

Braebourne Housing, LLC

NCHFA Project No. 9001061

**Independent Auditor's Report,
Financial Statements, and
Supplementary Information**

December 31, 2022 and 2021

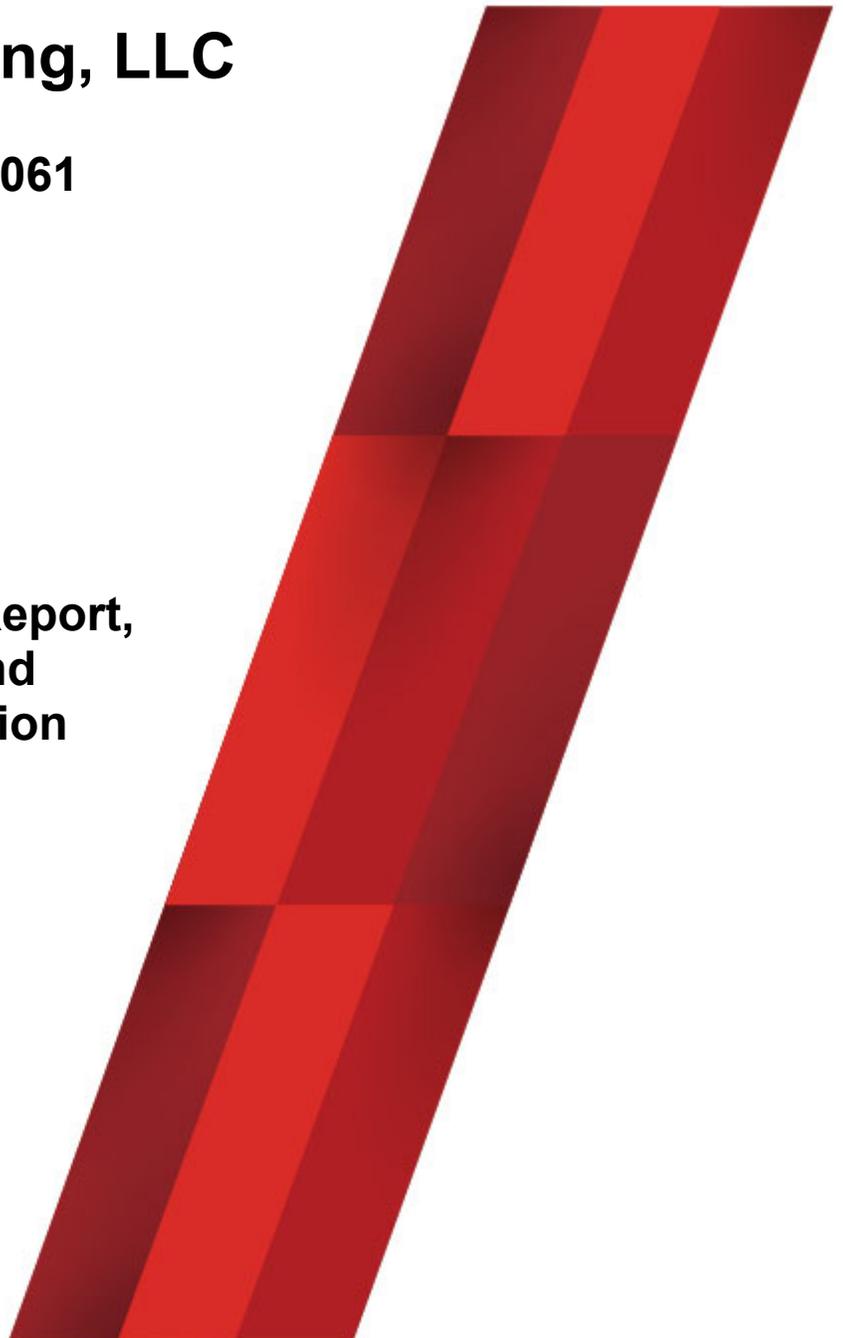


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Independent Auditor's Report

Member
Braebourne Housing, LLC
NCHFA Project No. 9001061
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Braebourne Housing, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Braebourne Housing, LLC 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 Braebourne Housing, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Braebourne Housing, LLC'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 Braebourne Housing, LLC'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.

FORVIS

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Income and Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS, LLP

High Point, NC
April 26, 2023

Braebourne Housing, LLC
NCHFA Project No. 9001061
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash, operating	\$ 50,973	\$ 188,533
Accounts receivable, tenants	56,545	33,354
Accounts receivable, other	1,020	-
Prepaid expenses	<u>8,008</u>	<u>40,035</u>
Total current assets	<u>116,546</u>	<u>261,922</u>
Restricted assets and funded reserves:		
Cash, reserve for replacements	436,725	381,207
Cash, operating reserve	257,244	256,718
Cash, tax and insurance escrow	42,720	10,677
Cash, security deposits	<u>65,181</u>	<u>58,085</u>
	<u>801,870</u>	<u>706,687</u>
Rental property:		
Land	1,532,677	1,532,677
Land improvements	966,447	957,097
Buildings	6,405,725	6,376,033
Furniture and equipment	<u>635,701</u>	<u>631,881</u>
	9,540,550	9,497,688
Accumulated depreciation	<u>(5,086,998)</u>	<u>(4,935,867)</u>
	<u>4,453,552</u>	<u>4,561,821</u>
Total assets	<u>\$ 5,371,968</u>	<u>\$ 5,530,430</u>

See accompanying notes.

Braebourne Housing, LLC
NCHFA Project No. 9001061
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
LIABILITIES LESS MEMBER'S DEFICIT		
Current liabilities:		
Current maturities of mortgages payable	\$ 200,892	\$ 188,319
Accounts payable	3,283	7,695
Accrued expenses	14,840	10,485
Accrued interest - other	<u>38,764</u>	<u>60,279</u>
Total current liabilities	<u>257,779</u>	<u>266,778</u>
Deposits and prepaid liabilities:		
Tenant security deposits	65,181	58,900
Prepaid rent	<u>2,429</u>	<u>18,597</u>
	<u>67,610</u>	<u>77,497</u>
Long-term liabilities:		
Mortgages payable, net of unamortized debt issuance cost of \$51,692 in 2022 and \$56,873 in 2021, net of current maturities	5,034,067	5,231,778
Accrued interest, net of current portion	18,369	18,369
Accrued interest - DHIC	<u>20,703</u>	<u>19,624</u>
	<u>5,073,139</u>	<u>5,269,771</u>
Member's deficit	<u>(26,560)</u>	<u>(83,616)</u>
Total liabilities and equity	<u>\$ 5,371,968</u>	<u>\$ 5,530,430</u>

Braebourne Housing, LLC
NCHFA Project No. 9001061
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Gross rental income	\$ 1,324,753	\$ 1,308,222
Less:		
Vacancies	(16,885)	(22,733)
Concessions	(1,160)	(2,811)
Loss to lease	(17,964)	(20,714)
Net rental income	<u>1,288,744</u>	<u>1,261,964</u>
Other income:		
Interest income	1,632	326
Other	18,683	44,587
Total other income	<u>20,315</u>	<u>44,913</u>
Total income	<u>1,309,059</u>	<u>1,306,877</u>
Expenses:		
Administrative	156,767	149,285
Utilities	108,344	91,399
Professional fees	10,709	5,660
Management fees	56,994	57,182
Repairs and maintenance	369,584	342,522
Taxes and insurance	34,710	34,601
Total expenses	<u>737,108</u>	<u>680,649</u>
Income from operations	<u>571,951</u>	<u>626,228</u>
Nonoperating expenses:		
Interest expense	256,150	267,157
Company fees	75,000	150,000
Loss on disposal of assets	9,795	-
Depreciation	173,950	170,620
Total nonoperating expenses	<u>514,895</u>	<u>587,777</u>
Net income	<u>\$ 57,056</u>	<u>\$ 38,451</u>

Braebourne Housing, LLC
NCHFA Project No. 9001061
Statements of Member's Deficit
Years Ended December 31, 2022 and 2021

Deficit, December 31, 2020	\$ (122,067)
Net income	<u>38,451</u>
Deficit, December 31, 2021	(83,616)
Net income	<u>57,056</u>
Deficit, December 31, 2022	<u><u>\$ (26,560)</u></u>

Braebourne Housing, LLC
NCHFA Project No. 9001061
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income	\$ 57,056	\$ 38,451
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	173,950	170,620
Loss on disposal of assets	9,795	-
Amortization of deferred financing costs	5,181	5,654
Change in assets and liabilities:		
Accounts receivable, tenants	(24,211)	(15,111)
Prepaid expenses	32,027	(17,545)
Accounts payable and accrued expenses	(57)	(26,768)
Accrued interest	(20,436)	(19,417)
Tenant security deposits	6,281	8,804
Prepaid rent	(16,168)	3,022
Net cash provided by operating activities	<u>223,418</u>	<u>147,710</u>
Cash flows from investing activities:		
Purchase of rental property	<u>(75,476)</u>	<u>-</u>
Net cash used by investing activities	<u>(75,476)</u>	<u>-</u>
Cash flows from financing activities:		
Repayment of mortgages payable	<u>(190,319)</u>	<u>(176,407)</u>
Net cash used by financing activities	<u>(190,319)</u>	<u>(176,407)</u>
Net decrease in cash and restricted deposits and funded reserves	<u>(42,377)</u>	<u>(28,697)</u>
Cash and restricted deposits and funded reserves, beginning of year	<u>895,220</u>	<u>923,917</u>
Cash and restricted deposits and funded reserves, end of year	<u>\$ 852,843</u>	<u>\$ 895,220</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 271,405</u>	<u>\$ 280,920</u>
Reconciliation of cash and restricted deposits and funded reserves to the balance sheet:		
Cash, operating	\$ 50,973	\$ 188,533
Restricted deposits and funded reserves	<u>801,870</u>	<u>706,687</u>
	<u>\$ 852,843</u>	<u>\$ 895,220</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Braebourne Limited Partnership (the “Partnership”) was organized on July 13, 1998 for the purpose of developing, constructing, owning and operating a 120-unit (50 low-income) housing complex (the “Project”) located in Raleigh, North Carolina. Development of the Project commenced in 1998 and was completed in October 2000.

Effective December 16, 1999, the partnership agreement was amended to admit a new limited partner, Banc of America Housing Fund II Limited Partnership, and to permit the withdrawal of the original limited partner, DHIC, Inc. Effective December 31, 2016, Banc of America Housing Fund II Limited Partnership transferred its limited partner interest to Community Revitalization and Preservation Corporation (“CRPC”). On January 25, 2017, the Partnership converted to a limited liability company, Braebourne Housing, LLC, (the “Company”), and the former general partner, Capital Ventures Investment Group, Inc., assigned its 0.01% membership interest to CRPC. As a result, effective January 25, 2017, CRPC is the sole member of the Company.

The Project received an allocation of low-income housing tax credits from the North Carolina Housing Finance Agency under Section 42 of the Internal Revenue Code of 1986, as amended.

Basis of accounting

The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

The following is a summary of significant accounting policies consistently applied in the preparation of these financial statements.

Income taxes

As a limited liability company, the Company’s taxable income or loss is allocated to the member and is reflected in the member’s income taxes; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Rental property

Rental property is stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives under the straight-line method. The estimated lives used in determining depreciation are:

Land improvements	20 years
Buildings	40 years
Building equipment - portable	7 years
Furniture and equipment	5 to 7 years

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Cash and cash equivalents

For purposes of the statements of cash flows, the Company considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of 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 the 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.

Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. No impairment losses were recognized during 2022 or 2021.

Accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Concentrations of credit risk

The Company maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, 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 credit risk on cash and cash equivalents.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were \$112 and \$179, respectively.

Debt issuance costs

Loan costs are being amortized to interest expense over the lives of the related loans.

Subsequent events evaluation

The Company evaluated the effect subsequent events would have on the financial statements through April 26, 2023, which is the date the financial statements were available to be issued.

2. Member’s Capital Contributions

In accordance with the operating agreement, the sole member of the Company, CRPC, is not required to make any additional capital contributions.

3. Mortgages Payable

Details of the mortgages payable at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
<p>Mortgage payable to Community Reinvestment Fund (“CRF”) in the principal sum of \$4,425,000 with interest at 7.25%. The mortgage is payable in monthly installments of \$30,187, including interest, through December 1, 2034 and a final payment of \$29,290, including interest, due on January 1, 2035. The loan is secured by a first deed of trust on the property. Accrued interest payable at December 31, 2022 and 2021 amounted \$17,581 and \$18,460, respectively. Interest expense for the years ended December 31, 2022 and 2021 amounted to \$ 215,868 and \$226,075, respectively. Deferred financing costs amortized to interest expense amounted to \$4,217 for each of the years ended December 31, 2022 and 2021. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$216,747 and \$226,893, respectively.</p>	<p>\$ 2,909,933</p>	<p>3,055,431</p>
<p>Note payable to the City of Raleigh (the “City”) in the principal sum of \$1,000,000 with interest at 6% and annual loan payments based on net cash flow through December 2004, at which time the loan was modified. Effective January 1, 2005, interest shall accrue at 2% with a 20-year term and no longer requires payments from cash flow. The City has the option to re-evaluate the payment schedule after five years. The loan is payable in monthly installments ranging from \$303 in 2005 to \$3,534 in year 2024 with a final payment of \$368,856 due on January 1, 2025. For the years ended December 31, 2022 and 2021, total payments of \$40,636 and \$39,650 were made, respectively. The note is secured by a second deed of trust on the property, and repayment is guaranteed by DHIC, Inc., an affiliate of the member. Accrued interest payable at December 31, 2022 and 2021 amounted to \$38,369 and \$59,005, respectively. Interest expense for each of the years ended December 31, 2022 and 2021 amounted to \$20,000. Deferred financing costs amortized to interest expense at December 31, 2022 and 2021 amounted to \$76 and \$500, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$40,636 and \$39,650, respectively.</p>	<p>1,000,000</p>	<p>1,000,000</p>

Braebourne Housing, LLC
NCHFA Project No. 9001061
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
Mortgage payable to the North Carolina Housing Finance Agency ("NCHFA") in the original principal sum of \$800,000, carried a 30-year term and interest rate of 4% until the loan was modified on June 1, 2005. The loan bears interest at 1.5% from June 30, 2005 through and including May 31, 2010 and starting June 1, 2010 through maturity date of January 1, 2025, the interest rate shall be 2%. Monthly installments of principal and interest range from \$485 in 2005 to \$2,822 in year 2024. For the years ended December 31, 2022 and 2021, total payments were \$32,450 and \$31,663, respectively. All outstanding principal and accrued interest will be due and payable in full on January 1, 2025. The loan is secured by a third deed of trust on the property. Accrued interest payable as of December 31, 2022 and 2021 amounted to \$1,183. Interest expense for the years ended December 31, 2022 and 2021 amounted to \$14,022 and \$14,349, respectively. Deferred financing costs amortized to interest expense at December 31, 2022 and 2021 amounted to \$433 and \$482, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$14,022 and \$14,377, respectively.	\$ 691,070	\$ 709,499
Mortgage payable to the County of Wake in an amount not to exceed \$600,000 with 0% interest. The loan was modified on June 16, 2005 to amend the due date to January 1, 2025. The loan is payable in monthly installments of principal ranging from \$182 in 2005 to \$2,119 in year 2024, with a final payment of \$203,902 due on January 1, 2025. For the years ended December 31, 2022 and 2021, total payments were \$26,392 and \$23,771, respectively. The loan is secured by a fourth deed of trust on the property.	254,240	280,632
Mortgage payable to DHIC, Inc., an affiliate of the member, with interest at 0.25% and all payments of interest and principal deferred until maturity on December 29, 2025. The loan was modified on December 29, 2004 to increase the principal amount of the loan to \$431,408. The loan is secured by a fifth deed of trust on the property. Accrued interest payable at December 31, 2022 and 2021 was \$20,703 and \$19,624, respectively. Interest expense amounted to \$1,079 for each of the years ended December 31, 2022 and 2021. Deferred financing costs amortized to interest expense amounted to \$455 for each of the years ended December 31, 2022 and 2021.	<u>431,408</u>	<u>431,408</u>
	5,286,651	5,476,970
Less: unamortized debt issuance costs	(51,692)	(56,873)
Less: current maturities	<u>(200,892)</u>	<u>(188,319)</u>
	<u>\$ 5,034,067</u>	<u>\$ 5,231,778</u>

Estimated principal maturities of the mortgages payable subsequent to December 31, 2022 are as follows:

2023	\$ 200,892
2024	865,046
2025	1,816,039
2026	194,276
2027	208,839
Future years	<u>2,001,559</u>
	<u>\$ 5,286,651</u>

4. Related-Party Transactions

Management services fee

Pursuant to a management services agreement dated February 4, 2017, the Company shall pay an annual management services fee to DHIC equal to 100% of net income available for distribution, as determined at the sole discretion of the manager (the sole member of the Company). For the years ended December 31, 2022 and 2021, management services fees of \$75,000 and \$150,000, respectively, were paid.

5. Reserves

Operating reserve funding

The NCHFA loan agreement requires the Company to fund an operating reserve of \$210,076 using a combination of capital contributions received from the previous limited partner and cash flow from operations, as defined. Upon receipt of each of the second and third installments of limited partner capital contributions, the Company was required to deposit \$105,038 into the operating reserve. The NCHFA must approve any withdrawals from the reserve exceeding \$2,000 in aggregate during any three-month period. An analysis of the reserve for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning	\$ 256,718	\$ 256,602
Interest earned	<u>526</u>	<u>116</u>
Balance, ending	<u>\$ 257,244</u>	<u>\$ 256,718</u>

Replacement reserve funding

The NCHFA loan agreement requires the Company to fund a replacement reserve from the Project's operations in the amount of \$200 per unit per year starting in 2001, increasing by 4% each year thereafter. Scheduled deposits to the replacement reserve are cumulative. Funds in the replacement reserve may be used by the Company to make major repairs; however, NCHFA must approve any withdrawals from the reserve exceeding \$2,000 in aggregate during any three-month period.

An analysis of the reserve for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning	\$ 381,207	\$ 328,470
Contributions	54,690	52,587
Interest	<u>828</u>	<u>150</u>
Balance, ending	<u>\$ 436,725</u>	<u>\$ 381,207</u>

As of December 31, 2022 and 2021, the replacement reserve is adequately funded.

6. Commitments and Contingencies

Property management agreement

The Company has entered into a Management Agreement with Community Management Corporation (CMC) on March 27, 2020, an unaffiliated management company, to provide property management services to the Project. The management agent will be compensated at the rate of 4.53% of gross collections received from the preceding month. The term of the agreement is three years from the date of initial occupancy and renews for successive terms automatically under certain conditions, as defined. Management fee expense for the years ended December 31, 2022 and 2021 was \$56,994 and \$57,182, respectively.

Land use restriction agreement

The Company has entered into a land use restriction agreement with the North Carolina Federal Tax Reform Allocation Committee (NCTRAC) in connection with its allocation of low-income housing tax credits. Under the agreement, the Company has agreed to use 50 of the property's 120 units to rent to tenants whose income is 50% or less of the area median gross income as determined under Section 42 of the Internal Revenue Code. The agreement's original term expired in August 2008, but it has been extended another 15 years until August 2023.

7. Contingencies, Risks and Uncertainties

The Company's sole asset is its 120-unit (50 of which are low-income) housing complex located in Raleigh, North Carolina. The Company's operations are concentrated in the affordable housing real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Supplementary Information

Braebourne Housing, LLC
NCHFA Project No. 9001061
Schedules of Income and Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income	<u>\$ 1,288,744</u>	<u>\$ 1,261,964</u>
Interest income:		
Interest income	<u>\$ 1,632</u>	<u>\$ 326</u>
Other income:		
Late fees	\$ 5,664	\$ 5,814
Damages and cleaning fees	2,269	4,705
Pet fees	2,396	2,920
Washer/dryer rentals	1,691	3,919
Other	6,663	2,178
Grant revenue	-	25,051
	<u>\$ 18,683</u>	<u>\$ 44,587</u>
Administrative:		
Advertising/marketing	\$ 112	\$ 179
Office payroll and related expenses	58,783	57,339
Manager salaries	57,767	53,132
Office supplies	9,806	8,335
Employee health insurance	16,762	13,343
Bad debt expense	2,558	2,849
Miscellaneous	10,979	14,108
	<u>\$ 156,767</u>	<u>\$ 149,285</u>
Utilities:		
Electricity	\$ 18,354	\$ 16,459
Water	44,738	37,314
Sewer	45,252	37,626
	<u>\$ 108,344</u>	<u>\$ 91,399</u>
Professional fees:		
Legal	\$ 285	\$ -
Auditing	10,424	5,660
	<u>\$ 10,709</u>	<u>\$ 5,660</u>

Braebourne Housing, LLC
NCHFA Project No. 9001061
Schedules of Income and Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Management fees:		
Property management	<u>\$ 56,994</u>	<u>\$ 57,182</u>
Repairs and maintenance:		
Repairs and maintenance payroll	\$ 52,018	\$ 31,953
Grounds maintenance	30,860	51,232
Maintenance supplies	79,833	75,954
Garbage and trash	833	844
Exterminating services	5,056	3,881
Other contract services	<u>200,984</u>	<u>178,658</u>
	<u>\$ 369,584</u>	<u>\$ 342,522</u>
Taxes and insurance:		
Real estate taxes	\$ 519	\$ 1,134
Property insurance	<u>34,191</u>	<u>33,467</u>
	<u>\$ 34,710</u>	<u>\$ 34,601</u>
Interest expense:		
Interest expense - CRF	\$ 215,868	\$ 226,075
Interest expense - City of Raleigh	20,000	20,000
Interest expense - NCHFA	14,022	14,349
Interest expense - DHIC, Inc.	1,079	1,079
Amortization of debt issuance cost	<u>5,181</u>	<u>5,654</u>
	<u>\$ 256,150</u>	<u>\$ 267,157</u>
Company fees:		
Management services fee	<u>\$ 75,000</u>	<u>\$ 150,000</u>
Depreciation expense:		
Depreciation	<u>\$ 173,950</u>	<u>\$ 170,620</u>
Loss on disposal of assets	<u>\$ 9,795</u>	<u>\$ -</u>