

Santree Commons Housing, LLC

NCHFA Project No. 9000987

RHS Project No. 38-059-936803542-01-6

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

December 31, 2022 and 2021

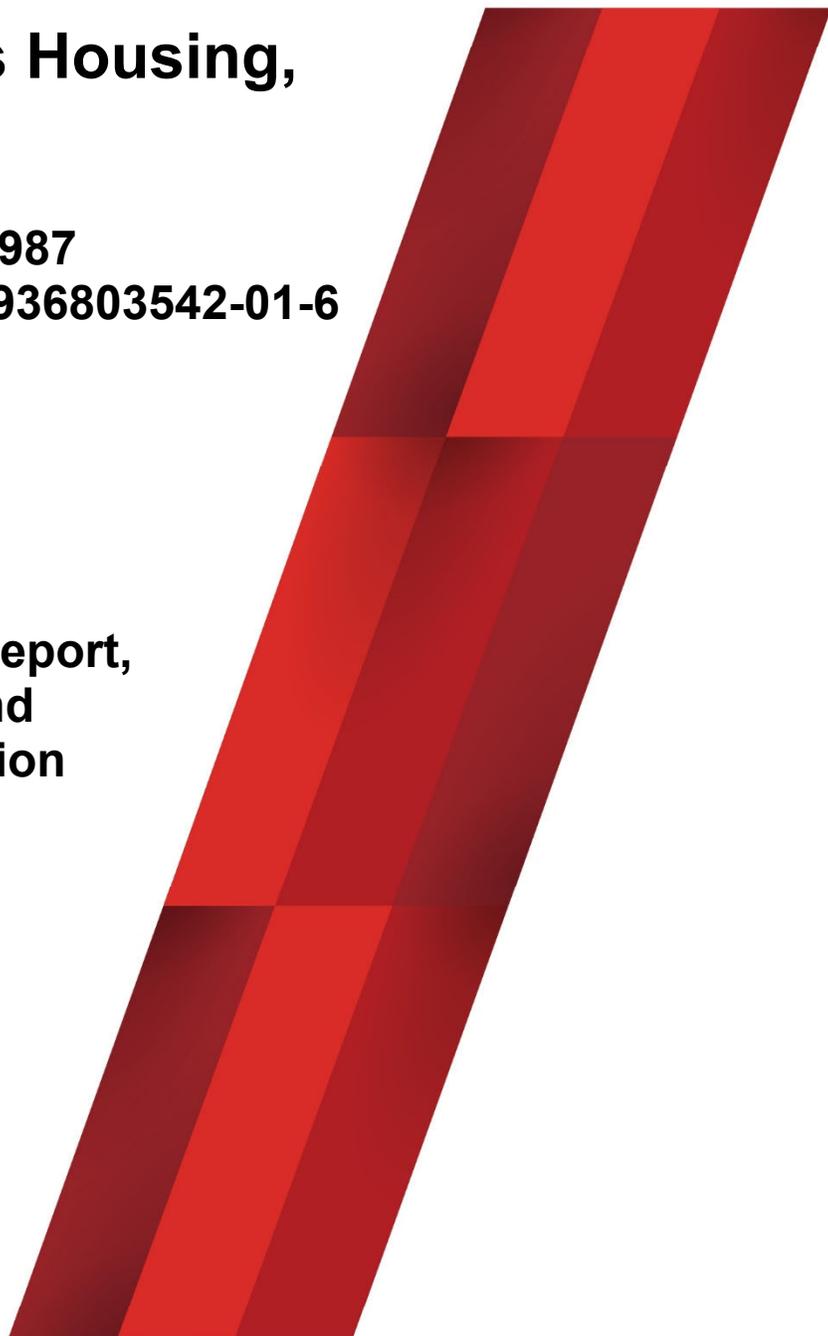


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Independent Auditor's Report

Member
Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santree Commons Housing, LLC, NCHFA Project No. 9000987, RHS Project No. 38-059-936803542-01-6, 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 Santree Commons 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Santree Commons 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 Santree Commons 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 and *Government 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 GAAS and Government 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 Santree Commons 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 Santree Commons 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.



Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 15 through 25 is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of Santree Commons Housing, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santree Commons Housing, LLC's internal control over financial reporting and compliance.

FORVIS,LLP

**High Point, NC
March 31, 2023**

Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash, operating	\$ 22,994	\$ 26,058
Accounts receivable, tenants	4,436	1,234
Accounts receivable, other	3,227	1,300
Prepaid expenses	<u>1,469</u>	<u>7,345</u>
Total current assets	<u>32,126</u>	<u>35,937</u>
Restricted deposits and funded reserves:		
Cash, operating reserve	43,312	43,232
Cash, tax and insurance escrow	8,330	1,960
Cash, replacement reserve	102,147	89,128
Cash, security deposits	<u>15,746</u>	<u>14,380</u>
	<u>169,535</u>	<u>148,700</u>
Rental property:		
Land	103,886	103,886
Land improvements	334,347	334,347
Buildings	1,523,342	1,523,342
Building equipment	39,024	39,024
Office equipment	<u>15,137</u>	<u>15,137</u>
	<u>2,015,736</u>	<u>2,015,736</u>
Less accumulated depreciation	<u>(1,530,901)</u>	<u>(1,478,653)</u>
	<u>484,835</u>	<u>537,083</u>
	<u>\$ 686,496</u>	<u>\$ 721,720</u>

Santree Commons Housing, LLC
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Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
LIABILITIES LESS MEMBERS' DEFICIT		
Current liabilities:		
Current portion of mortgages payable	\$ 20,717	\$ 20,156
Accounts payable	<u>2,927</u>	<u>1,584</u>
Total current liabilities	<u>23,644</u>	<u>21,740</u>
Deposits and prepayment liabilities:		
Tenant security deposits	15,746	14,380
Prepaid rent	<u>263</u>	<u>79</u>
	<u>16,009</u>	<u>14,459</u>
Other liabilities:		
Accrued interest, affiliates	83,734	80,284
Accounts payable, affiliates	137,592	143,060
Note payable, affiliate	172,500	172,500
Mortgages payable, net of current maturities	<u>859,115</u>	<u>880,583</u>
	<u>1,252,941</u>	<u>1,276,427</u>
Member's deficit	<u>(606,098)</u>	<u>(590,906)</u>
	<u>\$ 686,496</u>	<u>\$ 721,720</u>

Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Rental income:		
Apartments	\$ 53,645	\$ 56,137
Tenant assistance payments	136,723	129,911
	<u>190,368</u>	186,048
Potential rental income		
	190,368	186,048
Less: Vacancies	(686)	(2,265)
Less: Loss to lease	(775)	-
	<u>188,907</u>	<u>183,783</u>
Total rental income		
	188,907	183,783
Other income:		
Application fees	580	640
Laundry and vending	932	1,318
Interest income	156	14
Tenant charges	2,598	2,797
Other	9	8,117
	<u>4,275</u>	<u>12,886</u>
Total other income		
	4,275	12,886
Total income	<u>193,182</u>	<u>196,669</u>
Expenses:		
Operating and maintenance expenses	59,343	82,341
Utilities expenses	12,289	13,122
Administrative expenses	62,807	59,147
Taxes and insurance	5,987	9,733
Interest on mortgages payable	15,700	16,271
	<u>156,126</u>	<u>180,614</u>
Total expenses		
	156,126	180,614
Income from operations	<u>37,056</u>	<u>16,055</u>
Nonoperating (income) expense:		
Interest subsidy income	(39,493)	(39,493)
Interest subsidy expense	39,493	39,493
Depreciation	52,248	52,248
	<u>52,248</u>	<u>52,248</u>
Total nonoperating expense		
	52,248	52,248
Net loss	<u>\$ (15,192)</u>	<u>\$ (36,193)</u>

See accompanying notes.

Santree Commons Housing, LLC
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Statements of Member's Deficit
Years Ended December 31, 2022 and 2021

Member's deficit, December 31, 2020	\$ (554,713)
Net loss	<u>(36,193)</u>
Member's deficit, December 31, 2021	(590,906)
Net loss	<u>(15,192)</u>
Member's deficit, December 31, 2022	<u><u>\$ (606,098)</u></u>

Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (15,192)	\$ (36,193)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	52,248	52,248
Change in assets and liabilities		
Accounts receivable, tenants	(3,202)	(969)
Accounts receivable, other	(1,927)	6,764
Prepaid expenses	5,876	(3,277)
Accounts payable	1,343	(7,627)
Accrued interest, affiliates	3,450	3,450
Accounts payable, affiliates	(5,468)	(5,468)
Tenant security deposits	1,366	(291)
Prepaid rent	184	35
Net cash provided by operating activities	<u>38,678</u>	<u>8,672</u>
Cash flows from financing activities:		
Principal payments on mortgages	<u>(20,907)</u>	<u>(20,336)</u>
Net cash used by financing activities	<u>(20,907)</u>	<u>(20,336)</u>
Net increase (decrease) in cash, restricted deposits and funded reserves	17,771	(11,664)
Cash, restricted deposits and funded reserves, beginning of year	<u>174,758</u>	<u>186,422</u>
Cash, restricted deposits and funded reserves, end of year	<u>\$ 192,529</u>	<u>\$ 174,758</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 12,250</u>	<u>\$ 12,821</u>
Reconciliation of cash, restricted deposits and funded reserves to the balance sheet:		
Cash, operating	\$ 22,994	\$ 26,058
Restricted deposits and funded reserves	<u>169,535</u>	<u>148,700</u>
	<u>\$ 192,529</u>	<u>\$ 174,758</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Santree Commons Limited Partnership was organized on June 12, 1997 for the purpose of developing, constructing, owning and operating a 24-unit low-income housing complex (the "Project") located in Williamston, North Carolina. The Project was completed and began rental operations in September 1999.

Effective September 18, 1998, the Partnership agreement was amended to admit a new limited partner, Enterprise Housing Partners VII Limited Partnership, and to permit the withdrawal of the original limited partner, DHIC, Inc. ("DHIC"). The general partners were Santree Development Corporation and Santree, Inc.

Effective September 29, 2014, Enterprise Housing Partners VII Limited Partnership transferred its combined 99.9% limited partner interest to Community Revitalization and Preservation Corporation ("CRPC"), and Santree, Inc. assigned its 0.10% general Partnership interest to Santree Development Corporation. On November 26, 2014, the Partnership converted to a limited liability company, Santree Commons Housing, LLC (the "Company"). On November 27, 2014, Santree Development Corporation assigned its member interest to CRPC. As a result, effective November 27, 2014, 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 in accordance with the operating agreement 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 computed by the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15 years
Buildings	30 years
Building equipment	7 years
Office equipment	3 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. The Company's deposited funds are in institutions insured by the Federal Deposit Insurance Corporation and the U. S. Treasury.

Restricted cash

Restricted cash consists of tenant security deposits and escrow deposits held by lenders for property taxes, insurance, other fees, operating deficits, and replacement reserves. The tenant security deposit account represents cash restricted for the purpose of refunding tenants' security deposits paid at the move-in date. Security deposits are refunded to the tenants at the time of move-out in accordance with the tenant lease agreement, subject to cleaning and repairs incidental to normal wear on the tenant unit.

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.

Rental assistance payments

Rural Development contracts with the Project annually, pursuant to Section 521 of the Housing Act of 1949, to make rental assistance payments to the Project on behalf of qualified tenants. The contract terminates upon total disbursement of the assistance obligation. Rental assistance payments received under this contract were approximately \$136,000 and \$130,000 during 2022 and 2021, respectively.

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 and 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 \$229 and \$1,171, respectively.

2. Mortgages Payable

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

	<u>2022</u>	<u>2021</u>
First mortgage loan with Rural Development with subsidized monthly payments of \$1,708 including interest, through December 1, 2029. In accordance with an interest subsidy agreement, the interest rate is 7.25%, however monthly payments are based on a 1% rate as long as the Company remains in compliance with the provisions of the loan agreement. For each of the years ended December 31, 2022 and 2021, the interest subsidy amounted to \$39,493. Total payments on the loan amounted to \$20,490 for the year ended December 31, 2022. For the years ended December 31, 2022 and 2021, interest expense incurred and paid amounted to \$12,250 and \$12,821, respectively, net of the interest subsidy. All monthly installments were calculated based on an amortization period of 50 years, creating a balloon payment on December 17, 2029.	\$ 709,097	\$ 717,337
Second mortgage loan with the North Carolina Housing Finance Agency (NCHFA) in the original amount of \$461,020. Principal-only payments of \$1,056 are due monthly until January 2030, at which time all outstanding principal is payable in full. Total payments on the loan amounted to \$12,667 for the year ended December 31, 2022. As long as the Company remains in compliance with all terms of the promissory note, the note bears interest at 0%. However, upon default, interest shall accrue at 10%. As of December 31, 2022, the Company is not in default, and accordingly, no interest has been incurred or paid on the loan.	<u>170,735</u>	<u>183,402</u>
	879,832	900,739
Less current maturities	<u>(20,717)</u>	<u>(20,156)</u>
	<u>\$ 859,115</u>	<u>\$ 880,583</u>

Total estimated maturities of the mortgages payable subsequent to December 31, 2022 are as follows:

	<u>Rural Development</u>	<u>NCHFA</u>	<u>Total</u>
2023	\$ 8,050	\$ 12,667	\$ 20,717
2024	9,412	12,667	22,079
2025	10,118	12,667	22,785
2026	10,876	12,667	23,543
2027	11,692	12,667	24,359
Thereafter	<u>658,949</u>	<u>107,400</u>	<u>766,349</u>
	<u>\$ 709,097</u>	<u>\$ 170,735</u>	<u>\$ 879,832</u>

3. Note Payable, Affiliate

The note payable, affiliate is to DHIC in the principal sum of \$172,500, with no principal or interest payments due before September 16, 2031. The note shall accrue interest at 2% per annum with a default rate of 8%. In accordance with the promissory note, the Company is required to maintain affordable rents as defined in the agreement. As of December 31, 2022 and 2021, accrued interest on the note was \$83,734 and \$80,284, respectively, and interest expense for each year was \$3,450.

4. Related-Party Transactions

Management services fee

Pursuant to a management services agreement dated September 29, 2014, the Company shall pay an annual management services fee to DHIC equal to one hundred percent of net income available for distribution, as defined. For the years ended December 31, 2022 and 2021, no management services fees were paid.

Accounts payable, affiliates

Prior to the conversion of the Company to a limited liability company on November 27, 2014, the previous legal entity (the "partnership") was party to a partnership management agreement, whereby the partnership agreed to pay DHIC and Bertie, Martin, and Washington Community Development Corporation, affiliates of the previous general partners of the partnership, a cumulative annual partnership management fee of up to \$10,000 beginning in 1999 and adjusted upward thereafter by 4% per year. However, the maximum annual distribution to the partners allowed per the loan agreement with Rural Development was \$5,468. This fee was payable out of net cash flow, as defined in the partnership agreement. As of December 31, 2022 and 2021, accrued fees under this prior agreement amounted to \$137,592 and \$143,060, respectively, which are included in accounts payable, affiliates.

5. Commitments and Contingencies

Operating reserve funding

The loan agreement with NCHFA requires the Company to fund an operating reserve account in the amount of \$35,738 using a combination of capital contributions received from the former limited partner and cash flow from operations, as defined. The funds of the reserve are invested in a money market mutual fund which is invested in U.S. government securities. The money market mutual fund is carried at its fair value (based on transacted values) of \$1 per share. An analysis of the operating reserve for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning	\$ 43,232	\$ 43,227
Interest, net of fees	<u>80</u>	<u>5</u>
Balance, ending	<u>\$ 43,312</u>	<u>\$ 43,232</u>

Replacement reserve funding

The loan agreement with Rural Development requires the Company to fund a replacement reserve in the amount of \$12,987 annually using cash flow from operations, as defined, until the amount in the reserve reaches \$129,870. Scheduled deposits to the replacement reserve are cumulative and must be funded prior to payment of the management services fee (see Note 4). Funds in the replacement reserve may be used by the member to make major repairs with the approval of Rural Development. An analysis of the replacement reserve for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning	\$ 89,128	\$ 95,825
Annual funding	12,987	12,987
Interest, net of fees	32	9
Approved withdrawals	<u>-</u>	<u>(19,693)</u>
Balance, ending	<u>\$ 102,147</u>	<u>\$ 89,128</u>

As of December 31, 2022, the funding of the reserve is in compliance with the loan agreement.

6. Property Management

The Company has entered into a Management Agreement with Community Management Corporation (“CMC”), an unaffiliated management company, to provide property management services. The management agent will be compensated at the rate of \$68 and \$66 per occupied unit per month for the years ended December 31, 2022 and 2021, respectively. Expenses incurred under the agreement during 2022 and 2021 amounted to \$19,584 and \$19,008, respectively. Accrued property management fees amounted to \$1,632 and \$1,584 as of December 31, 2022 and 2021, respectively.

7. Current Vulnerability Due to Certain Concentrations

The Company's sole asset is its 24-unit low-income housing complex located in Williamston, 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, Rural Development and 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 Rural Development or 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.

8. Subsequent Event

The Company evaluated the effect subsequent events would have on the financial statements through March 31, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

Supplemental Data Required By Rural Development

1. Management Fee Calculation

The management fee is based on a fee per unit occupied by tenants during the month as follows:

Total qualified units (24 x 12 months)	288
Less: Vacancies	<u> -</u>
Total occupied units	288
Fee per unit (effective January 2022)	<u>\$ 68</u>
Management fee expense	<u><u>\$ 19,584</u></u>

2. Insurance Disclosure

The Company maintains insurance coverage as follows:

	<u>Coverage Period</u>	<u>Coverage</u>
Property coverage on building	09/01/2021 - 04/01/2023	\$ 1,296,600
Comprehensive business liability	09/01/2021 - 04/01/2023	2,000,000
Fidelity / employee dishonesty	09/01/2021 - 04/01/2023	500,000

3. Return to Owner

Maximum return to owner	<u><u>\$ 5,468</u></u>
Budgeted return to owner	<u><u>\$ 5,468</u></u>
Return to owner paid:	
Company management fee	<u><u>\$ 5,468</u></u>

Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Schedules of Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Operating and maintenance expenses:		
Repairs and maintenance payroll	\$ 19,004	\$ 13,213
Repairs and maintenance supply	11,130	5,564
Maintenance and repairs contract	11,299	21,195
Grounds maintenance	14,820	18,614
Painting	249	1,700
Reserve expenditures for miscellaneous operating and maintenance	-	19,693
Services	2,655	2,159
Other operating and maintenance	186	203
	<u>\$ 59,343</u>	<u>\$ 82,341</u>
Utilities expenses:		
Electricity	\$ 2,994	\$ 2,934
Water	645	983
Sewer	469	578
Garbage and trash	8,181	8,627
	<u>\$ 12,289</u>	<u>\$ 13,122</u>
Administrative expenses:		
Advertising/marketing	\$ 229	\$ 1,171
Manager salary	18,441	20,791
Telephone	1,901	1,686
Bad debts expense (recovery)	110	1,173
Office supplies	3,384	2,817
Office furnishings	880	140
Training	1,972	264
Payroll taxes	2,987	2,569
Employee benefits	247	247
Miscellaneous	719	1,707
Auditing	12,064	7,120
Legal fees	126	-
Management fee	19,584	19,008
Workers compensation	163	454
	<u>\$ 62,807</u>	<u>\$ 59,147</u>

Santree Commons Housing, LLC
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RHS Project No. 38-059-936803542-01-6
Schedules of Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Taxes and insurance:		
Property taxes	\$ 261	\$ 255
Property insurance	6,109	6,025
Other taxes, licenses and permits	(483)	3,354
Fidelity bond insurance	100	99
	<u>\$ 5,987</u>	<u>\$ 9,733</u>
Interest expense:		
Deferred interest - DHIC	\$ 3,450	\$ 3,450
Interest expense	12,250	12,821
	<u>\$ 15,700</u>	<u>\$ 16,271</u>

Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Schedule of Changes in Property and Equipment
Year Ended December 31, 2022

	Assets				
	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022	
Land	\$ 103,886	\$ -	\$ -	\$ 103,886	
Land improvements	334,347	-	-	334,347	
Buildings	1,523,342	-	-	1,523,342	
Building equipment	39,024	-	-	39,024	
Office equipment	15,137	-	-	15,137	
TOTALS	\$ 2,015,736	\$ -	\$ -	\$ 2,015,736	

	Accumulated Depreciation				Net Book Value 12/31/2022
	Balance 12/31/2021	Current Provisions	Deductions		
Land	\$ -	\$ -	\$ -	\$ -	\$ 103,886
Land improvements	315,111	2,372	-	317,483	16,864
Buildings	1,109,381	49,876	-	1,159,257	364,085
Building equipment	39,024	-	-	39,024	-
Office equipment	15,137	-	-	15,137	-
TOTALS	\$ 1,478,653	\$ 52,248	\$ -	\$ 1,530,901	\$ 484,835

Fixed asset additions for the year ended December 31, 2022:

None

Fixed asset disposals for the year ended December 31, 2022:

None

**MULTIFAMILY HOUSING
BORROWER BALANCE SHEET
PART 1 - BALANCE SHEET**

PROJECT NAME Santree Commons	BORROWER NAME	BORROWER ID AND PROJECT NO.
--	----------------------	------------------------------------

	CURRENT YEAR	PRIOR YEAR	COMMENTS
	1/1/2022	1/1/2021	
BEGINNING DATES			
ENDING DATES	12/31/2022	12/31/2021	
CURRENT ASSETS			
1 General Operating Account	22,994.10	26,057.50	
2 R.E. Tax & Insurance Account	8,329.99	1,960.05	
3 Reserve Account	102,146.77	89,128.27	
4 Security Deposit Account	15,746.00	14,379.67	
5 Other Cash - Operating Reserve	43,312.38	43,231.13	
6 Other (identify)	0.00	0.00	
7 Accounts Receivable (attach list)	7,662.43	2,534.33	
Accts Rcvbl 0-30 Days \$ _____			
Accts Rcvbl 30-60 Days \$ _____			
Accts Rcvbl 60-90 Days \$ _____			
Accts Rcvbl Over 90 Days \$ _____			
8 Less: Allowance for Doubtful Accounts			
9 Inventories (supplies)			
10 Prepayments	1,469.00	7,345.00	
11 Other A/R	0.00	0.00	
12 Total Current Assets (Add 1 thru 11)	201,660.67	184,635.95	

FIXED ASSETS			
13 Land	438,232.77	438,232.77	
14 Buildings	1,562,103.70	1,562,103.70	
15 Less: Accumulated Depreciation	-1,515,502.94	-1,463,254.58	
16 Furniture & Equipment	15,398.73	15,398.73	
17 Less: Accumulated Depreciation	-15,398.73	-15,398.73	
18 Other Assets	0.00	0.00	
19 Total Fixed Assets (13 thru 18)	484,833.53	537,081.89	

OTHER ASSETS			
20 Other Assets-Partnership Contingency Reserve	0.00	0.00	
21 Total Assets (Add 12, 19 and 20)	686,494.20	721,717.84	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES			
22 Total Accounts Payable (attach list)	221,761.43	225,703.30	
Accts Payable 0-30 Days \$ _____			
Accts Payable 30-60 Days \$ _____			
Accts Payable 60-90 Days \$ _____			
Accts Payable Over 90 Days \$ _____			
23 Notes Payable (attach list)	0.00	0.00	
24 Security Deposits	15,050.00	13,683.67	
25 Total Current Liabilities (Add 22 thru 24)	236,811.43	239,386.97	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LONG TERM LIABILITIES

26 Notes Payable Rural Development	709,096.62	717,336.90	
27 Other (Specify):	343,235.50	355,902.46	
28 Total Long Term Liabilities (add 26 and 27)	1,052,332.12	1,073,239.36	
29 Total Liabilities (add 25 and 28)	1,289,143.55	1,312,626.33	
30 Owners Equity (Net Worth) (21minus 29)	-602,649.35	-590,908.49	
31 Total Liabilities and Owners Equity (add 29 and 30)	686,494.20	721,717.84	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

(Date)

(Signature of Borrower or Borrower's Representative)

(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

We have compared the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

We certify that no identity of interest exists between us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

MULTIPLE FAMILY HOUSING PROJECT BUDGET/UTILITY ALLOWANCE

PROJECT NAME Santree Commons		BORROWER NAME		BORROWER ID AND PROJECT NO	
Loan/Transfer Amount \$		Note Rate Payment \$		IC Payment \$	
Reporting Period	Budget Type	Project Rental Type	Project Type	The following utilities are master metered:	<input type="checkbox"/> I hereby request
<input type="checkbox"/> Annual	<input type="checkbox"/> Initial	<input type="checkbox"/> Family	<input type="checkbox"/> Full Profit	<input type="checkbox"/> Electricity	<input type="checkbox"/> Gas
<input type="checkbox"/> Quarterly	<input type="checkbox"/> Regular Report	<input type="checkbox"/> Elderly	<input type="checkbox"/> Limited Profit	<input type="checkbox"/> Water	<input type="checkbox"/> Sewer
<input type="checkbox"/> Monthly	<input type="checkbox"/> Rent Change	<input type="checkbox"/> Congregate	<input type="checkbox"/> Non-Profit	<input type="checkbox"/> Trash	<input type="checkbox"/> Other _____
	<input type="checkbox"/> SNR	<input type="checkbox"/> Group Home			<input type="checkbox"/> Cash <input type="checkbox"/> Accrual
	<input type="checkbox"/> Other Servicing	<input type="checkbox"/> Mixed <input type="checkbox"/> LH			

PART 1 - CASH FLOW STATEMENT

	Current Budget	Actual	Proposed Budget	Comments or (YTD)
BEGINNING DATES	1/1/2022	1/1/2022	1/1/2023	1/1/2023
ENDING DATES	12/30/2022	12/31/2022	12/30/2023	12/30/2023

OPERATIONAL CASH SOURCES

1 Rental Income	190,368.00	57,653.00	201,312.00	
2 RHS Rental Assistance Received		136,723.00		
3 Application Fees Received		580.00		
4 Laundry and Vending	900.00	932.00	500.00	
5 Interest Income	0.00	74.71	0.00	
6 Tenant Charges	2,226.00	2,552.54	2,000.00	
7 Other-Project Sources	300.00	9.20	300.00	
8 Less (Vacancy and Contingency Allowance)	-3,500.00		-3,000.00	
9 Less (Agency Approved Incentive Allowance)	0.00		0.00	
10 SUB-TOTAL [(1 thru 7)-(8&9)]	190,294.00	198,524.45	201,112.00	

NON-OPERATIONAL CASH SOURCES

11 Cash Non-Project	0.00	0.00	0.00	
12 Authorized Loan (Non-RHS)	0.00	0.00	0.00	
13 Transfer From Reserve	30,500.00	0.00	14,500.00	
14 Sub-Total (11 thru 13)	30,500.00	0.00	14,500.00	

15 TOTAL CASH SOURCES (10+14)	220,794.00	198,524.45	215,612.00	
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OPERATIONAL CASH USES

16 Total O&M Expenses (from Part II)	138,681.80	140,314.24	149,499.80	
17 RHS Debt Payment	20,490.24	20,490.24	20,490.24	
18 RHS Payment (Overage)		1,783.00		
19 RHS Payment (Late Fee)		0.00		
20 Reduction in Prior Year Payables		-48.00		
21 Tenant Utility Payments		6,283.00		
22 Transfer to Reserve	12,987.00	13,018.50	12,987.00	
23 Return to Owner / NP Asset Management Fee	5,468.00	5,468.00	5,468.00	
24 Sub-Total (16 thru 23)	177,627.04	187,308.98	188,445.04	

NON-OPERATIONAL CASH USES

25 Authorized Debt Payment (Non-RHS)	12,666.96	12,666.96	12,666.96	
26 Annual Capital Budget (From Part III, Lines 4-6)	30,500.00	0.00	14,500.00	
27 Miscellaneous	0.00	0.00	0.00	
28 Sub-Total (25 thru 27)	43,166.96	12,666.96	27,166.96	

29 TOTAL CASH USES (24 + 28)	220,794.00	199,975.94	215,612.00	
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30 NET CASH (DEFICIT) (15-29)	0.00	-1,451.49	0.00	
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CASH BALANCE

31 Beginning Cash Balance	28,017.55	28,017.55	31,324.09	
* Change in Accounts				
32 Accrual to Cash Adjustment		4,758.03		
33 Ending Cash Balance (30+31+32)	28,017.55	31,324.09	31,324.09	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time, for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	Current Budget	Actual	Proposed Budget	Comments or (YTD)
1 Maintenance and Repairs Payroll	24,088.00	18,003.52	21,410.00	
2 Maintenance and Repairs Supply	3,524.00	5,062.29	5,275.00	
3 Maintenance and Repairs Contract	4,187.46	12,298.88	8,576.00	
4 Painting	1,098.00	249.31	600.00	
5 Snow Removal	300.00	0.00	0.00	
6 Elevator Maintenance/Contract	0.00	0.00	0.00	
7 Grounds	16,208.10	14,820.14	15,000.00	
8 Services	2,574.60	2,654.24	2,940.79	
9 Annual Capital Budget (From Part V - Operating)	4,144.00	6,068.59	5,309.00	
10 Other Operating Expenses (Itemize)	370.00	185.94	2,565.00	
11 Sub-Total Maint & Operating (1 thru 10)	56,494.16	59,342.91	61,675.79	
12 Electricity	2,931.00	2,993.63	2,842.00	
13 Water	1,100.00	644.72	648.00	
14 Sewer	900.00	469.18	446.00	
15 Fuel (Oil/Coal/Gas)	0.00	0.00	0.00	
16 Garbage & Trash Removal	4,000.00	3,631.15	4,145.00	
17 Other Utilities	0.00	0.00	0.00	
18 Sub-Total Utilities (12 thru 17)	8,931.00	7,738.68	8,081.00	
19 Site Management Payroll	21,454.72	18,441.49	22,066.24	
20 Management Fee	19,584.00	19,584.00	21,888.00	
21 Project Auditing Expense	7,370.00	12,064.00	8,340.00	
22 Project Bookkeeping/Accounting	0.00	0.00	0.00	
23 Legal Expenses	126.00	126.00	0.00	
24 Advertising	398.00	229.00	200.00	
25 Telephone & Answering Service	1,795.00	1,901.43	2,150.00	
26 Office Supplies	2,421.28	3,383.40	3,577.00	
27 Office Furniture & Equipment	1,400.00	880.40	300.00	
28 Training Expense	800.00	1,972.36	1,600.00	
29 Health Ins & Other Emp Benefits	720.00	246.98	960.00	
30 Payroll Taxes	3,648.88	2,986.24	3,835.19	
31 Worker's Compensation	476.23	162.58	162.58	
32 Other Administrative Expenses (Itemize)	1,950.00	718.84	1,800.00	
33 Sub Total Administrative (19 thru 32)	62,144.11	62,696.72	66,879.01	
34 Real Estate Taxes	4,814.00	4,811.04	4,837.00	
35 Special Assessments	0.00	0.00	0.00	
36 Other Taxes, Licenses & Permits	203.00	-483.45	200.00	
37 Property & Liability Insurance	5,990.53	6,108.55	7,722.00	
38 Fidelity Coverage Insurance	105.00	99.79	105.00	
39 Other Insurance	0.00	0.00	0.00	
40 Sub-Total Taxes & Insurance (34 thru 39)	11,112.53	10,535.93	12,864.00	
41 Total O&M Expenses (11+18+33+40)	138,681.80	140,314.24	149,499.80	

Form RD 3560-7 Page 2

PART III - ACCOUNT BUDGETING/STATUS

	Current Budget	Actual	Proposed Budget	Comments or (YTD)
RESERVE ACCOUNT				
1 Beginning Balance	89,128.27	89,128.27	102,146.77	
2 Transfer to Reserve	12,987.00	13,018.50	12,987.00	
Transfer From Reserve				
3. Operating Deficit				
4. Annual Capital Budget (<i>Part V - Reserve</i>)				
5. Building & Equipment Repair				
6. Other Non-Operating Expenses				
7. Total (3 thru 6)	-30,500.00	0.00	-14,500.00	
8 Ending Balance [(1+2)-7]	71,615.27	102,146.77	100,633.77	

GENERAL OPERATING ACCOUNT:*

Beginning Balance	26,057.50	26,057.50
Ending Balance	22,994.10	22,994.10

**REAL ESTATE TAX AND INSURANCE ESCROW
ACCOUNT:***

Beginning Balance	1,960.05	1,960.05
Ending Balance	8,329.99	8,329.99

TENANT SECURITY DEPOSIT ACCOUNT:*

Beginning Balance	14,379.67	14,379.67
Ending Balance	15,746.00	15,746.00

(* Complete upon submission of actual expenses.)

Number of Applicants on the Waiting List		Reserve Acct. Req. Balance	
Number of Applicants Needing RA		Amount Ahead/Behind	

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Member
Santree Commons Housing, LLC
NCHFA Project No. 9000987
RHS Project No. 38-059-936803542-01-6
Raleigh, NC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Santree Commons Housing, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's deficit, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santree Commons Housing, LLC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santree Commons Housing, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Santree Commons Housing, LLC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

FORVIS

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santree Commons Housing, LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**High Point, NC
March 31, 2023**

Independent Auditor’s Report on Compliance for Major RD Program and on Internal Control over Compliance Required by the *Audit Guide for Audits of RD Programs*

Member
 Santree Commons Housing, LLC
 NCHFA Project No. 9000987
 RHS Project No. 38-059-936803542-01-6
 Raleigh, NC

Report on Compliance for Major RD Program

Opinion on Major RD Program

We have audited Santree Commons Housing, LLC’s compliance with the types of compliance requirements described in the *Audit Guide for Audits of RD Programs* (the “Guide”) that could have a direct and material effect on Santree Commons Housing, LLC’s major U.S. Department of Rural Development (“RD”) program for the year ended December 31, 2022. Santree Commons Housing, LLC’s major RD program and its related direct and material compliance requirements are as follows:

Name of Major RD Program	Direct and Material Compliance Requirements
Section 515 Rural Rental Housing Loan	Mortgage status, replacement reserve, return on investment or return to owner, equity skimming, cash receipts, cash disbursements, security deposits, management functions, unauthorized change of ownership/acquisition of liabilities, unauthorized loans of project funds.

In our opinion, Santree Commons Housing, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major RD program for the year ended December 31, 2022.

Basis for Opinion on Major RD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santree Commons Housing, LLC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major RD program. Our audit does not provide a legal determination of Santree Commons Housing, LLC's compliance with the compliance requirements.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Santree Commons Housing, LLC's RD program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santree Commons Housing, LLC's compliance based on our audit. 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, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santree Commons Housing, LLC's compliance with the requirements of its major RD program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Santree Commons Housing, LLC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santree Commons Housing, LLC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Santree Commons Housing, LLC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a RD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a RD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a RD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

**High Point, NC
March 31, 2023**

Schedule of Findings and Questioned Costs

Reportable Conditions of Non-Compliance

None noted.

Auditee's Comments on Prior Audit Resolution Matters Related to United States Department of Agriculture Rural Development Programs

There were no significant unresolved findings from previous annual audits, physical inspections or management review reports noted during our audit of the 2022 financial statements.

There were no compliance findings noted during our audit of the 2022 financial statements relating to physical inspections or management reviews for which the Company has not taken corrective action.

Schedule of Lead Auditor

Auditor Information:	FORVIS, LLP 1829 Eastchester Drive High Point, NC 27265
Phone Number:	336.889.5156
Auditor Contact:	Leslie Bates, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	Leslie.Bates@forvis.com