine if the property will need to be renovated or improved which could change the property’s current operations and tax credits status.

- 3. Do all properties have a related tax return required and are they Form 1065’s for federal and an Arizona state return?**

City Response: The RFP was used as a basis for multiple Housing Department RFPs for audit services. The Multifamily Group of Properties does not have any additional filings required at this time, although this could change in the future.

Please clarify if additional filings?

City Response: None at this time.

- 4. Can you clarify the HUD reporting requirements for the properties based on comments at the pre-bid?**

City Response: None, not federally funded at this time.

Do all properties have a Multi-family REAC submission?

City Response: The Multi-Family Group of Properties is not part of the Housing Departments FDS Submission (REAC) at this time. Although, if any of the properties were converted to RAD or improved using federal funds this could change and the property would be separated



SOLICITATION ADDENDUM

Solicitation Number: RFP FY22-086-03 (CG) Addendum #1
Page 2 of 3
Solicitation Due Date: November 9, 2021 1:00 p.m. Local Time

CITY OF PHOENIX
Housing Department,
251 W. Washington Street
4th Floor
Phoenix, AZ 85003

from the Multi-Family Group of Properties. Since they are wholly owned by the City of Phoenix if they were required to be part of the FDS Submission, they would be combined with the FDS Submission which is audited by the COP external audit firm which audits the ACFR.

5. Is there anything the Housing Department would like to see done differently as part of the audit process (timing, communications, staffing, etc.)?

City Response: The Multi-Family Group of audits need to be completed by October 15.

6. Have there been any changes in staffing/personnel at the Housing Department that would impact the audit?

City Response: No

7. What were the prior year fees and was the scope of work comparable in the prior year?

City Response: The audit fees for the Multi Family Group of Properties for the FY 2021 are \$8,600.

8. If fees are not provided, how long were the auditors in the field and how many staff were utilized?

City Response:

City Response: Audit fees were inclusive.

9. How did the Housing Department handle any access restrictions due to COVID-19 and what are the expectations for the current year (on-site, remote, hybrid)?

City Response: Currently, the COP maintains 50% staffing levels; therefore, we are hybrid teleworking and on-site. The properties are 3rd party managed by Dunlap and Magee and you would need to coordinate with them for on-site fieldwork. For audit teams, we are open to remote work that you are not needing to perform on-sites. You may need to do some on-sight testing of files and income testing to ensure the 3rd party property managers are following the affordability requirements.

10. Can you verify the due dates the Housing Department is requiring for these audits?

City Response: The Affordable Properties have a FYE of June 30. The Multi-Family Group of audits need to be completed by October 15.



SOLICITATION ADDENDUM

Solicitation Number: RFP FY22-086-03 (CG) Addendum #1
Page 3 of 3
Solicitation Due Date: November 9, 2021 1:00 p.m. Local Time

CITY OF PHOENIX
Housing Department,
251 W. Washington Street
4th Floor
Phoenix, AZ 85003

11. Does the City require the company to have presence in Phoenix?

City Response: No, the company is not required to have a presence in Phoenix if they can provide the specified audit services and be available for meeting with the Housing/Finance personnel if a face-to-face meeting is needed.

The balance of the specifications and instructions remain the same. Offeror must acknowledge receipt and acceptance of this addendum by returning the entire addendum with the bid or proposal submittal.

Name of Company: _____

Address: _____

Authorized Signature: _____

Print Name and Title: _____

**CITY OF PHOENIX
MULTIFAMILY GROUP**

COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Together with Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the City of Phoenix Housing Department:
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying combining financial statements of *City of Phoenix Multifamily Group*, which comprise the combining balance sheets as of June 30, 2019 and 2018, and the related combining statements of income and equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Dunlap & Magee Property Management Inc. 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 audits 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 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 *City of Phoenix Multifamily Group* as of June 30, 2019 and 2018, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING BALANCE SHEET
JUNE 30, 2019

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|------------------|----------------------|------------------|------------------|-------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|-------------------|------------------|---------------------|
| ASSETS | | | | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | | | | |
| Cash | \$ 78,752 | \$ 60,878 | \$ 52,056 | \$ 20,910 | \$ 123,125 | \$ 62,822 | \$ 114,887 | \$ 20,334 | \$ 27,251 | \$ 66,201 | \$ 45,793 | \$ 49,171 | \$ 19,625 | \$ 50,898 | \$ 55,417 | \$ 98,663 | \$ 12,816 | \$ 959,599 |
| Accounts receivable | 3,205 | 1,934 | 53 | 135 | 61 | 922 | 1,900 | 297 | 486 | 108 | 167 | 241 | - | 122 | 1 | 586 | - | 10,218 |
| Casualty claim receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,182 | - | 17,182 |
| Prepaid expenses | 15,654 | 16,713 | 7,292 | 6,381 | 16,863 | 9,343 | 16,408 | 4,216 | 4,102 | 7,634 | 7,965 | 5,925 | 2,051 | 6,836 | 7,976 | 13,103 | 1,367 | 149,829 |
| Utility deposits | - | 7,573 | - | - | - | - | - | - | - | - | - | 956 | - | 365 | - | - | - | 8,894 |
| Total current assets | 97,611 | 87,098 | 59,401 | 27,426 | 140,049 | 73,087 | 133,195 | 24,847 | 31,839 | 73,943 | 53,925 | 56,293 | 21,676 | 58,221 | 63,394 | 129,534 | 14,183 | 1,145,722 |
| TOTAL ASSETS | \$ 97,611 | \$ 87,098 | \$ 59,401 | \$ 27,426 | \$ 140,049 | \$ 73,087 | \$ 133,195 | \$ 24,847 | \$ 31,839 | \$ 73,943 | \$ 53,925 | \$ 56,293 | \$ 21,676 | \$ 58,221 | \$ 63,394 | \$ 129,534 | \$ 14,183 | \$ 1,145,722 |
| LIABILITIES AND EQUITY | | | | | | | | | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 33,730 | \$ 36,517 | \$ 10,329 | \$ 10,098 | \$ 18,626 | \$ 6,761 | \$ 17,175 | \$ 4,762 | \$ 2,893 | \$ 11,244 | \$ 10,664 | \$ 12,012 | \$ 14,271 | \$ 7,646 | \$ 6,017 | \$ 21,953 | \$ 1,574 | \$ 226,272 |
| Prepaid rent | 2,262 | 19,122 | 247 | 470 | 18,171 | 535 | 21,195 | 573 | 1,823 | 365 | 2,240 | 5,978 | - | 6,450 | 23 | 4,348 | - | 83,802 |
| Security deposits | 14,889 | 23,657 | 13,107 | 8,626 | 28,656 | 15,386 | 22,423 | 5,255 | 5,050 | 12,264 | 7,726 | 9,996 | 3,116 | 12,465 | 10,073 | 20,442 | 1,916 | 215,047 |
| Total current liabilities | 50,881 | 79,296 | 23,683 | 19,194 | 65,453 | 22,682 | 60,793 | 10,590 | 9,766 | 23,873 | 20,630 | 27,986 | 17,387 | 26,561 | 16,113 | 46,743 | 3,490 | 525,121 |
| EQUITY | 46,730 | 7,802 | 35,718 | 8,232 | 74,596 | 50,405 | 72,402 | 14,257 | 22,073 | 50,070 | 33,295 | 28,307 | 4,289 | 31,660 | 47,281 | 82,791 | 10,693 | 620,601 |
| TOTAL LIABILITIES AND EQUITY | \$ 97,611 | \$ 87,098 | \$ 59,401 | \$ 27,426 | \$ 140,049 | \$ 73,087 | \$ 133,195 | \$ 24,847 | \$ 31,839 | \$ 73,943 | \$ 53,925 | \$ 56,293 | \$ 21,676 | \$ 58,221 | \$ 63,394 | \$ 129,534 | \$ 14,183 | \$ 1,145,722 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING BALANCE SHEET
JUNE 30, 2018

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|-------------------|----------------------|------------------|------------------|-------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|-------------------|------------------|---------------------|
| ASSETS | | | | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | | | | |
| Cash | \$ 92,784 | \$ 56,475 | \$ 49,867 | \$ 7,985 | \$ 130,058 | \$ 56,060 | \$ 114,030 | \$ 26,617 | \$ 21,738 | \$ 56,511 | \$ 48,853 | \$ 45,261 | \$ 13,203 | \$ 38,322 | \$ 53,351 | \$ 88,275 | \$ 11,179 | \$ 910,569 |
| Accounts receivable | 767 | 2,170 | 1,225 | 284 | 817 | 735 | 816 | 355 | 125 | 290 | 139 | 317 | - | 847 | 27 | 142 | 291 | 9,347 |
| Casualty claim receivable | - | 176,736 | - | - | - | - | 81,581 | - | - | - | - | - | - | - | - | - | - | 258,317 |
| Prepaid expenses | 15,949 | 16,495 | 7,181 | 6,284 | 18,430 | 9,201 | 16,158 | 4,152 | 4,040 | 7,518 | 7,857 | 5,835 | 2,019 | 6,732 | 7,855 | 12,905 | 1,346 | 149,957 |
| Utility deposits | - | 7,573 | - | - | - | - | - | - | - | - | - | 956 | - | 365 | - | - | - | 8,894 |
| Total current assets | 109,500 | 259,449 | 58,273 | 14,553 | 149,305 | 65,996 | 212,585 | 31,124 | 25,903 | 64,319 | 56,849 | 52,369 | 15,222 | 46,266 | 61,233 | 101,322 | 12,816 | 1,337,084 |
| TOTAL ASSETS | \$ 109,500 | \$ 259,449 | \$ 58,273 | \$ 14,553 | \$ 149,305 | \$ 65,996 | \$ 212,585 | \$ 31,124 | \$ 25,903 | \$ 64,319 | \$ 56,849 | \$ 52,369 | \$ 15,222 | \$ 46,266 | \$ 61,233 | \$ 101,322 | \$ 12,816 | \$ 1,337,084 |
| LIABILITIES AND EQUITY | | | | | | | | | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 44,319 | \$ 150,588 | \$ 11,321 | \$ 9,365 | \$ 32,568 | \$ 9,968 | \$ 15,095 | \$ 3,641 | \$ 3,021 | \$ 13,650 | \$ 10,713 | \$ 16,245 | \$ 1,821 | \$ 14,160 | \$ 12,839 | \$ 17,055 | \$ 2,098 | \$ 368,467 |
| Prepaid rent | 2,522 | 10,140 | 2,876 | 1,554 | 3,026 | 2,349 | 3,906 | 265 | - | 1,700 | 861 | 1,599 | 136 | 447 | 259 | 2,440 | 3 | 34,083 |
| Security deposits | 14,839 | 22,950 | 13,007 | 7,398 | 29,994 | 14,331 | 25,213 | 6,145 | 5,050 | 12,885 | 8,750 | 10,146 | 3,116 | 9,968 | 9,873 | 18,380 | 2,081 | 214,126 |
| Total current liabilities | 61,680 | 183,678 | 27,204 | 18,317 | 65,588 | 26,648 | 44,214 | 10,051 | 8,071 | 28,235 | 20,324 | 27,990 | 5,073 | 24,575 | 22,971 | 37,875 | 4,182 | 616,676 |
| EQUITY | 47,820 | 75,771 | 31,069 | (3,764) | 83,717 | 39,348 | 168,371 | 21,073 | 17,832 | 36,084 | 36,525 | 24,379 | 10,149 | 21,691 | 38,262 | 63,447 | 8,634 | 720,408 |
| TOTAL LIABILITIES AND EQUITY | \$ 109,500 | \$ 259,449 | \$ 58,273 | \$ 14,553 | \$ 149,305 | \$ 65,996 | \$ 212,585 | \$ 31,124 | \$ 25,903 | \$ 64,319 | \$ 56,849 | \$ 52,369 | \$ 15,222 | \$ 46,266 | \$ 61,233 | \$ 101,322 | \$ 12,816 | \$ 1,337,084 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF INCOME AND EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|------------------|----------------------|------------------|-----------------|------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|------------------|------------------|-------------------|
| INCOME: | | | | | | | | | | | | | | | | | | |
| Rent, net | \$ 685,844 | \$ 945,565 | \$ 478,205 | \$ 311,276 | \$ 1,008,707 | \$ 551,775 | \$ 1,033,333 | \$ 192,668 | \$ 213,298 | \$ 542,625 | \$ 441,468 | \$ 376,258 | \$ 141,352 | \$ 413,087 | \$ 480,042 | \$ 796,975 | \$ 75,701 | \$ 8,688,179 |
| Vending | 6,281 | 9,344 | 2,444 | 11,072 | 12,063 | 7,815 | 26,190 | - | 2,286 | 2,684 | 9,702 | 5,134 | 1,281 | 6,507 | 3,859 | 14,041 | - | 120,703 |
| Other | 7,992 | 18,964 | 11,349 | 6,978 | 30,379 | 9,499 | 33,762 | 3,102 | 113 | 14,721 | 6,592 | 16,041 | 1,411 | 17,445 | 5,727 | 28,874 | 964 | 213,913 |
| Interest | 663 | 912 | 496 | 137 | 1,048 | 579 | 1,149 | 209 | 235 | 551 | 416 | 369 | 155 | 435 | 479 | 834 | 89 | 8,756 |
| Total income | 700,780 | 974,785 | 492,494 | 329,463 | 1,052,197 | 569,668 | 1,094,434 | 195,979 | 215,932 | 560,581 | 458,178 | 397,802 | 144,199 | 437,474 | 490,107 | 840,724 | 76,754 | 9,031,551 |
| EXPENSES: | | | | | | | | | | | | | | | | | | |
| Payroll, taxes, and benefits | 110,706 | 264,506 | 122,336 | 127,224 | 290,119 | 124,679 | 245,685 | 55,976 | 55,975 | 105,258 | 119,235 | 94,048 | 13,716 | 100,510 | 131,668 | 191,286 | 13,198 | 2,166,125 |
| Advertising and promotion | 1,258 | 2,391 | 1,005 | 1,364 | 2,648 | 993 | 1,612 | 347 | 627 | 870 | 748 | 809 | 130 | 892 | 1,493 | 1,372 | 87 | 18,646 |
| Repairs and maintenance | 75,972 | 114,681 | 63,897 | 58,136 | 84,944 | 58,531 | 95,780 | 26,413 | 22,548 | 65,441 | 68,225 | 64,266 | 10,747 | 82,183 | 43,500 | 64,962 | 9,616 | 1,009,842 |
| Administrative | 14,492 | 23,299 | 7,949 | 10,463 | 19,076 | 9,979 | 20,705 | 6,260 | 4,387 | 8,172 | 6,741 | 6,403 | 1,648 | 11,571 | 8,585 | 13,788 | 867 | 174,385 |
| Management fees | 31,784 | 44,240 | 22,192 | 14,814 | 47,519 | 25,339 | 49,854 | 8,770 | 9,705 | 25,349 | 20,721 | 17,860 | 6,468 | 19,738 | 22,034 | 38,157 | 3,609 | 408,153 |
| Utilities | 178,916 | 209,588 | 72,372 | 60,228 | 113,241 | 58,076 | 151,703 | 23,784 | 35,504 | 99,670 | 82,943 | 75,407 | 5,470 | 53,358 | 56,880 | 114,697 | 10,537 | 1,402,374 |
| Insurance | 17,891 | 17,357 | 7,557 | 6,612 | 17,724 | 9,682 | 17,003 | 4,369 | 4,251 | 7,911 | 7,321 | 6,140 | 2,125 | 7,085 | 8,265 | 13,579 | 1,417 | 156,289 |
| Replacement and reserve | 44,361 | 126,611 | 46,498 | 38,626 | 67,561 | 30,045 | 92,741 | 8,179 | 7,798 | 28,507 | 29,017 | 31,934 | 7,005 | 38,793 | 23,387 | 50,897 | 4,294 | 676,254 |
| Total expenses | 475,380 | 802,673 | 343,806 | 317,467 | 642,832 | 317,324 | 675,083 | 134,098 | 140,795 | 341,178 | 334,951 | 296,867 | 47,309 | 314,130 | 295,812 | 488,738 | 43,625 | 6,012,068 |
| NET INCOME | 225,400 | 172,112 | 148,688 | 11,996 | 409,365 | 252,344 | 419,351 | 61,881 | 75,137 | 219,403 | 123,227 | 100,935 | 96,890 | 123,344 | 194,295 | 351,986 | 33,129 | 3,019,483 |
| EQUITY, beginning of year | 47,820 | 75,771 | 31,069 | (3,764) | 83,717 | 39,348 | 168,371 | 21,073 | 17,832 | 36,084 | 36,525 | 24,379 | 10,149 | 21,691 | 38,262 | 63,447 | 8,634 | 720,408 |
| CONTRIBUTIONS | 68,742 | 364,748 | 54,050 | 82,320 | 32,974 | 10,319 | 87,395 | 6,734 | 37,561 | 20,750 | 31,971 | 66,131 | - | 76,551 | - | 58,725 | 8,700 | 1,007,671 |
| CAPITAL EXPENDITURES FUNDED BY THE CITY OF PHOENIX | (90,401) | (370,739) | (54,050) | (82,320) | (32,974) | (10,319) | (93,178) | (8,157) | (37,561) | (20,750) | (29,571) | (66,131) | (13,245) | (76,551) | - | (64,855) | (8,700) | (1,059,502) |
| DISTRIBUTIONS | (204,831) | (234,090) | (144,039) | - | (418,486) | (241,287) | (509,537) | (67,274) | (70,896) | (205,417) | (128,857) | (97,007) | (89,505) | (113,375) | (185,276) | (326,512) | (31,070) | (3,067,459) |
| EQUITY, end of year | \$ 46,730 | \$ 7,802 | \$ 35,718 | \$ 8,232 | \$ 74,596 | \$ 50,405 | \$ 72,402 | \$ 14,257 | \$ 22,073 | \$ 50,070 | \$ 33,295 | \$ 28,307 | \$ 4,289 | \$ 31,660 | \$ 47,281 | \$ 82,791 | \$ 10,693 | \$ 620,601 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
 COMBINING STATEMENT OF INCOME AND EQUITY
 FOR THE YEAR ENDED JUNE 30, 2018

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|------------------|----------------------|------------------|-------------------|------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|------------------|-----------------|-------------------|
| INCOME: | | | | | | | | | | | | | | | | | | |
| Rent, net | \$ 604,484 | \$ 905,409 | \$ 433,973 | \$ 305,571 | \$ 934,332 | \$ 498,995 | \$ 923,933 | \$ 188,580 | \$ 209,447 | \$ 476,293 | \$ 418,059 | \$ 355,137 | \$ 133,726 | \$ 364,383 | \$ 469,555 | \$ 719,053 | \$ 67,668 | \$ 8,008,598 |
| Vending | 5,533 | 10,540 | 2,637 | 7,263 | 12,993 | 6,965 | 25,365 | 605 | 3,739 | 1,762 | 9,471 | 5,552 | 3,345 | 6,186 | 3,878 | 13,480 | - | 119,314 |
| Other | 13,791 | 12,256 | 11,097 | 2,311 | 43,270 | 12,586 | 40,090 | 2,153 | 870 | 17,212 | 6,614 | 13,708 | 633 | 13,372 | 6,484 | 25,966 | 1,496 | 223,909 |
| Interest | 369 | 354 | 204 | 120 | 453 | 245 | 509 | 116 | 102 | 183 | 202 | 183 | 75 | 172 | 216 | 346 | 44 | 3,893 |
| Total income | 624,177 | 928,559 | 447,911 | 315,265 | 991,048 | 518,791 | 989,897 | 191,454 | 214,158 | 495,450 | 434,346 | 374,580 | 137,779 | 384,113 | 480,133 | 758,845 | 69,208 | 8,355,714 |
| EXPENSES: | | | | | | | | | | | | | | | | | | |
| Payroll, taxes, and benefits | 129,752 | 317,801 | 119,791 | 125,201 | 276,989 | 146,224 | 257,044 | 62,262 | 62,691 | 116,190 | 111,569 | 132,149 | 13,485 | 142,000 | 144,253 | 203,341 | 10,391 | 2,371,133 |
| Advertising and promotion | 1,730 | 2,965 | 1,446 | 979 | 3,426 | 1,589 | 2,614 | 807 | 933 | 1,373 | 1,361 | 926 | 224 | 1,412 | 1,697 | 2,896 | 147 | 26,525 |
| Repairs and maintenance | 62,905 | 94,793 | 73,752 | 61,560 | 84,416 | 64,423 | 78,621 | 17,410 | 22,965 | 63,664 | 56,742 | 41,768 | 7,416 | 71,384 | 42,863 | 104,491 | 11,785 | 960,958 |
| Administrative | 12,482 | 22,945 | 8,706 | 14,731 | 22,039 | 10,881 | 18,991 | 5,228 | 4,926 | 10,958 | 7,719 | 6,749 | 1,116 | 8,347 | 6,845 | 17,285 | 937 | 180,885 |
| Management fees | 27,976 | 41,651 | 20,066 | 14,173 | 44,428 | 23,289 | 44,136 | 8,594 | 9,617 | 22,290 | 19,501 | 16,759 | 6,177 | 17,273 | 21,598 | 34,101 | 3,106 | 374,735 |
| Utilities | 174,478 | 200,741 | 82,539 | 60,801 | 126,211 | 64,915 | 154,330 | 25,955 | 39,239 | 109,559 | 68,886 | 71,691 | 8,290 | 56,764 | 59,681 | 119,012 | 10,645 | 1,433,737 |
| Insurance | 13,534 | 15,053 | 6,545 | 5,846 | 14,908 | 8,390 | 14,746 | 3,778 | 3,675 | 6,853 | 6,340 | 5,315 | 1,830 | 6,135 | 7,160 | 11,773 | 1,215 | 133,096 |
| Replacement and reserve | 36,650 | 35,559 | 37,411 | 17,701 | 61,684 | 27,735 | 45,572 | 7,697 | 26,736 | 41,303 | 24,372 | 17,375 | 7,538 | 32,555 | 27,972 | 74,694 | 6,970 | 529,524 |
| Total expenses | 459,507 | 731,508 | 350,256 | 300,992 | 634,101 | 347,446 | 616,054 | 131,731 | 170,782 | 372,190 | 296,490 | 292,732 | 46,076 | 335,870 | 312,069 | 567,593 | 45,196 | 6,010,593 |
| NET INCOME | 164,670 | 197,051 | 97,655 | 14,273 | 356,947 | 171,345 | 373,843 | 59,723 | 43,376 | 123,260 | 137,856 | 81,848 | 91,703 | 48,243 | 168,064 | 191,252 | 24,012 | 2,345,121 |
| EQUITY, beginning of year | 340,054 | 59,843 | 19,302 | 29,228 | 66,422 | 36,428 | 68,466 | 20,029 | 20,325 | 22,194 | 34,333 | 31,022 | 15,198 | 28,701 | 41,141 | 45,009 | 3,197 | 880,892 |
| CONTRIBUTIONS | 29,006 | 141,150 | - | 14,097 | 57,318 | 13,769 | 29,200 | 36,333 | 2,035 | 33,662 | 7,331 | 17,916 | - | 7,669 | 17,500 | 35,996 | 15,000 | 457,982 |
| CAPITAL EXPENDITURES FUNDED BY THE CITY OF PHOENIX | (336,958) | (141,150) | - | (14,098) | (57,318) | (13,769) | (29,200) | (36,333) | (2,035) | (33,662) | (7,331) | (17,916) | - | (7,669) | (17,500) | (29,729) | (15,000) | (759,668) |
| DISTRIBUTIONS | (148,952) | (181,123) | (85,888) | (47,264) | (339,652) | (168,425) | (273,938) | (58,679) | (45,869) | (109,370) | (135,664) | (88,491) | (96,752) | (55,253) | (170,943) | (179,081) | (18,575) | (2,203,919) |
| EQUITY, end of year | \$ 47,820 | \$ 75,771 | \$ 31,069 | \$ (3,764) | \$ 83,717 | \$ 39,348 | \$ 168,371 | \$ 21,073 | \$ 17,832 | \$ 36,084 | \$ 36,525 | \$ 24,379 | \$ 10,149 | \$ 21,691 | \$ 38,262 | \$ 63,447 | \$ 8,634 | \$ 720,408 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|-----------------|----------------------|---------------|-----------------|----------------|-----------------|---------------------------|--------------|---------------|-----------------|------------------|----------------------|-------------------------|--------------|-------------|-----------------|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Net income | \$ 225,400 | \$ 172,112 | \$ 148,688 | \$ 11,996 | \$ 409,365 | \$ 252,344 | \$ 419,351 | \$ 61,881 | \$ 75,137 | \$ 219,403 | \$ 123,227 | \$ 100,935 | \$ 96,890 | \$ 123,344 | \$ 194,295 | \$ 351,986 | \$ 33,129 | \$ 3,019,483 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | | | | | | | | | | | | | | | | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (2,438) | 236 | 1,172 | 149 | 756 | (187) | (1,084) | 58 | (361) | 182 | (28) | 76 | - | 725 | 26 | (444) | 291 | (871) |
| Casualty claim receivable | - | 176,736 | - | - | - | - | 81,581 | - | - | - | - | - | - | - | - | (17,182) | - | 241,135 |
| Prepaid expenses | 295 | (218) | (111) | (97) | 1,567 | (142) | (250) | (64) | (62) | (116) | (108) | (90) | (32) | (104) | (121) | (198) | (21) | 128 |
| Accounts payable and accrued liabilities | (10,589) | (114,071) | (992) | 733 | (13,942) | (3,207) | 2,080 | 1,121 | (128) | (2,406) | (49) | (4,233) | 12,450 | (6,514) | (6,822) | 4,898 | (524) | (142,195) |
| Prepaid rent | (260) | 8,982 | (2,629) | (1,084) | 15,145 | (1,814) | 17,289 | 308 | 1,823 | (1,335) | 1,379 | 4,379 | (136) | 6,003 | (236) | 1,908 | (3) | 49,719 |
| Security deposits | 50 | 707 | 100 | 1,228 | (1,338) | 1,055 | (2,790) | (890) | - | (621) | (1,024) | (150) | - | 2,497 | 200 | 2,062 | (165) | 921 |
| Net cash flows from operating activities | 212,458 | 244,484 | 146,228 | 12,925 | 411,553 | 248,049 | 516,177 | 62,414 | 76,409 | 215,107 | 123,397 | 100,917 | 109,172 | 125,951 | 187,342 | 343,030 | 32,707 | 3,168,320 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Contributions | 68,742 | 364,748 | 54,050 | 82,320 | 32,974 | 10,319 | 87,395 | 6,734 | 37,561 | 20,750 | 31,971 | 66,131 | - | 76,551 | - | 58,725 | 8,700 | 1,007,671 |
| Capital expenditures funded by the City of Phoenix | (90,401) | (370,739) | (54,050) | (82,320) | (32,974) | (10,319) | (93,178) | (8,157) | (37,561) | (20,750) | (29,571) | (66,131) | (13,245) | (76,551) | - | (64,855) | (8,700) | (1,059,502) |
| Distributions | (204,831) | (234,090) | (144,039) | - | (418,486) | (241,287) | (509,537) | (67,274) | (70,896) | (205,417) | (128,857) | (97,007) | (89,505) | (113,375) | (185,276) | (326,512) | (31,070) | (3,067,459) |
| Net cash flows from financing activities | (226,490) | (240,081) | (144,039) | - | (418,486) | (241,287) | (515,320) | (68,697) | (70,896) | (205,417) | (126,457) | (97,007) | (102,750) | (113,375) | (185,276) | (332,642) | (31,070) | (3,119,290) |
| INCREASE (DECREASE) IN CASH | (14,032) | 4,403 | 2,189 | 12,925 | (6,933) | 6,762 | 857 | (6,283) | 5,513 | 9,690 | (3,060) | 3,910 | 6,422 | 12,576 | 2,066 | 10,388 | 1,637 | 49,030 |
| CASH, beginning of year | 92,784 | 56,475 | 49,867 | 7,985 | 130,058 | 56,060 | 114,030 | 26,617 | 21,738 | 56,511 | 48,853 | 45,261 | 13,203 | 38,322 | 53,351 | 88,275 | 11,179 | 910,569 |
| CASH, end of year | \$ 78,752 | \$ 60,878 | \$ 52,056 | \$ 20,910 | \$ 123,125 | \$ 62,822 | \$ 114,887 | \$ 20,334 | \$ 27,251 | \$ 66,201 | \$ 45,793 | \$ 49,171 | \$ 19,625 | \$ 50,898 | \$ 55,417 | \$ 98,663 | \$ 12,816 | \$ 959,599 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|-----------------|----------------------|---------------|-----------------|----------------|-----------------|---------------------------|--------------|---------------|-----------------|------------------|----------------------|-------------------------|--------------|-------------|-----------------|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Net income | \$ 164,670 | \$ 197,051 | \$ 97,655 | \$ 14,273 | \$ 356,947 | \$ 171,345 | \$ 373,843 | \$ 59,723 | \$ 43,376 | \$ 123,260 | \$ 137,856 | \$ 81,848 | \$ 91,703 | \$ 48,243 | \$ 168,064 | \$ 191,252 | \$ 24,012 | \$ 2,345,121 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | | | | | | | | | | | | | | | | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (642) | (2,050) | (680) | (198) | (788) | (610) | (126) | (315) | (125) | (137) | (104) | (311) | - | (99) | 38 | (56) | (291) | (6,494) |
| Casualty claim receivable | - | (176,736) | - | - | - | - | (81,581) | - | - | - | - | - | - | - | - | - | - | (258,317) |
| Prepaid expenses | (4,464) | (2,232) | (980) | (860) | (2,495) | (1,251) | (2,186) | (573) | (558) | (1,026) | (950) | (799) | (286) | (920) | (1,070) | (1,750) | (196) | (22,596) |
| Accounts payable and accrued liabilities | 31,585 | 86,375 | (18,575) | 2,340 | 14,968 | (7,500) | (620) | 613 | 199 | (97,886) | 3,687 | 10,749 | 746 | (2,922) | 4,456 | (64,415) | 619 | (35,581) |
| Prepaid rent | 1,155 | (3,781) | (5,696) | 1,430 | (10,102) | 1,708 | (10,731) | (371) | (65) | 1,443 | (30) | (5,822) | (1,679) | (660) | 66 | 1,970 | (121) | (31,286) |
| Security deposits | (948) | (1,281) | 55 | (312) | (2,362) | 377 | (1,661) | 10 | (1,145) | 99 | (473) | (67) | (150) | (432) | (343) | 303 | 531 | (7,799) |
| Net cash flows from operating activities | 191,356 | 97,346 | 71,779 | 16,673 | 356,168 | 164,069 | 276,938 | 59,087 | 41,682 | 25,753 | 139,986 | 85,598 | 90,334 | 43,210 | 171,211 | 127,304 | 24,554 | 1,983,048 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Contributions | 29,006 | 141,150 | - | 14,097 | 57,318 | 13,769 | 29,200 | 36,333 | 2,035 | 33,662 | 7,331 | 17,916 | - | 7,669 | 17,500 | 35,996 | 15,000 | 457,982 |
| Capital expenditures funded by the City of Phoenix | (336,958) | (141,150) | - | (14,098) | (57,318) | (13,769) | (29,200) | (36,333) | (2,035) | (33,662) | (7,331) | (17,916) | - | (7,669) | (17,500) | (29,729) | (15,000) | (759,668) |
| Distributions | (148,952) | (181,123) | (85,888) | (47,264) | (339,652) | (168,425) | (273,938) | (58,679) | (45,869) | (109,370) | (135,664) | (88,491) | (96,752) | (55,253) | (170,943) | (179,081) | (18,575) | (2,203,919) |
| Net cash flows from financing activities | (456,904) | (181,123) | (85,888) | (47,265) | (339,652) | (168,425) | (273,938) | (58,679) | (45,869) | (109,370) | (135,664) | (88,491) | (96,752) | (55,253) | (170,943) | (172,814) | (18,575) | (2,505,605) |
| INCREASE (DECREASE) IN CASH | (265,548) | (83,777) | (14,109) | (30,592) | 16,516 | (4,356) | 3,000 | 408 | (4,187) | (83,617) | 4,322 | (2,893) | (6,418) | (12,043) | 268 | (45,510) | 5,979 | (522,557) |
| CASH, beginning of year | 358,332 | 140,252 | 63,976 | 38,577 | 113,542 | 60,416 | 111,030 | 26,209 | 25,925 | 140,128 | 44,531 | 48,154 | 19,621 | 50,365 | 53,083 | 133,785 | 5,200 | 1,433,126 |
| CASH, end of year | \$ 92,784 | \$ 56,475 | \$ 49,867 | \$ 7,985 | \$ 130,058 | \$ 56,060 | \$ 114,030 | \$ 26,617 | \$ 21,738 | \$ 56,511 | \$ 48,853 | \$ 45,261 | \$ 13,203 | \$ 38,322 | \$ 53,351 | \$ 88,275 | \$ 11,179 | \$ 910,569 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) ORGANIZATION AND OPERATIONS:

The City of Phoenix Multifamily Group (Multifamily Group) consists of seventeen multifamily properties intended for low to moderate income housing. The properties are owned by the City of Phoenix Housing Department (City of Phoenix) and are managed by Dunlap & Magee Property Management Inc. (Dunlap & Magee). The properties and related information are as follows:

| | <u>YEAR BUILT</u> | <u>NUMBER OF UNITS</u> | <u>SQUARE FEET</u> |
|---------------------------|-----------------------|----------------------------|------------------------|
| Ambassador West | 1964 | 102 | 56,250 |
| Camelback Properties | 1959 | 147 | 104,393 |
| Cypress Manor | 1969 | 64 | 66,600 |
| Deck Park Vista | 1992 | 56 | 40,080 |
| Desert Meadows | 1979 | 148 | 103,873 |
| Foothills Court | 1983 | 82 | 62,700 |
| Foothills on the Preserve | 1986 | 144 | 115,562 |
| La Cascada I | 1963 | 37 | 11,700 |
| La Cascada II | 2001 | 36 | 11,700 |
| Paradise Greens | 1985 | 67 | 63,123 |
| Paradise Village | 1961 | 62 | 55,184 |
| Red Mountain Springs | 1975 | 52 | 52,000 |
| Reflections on Portland | 2009 | 18 | 6,858 |
| Sahuaro West | 1984 | 60 | 46,300 |
| Sand Dollar | 1984 | 70 | 58,200 |
| Windrose Villas | 1985 | 115 | 92,000 |
| Yale Court | 1979 | 12 | 7,452 |
| | | <u>1,272</u> | <u>953,975</u> |

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Recognition of Income and Expenses-

Income and expenses are recognized on the accrual method of accounting. Under this method, income is recognized when earned rather than when collected and expenses are recognized when incurred rather than when paid.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes-

The City of Phoenix is a government entity and, as such, is exempt from income taxes.

Capital Improvements-

Recurring capital improvements that are budgeted for and extend the useful life of the property are included in replacement and reserve expenses in the combining statements of income and equity. Non-recurring capital improvements that extend the useful life of the property, but are not budgeted for, are funded by contributions from the City of Phoenix as reflected in the combining statements of income and equity.

(3) TRANSACTIONS WITH MANAGEMENT COMPANY:

The terms of the management agreement for the properties provide for payment of management fees to Dunlap & Magee of 4.5% of gross revenue. Total management fees for fiscal years 2019 and 2018 were \$408,153 and \$374,735, respectively. Additionally, the management agreement provides for payment of the payroll for Dunlap & Magee employees necessary for the direct management of the properties, as reflected in the combining statements of income and equity.

(4) TRANSACTIONS WITH RELATED PARTY:

The Multifamily Group has a program in which apartments in several properties are set aside for domestic abuse victims and their children. The City of Phoenix pays the Multifamily Group the rent on these apartments. Total rent received from the City of Phoenix for these units for fiscal years 2019 and 2018 was \$48,600 per year.

(5) RISKS AND CONCENTRATIONS:

Financial instruments that potentially subject the properties to concentrations of credit risk consist principally of cash deposits and receivables. The properties place their cash with a high credit quality financial institution. The properties had approximately \$1,098,000 of cash in excess of federally insured limits at June 30, 2019.

All units are located in Phoenix, Arizona.

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying amounts reported in the balance sheets for current assets and current liabilities approximate fair values due to the short maturity of these instruments.

(7) SUBSEQUENT EVENTS:

Management has evaluated all subsequent events through the date the combining financial statements were available to be issued on September 27, 2019. No subsequent events occurred during this period which require adjustment to or disclosure in the combining financial statements.

**CITY OF PHOENIX
MULTIFAMILY GROUP**

COMBINING FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Together with Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the City of Phoenix Housing Department:
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying combining financial statements of *City of Phoenix Multifamily Group*, which comprise the combining balance sheets as of June 30, 2020 and 2019, and the related combining statements of income and equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Dunlap & Magee Property Management Inc. 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 audits 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 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 *City of Phoenix Multifamily Group* as of June 30, 2020 and 2019, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CITY OF PHOENIX MULTIFAMILY GROUP
 COMBINING BALANCE SHEET
 JUNE 30, 2020

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|------------------|----------------------|------------------|------------------|-------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|-------------------|-------------------|------------------|---------------------|
| ASSETS | | | | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | | | | |
| Cash | \$ 71,267 | \$ 114,981 | \$ 72,442 | \$ 31,733 | \$ 132,883 | \$ 62,343 | \$ 114,872 | \$ 25,789 | \$ 22,660 | \$ 69,118 | \$ 47,925 | \$ 87,412 | \$ 15,921 | \$ 58,237 | \$ 134,685 | \$ 103,825 | \$ 14,101 | \$ 1,180,194 |
| Accounts receivable | 4,416 | 133 | 24 | 120 | 2,050 | 209 | 3,469 | 134 | - | 9,467 | 298 | 1,720 | 581 | 2,610 | 103 | 623 | 1 | 25,958 |
| Prepaid expenses | 19,378 | 20,700 | 9,012 | 7,886 | 20,841 | 11,547 | 20,278 | 5,211 | 5,069 | 9,434 | 8,731 | 7,323 | 2,534 | 8,450 | 9,857 | 16,194 | 1,690 | 184,135 |
| Utility deposits | - | 7,573 | - | - | - | - | - | - | - | - | - | 956 | - | 600 | - | - | - | 9,129 |
| Total current assets | 95,061 | 143,387 | 81,478 | 39,739 | 155,774 | 74,099 | 138,619 | 31,134 | 27,729 | 88,019 | 56,954 | 97,411 | 19,036 | 69,897 | 144,645 | 120,642 | 15,792 | 1,399,416 |
| TOTAL ASSETS | \$ 95,061 | \$ 143,387 | \$ 81,478 | \$ 39,739 | \$ 155,774 | \$ 74,099 | \$ 138,619 | \$ 31,134 | \$ 27,729 | \$ 88,019 | \$ 56,954 | \$ 97,411 | \$ 19,036 | \$ 69,897 | \$ 144,645 | \$ 120,642 | \$ 15,792 | \$ 1,399,416 |
| LIABILITIES AND EQUITY | | | | | | | | | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 30,169 | \$ 29,911 | \$ 33,851 | \$ 9,821 | \$ 20,980 | \$ 10,651 | \$ 14,058 | \$ 3,133 | \$ 4,502 | \$ 29,076 | \$ 11,346 | \$ 53,014 | \$ 932 | \$ 14,733 | \$ 97,576 | \$ 24,469 | \$ 681 | \$ 388,903 |
| Prepaid rent | 6,349 | 10,315 | 1,524 | 394 | 15,656 | 6,568 | 12,939 | 13 | 20 | 2,006 | 342 | 2,366 | 115 | 14,184 | 781 | 1,873 | 74 | 75,519 |
| Security deposits | 15,141 | 23,348 | 13,007 | 6,726 | 29,830 | 14,109 | 23,217 | 5,165 | 4,320 | 13,011 | 10,325 | 9,996 | 2,566 | 13,451 | 9,081 | 20,864 | 3,018 | 217,175 |
| Total current liabilities | 51,659 | 63,574 | 48,382 | 16,941 | 66,466 | 31,328 | 50,214 | 8,311 | 8,842 | 44,093 | 22,013 | 65,376 | 3,613 | 42,368 | 107,438 | 47,206 | 3,773 | 681,597 |
| EQUITY | 43,402 | 79,813 | 33,096 | 22,798 | 89,308 | 42,771 | 88,405 | 22,823 | 18,887 | 43,926 | 34,941 | 32,035 | 15,423 | 27,529 | 37,207 | 73,436 | 12,019 | 717,819 |
| TOTAL LIABILITIES AND EQUITY | \$ 95,061 | \$ 143,387 | \$ 81,478 | \$ 39,739 | \$ 155,774 | \$ 74,099 | \$ 138,619 | \$ 31,134 | \$ 27,729 | \$ 88,019 | \$ 56,954 | \$ 97,411 | \$ 19,036 | \$ 69,897 | \$ 144,645 | \$ 120,642 | \$ 15,792 | \$ 1,399,416 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING BALANCE SHEET
JUNE 30, 2019

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|------------------|----------------------|------------------|------------------|-------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|-------------------|------------------|---------------------|
| ASSETS | | | | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | | | | |
| Cash | \$ 78,752 | \$ 60,878 | \$ 52,056 | \$ 20,910 | \$ 123,125 | \$ 62,822 | \$ 114,887 | \$ 20,334 | \$ 27,251 | \$ 66,201 | \$ 45,793 | \$ 49,171 | \$ 19,625 | \$ 50,898 | \$ 55,417 | \$ 98,663 | \$ 12,816 | \$ 959,599 |
| Accounts receivable | 3,205 | 1,934 | 53 | 135 | 61 | 922 | 1,900 | 297 | 486 | 108 | 167 | 241 | - | 122 | 1 | 586 | - | 10,218 |
| Casualty claim receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,182 | - | 17,182 |
| Prepaid expenses | 15,654 | 16,713 | 7,292 | 6,381 | 16,863 | 9,343 | 16,408 | 4,216 | 4,102 | 7,634 | 7,965 | 5,925 | 2,051 | 6,836 | 7,976 | 13,103 | 1,367 | 149,829 |
| Utility deposits | - | 7,573 | - | - | - | - | - | - | - | - | - | 956 | - | 365 | - | - | - | 8,894 |
| Total current assets | 97,611 | 87,098 | 59,401 | 27,426 | 140,049 | 73,087 | 133,195 | 24,847 | 31,839 | 73,943 | 53,925 | 56,293 | 21,676 | 58,221 | 63,394 | 129,534 | 14,183 | 1,145,722 |
| TOTAL ASSETS | \$ 97,611 | \$ 87,098 | \$ 59,401 | \$ 27,426 | \$ 140,049 | \$ 73,087 | \$ 133,195 | \$ 24,847 | \$ 31,839 | \$ 73,943 | \$ 53,925 | \$ 56,293 | \$ 21,676 | \$ 58,221 | \$ 63,394 | \$ 129,534 | \$ 14,183 | \$ 1,145,722 |
| LIABILITIES AND EQUITY | | | | | | | | | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 33,730 | \$ 36,517 | \$ 10,329 | \$ 10,098 | \$ 18,626 | \$ 6,761 | \$ 17,175 | \$ 4,762 | \$ 2,893 | \$ 11,244 | \$ 10,664 | \$ 12,012 | \$ 14,271 | \$ 7,646 | \$ 6,017 | \$ 21,953 | \$ 1,574 | \$ 226,272 |
| Prepaid rent | 2,262 | 19,122 | 247 | 470 | 18,171 | 535 | 21,195 | 573 | 1,823 | 365 | 2,240 | 5,978 | - | 6,450 | 23 | 4,348 | - | 83,802 |
| Security deposits | 14,889 | 23,657 | 13,107 | 8,626 | 28,656 | 15,386 | 22,423 | 5,255 | 5,050 | 12,264 | 7,726 | 9,996 | 3,116 | 12,465 | 10,073 | 20,442 | 1,916 | 215,047 |
| Total current liabilities | 50,881 | 79,296 | 23,683 | 19,194 | 65,453 | 22,682 | 60,793 | 10,590 | 9,766 | 23,873 | 20,630 | 27,986 | 17,387 | 26,561 | 16,113 | 46,743 | 3,490 | 525,121 |
| EQUITY | 46,730 | 7,802 | 35,718 | 8,232 | 74,596 | 50,405 | 72,402 | 14,257 | 22,073 | 50,070 | 33,295 | 28,307 | 4,289 | 31,660 | 47,281 | 82,791 | 10,693 | 620,601 |
| TOTAL LIABILITIES AND EQUITY | \$ 97,611 | \$ 87,098 | \$ 59,401 | \$ 27,426 | \$ 140,049 | \$ 73,087 | \$ 133,195 | \$ 24,847 | \$ 31,839 | \$ 73,943 | \$ 53,925 | \$ 56,293 | \$ 21,676 | \$ 58,221 | \$ 63,394 | \$ 129,534 | \$ 14,183 | \$ 1,145,722 |

See accompanying notes and independent auditors' report.

**CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF INCOME AND EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|---|------------------|----------------------|------------------|------------------|------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|------------------|------------------|--------------------|
| INCOME: | | | | | | | | | | | | | | | | | | |
| Rent, net | \$ 708,640 | \$ 990,097 | \$ 495,163 | \$ 307,253 | \$ 1,016,605 | \$ 566,625 | \$ 1,039,207 | \$ 193,431 | \$ 213,493 | \$ 508,266 | \$ 424,018 | \$ 398,503 | \$ 143,216 | \$ 400,049 | \$ 472,206 | \$ 825,547 | \$ 79,482 | \$ 8,781,801 |
| Vending | 7,220 | 10,693 | 1,406 | 11,852 | 12,169 | 7,920 | 24,922 | 400 | 2,979 | 1,864 | 7,482 | 5,333 | 1,462 | 6,088 | 3,998 | 15,227 | - | 121,015 |
| Other | 13,911 | 13,317 | 8,431 | 3,335 | 34,829 | 9,629 | 33,107 | 1,212 | 2,163 | 12,737 | 7,486 | 14,291 | 2,205 | 13,252 | 5,675 | 22,877 | 1,042 | 199,499 |
| Interest | 351 | 457 | 266 | 135 | 511 | 285 | 491 | 105 | 110 | 251 | 196 | 191 | 78 | 222 | 242 | 437 | 46 | 4,374 |
| Total income | 730,122 | 1,014,564 | 505,266 | 322,575 | 1,064,114 | 584,459 | 1,097,727 | 195,148 | 218,745 | 523,118 | 439,182 | 418,318 | 146,961 | 419,611 | 482,121 | 864,088 | 80,570 | 9,106,689 |
| EXPENSES: | | | | | | | | | | | | | | | | | | |
| Payroll, taxes, and benefits | 117,389 | 205,222 | 115,845 | 134,023 | 235,632 | 114,447 | 193,220 | 49,028 | 49,105 | 108,305 | 109,388 | 113,991 | 10,686 | 100,022 | 111,786 | 158,588 | 10,929 | 1,937,606 |
| Advertising and promotion | 1,143 | 1,415 | 792 | 1,186 | 1,496 | 908 | 1,364 | 294 | 383 | 481 | 649 | 622 | 182 | 620 | 1,098 | 1,076 | 143 | 13,852 |
| Repairs and maintenance | 67,860 | 86,673 | 66,398 | 40,073 | 85,933 | 62,467 | 98,038 | 19,540 | 33,134 | 61,394 | 69,782 | 51,589 | 9,452 | 59,274 | 50,676 | 61,044 | 7,156 | 930,483 |
| Administrative | 12,857 | 21,236 | 10,092 | (498) | 19,859 | 8,259 | 15,517 | 4,828 | 4,688 | 9,676 | 6,953 | 5,043 | 1,585 | 9,038 | 7,291 | 11,891 | 1,168 | 149,483 |
| Management fees | 37,127 | 51,266 | 25,282 | 16,687 | 54,399 | 30,205 | 56,670 | 10,042 | 10,950 | 28,510 | 23,862 | 20,842 | 7,353 | 22,902 | 24,115 | 43,752 | 4,295 | 468,259 |
| Utilities | 188,808 | 210,259 | 75,935 | 60,534 | 134,435 | 69,837 | 152,547 | 25,509 | 38,241 | 102,759 | 88,950 | 79,572 | 6,652 | 58,608 | 61,706 | 113,710 | 11,710 | 1,479,772 |
| Insurance | 18,695 | 18,725 | 8,152 | 7,133 | 18,852 | 10,445 | 18,343 | 4,713 | 4,586 | 8,535 | 7,898 | 6,624 | 2,293 | 7,643 | 8,917 | 14,649 | 1,529 | 167,732 |
| Replacement and reserve | 36,997 | 40,852 | 28,485 | 18,213 | 76,551 | 39,576 | 76,780 | 13,641 | 19,665 | 28,070 | 30,963 | 27,212 | 2,252 | 24,869 | 27,768 | 52,486 | 8,735 | 553,115 |
| Total expenses | 480,876 | 635,648 | 330,981 | 277,351 | 627,157 | 336,144 | 612,479 | 127,595 | 160,752 | 347,730 | 338,445 | 305,495 | 40,455 | 282,976 | 293,357 | 457,196 | 45,665 | 5,700,302 |
| NET INCOME | 249,246 | 378,916 | 174,285 | 45,224 | 436,957 | 248,315 | 485,248 | 67,553 | 57,993 | 175,388 | 100,737 | 112,823 | 106,506 | 136,635 | 188,764 | 406,892 | 34,905 | 3,406,387 |
| EQUITY, beginning of year | 46,730 | 7,802 | 35,718 | 8,232 | 74,596 | 50,405 | 72,402 | 14,257 | 22,073 | 50,070 | 33,295 | 28,307 | 4,289 | 31,660 | 47,281 | 82,791 | 10,693 | 620,601 |
| CONTRIBUTIONS | 76,186 | 5,991 | 45,385 | 7,951 | 3,450 | 1,857 | 12,558 | 7,063 | - | 29,364 | 5,547 | 63,007 | 13,245 | 50,505 | 150,196 | 21,730 | 9,840 | 503,875 |
| CAPITAL EXPENDITURES FUNDED BY THE CITY OF PHOENIX | (54,527) | - | (45,385) | (7,951) | (3,450) | (1,857) | (6,775) | (5,640) | - | (29,364) | (5,547) | (63,007) | - | (50,505) | (150,196) | (15,600) | (9,840) | (449,644) |
| DISTRIBUTIONS | (274,233) | (312,896) | (176,907) | (30,658) | (422,245) | (255,949) | (475,028) | (60,410) | (61,179) | (181,532) | (99,091) | (109,095) | (108,617) | (140,766) | (198,838) | (422,377) | (33,579) | (3,363,400) |
| EQUITY, end of year | \$ 43,402 | \$ 79,813 | \$ 33,096 | \$ 22,798 | \$ 89,308 | \$ 42,771 | \$ 88,405 | \$ 22,823 | \$ 18,887 | \$ 43,926 | \$ 34,941 | \$ 32,035 | \$ 15,423 | \$ 27,529 | \$ 37,207 | \$ 73,436 | \$ 12,019 | \$ 717,819 |

See accompanying notes and independent auditors' report.

**CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF INCOME AND EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|---|------------------|----------------------|------------------|-----------------|------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|----------------------|-------------------------|------------------|------------------|------------------|------------------|--------------------|
| INCOME: | | | | | | | | | | | | | | | | | | |
| Rent, net | \$ 685,844 | \$ 945,565 | \$ 478,205 | \$ 311,276 | \$ 1,008,707 | \$ 551,775 | \$ 1,033,333 | \$ 192,668 | \$ 213,298 | \$ 542,625 | \$ 441,468 | \$ 376,258 | \$ 141,352 | \$ 413,087 | \$ 480,042 | \$ 796,975 | \$ 75,701 | \$ 8,688,179 |
| Vending | 6,281 | 9,344 | 2,444 | 11,072 | 12,063 | 7,815 | 26,190 | - | 2,286 | 2,684 | 9,702 | 5,134 | 1,281 | 6,507 | 3,859 | 14,041 | - | 120,703 |
| Other | 7,992 | 18,964 | 11,349 | 6,978 | 30,379 | 9,499 | 33,762 | 3,102 | 113 | 14,721 | 6,592 | 16,041 | 1,411 | 17,445 | 5,727 | 28,874 | 964 | 213,913 |
| Interest | 663 | 912 | 496 | 137 | 1,048 | 579 | 1,149 | 209 | 235 | 551 | 416 | 369 | 155 | 435 | 479 | 834 | 89 | 8,756 |
| Total income | 700,780 | 974,785 | 492,494 | 329,463 | 1,052,197 | 569,668 | 1,094,434 | 195,979 | 215,932 | 560,581 | 458,178 | 397,802 | 144,199 | 437,474 | 490,107 | 840,724 | 76,754 | 9,031,551 |
| EXPENSES: | | | | | | | | | | | | | | | | | | |
| Payroll, taxes, and benefits | 110,706 | 264,506 | 122,336 | 127,224 | 290,119 | 124,679 | 245,685 | 55,976 | 55,975 | 105,258 | 119,235 | 94,048 | 13,716 | 100,510 | 131,668 | 191,286 | 13,198 | 2,166,125 |
| Advertising and promotion | 1,258 | 2,391 | 1,005 | 1,364 | 2,648 | 993 | 1,612 | 347 | 627 | 870 | 748 | 809 | 130 | 892 | 1,493 | 1,372 | 87 | 18,646 |
| Repairs and maintenance | 75,972 | 114,681 | 63,897 | 58,136 | 84,944 | 58,531 | 95,780 | 26,413 | 22,548 | 65,441 | 68,225 | 64,266 | 10,747 | 82,183 | 43,500 | 64,962 | 9,616 | 1,009,842 |
| Administrative | 14,492 | 23,299 | 7,949 | 10,463 | 19,076 | 9,979 | 20,705 | 6,260 | 4,387 | 8,172 | 6,741 | 6,403 | 1,648 | 11,571 | 8,585 | 13,788 | 867 | 174,385 |
| Management fees | 31,784 | 44,240 | 22,192 | 14,814 | 47,519 | 25,339 | 49,854 | 8,770 | 9,705 | 25,349 | 20,721 | 17,860 | 6,468 | 19,738 | 22,034 | 38,157 | 3,609 | 408,153 |
| Utilities | 178,916 | 209,588 | 72,372 | 60,228 | 113,241 | 58,076 | 151,703 | 23,784 | 35,504 | 99,670 | 82,943 | 75,407 | 5,470 | 53,358 | 56,880 | 114,697 | 10,537 | 1,402,374 |
| Insurance | 17,891 | 17,357 | 7,557 | 6,612 | 17,724 | 9,682 | 17,003 | 4,369 | 4,251 | 7,911 | 7,321 | 6,140 | 2,125 | 7,085 | 8,265 | 13,579 | 1,417 | 156,289 |
| Replacement and reserve | 44,361 | 126,611 | 46,498 | 38,626 | 67,561 | 30,045 | 92,741 | 8,179 | 7,798 | 28,507 | 29,017 | 31,934 | 7,005 | 38,793 | 23,387 | 50,897 | 4,294 | 676,254 |
| Total expenses | 475,380 | 802,673 | 343,806 | 317,467 | 642,832 | 317,324 | 675,083 | 134,098 | 140,795 | 341,178 | 334,951 | 296,867 | 47,309 | 314,130 | 295,812 | 488,738 | 43,625 | 6,012,068 |
| NET INCOME | 225,400 | 172,112 | 148,688 | 11,996 | 409,365 | 252,344 | 419,351 | 61,881 | 75,137 | 219,403 | 123,227 | 100,935 | 96,890 | 123,344 | 194,295 | 351,986 | 33,129 | 3,019,483 |
| EQUITY, beginning of year | 47,820 | 75,771 | 31,069 | (3,764) | 83,717 | 39,348 | 168,371 | 21,073 | 17,832 | 36,084 | 36,525 | 24,379 | 10,149 | 21,691 | 38,262 | 63,447 | 8,634 | 720,408 |
| CONTRIBUTIONS | 68,742 | 364,748 | 54,050 | 82,320 | 32,974 | 10,319 | 87,395 | 6,734 | 37,561 | 20,750 | 31,971 | 66,131 | - | 76,551 | - | 58,725 | 8,700 | 1,007,671 |
| CAPITAL EXPENDITURES FUNDED BY THE CITY OF PHOENIX | (90,401) | (370,739) | (54,050) | (82,320) | (32,974) | (10,319) | (93,178) | (8,157) | (37,561) | (20,750) | (29,571) | (66,131) | (13,245) | (76,551) | - | (64,855) | (8,700) | (1,059,502) |
| DISTRIBUTIONS | (204,831) | (234,090) | (144,039) | - | (418,486) | (241,287) | (509,537) | (67,274) | (70,896) | (205,417) | (128,857) | (97,007) | (89,505) | (113,375) | (185,276) | (326,512) | (31,070) | (3,067,459) |
| EQUITY, end of year | \$ 46,730 | \$ 7,802 | \$ 35,718 | \$ 8,232 | \$ 74,596 | \$ 50,405 | \$ 72,402 | \$ 14,257 | \$ 22,073 | \$ 50,070 | \$ 33,295 | \$ 28,307 | \$ 4,289 | \$ 31,660 | \$ 47,281 | \$ 82,791 | \$ 10,693 | \$ 620,601 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|-----------------|----------------------|---------------|-----------------|----------------|-----------------|---------------------------|--------------|---------------|-----------------|------------------|----------------------|-------------------------|--------------|-------------|-----------------|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Net income | \$ 249,246 | \$ 378,916 | \$ 174,285 | \$ 45,224 | \$ 436,957 | \$ 248,315 | \$ 485,248 | \$ 67,553 | \$ 57,993 | \$ 175,388 | \$ 100,737 | \$ 112,823 | \$ 106,506 | \$ 136,635 | \$ 188,764 | \$ 406,892 | \$ 34,905 | \$ 3,406,387 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | | | | | | | | | | | | | | | | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (1,211) | 1,801 | 29 | 15 | (1,989) | 713 | (1,569) | 163 | 486 | (9,359) | (131) | (1,479) | (581) | (2,488) | (102) | (37) | (1) | (15,740) |
| Casualty claim receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,182 | - | 17,182 |
| Prepaid expenses | (3,724) | (3,987) | (1,720) | (1,505) | (3,978) | (2,204) | (3,870) | (995) | (967) | (1,800) | (766) | (1,398) | (483) | (1,614) | (1,881) | (3,091) | (323) | (34,306) |
| Utility deposits | - | - | - | - | - | - | - | - | - | - | - | - | - | (235) | - | - | - | (235) |
| Accounts payable and accrued liabilities | (3,561) | (6,606) | 23,522 | (277) | 2,354 | 3,890 | (3,117) | (1,629) | 1,609 | 17,832 | 682 | 41,002 | (13,339) | 7,087 | 91,559 | 2,516 | (893) | 162,631 |
| Prepaid rent | 4,087 | (8,807) | 1,277 | (76) | (2,515) | 6,033 | (8,256) | (560) | (1,803) | 1,641 | (1,898) | (3,612) | 115 | 7,734 | 758 | (2,475) | 74 | (8,283) |
| Security deposits | 252 | (309) | (100) | (1,900) | 1,174 | (1,277) | 794 | (90) | (730) | 747 | 2,599 | - | (550) | 986 | (992) | 422 | 1,102 | 2,128 |
| Net cash flows from operating activities | 245,089 | 361,008 | 197,293 | 41,481 | 432,003 | 255,470 | 469,230 | 64,442 | 56,588 | 184,449 | 101,223 | 147,336 | 91,668 | 148,105 | 278,106 | 421,409 | 34,864 | 3,529,764 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Contributions | 76,186 | 5,991 | 45,385 | 7,951 | 3,450 | 1,857 | 12,558 | 7,063 | - | 29,364 | 5,547 | 63,007 | 13,245 | 50,505 | 150,196 | 21,730 | 9,840 | 503,875 |
| Capital expenditures funded by the City of Phoenix | (54,527) | - | (45,385) | (7,951) | (3,450) | (1,857) | (6,775) | (5,640) | - | (29,364) | (5,547) | (63,007) | - | (50,505) | (150,196) | (15,600) | (9,840) | (449,644) |
| Distributions | (274,233) | (312,896) | (176,907) | (30,658) | (422,245) | (255,949) | (475,028) | (60,410) | (61,179) | (181,532) | (99,091) | (109,095) | (108,617) | (140,766) | (198,838) | (422,377) | (33,579) | (3,363,400) |
| Net cash flows from financing activities | (252,574) | (306,905) | (176,907) | (30,658) | (422,245) | (255,949) | (469,245) | (58,987) | (61,179) | (181,532) | (99,091) | (109,095) | (95,372) | (140,766) | (198,838) | (416,247) | (33,579) | (3,309,169) |
| INCREASE (DECREASE) IN CASH | (7,485) | 54,103 | 20,386 | 10,823 | 9,758 | (479) | (15) | 5,455 | (4,591) | 2,917 | 2,132 | 38,241 | (3,704) | 7,339 | 79,268 | 5,162 | 1,285 | 220,595 |
| CASH, beginning of year | 78,752 | 60,878 | 52,056 | 20,910 | 123,125 | 62,822 | 114,887 | 20,334 | 27,251 | 66,201 | 45,793 | 49,171 | 19,625 | 50,898 | 55,417 | 98,663 | 12,816 | 959,599 |
| CASH, end of year | \$ 71,267 | \$ 114,981 | \$ 72,442 | \$ 31,733 | \$ 132,883 | \$ 62,343 | \$ 114,872 | \$ 25,789 | \$ 22,660 | \$ 69,118 | \$ 47,925 | \$ 87,412 | \$ 15,921 | \$ 58,237 | \$ 134,685 | \$ 103,825 | \$ 14,101 | \$ 1,180,194 |

See accompanying notes and independent auditors' report.

**CITY OF PHOENIX MULTIFAMILY GROUP
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

| | Ambassador West | Camelback Properties | Cypress Manor | Deck Park Vista | Desert Meadows | Foothills Court | Foothills on the Preserve | La Cascada I | La Cascada II | Paradise Greens | Paradise Village | Red Mountain Springs | Reflections on Portland | Sahuaro West | Sand Dollar | Windrose Villas | Yale Court | Total |
|--|-----------------|----------------------|---------------|-----------------|----------------|-----------------|---------------------------|--------------|---------------|-----------------|------------------|----------------------|-------------------------|--------------|-------------|-----------------|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Net income | \$ 225,400 | \$ 172,112 | \$ 148,688 | \$ 11,996 | \$ 409,365 | \$ 252,344 | \$ 419,351 | \$ 61,881 | \$ 75,137 | \$ 219,403 | \$ 123,227 | \$ 100,935 | \$ 96,890 | \$ 123,344 | \$ 194,295 | \$ 351,986 | \$ 33,129 | \$ 3,019,483 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | | | | | | | | | | | | | | | | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (2,438) | 236 | 1,172 | 149 | 756 | (187) | (1,084) | 58 | (361) | 182 | (28) | 76 | - | 725 | 26 | (444) | 291 | (871) |
| Casualty claim receivable | - | 176,736 | - | - | - | - | 81,581 | - | - | - | - | - | - | - | - | (17,182) | - | 241,135 |
| Prepaid expenses | 295 | (218) | (111) | (97) | 1,567 | (142) | (250) | (64) | (62) | (116) | (108) | (90) | (32) | (104) | (121) | (198) | (21) | 128 |
| Accounts payable and accrued liabilities | (10,589) | (114,071) | (992) | 733 | (13,942) | (3,207) | 2,080 | 1,121 | (128) | (2,406) | (49) | (4,233) | 12,450 | (6,514) | (6,822) | 4,898 | (524) | (142,195) |
| Prepaid rent | (260) | 8,982 | (2,629) | (1,084) | 15,145 | (1,814) | 17,289 | 308 | 1,823 | (1,335) | 1,379 | 4,379 | (136) | 6,003 | (236) | 1,908 | (3) | 49,719 |
| Security deposits | 50 | 707 | 100 | 1,228 | (1,338) | 1,055 | (2,790) | (890) | - | (621) | (1,024) | (150) | - | 2,497 | 200 | 2,062 | (165) | 921 |
| Net cash flows from operating activities | 212,458 | 244,484 | 146,228 | 12,925 | 411,553 | 248,049 | 516,177 | 62,414 | 76,409 | 215,107 | 123,397 | 100,917 | 109,172 | 125,951 | 187,342 | 343,030 | 32,707 | 3,168,320 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | | |
| Contributions | 68,742 | 364,748 | 54,050 | 82,320 | 32,974 | 10,319 | 87,395 | 6,734 | 37,561 | 20,750 | 31,971 | 66,131 | - | 76,551 | - | 58,725 | 8,700 | 1,007,671 |
| Capital expenditures funded by the City of Phoenix | (90,401) | (370,739) | (54,050) | (82,320) | (32,974) | (10,319) | (93,178) | (8,157) | (37,561) | (20,750) | (29,571) | (66,131) | (13,245) | (76,551) | - | (64,855) | (8,700) | (1,059,502) |
| Distributions | (204,831) | (234,090) | (144,039) | - | (418,486) | (241,287) | (509,537) | (67,274) | (70,896) | (205,417) | (128,857) | (97,007) | (89,505) | (113,375) | (185,276) | (326,512) | (31,070) | (3,067,459) |
| Net cash flows from financing activities | (226,490) | (240,081) | (144,039) | - | (418,486) | (241,287) | (515,320) | (68,697) | (70,896) | (205,417) | (126,457) | (97,007) | (102,750) | (113,375) | (185,276) | (332,642) | (31,070) | (3,119,290) |
| INCREASE (DECREASE) IN CASH | (14,032) | 4,403 | 2,189 | 12,925 | (6,933) | 6,762 | 857 | (6,283) | 5,513 | 9,690 | (3,060) | 3,910 | 6,422 | 12,576 | 2,066 | 10,388 | 1,637 | 49,030 |
| CASH, beginning of year | 92,784 | 56,475 | 49,867 | 7,985 | 130,058 | 56,060 | 114,030 | 26,617 | 21,738 | 56,511 | 48,853 | 45,261 | 13,203 | 38,322 | 53,351 | 88,275 | 11,179 | 910,569 |
| CASH, end of year | \$ 78,752 | \$ 60,878 | \$ 52,056 | \$ 20,910 | \$ 123,125 | \$ 62,822 | \$ 114,887 | \$ 20,334 | \$ 27,251 | \$ 66,201 | \$ 45,793 | \$ 49,171 | \$ 19,625 | \$ 50,898 | \$ 55,417 | \$ 98,663 | \$ 12,816 | \$ 959,599 |

See accompanying notes and independent auditors' report.

CITY OF PHOENIX MULTIFAMILY GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) ORGANIZATION AND OPERATIONS:

The City of Phoenix Multifamily Group (Multifamily Group) consists of seventeen multifamily properties intended for low to moderate income housing. The properties are owned by the City of Phoenix Housing Department (City of Phoenix) and are managed by Dunlap & Magee Property Management Inc. (Dunlap & Magee). The properties and related information are as follows:

| | <u>YEAR BUILT</u> | <u>NUMBER OF UNITS</u> | <u>SQUARE FEET</u> |
|---------------------------|-----------------------|----------------------------|------------------------|
| Ambassador West | 1964 | 102 | 56,250 |
| Camelback Properties | 1959 | 147 | 104,393 |
| Cypress Manor | 1969 | 64 | 66,600 |
| Deck Park Vista | 1992 | 56 | 40,080 |
| Desert Meadows | 1979 | 148 | 103,873 |
| Foothills Court | 1983 | 82 | 62,700 |
| Foothills on the Preserve | 1986 | 144 | 115,562 |
| La Cascada I | 1963 | 37 | 11,700 |
| La Cascada II | 2001 | 36 | 11,700 |
| Paradise Greens | 1985 | 67 | 63,123 |
| Paradise Village | 1961 | 62 | 55,184 |
| Red Mountain Springs | 1975 | 52 | 52,000 |
| Reflections on Portland | 2009 | 18 | 6,858 |
| Sahuaro West | 1984 | 60 | 46,300 |
| Sand Dollar | 1984 | 70 | 58,200 |
| Windrose Villas | 1985 | 115 | 92,000 |
| Yale Court | 1979 | <u>12</u> | <u>7,452</u> |
| | | <u>1,272</u> | <u>953,975</u> |

Coronavirus Disease 2019 (COVID-19)-

The outbreak of COVID-19 has led to an official public health emergency in Arizona which could negatively impact tenants' ability to pay monthly rental payments. It is not possible to quantify the magnitude and duration of such impact at this time given the fluidity of the situation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Recognition of Income and Expenses-

Income and expenses are recognized on the accrual method of accounting. Under this method, income is recognized when earned rather than when collected and expenses are recognized when incurred rather than when paid.

Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes-

The City of Phoenix is a government entity and, as such, is exempt from income taxes.

Capital Improvements-

Recurring capital improvements that are budgeted for and extend the useful life of the property are included in replacement and reserve expenses in the combining statements of income and equity. Non-recurring capital improvements that extend the useful life of the property, but are not budgeted for, are funded by contributions from the City of Phoenix as reflected in the combining statements of income and equity.

(3) TRANSACTIONS WITH MANAGEMENT COMPANY:

Through October 31, 2019, the terms of the management agreement for the properties provide for payment of management fees to Dunlap & Magee of 4.5% of gross revenue. Effective November 1, 2020, the management fees were increased to 5.5% of gross revenue. Total management fees for fiscal years 2020 and 2019 were \$468,259 and \$408,153, respectively. Additionally, the management agreement provides for payment of the payroll for Dunlap & Magee employees necessary for the direct management of the properties, as reflected in the combining statements of income and equity.

(4) TRANSACTIONS WITH RELATED PARTY:

The Multifamily Group has a program in which apartments in several properties are set aside for domestic abuse victims and their children. The City of Phoenix pays the Multifamily Group the rent on these apartments. Total rent received from the City of Phoenix for these units for fiscal years 2020 and 2019 was \$48,600 per year.

The City of Phoenix reimbursed the Multifamily Group \$8,300 in fiscal year 2020 for a market study expense paid by Deck Park Vista in fiscal year 2018. The reimbursement is reflected as a negative expense in the administrative expenses line item of the accompanying 2020 combining statement of income and equity.

(5) RISKS AND CONCENTRATIONS:

Financial instruments that potentially subject the properties to concentrations of credit risk consist principally of cash deposits and receivables. The properties place their cash with a high credit quality financial institution. The properties had approximately \$1,244,000 of cash in excess of federally insured limits at June 30, 2020.

All units are located in Phoenix, Arizona.

(6) SUBSEQUENT EVENTS:

Management has evaluated all subsequent events through the date the combining financial statements were available to be issued on November 19, 2020. No subsequent events occurred during this period which require adjustment to or disclosure in the combining financial statements.