Minutes

NPAC Corporation Board of Directors

June 25, 2025

Room 208 City Hall Nashua, NH

Attendance: Rich Lannan, Deb Novotny, Marylou Blaisdell, Lisa Bissonnette, William Barry

Legal Counsel – Joe Foster
No other from public in attendance
Quorum confirmed

Meeting call to order by Rich Lannan at 8:31 a.m.
Approval of minutes from December 9, 2024 – Motion by Lisa Bissonnette to approve minutes, seconded by Deb Novotny.

Discussion ensued and there was a recommendation made to amend the minute to replace the word “transfer” in paragraph 6 to “distribution”, approved with approval, William Barry abstained.

Financials – reported by Deb Novotny (attached)
Motion was made by William Barry to approve the financials and was seconded by Lisa Bissonnette. Unanimously approved.

Motion was made by Rich Lannan, second by William Barry to make a distribution from NPAC Corporation to its shareholder, 201 Main Street Real Estate Corporation in the amount of $300,000. Unanimously approved.

Deb Novotny presented the NPAC Corporation’s 2024 Audit to the Board and summarized key provisions. The audit is attached. Discussion ensued and it was noted during the discussion that the City of Nashua received a payment in the amount of $75,950 for real estate taxes.

Motion to accept the 2024 audit and provide a copy to shareholders was made by Deb Novotny, second by Lisa Bissonnette – unanimously approved.

By motion made, the Board went into nonpublic session pursuant to RSA 91-A3 II (e) at 9:01 a.m. The motion was unanimously approved by a roll call vote.

Upon Motion made and seconded, the Board voted unanimously not to publicly disclose the minutes of the non-public session.

Public session reconvened at 9:32 a.m.by roll call.
Meeting adjourned at 9:32 a.m.

NPAC CORP	1/1/2025 - 3/31/2025	4/1/2025-06/17/2025	7/1/2025-9/30/2025	10/1/2025-12/31/2025	Total
INCOME					
Rental Income		$ 125,000.00			$ 125,000.00
Supplemental Income	$ 75,950.21				$ 75,950.21
Interest Income	$ 200.86	$ 279.97			$ 480.83
					$ -
Total Income	$ 76,151.07	$ 125,279.97	$ -	$ -	$ 201,431.04
					$ -
EXPENSE					$ -
Distiribution to Shareholder					$ -
Real Estate Taxes	$ 75,950.21				$ 75,950.21
Interest Expense	$ 19,024.17	$ 19,024.17			$ 38,048.34
Loan Servicing and Compliance Fee	$ 14,576.00	$ 14,576.00			$ 29,152.00
Accounting fee	$ 7,195.00	$ 3,150.00			$ 10,345.00
Attorney & Consultant Fee					$ -
State Taxes	$ 500.00	$ 500.00			$ 1,000.00
Total Expense	$ 117,245.38	$ 36,750.17	$ -	$ -	$ 153,995.55
NOI	**$ (41,094.31)**	**$ 88,529.80**	**$ -**	**$ -**	$ 47,435.49

BALANCE SHEET

CURRENT ASSETS				
cash	$ 525,734.20	$ 525,234.20		
RESTRICTED ASSETS				
NMTC fee reserve	$ 161,222.57	$ 146,903.68		
Cash Flow reserve	$ 100,425.91	$ 100,612.50		
Construction Reserve				
Total Restricated Cash	$ 261,648.48	$ 247,516.18	$ -	$ -
PROPERTY				
Building	$ 21,556,398.32	$ 21,556,398.32		
Intangible Assets	$ 367,504.00	$ 367,504.00		
Total assets	**$ 22,711,285.00**	**$ 22,696,652.70**	**$ -**	**$ -**
LONG TERM LIABILITIES				
Long Term Debt	$ 9,555,000.00	$ 9,555,000.00		
SHAREHOLDER'S EQUITY				
Common Stock	$ 12,995,000.00	$ 12,995,000.00		
Additional Paid-in Capital	$ 834,708.00	$ 834,708.00		
Accummulated deficit	$ (673,423.00)	$ (688,055.30)		
Distribution to Shareholder				
Total Shareholder's Equity	$ 13,156,285.00	$ 13,141,652.70	$ -	$ -
Total Shareholder's Equity and Liabilities	**$ 22,711,285.00**	**$ 22,696,652.70**	**$ -**	**$ -**

Financial Statements

NPAC CORP

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 AND INDEPENDENT AUDITORS' REPORT

Leone, McDonnell & Roberts
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

NPAC CORP

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NPAC Corp

Opinion

We have audited the accompanying financial statements of NPAC Corp (a New Hampshire Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and accumulated deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NPAC Corp as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 NPAC Corp 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.

Responsibilities of Management for the Financial Statements

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

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

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 auditors' 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 NPAC Corp'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 NPAC Corp'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.

Leone McDonnell & Roberts
Professional Association

Dover, New Hampshire
March 11, 2025

NPAC CORP

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash	$ 451,307	$ 338,046
Supplemental rent receivable	75,950	-
Total current assets	527,257	338,046
RESTRICTED CASH		
NMTC fee reserve	175,632	233,312
Construction reserve	-	145
Cash flow reserve	100,352	100,051
Total restricted cash	275,984	333,508
PROPERTY		
Building	22,608,378	22,608,378
Less accumulated depreciation	990,324	410,622
Property, net	21,618,054	22,197,756
OTHER ASSETS		
NMTC structuring and closing costs, net	367,504	395,240
Total assets	$ 22,788,799	$ 23,264,550

LIABILITIES AND SHAREHOLDER'S EQUITY

	2024	2023
CURRENT LIABILITIES		
Accrued taxes, other	$ 1,564	$ -
Accrued real estate taxes	75,950	-
Total current liabilities	77,514	-
LONG TERM LIABILITIES		
Long term debt	9,555,000	9,555,000
Total liabilities	9,632,514	9,555,000
SHAREHOLDER'S EQUITY		
Common stock	12,995,000	12,995,000
Additional paid in capital	834,708	834,708
Accumulated deficit	(673,423)	(120,158)
Total shareholder's equity	13,156,285	13,709,550
Total liabilities and shareholder's equity	$ 22,788,799	$ 23,264,550

See Notes to Financial Statements

NPAC CORP

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INCOME		
Rental income	$ 500,000	$ 375,000
Supplemental rental income	161,421	170,943
Interest income	924	5,886
Total income	662,345	551,829
OPERATING EXPENSES		
Depreciation	579,702	410,622
Real estate taxes	161,421	170,943
Interest expense	76,097	57,073
MCD Sub CDE fees	48,554	36,416
Amortization	27,736	20,802
Accounting fee	21,607	4,597
Loan servicing and compliance fee	9,750	9,750
Attorney & consulting fee	3,072	-
Taxes, other	2,671	-
Bank fee	-	5
Total operating expenses	930,610	710,208
NET LOSS	(268,265)	(158,379)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	(120,158)	38,221
DISTRIBUTIONS TO SHAREHOLDER	(285,000)	-
ACCUMULATED DEFICIT, END OF YEAR	$ (673,423)	$ (120,158)

See Notes to Financial Statements

NPAC CORP

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (268,265)	$ (158,379)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation expense	579,702	410,622
Amortization expense	27,736	20,802
Decrease (increase) in assets		
Supplemental rent receivable	(75,950)	-
Increase (decrease) in liabilities		
Income taxes payable	1,564	(2,202)
Accrued expenses	75,950	(3,112)
NET CASH PROVIDED BY OPERATING ACTIVITIES	340,737	267,731
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction costs	-	(3,989,053)
NET CASH USED IN INVESTING ACTIVITIES	-	(3,989,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	-	694,708
Capital distribution	(285,000)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(285,000)	694,708
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	55,737	(3,026,614)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	671,554	3,698,168
CASH AND RESTRICTED CASH, END OF YEAR	$ 727,291	$ 671,554

CASH AND RESTRICTED CASH		
Operating cash	$ 451,307	$ 338,046
Restricted cash:		
NMTC fee reserve	175,632	233,312
Cash flow reserve	100,352	100,051
Construction reserve	-	145
Total cash and restricted cash	$ 727,291	$ 671,554

See Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General
NPAC Corp (the Company) is a Qualified Active Low-Income Community Business (QALICB) that was created for the sole purpose of facilitating a New Markets Tax Credit (NMTC) transaction in December 2020. Its purposes and responsibilities are limited to owning and developing the Nashua Center for the Arts building, leasing the building to the City of Nashua, and making debt service payments on its loans.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents
The Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company had no cash equivalents as of December 31, 2024 and 2023.

Property
Property is stated at cost at date of acquisition. Costs for repairs and maintenance are expensed when incurred and betterments with a useful life in excess of one year are capitalized.

Depreciation is provided for using the straight line method over the estimated useful lives of the related assets as follows:

Building	39 years

Depreciation expense for the years ended December 31, 2024 and 2023 totaled $579,702 and $410,622, respectively.

Interest Capitalized
The Company has capitalized interest in the amount of $286,061 as a component of the cost of property constructed for its own use.

Income Taxes

The Company is taxed as a "C" Corporation under the Internal Revenue Code. Accordingly, provisions are made in the financial statements for current and deferred income taxes.

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2024 and 2023, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2024 and 2023, the Company's federal and state tax returns generally remain open for three years.

Fair Value of Financial Instruments

Accounting Standard Codification No. 825 (ASC 825), *Disclosures of Fair Value of Financial Instruments*, requires the Company to disclose fair values for its financial instruments. The carrying amount of the Company's financial instruments which consist of cash, and accrued expenses approximate fair value because of the short maturity of those instruments.

Revenue Recognition Policy

The Company derives revenues from the rental of its building. Revenues are recognized as income, monthly, when rents become due and control of the building is transferred to the lessee. Control of the leased building is transferred to the lessee in an amount that reflects the consideration the Company expects to be entitled to in exchange for the leased building. The cost incurred to obtain a lease will be expensed as incurred.

Concentration of Credit Risk

The Company maintains its cash accounts in two financial institutions at December 31, 2024 and 2023, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

NOTE 2 RESTRICTED CASH BALANCES

Under the terms of the loan agreement, as a result of the New Market Tax Credit transaction and funding structure, certain reserve accounts were established as discussed below.

Cash Flow Reserve

A cash flow reserve was established at closing with an initial balance of $100,000. The reserve will be used for the working capital needs of the Company. The Company is required to restore the reserve to a balance of $100,000 at, or prior to the end of each fiscal year. At December 31, 2024 and 2023, the balance in the cash flow reserve was $100,352 and $100,051, respectively.

Construction Reserve
A construction reserve was established at closing with an initial balance of $18,257,522. The reserve was to be used for construction costs throughout the development phase of the project. Construction was completed during 2023. At December 31, 2023, the balance in the construction reserve was $145. At December 31, 2024 there was no balance in the construction reserve and the account was closed on October 10, 2024.

NMTC Fee Reserve
A NMTC fee reserve was established with an initial balance of $408,128. The purpose of the reserve is to pay the portion of interest on the loan which is used to pay the asset management fee, the audit and tax preparation fee, the miscellaneous expense fee, and the loan servicing and compliance fee during the NMTC compliance period. At December 31, 2024 and 2023, the balance in the reserve account was $175,632 and $233,312, respectively.

NOTE 3 LONG TERM DEBT

The long term debt consisted of the following as of December 31:

	2024	2023
30 year note payable to MCD Subsidiary CDE 14, LLC, with interest only payments through December 2027 at a rate of 1.30456%. Thereafter, the outstanding balance of principal and all accrued interest will be amortized based on a twenty-three-year amortization period. Annual payments of principal and interest in the amount of $358,265 commence on March 1, 2028 and continue through December 31, 2050. The note is secured by a building.	$ 7,108,850	$ 7,108,850
30 year note payable to MCD Subsidiary CDE 14, LLC, with interest only payments through December 2027 at a rate of 1.30456%. Thereafter, the outstanding balance of principal and all accrued interest will be amortized based on a twenty-three-year amortization period. Annual payments of principal and interest in the amount of $123,279 commence on March 1, 2028 and continue through December 31, 2050. The note is secured by a building.	2,446,150	2,446,150
Total long term debt	$ 9,555,000	$ 9,555,000

Future repayments of the obligations under long term debt are as follows for the year ended December 31, 2024.

Year Ending December 31	Amount
2025	$ -
2026	-
2027	-
2028	358,643
2029	363,345
Thereafter	8,833,012
Total	$ 9,555,000

NOTE 4 **INTANGIBLE ASSETS – NMTC STRUCTURING AND CLOSING COSTS**

As part of the structuring and closing of the New Market Tax Credit (NMTC) deal the Company paid fees totaling $416,042. The fees are to be amortized over fifteen years beginning on the date the building is placed in service. The building was placed in service on April 1, 2023. Total amortization expense for the year ended December 31, 2024 and 2023 was $27,736 and $20,802, respectively.

NOTE 5 **SHAREHOLDER'S EQUITY**

At December 31, 2024 and 2023, there were 100 shares of no par value common stock issued and outstanding.

NOTE 6 **ADDITIONAL PAID IN CAPITAL**

As of December 31, 2024 and 2023, the shareholder has contributed additional paid in capital in the amount of $834,708.

NOTE 7 **LOAN SERVICING AND COMPLIANCE FEE**

In connection with its loan, the Company is required to pay a quarterly loan servicing and compliance fee to MCD Subsidiary CDE 14, LLC in the amount of $2,438 per quarter, $9,750 annually, through December 2027. The fee is paid out of the NMTC fee reserve established at loan closing (see **Note 2**). Total loan servicing and compliance fee expense for each of the years ended December 31, 2024 and 2023 was $9,750.

NOTE 8 ASSET MANAGEMENT FEE

In connection with its loan, the Company is required to pay an annual asset management fee to MCD Subsidiary CDE 14, LLC in the amount of $34,125. The asset management fee is sourced from interest payments on the loan. If any interest payments on the loan are not paid in full, the Company will be invoiced for the portion of the fee that remains unpaid. The asset management fee was sourced entirely from interest for the years ended December 31, 2024 and 2023 and is included in MCD Sub CDE Fees for the year ended December 31, 2024, and in both the building, through capitalized interest, and MCD Sub CDE Fees for the year ended December 31, 2023.

NOTE 9 AUDIT AND TAX PREPARATION FEE

In connection with its loan, the Company is required to pay an annual audit and tax fee to MCD Subsidiary CDE 14, LLC in the amount of $13,429. The audit and tax fee is sourced from interest payments on the loan. If any interest payments on the loan are not paid in full, the Company will be invoiced for the portion of the fee that remains unpaid. The audit and tax fee was sourced entirely from interest for the years ended December 31, 2024 and 2023 and is included in MCD Sub CDE for the year ended December 31, 2024, and in both the building, through capitalized interest, and MCD Sub CDE for the year ended December 31, 2023.

NOTE 10 MISCELLANEOUS EXPENSE FEE

In connection with its loan, the Company is required to pay an annual miscellaneous expense fee to MCD Subsidiary CDE 14, LLC in the amount of $1,000. The miscellaneous expense fee is sourced from interest payments on the loan. If any interest payments on the loan are not paid in full, the Company will be invoiced for the portion of the fee that remains unpaid. The miscellaneous expense fee was sourced entirely from interest for the years ended December 31, 2024 and 2023 and is included in MCD Sub CDE for the year ended December 31, 2024, and in both the building, through capitalized interest, and MCD Sub CDE for the year ended December 31, 2023.

NOTE 11 DISTRIBUTIONS

The Company may make distributions of cash to its shareholder as long as the distributions do not cause a debt service coverage ratio of less than 1.00 to 1.00 or cause the balance of the cash flow reserve to be less than $100,000. During the year ended December 31, 2024, the Company made a distribution of $285,000. There was no distribution made during the year ended December 31, 2023.

NOTE 12 OPERATING LEASE

The Company leases its building to the City of Nashua under the terms of a twenty five year lease. Lease payments were to commence on the occupancy date, which was anticipated to be June 2, 2022; however, the certificate of occupancy was received on April 1, 2023 and lease payments commenced on that date. There is one option to renew for five years. Under the terms of the lease, the total annual rent is $500,000 upon occupancy with a two percent increase in 2027 and a one percent increase each year thereafter. Rent is payable in equal quarterly installments on or before March 1st, June 1st, September 1st, and December 1st each year. Additionally, all real estate taxes will be paid by the tenant as supplemental rent to the Company and commenced when real estate taxes were first incurred by the Company. Total rental income under this lease was $500,000 and $375,000 for the years ended December 31, 2024 and 2023, respectively. Total supplemental rental income under the lease was $161,421 and $170,943 for the years ended December 31, 2024 and 2023, respectively.

The minimum future rental income to be received under the terms of the non-cancelable lease is:

Year ending December 31	Amount
2025	$ 500,000
2026	500,000
2027	504,950
2028	515,000
2029	520,200
Thereafter	11,093,825
Total	$ 13,633,975

NOTE 13 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing financial statements. Non recognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after that date. Management has evaluated subsequent events through March 11, 2025, the date that the financial statements were available to be issued.