



Financial Statements

December 31, 2024 and 2023

Riverview Townhomes, LLC

Project No. SD99-H001-074

# Riverview Townhomes, LLC

Project No. SD99-H001-074

Table of Contents

December 31, 2024 and 2023

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Independent Accountant's Compilation Report .....	1
Financial Statements	
Balance Sheets .....	2
Statements of Operations and Changes in Members' Equity .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6
Supplementary Information	
Balance Sheets – HUD Format .....	10
Statements of Profit and Loss – HUD Format .....	12
Statements of Cash Flows – HUD Format .....	15
Supplementary Information Required by HUD .....	17
Owners' Certification .....	18



The Members  
Riverview Townhomes, LLC  
Philip, South Dakota

Management is responsible for the accompanying financial statements of Riverview Townhomes, LLC which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying supplementary information included on pages 10 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagements. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Sioux Falls, South Dakota  
March 19, 2025

Riverview Townhomes, LLC

Project No. SD99-H001-074

Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash	\$ 14,613	\$ 16,286
Tenant accounts receivable	2,634	296
Subsidy receivable	2,225	1,289
Due from management company	310	703
Prepaid expenses	<u>64</u>	<u>103</u>
Total current assets	<u>19,846</u>	<u>18,677</u>
Restricted Cash		
Tenant security deposits	<u>4,564</u>	<u>4,218</u>
Property and Equipment, at cost		
Land	21,330	21,330
Land improvements	13,904	13,904
Building	235,154	235,154
Furniture and fixtures	<u>74,661</u>	<u>74,661</u>
	345,049	345,049
Less accumulated depreciation	<u>(114,540)</u>	<u>(103,172)</u>
Property and equipment, net	<u>230,509</u>	<u>241,877</u>
	<u><u>\$ 254,919</u></u>	<u><u>\$ 264,772</u></u>

Riverview Townhomes, LLC

Project No. SD99-H001-074

Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Members' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 5,844	\$ 5,632
Accounts payable	3,428	1,733
Accrued real estate taxes	6,222	7,138
Accrued interest payable	331	338
Prepaid rent	790	1,535
Total current liabilities	16,615	16,376
Tenant Security Deposits Payable	1,806	1,679
Deferred Grant Revenue	51,789	53,865
Long-Term Debt, Less Current Maturities and Net of Unamortized Debt Issuance Costs	<u>129,145</u>	<u>134,684</u>
Total liabilities	199,355	206,604
Members' Equity	<u>55,564</u>	<u>58,168</u>
	<u><u>\$ 254,919</u></u>	<u><u>\$ 264,772</u></u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Operations and Changes in Members' Equity  
Years Ended December 31, 2024 and 2023

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**Operations**

	<u>2024</u>	<u>2023</u>
Revenues		
Tenant rent	\$ 111,837	\$ 104,159
Less vacancies and utility allowances	<u>(44,840)</u>	<u>(50,312)</u>
Net tenant rent	66,997	53,847
Financial revenue	9	8
Grant revenue	2,076	7,978
Other revenue	<u>78</u>	<u>43,383</u>
Total revenues	<u>69,160</u>	<u>105,216</u>
Expenses		
Administrative	19,077	30,807
Utilities	9,326	13,104
Operating and maintenance	14,359	24,842
Depreciation	11,368	15,700
Taxes and insurance	12,189	13,855
Financial	<u>5,445</u>	<u>6,271</u>
Total expenses	<u>71,764</u>	<u>104,579</u>
Net Income (Loss)	<u><u>\$ (2,604)</u></u>	<u><u>\$ 637</u></u>

**Members' Equity**

Balance, December 31, 2022	\$ 59,531
Member distributions	(2,000)
Net income	<u>637</u>
Balance, December 31, 2023	58,168
Net loss	<u>(2,604)</u>
Balance, December 31, 2024	<u><u>\$ 55,564</u></u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Net income (loss)	\$ (2,604)	\$ 637
Charges to net income (loss) not affecting cash		
Depreciation	11,368	15,700
Interest expense attributable to amortization of debt issuance costs	74	74
Loss on disposal of assets	-	589
Bad debts	4	10,393
Recognition of deferred grant revenue	(2,076)	(7,978)
Changes in operating assets and liabilities		
Accounts receivable	(2,885)	(8,594)
Prepaid insurance	39	(103)
Accounts payable	1,695	(39,320)
Accrued interest payable	(7)	(116)
Accrued real estate taxes	(916)	(198)
Tenant security deposits payable	127	192
Prepaid rent	(745)	1,382
Net Cash from (used for) Operating Activities	4,074	(27,342)
Net Cash used for Investing Activities		
Purchase of property and equipment	-	(18,731)
Financing Activities		
Principal payments on long-term debt	(5,401)	(4,466)
Member distributions	-	(2,000)
Net Cash used for Financing Activities	(5,401)	(6,466)
Net Change in Cash and Restricted Cash	(1,327)	(52,539)
Cash and Restricted Cash, Beginning of Year	20,504	73,043
Cash and Restricted Cash, End of Year	\$ 19,177	\$ 20,504
Cash	\$ 14,613	\$ 16,286
Restricted Cash	4,564	4,218
Total Cash and Restricted Cash	\$ 19,177	\$ 20,504
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 5,378	\$ 6,313

## **Note 1 - Principal Business Activity and Significant Accounting Policies**

### **Principal Business Activity, Risks, and Uncertainty**

Riverview Townhomes, LLC (Company) was formed in February 2016 as a limited liability company under the laws of the state of South Dakota. It was formed for owning and operating a 10-unit low-income housing project in Philip, South Dakota. Substantially all the Company's revenue is derived from the rental of its apartment units.

A significant portion of the Company's rental income is received from HUD. The Company has entered into a Housing Assistance Payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD).

### **Concentrations of Credit Risk**

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2024 and 2023, the Company had no amounts in excess of FDIC-insured limits.

### **Receivables and Credit Policy**

Accounts receivable are rents and charges currently due from residential tenants and from HUD. Payments on accounts receivable are applied to specific months. Management reviews accounts receivable monthly and charges operations with those considered uncollectible. All remaining accounts receivable are considered collectible.

### **Tenant Deposits Held in Trust**

The Company sets aside funds needed to repay tenant deposits held in trust after lease termination.

### **Property and Equipment**

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. All of the Company's property and equipment is subject to operating leases with the residential tenants at December 31, 2024 and 2023.



Depreciation is computed principally by the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	15 years
Furniture and fixtures	5 years

Management reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the way the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2024 and 2023.

#### **Debt Issuance Costs**

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method. The straight-line method is a reasonable estimate of the effective interest method. Debt issuance costs are included within long-term debt on the balance sheets. Amortization of debt issuance costs are included in financial expense on the statements of operations.

#### **Income Taxes**

As a limited liability company, the Company's taxable income or loss was allocated to the members in accordance with the operating agreement. Therefore, no provision for income taxes was included in the financial statements.

The Company evaluated its tax positions that were taken or were expected to be taken on income tax returns to determine if an accrual was necessary for uncertain tax positions. As of December 31, 2024 and 2023, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

#### **Rental Income**

Housing units are rented under operating lease agreements with terms of one year or less. Tenant rent revenue and housing assistance payments are recognized in the month in which they are earned rather than received. Any rent received prior to the month of occupancy is reported as prepaid rent. Tenant rent represents gross rent for all units in the project. Vacancy loss for unrented units is recorded as a reduction to gross rent potential to arrive at net tenant rent.

The future cash flows from operating lease payments to be received as of December 31, 2024 in 2025 are approximately \$13,300.

**Deferred Grant Revenue**

During the year ended December 31, 2018, the Company received a grant from SDHDA in the amount of \$100,000 for remodeling of the property. The grant has been recorded as deferred revenue and will be recognized over the life of the assets purchased. Grant revenue of \$2,076 and \$7,978 was recognized during 2024 and 2023, respectively.

**Advertising Costs**

Advertising costs are expensed as incurred. Such costs were \$44 and \$137 for the years ended December 31, 2024 and 2023, respectively.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

**Subsequent Events**

The Company has evaluated subsequent events through March 19, 2025, the date which the financial statements were available to be issued.

**Note 2 - Long-Term Debt**

Long-term debt as of December 31, 2024 and 2023 consists of:

	<u>2024</u>	<u>2023</u>
3.70% \$150,961 mortgage note payable to BankWest, due in 60 monthly installments of \$898, including interest, then 180 monthly installments of \$914 at an interest rate of 3.95%, maturing February 7, 2042, secured by property and equipment of the project	\$ 136,255	\$ 141,656
Unamortized debt issuance costs, based on an effective interest rate of 3.92%	(1,266)	(1,340)
	<u>134,989</u>	<u>140,316</u>
Less current maturities	(5,844)	(5,632)
Long-term debt, less current maturities and net of unamortized debt issuance costs	<u>\$ 129,145</u>	<u>\$ 134,684</u>

Long-term debt maturities are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 5,844
2026	6,064
2027	6,196
2028	6,424
2029	6,682
Thereafter	105,045
Less unamortized debt issuance costs	(1,266)
	<u>\$ 134,989</u>

**Note 3 - Members' Equity**

<u>Members</u>	<u>Ownership Percentages</u>
Heartland Properties, LLC	50.00%
CBDB Ventures, LLC	50.00%
	<u>100.00%</u>

Operating profits and losses are allocated to each member in accordance with their relative ownership interest.

**Note 4 - Management Fees**

The Company has entered into a management agreement with CBF LLC, an entity that is also partially owned by one of the members, to provide management services. Under the terms of the agreement, the management company is to receive fees of 6% of gross revenue plus sales tax. During the years ended December 31, 2024 and 2023, the Company incurred management fees (including sales tax) of \$4,317 and \$3,588, respectively.



Supplementary Information  
December 31, 2024 and 2023

**Riverview Townhomes, LLC**  
**Project No. SD99-H001-074**

# Riverview Townhomes, LLC

Project No. SD99-H001-074

Balance Sheets – HUD Format

December 31, 2024 and 2023

	2024	2023
Assets		
1100 Current Assets		
1120 Cash - operations	\$ 14,613	\$ 16,286
1130 Tenant accounts receivable	2,634	296
1135 Accounts receivable - HUD	2,225	1,289
1140 Due from management company	310	703
1200 Prepaid expenses	64	103
1100T Total current assets	19,846	18,677
1191 Tenant Security Deposits Held in Trust	4,564	4,218
1400 Fixed Assets		
1410 Land and land improvements	35,234	35,234
1420 Building	235,154	235,154
1460 Furniture and fixtures	74,661	74,661
1400T Total fixed assets	345,049	345,049
1495 Accumulated depreciation	(114,540)	(103,172)
1400N Net fixed assets	230,509	241,877
1000T Total assets	\$ 254,919	\$ 264,772

Riverview Townhomes, LLC

Project No. SD99-H001-074

Balance Sheets – HUD Format

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Members' Equity		
2100 Current Liabilities		
2110 Accounts payable - operations	\$ 3,428	\$ 1,733
2131 Accrued interest payable	331	338
2150 Accrued real estate taxes	6,222	7,138
2170 Current maturities of long-term debt	5,844	5,632
2210 Prepaid revenue	790	1,535
	<u>16,615</u>	<u>16,376</u>
2122T Total current liabilities	<u>16,615</u>	<u>16,376</u>
2191 Tenant Security Deposits Payable	<u>1,806</u>	<u>1,679</u>
2300 Long-Term Liabilities		
2320 Mortgage payable, less current maturities	130,411	136,024
2340 Debt issuance costs	(1,266)	(1,340)
2390 Deferred grant revenue	51,789	53,865
	<u>180,934</u>	<u>188,549</u>
2300T Total long-term liabilities	<u>180,934</u>	<u>188,549</u>
2000T Total Liabilities	<u>199,355</u>	<u>206,604</u>
3100 Members' Equity		
3130 Members' equity	<u>55,564</u>	<u>58,168</u>
2033T Total liabilities and members' equity	<u>\$ 254,919</u>	<u>\$ 264,772</u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Profit and Loss – HUD Format  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
5100 Rental Revenue		
5120 Apartments	\$ 74,318	\$ 68,163
5121 Housing assistance payments	<u>37,519</u>	<u>35,996</u>
5100T Total rental revenue	<u>111,837</u>	<u>104,159</u>
5200 Total Vacancies		
5220 Apartments	(43,719)	(47,946)
5290 Utility allowance	<u>(1,121)</u>	<u>(2,366)</u>
5200T Total vacancies	<u>(44,840)</u>	<u>(50,312)</u>
5152N Net Rental Revenue	<u>66,997</u>	<u>53,847</u>
5400 Financial Revenue		
5410 Revenue from project operations	<u>9</u>	<u>8</u>
5400T Total financial revenue	<u>9</u>	<u>8</u>
5900 Other Revenue		
5990 Other income - SDHDA grant	2,076	7,978
5990 Other income	<u>78</u>	<u>43,383</u>
5900T Total other revenue	<u>2,154</u>	<u>51,361</u>
5000T Total revenue	<u>69,160</u>	<u>105,216</u>
6263 Administrative		
6210 Advertising and marketing	44	137
6250 Other renting expenses	-	25
6311 Office expense	2,459	3,502
6320 Management fee	4,087	3,373
6330 Manager salary	7,067	7,515
6340 Legal fees - project	-	817
6350 Audit expense	5,416	5,045
6370 Bad debt expense	<u>4</u>	<u>10,393</u>
6263T Total administrative expenses	<u>19,077</u>	<u>30,807</u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Profit and Loss – HUD Format  
Years Ended December 31, 2024 and 2023

	2024	2023
6400 Utilities		
6450 Electricity	\$ 3,829	\$ 6,649
6451 Water	3,773	3,590
6453 Sewer	1,724	2,865
6400T Total utilities expenses	9,326	13,104
6500 Operating and Maintenance		
6510 Payroll	3,639	6,258
6515 Supplies	203	2,111
6520 Contracts	7,621	8,831
6525 Garbage and trash removal	2,096	5,140
6548 Snow removal	800	1,913
6590 Loss on disposal of assets	-	589
6500T Total operating and maintenance expenses	14,359	24,842
6700 Taxes and Insurance		
6710 Real estate taxes	6,222	7,138
6711 Payroll taxes	806	1,099
6720 Property and liability insurance	3,997	3,931
6722 Workmen's compensation	141	233
6723 Health insurance and other employee benefits	577	1,164
6790 Miscellaneous taxes, license, permits	446	290
6700T Total taxes and insurance expenses	12,189	13,855
6800 Financial Expenses		
6820 Interest on first mortgage payable	5,445	6,271
6800T Total financial expenses	5,445	6,271
6000T Total cost of operations before depreciation	60,396	88,879
5060T Profit before depreciation	8,764	16,337
6600 Depreciation expense	11,368	15,700
3250 Profit or Loss	\$ (2,604)	\$ 637



Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Profit and Loss – HUD Format  
Years Ended December 31, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
S1000-010 Total mortgage principal payments required during the year	\$ 5,401	\$ 4,466
S1000-020 Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	-	-
S1000-030 Replacement reserve or residual receipts reserve releases, which are included as expense items on this profit and loss statement	-	-
S1100-010 Beginning of Year Balance	\$ 58,168	\$ 59,531
S1100-420 Distributions	-	(2,000)
3250 Net Income or Loss	<u>(2,604)</u>	<u>637</u>
3130 End of Year	<u><u>\$ 55,564</u></u>	<u><u>\$ 58,168</u></u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Cash Flows – HUD Format  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Sources of Funds		
Operating		
Receipts		
S1200-010 Rental receipts	\$ 62,974	\$ 47,338
S1200-020 Interest receipts	9	8
S1200-030 Other receipts	<u>78</u>	<u>5,346</u>
S1200-040 Total receipts	<u>63,061</u>	<u>52,692</u>
Expenditures		
S1200-050 Administrative	14,986	17,730
S1200-070 Management fee	3,694	4,303
S1200-090 Utilities	7,668	11,902
S1200-110 Operating and maintenance	14,322	25,871
S1200-120 Real estate taxes	7,138	7,336
S1200-140 Property insurance	3,958	3,970
S1200-150 Taxes and insurance	1,970	2,801
S1200-180 Mortgage interest	5,378	6,313
S1200-160 Tenant security deposits, net	<u>219</u>	<u>1,107</u>
S1200-230 Total expenditures	<u>59,333</u>	<u>81,333</u>
S1200-240 Net cash from (used for) operating activities	<u>3,728</u>	<u>(28,641)</u>
Investing Activities		
S1200-330 Net purchase of fixed assets	<u>-</u>	<u>(18,731)</u>
S1200-350 Net cash used for investing activities	<u>-</u>	<u>(18,731)</u>
Financing Activities		
S1200-360 Principal payments on first mortgage	(5,401)	(4,466)
S1200-420 Distributions	<u>-</u>	<u>(2,000)</u>
S1200-460 Net cash used for financing activities	<u>(5,401)</u>	<u>(6,466)</u>
S1200-470 Change in Cash	(1,673)	(53,838)
S1200-480 Cash, at Beginning of Year	<u>16,286</u>	<u>70,124</u>
S1200T Cash, at End of Year	<u>\$ 14,613</u>	<u>\$ 16,286</u>

Riverview Townhomes, LLC  
Project No. SD99-H001-074  
Statements of Cash Flows – HUD Format  
Years Ended December 31, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
Operating activities		
3250 Net (loss) income	\$ (2,604)	\$ 637
Changes to net income (loss) not affecting cash		
6600 Depreciation expense	11,368	15,700
S1200-486 Interest expense attributed to amortization of debt issuance costs	74	74
S1200-600 Loss on disposal of assets	-	589
S1200-600 Bad debts	4	10,393
S1200-600 Recognition of grant revenue	(2,076)	(7,978)
Changes in assets and liabilities		
S1200-490 Tenant accounts receivable	(2,338)	3,791
S1200-500 Accounts receivable - other	(547)	(12,385)
S1200-520 Prepaid expenses	39	(103)
S1200-530 Tenant security deposits	(346)	(1,299)
S1200-540 Accounts payable	1,695	(39,320)
S1200-560 Accrued liabilities	(916)	(198)
S1200-570 Accrued interest payable	(7)	(116)
S1200-580 Tenant security deposits held in trust	127	192
S1200-590 Prepaid revenue	(745)	1,382
S1200-610 Net Cash from (used for) Operating Activities	<u>\$ 3,728</u>	<u>\$ (28,641)</u>

Add: Cash

S1300-010 Cash	\$ 19,177
1135 Accounts receivable - HUD	<u>2,225</u>
S1300-040 Total cash	<u>21,402</u>

Less: Current Obligations

S1300-075 Accounts payable	3,428
S1300-100 Accrued expenses (not escrowed)	6,553
2210 Prepaid revenue	790
2191 Tenant security deposits held in trust	<u>1,806</u>
S1300-140 Total current obligations	<u>12,577</u>

S1300-150 Surplus cash	<u>\$ 8,825</u>
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S1300-200 Amount available for distribution during next fiscal period	<u>\$ 8,825</u>
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	Balance 01/01/24	Additions	Deductions	Balance 12/31/24
Land	\$ 21,330	\$ -	\$ -	\$ 21,330
Land improvements	13,904	-	-	13,904
Building	235,154	-	-	235,154
Furniture and fixtures	<u>74,661</u>	<u>-</u>	<u>-</u>	<u>74,661</u>
	345,049	-	-	345,049
Accumulated Depreciation	<u>(103,172)</u>	<u>\$ (11,368)</u>	<u>\$ -</u>	<u>(114,540)</u>
	<u>\$ 241,877</u>			<u>\$ 230,509</u>

Riverview Townhomes, LLC

Project No. SD99-H001-074

Owners' Certification

December 31, 2024

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We hereby certify that we have examined the foregoing financial statements and supplementary information of Riverview Townhomes, LLC, Project No. SD99-H001-074 as of December 31, 2024 and to the best of our knowledge and belief, the same is a true statement of the financial condition as of December 31, 2024.

By: \_\_\_\_\_  
Jeffrey P. Brooks, Managing Member