



# Eureka Housing Development Corporation

735 West Everding Street  
Eureka, California 95503  
(707) 443-4583 / FAX (707) 443-4762

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## AGENDA

### ANNUAL BOARD MEETING

DECEMBER 16, 2024  
5:45PM

#### **LOCATION**

Housing Authority of the City of Eureka  
735 W. Everding St., Eureka CA

#### **PUBLIC PARTICIPATION**

Public access to this meeting is available at the location above.

Persons wishing to address the Board of Commissioners are asked to submit comments for the public speaking portion of the agenda as follows:

- Send an email with your comment(s) to [heatherh@eurekahumboldttha.org](mailto:heatherh@eurekahumboldttha.org) prior to the Board of Commissioners meeting.
- Call and leave a message at (707) 443-4583 ext. 219.

When addressing the Board on agenda items or business introduced by Commissioners, members of the public may speak for a maximum of five minutes per agenda item when the subject is before the Board.

#### 1. Roll Call

#### 2. Public Comment (Non-Agenda):

This time is reserved for members of the public to address the Committee relative to matters of the Eureka Housing Development Corporation not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

#### 3. Approve minutes of the Board of Commissioners meetings:

- 3a. Regular meeting of April 25, 2023 (pages 3-5)
- 3b. Special meeting of October 11, 2023 (pages 6-9)

EUREKA HOUSING DEVELOPMENT CORPORATION  
ANNUAL BOARD MEETING  
DECEMBER 16, 2024

4. New Business:

4a. Resolution, 12-2023, HACE FY2022 Financial Audit Report (pages 10-34)  
Recommended Board Action: *Accept and Adopt for Approval*

4b. Resolution 12-2024, HACE FY2023 Financial Audit Report (pages 35-60)  
Recommended Board Action: *Accept and Adopt for Approval*

4c. Annual Meeting and Election of Directors (page 61)  
Recommended Board Action: *Elect Directors*

5. Adjournment

\* \* \* Note \* \* \*

Documents related to this agenda are available on-line at:

<https://eurekahumboldtca.org/governance/>

Know Your RIGHTS Under the Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

The Eureka Housing Development Corporation Board of Directors met on Tuesday, April 25, 2023.

President Escarda calls the annual meeting to order at 8:25pm.

1. Roll Call:  
Present: Kay Escarda -President  
Kali Serotta – Vice President  
Cheryl Churchill – Secretary/Treasurer  
Absent: None  
Staff: Cheryl Churchill, Heather Humphreys, Dustin Wiesner

2. Public Comment (Non-Agenda): None heard.

3. Approve minutes of the Board of Officers meetings:  
3a. Regular meeting of December 21, 2022

Vice President Serotta made a motion to approve the minutes of December 21, 2022.

Secretary Churchill seconded the motion.

Roll Call:  
AYES: Escarda, Serotta, Churchill  
NAYS: None  
ABSTAIN: None  
ABSENT: None

President Escarda declared the motion carried and the minutes of December 21, 2022, approved.

4. New Business:  
4a. Resolution 04-2023, Authorization to Transfer EFH Project limited partnership interest to the Housing Authority of the City of Eureka  
Recommended Board Action - Review for Approval and Acceptance

RESOLUTION NO. 04-2023

*(Limited Partnership Transfer Resolution — Eureka Family Housing)*

A RESOLUTION of Eureka Family Housing, LLC authorizing (i) the approval to transfer of the Eureka Family Housing Project Limited Partnership interest to the Housing Authority of the City of Eureka (the “Authority”); and (ii) the approval, execution and delivery of all documents necessary to effectuate the foregoing.

WHEREAS, Eureka Family Housing, L.P. (the "Partnership"), a California limited partnership, was formed on February 7, 2007, to acquire, rehabilitate, own and operate a 50-unit affordable housing complex located in Eureka, California, which is currently operating under the name of Eureka Family Housing (the "Project"). The tax credit allocation date is March 21, 2007.

WHEREAS, the Partnership is controlled by its general partner, Eureka Family Housing LLC (EFHL), an affiliate of the Housing Authority of the City of Eureka, with a single non-profit member, the Eureka Housing Development Corporation ("EHDC").

WHEREAS, Eureka Family Housing, L.P. is a legally separate entity from the Housing Authority of the City of Eureka formed as a partnership between EHDC and Merritt Community Capital Fund X, L.P. ("Limited Partner").

WHEREAS, the Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California.

WHEREAS, EFHL has an option to acquire the project after the end of the 15-year tax credit compliance period (2022) and expiring 18 months thereafter (option period).

WHEREAS, EFHL has determined that the Limited Partner has, or will soon have received all of the tax and other economic benefits originally anticipated by such Limited Partner; the Limited Partner is expected to be willing to transfer its interest in the applicable Partnership; and it is in the best interest of EFHL and its affiliate, the Authority, to acquire such Limited Partnership Interest in the Project.

WHEREAS, the Officers of the EHDC support the acquisition of the aforementioned Limited Partnership interest from the current Limited Partner by the Authority and deems it desirable and in the best interests of the Project, EFHL, and the Authority to acquire the Limited Partnership interest in the Partnership.

NOW, THEREFORE, BE IT RESOLVED, that EFHL approve the Authority's acquisition of the aforementioned Limited Partnership interest for such terms and conditions as the Executive Director and Director of Finance of EFHL, may, in their discretion, deem advisable.

RESOLVED FURTHER that EFHL approves admitting the Authority to the limited partnership upon execution of the limited partnership agreement by the Authority and the assumption of all responsibilities of the limited partner in the partnership.

RESOLVED FURTHER, that the Executive Director and/or Director of Finance are hereby authorized, directed, and empowered to execute, for and on behalf of EFHL and in its name, any and all documents, negotiations, or other actions required in connection with the acquisition of the Limited Partnership interest in the Partnership, by the Authority, with no limitation.

Motion to approve and accept Resolution 04-2023 made by Vice President Serotta.

Secretary/Treasurer Churchill seconded the motion.

Roll Call:

AYES: Escarda, Serotta, Churchill

NAYS: None

ABSTAIN: None  
ABSENT: None

President Escarda declared the motion carried to approve Resolution 04-2023

4b. Annual Meeting and Election of Officers  
Recommended Board Action: Elect Officers

Vice President Serotta motions to keep the same slate of Officers of Kay Escarda as President, Kali Serotta as Vice President, and Cheryl Churchill as Secretary/Treasurer.

Secretary/Treasurer Churchill seconded the motion.

Officers appointed for the year 2023 elected:

Kay Escarda – President  
Kali Serotta – Vice President  
Cheryl Churchill – Secretary/Treasurer

Roll Call:  
AYES: Escarda, Serotta, Churchill  
NAYS: None  
ABSTAIN: None  
ABSENT: None

President Escarda declared the motion carried and approved the Officers for 2023.

## 5. Adjournment

There being no further business to come before the Board of Directors, the meeting was adjourned at 8:29pm.

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Kay Escarda, President

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Kali Serotta, Vice President

The Eureka Housing Development Corporation Board of Directors met on October 11, 2023.

President Escarda calls the special meeting to order at 5:00pm.

1. Roll Call:  
Present: Kay Escarda -President  
Kali Serotta – Vice President  
Cheryl Churchill – Secretary/Treasurer  
Absent: None  
Staff: Cheryl Churchill, Heather Humphreys

2. New Business:
  - 2a. Resolution 10-2023, Infill Infrastructure Grant Program of 2019 HACE (Blue Phase)  
Recommended Board Action: *Approve and Adopt*

RESOLUTION NO.: 10-2023

INFILL INFRASTRUCTURE GRANT PROGRAM OF 2019  
HACE (Blue Phase)

WHEREAS, the California Department of Housing and Community Development ("Department"), has issued a Notice of Funding Availability ("NOFA") dated August 31, 2023, pursuant to the Infill Infrastructure Grant Program of 2019 ("Program") established by Health and Safety Code section 53559, et seq., and implemented by the Infill Infrastructure Grant Program, Small Jurisdiction Set-Aside, final Guidelines issued August 31, 2023 ("Guidelines"). The Program provides grant assistance available as gap funding for Capital Improvement Projects, which are an integral part of, or necessary to facilitate the development of a Qualifying Infill Project; and

WHEREAS, Eureka Housing Development Corporation, a California nonprofit public benefit corporation ("EHDC"), is authorized as active and in good standing to do business in the State of California, and it is in EHDC's best interests to participate in the Program on its own behalf and as applicant Sponsor; and

WHEREAS, EHDC desire to submit an application in response to the NOFA and EHDC contemplates that, if Program funds are awarded in connection with the NOFA, EHDC will receive or be assigned a conditional commitment of such Program funds (the "Program Award");

NOW, THEREFORE, IT IS RESOLVED, that EHDC is hereby authorized and directed to act on its own behalf and as the applicant Sponsor in connection with the Program Award.

RESOLVED FURTHER: that EHDC is hereby authorized and directed on its own behalf, and to accept and incur an obligation for the Program Award in an amount not to exceed \$3,000,000, and to enter into, execute, and deliver on its own behalf STD 213, Standard

Agreement (the “Standard Agreement”), and any and all other documents required or deemed necessary or appropriate to secure the Program Award from the Department and to participate in the Program, including, but not limited to, an affordable housing covenant, a performance deed of trust, a disbursement agreement, and all amendments thereto (collectively, the “Program Award Documents”).

RESOLVED FURTHER: That Cheryl Churchill, the Secretary of EHDC, acting alone, is hereby authorized to execute the Program Award Documents, on behalf of EHDC.

RESOLVED FURTHER: That all actions previously taken by EHDC in furtherance of the matters described herein are retroactively approved and re-confirmed as authorized actions of the EHDC.

RESOLVED FURTHER: That this resolution shall take effect immediately upon its passage.

Motion to approve and accept Resolution 10-2023 made by Vice President Serotta.

President Escarda seconded the motion.

Roll Call:

AYES: Escarda, Serotta, Churchill  
NAYS: None  
ABSTAIN: None  
ABSENT: None

President Escarda declared the motion carried to approve Resolution 10-2023

2b. Resolution 10-2023-B, Infill Infrastructure Grant Program of 2019 HACE (Green Phase)

Recommended Board Action: *Approve and Adopt*

RESOLUTION NO.: 10-2023-B

INFILL INFRASTRUCTURE GRANT PROGRAM OF 2019  
HACE (Green Phase)

WHEREAS, the California Department of Housing and Community Development (“Department”), has issued a Notice of Funding Availability (“NOFA”) dated August 31, 2023, pursuant to the Infill Infrastructure Grant Program of 2019 (“Program”) established by Health and Safety Code section 53559, et seq., and implemented by the Infill Infrastructure Grant Program, Small Jurisdiction Set-Aside, final Guidelines issued August 31, 2023 (“Guidelines”). The Program provides grant assistance available as gap funding for Capital Improvement Projects, which are an integral part of, or necessary to facilitate the development of a Qualifying Infill Project; and

WHEREAS, Eureka Housing Development Corporation, a California nonprofit public benefit corporation (“EHDC”), is authorized as active and in good standing to do business in the State of California, and it is in the EHDC’s best interests to participate in the Program on its own behalf and as applicant Sponsor; and

WHEREAS, EHDC desire to submit an application in response to NOFA and EHDC contemplates that, if Program funds are awarded in connection with the NOFA, EHDC will receive or be assigned a conditional commitment of such Program funds (the “Program Award”);

NOW, THEREFORE, IT IS RESOLVED, that EHDC is hereby authorized and directed to act on its own behalf and as the applicant Sponsor in connection with the Program Award.

RESOLVED FURTHER: that EHDC is hereby authorized and directed on its own behalf and to accept and incur an obligation for the Program Award in an amount not to exceed \$3,000,000, and to enter into, execute, and deliver on its own behalf, STD 213, Standard Agreement (the “Standard Agreement”), and any and all other documents required or deemed necessary or appropriate to secure the Program Award from the Department and to participate in the Program, including, but not limited to, an affordable housing covenant, a performance deed of trust, a disbursement agreement, and all amendments thereto (collectively, the “Program Award Documents”).

RESOLVED FURTHER: That Cheryl Churchill, the Secretary of EHDC, acting alone is hereby authorized to execute the Program Award Documents, on behalf of EHDC.

RESOLVED FURTHER: That all actions previously taken by the EHDC in furtherance of the matters described herein are retroactively approved and re-confirmed as authorized actions of the EHDC.

RESOLVED FURTHER: That this resolution shall take effect immediately upon its passage.

Motion to approve and accept Resolution 10-2023-B made by President Escarda.

Vice President Serotta seconded the motion.

Roll Call:

AYES: Escarda, Serotta, Churchill

NAYS: None

ABSTAIN: None

ABSENT: None

President Escarda declared the motion carried to approve Resolution 10-2023



3. Adjournment

There being no further business to come before the Board of Directors the meeting was adjourned at 5:21pm.

\_\_\_\_\_  
Kay Escarda, President

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Kali Serotta, Vice President

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# Eureka Housing Development Corporation

Annual Board Meeting

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December 16, 2024

Agenda Item 4a

## Memorandum

To: Board Members

From: Cheryl Churchill, Secretary/Treasurer

Subject: Eureka Housing Associates, Annual Meeting and Audit Review and Approval

### BACKGROUND AND HISTORY:

In accordance with the law, the Board of the Eureka Housing Associates must conduct an Annual Meeting and review the Financial Audit for Fiscal Year Ending December 31, 2022, and December 31, 2021.

### STAFF RECOMMENDATION:

Staff recommends that the Board approve the Eureka Housing Development Corporation's 2022 Financial Audit Report.

EUREKA HOUSING ASSOCIATES, LP  
(A California Limited Partnership)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021



**EUREKA HOUSING ASSOCIATES, LP**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2022**

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	01
<b>Basic Financial Statements</b>	
Balance Sheets.....	05
Statements of Operations .....	07
Statement of Changes in Partners' Capital .....	08
Statements of Cash Flows.....	09
Notes to the Financial Statements.....	11
<b>Compliance Section</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18
<b>Schedule of Findings and Responses</b> .....	20
<b>Summary of Prior Year Audit Findings and Responses</b> .....	21

## INDEPENDENT AUDITOR'S REPORT

To the Partners of Eureka Housing Associates, LP  
Eureka, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Eureka Housing Associates, LP (the "Partnership"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter - Related Party Transactions***

As discussed in Note 2 to the financial statements, the Partnership is considered a component unit of the City of Eureka Housing Authority. The Partnership has one general partner, Eureka Housing Development Corporation (A California Nonprofit Public Corporation), and the board of directors of the Eureka Housing Development Corporation is appointed by the board of directors of the City of Eureka Housing Authority. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 01, 2023, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

Oakland, California  
August 01, 2023

## **BASIC FINANCIAL STATEMENTS**



**EUREKA HOUSING ASSOCIATES, LP**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets		
Cash and equivalents - operating	\$ 34,818	\$ 46,163
Accounts receivable (net of allowances)	2,182	-
Prepaid expenses	<u>4,907</u>	<u>4,252</u>
Total current assets	<u>41,907</u>	<u>50,415</u>
Restricted deposits and funded reserves		
Tenant deposits held in trust	10,705	11,126
Operating reserve	49,168	46,170
Replacement reserve	<u>86,452</u>	<u>77,099</u>
Total restricted deposits and funded reserves	<u>146,325</u>	<u>134,395</u>
Property and equipment, at cost		
Land	248,004	248,004
Buildings and improvements	1,579,002	1,573,243
Construction, work in progress	-	2,775
Furniture and equipment	<u>36,785</u>	<u>36,785</u>
Total property and equipment	1,863,791	1,860,807
Less: accumulated depreciation	<u>(1,021,538)</u>	<u>(985,781)</u>
Property and equipment, net	<u>842,253</u>	<u>875,026</u>
Total assets	<u>\$ 1,030,485</u>	<u>\$ 1,059,836</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - operations	\$ 8,067	\$ 3,186
Accrued liabilities	7,320	5,408
Current portion of accrued vacation payable	65	67
Current portion of loans and notes payable	<u>21,619</u>	<u>20,449</u>
Total current liabilities	<u>37,071</u>	<u>29,110</u>
<b>Deposit and prepaid liabilities</b>		
Tenant security deposits	10,705	11,126
Prepaid rent	<u>6</u>	<u>2</u>
Total deposit and prepaid liabilities	<u>10,711</u>	<u>11,128</u>
<b>Noncurrent liabilities</b>		
Other due to related party	75,000	67,500
Accrued vacation payable, net of current portion	2,087	2,153
Related party promissory note	470,000	470,000
Accrued interest on related party note	525,139	499,289
Loans and notes payable, net	429,207	450,067
Accrued interest on loans and notes	<u>234,300</u>	<u>224,400</u>
Total noncurrent liabilities	<u>1,735,733</u>	<u>1,713,409</u>
Total liabilities	<u>1,783,515</u>	<u>1,753,647</u>
<b>Partners' capital</b>	<u>(753,030)</u>	<u>(693,811)</u>
<b>Total liabilities and partners' capital</b>	<u>\$ 1,030,485</u>	<u>\$ 1,059,836</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Operating subsidy	\$ 111,282	\$ 112,798
Dwelling rent	65,106	70,705
Other tenant charges	1,587	5,433
Miscellaneous income	<u>240</u>	<u>175</u>
Total revenues	<u>178,215</u>	<u>189,111</u>
<b>Operating expenses</b>		
General and administrative	10,606	10,804
Partnership management fee	7,500	7,500
Property management fee	11,052	11,052
Payroll and benefits	41,512	36,003
Utilities	23,532	23,889
Property insurance	4,252	3,613
Maintenance and operations	51,025	48,165
Tenant services	43	49
Professional services	<u>7,640</u>	<u>5,441</u>
Total operating expenses	<u>157,162</u>	<u>146,516</u>
Income from operations	21,053	42,595
<b>Nonoperating revenues (expenses)</b>		
Interest income	26	24
Interest expense	(44,540)	(45,618)
Depreciation	<u>(35,758)</u>	<u>(35,467)</u>
Total nonoperating expenses	<u>(80,272)</u>	<u>(81,061)</u>
Net loss	<u>\$ (59,219)</u>	<u>\$ (38,466)</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENT OF CHANGES IN PARTNERS' CAPITAL**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>General Partner*</u>	<u>Limited Partner**</u>	<u>Total Partners' Capital</u>
Partners' capital, January 1, 2021	\$ (655,345)	\$ -	\$ (655,345)
Net loss for 2021	<u>(38,466)</u>	<u>-</u>	<u>(38,466)</u>
Partners' capital, December 31, 2021	<u>(693,811)</u>	<u>-</u>	<u>(693,811)</u>
Net loss for 2022	<u>(59,219)</u>	<u>-</u>	<u>(59,219)</u>
Partners' capital, December 31, 2022	<u><u>\$ (753,030)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (753,030)</u></u>

\* Eureka Housing Development Corporation (A California Nonprofit Public Benefit Corporation)

\*\* Umpqua Bank

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Cash collected from:		
Operating subsidy	\$ 109,100	\$ 113,186
Rental receipts	65,106	70,705
Other operating receipts	1,827	5,608
Cash paid for:		
Administrative expenses	(3,813)	(10,632)
Payroll expenses	(41,580)	(35,593)
Utilities expenses	(23,532)	(23,889)
Maintenance and operations expenses	(77,678)	(73,766)
Insurance expenses	(4,907)	(4,826)
Interest paid	(8,764)	(9,844)
Net cash flows provided by operating activities	<u>15,759</u>	<u>30,949</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(2,984)	(2,775)
Net cash flows used in investing activities	<u>(2,984)</u>	<u>(2,775)</u>
<b>Cash flows from financing activities</b>		
Other receipts from related parties	7,500	7,500
Principal payments on mortgage loan payable	(19,690)	(18,612)
Net cash flows used in financing activities	<u>(12,190)</u>	<u>(11,112)</u>
Net change in cash, cash equivalents, and restricted cash	585	17,062
Cash, cash equivalents, and restricted cash, beginning of year	<u>180,558</u>	<u>163,496</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 181,143</u>	<u>\$ 180,558</u>
 <b>Reconciliation to cash on balance sheet:</b>		
Cash and equivalents - operating	\$ 34,818	\$ 46,163
Tenant deposits held in trust	10,705	11,126
Operating reserve	49,168	46,170
Replacement reserve	86,452	77,099
Total cash, cash equivalents, and restricted cash	<u>\$ 181,143</u>	<u>\$ 180,558</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of net loss to net cash provided by operating activities:</b>		
Operating loss	\$ (59,219)	\$ (38,466)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	35,758	35,467
Change in operating assets and liabilities		
Accounts receivable	(2,182)	388
Prepaid expenses	(655)	(1,213)
Prepaid rent	4	(482)
Accounts payable and accrued liabilities	6,792	172
Accrued interest	35,750	35,750
Accrued vacation payable	(68)	410
Tenant security deposits	(421)	(1,077)
Net cash provided by operating activities	\$ 15,759	\$ 30,949

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION**

Eureka Housing Associates, LP (the "Partnership") was formed in June 1998 to own, develop, construct, maintain, and operate a housing project consisting of twenty-two (22) scattered site residential units. The units are provided for persons of low and very-low income, pursuant to the rules and regulations of Section 42 of the Internal Revenue Code. The project is located in the City of Eureka, California. The major activity of the Partnership is governed by the Partnership Agreement.

The Partnership has one general partner, Eureka Housing Development Corporation (A California Nonprofit Public Benefit Corporation), and one investing limited partner. The Board of Directors of the Eureka Housing Development Corporation is appointed by the Board of Directors of the City of Eureka Housing Authority. Pursuant to the Partnership Agreement, profits, losses, and tax credits are allocated 0.01% to the General Partner and 99.99% to the Limited Partner.

The Partnership transactions with the partners are described in other notes to these financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Basis of Accounting***

The basis of accounting refers to when revenue and expenditures or expense are recognized in the accounts and reported in the financial statements.

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America, whereby revenue is recognized in the accounting period in which it becomes both earned and measurable to finance expenditures of the current fiscal period. Expenses are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). Funds received in advance for which services have not been performed are treated as deferred revenue. In such instances, revenue is recognized as the earning process is completed.

***B. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets, liabilities, and the amount of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***C. Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Partnership includes all cash accounts which are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents on the accompanying balance sheets.

***D. Concentration of Credit Risk***

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. There were no deposits in excess of federally insured limits on December 31, 2022, and 2021.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***E. Property and Equipment***

Property, equipment, and improvements are recorded at cost and depreciated using the straight-line method of depreciation over estimated useful lives ranging from 9 to 40 years. Capital expenditures above \$5,000 are capitalized, while capital expenditures below the threshold are charged as expenses during the period in which they were incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statements of Operations.

***F. Construction in Process***

The Partnership incurs costs during the construction phase of the project undertaken. Such costs include governmental fees, legal and consulting fees, as well as construction costs. The Partnership records these costs as construction in process until the project is placed in service. Construction in process is not depreciated until the completion of the project.

***G. Rental Income and Tenant Receivables***

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All tenant leases are operating leases. The allowance for losses on tenant receivables was \$357 and \$336 as of December 31, 2022, and 2021, respectively.

***H. Amortization of Financing Costs***

Costs incurred in order to obtain financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

***I. Income Taxes***

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

The Partnership believes that it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions that are material to the financial statements. The Partnership's federal and state income tax returns for the years 2017 through 2021 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

***J. Component Unit***

The Partnership is considered a component unit of the City of Eureka Housing Authority. As a component unit of the Housing Authority, the financial activity of the Partnership is also reported in the financial statements of the Housing Authority. The Housing Authority manages the daily operations of the organization. The Partnership has no employees; however, the staff of the Housing Authority allocates part of their salary and benefit expenses to the Partnership.



**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**K. Allocation of Partnership Income/Loss**

Profit and losses are allocated based on the partners' interests in the Partnership. Because the limited partner's losses are limited to its investment, the losses will not be allocated to the limited partner if they would create an adjusted capital account deficit in the limited partner's account, and such losses shall be allocated to the general partner. Any subsequent income is allocated to the general partner until the general partner's share of that income offsets the losses not previously recognized by the limited partner and thereafter to the limited partner and general partner in a ratio of 40% to 60%.

**L. Subsequent Events**

The management has evaluated subsequent events of the Partnership through August 1, 2023, the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**NOTE 3 - RESERVE DEPOSITS**

Activity for reserve deposits that are restricted for operating reserve and replacement reserve are as follows:

	<u>Operating Reserve</u>	<u>Replacement Reserve</u>
Balance at beginning of year	\$ 46,170	\$ 77,099
Deposits / interest	<u>2,998</u>	<u>9,353</u>
Balance at end of year	<u>\$ 49,168</u>	<u>\$ 86,452</u>

**Operating Reserve**

The Limited Partnership Agreement requires establishing an operating reserve equal to \$6,200 and continues to make annual additions. For the years ended December 31, 2022, and 2021, \$2,998 and \$2,901, respectively, were added to the operating reserve from deposits and interest with a planned deposit increase of 3.5% for the next year. Funds in the operating reserve may be used to pay operating deficits.

**Replacement Reserve**

The Limited Partnership Agreement requires establishing a replacement reserve of \$5,833 and continuing to make annual additions. For the years ended December 31, 2022, and 2021, \$9,353 and \$9,170, respectively, were added to the replacement reserve from deposits and interest with a planned deposit increase of 2% for the next year. Funds in the replacement reserve are restricted to renovation, replacement, and/or special maintenance of the property.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 - LOANS AND NOTES PAYABLE**

Loans and notes payable were comprised of the following:

	<b>2022</b>	<b>2021</b>
Note payable to the Redevelopment Agency of the City of Eureka; the note bears interest at 3.00% per annum for a term of 30 years, with annual payments payable to the extent there is available cash flow. The loan matures on June 18, 2028. Accrued interest on this note was \$234,300 and \$224,400, at December 31, 2022 and 2021, respectively.	\$ 330,000	\$ 330,000
Note payable to Umpqua Bank; the note provides for monthly required payments of \$2,373. The stated interest rate is 5.50% per annum. The loan matures on May 20, 2028.	132,704	153,153
Total loans and notes payable	462,704	483,153
Less: unamortized financing fees on loans	(11,871)	(12,637)
Loans and notes payable, net of financing fees	\$ 450,833	\$ 470,516

The residential units are pledged as collateral for the notes and are secured by deeds of trust, assignment of rents, security agreements, and fixture filings against the property.

Future maturities of loans and notes payable are as follows:

<u>Year ended December 31,</u>		
2023	\$	21,619
2024		22,838
2025		24,162
2026		25,544
2027		27,006
Thereafter		341,535
Total	\$	462,704

The aggregate amortization expense charged to statements of operations was \$766 for each of the years ended December 31, 2022, and 2021.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 - BUSINESS RISK AND CONCENTRATIONS**

Geographical Location

The Partnership's sole assets are the twenty-two (22) residential units known as Eureka Senior Housing, located in Eureka, CA.

Regulatory Environment

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the project are subject to the administrative directives, rules, and regulations of state and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change, and such changes may occur with little notice or inadequate funding to pay for related costs, including the additional administrative burden of complying with a change.

Custodial Risk

The Partnership's cash deposits are held by one financial institution, with a minimum of \$250,000 covered by federal depository insurance. No deposits exceeded insurance coverage as of December 31, 2022 and 2021.

Major Revenue Source

For the years ended December 31, 2022, and 2021, the Partnership has 62.4% and 59.6% of its total revenue through operating subsidies.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

As a condition for receiving the loans from the City of Eureka Housing Authority, the Partnership entered into a Regulatory Agreement and Declaration of Restrictive Covenants. Under these Agreements, the Partnership shall maintain the project as a Qualified Low-income Housing Project by restricting at least 10% of the residential units to tenants who have income at or below 50% of the area median gross income with the remainder of the units reserved for tenants who have income at or below 60% of the area median gross income. The Agreements also restrict the amount of rent charged to tenants.

**NOTE 7 - RELATED-PARTY TRANSACTIONS**

Partnership Management Fee

The Partnership entered into a partnership management agreement with Eureka Housing Development Corporation, which is also the general partner of the Partnership. Under this agreement, the Partnership agreed to pay the General Partner an annual partnership management fee of \$7,500 per year out of excess cash flows.

Sponsor Loan

The City of Eureka Housing Authority provided the Partnership with a loan in the amount of \$470,000. The loan provides for interest at 5.5% for a term of 30 years (due on June 18, 2028), with annual payments due on July 1 of each calendar year. The annual payments are only payable to the extent there is available cash flow. As of December 31, 2022, and 2021, the outstanding principal balance was \$470,000. Accrued interest amounted to \$525,139 and \$499,289 for December 31, 2022 and 2021, respectively.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 07 - RELATED-PARTY TRANSACTIONS - CONT'D**

Other Due to Related Party

The Partnership owes the City of Eureka Housing Authority for expenses paid on the Partnership's behalf. As of December 31, 2022 and 2021, the balance was \$75,000 and \$67,500, respectively, and is reflected on the accompanying balance sheets as due to the related party. This liability bears no interest and is payable from cash flow.

Other Payments

During the years ended December 31, 2022, and 2021, the Partnership paid the ground fee and management fee to Marine View Terrace (MVT) of \$19,200 and \$11,052, respectively. The Partnership has also paid the rent of \$1,680 to the City of Eureka Housing Authority for each of the years ended December 31, 2022, and 2021.

Housing Assistance Payments

The Partnership rents to households that may also have subsidized rental assistance under the County of Humboldt Housing Authority's (CHHA) Housing Choice Voucher (HCV) program. A tenant utilizing a voucher would pay a portion of their rent directly to the partnership, while the remaining portion is paid from CHHA as dictated by the HCV program.

For the years ended December 31, 2022, and 2021, Housing Assistance Payments totaled \$111,282 and \$112,798, respectively.

## COMPLIANCE SECTION

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

To the Partners of Eureka Housing Associates, LP  
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Eureka Housing Associates, LP (the "Partnership") which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 01, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

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

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

**Report on Compliance and Other Matters**

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

### Purpose of this Report

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

*Harshmal & Company LLP*

Oakland, California  
August 01, 2023

**EUREKA HOUSING ASSOCIATES, LP  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.



**EUREKA HOUSING ASSOCIATES, LP  
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Partnership had no findings noted in prior year that require a status.

**Resolution 12-2023**

**To Accept Agency Audit Reports  
Fiscal Year ending December 31, 2022 and December 31, 2021**

WHEREAS, The Eureka Housing Development Corporation Board directed the Executive Director to enter into a contract with Harshwall & Company LLP, Certified Public Accountants, to do the annual audit of the Limited Partnership; and

WHEREAS, The Annual Audit has been completed and the Audit Report has been submitted to the Board for review and approval; and

WHEREAS, The Audit of the Eureka Housing Development Corporation has been reviewed and discussed by the Board.

NOW, THEREFORE, BE IT RESOLVED, That the Board of the Eureka Housing Development Corporation do hereby accept the audit reports for the year ended December 31, 2022 and December 31, 2021 and approve payment to Harshwall & Company LLP, Certified Public Accountants, for audit services.

PASSED AND ADOPTED on the \_\_\_\_\_ day of \_\_\_\_\_ 2024 by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:  
ATTEST:

Kay Escarda  
Name

Kali Serotta  
Name

President  
Title

Vice President  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

# Eureka Housing Development Corporation

Annual Board Meeting

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December 16, 2024

Agenda Item 4b

## Memorandum

To: Board Members

From: Cheryl Churchill, Secretary/Treasurer

Subject: Eureka Housing Associates, Annual Meeting and Audit Review and Approval

### BACKGROUND AND HISTORY:

In accordance with the law, the Board of the Eureka Housing Associates must conduct an Annual Meeting and review the Financial Audit for Fiscal Year Ending December 31, 2023 and December 31, 2022.

### STAFF RECOMMENDATION:

Staff recommends that the Board approve the Eureka Housing Development Corporation's 2023 Financial Audit Report.

EUREKA HOUSING ASSOCIATES, LP  
(A California Limited Partnership)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022



**EUREKA HOUSING ASSOCIATES, LP**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2023**

	<u>Page(s)</u>
<b>Independent Auditor's Report</b> .....	1
<b>Financial Statements</b>	
Balance Sheets.....	4
Statements of Operations.....	6
Statements of Changes in Partners' Capital .....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	10
<b>Compliance Section</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16
<b>Schedule of Findings and Responses</b> .....	18
<b>Summary of Prior Year Audit Findings and Responses</b> .....	20

## INDEPENDENT AUDITOR'S REPORT

To the Partners of Eureka Housing Associates, LP  
Eureka, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Eureka Housing Associates, LP (the "Partnership"), which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter - Related Party Transactions***

As discussed in Note 2 to the financial statements, the Partnership is considered a component unit of the Housing Authority of the City of Eureka. The Partnership has one general partner, Eureka Housing Development Corporation (A California Nonprofit Public Corporation), and the board of directors of the Eureka Housing Development Corporation is appointed by the board of directors of the Housing Authority of the City of Eureka. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

Oakland, California  
August 30, 2024



## FINANCIAL STATEMENTS

**EUREKA HOUSING ASSOCIATES, LP**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents - operating	\$ 29,363	\$ 34,818
Accounts receivable (net of allowances)	20	2,182
Prepaid expenses	8,067	4,907
Total current assets	37,450	41,907
Restricted deposits and funded reserves		
Tenant deposits held in trust	11,833	10,705
Operating reserve	52,289	49,168
Replacement reserve	84,895	86,452
Total restricted deposits and funded reserves	149,017	146,325
<b>Noncurrent assets</b>		
Property and equipment, at cost		
Land	248,004	248,004
Buildings and improvements	1,590,132	1,579,002
Furniture and equipment	36,785	36,785
Total property and equipment, at cost	1,874,921	1,863,791
Less: accumulated depreciation	(1,057,755)	(1,021,538)
Property and equipment, net	817,166	842,253
Total assets	\$ 1,003,633	\$ 1,030,485

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - operations	\$ 8,991	\$ 8,067
Accrued liabilities	6,294	7,320
Accrued vacation payable	79	65
Loans and notes payable	<u>22,838</u>	<u>21,619</u>
Total current liabilities	<u>38,202</u>	<u>37,071</u>
Deposit and prepaid liabilities		
Tenant security deposits	11,833	10,705
Prepaid rent	<u>413</u>	<u>6</u>
Total deposit and prepaid liabilities	<u>12,246</u>	<u>10,711</u>
<b>Noncurrent liabilities</b>		
Other due to related party	82,500	75,000
Accrued vacation payable, net of current portion	2,566	2,087
Related party promissory note	470,000	470,000
Loans and notes payable, net of current portion	408,551	429,207
Accrued interest payable		
Related party promissory note	550,989	525,139
Loans and notes payable	<u>244,200</u>	<u>234,300</u>
Total noncurrent liabilities	<u>1,758,806</u>	<u>1,735,733</u>
Total liabilities	<u>1,809,254</u>	<u>1,783,515</u>
<b>Partners' capital</b>		
Partners' capital	<u>(805,621)</u>	<u>(753,030)</u>
Total partners' capital	<u>(805,621)</u>	<u>(753,030)</u>
Total liabilities and partners' capital	<u>\$ 1,003,633</u>	<u>\$ 1,030,485</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>Operating revenues</b>		
Operating subsidy	\$ 111,904	\$ 111,282
Dwelling rent	71,305	65,106
Other tenant charges	588	1,587
Miscellaneous income	244	240
Total revenues	184,041	178,215
<b>Operating expenses</b>		
General and administrative	8,865	10,606
Partnership management fee	7,500	7,500
Property management fee	11,052	11,052
Payroll and benefits	40,480	41,512
Utilities	25,789	23,532
Property insurance	4,907	4,252
Maintenance and operations	52,670	51,025
Tenant services	110	43
Professional services	4,318	7,640
Depreciation	36,217	35,758
Total operating expenses	191,908	192,920
Loss from operations	(7,867)	(14,705)
<b>Nonoperating revenues (expenses)</b>		
Interest income	71	26
Interest expense	(44,795)	(44,540)
Total nonoperating revenues (expenses)	(44,724)	(44,514)
Net loss	\$ (52,591)	\$ (59,219)

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF CHANGES IN PARTNERS' CAPITAL**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>General Partner*</u>	<u>Limited Partner**</u>	<u>Total Partners' Capital</u>
Partners' capital, January 1, 2022	\$ (693,811)	\$ -	\$ (693,811)
Net loss for 2022	<u>(59,219)</u>	<u>-</u>	<u>(59,219)</u>
Partners' capital, December 31, 2022	(753,030)	-	(753,030)
Net loss for 2023	<u>(52,591)</u>	<u>-</u>	<u>(52,591)</u>
Partners' capital, December 31, 2023	<u>\$ (805,621)</u>	<u>\$ -</u>	<u>\$ (805,621)</u>

\* Eureka Housing Development Corporation (A California Nonprofit Public Benefit Corporation)

\*\* Umpqua Bank

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Cash collected from:		
Operating subsidy	\$ 114,066	\$ 109,100
Rental receipts	71,305	65,106
Other operating receipts	832	1,827
Cash paid for:		
Administrative expenses	(8,967)	(3,813)
Payroll expenses	(39,987)	(41,580)
Utilities expenses	(25,789)	(23,532)
Maintenance and operations expenses	(66,616)	(70,178)
Insurance expenses	<u>(8,067)</u>	<u>(4,907)</u>
Net cash flows provided by operating activities	<u>36,777</u>	<u>32,023</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(11,130)</u>	<u>(2,984)</u>
Net cash flows used in investing activities	<u>(11,130)</u>	<u>(2,984)</u>
<b>Cash flows from financing activities</b>		
Interest paid on loan and notes payable	(8,974)	(8,764)
Principal payments on mortgage loan payable	<u>(19,436)</u>	<u>(19,690)</u>
Net cash flows used in financing activities	<u>(28,410)</u>	<u>(28,454)</u>
Net change in cash, cash equivalents, and restricted cash	(2,763)	585
Cash, cash equivalents, and restricted cash at the beginning of the year	<u>181,143</u>	<u>180,558</u>
Cash, cash equivalents, and restricted cash at the end of the year	<u>\$ 178,380</u>	<u>\$ 181,143</u>
<b>Reconciliation to cash on balance sheet:</b>		
Cash and equivalents - operating	\$ 29,363	\$ 34,818
Tenant deposits held in trust	11,833	10,705
Operating reserve	52,289	49,168
Replacement reserve	<u>84,895</u>	<u>86,452</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 178,380</u>	<u>\$ 181,143</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of net loss to net cash provided by operating activities:</b>		
Operating loss	\$ (7,867)	\$ (14,705)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	36,217	35,758
Partnership management fees	7,500	7,500
Change in operating assets and liabilities		
Accounts receivable	2,162	(2,182)
Prepaid expenses	(3,160)	(655)
Prepaid rent	407	4
Accounts payable and accrued liabilities	(103)	6,792
Accrued vacation payable	493	(68)
Tenant security deposits	<u>1,128</u>	<u>(421)</u>
Net cash provided by operating activities	<u>\$ 36,777</u>	<u>\$ 32,023</u>

The accompanying notes are an integral part of these financial statements.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION**

Eureka Housing Associates, LP (the "Partnership") was formed in June 1998 to own, develop, construct, maintain, and operate a housing project consisting of twenty-two (22) scattered site residential units. The units are provided for persons of low and very low income, pursuant to the rules and regulations of Section 42 of the Internal Revenue Code. The project is located in the City of Eureka, California. The major activity of the Partnership is governed by the Partnership Agreement.

The Partnership has one general partner, Eureka Housing Development Corporation (A California Nonprofit Public Benefit Corporation), and one investing limited partner, Umpqua Bank. The Board of Directors of the Eureka Housing Development Corporation is appointed by the Board of Directors of the Housing Authority of the City of Eureka. Pursuant to the Partnership Agreement, profits, losses, and tax credits are allocated 0.10% to the General Partner and 99.90% to the Limited Partner.

The Partnership transactions with the partners are described in other notes to these financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Basis of Accounting***

The basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The Partnership prepares its financial statements on the accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America, whereby revenue is recognized in the accounting period in which it becomes both earned and measurable to finance expenditures of the current fiscal period. Expenses are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). Funds received in advance for which services have not been performed are treated as deferred revenue. In such instances, revenue is recognized as the earning process is completed.

***B. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets and liabilities, the amount of any contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***C. Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Partnership includes all cash accounts that are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying balance sheets.

***D. Concentration of Credit Risk***

The Partnership maintains cash in bank deposit accounts and has not incurred any losses in these accounts. As of December 31, 2023, and 2022 no deposits exceeded federally insured limits.



**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***E. Property and Equipment***

Property, equipment, and improvements are recorded at cost and depreciated using the straight-line method of depreciation over estimated useful lives ranging from 5 to 40 years. Capital expenditures above \$5,000 are capitalized, while capital expenditures below this threshold are charged as expenses during the period in which they were incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statements of Operations.

***F. Construction in Process***

The Partnership incurs costs during the construction phase of the project undertaken. Such costs include governmental fees, legal and consulting fees, as well as construction costs. The Partnership records these costs as construction in process until the project is placed in service. Construction in process is not depreciated until the completion of the project.

***G. Rental Income and Tenant Receivables***

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All tenant leases are operating leases. The allowance for losses on tenant receivables was \$41 and \$357 as of December 31, 2023, and 2022, respectively.

***H. Amortization of Financing Costs***

Costs incurred to obtain financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

***I. Income Taxes***

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

The Partnership believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Partnership's federal and state income tax returns for the years 2019 through 2022 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

***J. Component Unit***

The Partnership is considered a component unit of the Housing Authority of the City of Eureka. As a component unit of the Housing Authority, the financial activity of the Partnership is also reported in the financial statements of the Housing Authority. The Housing Authority manages the daily operations of the Partnership. The Partnership has no employees; however, the staff of the Housing Authority allocates part of their salary and benefit expenses to the Partnership.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***K. Accrued Vacation***

Accumulated sick and vacation benefits are recorded as liabilities on the Partnership's books. The Partnership shares management and staff with the Housing Authority of the City of Eureka and therefore allocates costs associated with the accrued vacation based on actual time spent on programs by these personnel for the respective entity.

***L. Allocation of Partnership Income/Loss***

Profit and losses are allocated based on the partners' interests in the Partnership. Because the limited partner's losses are limited to its investment, the losses will not be allocated to the limited partner if they create an adjusted capital account deficit in the limited partner's account, and such losses shall be allocated to the general partner. Any subsequent income is allocated to the general partner until the general partner's share of that income offsets the losses not previously recognized by the limited partner and thereafter to the limited partner and general partner in a ratio of 40% to 60%.

***M. Subsequent Events***

The management has evaluated subsequent events of the Partnership through August 30, 2024, the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**NOTE 3 - RESERVE DEPOSITS**

Activity for reserve deposits that are restricted for operating reserve and replacement reserve are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Operating Reserve</u>	<u>Replacement Reserve</u>	<u>Operating Reserve</u>	<u>Replacement Reserve</u>
Balance at the beginning of the year	\$ 49,168	\$ 86,452	\$ 46,170	\$ 77,099
Deposits/interest	3,121	9,573	2,998	9,353
Uses/transfers	-	(11,130)	-	-
Balance at the end of the year	<u>\$ 52,289</u>	<u>\$ 84,895</u>	<u>\$ 49,168</u>	<u>\$ 86,452</u>

**Operating Reserve**

The Limited Partnership Agreement requires establishing an operating reserve of \$6,200 and continues to make annual additions. For the years ended December 31, 2023, and 2022, \$3,121 and \$2,998, respectively, were added to the operating reserve from deposits and interest with a planned annual addition of 3.50% of annual budgeted operating costs. Funds in the operating reserve may be used to pay operating deficits.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 - RESERVE DEPOSITS - CONT'D**

Replacement Reserve

The Limited Partnership Agreement requires establishing a replacement reserve of \$5,833 and continues to make annual additions. For the years ended December 31, 2023, and 2022, \$9,573 and \$9,353, respectively, were added to the replacement reserve from deposits and interest with a planned deposit increase of 2% for the next year. For the years ended December 31, 2023, and 2022, \$11,130 and \$0, respectively, were transferred from the replacement reserve. Funds in the replacement reserve are restricted to renovation, replacement, and/or special maintenance of the property.

**NOTE 4 - LOANS AND NOTES PAYABLE**

Loans and notes payable were comprised of the following:

	2023	2022
Note payable to the Redevelopment Agency of the City of Eureka; the note bears interest at 3% per annum for a term of 30 years, with annual payments payable to the extent there is available cash flow. The loan matures on June 18, 2028. Accrued interest on this note was \$244,200 and \$234,300 on December 31, 2023, and 2022, respectively.	\$ 330,000	\$ 330,000
Note payable to Umpqua Bank; the note provides for monthly required payments of \$2,373. The stated interest rate is 5.50% per annum. The loan matures on May 20, 2028.	111,069	132,697
Total loans and notes payable	441,069	462,697
Less: unamortized financing fees on loans	(9,680)	(11,871)
Loans and notes payable, net of financing fees	\$ 431,389	\$ 450,826

The residential units are pledged as collateral for the notes and are secured by deeds of trust, rent assignments, security agreements, and fixture filings against the property.

Future maturities of loans and notes payable are as follows:

Year ended December 31,	Principal	Interest	Total
2024	\$ 22,838	\$ 15,542	\$ 38,380
2025	24,162	14,218	38,380
2026	25,544	12,836	38,380
2027	27,006	11,374	38,380
2028	341,519	4,762	346,281
Total	\$ 441,069	\$ 58,732	\$ 499,801

The aggregate amortization expense charged to statements of operations were \$2,192 and \$766, for the years ended December 31, 2023, and 2022, respectively.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 - BUSINESS RISK AND CONCENTRATIONS**

Geographical Location

The Partnership's sole assets are the twenty-two (22) residential units known as Eureka Senior Housing, located in Eureka, CA.

Regulatory Environment

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the project are subject to the administrative directives, rules, and regulations of state and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change, and such changes may occur with little notice or inadequate funding to pay for related costs, including the additional administrative burden of complying with a change.

Custodial Risk

The Partnership's cash deposits are held by one financial institution, with a minimum of \$250,000 covered by federal depository insurance. No deposits exceeded insurance coverage as of December 31, 2023, and 2022.

Major Revenue Source

For the years ended December 31, 2023, and 2022, the Partnership has 60.80% and 62.44% of its total revenue through operating subsidiaries.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

As a condition for receiving the loans from the Housing Authority of the City of Eureka, the Partnership entered into a Regulatory Agreement and Declaration of Restrictive Covenants. Under these agreements, the Partnership shall maintain the project as a Qualified Low-income Housing Project by restricting at least 10% of the residential units to tenants who have income at or below 50% of the area median gross income, with the remainder of the units reserved for tenants who have income at or below 60% of the area median gross income. The agreements also restrict the amount of rent charged to tenants.

**NOTE 7 - RELATED-PARTY TRANSACTIONS**

Partnership Management Fee

The Partnership entered into a partnership management agreement with Eureka Housing Development Corporation, which is also the general partner of the Partnership. Under this agreement, the Partnership agreed to pay the General Partner an annual partnership management fee of \$7,500 per year from excess cash flows.

**EUREKA HOUSING ASSOCIATES, LP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 - RELATED-PARTY TRANSACTIONS - CONT'D**

Sponsor Loan

The Housing Authority of the City of Eureka provided the Partnership with a loan in the amount of \$470,000. The loan provides for interest at 5.5% for a term of 30 years (due on June 18, 2028), with annual payments due on July 01 of each calendar year. The annual payments are only payable to the extent of available cash flow. As of December 31, 2023, and 2022, the outstanding principal balance was \$470,000. Accrued interest amounted to \$550,989 and \$525,139 for December 31, 2023, and 2022, respectively.

Other Due to Related Party

The Partnership owes the Housing Authority of the City of Eureka for expenses paid on the Partnership's behalf. As of December 31, 2023, and 2022, the balance was \$82,500 and \$75,000, respectively, and is reflected on the accompanying balance sheets as due to the related party. This liability bears no interest and is payable from cash flow.

Other Payments

During the years ended December 31, 2023, and 2022, the Partnership paid Marine View Terrace (MVT) a ground fee of \$19,200 and a management fee of \$11,052 each year. The Partnership has also paid the rent of \$1,680 to the Housing Authority of the City of Eureka for each years ending December 31, 2023, and 2022.

Housing Assistance Payments

The Partnership rents to households that may also have subsidized rental assistance under the Housing Authority of the County of Humboldt (HACH) Housing Choice Voucher (HCV) program. A tenant utilizing a voucher would pay a portion of their rent directly to the Partnership, while the remaining portion is paid from HACH as dictated by the HCV program.

For the years ended December 31, 2023, and 2022, Housing Assistance Payments totaled \$111,904 and \$111,282, respectively.

## COMPLIANCE SECTION

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

To the Partners of Eureka Housing Associates, LP  
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Eureka Housing Associates, LP (the "Partnership"), which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

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

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

**Report on Compliance and Other Matters**

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

### Purpose of This Report

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

*Harshmal & Company LLP*

Oakland, California  
August 30, 2024



**EUREKA HOUSING ASSOCIATES, LP  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

**EUREKA HOUSING ASSOCIATES, LP  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**EUREKA HOUSING ASSOCIATES, LP  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The Partnership had no findings noted in prior year that require a status.

**Resolution 12-2024**

**To Accept Agency Audit Reports  
Fiscal Year ending December 31, 2023 and December 31, 2022**

WHEREAS, The Eureka Housing Development Corporation Board directed the Executive Director to enter into a contract with Harshwall & Company LLP, Certified Public Accountants, to do the annual audit of the Limited Partnership; and

WHEREAS, The Annual Audit has been completed and the Audit Report has been submitted to the Board for review and approval; and

WHEREAS, The Audit of the Eureka Housing Development Corporation has been reviewed and discussed by the Board.

NOW, THEREFORE, BE IT RESOLVED, That the Board of the Eureka Housing Development Corporation do hereby accept the audit reports for the year ended December 31, 2023 and December 31, 2022 and approve payment to Harshwall & Company LLP, Certified Public Accountants, for audit services.

PASSED AND ADOPTED on the \_\_\_\_\_ day of \_\_\_\_\_ 2024 by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:  
ATTEST:

Kay Escarda  
Name

Kali Serotta  
Name

President  
Title

Vice President  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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# Eureka Housing Development Corporation

Annual Board Meeting

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December 16, 2024

Agenda Item 4c

## Memorandum

To: Board Members

From: Cheryl Churchill, Secretary/Treasurer

Subject: Annual Election of Directors

### BACKGROUND AND HISTORY:

In accordance with the bylaws of the Eureka Housing Development Corporation, the Board of Directors must hold an annual meeting to elect Directors for the following year.

### STAFF RECOMMENDATION:

Please be prepared to elect the Directors for the Eureka Housing Development Corporation.