SACRAMENTO HOUSING AUTHORITY
REPOSITIONING PROGRAM, INC.

(A COMPONENT UNIT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY)

YEAR ENDED DECEMBER 31, 2019

SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC.
(A COMPONENT UNIT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY)
YEAR ENDED DECEMBER 31, 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sacramento Housing Authority Repositioning Program, Inc.
Sacramento, California

We have audited the accompanying financial statements of the Sacramento Housing Authority Repositioning Program, Inc. (Corporation), a California nonprofit public benefit corporation and a component unit of the Sacramento Housing and Redevelopment Agency (Agency), as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 the Corporation as of December 31, 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
May 26, 2020

SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC.
(A COMPONENT UNIT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY)
STATEMENT OF NET POSITION
DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Equivalents	$ 1,409,771	$ 1,375,080
Accounts Receivable	68,752	66,768
Due From SHRA	65,639	-
Accrued Interest Receivable	147,729	91,468
Total Current Assets	1,691,891	1,533,316
NONCURRENT ASSETS		
Restricted Cash - Security Deposits	5,420	5,420
Prepaid Insurance and Impound Deposits	4,012	3,150
Capital Assets, Net	2,686,859	2,746,123
Notes Receivable	1,322,466	1,505,873
Other Assets	253,642	253,642
Total Noncurrent Assets	4,272,399	4,514,208
Total Assets	5,964,290	6,047,524
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	26,832	1,284
Accrued Liabilities	-	3,347
Unearned Revenue	305	305
Tenant Security Deposits	5,420	5,420
Notes Payable, Current Portion	22,404	21,247
Total Current Liabilities	54,961	31,603
NONCURRENT LIABILITIES		
Notes Payable, Net of Current Portion	1,344,437	1,366,840
Total Liabilities	1,399,398	1,398,443
NET POSITION		
Net Investment in Capital Assets	1,320,018	1,358,036
Unrestricted	3,244,874	3,291,045
Total Net Position	$ 4,564,892	$ 4,649,081

See accompanying Notes to Basic Financial Statements.

SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC.
(A COMPONENT UNIT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	2018
OPERATING REVENUES		
Management Fees	$ 68,205	$ 66,218
Miscellaneous Income	100,000	-
Tenant Rent	187,583	120,722
Maintenance Charges to Tenants	5,101	3,879
Total Operating Revenues	360,889	190,819
OPERATING EXPENSES		
Administrative Services	75,000	75,000
Services and Supplies	314,918	237,138
Depreciation Expense	59,264	53,877
Total Operating Expenses	449,182	366,015
OPERATING LOSS	(88,293)	(175,196)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	73,090	95,736
Interest Expense	(68,986)	(40,723)
Total Nonoperating Revenues (Expenses)	4,104	55,013
CHANGE IN NET POSITION	(84,189)	(120,183)
Net Position - Beginning of Year	4,649,081	4,769,264
NET POSTION - END OF YEAR	$ 4,564,892	$ 4,649,081

See accompanying Notes to Basic Financial Statements.

SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC.
(A COMPONENT UNIT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Tenants	$ 187,923	$ 120,382
Cash Receipts from Development Fees	-	60,000
Cash Receipts from Maintenance Fees	5,101	3,879
Cash Receipts from Management Fees	66,219	63,740
Cash Receipts from Miscellaneous Income	100,000	-
Cash Receipts from Other Funds and Accrued Interest	(121,897)	-
Cash Paid for Administrative Expenses	(54,002)	(76,847)
Cash Paid to Suppliers for Goods and Services	(314,918)	(237,138)
Net Cash Used by Operating Activities	(131,574)	(65,984)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	(1,400,000)
Payments on Notes Payable	(21,246)	(11,913)
Interest Paid	(68,986)	(40,723)
Net Cash Used by Financing Activities	(90,232)	(1,452,636)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Notes Receivables	183,407	(221,246)
Interest Received	73,090	36,483
Net Cash Provided (Used) by Investing Activities	256,497	(184,763)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,691	(1,703,383)
Cash and Cash Equivalents - Beginning of Year	1,375,080	3,078,463
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,409,771	$ 1,375,080
RECONCILIATION OF CHANGES IN OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (88,293)	$ (175,196)
Depreciation	59,264	53,877
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(123,883)	57,522
(Increase) Decrease in Deposits	340	(340)
Increase in Prepaid Insurance	(1,201)	(2,810)
Increase in Accounts Payable	22,199	963
Net Cash Used by Operating Activities	$ (131,574)	$ (65,984)
NONCASH TRANSACTIONS		
Building and Land Acquired through Notes Payable with Seller	$ -	$ 1,400,000

See accompanying Notes to Basic Financial Statements.

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

The Sacramento Housing Authority Repositioning Program, Inc. (the Corporation), a component unit of the Sacramento Housing and Redevelopment Agency (the Agency), is a nonprofit public benefit corporation organized for charitable purposes. The Corporation was formed on June 2, 2009 to benefit and support the City of Sacramento, the County of Sacramento, the Housing Authority of the County of Sacramento (HACOS), and the Housing Authority of the City of Sacramento (HACS) and its purposes by (1) acquiring, providing, developing, financing, rehabilitating, owning and operating decent, safe and sanitary housing affordable to persons and households of low income and by (2) assisting HACOS and HACS in combating blight and promoting social welfare through community based development activities.

The Corporation serves as the general partner of entities that will own, rehabilitate and operate former public housing properties acquired through the Department of Housing and Urban Development's (HUD) asset disposition process. The purpose of the Corporation is to allow the HACS and HACOS to leverage private sector capital to make improvements to housing inventory removed from the federal Public Housing program through HUD's asset disposition process. Assets transferred to the Corporation will be rehabilitated through various financing structures including the use of limited partnerships that will be able to benefit from the use of tax credit financing.

The Corporation is the sole member in seven separate Limited Liability Companies (LLC). Five of the LLC's serve as the one Managing General Partner in the Low Income Tax Credit Partnerships noted below:

The Washington Plaza Housing Associates, LLC (WPHA LLC) owns a 0.01% interest in Washington Plaza Housing Associates, L.P. (WPHA LP), a low income housing apartment project located in Sacramento, California with 76 units.

The Sierra Vista Housing Associates, LLC (Sierra Vista LLC) owns a 0.01% interest in Sierra Vista Housing Associates, L.P. (Sierra Vista LP), a low income housing apartment project located in Sacramento, California with 78 units.

The Sutterview Housing Associates, LLC (Sutterview LLC) owns a 0.01% interest in Sutterview Housing Associates, L.P. (Sutterview LP), a low income housing apartment project located in Sacramento, California with 77 units.

The Marisol Village LLC (Marisol LLC) intends to own a .005% interest in a to be formed partnership, Phase B&E (123 units) of a multi-phase low income housing apartment project located in Sacramento, California.

The RAD Pilot, LLC owns a 0.01% interest in a Rad Pilot, LP. Rad Pilot, LP intends to take ownership of a low income housing apartment portfolio located in Sacramento, California consisting of 6 scattered sites with 124 units.

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

The two remaining LLC's are wholly owned investment and development companies.

SHARP Investment, LLC is the investment management company for wholly owned assets. SHARP Investment LLC intends to purchase 157 scattered site residential properties with 214 units from the City and County of Sacramento Housing Authority.

SHARP Development LLC is a wholly owned development company. Development activities are focused on the financing, acquisition, rehabilitation, and development of properties identified for disposition by the City and County of Sacramento Housing Authority. These properties will be developed through low income housing tax credit syndications and partnerships utilizing the Housing and Urban Developments Rental Assistance Demonstration program.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14,* with the Corporation as the sole managing member of WPHA LLC, Sierra Vista LLC, and Sutterview LLC, the Corporation identifies each as a blended component unit.

The Corporation is governed by a five-member board of directors who are appointed by the Executive Director of the Agency. The board of directors approved the Corporation's annual budget and amendments to the Articles of Incorporation and Bylaws. Pursuant to the Corporation's Bylaws, the Executive Director of the Agency can remove members of the board of directors with or without cause. Upon future dissolution of the Corporation, and after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets will be distributed to HACS for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Although the Corporation is legally separate from the Agency, governmental accounting standards require the Corporation to be reported as a component unit of the Agency for financial reporting purposes.

Since the Agency (1) appoints the entire voting members of the Corporation's board of directors; (2) can impose its will on the Corporation by significantly influencing its programs, activities, and levels of service provided by the Corporation; (3) does not have substantively the same governing body; and (4) the Corporation does not entirely or exclusively provide services to the Agency, nor entirely benefitting the Agency, the Corporation is considered a discrete component unit of the Agency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Enterprise funds are accounted for on an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows occur. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the Corporation are developer and management fees. Operating expenses for the Corporation include employee and administrative services, services and supplies, and utilities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The Corporation's cash includes amounts in demand deposit accounts.

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less from the date of purchase. As of December 31, 2019, the Corporation did not have any investments.

Accounts Receivable

As of December 31, 2019, the balance in accounts receivable includes $68,202 in partnership fees payable to the Corporation from WPHA LP, Sierra Vista LP, and Sutterview LP for which the Corporation serves as the general partner through the LLC.

Other Assets

The Corporation's contributions to the LLCs and the LP's are reported in the statement of net position as other assets. As of December 31, 2019, the Corporation has made contributions to WPHA LLC, WPHA LP, Sutterview LLC, and Sutterview LP.

Capital Assets

Capital assets, which are defined by the Corporation as assets with an initial, individual cost of more than $5,000, are stated at cost. Depreciation is calculated using the straight-line method based on an estimated useful life of 40 years for buildings and improvements.

Notes Receivable

On July 13, 2016, the Corporation (lender) entered into a promissory note agreement with McCormack Baron Salazar, Inc. (borrower) in the amount of $1,500,000. The borrower will use the funds only for predevelopment expenses connected with the development of Twin Rivers Phase 1 (Project). The note bears interest at 4.0% and is due and payable at the earlier of (i) the date the construction financing closes for the Project, or (ii) September 30, 2018, unless the term is extended in writing by the Lender prior to the termination date. On August 2, 2018, the borrower and the Corporation entered into the First Amendment to

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable (Continued)

Promissory Note to extend the maturity date from the earlier of (i) the date the construction financing closes for the Project, or (ii) September 30, 2018 to December 31, 2020. At December 31, 2019, the outstanding notes receivable balance was $1,297,466. Accrued interest on this loan was $147,729 at December 31, 2019.

On September 12, 2018 the Corporation (Lender) entered into a promissory note with Shasta Hotel Investors Partnership (borrower) in the amount of $90,000. The borrower will use the funds only for emergency repairs connected with the Shasta Hotel, an 80-unit low income rental housing property. The note bears no interest and is due and payable on the earlier of (i) the date of closing on construction financing for substantial rehabilitation of the property, or December 31, 2019. As of December 31, 2019, this loan was paid off.

On August 5, 2019, the Corporation (lender) entered into a promissory note with Shasta Hotel Housing Associates, LLC (borrower) in the amount of $25,000. The borrower will use the funds loaned to cover certain operating shortfalls for the affordable housing project known as Shasta Hotel (the Project). Borrower shall use the proceeds from this loan only for the shortfalls as previously identified by borrower and approved by lender's staff. The note bears interest at 4.0% and is due and payable on the earlier of (i) the date of stabilization of the Project; or (ii) December 31, 2020 unless the term is extended by the lender. At December 31, 2019 the outstanding loan balance was $25,000.

Net Position

The Corporation utilizes a net position presentation. Net position can be categorized as net investment in capital assets, restricted, and unrestricted. As of December 31, 2019, the Corporation reported both net investment in capital assets and unrestricted net position. Unrestricted net position represents amounts that are not restricted as to their use.

Operating Revenues

Operating revenues of the Corporation consist of partnership management fees and developer fees earned as the managing general partner of the WPHA LP, Sierra Vista LP, and Sutterview LP.

Administrative Expenses

Administrative expenses include audit, legal, insurance and other expenses incurred by the Corporation in support of the Agency in its mission to improve the living conditions of low- and moderate-income people through the acquisition, development, rehabilitation, and management of affordable housing.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. As such, no provision is made for federal and state income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation. These reclassifications had no effect on reported net position.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2019, the Corporation's cash and cash equivalents was $1,409,771 in a single demand deposit account with one financial institution and insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). Although the Corporation is not a government entity, its agreement with the financial institution is established as part of an agreement with the bank under the Agency. Therefore, its deposits are subject to collateralization as required by California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Corporation's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of December 31, 2019, the Corporation was not exposed to custodial credit risk.

NOTE 4 CAPITAL ASSETS

Information on additions and retirements of capital assets is presented below:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Capital Assets, Not Being Depreciated:				
Land	$ 429,416	$ -	$ -	$ 429,416
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,370,584	-	-	2,370,584
Less: Accumulated Depreciation for:				
Buildings and Improvements	(53,877)	(59,264)	-	(113,141)
Total Depreciable Assets	2,316,707	(59,264)	-	2,257,443
Total Capital Assets, Net	$ 2,746,123	$ (59,264)	$ -	$ 2,686,859

Depreciation expense for the year ended December 31, 2019 totaled $59,264.

NOTE 5 RELATED PARTY TRANSACTIONS

Partnership Management Fee

Partnership management fees from WPHA LP, Sierra Vista LP, and Sutterview LP, for which each of the LLC's serves as general partner, are payable to the general partner in an annual amount equal to $20,000, increasing by 3% per annum as defined in the Partnership Agreement. As of December 31, 2019, partnership management fees payable from WPHA LP, Sierra Vista LP, and Sutterview LP to the Corporation totaled $23,184, $22,509 and $22,509, respectively.

The annual partnership management fees from each limited partnership is cumulative and is earned, but payable, only to the extent that cash flow is available for distribution in any year as defined in the respective Partnership Agreements.

Administrative Services Agreement

The Corporation has entered into an agreement with the HACS to provide administrative services related to asset management, operations and filing of required documents on behalf of the Corporation. The maximum annual asset management fee pursuant to the Administrative Services Agreement is $75,000.

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Transition Reserve Fund Contribution

On December 1, 2013, the Corporation entered into a funding agreement with WPHA LP to fund the shortfall, if any, of the required Transition Reserve Fund in the amount of $360,000 per the Limited Partnership agreement. The Transition Reserve Fund would be funded upon the "Stabilization Date" of the property. In consideration for the Corporation's agreement to fund the shortfall, the Limited Partnership agrees that it will direct the Trustee to disburse the funds, if any, from the Transition Reserve Fund after the 5^{th} anniversary of the "Stabilization Date" to the Corporation until such time the Corporation has been reimbursed in full for the amount funded. As of December 31, 2019, the total amount funded by the Corporation was $253,642.

NOTE 6 FINANCIAL COVENANTS

Washington Plaza Housing Associates, L.P.

Pursuant to the Continuing Guaranty and related agreements, the Corporation shall maintain Net Worth and Liquidity (both as hereinafter defined) of not less than $850,000 until the "Deficit Release" (after five years of achieving a debt service coverage ratio of 1.15 measured as of the end of each Fiscal Year after Bond Loan Conversion has been achieved), and a minimum liquidity of $500,000 from and after the "Deficit Release."

Sutterview Housing Associates, L.P.

The Corporation shall maintain Net Worth and Liquidity (both as hereinafter defined) of not less than (a) $850,000 during the period between (i) the later of the Stabilization Date or Loan Conversion and (ii) the date on which the obligation of the General Partner to make Operating Deficit Contributions under Section 5.14 of the Limited Partnership Agreement terminates, and (b) $500,000 during the period between the date on which the obligation of the General Partner to make Operating Deficit Contributions under Section 5.14 of the Limited Partnership Agreement terminates and the expiration of the Compliance Period. As used in the Limited Partnership Agreement, the term "Net Worth" means the Corporation's total assets minus the Corporation's total liabilities, determined in accordance with generally accepted accounting principles, consistently applied. As used in the Limited Partnership Agreement, the term "Liquidity" refers to cash, cash equivalents and/or marketable securities which are unencumbered and freely transferable. Pursuant to the agreements and approval of all parties, on December 29, 2017, Windfield Hill, Inc. withdrew as a member of the General Partner and the Corporation replaced BRIDGE Housing Corporation as guarantor.

NOTE 6 FINANCIAL COVENANTS (CONTINUED)

Sierra Vista Housing Associates, L.P.

On or after the date of the Limited Partner's final capital contribution to the Sierra Vista LP, provided that if (a) there is no default by the General Partner or under the Guaranty, (b) the Corporation provides evidence acceptable to the Limited Partner in its sole discretion that the Corporation has a minimum liquidity of $1,100,000, and (c) the General Partner provides evidence that the Corporation and the Agency are parties to an approved Administrative Services Agreement, then (i) Winfield Hill, Inc. may withdraw as a member of the General Partner or assign all of its membership interest in the General Partner to the Corporation such that the Corporation is the sole member of the General Partner, and (ii) the Corporation may replace BRIDGE Housing Corporation as guarantor provided that the Corporation executes the Guaranty and that such Guaranty shall include the following provision: (iii) the Corporation shall maintain a minimum liquidity of $1,100,000. Pursuant to the agreements and approval of all parties, on December 27, 2017, Windfield Hill, Inc. withdrew as a member of the General Partner and the Corporation replaced BRIDGE Housing Corporation as guarantor.

NOTE 7 NOTES PAYABLE

On April 30, 2018, the Corporation (borrower) entered into a promissory note agreement with Carson/Craig Partnership (lender) in the amount of $1,400,000 for the purchase of the property located at 510 North 12th Street, Sacramento, California (the Property). The note bears interest at 5.0% and is payable in monthly installments of approximately $7,519 over the course of five years commencing on June 1, 2018 and to be paid in full on June 1, 2023. The note is collateralized by a first deed of trust on the land and building, assignment of rents and security agreements. As of December 31, 2019, the balance on the notes payable is $1,366,841.

Annual debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 22,404	$ 67,828	$ 90,232
2021	23,551	66,682	90,233
2022	24,755	65,477	90,232
2023	1,296,131	26,912	1,323,043
Total	$ 1,366,841	$ 226,899	$ 1,593,740

The following is a summary of the notes payable transactions for the years ended December 31, 2019.

Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amount Due Within One Year
$ 1,388,087	$ -	$ (21,246)	$ 1,366,841	$ 22,404

NOTE 8 SUBSEQUENT EVENTS

Subsequent to year-end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. This could impact transactions relating to tenants, grantors, contributors and vendors. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. As of May 26, 2020, the amount and likelihood of loss relating to these events is not determined.