Rainier Vista Northeast LLLP

Financial Statements
with Report of Independent Auditors
December 31, 2019 and 2018

Report of Independent Auditors

To the Partners of

Rainier Vista Northeast LLLP:

Report on the Financial Statements

We have audited the accompanying financial statements of Rainier Vista Northeast LLLP, a Washington limited partnership (the "Partnership"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in partners' capital (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainier Vista Northeast LLLP as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 2 to the financial statements, Rainier Vista Northeast LLLP adopted changes in accounting principles related to revenue recognition, and presentation and disclosure of the statements of cash flows, financial instruments. Our opinion is not modified with respect to those matters.

Novogradac & Company LLP

Bellevue, Washington

March 27, 2020

RAINIER VISTA NORTHEAST LLLP
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and equivalents	$ 530,472	$ 94,684
Restricted cash	1,242,479	1,201,586
Accounts receivable, net of allowance	9,661	10,581
Prepaid expenses	38,689	37,587
Due from General Partner	50,272	55,169
Fixed assets, net of accumulated depreciation	17,342,522	18,035,481
Deferred charges, net of accumulated amortization	36,176	41,343
Total assets	$ 19,250,271	$ 19,476,431
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities		
Accounts payable and accrued expenses	$ 57,981	$ 72,808
Tenant security deposits payable	85,495	84,975
Prepaid rent	6,055	4,045
Note payable, net of debt issuance costs	2,310,840	2,363,122
Due to related parties		
Accrued asset management fee	12,980	6,490
Due to General Partner	286,777	55,936
Notes payable to General Partner, net of debt issuance costs	16,336,327	16,336,292
Total liabilities	19,096,455	18,923,668
Partners' capital	153,816	552,763
Total liabilities and partners' capital	$ 19,250,271	$ 19,476,431

see accompanying notes

RAINIER VISTA NORTHEAST LLLP

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUE		
Rental income	$ 1,152,480	$ 1,174,180
Less: vacancy	(11,752)	(5,964)
Other income	459,621	329,563
Total revenue	1,600,349	1,497,779
OPERATING EXPENSES		
General and administrative	141,046	158,364
Payroll	308,819	320,393
Repairs and maintenance	101,325	94,176
Utilities	211,188	195,847
Property management fee	82,128	79,827
Insurance	65,443	67,196
Marketing and advertising	1,796	1,647
Professional fees	10,000	6,092
Total operating expenses	921,745	923,542
Net operating income	678,604	574,237
OTHER INCOME AND (EXPENSES)		
Interest income	1,555	1,317
Interest expense - debt issuance costs	(2,548)	(2,548)
Interest expense	(366,507)	(369,122)
Other financing expense	(5,435)	(4,496)
Asset management fee	(6,490)	(6,490)
Depreciation and amortization	(698,126)	(837,729)
Total other income and (expenses)	(1,077,551)	(1,219,068)
Net loss	$ (398,947)	$ (644,831)

RAINIER VISTA NORTHEAST LLLP

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	General Partner	Limited Partner	Total Partners' Capital
BALANCE, JANUARY 1, 2018	$ (382)	$ 1,197,976	$ 1,197,594
Net loss	(64)	(644,767)	(644,831)
BALANCE, DECEMBER 31, 2018	(446)	553,209	552,763
Net loss	(40)	(398,907)	(398,947)
BALANCE, DECEMBER 31, 2019	$ (486)	$ 154,302	$ 153,816

see accompanying notes

RAINIER VISTA NORTHEAST LLLP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (398,947)	$ (644,831)
Adjustments to reconcile net loss to net cash		
provided by operating activities:		
Interest expense - debt issuance costs	2,548	2,548
Bad debt (recovery) expense	(392)	7,063
Depreciation and amortization expense	698,126	837,729
(Increase) decrease in assets		
Accounts receivable	1,312	(6,454)
Prepaid expenses	(1,102)	2,558
Due from General Partner	4,897	(54,234)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(14,827)	328
Tenant security deposits payable	520	6,347
Prepaid rent	2,010	1,212
Accrued asset management fee	6,490	-
Due to General Partner	230,841	27,423
Accrued interest	-	(31,847)
Net cash provided by operating activities	531,476	147,842
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	(54,795)	(52,179)
Repayment of notes payable to General Partner	-	(267,132)
Net cash used in financing activities	(54,795)	(319,311)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	476,681	(171,469)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	1,296,270	1,467,739
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 1,772,951	$ 1,296,270
CASH AND CASH EQUIVALENTS	$ 530,472	$ 94,684
RESTRICTED CASH	1,242,479	1,201,586
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 1,772,951	$ 1,296,270
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 366,507	$ 400,969

1. Organization

Rainier Vista Northeast LLLP (the "Partnership") is a limited liability limited partnership originally formed between the Housing Authority of the City of Seattle (the "General Partner") and S.P.A.C.E. Foundation, a Washington nonprofit organization, as the limited partner. Pursuant to the Amended and Restated Agreement of Limited Partnership dated July 16, 2010 (the "Partnership Agreement"), S.P.A.C.E. Foundation withdrew as limited partner and U.S. Bancorp Community Investment Corporation (the "Substitute Limited Partner"), a Delaware corporation, became the limited partner. Pursuant to the First Amendment to the Partnership Agreement dated September 14, 2010, the Substitute Limited Partner withdrew from the Partnership and USB LIHTC Fund 2010-6, LLC was admitted as the limited partner (the "Limited Partner").

The Partnership was formed for the purpose of developing and operating a 118-unit residential rental project located in Seattle, Washington known as Rainier Vista Northeast (the "Project"). The Project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits and private activity tax-exempt bonds as provided under Section 42, Section 142 and Section 146 of the Internal Revenue Code ("IRC").

Pursuant to the Partnership Agreement, profits, losses and tax credits are allocated 0.01% to the General Partner, and 99.99% to the Limited Partner, and are subject to IRC Section 704(b) and other special allocations. Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to make capital contributions totaling $5,980,413 subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project, in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2019 and 2018, the Limited Partner had made cumulative capital contributions totaling $100 and $6,027,001 for each year. Pursuant to the terms of the Operating Agreement, the General Partner is required to make capital contributions totaling $100. As of December 31, 2019 and 2018, the General Partner had made cumulative capital contributions totaling $100 for both years.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management used estimates to accrue end costs for water and sewer.

Economic concentrations
The Partnership operates one property in Seattle, Washington. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

2. Summary of significant accounting policies and nature of operations (continued)

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents (see Note 3).

Concentration of credit risk
The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash and cash equivalents.

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Partnership to report information regarding its exposure to various tax positions taken by the Partnership. The Partnership has determined whether any tax positions have met the recognition threshold and has measured the Partnership's exposure to those tax positions. Management believes that the Partnership has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Partnership are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition
Rental revenue attributable to residential leases is recorded when due from residents, generally upon first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Accounts receivable and allowance for bad debts
Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Property tax exemption
For the years ended December 31, 2019 and 2018, the Partnership has received a full property tax exemption from King County. This exemption must be applied for annually. The Partnership will apply for the exemption for the 2019 tax year.

2. Summary of significant accounting policies and nature of operations (continued)

Depreciation and fixed assets
Fixed assets are recorded at cost. Buildings, which include capitalized interest totaling $230,506, are depreciated over their estimated useful lives of 40 years on a straight-line basis. Site improvements are depreciated over 15 years on a straight-line basis. Depreciation expense for the years ended December 31, 2019 and 2018 was $692,959 and $832,562, respectively.

Deferred charges and amortization
Deferred charges consist of tax credit fees. Tax credit fees are amortized over the compliance period of 15 years, on a straight-line basis. As of December 31, 2019 and 2018, deferred charges were $77,512 for both years, and accumulated amortization was $41,336 and $36,169, respectively. Amortization expense for the years ended December 31, 2019 and 2018 was $5,167 for both years.

Impairment of long-lived assets
The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment loss recognized for the years ended December 31, 2019 and 2018.

Lease
The Partnership entered into a lease agreement with the General Partner to lease the land and buildings which comprise the Project. Pursuant to the guidance for accounting for leases, the Partnership accounts for the lease of the buildings as a capital lease and the lease of the land as an operating lease (see Note 6).

Changes in accounting principles
On January 1, 2019, the Entity adopted a new accounting standard that affects the accounting for revenue. The Entity's revenue is mainly derived from leases, which is not impacted by this standard. Adopting this standard did not have a significant impact on the financial statements.

The new revenue standard also introduced new guidance for accounting for other income. Adopting this standard did not have significant impact on the financial statements.

On January 1, 2019, the Entity adopted new accounting standards that affect the statement of cash flows. These new standards address how certain cash receipts and payments are presented and classified in the statement of cash flows, including that debt prepayments and other debt extinguishment related payments are required to be classified as financing activities, when previously these payments were classified as an operating activity. The new standards also require the statement of cash flows to explain the change in cash, cash equivalents and restricted cash. Previously, changes in restricted cash were presented in the statement of cash flows as operating, investing or financing activities depending upon the intended purpose of the restricted funds.

2. Summary of significant accounting policies and nature of operations (continued)

Changes in accounting principles (continued)

The effect of the revisions to the statements of cash flows for the year ended December 31, 2018 is as follows:

	As Previously Reported	Adjustments	As Revised
Net cash flows from investing activities	$ (44,299)	$ 44,299	$ -

Subsequent events
The spread of a novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

Subsequent events have been evaluated through March 27, 2020, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

3. Restricted Cash

As of December 31, 2019 and 2018, the Partnership's restricted cash consisted of the following:

	2019	2018
Security deposits	$ 85,042	$ 83,730
Public housing expense reserve	219,051	218,944
Public housing operating subsidy reserve	134,578	134,513
Operating deficit reserve	248,737	248,641
Replacement reserve	555,071	515,758
Total restricted cash	$ 1,242,479	$ 1,201,586

The restricted cash accounts are maintained in interest bearing market rate savings accounts. The carrying value of restricted cash approximates fair value because of the short-term maturity of the instruments.

Public housing affordability reserve
Pursuant to the Partnership Agreement, the Partnership was required to fund a reserve consisting of a public housing operating subsidy reserve of $134,226 and a public housing expense reserve of $218,502. Funds in the public housing affordability reserve may be used, with the prior consent of the Limited Partner, to pay operating subsidy shortfalls related to the public housing units under the Regulatory and Operating Agreement (see Note 6).

3. Restricted Cash (continued)

Operating deficit reserve
Pursuant to the Partnership Agreement, the Partnership was required to fund an operating deficit reserve of at least $225,000. In addition, the Partnership will fund the operating deficit reserve from cash flow in order to maintain, to the extent possible, a balance at all times of at least $225,000. No withdrawals from the operating deficit reserve are permitted without the consent of the Limited Partner.

Replacement reserve
Pursuant to the Partnership Agreement, the Partnership was required to fund a replacement reserve in the amount of $300 per unit per year, payable monthly, in equal monthly installments, beginning on the earlier for August 1, 2012 or the first day of the month following the end of the Lease-Up Period, as defined. The replacement reserve will increase by 10% on each fifth anniversary of the Replacement Reserve Commencement Date. The replacement reserve will be used to fund repairs, capital expenditures, and other costs approved by the Limited Partner in an annual operating budget.

Changes in the replacement reserve balance for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	$ 515,758	$ 475,820
Deposits	38,940	39,514
Interest income	373	424
Withdrawals	-	-
Ending balance	$ 555,071	$ 515,758

4. Fixed assets, net

As of December 31, 2019 and 2018, the Partnership's fixed assets, net consisted of:

	2019	2018
Buildings	$ 20,051,798	$ 20,051,798
Site improvements	2,774,945	2,774,945
Furnishings and equipment	1,023,887	1,023,887
Total fixed assets	23,850,630	23,850,630
Less: accumulated depreciation	(6,508,108)	(5,815,149)
Net fixed assets	$ 17,342,522	$ 18,035,481

5. Note Payable

On January 19, 2012, the Partnership entered into a promissory note with U.S. Bank in the amount of $2,700,000 (the "Note Payable"). The Note Payable bears simple interest at 4.83% per annum and matures 15 years from the Funding Date. The Note Payable has a call date of January 1, 2022, at which time the Partnership is required to repay all outstanding principal and accrued and unpaid interest on the Note Payable. The Note Payable is secured by a leasehold deed of trust on the Project.

5. Note Payable (continued)

Monthly principal and interest payments are due in installments of $14,353 on the first day of each month beginning February 1, 2013. The final payment of principal and interest is due and payable on the earlier of the maturity date or the call date. As of December 31, 2019 and 2018, the outstanding principal balance was $2,368,628 and $2,423,423, respectively. As of December 31, 2019 and 2018, accrued interest was $0 for both years. For the years ended December 31, 2019 and 2018, interest expense on the Note Payable was $117,443 and $120,058, respectively.

The Note Payable, net consists of the following as of December 31, 2019 and 2018:

	2019	2018
Note Payable	$ 2,368,628	$ 2,423,423
Less: unamortized debt issuance costs	(57,788)	(60,301)
Note Payable, net	$ 2,310,840	$ 2,363,122

Debt issuance costs of $183,236 are being amortized to interest expense over the term of the loan. During 2019 and 2018, the effective interest rate was 5 percent for both years. For the years ended December 31, 2019 and 2018, amortization expense for debt issuance costs was $2,513 for both years.

Minimum future principal payments are as follows:

2020	$ 56,729
2021	59,900
2022	62,900
2023	66,051
2024	69,063
Thereafter	2,053,985
Total	$ 2,368,628

6. Related party transactions

Lease

On July 16, 2010, the Partnership entered into a lease of real property agreement (the "Lease") with the General Partner for the land and buildings which comprise the Project. The Lease term is for the period beginning July 16, 2010 through December 31, 2109. Commencing January 1, 2011, for each year through the expiration of the Lease, the Partnership has agreed to pay the General Partner lease payments of $12 per year. The Partnership is also responsible for all costs associated with constructing the buildings and related improvements.

For the years ended December 31, 2019 and 2018, the Partnership incurred $12 in lease expense each year, which is included in general and administrative expense in the accompanying statement of operations. The assets and liabilities under this Lease (a capital lease) are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The assets are depreciated over their estimated useful lives.

6. Related party transactions (continued)

Notes payable to General Partner
On July 16, 2010, the Partnership entered into a promissory note with the General Partner in the amount of $10,000,000 ("SHA Loan 1"). SHA Loan 1 bears simple interest at 0.25% per annum and matures on July 16, 2060. SHA Loan 1 is secured by a leasehold deed of trust on the Project. The outstanding principal balance and all accrued interest is payable annually from cash flow as defined in the Partnership Agreement. The final payment of the principal and interest is due and payable on the maturity date. As of December 31, 2019 and 2018, the outstanding principal balance on SHA Loan 1 was $10,000,000 for both years. As of December 31, 2019 and 2018, accrued interest on SHA Loan 1 was $0 for both years. For the years ended December 31, 2019 and 2018, SHA Loan 1 interest expense was $150,000 for each year.

On July 16, 2010, the Partnership entered into a promissory note with the General Partner in the amount of $6,675,194 ("SHA Loan 2"). SHA Loan 2 bears simple interest at 0.25% per annum and matures on July 16, 2060. SHA Loan 2 is secured by a leasehold deed of trust on the Project. The outstanding principal balance and all accrued interest is payable annually from cash flow as defined in the Partnership Agreement. The final payment of the principal and interest is due and payable on the maturity date. As of December 31, 2019 and 2018, the outstanding principal balance on SHA Loan 2 was $6,337,135 for both years. As of December 31, 2019 and 2018, there was no accrued interest on SHA Loan 2 for both years. For the years ended December 31, 2019 and 2018, interest incurred on SHA Loan 2 was $99,064 for each year.

On January 19, 2012 the Partnership and General Partner agreed to amend the promissory notes of SHA Loan 1 and SHA Loan 2 (collectively the "SHA Loans") to amend the interest rate on each loan from bearing simple interest at 0.25% per annum to bearing simple interest at 1.5% per annum.

The Notes Payable to General Partner, net consists of the following as of December 31, 2019 and 2018:

	2019	2018
Notes Payable to General Partner	$ 16,337,135	$ 16,337,135
Less: unamortized debt issuance costs	(808)	(843)
Notes Payable to general partner, net	$ 16,336,327	$ 16,336,292

Debt issuance costs of $1,054 are being amortized to interest expense over the term of the loan. During 2019 and 2018, the effective interest rate was 1 percent for both years. For the years ended December 31, 2019 and 2018, amortization expense for debt issuance costs was $35 for both years.

Minimum future principal payments are as follows:

2020	$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	16,337,135
Total	$ 16,337,135

6. Related party transactions (continued)

Asset management fee

Pursuant to the Partnership Agreement, commencing in 2012, the Limited Partner is entitled to an annual cumulative asset management fee in the base amount of $5,900, with increases by 10% on each fifth anniversary (the "Asset Management Fee"). Payments are to be made from available cash flow, as defined in the Partnership Agreement. As of December 31, 2019 and 2018, the accrued Asset Management Fee was $12,980 and $6,490,respectively. For the years ended December 31, 2019 and 2018, the Asset Management Fee was $6,490 for both years.

Property management fee

On July 15, 2010, the Partnership entered into a management and maintenance agreement with the General Partner to manage the daily operations of the Project (the "Management Agreement"). Pursuant to the Management Agreement, the Partnership is required to pay the General Partner a monthly property management fee in an amount equal to $55 per unit per month based on the number of Project Units, as defined in the management and maintenance agreement, increasing 3% per annum plus any reimbursable third party expenses. For the years ended December 31, 2019 and 2018, the property management fee expense incurred and paid was $82,128 and $79,827, respectively.

Due to General Partner

The Partnership has engaged with the General Partner in intercompany lending and borrowing. This borrowing is unsecured and does not bear interest. As of December 31, 2019 and 2018, the balance owed by the Partnership to the General Partner was $286,777 and $55,936, respectively.

Regulatory agreement

Pursuant to the Regulatory and Operating Agreement (the "Regulatory Agreement"), the General Partner will pay the Partnership an operating subsidy equal to the estimated project unit expenses for such period, plus reasonable moving-related expenses for tenants who have disabilities and require transfer, less the estimated project unit income for the period, as defined in the Regulatory and Operating Agreement. Under the terms of the Regulatory Agreement the General Partner will also pay an annual amount to the Project equaling $300 per unit, increasing by 10% every five (5) years, for the funding of replacement reserves. As of December 31, 2019 and 2018, due from the General Partner for this operating subsidy was $50,272 and $55,169, respectively, which is included in due from General Partner on the accompanying Balance Sheets.

For the years ended December 31, 2019 and 2018, the operating subsidy received, which includes payments for the operating reserve, was $472,898 and $345,855, respectively, which is included in rental income on the accompanying statements of operations.

7. Low-income housing tax credits

The Partnership expects to generate an aggregate of $7,847,050 of federal low-income housing tax credits ("Tax Credits"). Generally, such Tax Credits become available for use by its partners pro-rata over a ten-year period which began in 2012. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these Tax Credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates, which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for additional 22 years beyond the initial 15 year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

The Partnership's annual Tax Credits for each year of the credit period is as follows:

Year ending December 31,	
2012	$ 667,865
2013	784,705
2014	784,705
2015	784,705
2016	784,705
2017	784,705
2018	784,705
2019	784,705
2020	784,705
2021	784,705
2022	116,840
Total	$ 7,847,050