



**Local Government Contribution for Florida Housing Finance Corporation  
Multifamily Affordable Rental Housing Development/Rehabilitation  
Application**

**A. Applicant Information**

1. Applicant Name: **The Palms at Spring Hill, LLC**

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of application. Include a copy of the certificate of good standing from the Florida Secretary of State.

**Address:**

**1408 N. Westshore Blvd, Tampa, FL 33607**

**Telephone:** **Stephen Bien (813) 731-1244**

**Alexis Pierre (561) 251-4652**

**Facsimile/email:** **steve@sohohousingpartners.com , Alexis@sohohousingpartners.com**

2. If partnership, name of general partner(s): \_\_\_\_\_

If corporation, name and title of executive officer: \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Facsimile/email:** \_\_\_\_\_

3. Developer Entity: **Paces Preservation Partners, LLC**

Relationship to Applicant: **Developer**

**Address of Developer:** **2730 Cumberland Blvd SE, Smyrna, GA 30080**

**Telephone:** **Stephen Bien (813) 731-1244**

**Alexis Pierre (561) 251-4652, Steven Bauhan (404) 597-3025**

**Facsimile/email:** **steve@sohohousingpartners.com , Alexis@sohohousingpartners.com,  
steven@pacesfoundation.org**



Describe the Developer's involvement and ownership interest in this development:

Paces Preservation Partners, LLC ("PPP") will serve as the project's developer. A joint venture between The Paces Foundation, Inc. and Soho Housing Partners, LLC, PPP brings together deep expertise in affordable and workforce housing. The Paces Foundation, a nonprofit dedicated to community and workforce housing since 1991, has successfully developed over 5,000 units across multiple communities. Soho Housing Partners, a for-profit developer, specializes in affordable and workforce housing throughout the southeast.

Together, The Paces Foundation and Soho Housing Partners will lead all aspects of the development process, from securing financing and obtaining necessary approvals to managing construction and ensuring successful lease-up and long-term asset management. Their combined experience and commitment to quality housing will drive the success of this project.

4. Years of Affordable Housing Development Experience: 30+

5. Designated contact person (person with decision –making authority with whom the County will correspond concerning the application and Development) for Applicant/Borrowing Entity (not the consultant):

Stephen B. Bien, [steve@sohohousingpartners.com](mailto:steve@sohohousingpartners.com), (813) 731-1244

Relationship to Applicant: Principal/Developer

Address of Developer:

2730 Cumberland Blvd SE, Smyrna GA 30080

Facsimile/email: [steve@sohohousingpartners.com](mailto:steve@sohohousingpartners.com)

5. Is there a consultant: Yes: \_\_\_\_ No: ☒

Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile/Email: \_\_\_\_\_





6. For Applicant and Developer entities, attach a list of all general and limited partners and the officers, directors and shareholders of each as of the date of this application. Attached named "Spring Hill Entities".

7. Applicant's Federal Taxpayer Identification Number:  
33-4720930

8. Is the Applicant or its general partner incorporated as a non-profit organization pursuant to Chapter 617, Florida Statutes? Yes: ☒ No:

9. Is this a 501c (3) or 501c (4) non-profit organization pursuant to Section 42 of the Internal Revenue Code?

Yes: ☒ No:

If yes, provide the following:

a. Attach evidence of non-profit status. Attached.

b. Describe the role of the non-profit organization in the development.

The Paces Foundation, Inc., a non-profit organization, will serve as a managing member of the developer entity for this project, actively contributing to all aspects of the development process.

c. Does the non-profit organization have an ownership interest, either directly or indirectly in the Development? Yes: ☒ No: \_\_\_

d. Attach the names and address of the governing board of the non-profit organization. Attached.

e. Is the purpose of the non-profit organization, in part, to foster low-income housing? If so, provide a copy of the Articles of Incorporation. Attached.

f. Year non-profit organization was incorporated: 1991

g. Is the non-profit affiliated with or controlled by a for-profit organization within the meaning of Section 42(h), Internal Revenue Code? Yes: \_\_\_ No: ☒

If yes, name of For-Profit: \_\_\_\_\_

## B. Development Information

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1. Development Name: The Palms at Spring Hill



2. Development location and street address (indicate street names, city and zip code):

11323 County Line Road, Spring Hill, FL 34609

**\*\*If scattered sites, attach an additional page with the address of each site.**

3. Manager/Employee Units: Are there one or more manager or employee units in the development? Yes: \_\_\_\_ No: ☒ How Many? \_\_\_\_\_ Unit Type: \_\_\_\_\_  
If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set-aside? Yes: \_\_\_\_ No: \_\_\_\_

Provide Unit Number(s): \_\_\_\_\_

4. Are there one or more model Units? Yes: \_\_\_\_ No: ☒ If yes, identify by unit number and type: \_\_\_\_\_

5. Utilities: Indicate which utilities are paid by the tenants.

Electric ☒ Water \_\_\_\_ Sewer \_\_\_\_ Gas \_\_\_\_ Trash \_\_\_\_ Cable \_\_\_\_

6. Development Design:

Check the one design that best describes this development building style:

Garden ☒ Duplexes \_\_\_\_ Quads \_\_\_\_ Single Family \_\_\_\_ Townhouses ☒

7. Project Development Activity (check all applicable activity):

☒ Multi-Family Rental \_\_\_\_\_ Supportive Housing  
\_\_\_\_ Single Room Occupancy \_\_\_\_\_ Other (List): \_\_\_\_\_

8. Demographic Commitment per RFA:

☒ Family \_\_\_\_ Elderly (if Elderly, what is minimum age?) \_\_\_\_\_

9. Identify acreage or lot size of entire Development: 4.45 acres

10. Name of local jurisdiction where Development is located:

Unincorporated Hernando County ☒

City of Brooksville \_\_\_\_\_

11. Project Type: ☒ New Construction \_\_\_\_\_ Rehabilitation \_\_\_\_ Other: \_\_\_\_\_





12. TOTAL Development/ Rehabilitation Costs: \$34,836,066

13. Project Primary Target Market (Household Area Medium Income (AMI):

☒ Extremely Low (30% or less AMI) \_\_\_\_\_ Very Low (31% - 50% AMI)

☒ Low (51%- 80% AMI) \_\_\_\_\_ Moderate 1 (81% AMI-120% AMI)

14. Amount of County Contribution Funds Requested: \$340,00

14a Total Project Funding Sources

FUNDING SOURCE/CONTRIBUTOR	AMOUNT
Hernando County Contribution	\$340,000
9% Federal Tax Credit Equity	\$22,352,765
Permanent Debt:	\$11,500,000
Deferred Developer Fee	\$643,301
<b>TOTAL:</b>	\$34,836,066

15. Income Levels and Special Needs (Please complete table show actual number of units for the development occupants/beneficiaries.

Income Group	Number or Units
30% AMI or less AMI	16
31-50% AMI	
51-60% AMI	58
61-80% AMI	22
81-120% AMI	
<b>TOTAL:</b>	

Special Needs Population Category	Number of Units
Elderly	
Disabled (NotElderly)	10
Homeless	
Persons with HIV/AIDS	
Veterans	
Other:	
<b>TOTAL</b>	



### C. Rental Assistance

1. Is rental assistance currently being provided for this development from other funding sources? Yes \_\_\_\_ No ☒

2. If yes, please indicate what source, number of units receiving assistance and number of years on rental assistance contract:

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### D. Resident Programs

1. Tenant Programs for ALL Applicants: In order to enhance the development and the quality of life for residents, tenant programs are encouraged.

***Check all that apply and describe how each program will be provided. Attach additional pages if necessary.***

\_\_\_\_ Day Care: \_\_\_\_\_

\_\_\_\_ Health Care: \_\_\_\_\_

\_\_\_\_ Meals: \_\_\_\_\_

\_\_\_\_ Private Transportation for the Development: \_\_\_\_\_

☒ Financial Counseling: Previously, we partnered with our Capital Partners to implement a year-long tailored financial literacy program designed specifically for our residents. This initiative provided access to online financial education courses with comprehensive, trackable participation metrics, ensuring that residents could monitor their progress and engagement. The partnership was highly successful, allowing participants to develop valuable financial skills at their own pace while receiving the necessary guidance and resources to improve their financial standing. We'd like to implement something similar for the residents of The Palms at Spring Hill Apartments.

2. Tenant Programs for Elderly Applicants:

\_\_\_\_ Assistance with Light Housekeeping, Shopping and/or Laundry:

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\_\_\_\_ Manager on-call 24 hours per day: \_\_\_\_\_





3. Tenant Programs for Non-Elderly Applicants:

\_\_\_\_\_ Financial Incentive for assistance with purchasing a home: \_\_\_\_\_

X Supportive Housing: We will designate at least 10 units as priority housing for individuals with disabilities, consistent with our approach at several of our other communities. We have reached out to multiple service providers, including The Arc, which offers individually tailored community-based and facility-based services for individuals with developmental disabilities. The Arc has a local office in Spring Hill and actively supports housing for individuals with disabilities. The Arc, a service provider, can assist us in receiving referrals for qualified residents with disabilities who are seeking housing. Additionally, we will ensure that our units are thoughtfully designed to meet the accessibility needs of these residents.

4. Any other Tenant Programs not otherwise addressed:

**E. Development Summary**

1. Please provide a detailed narrative of proposed Development, including all amenities, total number of units (number of units per building, number of buildings in development), features and scope of work to be performed. Attach as an attachment.

2. Identify funding sought through FHFC, 9% tax credit, 4% tax Credit or other

We plan to request funding through the 2025 FHFC tax credit cycle. To maximize our chances of receiving an award, we will be responding to multiple RFAs. Please see below for the list of RFAs we intend to pursue in this 2025 round:

- ***RFA 2025-205 SAIL Financing Of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bonds And Non-Competitive Housing Credits (Submission 10/27/2025)***

- ***RFA 2025-201 Housing Credit Financing For Affordable Housing Developments Located In Small And Medium Counties (Submission Date 11/18/2025)***

2. Provide Documentation to support property ownership or site control (i.e. Warranty Deed, Trust, Deed, or Letter of Intent to Acquire Property). Attached.

3. Appraisal Report and/or Hernando County Property Appraisers Report for each identified project Attached.

4. To be considered complete, the application must include a map of the proposed project/development area showing the development's location. If applicable, include proximity to community services, medical facilities, schools, shopping, major businesses





and employers. Attached.

5. Please provide Site Plan. Attached.

6. Please provide Development timeline.

Date	Milestone
June 16, 2025	Finalize Development Team (General Contractor, Architect, Civil, etc.)
July 7, 2025	Kick-Off Meeting with Development Team Members
November 18, 2025	Submit Full 9% LIHTC Application
January 9, 2026	Notification of Tax Credit Awards
June 1, 2026	Architect & Engineer Provide Plans for Review by City/County and PPP
July 10, 2026	Submit Plans to City/County for Permitting
July 30, 2026	Financial Closing (Equity, Construction, etc.)
July 31, 2026	Groundbreaking – Start of 18-Month Construction Schedule
January 2, 2028	Substantial Completion

7. Summary of how the project/development will be marketed, how the project will find tenants, and how the project will reach out to the local community.

Our project will be marketed with an integrated, neighborhood-based approach used in tandem with our experienced third-party property management company, United Apartment Group. Our approach leverages tested methodologies along with electronic methods of communication to extend outward into a broad universe with specificity on the eligible families for affordable housing.

To draw high-quality tenants, we will leverage a mix of internet listing websites (like AffordableHousing.com and social media), print publications (flyers, brochures, and signs), and face-to-face contact with neighborhood organizations, service providers (The Arc), and referral networks for low- to moderate-income households. The management team will also advertise units on local housing authority waiting lists when available and keep good working relations with case managers and social service agencies.

Community relations will begin several months before lease-up to establish early access to residents, community leaders, and organizations. This will include conducting information sessions, participating in community activities, and making progress reports to neighborhood associations, schools, churches, and civic groups. Our goal is not only to fill units with qualified tenants but also to establish a sense of ownership between the development and the surrounding community.





With previous projects, we have taken the extra step to work hand in hand with organizations within the neighborhood in the immediate area. As an example in the construction of The Legacy at Carr Heights, we worked with the Westside Community Land Trust to coordinate community information sessions so that residents within the neighborhood could become informed about the pending development and allow potential residents to complete their applications. Also, as it relates to our two new projects that are ongoing in Pensacola, Florida, we recently conducted a community meeting with the Mayor to make the local residents aware of the future housing inventory and how to apply. We have also reached out to Jerry Campbell the commissioner of our district where the parcel is located to schedule a community meeting to alert residents of the upcoming development.

Our leasing business prioritizes access, equity, and openness. Materials will be provided for leasing in more than one language if needed, and leasing staff will be trained in fair housing law and cultural sensitivity. We will also have a waitlist procedure so that we can promote timely and equitable leasing.

By utilizing both our local knowledge property management staff and the community networks, we would have the project well established within the community and serving the target population as needed.



8. Application packets must include the most recent 24 months audited financial statements and the current year approved budget. Attached.

9. Application packets must include the most recent 2 years Management Review and Physical Inspection Reports. Attached. Across all of our properties, we partner with experienced and highly sophisticated third-party property management firms. These teams ensure that day-to-day operations and regulatory compliance are handled with precision and professionalism. As a result, any compliance issues identified during physical inspections are typically minor, clerical in nature, and resolved promptly to maintain full regulatory adherence.

10. Please provide 3-5 References from Local Governments that provided funding to housing developments have been completed. Attached.

**F. Certification (Original Signature Required)**

The undersigned applicant certifies that the information in this application is true, correct and authentic. The applicant further certifies that (s)he is aware that if the County finds that the applicant or any of its affiliates has engaged in fraudulent actions or misrepresented facts on this application, this application will be disqualified and the applicant and its affiliates will be unable to participate in any County program for two (2) complete annual cycles inclusive of any interim cycles.

In applying for SHIP Program funds, the applicant has read, understands, and agrees to comply with 420.9071-420.9079 Florida Statutes and Rule 67-37 Florida Administrative Code, issued by the Florida Housing Finance Corporation. The applicant understands and agrees to abide by the provisions of the applicable Florida Statutes and County program rules and policies.

Official Signature of Applicant/Borrowing Entity

*Renee Sandell* Date: 4/23/2025

Name and Title (typed or printed) RENEE SANDELL, V.P.

Company THE PALMS of SPRING HILL, LLC

Signature Witness *Alexis Pierre* Date: 4/23/25

Name and Title (typed or printed) Alexis Pierre, Associate













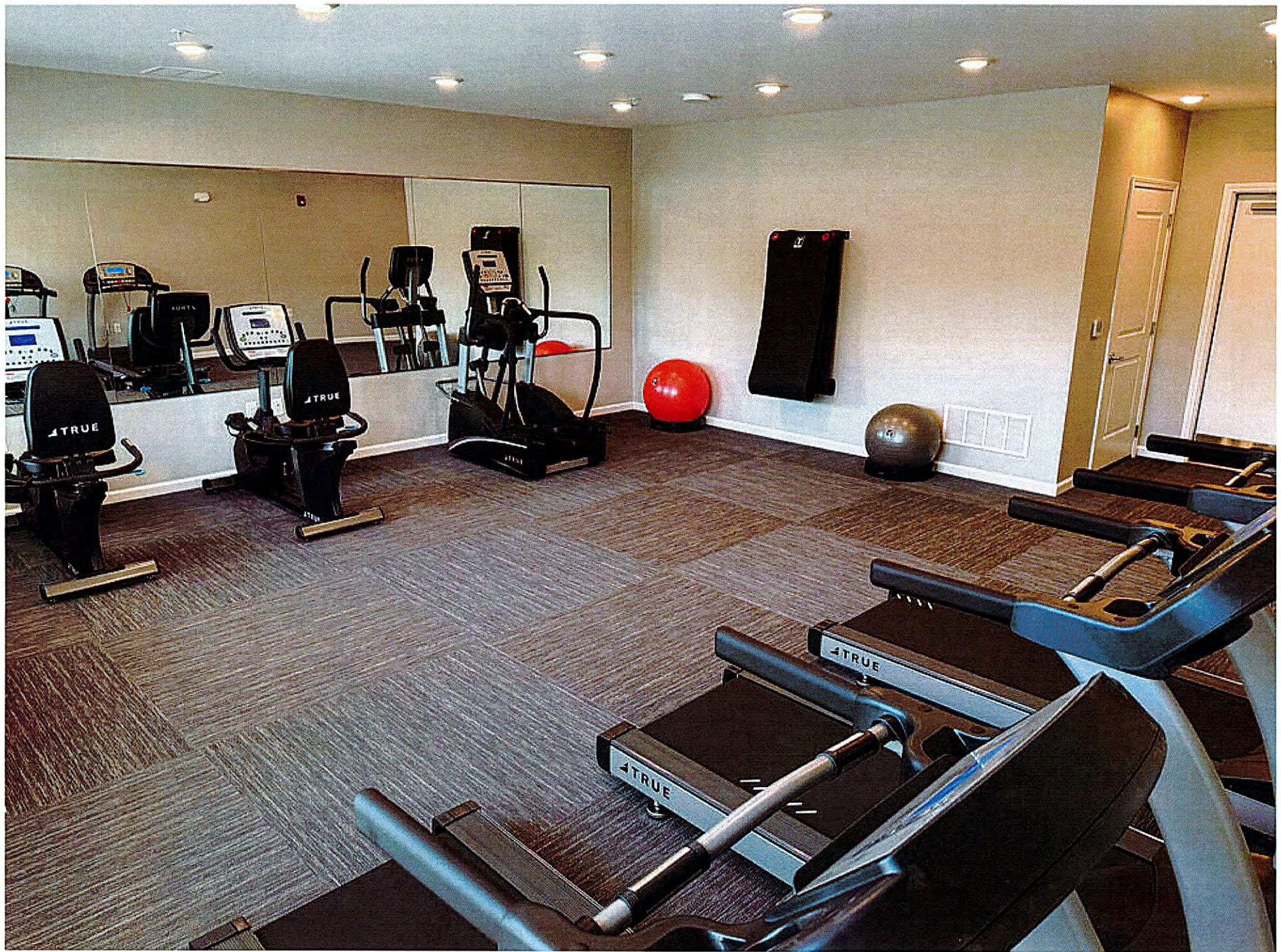














## **The Palms at Spring Hill – Project Narrative**

The Palms at Spring Hill (“the Project”) is a thoughtfully planned, new construction development that will bring 96 high-quality residential units throughout 6 buildings to the growing community of Spring Hill, Florida. Situated on an approximately 4.45-acre undeveloped site at 11323 County Line Road, the Project will feature a mix of two- and three-story split-level garden-style walk-up buildings, designed to provide long-term, affordable housing for families in Hernando County.

The development’s location offers a prime opportunity to meet the area’s increasing demand for affordable family housing. Surrounded by a mix of retail, medical office, commercial, multifamily developments, and a nearby school, The Palms at Spring Hill has been designed to blend seamlessly with the existing neighborhood. The building and site design will echo the architectural character and community-oriented layout of other successful developments completed by Paces Preservation Partners across the Southeast and Mid-Atlantic regions.

### **Development Team**

The Palms at Spring Hill is being led by Paces Preservation Partners, a seasoned development partnership between The Paces Foundation and Soho Housing Partners. This joint venture was formed to deliver high-quality affordable housing communities nationwide and brings deep experience in both new construction and preservation through the Low-Income Housing Tax Credit (LIHTC) program and other public/private sources.

The design team has been carefully selected to ensure the project meets the highest standards in both aesthetics and durability. Progress Design Studio, led by Michael Haynes, an architect well-known for his work on LIHTC projects, is serving as the lead architect. The civil engineering may be handled by Kimley-Horn, a top-tier engineering firm with deep experience in the Florida market or another one of our sophisticated engineering firms. The general contractor is yet to be finalized, though the development team works regularly with a network of trusted and experienced GCs throughout the state.

### **Architectural Vision**

The exterior design of The Palms at Spring Hill will feature high-quality materials such as brick and fiber cement siding, enhanced with architectural detailing that promotes a welcoming, home-like environment. The buildings are designed to minimize common breezeways and corridors, with each apartment having a private entrance. This layout encourages a sense of ownership and personal space, creating a strong residential identity for families.

Unit sizes will be generous and designed to accommodate a range of household sizes. One-bedroom units will be approximately 968 square feet, while four-bedroom units will reach up to 1,580 square feet. Spacious layouts, ample storage, and modern finishes will ensure long-term appeal for residents.



#### **Utilities and Infrastructure**

Residents will be responsible for paying their own electric utilities, including heating, cooking, lighting, air conditioning, and hot water. The Project will cover water, sewer, and trash services.

The site will feature a single, secured entrance off County Line Road, designed to limit and control both pedestrian and vehicular access, enhancing resident safety. Additional safety measures will include enhanced lighting, security cameras, and well-defined property boundaries. On-site maintenance and management will be provided, with routine coordination with local law enforcement for nightly patrols. A third-party property management company will implement strict applicant screening, including comprehensive credit and background checks.

#### **Unit Mix, Affordability, and Parking**

The Project will consist of 96 units, designed for families earning a range of income levels (**30%-80% AMI**), with affordability targets consistent with the 9% LIHTC program administered by Florida Housing Finance Corporation. The planned unit mix includes one-, two-, three-, and four-bedroom apartments, with a strong emphasis on accommodating larger family households.

The below tables show the unit mix, set-aside mix, and contractual set-aside splits.



UNIT TYPE	PERCENT OF MEDIAN	NUMBER OF UNITS	GROSS SQ. FT.
1/1	30.00%	5	968
1/1	60.00%	16	968
1/1	80.00%	6	968
2/2	30.00%	6	1205
2/2	60.00%	25	1205
2/2	80.00%	7	1205
3/2	30.00%	4	1380
3/2	60.00%	14	1380
3/2	80.00%	8	1380
4/2	30.00%	1	1580
4/2	60.00%	3	1580
4/2	80.00%	1	1580
TOTALS:		96	1,139

UNIT MIX:		
Unit Type:	# of Units:	Percent:
1/1	27	28.13%
2/1	38	39.58%
3/1	26	27.08%
5/2	0	0.00%
4/2	5	5.21%
	96	100.00%

UNIT MIX:		
Units at 30% AMI	16	16.67%
Units at 40% AMI	0	0.00%
Units at 50% AMI	0	0.00%
Units at 60% AMI	58	60.42%
Units at 80% AMI	22	22.92%
Market Rate	0	0.00%
	96	100.00%

HOUSING MIX:		
SECTION 8 RAD UNITS:	-	0.00%
EXEMPT	-	0.00%
LIHTC	-	0.00%
WF (LIHTC)	96	100.00%
WF (Non-LIHTC)	-	0.00%
Market	-	0.00%
RAD	-	0.00%
	96	100.00%

At least 192 surface parking spaces will be provided, meeting local code and the needs of a family-oriented community. In addition, the site is conveniently located near public transit, with multiple bus stops in close proximity to ensure residents have access to transportation options.



Resident Amenities

The Palms at Spring Hill will offer quality amenities designed to promote health, community, and quality of life. Planned **unit features** include:

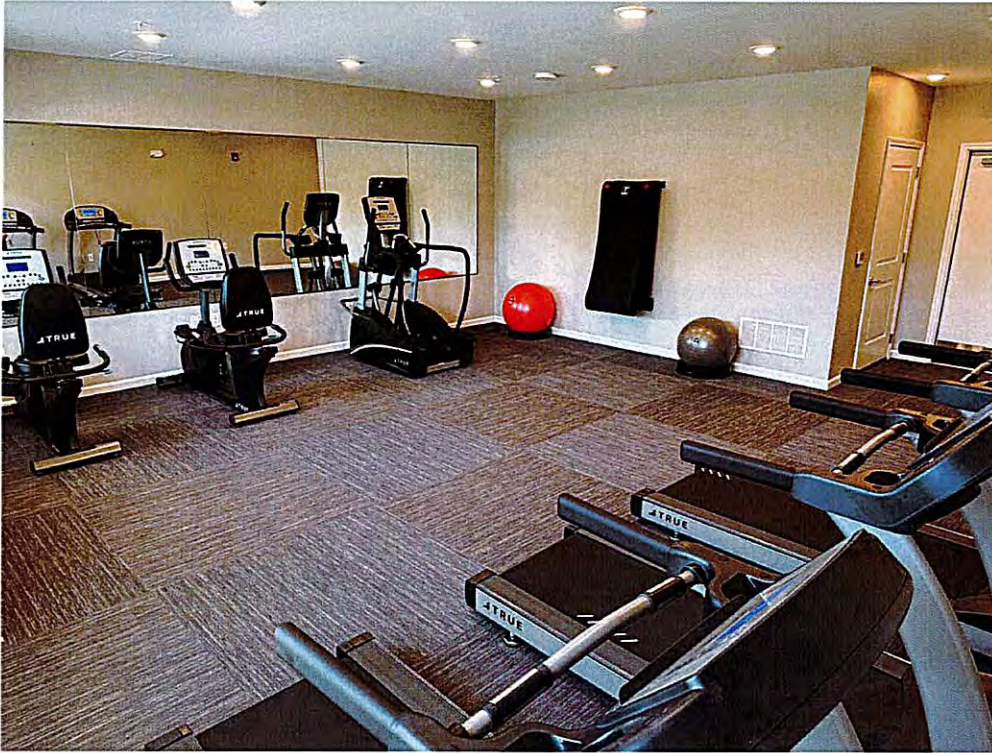
- Energy Star-rated appliances
- Ceiling fans and built-in microwaves
- Granite countertops and upgraded cabinetry
- Covered entries and front porches
- Individual access pathways
- Ample storage and thoughtfully designed floor plans

**Community amenities** will foster a family-friendly environment and include:

- A secure, landscaped entrance
- A large playground with a padded tot lot and water feature
- Outdoor gathering areas with shaded seating
- A pavilion with BBQ facilities
- A resident clubhouse featuring a fitness/yoga studio, computer room, community meeting room, and Wi-Fi hotspot
- Laundry Facility / In unit hook ups

The site has been designed not only to meet regulatory standards but to exceed resident expectations by fostering a healthy, inclusive, and supportive environment.





The Legacy at Carr Heights (Charlotte, NC) Paces Preservation Partners Development

#### **Final Summary**

Paces Preservation Partners brings to the table a proven track record, deep expertise in affordable housing, and the financial strength needed to successfully deliver and operate The Palms at Spring Hill. The team is committed to long-term stewardship of the community, ensuring that the property remains a safe, vibrant, and sustainable place to live well beyond the initial 15-year tax credit compliance period.

We appreciate your consideration of this proposal and welcome any questions or requests for additional information. Thank you for the opportunity to bring this impactful development to Spring Hill.



## **The Palms at Spring Hill Entities**

### **Family – The Palms at Spring Hill Apartments**

- Owner/Borrower/Applicant: The Palms at Spring Hill, LLC

GP Members: Spring Hill Services Corporation

- The Paces Foundation, Inc.

Soho Spring Hill, LLC

- Member: Soho GP Holdings, LLC (Soho Housing Partners, LLC)

- Developer: Paces Preservation Partners, LLC

- Developer Members: The Paces Foundation, Inc.

Soho Realty Development, LLC (Soho Housing Partners, LLC)

### **The Paces Foundation, Inc. (non-profit)**

Mark du Mas

Founding Member and President of The Paces Foundation since 1991, Mark is highly regarded among the pioneers of affordable housing and non-profit developers. His mission began shortly after the Tax Credit Reform Act of 1986, and he continues to bring innovation, enthusiasm, and high attention to detail to each new development. Mark has led The Paces Foundation to develop and own more than thirty communities throughout the Southeast. He founded and served as Chairman of the Board for the Georgia Affordable Housing Corporation, served on the State Trade Association of Non-Profit Developers, Catholic Housing Initiatives and Catholic Personal Care Homes. He is approved as an affordable Consultant, Owner and Developer. In 2021, Mark, along with Steve Bien and Kevin DiQuattro, exclusively partnered Soho Housing Services with The Paces Foundation to create Paces Preservation Partners toward the expansion of affordable housing opportunities.

Mark du Mas

President and Founder

770.431.9696 ext. 1

[mark@pacesfoundation.org](mailto:mark@pacesfoundation.org)

Steven Bauhan

Steven Bauhan is the Chief Development Officer at Paces Foundation ("Paces"). Mr. Bauhan's responsibilities include supporting Paces Preservation's (Paces and SOHO Housing Partners) strategic plan by helping to grow and support the development pipeline from initial conception through construction, to lease up and stabilization. He is a real estate professional with experience in many aspects of affordable housing and mixed income markets including 9% and 4%



transactions, historic tax credit transactions, rural housing, public-private PHA transactions to include several RAD conversions. Prior to joining Paces, he was focused on supporting the affordable housing industry; his 15-year banking career culminated in leading the affordable housing division efforts at Cadence Bank and Bank OZK after having worked within Wells Fargo's Community Lending and Investment division. Mr. Bauhan arranged financial support for ~\$2 Billion in affordable housing specific developments in the form of tax credit purchases, construction and permanent financing (4% and 9%), tax credit bridge financing, land loans, lines of credit, etc. During this time, he built deep relationships with GSE lenders, LIHTC equity syndicators and developers across the Southeastern United States. Prior to banking, Mr. Bauhan received a bachelor's degree from the University of Georgia's Terry College of Business and received his MBA in Economics at Georgia State University.

Steven Bauhan

Chief Development Officer

404-597-3025

[steven@pacesfoundation.org](mailto:steven@pacesfoundation.org)

Renée Sandell

Renee has been active in the development, financing, construction and management of affordable housing since 1989 and has been involved in the development of more than 3,000 units nationwide. She is responsible for the financial procurement for all types of debt and syndication of tax credits for project equity as well as the foundation's internal operations. Renee oversees the development process from acquisition, site planning, financing and investor relations, to construction and stabilization. Renee has held a variety of senior roles in the industry, including First Vice President and Regional Development Director for Transom Development, a subsidiary of SunTrust. Her work at The Paces Foundation began as a development consultant in 2010 and she accepted a permanent position in 2015.

Renee Sandell

Vice President COO/Development Director

770.431.9696 ext. 5

[renee@pacesfoundation.org](mailto:renee@pacesfoundation.org)

Lori McClure

Lori joined the Paces Foundation in 2015, following 19 years in multi-family property management, most recently, serving as Regional Vice President of Allied Orion Group. Her experience spans a broad range of asset types: senior, family, renovations, REIT, tax credit, and bond-financed communities. At Paces, Lori stays involved with the development team through stabilization. Throughout long term ownership, Lori works in support of management, equity



partners, state agencies and lenders to ensure financial goals, compliance, and reporting requirements are met.

Lori McClure  
Director of Assets  
770.431.9696 ext. 2  
[lori@pacesfoundation.org](mailto:lori@pacesfoundation.org)

Julius Ball

Julius Ball is the Physical Asset Manager for Paces Foundation. Julius performs property inspections, reviews capital plans and bids and interfaces with contractors on large scale and new construction projects. Having a UPCS/REAC certified inspector on staff assists Paces in identifying and addressing issues long before state agency audits. Julius has served as Regional Maintenance Supervisor for NMHC top management companies and has extensive experience in the renovation and implementation of capital projects.

Julius Ball Physical  
Asset Manager  
678.760.9590  
[julius@pacesfoundation.org](mailto:julius@pacesfoundation.org)

Teagan Livingstone

Teagan joined The Paces Foundation in January 2021 after studying at The University of Alabama and earning a degree in International Relations. Teagan plays a key role in preparing applications for financing, creating responses to Housing Authority RFQs/RFPs, assisting in credit underwriting and closings, and submitting draw requests for construction projects.

Teagan Livingstone  
Development Coordinator  
770.431.9696  
[teagan@pacesfoundation.org](mailto:teagan@pacesfoundation.org)

Morgan Scarselletta Morgan has been with the Paces team for more than a decade which provides her with invaluable knowledge and skills to support operations and development. Morgan assists the team part-time in administration of accounts payable and receivables, internal and external communication, and project support.

Morgan Scarselletta  
Administrative Assistant  
770.431.9696  
[morgan@pacesfoundation.org](mailto:morgan@pacesfoundation.org)



Anita Booker

Anita, the newest addition to the team, supports accounts payable and receivable administration, manages both internal and external communications, provides project support, and handles office operations. With over ten years of experience in administrative management and a background in business administration, Anita also brings more than 20 years of expertise in residential mortgage lending and real estate. She holds a certification in residential mortgage processing and is licensed by the Georgia Real Estate Commission.

Anita Booker

Office Manager

770.431.9696

[anita@pacesfoundation.org](mailto:anita@pacesfoundation.org)

### **Soho Housing Partners, LLC**

Stephen Bien

Steve Bien is a founder and President of Soho Housing Partners, LLC ("Soho"), a full-service development and consulting company operating within the affordable housing industry locally based in Tampa, Florida. Steve has experience with all aspects of affordable, market rate, and mixed income housing. His experience includes 9% and 4% transactions, 501c3 bonds, historic tax credit transactions, rural housing, public-private PHA transactions to include RAD conversions. Steve's focus is on working in partnership with non-profits and housing authorities in the preservation of their portfolios and using complex structuring to rehabilitate and grow their housing stock. Recent PHA transactions include the City of Cocoa Housing Authority, South Delta Regional Housing Authority, Savannah Housing Authority, the Housing Authority of Albany Georgia, Spartanburg Housing Authority, Delray Beach Housing Authority, Canton, MS Housing Authority, Columbia, SC Housing Authority, Northwest Georgia Regional Housing Authority and many others through his years as a developer, capital provider and consultant.

Stephen Bien

Soho Housing Partners President/Partner

813.731.1244

[steve@sohohousingpartners.com](mailto:steve@sohohousingpartners.com)

Kevin J. DiQuattro

Kevin has a combined twenty years of financial analysis and accounting experience that proceeded the last seven years in the affordable housing industry. Kevin's ranging affordable housing resume includes 9% and 4% transactions, tax-exempt bonds, 501c3 bonds, historic tax credit transactions, rural housing, and public private RAD conversions. Kevin has worked with



numerous housing authorities including Columbia Housing, The Florence County Housing Authority, South Delta Regional Housing Authority, Northwest Georgia Housing Authority, and The Buford GA Housing Authority. Prior to forming Soho, Kevin served more than eleven years with the Federal Bureau of Investigation (FBI), focusing on complex white-collar and accounting fraud, and was the recipient of The Department of Justice Director's Award for Superior Performance; was nominated for the FBI Director's Award. Kevin also served more than ten years with Raymond James as an Equity Research Analyst (Associate) and as the CFO of a multi-million dollar start-up company.

Kevin J. DiQuattro  
Soho Housing Partners Founder, Partner  
813.368.9423  
[kevin@sohohousingpartners](mailto:kevin@sohohousingpartners)

Jacob Wahlenmaier

Jacob has over 20 years of experience in the affordable housing industry, including leadership roles in project management, debt, equity closings and asset management. Jacob has closed over 100 tac credit investments totaling nearly 500 million in investor equity. Jacob has significant deal-structuring experience that includes combining low-income housing tax credits with other federal, state tax credits, assisted living, agency, GSE financing, and many other housing finance programs including HOME, AHP, 202 refinancing with both for-profit and not-for-profit sponsorship, IRP decoupling, HOPE VI, grants, ACC operating subsidy, Sections 8 and 811 rental subsidies. Jacob has also managed the workout/ restructuring of several troubled affordable housing projects including various housing authorities across the country. Jacob's main focus with Soho is completing draws, all aspects of financing, and leading the closing process for all projects.

Jacob Wahlenmaier  
Soho Housing Partners  
Executive Vice President  
614.309.8226  
[jacob@sohohousingpartners.com](mailto:jacob@sohohousingpartners.com)

Sunita Khanal

Sunita is our newest team member and joined the team in August of 2023. Sunita has over 8 years of experience in retail banking, including management, auto loan, HELOC and personal loan processing, underwriting and closing. She took ownership of processing domestic and international wires while adhering to the protocols. Sunita's priority at Soho is to implement her business degree as well as her proven experience while working closely with the operation team to enhance the



efficiency of the draw department as well as closing administration to prepare required financing and closing aspects.

Sunita Khanal  
Vice President of Operations  
857.234.6679  
[sunita@sohohousingpartners.com](mailto:sunita@sohohousingpartners.com)

Lisa Tarantello

Lisa has over 31 years of Affordable Housing experience from her time with the Rochester Housing Authority (RHA). She has extensive knowledge of Public Housing, Intake, Leasing Operations, and Compliance. Lisa focused on establishing policies and procedures authority wide to maintain compliance with HUD. Lisa worked closely with the Board of Commissioners, Executive Staff, and Upper Management. Lisa has an extensive background in working with the transition of Public Housing Units to Rental Assistance Demonstrations (RAD). At Soho, Lisa works on preparing applications for financing, working with Housing Authorities as they transition to RAD through the preservation of existing housing or the development of new housing while maintaining HUD compliance.

Lisa Tarantello  
Asset Manager  
585. 739.1022  
[lisa@sohohousingpartners.com](mailto:lisa@sohohousingpartners.com)

Charles has over thirty-five years of experience as an architect and project manager. As an architect, he designed thousands of beds of student housing at universities across the country, then transitioned into multi-family housing as associate partner at HADP and vice president at HKS architects. In 2016, Mr. Poropatic transferred from consultant to owner joining EdR (acquired by Greystar) managing large projects totaling nearly \$1 billion in construction costs. In addition to managing projects, he developed a package of design guidelines and standard unit plans to streamline the design and construction process, resulting in a long history of projects delivered in budget and on schedule. Mr. Poropatic focuses on problem solving, quality and constructability issues applying his field experience to supporting the overall development team.

Charles Poropatic  
EVP/Construction Management  
404-791-3522  
[charles@sohohousingpartners.com](mailto:charles@sohohousingpartners.com)

Alexis Pierre



Alexis Pierre is a development associate with SoHo housing Partners located in the Tampa, FL office. Alexis began her affordable housing career as an intern for Avanath Capital Management, a real estate private equity firm focused on acquiring affordable and workforce housing communities across the United States. While at Avanath, she supported the firm's growth by assisting in the underwriting of new acquisition opportunities. Mrs. Pierre will be involved in all aspects of the development of affordable multifamily communities including placement of debt and equity, land acquisition, tax credit applications, deal structuring, and relationship management. Mrs. Ashley-Pierre received a Master of Real Estate Degree from University of Florida and Bachelor of Science degree from Florida A&M University.

Alexis Pierre

VP of Development

561-251-4652

[alexis@sohohousingpartners.com](mailto:alexis@sohohousingpartners.com)

David Cribbs

David Cribbs brings over 23 years of experience in affordable housing and more than 30 years in real estate finance. His background spans all facets of investing and lending, from deal origination and closing to asset management, servicing, and disposition. Most recently, David spent eight years as a real estate underwriter, where he helped develop a bridge loan product for preserving affordable and workforce housing. In this role, he facilitated over \$3.7 billion in loans across 200 properties, involving programs like low-income housing tax credits, Section 8, state lending, and real estate tax abatements. Before that, he dedicated 15 years to low income housing tax credit syndication, working as an independent consultant on secondary market transactions and in roles at an investment bank as manager of partnership dispositions, senior financial analyst for originations, and senior asset manager. David began his career with a seven-year tenure at a mortgage bank and special servicer, serving major investment banks and the FDIC. David holds a degree in finance and economics from The Ohio State University.

David Cribbs

EVP, Project Management

614.571.2551

[david@sohohousingpartners.com](mailto:david@sohohousingpartners.com)





DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CINCINNATI OH 45999-0023

Date of this notice: 04-22-2025

Employer Identification Number:  
33-4720930

Form: SS-4

Number of this notice: CP 575 G

PALMS AT SPRING HILL  
KEVIN DIQUATTRO SOLE MBR  
1408 N WEST SHORE BLVD  
TAMPA, FL 33607

For assistance you may call us at:  
1-800-829-4933

IF YOU WRITE, ATTACH THE  
STUB AT THE END OF THIS NOTICE.

#### WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 33-4720930. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Taxpayers request an EIN for their business. Some taxpayers receive CP575 notices when another person has stolen their identity and are opening a business using their information. If you did **not** apply for this EIN, please contact us at the phone number or address listed on the top of this notice.

When filing tax documents, making payments, or replying to any related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear-off stub and return it to us.

A limited liability company (LLC) may file Form 8832, *Entity Classification Election*, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, *Election by a Small Business Corporation*. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at [www.irs.gov](http://www.irs.gov). If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.







## The Paces Foundation Inc.'s Mission Statement

The Mission Statement and Purpose of The Paces Foundation Inc. is described under Article I of the Bylaws. It is attached on the following page.



BYLAWS OF  
THE PACES FOUNDATION, INC.  
a Georgia Nonprofit Corporation

ARTICLE I

PURPOSES & OFFICES

Section 1.1. The purposes for which the Corporation is formed are the following:

(A) The Corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

(B) This Corporation is not organized and shall not be operated for pecuniary gain or profit. No part of the property or net earnings of the Corporation shall inure to the benefit of or be distributable to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. The Corporation shall not carry on propaganda, or otherwise attempt to influence legislation to such extent as would result in loss of its exemption from federal income tax under Section 501(c)(3) of the Code, and the Corporation shall not participate in, or intervene in (including publication or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

(C) The specific endeavors of the Corporation shall include, but are not limited to, the following purposes and objectives:

1. To assist in and stimulate the production of homes for the poor;

Exhibit C

2. To raise capital to facilitate the production of low-cost housing;
3. To learn, use and transfer physical and building system techniques to reduce the cost of producing housing, while ensuring quality;
4. To manage the properties in a manner sensitive and responsive to the unique problems confronting under-advantaged citizens;
5. To provide housing beyond the needs of the poor, to include the elderly, frail and handicapped;
6. To develop housing in a neighborhood context--- with the goal of building community pride by tenant participation;
7. To use improved housing as a platform to help the underadvantaged;
8. To design all of our communities to be spacious and attractive with amenities necessary to allow the community to flourish; and,
9. To provide tenant support services and education to assist in an improved quality of life.

Section 1.2. The Corporation shall at all times maintain a registered office in the State of Georgia and a registered agent at that address, but may have other offices located within or without the State of Georgia as the Board of Directors shall determine.

## ARTICLE II

### MEMBERS

Section 2.1. Annual Meeting. The annual meeting of the members of the Corporation shall be held on February 15 in each year, if not a legal holiday, and if a legal holiday then the next succeeding day not a legal holiday, for the purpose of electing directors to succeed those whose terms shall have expired.

Section 2.2. Special Meetings. Special meetings of the members may be called at any time for any purpose or purposes by





## **THE PACES FOUNDATION**

Sustainable Affordable Housing Developers

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### **The Paces Foundation, Inc. Board Members**

**Julie Bowen, CPA**

Director of Finance Suzanne Kasler Interiors  
1064 Blalock Lakes Drive, Newnan, GA 30305  
404-355-1035  
Member since 2005 – 18 Years

**Robert Ryan, MBA**

MAI Director  
Real Estate Appraiser and Consultant BBG  
1349 West Peachtree Street, Suite 900  
Atlanta, GA 30309  
Member since February 2021 – 2.5 Years

**Betty Jones, (Qualifying Income Rep) Minister**

Litway Missionary Baptist Church 2335 Shell  
Road  
Savannah, GA 31404  
Member since 2005 – 18 Years

# *State of Florida*

## *Department of State*

I certify from the records of this office that THE PACES FOUNDATION, INC. is a Georgia corporation authorized to transact business in the State of Florida, qualified on July 12, 2010.

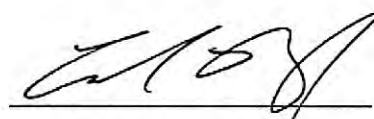
The document number of this corporation is F10000003112.

I further certify that said corporation has paid all fees due this office through December 31, 2025, that its most recent annual report/uniform business report was filed on January 10, 2025, and that its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Twenty-first day of April, 2025*



  
*Secretary of State*

Tracking Number: 4453465669CU

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>



**PACES FOUNDATION  
AND ITS WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

PACES FOUNDATION

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditors' report	1 - 2
Financial statements:	
Consolidated statement of assets, liabilities, and net assets - income tax basis	3 - 4
Consolidated statement of revenues and expenses - income tax basis	5
Consolidated statement of changes in net assets - income tax basis	6
Consolidated statement of cash flows - income tax basis	7
Notes to financial statements - income tax basis	8 - 15



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Paces Foundation

### **Opinion**

We have audited the accompanying consolidated financial statements of Paces Foundation (a not-for-profit organization) and its wholly owned subsidiaries, which comprise the consolidated statement of assets, liabilities, and net assets - income tax basis as of December 31, 2022, and the related consolidated statements of revenue and expenses - income tax basis, changes in net assets - income tax basis, and cash flows - income tax basis for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Paces Foundation as of December 31, 2022, and its revenue and expenses, changes in its net assets, and cash flows for the years then ended in accordance with the basis of accounting Paces Foundation uses for income tax purposes, as described in Note A.

We did not audit the financial statements of Paces St. Mary, LLC, a wholly owned subsidiary, which statements reflect total assets of \$45,502,784 of the consolidated total assets at December 31, 2022 and total revenues of \$5,083,839 of the consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Paces St. Mary LLC is based solely on the report of the other auditors.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Paces Foundation 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.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting Paces Foundation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the income tax basis of accounting described in Note A; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

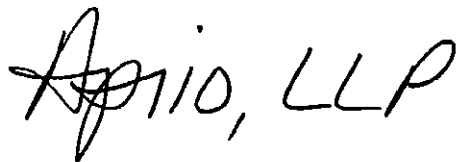
## Auditor's Responsibilities for the Audit of the Financial Statements

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 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, 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 Paces Foundation'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 Paces Foundation'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.

A handwritten signature in black ink that reads "Aptio, LLP". The signature is stylized, with the "A" being particularly large and the "LLP" written in a cursive-like font.

Atlanta, Georgia

December 29, 2023



PACES FOUNDATION  
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS  
DECEMBER 31, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 7,980,918
Accounts receivable	181,726
Prepaid expenses	<u>596,841</u>
Total current assets	<u>8,759,485</u>

Restricted deposits and funded reserves

Tax and insurance escrows	221,891
Tenant security deposit escrows	123,743
Operating and replacement reserves	<u>1,115,058</u>
	<u>1,460,692</u>

Program service investments

Land held for development	1,206,072
Grant funds advanced to partnerships	3,612,215
Advances to wholly-owned subsidiaries	6,381,733
Advances to affiliated entities	<u>5,709,159</u>
	<u>16,909,179</u>

Property and equipment, at cost

Land	5,568,981
Office building	611,881
Rental apartment buildings	50,198,926
Furniture and fixtures	<u>1,094,772</u>
	57,474,560
Accumulated depreciation	<u>(6,409,865)</u>
	<u>51,064,695</u>

Other assets

Note receivable, including interest of \$78,760	1,978,815
Development fee receivables	2,007,640
Deferred charges, net of amortization of \$349,357	<u>1,568,408</u>
	<u>5,554,863</u>
	<u>\$ 83,748,914</u>

See independent auditors' report and accompanying notes

PACES FOUNDATION  
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS  
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 59,311
Accrued interest	295,971
Accrued expenses	122,279
Security deposits liabilities	112,409
Mortgages payable, current portion	<u>860,916</u>
Total current liabilities	<u>1,450,886</u>

Other liabilities

Deficit basis of investment in partnerships	821,876
Mortgages payable, net of current portion	57,967,105
Accrued interest on subordinated debt	<u>1,882,407</u>
	<u>60,671,388</u>
	<u>62,122,274</u>

Net assets

Net assets without donor restrictions	21,626,640
Net assets with donor restrictions	<u>0</u>
	<u>21,626,640</u>
	<u>\$ 83,748,914</u>

See independent auditors' report and accompanying notes



PACES FOUNDATION  
STATEMENT OF REVENUES AND EXPENSES - INCOME TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Public support

Affordable housing program grants earned	\$ 223,099
Contribution, gifts and grants	166,030

Program service revenues

Development fees	661,928
Asset management fees	214,877
Rental income	5,486,108
Interest and dividend income	320,478
Section 1602 grant income	17,917
Income (loss) from partnerships	(346,072)
Gain (loss) on sale of investments	(88,900)
Miscellaneous income	<u>183,860</u>

Total public support and program revenues 6,839,325

Program service expenses

Contributions to charities	13,602
Affordable housing operations:	
Rental property operating expenses	2,838,584
Mortgage interest on rental property	3,381,059
Depreciation and amortization	1,440,425
Affordable housing development:	
Salaries and benefits	1,010,246
Consulting fees	236,728
Unrecoverable development costs	601,583
Legal and professional	91,279
Travel and entertainment	77,137
Other expenses	<u>74,129</u>

Total program service expenses 9,764,772

General and administrative

Salaries and benefits	776,502
Office expenses	33,516
Occupancy costs	29,658
Telephone	8,630
Mortgage interest	99,853
Taxes and licenses	78,979
Depreciation and amortization	15,505
Other expenses	<u>206,300</u>

Total general and administrative 1,248,943

Total expenses 11,013,715

Changes in net assets without donor restrictions \$ (4,174,390)

See independent auditors' report and accompanying notes

PACES FOUNDATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS - INCOME TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Net Assets With Donor Restrictions</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Total Net Assets</u>
Ending balance, December 31, 2021	\$ 0	\$25,801,030	\$25,801,030
Changes in net assets	<u>0</u>	<u>(4,174,390)</u>	<u>(4,174,390)</u>
Ending balance, December 31, 2022	\$ <u>0</u>	<u>\$21,626,640</u>	<u>\$21,626,640</u>

See independent auditors' report and accompanying notes



PACES FOUNDATION  
CONSOLIDATED STATEMENT OF CASH FLOWS - INCOME TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities

Changes in net assets without restrictions	\$ <u>(4,174,390)</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	1,455,930
Amortization of debt issuance costs	92,279
Section 1602 and AHP grants earned	(241,016)
Net income (loss) from partnerships	346,072
Net gain (loss) from sale of investments	88,900
(Increase) decrease in assets:	
Accounts receivable	(4,449)
Development fees receivable	2,250,862
Prepaid expenses	(526,866)
Increase (decrease) in liabilities:	
Accounts payable	14,421
Accrued interest	1,093,482
Accrued expenses	(3,277)
Security deposits	<u>1,261</u>
Total adjustments	<u>4,567,599</u>
Net cash provided by operating activities	<u>393,209</u>

Cash flows from investing activities

Purchase of land held for development	(1,206,072)
Purchase of rental property and equipment	(134,320)
Distributions received from partnerships	1,388,098
Increase in investment in subsidiaries	(889,167)
Increase in notes receivable	(844,260)
Advances to affiliated entities	<u>200,036</u>
Net cash used by investing activities	<u>(1,485,685)</u>

Cash flows from financing activities

Borrowings on mortgage notes	1,381,395
Principal payments on mortgage notes	(787,486)
Increase in deferred financing fees	<u>(521,036)</u>
Net cash provided by financing activities	<u>72,873</u>

Net increase (decrease) in cash, cash equivalents and restricted cash,	(1,019,603)
---	-------------

Cash, cash equivalents and restricted cash, beginning	<u>10,461,213</u>
---	-------------------

Cash, cash equivalents and restricted cash, ending	<u>\$ 9,441,610</u>
--	---------------------

Supplemental disclosure of cash flow information

Cash paid during the year for interest expense	\$ 2,387,430
--	--------------

See independent auditors' report and accompanying notes

PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note A**

**Organization and Summary of Significant Accounting Policies**

The Paces Foundation (a not-for-profit organization) was formed on May 14, 1991, to develop, lease, operate, manage and maintain affordable rental housing for low to moderate-income residents.

The Organization has formed certain wholly-owned limited liability companies that are disregarded entities for tax filing purposes and their assets, liabilities, net assets and operating results have been consolidated with the Paces Foundation for tax reporting purposes.

<u>Name</u>	<u>Name</u>
Galleria Mountain LLC	Gateway Townhomes of St. Joe LLC
Paces St. Mary LLC	Etowah Limited Partner LLC
Post Oconee Springs Services LLC	Post Nantahala Services LLC
Oconee II Limited Partner LLC	Las Brisas Apts Limited Partner LLC
Autumn Ridge Limited Partner LLC	

Galleria Mountain LLC owns and operates the office building occupied by the Organization. Gateway Townhomes of St Joe LLC and Paces St. Mary LLC own and operate multifamily apartment facilities for low-income persons in accordance with the Organization's charitable purpose. The remaining disregarded entities listed above act as replacement limited partners in related operating partnerships which also own and operate multifamily apartment facilities for low-income persons and have substituted in place of an exiting investor limited partner following the end of the low-income credit compliance period.

The Organization has also acted as a sponsor of certain other not-for-profit organizations, which are listed below.

<u>Name</u>	<u>Name</u>
Rosewood Cordele Development Inc.	Waterford Dublin Development Inc.
Galleria Senior Manor Development Inc.	

The not-for-profit organizations listed above were formed to construct, own, operate and maintain rental apartment facilities for low to moderate income families and the elderly persons. The not-for-profit entities were sponsored by the Paces Foundation but are separately organized not-for-profit entities and each files its own Form 990 for tax reporting. These not-for-profit entities have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2022.

The Organization is also the sole shareholder of various wholly owned corporate subsidiaries, which are listed below.

<u>Name</u>	<u>Name</u>
Etowah Services Corporation	Oconee Services Corporation
Nantahala Services Corporation	Las Brisas Services Corporation
Oconee II Services Corporation	Sequoyah Services Corporation
Mineral Springs Services Corporation	Autumn Services Corporation
Montgomery Landing General Partner LLC	Timber Chase Services Corporation
Enota Services Corporation	Campbell Creek Services Corporation
Pines by the Creek Services Corporation	Georgia Pine Ridge Services Corporation
Whitehall Apartments Services Corporation	Whitehall Manor Services Corporation
Shoal Creek Services Corporation	Panama Commons Services Corporation
Highland Manor Services Corporation	Las Brisas Manor Services Corporation
Lamar Memphis Services Corporation	Fairfield Manor Services Corporation
Meadowhill Estates Services Corporation	Taylor Court Services Company LLC
Downing Court Services Company LLC	Oxford Court Services Company LLC
Century Park Services Corporation	Brownsville Manor Services Corporation
Tupelo Park Services Corporation	Sydney Lanier Apartments GP LLC
Pinecrest West Services Corporation	



PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note A**

**Organization and Summary of Significant Accounting Policies (Continued)**

The corporate entities listed above act as the general partners of various limited partnerships that own and operate multifamily rental apartment facilities for low to moderate income families and elderly persons. The general partner entity typically owns no more than 1% of the partnership. These are separate legal entities and each entity files its own corporate tax return and, therefore, have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2022.

**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting used for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The primary differences between the U.S. income tax basis of accounting and GAAP consist of the following: (i) the Organization did not consolidate its wholly owned subsidiaries and the related partnerships where the wholly owned subsidiary acts as controlling general partner; (ii) direct write-off of bad debts instead of reserve; and (iii) depreciation is provided over the statutory lives of the property as determined by the Internal Revenue Code.

**Property Held for Development:**

Property held for future development is carried at the lower of cost or net realizable value. If properties are not being actively developed, holding costs are expensed as incurred.

**Accounting for Investments in Partnerships:**

The Organization accounts for its material investments in associated partnerships using the equity method of accounting.

**Property and Equipment:**

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation on the rental apartment buildings is provided using the straight-line method utilized by the partnership over estimated lives of twenty-seven to forty years. The depreciation expense on the rental properties controlled by the Organization was \$1,440,425 for the fiscal year ended December 31, 2022.

Depreciation on the office building is provided using the straight-line method over the 40 year estimated life of the structure. Depreciation on the furniture, fixtures and equipment is provided using the straight-line method over their estimated useful life, which is five to seven years. The depreciation expense on the office building and the furniture and equipment utilized by the Organization was \$15,505 for the fiscal year ended December 31, 2022.

**Revenue Recognition:**

Contributions, grants and gifts from individuals and organizations are recognized when received unless there are ongoing obligations that must be fulfilled. Affordable Housing Program grants and Section 1602 grants will be recognized ratably over their commitment period. Development fees have been recognized as earned unless a material contingencies to collection remains. If either the amount or the date of collection is contingent upon certain unpredictable factors, the fees will be recognized upon receipt or the elimination of the uncertainty.

PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note A**

**Organization and Summary of Significant Accounting Policies (Continued)**

Contributions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses:

The Organization's program service activity is the promotion, development and construction of affordable housing projects for low-income individuals and families. The Organization currently has two functional areas and has presented its expenses in the statement of activities in these two areas. Accordingly, certain costs have been allocated among the program service expenses and the general and administrative based on an allocation of employee's time and on usage of resources. The Organization currently does not conduct any fundraising activities and does not incur any costs resulting from fundraising.

Use of Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Income Taxes:

The Organization is organized and operated exclusively for charitable, not-for-profit purposes. The Organization has been classified as a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization annually files its Form 990PF with the Internal Revenue Service. The Internal Revenue Service has, in prior years, issued its determination letter reflecting that the Paces Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

The Organization is no longer subject to income tax examinations for calendar years up to and including 2018.

**Note B**

**Reconciliation of Cash, Cash Equivalents and Restricted Cash**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

Cash and cash equivalents	\$ 2,623,281
Mutual funds and marketable securities	5,357,637
Restricted escrows and funded reserves	<u>1,460,692</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	<u>\$ 9,441,610</u>

Mutual funds and marketable securities are reported at their cost basis for tax reporting. All equity and debt securities are considered to be available for sale securities.



PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note C**

**Restricted Deposits and Funded Reserves**

The Organization's two disregarded operating multifamily rental apartment entities, Gateway Townhomes of St. Joe LLC and Paces St. Mary LLC, have funded various restricted accounts as required by their mortgage loan agreements. These funds are held for future use by the entities in accordance with the terms and conditions of their respective loan agreements. The mortgage escrows and reserves as of December 31, 2022, are comprised of the following:

Tax and insurance escrows	\$ 221,891
Tenant security deposits	123,743
Operating and reserve for replacement	<u>1,115,058</u>
	<u>\$ 1,460,692</u>

**Note D**

**Advances to Wholly-Owned Subsidiaries**

The Organization has advanced funds to certain of its wholly-owned corporate subsidiaries to provide funding to meet development and operational guarantees and commitments to the various affiliated operating affordable housing partnerships sponsored by the Organization. These advances which total \$6,381,733 as of December 31, 2022, are non-interest-bearing demand obligations that the Organization anticipates will be repaid from future project cash flow from operations or a future capital event of the respective operating partnership. The wholly owned subsidiaries of The Paces Foundation are the managing general partners of certain partnerships that own and operate rental apartment facilities for low and extremely low income families, individuals, and elderly seniors.

**Note E**

**Advances to Affiliates**

The Organization has advanced funds to various affiliated development entities for predevelopment expenses and other project development related obligations. The advances totaling \$5,709,159 as of December 31, 2022, respectively, are non-interest bearing demand obligations that the Organization anticipates will be repaid upon the initial closing of each project's construction financing or from future project operations. Should the Organization determine that a project is not feasible for future development any unreimbursed advances are expensed.

**Note F**

**Notes Receivable**

The Organization has entered into an agreement with Soho Housing Partners LLC ("Soho") whereby the Organization will provide funding to Soho during the predevelopment stage of certain affordable housing developments that will be jointly sponsored and developed by the Paces Foundation and Soho Housing Partners LLC. Paces will be the 51% managing member of each development jointly sponsored by the two entities. Soho has executed a promissory note and has borrowed \$1,900,055 as of December 31, 2022, from the Organization. Accrued interest of \$78,760 was due as of December 31, 2022. Soho has agreed to repay outstanding principal and interest in minimum monthly installments of \$25,000 beginning June 1, 2024. If the note has not been repaid in full by August 1, 2025, the minimum monthly installments will become \$50,000. In all events the note and any accrued interest must be fully repaid in full no later than December 31, 2026. The note is secured by the guarantees of the principals of Soho Housing along with a collateral interest in any fees or distributions from the development projects.

PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note G**

**Investments in Partnerships**

The Organization formed single-member disregarded entities which have been admitted as limited partners in the affiliated operating partnerships. The entities listed below were admitted as replacement limited partners for the original tax credit investment partners and assumed the investors 99% interest in the respective partnership. As of December 31, 2022, the ending partner equity (deficit) account balance is as follows:

Post Nantahala Services LLC	\$ 308,941
Panama Commons LLC	2,250,264
Las Brisas Apartments Limited Partner LLC	(2,048,485)
Autumn Ridge Limited Partner LLC	<u>(1,332,596)</u>
	<u>\$ (821,876)</u>

**Note H**

**Mortgages Payable**

Mortgages and notes payable consist of the following for the year ended December 31, 2022:

Debts related to Office Building:

Ameris Bank - Line of Credit in the maximum amount of \$2,880,000, payable interest only prior to maturity on September 17, 2025; interest rate floats at the bank's prime rate plus 2.5%, currently 6.25%. The outstanding balance is secured by real estate.	Cumberland Parkway Site	\$ 0
--	-------------------------	------

Debts related to Land held for Development:

Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.5% per annum; secured by land acquired for development.	Roof Street Development	839,694
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.25% per annum; secured by land acquired for development.	Roof Street Development	541,701

Debts related to Operating Rental Properties:

Amortizing mortgage loan with unrelated lender, bearing interest at 5.5% to be repaid in monthly installments of \$7,573 with maturity on August 16, 2035. Outstanding balance is secured by the rental property.	Gateway Townhomes	1,087,590
Non-amortizing mortgage loans provided by the Florida Housing Finance Corporation and Gulf County, Florida. The loans are non-interest bearing obligations that will mature in 2036 following the end of the affordability period. Outstanding balance is secured by the rental property.	Gateway Townhomes	5,657,253
Promissory note with unrelated lender, bearing interest at 3.05% to be repaid in monthly installments of interest only over a 40 year term. Interest only payments are due through December 31, 2024 with the quarterly principal payments effective January 1, 2024 until maturity on December 1, 2058. Outstanding balance is secured by the rental property.	Paces St Mary	44,025,000



PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note F**  
**Mortgages Payable (Continued)**

Secondary bridge loan financing bearing interest at the rate of 17.5% per annum. Interest only payments are due over the term of the loan. The entire unpaid principal and any unpaid interest shall be due upon maturity on January 1, 2025. Accrued interest as of December 31, 2022 totaled \$1,882,407. Outstanding balance is secured by the rental property.

Paces St Mary 6,676,783

Total mortgages payable \$ 58,828,021

Mortgages and notes payable will mature as follows:

Current portion		
2023		\$ 860,916
Long-term portion		
2024	\$ 788,887	
2025	6,984,976	
2026	329,247	
2027	350,348	
2028 - thereafter	<u>49,513,647</u>	
		<u>57,967,105</u>
		<u>\$ 58,828,021</u>

**Note I**  
**Contingencies**

The Organization has also received grant funding of \$5,349,260 under the affordable housing program of the Federal Home Loan Bank. The funding was received from member banks pursuant to grant agreements to partially finance the construction and development of qualified affordable multifamily housing. Under the terms of the agreements, the grants are deferred loans, meaning that payments are deferred so long as the Organization meets and satisfies the conditions and requirements as set forth in the agreements and unless there is a recapture event or an event of default, all payment obligations cease after the expiration of a twenty year compliance period. The following projects have received grant funding under the program and have the remaining deferred obligations as of December 31, 2022:

Mineral Springs L.P.	\$ 25,000
Sequoyah Village L.P.	31,996
Enota Village L.P.	104,167
Campbell Creek L.P.	36,137
Pines by the Creek L.P.	10,915
Georgia Pine Ridge L.P.	147,917
Rosewood Estates Inc.	227,500
Waterford Estates Inc.	240,241
Highland Manor L.P.	235,417
Las Brisas Manor L.P.	<u>210,417</u>
	<u>\$ 1,269,707</u>

PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note J**  
**Classification of Net Assets**

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also included assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions: Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restriction.

**Note K**  
**Commitments**

The Paces Foundation has agreed to provide certain guarantees to unrelated third parties involved as lenders or as investors in the real estate developments sponsored by the Organization. The current outstanding guarantees are as follows:

Real Estate Mortgage Notes:

The Paces Foundation has agreed to repay, in the event of default, certain outstanding obligations to related entities that the Organization has sponsored in the development of affordable housing. The Organization has made these guarantees to facilitate the financing of the related housing projects operated for the benefit of low-income tenants. These guarantees must be funded upon the default of the borrower entity and notice of such default to Paces. These guarantees are limited to the outstanding balance of the mortgage note. There have been no defaults by the sponsored borrower entities and no obligations currently exist.

Construction Completion Guarantees:

The Paces Foundation has agreed to certain guarantees related to the construction completion of the housing projects for which the Organization is the general partner and developer. The Organization has made these guarantees to facilitate the financing and construction of the related projects which will be operated for the benefit of the low-income residents. The Organization has agreed to fund, if any, the construction costs and operating shortfalls incurred in excess of the available financing sources to the Partnerships upon the closing of the permanent stage financing for these projects. The Organization currently has construction completion guarantees outstanding related to the following partnerships which are in the construction and stabilization stages as of December 31, 2022:

Tupelo Park L.P.  
West Boulevard Historic Preservation LLC

Sydney Lanier Apartments LLC



PACES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2022

**Note K**  
**Commitments (Continued)**

**Operating Deficit Guarantees:**

The Paces Foundation has agreed to fund the related partnership up to the maximum amount to cover cash shortfalls in project operations. These guarantees must be funded upon receipt of a request from the Partnership, and the obligations are capped at the amounts reflected below. The Organization has not been requested to provide funding under any of the guaranty obligations as of December 31, 2022.

	<u>Maximum Obligation</u>
Panama Commons LP	\$ 442,000
Brownsville Manor LP	\$ 330,000
Tupelo Park LP	\$ 215,228
Sydney Lanier Apartment LLC	\$ 1,026,281
West Boulevard Historic Preservation LLC	\$ 976,135

**Tax Credit Adjuster Guarantees:**

In accordance with certain partnership agreements, The Paces Foundation has agreed to fund a percentage of any low-income-housing tax credits that might be lost by the respective partnership. The credit reduction could occur if the Partnership fails to spend an adequate amount on project development costs or fails to operate the Project in accordance with tax credit guidelines. The tax credit guidelines of IRC Section 42 require the Partnership to rent to eligible tenants at certain restricted rent amounts for a term of fifteen years from the placed in service date of the buildings.

**Note L**  
**Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains cash at two commercial banks, these balances can at times exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by \$1,625,907. The Organization has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

**Note M**  
**Liquidity and Availability**

The Organization has \$11,042,644 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents of \$7,980,918, accounts receivable of \$181,726, and an available line of credit balance of \$2,880,000 as of December 31, 2022. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

**Note N**  
**Subsequent Events**

Management evaluated subsequent events through December 29, 2023, when the financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of assets, liabilities, and net assets - income tax basis date, but prior to the filing of this report, that would have a material impact on the financial statements.

**THE PACES FOUNDATION, INC.  
AND ITS WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

THE PACES FOUNDATION, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditors' report	1 - 2
Financial statements:	
Consolidated statements of assets, liabilities, and net assets - income tax basis	3 - 4
Consolidated statements of revenues and expenses - income tax basis	5
Consolidated statement of changes in net assets - income tax basis	6
Consolidated statements of cash flows - income tax basis	7
Notes to financial statements - income tax basis	8 - 18





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Paces Foundation, Inc.

### **Opinion**

We have audited the accompanying consolidated financial statements of The Paces Foundation, Inc. (a not-for-profit organization) and its wholly owned subsidiaries, which comprise the consolidated statements of assets, liabilities, and net assets - income tax basis as of December 31, 2023 and 2022, and the related consolidated statements of revenue and expenses - income tax basis, changes in net assets - income tax basis, and cash flows - income tax basis for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Paces Foundation, Inc. as of December 31, 2023 and 2022, and its revenue and expenses, changes in its net assets, and cash flows for the years then ended in accordance with the basis of accounting The Paces Foundation, Inc. uses for income tax purposes, as described in Note A.

We did not audit the financial statements of Paces St. Mary, LLC, a wholly owned subsidiary, which statements reflect total assets of \$44,462,507 and \$45,502,784, respectively, of the consolidated total assets at December 31, 2023 and 2022, and total revenues of \$5,133,033 and \$5,083,839, respectively, of the consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Paces St. Mary LLC is based solely on the report of the other auditors.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Paces Foundation, Inc. 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.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting The Paces Foundation, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the income tax basis of accounting described in Note A; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

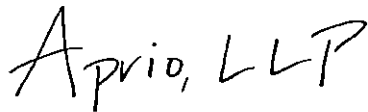
## **Auditors' Responsibilities for the Audit of the Financial Statements**

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 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, 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 Paces Foundation, Inc.'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 Paces Foundation, Inc.'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.

A handwritten signature in black ink that reads "Aprivo, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

December 11, 2024

THE PACES FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 7,900,992	\$ 7,980,918
Accounts receivable	164,737	181,726
Prepaid expenses	<u>405,268</u>	<u>596,841</u>
Total current assets	<u>8,470,997</u>	<u>8,759,485</u>
<u>Restricted deposits and funded reserves</u>		
Tax and insurance escrows	261,442	221,891
Tenant security deposit escrows	122,098	123,743
Operating and replacement reserves	<u>1,532,616</u>	<u>1,115,058</u>
	<u>1,916,156</u>	<u>1,460,692</u>
<u>Program service investments</u>		
Land held for development	1,206,072	1,206,072
Grant funds advanced to partnerships	3,835,314	3,612,215
Advances to wholly-owned subsidiaries	6,381,733	6,381,733
Advances to affiliated entities	<u>11,090,376</u>	<u>5,709,159</u>
	<u>22,513,495</u>	<u>16,909,179</u>
<u>Property and equipment, at cost</u>		
Land	5,568,981	5,568,981
Office building	611,881	611,881
Rental apartment buildings	50,215,186	50,198,926
Furniture and fixtures	<u>1,094,910</u>	<u>1,094,772</u>
	57,490,958	57,474,560
Accumulated depreciation	<u>(7,868,303)</u>	<u>(6,409,865)</u>
	<u>49,622,655</u>	<u>51,064,695</u>
<u>Other assets</u>		
Note receivable, including interest of \$175,248 and \$78,760, respectively	2,678,303	1,978,815
Development fee receivables	2,007,640	2,007,640
Deferred charges, net of amortization of \$441,636 and \$349,357, respectively	<u>946,732</u>	<u>1,568,408</u>
	<u>5,632,675</u>	<u>5,554,863</u>
	<u>\$ 88,155,978</u>	<u>\$ 83,748,914</u>

See independent auditors' report and accompanying notes



THE PACES FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current liabilities</u>		
Accounts payable	\$ 164,340	\$ 59,311
Accrued interest	330,521	295,971
Accrued expenses	192,482	122,279
Security deposits liabilities	124,064	112,409
Mortgages payable, current portion	<u>1,676,148</u>	<u>860,916</u>
Total current liabilities	<u>2,487,555</u>	<u>1,450,886</u>
<u>Other liabilities</u>		
Deficit basis of investment in partnerships	911,881	821,876
Mortgages payable, net of current portion	58,970,738	57,967,105
Line of credit	2,368,717	0
Accrued interest on subordinated debt	<u>3,582,878</u>	<u>1,882,407</u>
	<u>65,834,214</u>	<u>60,671,388</u>
	<u>68,321,769</u>	<u>62,122,274</u>
<u>Net assets</u>		
Net assets without donor restrictions	19,834,209	21,626,640
Net assets with donor restrictions	<u>0</u>	<u>0</u>
	<u>19,834,209</u>	<u>21,626,640</u>
	<u>\$ 88,155,978</u>	<u>\$ 83,748,914</u>

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.  
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Public support</u>		
Affordable housing program grants earned	\$ 223,099	\$ 223,099
Contribution, gifts and grants	0	166,030
<u>Program service revenues</u>		
Development fees	1,467,889	661,928
Asset management fees	30,857	214,877
Rental income	5,510,851	5,486,108
Interest and dividend income	401,769	320,478
Section 1602 grant income	17,917	17,917
Income (loss) from partnerships	2,803,915	(346,072)
Gain (loss) on sale of investments	0	(88,900)
Miscellaneous income	<u>1,267</u>	<u>183,860</u>
Total public support and program revenues	<u>10,457,564</u>	<u>6,839,325</u>
<u>Program service expenses</u>		
Contributions to charities	4,000	13,602
Affordable housing operations:		
Rental property operating expenses	2,929,456	2,838,584
Mortgage interest on rental property	4,490,595	3,381,059
Depreciation and amortization	1,443,043	1,440,425
Affordable housing development:		
Salaries and benefits	1,042,841	1,010,246
Consulting fees	700,712	236,728
Unrecoverable development costs	0	601,583
Legal and professional	43,273	91,279
Travel and entertainment	104,312	77,137
Other expenses	<u>42,808</u>	<u>74,129</u>
Total program service expenses	<u>10,801,040</u>	<u>9,764,772</u>
<u>General and administrative</u>		
Salaries and benefits	769,107	776,502
Office expenses	32,944	33,516
Occupancy costs	33,906	29,658
Telephone	6,529	8,630
Mortgage interest	141,032	99,853
Taxes and licenses	181,417	78,979
Depreciation and amortization	15,395	15,505
Other expenses	<u>268,625</u>	<u>206,300</u>
Total general and administrative	<u>1,448,955</u>	<u>1,248,943</u>
Total expenses	<u>12,249,995</u>	<u>11,013,715</u>
Changes in net assets without donor restrictions	\$ <u>(1,792,431)</u>	\$ <u>(4,174,390)</u>

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS - INCOME TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Net Assets With Donor Restrictions</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Total Net Assets</u>
Beginning balance, January 1, 2022	\$ 0	\$25,801,030	\$25,801,030
Changes in net assets	<u>0</u>	<u>(4,174,390)</u>	<u>(4,174,390)</u>
Ending balance, December 31, 2022	0	21,626,640	21,626,640
Changes in net assets	<u>0</u>	<u>(1,792,431)</u>	<u>(1,792,431)</u>
Ending balance, December 31, 2023	\$ <u>0</u>	<u>\$19,834,209</u>	<u>\$19,834,209</u>

See independent auditors' report and accompanying notes



THE PACES FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS - INCOME TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Changes in net assets without restrictions	\$ (1,792,431)	\$ (4,174,390)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	1,458,438	1,455,930
Amortization of debt issuance costs	96,134	92,279
Section 1602 and AHP grants earned	(241,016)	(241,016)
Net income (loss) from partnerships	(2,803,915)	346,072
Net gain (loss) from sale of investments	0	88,900
(Increase) decrease in assets:		
Accounts receivable	16,989	(4,449)
Development fees receivable	0	2,250,862
Prepaid expenses	191,573	(526,866)
Increase (decrease) in liabilities:		
Accounts payable	105,029	14,421
Accrued interest	1,638,535	1,093,482
Accrued expenses	70,201	(3,277)
Security deposit liabilities	11,655	1,261
Total adjustments	<u>543,623</u>	<u>4,567,599</u>
Net cash provided (used) by operating activities	<u>(1,248,808)</u>	<u>393,209</u>
<u>Cash flows from investing activities</u>		
Purchase of land held for development	0	(1,206,072)
Purchase of rental property and equipment	(16,398)	(134,320)
Distributions received from partnerships	2,893,918	1,388,098
Increase in investment in subsidiaries	0	(889,167)
Increase in notes receivable	(603,000)	(844,260)
Advances to affiliated entities	<u>(5,381,217)</u>	<u>200,036</u>
Net cash used by investing activities	<u>(3,106,697)</u>	<u>(1,485,685)</u>
<u>Cash flows from financing activities</u>		
Borrowings on mortgage notes	1,857,255	1,381,395
Principal payments on mortgage notes	(20,471)	(787,486)
Borrowings on line of credit	2,368,717	0
Increase (decrease) in deferred financing fees	<u>525,542</u>	<u>(521,036)</u>
Net cash provided by financing activities	<u>4,731,043</u>	<u>72,873</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	375,538	(1,019,603)
Cash, cash equivalents and restricted cash, beginning	<u>9,441,610</u>	<u>10,461,213</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 9,817,148</u>	<u>\$ 9,441,610</u>
<u>Supplemental disclosure of cash flow information</u>		
Cash paid during the year for interest expense	<u>\$ 2,993,092</u>	<u>\$ 2,387,430</u>

See independent auditors' report and accompanying notes

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note A**

**Organization and Summary of Significant Accounting Policies**

The Paces Foundation (a not-for-profit organization) was formed on May 14, 1991, to develop, lease, operate, manage and maintain affordable rental housing for low to moderate-income residents.

The Organization has formed certain wholly-owned limited liability companies that are disregarded entities for tax filing purposes and their assets, liabilities, net assets and operating results have been consolidated with the Paces Foundation for tax reporting purposes.

<u>Name</u>	<u>Name</u>
Galleria Mountain LLC	Gateway Townhomes of St. Joe LLC
Paces St. Mary LLC	Etowah Limited Partner LLC
Post Oconee Springs Services LLC	Post Nantahala Services LLC
Oconee II Limited Partner LLC	Las Brisas Apts Limited Partner LLC
Autumn Ridge Limited Partner LLC	Sequoyah Limited Partner LLC
Mineral Springs Limited Partner LLC	Enota Limited Partner LLC
Montgomery Limited Partner LLC	Timber Chase Limited Partner LLC
Manor York Limited Partner LLC	

Galleria Mountain LLC owns and operates the office building occupied by the Organization. Gateway Townhomes of St Joe LLC and Paces St. Mary LLC own and operate multifamily apartment facilities for low-income persons in accordance with the Organization's charitable purpose. The remaining disregarded entities listed above act as replacement limited partners in related operating partnerships which also own and operate multifamily apartment facilities for low-income persons and have substituted in place of an exiting investor limited partner following the end of the low-income credit compliance period.

The Organization has also acted as a sponsor of certain other not-for-profit organizations, which are listed below.

<u>Name</u>	<u>Name</u>
Rosewood Cordele Development Inc.	Waterford Dublin Development Inc.
Galleria Senior Manor Development Inc.	

The not-for-profit organizations listed above were formed to construct, own, operate and maintain rental apartment facilities for low to moderate income families and the elderly persons. The not-for-profit entities were sponsored by the Paces Foundation but are separately organized not-for-profit entities and each files its own Form 990 for tax reporting. These not-for-profit entities have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2023 and 2022.

The Organization is also the sole shareholder of various wholly owned corporate subsidiaries, which are listed below.

<u>Name</u>	<u>Name</u>
Etowah Services Corporation	Oconee Services Corporation
Nantahala Services Corporation	Las Brisas Services Corporation
Oconee II Services Corporation	Sequoyah Services Corporation
Mineral Springs Services Corporation	Autumn Services Corporation
Montgomery Landing General Partner LLC	Timber Chase Services Corporation
Enota Services Corporation	Campbell Creek Services Corporation
Pines by the Creek Services Corporation	Georgia Pine Ridge Services Corporation
Whitehall Apartments Services Corporation	Whitehall Manor Services Corporation
Shoal Creek Services Corporation	Panama Commons Services Corporation
Highland Manor Services Corporation	Las Brisas Manor Services Corporation
Lamar Memphis Services Corporation	Fairfield Manor Services Corporation
Meadowhill Estates Services Corporation	Taylor Court Services Company LLC
Downing Court Services Company LLC	Oxford Court Services Company LLC

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note A**

**Organization and Summary of Significant Accounting Policies (Continued)**

Century Park Services Corporation  
Tupelo Park Services Corporation  
Pinecrest West Services Corporation

Brownsville Manor Services Corporation  
Sydney Lanier Apartments GP LLC

The corporate entities listed above act as the general partners of various limited partnerships that own and operate multifamily rental apartment facilities for low to moderate income families and elderly persons. The general partner entity typically owns no more than 1% of the partnership. These are separate legal entities and each entity files its own corporate tax return and, therefore, have not been included in the accompanying income tax basis financial statements of the Paces Foundation as of December 31, 2023 and 2022.

**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting used for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The primary differences between the U.S. income tax basis of accounting and GAAP consist of the following: (i) the Organization did not consolidate its wholly owned subsidiaries and the related partnerships where the wholly owned subsidiary acts as controlling general partner; (ii) direct write-off of bad debts instead of reserve; and (iii) depreciation is provided over the statutory lives of the property as determined by the Internal Revenue Code.

**Property Held for Development:**

Property held for future development is carried at the lower of cost or net realizable value. If properties are not being actively developed, holding costs are expensed as incurred.

**Accounting for Investments in Partnerships:**

The Organization accounts for its material investments in associated partnerships using the equity method of accounting.

**Property and Equipment:**

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation on the rental apartment buildings is provided using the straight-line method utilized by the partnership over estimated lives of twenty-seven to forty years. The depreciation expense on the rental properties controlled by the Organization was \$1,443,043 and \$1,440,425 for the fiscal years ended December 31, 2023 and 2022, respectively.

Depreciation on the office building is provided using the straight-line method over the 40 year estimated life of the structure. Depreciation on the furniture, fixtures and equipment is provided using the straight-line method over their estimated useful life, which is five to seven years. The depreciation expense on the office building and the furniture and equipment utilized by the Organization was \$15,395 and \$15,505 for the fiscal years ended December 31, 2023 and 2022, respectively.

**Revenue Recognition:**

Contributions, grants and gifts from individuals and organizations are recognized when received unless there are ongoing obligations that must be fulfilled. Affordable Housing Program grants and Section 1602 grants will be recognized ratably over their commitment period. Development fees have been recognized as earned unless a material contingencies to collection remains. If either the amount or the date of collection is contingent upon certain unpredictable factors, the fees will be recognized upon receipt or the elimination of the uncertainty.



THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note A**

**Organization and Summary of Significant Accounting Policies (Continued)**

Contributions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses:

The Organization's program service activity is the promotion, development and construction of affordable housing projects for low-income individuals and families. The Organization currently has two functional areas and has presented its expenses in the statement of activities in these two areas. Accordingly, certain costs have been allocated among the program service expenses and the general and administrative based on an allocation of employee's time and on usage of resources. The Organization currently does not conduct any fundraising activities and does not incur any costs resulting from fundraising.

Use of Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Amortization of Deferred Charges:

Loan issuance costs incurred by the Organization to obtain the mortgage note are recorded as a direct deduction from the carrying amount of the mortgage note. The loan issuance costs are amortized on the straight-line method, which approximates the effective interest rate method, over the life of the mortgage note. Amortization of loan issuance costs is included in interest expense.

Income Taxes:

The Organization is organized and operated exclusively for charitable, not-for-profit purposes. The Organization has been classified as a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization annually files its Form 990PF with the Internal Revenue Service. The Internal Revenue Service has, in prior years, issued its determination letter reflecting that the Paces Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

The Organization is no longer subject to income tax examinations for calendar years up to and including 2019.

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note B**

**Reconciliation of Cash, Cash Equivalents and Restricted Cash**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of assets, liabilities, and net assets - income tax basis that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,028,131	\$ 2,623,281
Mutual funds and marketable securities	5,872,861	5,357,637
Restricted escrows and funded reserves	<u>1,916,156</u>	<u>1,460,692</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 9,817,148</u>	<u>\$ 9,441,610</u>

Mutual funds and marketable securities are reported at their cost basis for tax reporting. All equity and debt securities are considered to be available for sale securities.

**Note C**

**Restricted Deposits and Funded Reserves**

The Organization's two disregarded operating multifamily rental apartment entities, Gateway Townhomes of St. Joe LLC and Paces St. Mary LLC, have funded various restricted accounts as required by their mortgage loan agreements. These funds are held for future use by the entities in accordance with the terms and conditions of their respective loan agreements. The mortgage escrows and reserves as of December 31, 2023 and 2022, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Tax and insurance escrows	\$ 261,442	\$ 221,891
Tenant security deposits	122,098	123,743
Operating and reserve for replacement	<u>1,532,616</u>	<u>1,115,058</u>
	<u>\$ 1,916,156</u>	<u>\$ 1,460,692</u>

**Note D**

**Advances to Wholly-Owned Subsidiaries**

The Organization has advanced funds to certain of its wholly-owned corporate subsidiaries to provide funding to meet development and operational guarantees and commitments to the various affiliated operating affordable housing partnerships sponsored by the Organization. These advances which total \$6,381,733 and \$6,381,733 as of December 31, 2023 and 2022, respectively, are non-interest-bearing demand obligations that the Organization anticipates will be repaid from future project cash flow from operations or a future capital event of the respective operating partnership. The wholly owned subsidiaries of The Paces Foundation are the managing general partners of certain partnerships that own and operate rental apartment facilities for low and extremely low income families, individuals, and elderly seniors.

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note E**  
**Advances to Affiliates**

The Organization has advanced funds to various affiliated development entities for predevelopment expenses and other project development related obligations. The advances totaling \$11,090,376 and \$5,709,159 as of December 31, 2023 and 2022, respectively, are non-interest bearing demand obligations that the Organization anticipates will be repaid upon the initial closing of each project's construction financing or from future project operations. Should the Organization determine that a project is not feasible for future development any unreimbursed advances are expensed.

**Note F**  
**Notes Receivable**

The Organization has entered into an agreement with Soho Housing Partners LLC ("Soho") whereby the Organization will provide funding to Soho during the predevelopment stage of certain affordable housing developments that will be jointly sponsored and developed by the Paces Foundation and Soho Housing Partners LLC. Paces will be the 51% managing member of each development jointly sponsored by the two entities. Soho has executed a promissory note and has borrowed \$2,503,055 and \$1,900,055 as of December 31, 2023 and 2022, respectively, from the Organization. Accrued interest of \$175,248 and \$78,760 was due as of December 31, 2023 and 2022, respectively. Soho has agreed to repay outstanding principal and interest in minimum monthly installments of \$25,000 beginning June 1, 2024. If the note has not been repaid in full by August 1, 2025, the minimum monthly installments will become \$50,000. In all events the note and any accrued interest must be fully repaid in full no later than December 31, 2026. The note is secured by the guarantees of the principals of Soho Housing along with a collateral interest in any fees or distributions from the development projects.

**Note G**  
**Investments in Partnerships**

The Organization formed single-member disregarded entities which have been admitted as limited partners in the affiliated operating partnerships. The entities listed below were admitted as replacement limited partners for the original tax credit investment partners and assumed the investors 99% interest in the respective partnership. As of December 31, 2023 and 2022, the ending partner equity (deficit) account balance is as follows:

	2023	2022
Post Nantahala Services LLC	\$ 401,532	\$ 308,941
Panama Commons LLC	2,250,224	2,250,264
Las Brisas Apartments Limited Partner LLC	(1,858,068)	(2,048,485)
Autumn Ridge Limited Partner LLC	(1,538,407)	(1,332,596)
Sequoyah Limited Partner, LLC	(1,056,219)	0
Enota Limited Partner, LLC	563,483	0
Montgomery Landing Limited Partner, LLC	(13,545)	0
Timber Chase Limited Partner, LLC	180,057	0
Manor York Limited Partner, LLC.	159,062	0
	<u>\$ (911,881)</u>	<u>\$ (821,876)</u>



THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note H**  
**Mortgages Payable**

Mortgages and notes payable consist of the following for the years ended December 31, 2023 and 2022:

Debts related to Office Building:

		<u>2023</u>	<u>2022</u>
Ameris Bank - Line of Credit in the maximum amount of \$2,880,000, payable interest only prior to maturity on September 17, 2025; interest rate floats at the bank's prime rate plus 2.5%, currently 6.25%. The outstanding balance is secured by real estate.	Cumberland Parkway Site	\$ 2,368,717	\$ 0

Debts related to Land held for Development:

Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.5% per annum; secured by land acquired for development.	Roof Street Development	871,000	839,694
Promissory note payable interest only prior to maturity on July 1, 2024; bears interest at 6.25% per annum; secured by land acquired for development.	Roof Street Development	580,148	541,701
Promissory note payable interest only prior to maturity on February 28, 2025; bears interest at the monthly SOFR rate plus 3%; secured by land acquired for development.	PPP Metropolitan, LLC	1,787,500	0

Debts related to Operating Rental Properties:

Amortizing mortgage loan with unrelated lender, bearing interest at 5.5% to be repaid in monthly installments of \$7,573 with maturity on August 16, 2035. Outstanding balance is secured by the rental property.	Gateway Townhomes	1,067,119	1,087,590
Non-amortizing mortgage loans provided by the Florida Housing Finance Corporation and Gulf County, Florida. The loans are non-interest bearing obligations that will mature in 2036 following the end of the affordability period. Outstanding balance is secured by the rental property.	Gateway Townhomes	5,639,336	5,657,253
Promissory note with unrelated lender, bearing interest at 3.05% to be repaid in monthly installments of interest only over a 40 year term. Interest only payments are due through December 31, 2024 with the quarterly principal payments effective January 1, 2024 until maturity on December 1, 2058. Outstanding balance is secured by the rental property.	Paces St Mary	44,025,000	44,025,000

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note H**  
**Mortgages Payable (Continued)**

Secondary bridge loan financing bearing interest at the rate of 17.5% per annum. Interest only payments are due over the term of the loan. The entire unpaid principal and any unpaid interest shall be due upon maturity on January 1, 2025. Accrued interest as of December 31, 2023 totaled \$248,458. Outstanding balance is secured by the rental property.

Paces St Mary	<u>6,676.783</u>	<u>6,676.783</u>
Total mortgages payable	<u>\$ 60,646.886</u>	<u>\$ 58,828,021</u>

Mortgages and notes payable will mature as follows:

Current portion		
2024		\$ 1,676,148
Long-term portion		
2025	\$ 2,095,693	
2026	329,247	
2027	350,348	
2028	366,499	
2029 - thereafter	<u>55,828,951</u>	
		<u>58,970,738</u>
		<u>\$ 60,646.886</u>

**Note I**  
**Line of Credit**

The Organization obtained a line of credit agreement with Ameris Bank on October 17, 2022. The agreement provides for a loan of \$2,880,000 and is secured by a Deed to Secure debt. The line of credit bears interest at a variable rate and expires on September 17, 2025. As of December 31, 2023, \$2,368,717 has been drawn and \$74,502 was paid for interest expense. As of December 31, 2023, accrued interest due on the line of credit was \$8,948.

**Note J**  
**Deferred Charges**

As of December 31, 2023 and 2022, deferred charges consist of:

	<u>2023</u>	<u>2022</u>
Loan issuance costs	\$ 1,388,368	\$ 1,917,765
Accumulated amortization	<u>(441,636)</u>	<u>(349,357)</u>
Loan issuance costs, net	<u>\$ 946,732</u>	<u>\$ 1,568,408</u>

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note J**  
**Deferred Charges (Continued)**

The Company anticipates that amortization expense, which is included in interest expense, for the next five years and thereafter will be as follows:

<u>Years Ended December 31</u>	
2024	\$ 96,134
2025	96,134
2026	96,134
2027	96,134
2028	96,134
Thereafter	466,062
Total	<u>\$ 946,732</u>

**Note K**  
**Contingencies**

The Organization has also received grant funding of \$4,881,922 under the affordable housing program of the Federal Home Loan Bank. The funding was received from member banks pursuant to grant agreements to partially finance the construction and development of qualified affordable multifamily housing. Under the terms of the agreements, the grants are deferred loans, meaning that payments are deferred so long as the Organization meets and satisfies the conditions and requirements as set forth in the agreements and unless there is a recapture event or an event of default, all payment obligations cease after the expiration of a twenty year compliance period. The following projects have received grant funding under the program and have the remaining deferred obligations as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mineral Springs L.P.	\$ 0	\$ 25,000
Sequoyah Village L.P.	7,999	31,996
Enota Village L.P.	79,167	104,167
Campbell Creek L.P.	28,787	36,137
Pines by the Creek L.P.	8,695	10,915
Georgia Pine Ridge L.P.	122,917	147,917
Rosewood Estates Inc.	208,209	227,500
Waterford Estates Inc.	195,000	240,241
Highland Manor L.P.	210,417	235,417
Las Brisas Manor L.P.	<u>185,417</u>	<u>210,417</u>
	<u>\$ 1,046,608</u>	<u>\$ 1,269,707</u>

**Note L**  
**Classification of Net Assets**

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

**Net Assets Without Donor Restrictions:** Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also included assets previously restricted where restrictions have expired or been met.

**Net Assets with Donor Restrictions:** Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.



THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note L**

**Classification of Net Assets (Continued)**

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restriction.

**Note M**

**Transactions with Affiliates and Related Parties**

**Development Fees:**

Pursuant to their development services agreements, the Organization has earned development fees from various partnership entities which it has sponsored. The fees are payable from designated proceeds and from distributable cash flow as described in the partnership agreements. During the years ended December 31, 2023 and 2022, development fees have been earned by the Organization from the following entities:

	<u>2023</u>	<u>2022</u>
Brownsville Manor LP	\$ 213,474	\$ 213,474
Century Park Apts LP	240,162	240,162
Fairfield Manor Ltd	34,791	34,791
Lamar Apts LP	469,957	469,957
Las Brisas Manor LP	76,924	76,924
Meadowhill Estates LP	751,833	751,833
Rosewood Cordele Development Inc	61,239	61,239
Waterford Dublin Development Inc	<u>159,260</u>	<u>159,260</u>
	<u>\$ 2,007,640</u>	<u>\$ 2,007,640</u>

**Note N**

**Commitments**

The Paces Foundation has agreed to provide certain guarantees to unrelated third parties involved as lenders or as investors in the real estate developments sponsored by the Organization. The current outstanding guarantees are as follows:

**Real Estate Mortgage Notes:**

The Paces Foundation has agreed to repay, in the event of default, certain outstanding obligations to related entities that the Organization has sponsored in the development of affordable housing. The Organization has made these guarantees to facilitate the financing of the related housing projects operated for the benefit of low-income tenants. These guarantees must be funded upon the default of the borrower entity and notice of such default to Paces. These guarantees are limited to the outstanding balance of the mortgage note. There have been no defaults by the sponsored borrower entities and no obligations currently exist.

**Construction Completion Guarantees:**

The Paces Foundation has agreed to certain guarantees related to the construction completion of the housing projects for which the Organization is the general partner and developer. The Organization has made these guarantees to facilitate the financing and construction of the related projects which will be operated for the benefit of the low-income residents. The Organization has agreed to fund, if any, the construction costs and operating shortfalls incurred in excess of the available financing sources to the Partnerships upon the closing of the permanent stage financing for these projects. The Organization currently has construction completion guarantees outstanding related to the following partnerships which are in the construction and stabilization stages as of December 31, 2023:

Tupelo Park L.P.	Sydney Lanier Apartments LLC
West Boulevard Historic Preservation LLC	

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note N**

**Commitments (Continued)**

**Operating Deficit Guarantees:**

The Paces Foundation has agreed to fund the related partnership up to the maximum amount to cover cash shortfalls in project operations. These guarantees must be funded upon receipt of a request from the Partnership, and the obligations are capped at the amounts reflected below. The Organization has not been requested to provide funding under any of the guaranty obligations as of December 31, 2023.

	<u>Maximum Obligation</u>
Panama Commons LP	\$ 442,000
Brownsville Manor LP	\$ 330,000
Tupelo Park LP	\$ 215,228
Sydney Lanier Apartment LLC	\$ 1,026,281
West Boulevard Historic Preservation LLC	\$ 976,135
Handsel Morgan Village 2021, LP	\$ 199,498
Maryalice Circle 2021, LP	\$ 482,960

**Tax Credit Adjuster Guarantees:**

In accordance with certain partnership agreements, The Paces Foundation has agreed to fund a percentage of any low-income-housing tax credits that might be lost by the respective partnership. The credit reduction could occur if the Partnership fails to spend an adequate amount on project development costs or fails to operate the Project in accordance with tax credit guidelines. The tax credit guidelines of IRC Section 42 require the Partnership to rent to eligible tenants at certain restricted rent amounts for a term of fifteen years from the placed in service date of the buildings.

**Note O**

**Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains cash at two commercial banks, these balances can at times exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2023 and 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by \$1,239,739 and \$1,625,907, respectively. The Organization has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

**Note P**

**Liquidity and Availability**

The Organization has \$10,945,729 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents of \$7,900,992, accounts receivable of \$164,737, and an available line of credit balance of \$511,283 as of December 31, 2023. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

THE PACES FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - INCOME TAX BASIS  
DECEMBER 31, 2023 AND 2022

**Note Q**  
**Subsequent Events**

Management evaluated subsequent events through December 11, 2024, when the financial statements were available to be issued. Except as identified below, management is not aware of any significant events that occurred subsequent to the statement of assets, liabilities, and net assets - income tax basis date, but prior to the filing of this report, that would have a material impact on the financial statements.

In May 2024 the Organization sold four properties for a total sales price of \$21,425,000 to an unrelated third party. As part of the transaction the related debts were repaid in full and the Organization received proceeds of \$11,809,889.

In May 2024 the Organization repaid the Roof Street Development loan totaling \$871,000 that was outstanding as of December 31, 2023.

Effective July 1, 2024, the Organization amended the Roof Street Development loan agreement. Under the terms of the new agreement the maturity date is July 1, 2025. No other terms of the agreement were modified.

On September 19, 2024, PPP Metropolitan, LLC admitted a limited partner into partnership and closed on a new loan. As part of the transaction equity proceeds were used to repay the land loan totaling \$1,787,500 in full.



## REFERENCES

<b>Local Government</b>	Escambia County Housing Finance Agency
Email Address	Lisa.bernaul@escambiahfa.com
Phone	(850) 432-7077
Contact Name and Title	Lisa Bernau, Executive Director
<b>Local Government</b>	Invest Atlanta
Email Address	vroberts@investatlanta.com
Phone	(404) 880-4100
Contact Name and Title	Vickey Roberts, Director, Multifamily Housing
<b>Local Government</b>	City of Charlotte
Email Address	Michael.inglehart@charlottenc.gov
Phone	(980) 297-1732
Contact Name and Title	Michael Englehart, Housing Trust Fund Manager

## **PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is by and between Dokken, Curtis L (hereinafter referred to as "Seller"), and *The Paces Foundation, Inc.* a Georgia 501(c)(3) non-profit corporation or its assigns (hereinafter referred to as "Purchaser").

WITNESSETH: In consideration of the mutual promises hereinafter set forth, Seller and Purchaser mutually agree as follows:

1. **PURCHASE AND SALE.** Seller is the owner of the certain parcel of unimproved land consisting of approximately 4.45 acres located at 11323 County Line Road, Spring Hill, FL 34609 with Parcel ID Number R32 423 18 0000 0230 0060, as more particularly described on Exhibit "A" (hereinafter described as the "Property"). Seller agrees to sell and convey and the Purchaser agrees to purchase the parcel, which shall include all (if any) easements, access easements, rights of way, privileges, licenses, appurtenances and other rights and benefits belonging to the owner of, running with, or in any way related to the Property, including all consents, authorizations, variances, waivers, licenses, plans, drawings, permits and approvals from any governmental authority with respect to the Property, all percolation, soil, topographical, traffic, engineering and environmental studies, all riparian, littoral rights, title to submerged lands and other water rights related to or benefiting the Property, all utility mains, service laterals, hydrants, connections, hook-ups and valves servicing or available to service the Property and any and all other agreements, contracts, covenants, variances and benefits related to or benefiting the Property.

2. **PURCHASE PRICE.** The total purchase price for the Property ("Total Purchase Price"), which Purchaser agrees to pay and Seller agrees to accept, is One Million, One Hundred Thousand and 00/100 DOLLARS (\$1,100,000.00), subject to the adjustments herein provided, payable in cash, by check or by wire transfer of immediately available funds, which shall be payable as follows:

(a) Within ten (10) days of final execution, Purchaser shall deliver to Frontier Title Group, LLC as escrow agent ("Escrow Agent") the sum of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) by check, the proceeds of which shall be held in trust as an earnest money deposit ("the Initial Deposit") by Escrow Agent and disbursed only in accordance with the terms of this agreement.

(b) The Initial Deposit shall become non-refundable on July 31<sup>st</sup>, 2025, as long as the Agreement has not been canceled.

(c) On October 31<sup>st</sup>, 2025, the Purchaser shall deposit with Escrow Agent an additional TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) (the "Second Deposit"). The Initial Deposit, and the Second Deposit, (collectively the "Deposits") will become non-refundable except upon Seller's default or as provided in this Agreement.

(d) On the Closing Date, the Purchaser shall deliver to the Escrow Agent ONE MILLION FIFTY THOUSAND and 00/100 DOLLARS (\$1,050,000.00) subject to the adjustments herein provided, by a cashiers check issued by a money center financial institution or by wire transfer of Federal funds.



(e) The Deposits held by Escrow Agent shall be placed in a non-interest-bearing account under Purchasers Tax I.D. Number.

3. INVESTIGATION PERIOD. From the period beginning with the Effective Date until July 31<sup>st</sup>, 2025 (the "Investigation Period"), Seller hereby grants to Purchaser the right to make whatever investigations Purchaser deems necessary with respect to the Property.

(a) Seller hereby grants to Purchaser and its agents, servants, employees, contractors and representatives a right of entry upon every portion of the Property and a right to examine all records or other matters pertaining to the Property (and Seller hereby agrees to make such records or other matters available to Purchaser) from time to time at all reasonable times for the purpose of making surveys, engineering studies, drainage studies, appraisals, zoning and land use studies, impact studies, surface and subsurface explorations, tests, excavations, borings and such other investigations and inspections as Purchaser may elect to make. Seller shall deliver to Purchaser, at or before the time Seller delivers the Prior Policy (as defined in Section 5 hereof) to Purchaser, copies of any and all environmental, soil, zoning, land use, appraisal and feasibility studies, reports, and assessments and governmental orders, approvals, exemptions, waivers and permits relating to the Property and any proposed use thereof which are in Seller's custody or control. Seller will employ appropriate efforts, in its reasonable judgment, to support Purchaser with respect to any zoning, site plan or land planning applications that Purchaser may submit in order to develop multifamily rental apartments on the Property.

(b) The Purchaser assumes liability for all acts of its agents who enter onto the Property and agrees to indemnify and hold harmless the Seller from any loss, damage, cost, or expense incurred by Seller as a result of such acts of Purchaser and its agents that cause injury to persons or damage to the Property.

(c) Purchaser is planning to apply for financing from the Florida Housing Finance Corporation. Seller will employ appropriate efforts, in its reasonable judgment, to support Purchaser in these pursuits. If, during the Investigation Period, Purchaser, in its sole judgment, deems that the property is not suitable for its intended use, it will immediately notify Seller of the termination of this Agreement and the Initial Deposit will be returned to Purchaser.

4. CONDEMNATION. If the Property is condemned and taken in eminent domain proceedings, or under condemnation pursuant to a notice of taking by appropriate authority prior to the Closing Date, Seller shall promptly notify Purchaser of such fact in writing, and Purchaser, by notice given to Seller within fifteen (15) days following Seller's written notice, may elect to either (a) terminate this Agreement or (b) continue this Agreement in full force and effect and be assigned the right to the award upon closing of this transaction. If Purchaser properly elects to terminate this Agreement, the Deposits delivered pursuant to Article 2 hereof shall be returned to Purchaser. In the event Purchaser fails to timely make such election, Purchaser shall be deemed to have made the election provided in Subsection (b) of this Paragraph.

5. TITLE INSURANCE/SURVEY. Within twenty (20) days of execution of this agreement, Seller, at its cost, shall provide an existing owner's or mortgagee's title insurance policy qualified as a base for reissuance of coverage on the Property at the Purchase Price ("Prior Policy").



(a) Seller shall convey to Purchaser marketable title to the Property, subject only to the Permitted Exceptions. Marketable title shall be determined according to the Title Standards adopted by authority of The Florida Bar and in accordance with law. If the Title Commitment, or any update endorsement obtained prior to Closing reflects that title to the Property is subject to any exceptions which make title to the Property unmarketable, Purchaser shall, within thirty (30) days after receipt of the Title Commitment or update endorsement, notify Seller in writing of the specific title defects, Seller shall correct such defects within ninety (90) days from its receipt of the notice from Purchaser, and Seller shall be obligated to prosecute any legal action to cure any title defects or expend any money to cure such title defects. Purchaser, at its option, may extend the time to cure any defects which arise after the Purchaser's initial examination of title and the Closing Date by a period of time equal to the period of time that is required to cure the title defects. If Seller is not successful in removing the defects within said time, Purchaser shall have the option of either accepting the title in its existing condition, or of terminating this Contract by sending written notice of termination to Seller. Upon the termination of this Contract, Escrow Agent shall return the Deposits to Purchaser, and, thereafter, neither Purchaser nor Seller shall have any further rights or obligations hereunder except as otherwise provided in this Contract.

Purchaser may have the Property surveyed prior to December 19<sup>th</sup>, 2025, at Purchaser's expense by a Florida registered surveyor. If the survey shows any encroachment on the Property or that any improvement on the Property encroaches on the lands of others, the same shall be treated as a title defect hereunder if raised within the time and in the manner provided for title objections in this Paragraph.

6. CLOSING DOCUMENTS. The Closing documents shall be provided by the parties as set forth below:

- (a) At Closing Seller shall deliver to Purchaser:
  - (i) a special warranty deed conveying to Purchaser good, marketable and insurable fee simple absolute title to the Property;
  - (ii) an affidavit in the customary form, attesting that no individual, entity or governmental body has any claim against the Property under the Florida Construction Lien Law: that no individual, entity or governmental body, other than tenants in occupancy under lease agreements, is either in possession of the Property or has a possessor interest or claim to the Property; and that no improvements to the Property have been made for ninety (90) days immediately preceding the Closing Date (as hereafter defined) for which payment has not been made; and
  - (iii) a certificate of non-foreign status and Florida Department of Revenue Transfer of Interest in Florida Real Property.

(b) Purchaser and Seller shall execute a closing statement prepared by Seller in conformance with the terms of this Agreement.

7. **CLOSING/CLOSING EXPENSES.** Except as otherwise provided herein, the Closing of title shall take place at the offices of the Purchaser's attorney on December 19<sup>th</sup>, 2025 (Closing Date), or at a time mutually agreeable to the parties. Purchaser shall have the right, in Purchaser's sole option, to extend the Closing Date for up to one (1) periods of Two (2) months each, by delivering written notice to Seller at least five (5) days prior to the then scheduled Closing Date, notifying Seller of such extension and paying to Escrow Agent an extension fee of Twenty Five Thousand and No/100 Dollars (\$25,000.00) (each an "Extension Fee") for the extension, which shall be non-refundable except in the event that (i) Seller fails, refuses or is unable to perform all of its obligations under this Agreement; or (ii) as otherwise specifically provided in this Agreement. The Extension Fees paid by Purchaser shall be applicable to the Purchase Price at Closing.



(a) At Closing, Seller shall pay for the cost of state documentary stamps and surtax on the warranty deed and for the recording of all title corrective instruments.

(b) At Closing, Purchaser shall pay the per page recording fee for recording the warranty deed, the costs of the survey of the Property ordered by Purchaser and the title insurance policy fees.

8. **ASSESSMENTS.** Assessments and personal taxes shall be adjusted, apportioned, and allowed as of the Closing Date.

(a) **Special Assessment Liens.** If, at the Closing Date, the Property or any part thereof shall be or shall have been affected by any certified, confirmed, and ratified special assessment liens, same shall be paid and discharged by Seller. Pending liens shall be assumed by Purchaser.

(b) **Real Estate Taxes.** Real Estate taxes for the year of Closing shall be prorated on an accrual basis as of the Closing date, based upon the November discount amount pertaining to the most ascertainable taxes. In the event that the tax bill for the year of Closing is not available on the Closing Date, the parties agree to re-proration and adjustment of the real estate taxes when the actual bill for the year of closing is received.

(b) The provisions of this Article 8 shall survive the Closing.

9. **BROKER FEES.** Except with respect to brokerage commissions to 1) Coldwell Banker Commercial, representing the Seller, which will be the responsibility of the Seller, and 2) The Link Companies, representing the Buyer, which will be the responsibility of the Buyer, each of the parties hereto represents to the other that they have incurred no obligations for brokerage in connection with this Agreement and agree that they will hold the other party hereto harmless from and against any expenses, claims or demands with respect to any other brokers fees claimed or demanded by anyone in connection with this Agreement insofar as such claim is based upon any agreement or alleged agreement with the indemnifying party. The provisions of this Article 9 shall survive the Closing.



10. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Seller represents and warrants to Purchaser and covenants and agrees with Purchaser as follows:

(a) Seller has not entered into any contracts, subcontracts, arrangements, licenses, concessions, easements, or other agreements, either recorded or unrecorded, written or oral, affecting all or any portion of the Property;

(c) To Seller's knowledge, there are no: (i) existing or pending improvement liens affecting the Property; (ii) to Sellers knowledge, violations of building codes and/or zoning ordinances or other governmental or regulatory laws, ordinances, regulations, orders or requirements affecting the Property; (iii) existing, pending or, to Sellers knowledge, threatened lawsuits or appeals of prior lawsuits affecting the Property; (iv) existing, pending or threatened condemnation proceedings affecting the Property; or (v) existing, pending or, to Sellers knowledge, threatened zoning, building or other moratoria, down zoning petitions, proceedings, restrictive allocations or similar matters that could affect Purchasers use of the Property as permitted residential housing;

(d) Seller has not received notice that anything has been done or allowed which could cause toxic or hazardous materials or waste to be present in, on or about the Property, and has no actual knowledge of any such materials or waste being or ever having been in, on, or about the Property;

(e) Seller confirms that the Property is not in a flood zone;

(f) Seller has the right, power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by it; neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by it nor the fulfillment of nor the compliance with the terms, conditions and provisions of this Agreement will conflict with or result in a violation or breach of any relevant law, or any other instrument or agreement of any nature to which Seller is a party or by which it is bound or may be affected, or constitute (with or without the giving of notice or the passage of time) a default under such an instrument or agreement; no consent, approval, authorization or order of any person is required with respect to the consummation of the transactions contemplated by this Agreement, except as provided in (iv) above; and

(g) No commitments or agreements have been or will be made to any governmental authority, utility company, school board, church or other religious body, any homeowners or homeowners' association, or any other organization, group or individual, relating to the Property which would impose an obligation upon Purchaser to make any contributions or dedications of money or land to construct, install or maintain any improvements of a public or private nature on or off the Property, or otherwise impose liability on Purchaser.

(h) At all times during the term of this Agreement and as of Closing, all of Sellers representations, warranties and covenants in this Agreement shall be true and correct; no representation or warranty by Seller contained in this Agreement and no statement delivered or information supplied to Purchaser pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to



make the statements or information contained in them or in this Agreement not misleading.

(i) All buildings and structures, if any, will be removed by Seller, at Seller's expense, prior to closing.

11. **DEFAULT.** In the event that Purchaser shall fail to perform its obligations hereunder and such failure is through no fault or failure of Seller to comply with its obligations hereunder, Seller may, as its sole remedy, terminate this Agreement and retain, as full and complete agreed upon liquidated damages, the Deposits hereunder. If Seller shall refuse to close, despite its obligation to close hereunder, Purchaser may: (i) terminate this Agreement and obtain the return of its Deposits or (ii) Purchaser may seek specific performance of Seller's obligations hereunder. The foregoing shall constitute Purchaser's sole remedies in the event of a default by the Seller hereunder.

12. **NOTICES.** All notices, consents, approvals, waivers and elections which any party shall be required or shall desire to make or give under this Agreement shall be in writing and shall be sufficiently made or given only when delivered in person, or sent by facsimile with the original simultaneously sent by U.S. First Class Mail or nationally recognized courier service to:

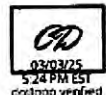
(a) to Purchaser: Renée Sandell  
The Paces Foundation, Inc.  
2730 Cumberland Boulevard  
Smyrna, Georgia 30080  
Phone: 321-431-3164  
Fax: 321-600-2022  
Email: [renee@pacesfoundation.org](mailto:renee@pacesfoundation.org)

With a copy to: Steven Bauhan  
The Paces Foundation, Inc.  
2730 Cumberland Boulevard  
Smyrna, Georgia 30080  
Phone: 404-597-3025  
Fax: 770 431-9699  
Email: [steven@pacesfoundation.org](mailto:steven@pacesfoundation.org)

To Escrow Agent: Frontier Title Group, LLC  
Title/Escrow Agent: Marilyn Elliott  
7236 State Road 52 Suite 10  
Bayonet Point, FL 34667  
Email: [Marilyn@frontiertitlegroup.com](mailto:Marilyn@frontiertitlegroup.com)  
Phone: 727-378-8101 telephone  
Phone: 727-380-5215 fax

(b) to Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_



Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

or to such other address as any party hereto shall designate by like notice given to the other parties hereto. Notices, consents, approvals, waivers and elections given or made as aforesaid shall be deemed to have been dated, given and received on the date of actual receipt.

13. **ASSIGNMENT.** Purchaser shall be entitled to assign all of Purchaser's rights, duties and obligations under this Agreement to an affiliate of Purchaser. Assignment to any other entity shall require the written approval of Seller.

14. **RADON GAS NOTICE.** Seller hereby makes, and Purchaser hereby acknowledges, the following notification:

**RADON GAS:** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Additional information regarding radon and radon testing may be obtained from your county public health unit.

15. **GENERAL PROVISIONS.** The following general terms and conditions apply to this Agreement:

(a) **SINGULAR/PLURAL/MASCULINE/FEMININE.** Words used herein in the singular shall include the plural and words in the masculine/feminine/neuter gender shall include words in the masculine/feminine/neuter where the text of this Agreement requires.

(b) **HEADINGS.** Headings in this Agreement are for convenience only.

(c) **SUCCESSORS.** The terms, covenants, and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns, except as herein limited.

(d) **CHOICE OF LAW.** This Agreement shall be interpreted according to the laws of the State of Florida without application of choice of law principles.

(e) **LITIGATION.** In the event there is any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all costs incurred in connection therewith including, but not limited to, reasonable attorneys' fees.

(f) **TIME.** Time is of the essence in the performance of the obligation of the parties to

PD

this Agreement.

(g) TIME OF ACCEPTANCE. This Agreement must be fully executed by all parties hereto on or before 6:00 P.M., March 6<sup>th</sup>, 2025, or this Agreement, and any offer contained herein, shall be considered rejected and null and void. When fully executed, the date of last execution shall be deemed to be the "Effective Date" of this Agreement.

16. ESCROW AGENT.

(a) Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement. Escrow Agent shall not be deemed to have any implied duties or obligations under or related to this Agreement.

(b) Escrow Agent may: (a) act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine; (b) assume the validity and accuracy of any statement or assertion contained in such a writing or instrument; and (c) assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions of this Agreement has been duly authorized to do so. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in escrow, nor as to the identity, authority, or right of any person executing any instrument; Escrow Agent's duties under this Agreement are and shall be limited to those duties specifically provided in this Agreement.

(c) The parties to this Agreement do and shall indemnify Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or other expenses, fees, or charges of any character or nature, including attorneys' fees and costs, which it may incur or with which it may be threatened by reason of its action as Escrow Agent under this Agreement, except for such matters which are the result of Escrow Agent's gross negligence or willful malfeasance.

(d) If the parties (including Escrow Agent) shall be in disagreement about the interpretation of this Agreement, or about their respective rights and obligations, or about the propriety of any action contemplated by Escrow Agent, Escrow Agent may, but shall not be required to, file an action in interpleader to resolve the disagreement; upon filing such action, Escrow Agent shall be released from all obligations under this Agreement. Escrow Agent shall be indemnified for all costs and reasonable attorneys' fees, including those for appellate matters and for paralegals and similar persons, incurred in its capacity as escrow agent in connection with any such interpleader action; Escrow Agent may represent itself in any such interpleader action and charge its usual and customary legal fees for such representation, and the court shall award such attorneys' fees, including those for appellate matters and for paralegals and similar persons, to Escrow Agent from the losing party. Escrow Agent shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in the interpleader action is received.

(e) Escrow Agent may resign upon five (5) calendar days' written notice to Seller and Purchaser. If a successor escrow agent is not appointed jointly by Seller and Purchaser within the five (5) calendar-day period, Escrow Agent may petition a court of competent

jurisdiction to name a successor.

(f) Seller and Purchaser acknowledge and agree that Escrow Agent is the law firm representing Purchaser with regard to this Agreement and the transaction which is the subject hereof, and hereby waive any claim against Escrow Agent based upon a conflict of interest as a result of Escrow Agent serving in such dual capacities, excluding only actions by Escrow Agent constituting knowing and intentional misconduct. Seller further agrees that Escrow Agent shall be permitted to represent Purchaser in all aspects of this Agreement and the subject transaction, including, without limitation, any dispute with respect to the Deposit.

(g) The provisions of this Section shall survive the Closing and also the cancellation of this Agreement.

17. Notwithstanding any provision of this Agreement, if U.S. Department of Housing and Urban Development (HUD) funds are used, including, but not limited to HOME funds, the parties agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt of a release of funds notice from the U.S. Department of HUD under 24 CFR Part 58. The parties further agree that the provision of any federal funds to the project is conditioned on the determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. If no HUD funds are utilized in regard to this property, this provision shall be considered null and void.

18. **ENTIRE AGREEMENT.** This Agreement integrates and supersedes all other agreements and understandings of every character of the parties and comprises the entire agreement between them. This Agreement may not be changed, except in writing signed by the parties. No waiver of any rights or obligations hereunder shall be deemed to have occurred unless in writing signed by the party against whom such waiver is asserted and no waiver shall be deemed a waiver of any other or subsequent right or obligations.



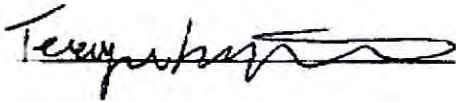
*[Signatures appear on the following page]*



IN WITNESS WHEREOF, each of the parties have set their seals upon the dates indicated herein below, and the parties executing this Agreement hereby represent to the other that they have full and complete authority to execute the same on behalf of the entities for which they sign.

Signed, sealed and delivered in the presence of:

WITNESSES:



PURCHASER:

The Paces Foundation, Inc.

By:   
Renee Sandell

Its: Chief Operating Officer

Executed the <sup>4</sup> day of March 2025

SELLER:

Curtis Dokken

 dotloop verified  
03/03/25 2:35 PM EST  
(MWD-DT)-TSWD 6KGF

By:  dotloop verified  
03/03/25 5:24 PM EST  
20DX-DNTT-OHIO-VR1U

Its: Manager

Executed the 3rd day of March 2025

**EXHIBIT "A"**

## LEGAL DESCRIPTION

## Property information

**Site Address:** COUNTY LINE RD

**Description:** W275 FT OF E550 FT OF S800 FT OF SW1/4 OF SW1/4 LESS  
R/W FOR COUNTY LINE RD & LESS R/W FOR QUALITY DR AKA  
PAR B IN CLASS

**DOR Code: (10) VACANT COMMERCIAL**

**Levy Code: CWES**

**Sec/Tnshp/Rng: 32-23-18**

**Subdivision:**

**Neighborhood:** COUNTY LINE RD(CCLR)







**\*\*Street Level photos may not be available if structure is not visible from road.**

2024 Final Tax Roll

Parcel Key: 01351423

Parcel #: R32 423 18 0000 0230 0060

#### Owner Information

Owner Name: DOKKEN CURTIS L  
Mailing 7765 LAKE WORTH RD # 350  
Address: LAKE WORTH FL 33467-2536

#### Property & Assessment Values

Building: \$0 Assessed: \$358,846  
Features: \$0 Exempt: \$0  
Land: \$484,903 Capped: \$358,846  
AG Land: \$0 Excl Cap: \$0  
Market: \$484,903 Taxable: \$358,846

#### Property Information

Site Address: COUNTY LINE RD  
W375 FT OF E550 FT OF S800 FT OF SW1/4 OF SW1/4 LESS  
Description: R/W FOR COUNTY LINE RD & LESS R/W FOR QUALITY DR AKA  
PAR B IN CLASS  
DOR Code: (10) VACANT COMMERCIAL  
Levy Code: CWES Sec/Tnshp/Rng: 32-23-18  
Subdivision:  
Neighborhood: COUNTY LINE RD(CCLR)

#### Certified Tax Information

AdValorem: \$6,121.07  
NONAdValorem: \$39.72  
Total For 2024: \$6,160.79  
Total For 2023: \$5,552.61  
Total For 2022: \$5,161.31  
Total For 2021: \$4,528.86

[Real Time Tax Info](#) [Pay Taxes On-line](#)

[CE Assmts/Liens](#) [Comm Fire Assmts](#)

12/21/2023 1 of 57 Select Date

© 2023 Eagleview

#### Land Breakdown

Land Use	Units	Value
COMM SQFT	193,961.00 SQUARE FEET	484,903

#### Sales Breakdown

Sale Date	Book/Page	Deed Type	Vacant/Improved	Qualification	Sale Price	Grantee
12/13/2019	<a href="#">3786/1682</a>	QC	V	X	\$100	DOKKEN CURTIS L
06/10/1998	<a href="#">1199/219</a>	WD	V	Q	\$110,000	DOKKEN CURTIS L
01/01/1998				S	\$0	MAZOUREK GEORGE C and JANICE

#### Building Characteristics

Bldg #	Description	Year Built	Area (Base/Aux)	Bed/Bath	Value
No Matching Records Found or the Information is Exempt per Florida Statute(s).					

#### Extra Features

Bldg#	Description	Actual Year	Dimensions	Current Value
No Matching Records Found or the Information is Exempt per Florida Statute(s).				

#### Addresses

COUNTY LINE RD

#### Businesses

Name	TPP PIN	TPP Key	Date Filed	Date Audit	Levy Code	NAICS	Ent Zone	Curr Val	Last Yr Val	2 Yrs Ago
No Matching Records Found or the Information is Exempt per Florida Statute(s).										

#### Mobile Homes



# The Palms at Spring Hill

The Palms at Spring Hill  
SITE

PRIMARY AMENITIES -  
SCORED

- 1. Publix Super Market
- 2. Tampa General Hospital
- 3. Walgreens
- 4. Suncoast Elementary School
- 5. Dollar Tree

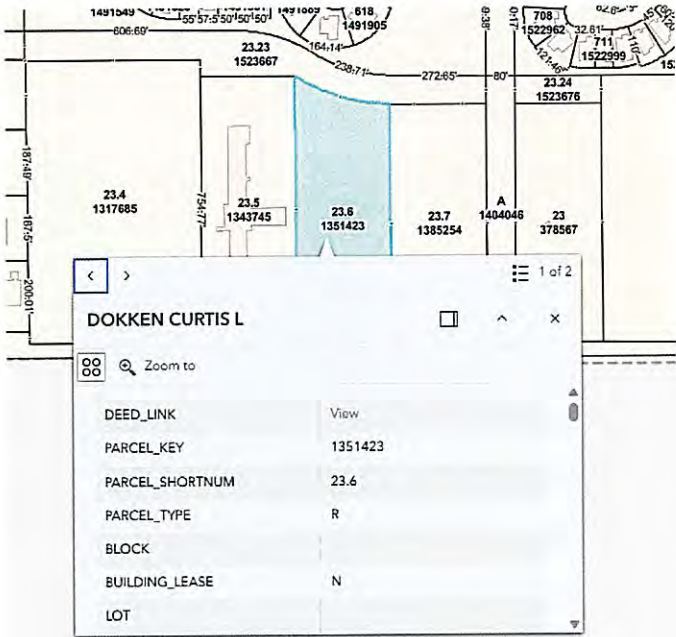
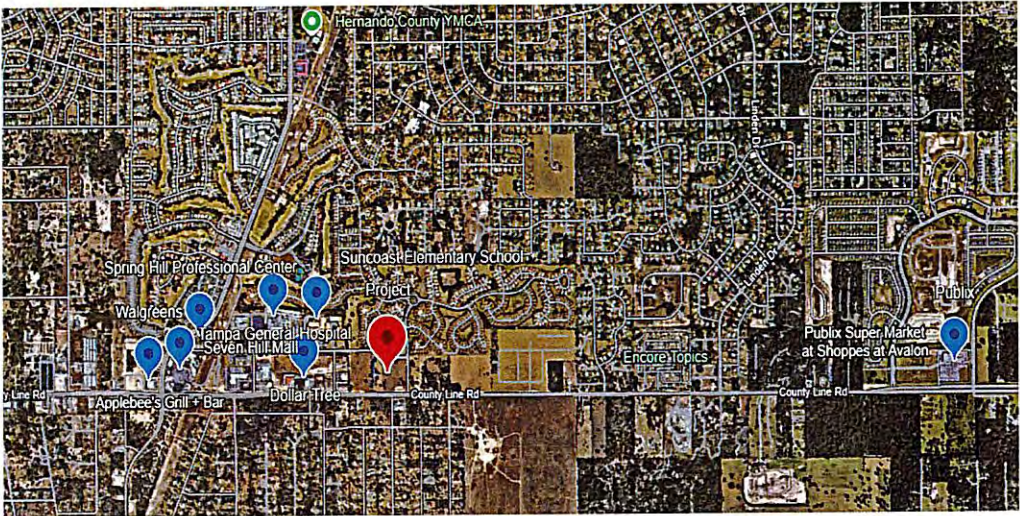
SECONDARY AMENITIES

Dollar General

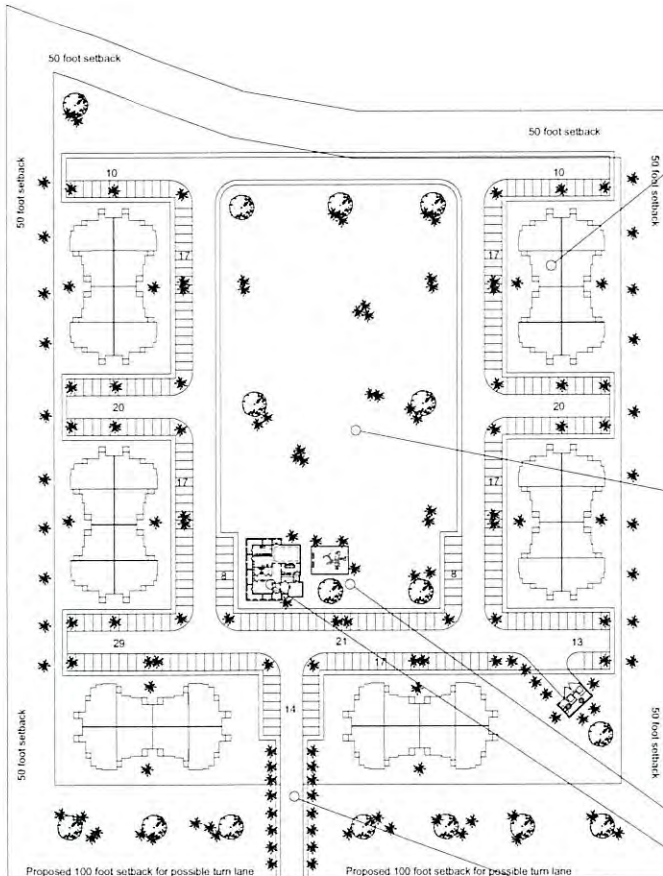
Starbucks

Applebee's  
Grill + Bar

Seven Hills  
Center  
Shopping Mall







16-unit Direct Entry Building Type  
 (6) Buildings proposed, (96) total Apartment Homes  
 Conceptual Elevation below



Neighborhood Center/ Open Green Space-  
 Trees, Walking Trails, Gazebos, Park Benches, Activities,  
 Social Gathering, Community Garden



Playground/ Kids Activities Area  
 Clubhouse/ Gathering Areas/ Activities  
 Tree-lined Boulevard Entry