

**EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)**

Financial Report

December 31, 2017 and 2016



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October 4, 2018

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
Financial Statements
December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
EagleBend Affordable Housing Corporation
Avon, Colorado**

Report on the Financial Statements

We have audited the accompanying statement of financial position of EagleBend Affordable Housing Corporation, a Colorado non-profit corporation, as of December 31, 2017 and 2016 and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EagleBend Affordable Housing Corporation as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
March 24, 2018

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets:		
Current Assets:		
Operating cash	1,052,006	436,950
Receivables - Tenants and other, net of allowance of doubtful accounts of \$6,155 and \$997	11,172	6,883
Prepaid expenses	19,066	4,143
Total Current Assets	1,082,244	447,976
Restricted Assets:		
Cash - Tenant security deposits	419,553	356,351
Restricted cash with Trustee	-	714,843
Restricted cash reserved for replacement	310,000	-
Restricted investments with Trustee	-	580,512
Restricted investments in escrow	300,054	-
Total Restricted Assets	1,029,607	1,651,706
Other Assets:		
Notes receivable	651,500	651,500
Accrued interest receivable	149,544	117,015
Total Other Assets	801,044	768,515
Fixed Assets, Net of Accumulated Depreciation	14,142,651	9,272,159
Total Assets	17,055,546	12,140,356
Liabilities and Net Position (Deficit):		
Current Liabilities:		
Accounts payable	546,707	97,124
Prepaid rent	21,412	32,591
Tenant security deposits	423,335	419,235
Accrued interest	38,642	85,856
Current portion of long-term debt	-	890,000
Total Current Liabilities Payable From Restricted Assets and Operating Cash	1,030,096	1,524,806
Long-term Debt:		
Revenue bonds, net of deferred financing costs and amortization of \$0 and \$621,660	-	10,253,340
Revenue bonds - Subordinate Series	-	200,000
Loan payable, net of deferred financing costs and amortization of \$1,503,078 and \$0	15,747,903	-
Total Long-term Debt	15,747,903	10,453,340
Total Liabilities	16,777,999	11,978,146
Net Assets (Deficit) - Unrestricted	277,547	162,210
Total Liabilities and Net Assets	17,055,546	12,140,356

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

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
Statement of Activities
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Rent	3,757,885	3,566,212
Other	240,525	211,522
Total Operating Revenues	<u>3,998,410</u>	<u>3,777,734</u>
Operating Expenses:		
Payroll and related benefits:		
Administrative payroll	139,411	113,219
Maintenance and grounds payroll	230,605	254,147
Employee benefits and rent	253,146	259,027
Administrative	132,237	109,125
Maintenance and grounds	426,244	339,899
Management fee	183,304	171,663
Insurance	64,179	58,231
Utilities, net	58,435	57,720
Total Operating Expenses Before Depreciation	<u>1,487,561</u>	<u>1,363,031</u>
Operating Income Before Depreciation	2,510,849	2,414,703
Depreciation	(718,044)	(666,212)
Operating Income	<u>1,792,805</u>	<u>1,748,491</u>
Non-Operating Revenues (Expenses):		
Interest income	37,692	43,287
Interest expense and fees	(518,940)	(650,252)
Trustee and bond fees	(2,414)	(5,357)
Amortization of deferred bond issue costs	(103,806)	(133,213)
Termination fee	(1,090,000)	-
Net Non-Operating (Expenses)	<u>(1,677,468)</u>	<u>(745,535)</u>
Net Income	115,337	1,002,956
Net Assets - Beginning of Year	<u>162,210</u>	<u>(840,746)</u>
Net Assets - End of Year	<u><u>277,547</u></u>	<u><u>162,210</u></u>

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

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operations:		
Cash flows from tenants for rent	3,742,417	3,549,539
Interest income	9,525	11,346
Other cash receipts	244,626	226,332
Cash paid for goods and services	(432,155)	(795,260)
Cash paid for salaries and benefits	(623,162)	(626,393)
Interest and fees	(566,154)	(651,774)
Net Cash Provided By Operating Activities	2,375,097	1,713,790
Cash Flows From Financing Activities:		
Principal paid on debt	(11,965,000)	(850,000)
Debt issuance costs	(985,223)	-
Loan advances	17,250,981	-
Termination fee	(1,090,000)	-
Net Cash (Used) By Capital and Related Financing Activities	3,210,758	(850,000)
Cash Flows From Investing Activities:		
Purchase of investments	(300,054)	-
Proceeds from sale of investments	576,150	-
Fixed asset purchase	(5,588,536)	(1,019,367)
Net Cash Provided by Investing Activities	(5,312,440)	(1,019,367)
Net Increase (Decrease) in Cash	273,415	(155,577)
Cash and Cash Equivalents - Beginning of Period	1,508,144	1,663,721
Cash and Cash Equivalents - End of Period	1,781,559	1,508,144
Cash and Cash Equivalents:		
Operating cash	1,052,006	436,950
Restricted cash reserved for replacement	310,000	-
Tenant security deposits	419,553	356,351
Restricted cash with Trustee	-	714,843
Total Cash and Cash Equivalents	1,781,559	1,508,144
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating income	1,792,805	1,748,491
Adjustments to reconcile:		
Depreciation	718,045	666,213
(Increase) decrease in accounts receivable	(4,289)	(2,559)
(Increase) decrease in prepaid expenses and deposits	(14,923)	(518)
Increase (decrease) in accounts payable	449,581	(52,748)
Increase (decrease) in tenant deposits	4,100	14,810
Increase (decrease) in prepaid rent	(11,179)	(14,114)
Interest expense	(566,154)	(651,774)
Interest income	9,525	11,346
Trustee fees	(2,414)	(5,357)
Total Adjustments	582,292	(34,701)
Net Cash Provided By Operating Activities	2,375,097	1,713,790

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

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements

1. Organization

EagleBend Affordable Housing Corporation, (“EagleBend”), was organized on October 23, 1990, as a non-profit corporation to provide affordable housing in Eagle County, Colorado. The formation of EagleBend was approved by the Town of Avon, Colorado, (the “Town”). EagleBend operates exclusively on behalf of and for the benefit for the Town to provide for the acquisition, operations and payment of debt service of the housing project within the Town boundaries. The housing project consists of 294 apartments.

The Town will obtain full legal title to the land, apartment complex and equipment upon payment in full of the secured debt issued by EagleBend. The Town approved the formation of EagleBend. The Town is not obligated to pay the debt of EagleBend. EagleBend will cease to own the apartment complex at the date of the last payment of principal of the promissory note.

2. Summary of Significant Accounting Policies

A. Reporting Entity

EagleBend was formed under the laws of the State of Colorado and operates under an appointed Board of Directors. As required by GAAP, the financial statements of the reporting entity include those of EagleBend. No additional separate governmental units, agencies or non-profit corporations are included in the financial statements of EagleBend since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointing of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. EagleBend does not exercise oversight responsibility over any other entity, nor is it a component unit of any other governmental entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

The statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. The statements also distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenue of EagleBend is charges to tenants for rent.

Operating expenses include the maintenance, management, and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

2. Summary of Significant Accounting Policies (Continued)

C. Cash Equivalents

For the purposes of the Statement of Cash Flows, EagleBend defines cash equivalents as all cash, money market and savings accounts, plus all investments with original maturities of three months or less.

D. Federal and State Income Tax

EagleBend was formed in accordance with the Internal Revenue Ruling 63-20 which provides that a non-profit corporation may issue tax exempt bonds for low and moderate income rental housing, if it does so "on behalf of a governmental entity". EagleBend has complied with the provisions of Revenue Ruling 63-20 and refinanced its bond debt pursuant to the guidelines established by PLR 874.3047 and therefore, is exempt from federal and state income tax.

E. Fixed Assets

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Land is reported at cost and is not subject to depreciation.

F. Deferred Financing Costs

The bond costs were being amortized over the respective term of the bonds, using the interest method. Unamortized bond issue costs as of 2016 were \$621,660. During 2017, the bonds were repaid. The remaining bond costs and new deferred financing costs are being amortized over the respective term of the new loan. At December 31, 2017, unamortized deferred financing costs totaled \$1,503,078.

G. Restricted Assets

Certain assets are classified as restricted assets because their use is restricted by bond indentures and/or debt covenants.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Allowance for Uncollectible Accounts

EagleBend uses the allowance method to recognize the potential uncollectibility of receivables. An allowance for uncollectible accounts was recorded at December 31, 2017 and 2016 of \$6,155 and \$997, respectively.

J. Subsequent Events

Management has evaluated subsequent events through March 24, 2018, the date these financial statements were available to be issued.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

3. 2006 Bonds Trust Indenture

In 2006 the 1997 Bonds were fully refunded with the issuance of the 2006 bonds. The 2006 bonds were secured by a pledge of revenues from the Project and by an Indenture between EagleBend and the Trustee. Under the terms of the Indenture, all net project revenues were deposited with the Trustee for payment as follows:

- A. Revenue Account** - Monies collected and deposited into the depository accounts are swept into the Revenue Account after operations and maintenance transfers. On the 25th day of each month, excess funds are swept from the Revenue Account and distributed to the other accounts in accordance with the Trust Indenture Agreement. The priority of payments is as follows:
- B. Senior Bonds Fund** - In an amount equal to the monthly payments due on the Series 2006A and 2006B Revenue Refunding Bonds to be deposited in the Corporate Interest and Principal sub accounts.
- C. Financing Fee Fund** - A deposit equal to one-third of the quarterly financing fees for the letter of credit and an amount equal to one twelfth the annual Remarketing Agent Fee.
- D. Debt Service Reserve Account** - An amount equal to a required debt service reserve of the lesser of i) 10% of the outstanding principle of the 2006A&B Bonds, ii) the maximum annual debt service requirements of the Series 2006A&B bonds, or iii) 125% of the average annual debt service requirements of the Series 2006A&B bonds. A reserve of \$370,450 was established for the 2006 A&B Bonds.
- E. Unpaid Management Fee Account** - An amount equal to any unpaid management fees.
- F. Property Insurance Award Account** - An amount equal to the necessary amount to restore the building to its original condition after a catastrophic event.
- G. Replacement Reserve Account** - An amount equal to \$6,125 per month beginning January 1, 2007, until the Replacement Reserve equals \$300,000. The fund is to be used to replace major components of the project.
- H. Subordinate Obligations Fund** - Any remaining amount thereafter can be used for the monthly payment of any obligations relating to the 2006C Subordinate Revenue Refunding Bonds.
- I. Surplus Account** - Any remaining amount thereafter which can be used to cure any deficits in the above accounts or thereafter, for any other lawful purpose.

Additionally, the Indenture provides for other requirements regarding operations, budgeting, insurance, and management.

The bonds were fully paid off in 2017. See Note 6.B.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

4. Cash in Bank and Investments

EagleBend's deposits held with financial institutions at December 31, 2017 are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor at each FDIC-member institution. At December 31, 2017, the Corporation's uninsured balances totaled \$1,560,403.

EagleBend's restricted cash and investments as of December 31, 2017 consist of cash and investments held by banks. 2016 consisted of cash and investments held by a Trustee. The unrestricted deposits consist of cash held in banks. The cash and investments held by banks and with the Trustee are reported in the accompanying Statement of Financial Position at market value, which at December 31, 2017 and 2016 equaled their respective costs. The cash and investments as of December 31, 2017 and 2016 are summarized below:

	Cash with Banks and Trustee	
	2017	2016
Unrestricted Cash:		
Cash in bank - Operating	1,052,006	436,950
Total Unrestricted Cash	<u>1,052,006</u>	<u>436,950</u>
Restricted Cash:		
Tenant Security Deposits	419,553	356,351
Reserve for Replacement	310,000	-
Restricted Cash in Escrow	<u>300,054</u>	<u>-</u>
Held by Trustee for 2006 Bonds:		
Senior Bonds Fund - Principal	-	450,239
Senior Bonds Fund - Interest	-	39,216
Financing Fee Fund	-	24,670
Remarketing Agent Account	-	8,893
Debt Service Reserve Account	-	17,934
Replacement Reserve Account	-	99,531
Subordinate Obligations Fund - Series 2006C	-	8,505
Tax and Insurance Account	-	4,652
Surplus Account	-	61,203
Total Restricted Cash - Held by Trustee	<u>-</u>	<u>714,843</u>
Total Restricted Cash	<u>1,029,607</u>	<u>1,071,194</u>
Total Cash	<u><u>2,081,613</u></u>	<u><u>1,508,144</u></u>

At December 31, 2017, EagleBend's investments consisted of the following:

	S&P Rating	Carrying Amount	Maturities	
			Within One Year	One Year To Five Years
Certificates of deposit	N/A	\$300,054	-	\$300,054

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

5. Property and Equipment

A schedule of property and equipment follows:

	<u>December 31</u>		<u>Estimated Useful Life</u>
	<u>2017</u>	<u>2016</u>	
Land	2,678,512	2,678,512	
Construction in progress	5,339,586	-	
Buildings	18,077,902	18,102,126	40 years
Equipment	227,002	201,083	5 - 7 years
Total	<u>26,323,002</u>	<u>20,981,721</u>	
Accumulated depreciation	(12,180,351)	(11,709,562)	
Total Net Book Value	<u><u>14,142,651</u></u>	<u><u>9,272,159</u></u>	

6. Long-term Debt

A. Multi-family Housing Project Revenue Refunding Bonds Series 2006 A and B and Series C Subordinate Bonds

EagleBend issued \$18,495,000 of Multifamily Housing Project Revenue Refunding Bonds Series 2006A, Series 2006B and Series C Subordinate Multifamily Housing Project Bonds, dated August 30, 2006. The proceeds of the Revenue Refunding Bonds and certain other Series 1997 Revenue Bond escrowed reserves were used to refinance all the outstanding Revenue Bonds, and to fund certain escrow resources. At December 31, 2006, all prior bonds were defeased or redeemed. A portion of the proceeds of the 2006 Revenue Refunding Bonds were placed in irrevocable trusts which will be used through July 2021 to redeem the outstanding 1997 Series A & B Revenue Bonds and therefore the defeased bonds and the related trust assets are not presented in the accompanying financial statements.

The Bonds were special limited obligations of EagleBend and were payable solely from revenues, assets, reserve funds and other values pledged under the terms of the Trust Indenture. The Bonds did not constitute an obligation or liability of the State of Colorado, the Town of Avon or any other political subdivision of the State. EagleBend has no taxing power nor does it have the power to pledge the general credit or taxing power of the Town of Avon, the State of Colorado or any other political subdivision of the State of Colorado.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

6. Long-term Debt (Continued)

A. Multi-family Housing Project Revenue Refunding Bonds Series 2006 A and B and Series C Subordinated Bonds (Continued)

1. \$16,645,000 Multifamily Housing Project Revenue Refunding Bonds Series 2006A Taxable Convertible Variable Rate Bonds

The Bonds were issued as taxable bonds to be converted to tax exempt bonds on April 3, 2007. The Bonds were issued as variable rate bonds at a rate to be determined by the Remarketing Agent at a weekly or daily rate of interest, the interest is to be paid monthly. EagleBend obtained interest swap agreements which set the interest rate at 5.495% through April 2, 2007, and then at an interest rate of approximately 4% through the maturity date of the bonds of July, 2021. The interest rate swap was subject to interest rate risk in the event of the taxability of the tax exempt bonds was changed or there was a material increase in the interest rate. The Bonds were secured by an irrevocable letter of credit; the letter of credit issuer had a lien on the assets of EagleBend. The Bonds were subject to remarketing under certain conditions, including the bondholder's right to redeem their bonds upon seven days' notice to the Trustee.

The Bonds were subject to a balloon payment of \$7,345,000 in July 2021. In the event accumulated funds were not available to meet the balloon payment when due, it was the intent of EagleBend to refinance the unfunded portion of these bonds.

2. \$1,650,000 Taxable Variable Rate Multifamily Housing Project Revenue Bonds 2006B

EagleBend issued \$1,650,000 of Multifamily Housing Project Housing Bonds. The Bonds were issued as variable rate bonds at the rate to be determined by the Remarketing Agent at a weekly or daily rate of interest, the interest is to be paid monthly. EagleBend has obtained a Swap Agreement which has set the interest rate at 5.35% through maturity. The bonds were paid off in January 2010.

3. \$200,000 Subordinate Multifamily Housing Project Revenue Refunding Bonds

The Bonds were issued as tax exempt bonds to refund the unredeemed portion of the Series 1997C Subordinate Revenue Bonds. The Bonds were issued at an interest rate of 8.5% with the principal due at the maturity date in July 2021. The Subordinate Revenue Refunding Bonds are subject to the same revenue sources and restrictions as the Revenue Refunding Bonds Series 2006A & B.

During 2017, Series 2006A and Series C Subordinate Bonds were fully paid.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

6. Long-term Debt (Continued)

B. 2017 Promissory Note

On June 6, 2017, EagleBend executed a promissory note (the "Note") with Public Finance Authority (the "Authority"), in an amount not to exceed \$29,000,000 in order to pay off all outstanding bonds and fund a construction project on the property. Advances will be made and interest will accrue on the outstanding principal amount, at a rate equal to the tax-exempt interest rate of 3.84% per annum from June 6, 2017 to through June 9, 2035. Commencing on June 10, 2035 ("Adjustment Date"), the interest rate shall adjust to the ten-year constant maturity United States Treasury Rate index published by the Federal Reserve Board as of the Adjustment Date, plus 2.24% per annum, which sum shall be multiplied by the Lender's then tax-exempt equivalent factor. The Authority subsequently transferred the Note to FirstBank.

Interest on the principal drawn on the note is due and payable monthly on the tenth day of each month starting on July 10, 2017. Principal and interest is due and payable on the tenth day of each month starting December 10, 2018 based upon a 35-year level amortization. The unpaid principal balance plus all accrued and unpaid interest is due and payable in full on June 10, 2035.

The Note is collateralized by a deed of trust on the property. Any default can be cured by the Town at their option.

At December 31, 2017, the balance outstanding under this Note is \$17,250,981.

C. Town of Avon, Colorado

EagleBend has covenanted and agreed that all activities of EagleBend shall be undertaken for the benefit of the Town. Upon payment of outstanding debt, the Town shall be entitled to acquire title to the assets of EagleBend without cost. The Town also has a right at any time to obtain title to the assets of EagleBend by payment of outstanding debt and other obligations of EagleBend, or in the event of a foreclosure action by the debt holder, the Town is granted an exclusive option to purchase the property for the amount of the outstanding indebtedness of EagleBend.

7. Risk Management

EagleBend is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in an insurance coverage from coverage in the prior year.

8. Related Parties

A board member, Gerald E. Flynn is the managing partner of Polar Star Properties LLC ("PSP") (see note 11) and Polar Star Development, LLC ("PSD"). Another board member is in a managerial position of Inter-Mountain Engineering ("IME") (see Note 10).

9. Other Related Party Transactions

In 2017, EagleBend paid IME \$95,021 for engineering services related to EagleBend's remodel capital project.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

10. EagleBend Management

The management of EagleBend is primarily accomplished through a Board of Directors which oversees administration, operations and maintenance functions.

EagleBend has entered into a management agreement with PSP effective June 1, 2006, that is renewable annually. The agreement was amended on January 1, 2015. The management fees paid to PSP for the year ended December 31, 2017 were \$183,304. The amended agreement allows for a management fee of \$8,000 per month plus a variable fee of 2.25% of the total project revenues, with a total fee not to exceed 4.5% of gross collected income. During the year ended December 31, 2017, the following amounts were paid to PSP in respect of services provided to EagleBend:

	2017	2016
Maintenance wages	\$ 230,605	\$ 254,147
Administrative wages	139,411	113,219
Employee benefits	123,308	128,463
Remodel	104,055	-
Vehicle maintenance	45,840	45,867
Software	18,000	18,000
Consulting	12,410	13,000
Insurance	9,820	9,123
Office expense	3,989	-
Miscellaneous	73	352
	<u>\$ 687,511</u>	<u>\$ 582,171</u>

At December 31, 2017, EagleBend owed PSP \$3,955.

11. Notes Receivable

A. EagleBend Dowd Affordable Housing Corporation (“Dowd”)

1. \$300,000 Advance

EagleBend had advanced Dowd \$571,572 prior to December 31, 2003, under an Operating Deficit Agreement. The Operating Deficit Agreement was terminated in 2003 coincident with the refunding of certain of Dowd’s bonds. At that time, EagleBend agreed to forgive \$271,572 of the balance outstanding at the time of \$571,572 and classify it as a contribution to Dowd. There are no specific repayment terms for the remaining balance outstanding at December 31, 2017 and 2016 of \$300,000.

2. \$50,000 Advance

EagleBend advanced \$50,000 to Dowd in August 2011 to provide funding for certain building renovations. The note is due on or before December 1, 2018, with interest of 6.00% payable annually. The interest on the note will compound annually commencing December 1, 2012. The balance outstanding at December 31, 2017 and 2016 is \$50,000.

EagleBend Affordable Housing Corporation
(A Colorado Non-Profit Corporation)
December 31, 2017
Notes to the Financial Statements
(Continued)

11. Notes Receivable (continued)

A. EagleBend Dowd Affordable Housing Corporation (“Dowd”) (Continued)

3. \$80,000 Advance

EagleBend advanced \$80,000 to Dowd in May 2012 to provide funding for a project related to real property. The note is due on or before December 1, 2018, with interest of 6.00% payable annually. The interest on the note will compound annually commencing December 1, 2012. The balance of the note at December 31, 2017 and 2016 is \$80,000.

B. Buffalo Ridge Affordable Housing Corporation (“Buffalo Ridge”) - Surplus Cash Note, \$221,500

EagleBend entered into a surplus cash note with Buffalo Ridge on August 1, 2013, in the amount of \$221,500. The note bears interest at 10% per annum payable annually commencing May 1, 2014. The note will mature on December 31, 2043. No payments shall be made on this note until the indebtedness in the amount of \$605,018 owed to Corum Real Estate Group, Inc. by Buffalo Ridge, is satisfied in full. The principal and interest are payable from non-project revenues and/or surplus cash as defined by HUD.

The balance of the note at December 31, 2017 was \$221,500. Interest began accruing in 2013 and the total interest accrued as of December 31, 2017 was \$0.

12. Assignment of Deposit Account

EagleBend assigned and granted a security interest in a bank account to FirstBank in order to secure payment and performance of the Series 2014A Bonds purchased by FirstBank from EagleBend Dowd Affordable Housing Corporation. FirstBank’s claim to the deposit account was ahead of the claims of any other creditor. FirstBank might have withdrawn all or any part of the deposit account to be applied to reasonable expenses, attorney’s fees and legal expenses, and any secured debts owed by EagleBend Dowd, so long as written notice is given ten days in advance. This agreement remained in effect until Dowd’s Series 2014A Bonds were paid down to an amount where this secondary collateral was no longer required. As of November 1, 2016, \$321,177 in payments were cumulated by EagleBend Dowd on the bonds, which fulfilled the reserve release covenant. At such time, FirstBank released the pledge on the EagleBend account.

13. Capital Project Commitments

EagleBend has active capital projects as of December 31, 2017, which include making improvements to the property. EagleBend has entered into various agreements with multiple vendors for these capital projects. The aggregate remaining amount of these agreements is \$5,446,726.