

Avonlea Housing LLC

NCHFA Project No. 9000962

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

December 31, 2022 and 2021



Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Balance Sheets.....	4
Statements of Operations.....	6
Statements of Member's Deficit.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	10
Supplementary Information:	
Schedules of Income and Expenses	16



Independent Auditor's Report

Member
Avonlea Housing LLC
NCHFA Project No. 9000962
Southern Pines, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Avonlea 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 Avonlea Housing LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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 Avonlea 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 GAAP, 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 Avonlea 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 Avonlea 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 Avonlea 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.

Prior Period Financial Statements

The financial statements of Avonlea Housing, LLC, as of December 31, 2021, were audited by other auditors whose report dated March 25, 2022, expressed an unmodified opinion on those statements.

FORVIS

Report on Supplementary Information

Our audit 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 GAAS. 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 20, 2023

Avonlea Housing LLC
NCHFA Project No. 9000962
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash, operating	\$ 265,786	\$ 209,586
Accounts receivable, other	3,550	1,190
Accounts receivable, tenants	9,086	7,699
Prepaid expenses	<u>2,694</u>	<u>13,470</u>
Total current assets	<u>281,116</u>	<u>231,945</u>
Restricted deposits and funded reserves:		
Cash, operating reserve	40,150	40,081
Cash, replacement reserve	131,634	117,479
Cash, tax and insurance escrow	14,708	4,002
Cash, tenant security deposits	<u>27,013</u>	<u>27,248</u>
	<u>213,505</u>	<u>188,810</u>
Rental property:		
Land improvements	493,504	493,504
Buildings and improvements	1,971,561	1,971,561
Furniture and fixtures	<u>13,187</u>	<u>13,187</u>
	<u>2,478,252</u>	<u>2,478,252</u>
Less accumulated depreciation	<u>(1,545,733)</u>	<u>(1,477,865)</u>
	<u>932,519</u>	<u>1,000,387</u>
	<u>\$ 1,427,140</u>	<u>\$ 1,421,142</u>

Avonlea Housing LLC
NCHFA Project No. 9000962
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Current maturities of notes payable	\$ 19,857	\$ 18,910
Accounts payable and accrued expenses	4,161	202
Accrued management fees	2,441	2,447
Accrued wages payable	1,560	2,716
Accrued interest	3,879	3,956
	<u>31,898</u>	<u>28,231</u>
Deposits and prepayment liabilities:		
Tenant security deposits	27,013	27,248
Prepaid rent	1,590	3,183
	<u>28,603</u>	<u>30,431</u>
Long-term liabilities:		
Mortgage payable, net of unamortized debt issuance costs of \$4,878 in 2022 and \$9,059 in 2021	1,394,442	1,410,118
Notes payable, affiliate	100,000	100,000
	<u>1,494,442</u>	<u>1,510,118</u>
Member's equity	<u>(127,803)</u>	<u>(147,638)</u>
	<u>\$ 1,427,140</u>	<u>\$ 1,421,142</u>

Avonlea Housing LLC
NCHFA Project No. 9000962
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Gross rental income	\$ 402,432	\$ 394,512
Less: Vacancies	(7,168)	(3,063)
Less: Concessions	-	(150)
Less: Loss to lease	(3,666)	(4,576)
Plus: Excess rent	<u>3,558</u>	<u>3,829</u>
Net rental income	<u>395,156</u>	<u>390,552</u>
Other income:		
Interest income	733	147
Other income	<u>12,864</u>	<u>15,196</u>
Total other income	<u>13,597</u>	<u>15,343</u>
Total income	<u>408,753</u>	<u>405,895</u>
Expenses:		
Administrative	53,405	59,611
Property management fees	32,282	31,718
Professional fees	3,677	6,007
Repairs and maintenance	108,407	90,777
Taxes and insurance	11,626	18,217
Utilities	<u>10,494</u>	<u>11,561</u>
Total operating expense	<u>219,891</u>	<u>217,891</u>
Income from operations	<u>188,862</u>	<u>188,004</u>
Nonoperating expenses:		
Interest expense	51,159	52,056
Depreciation	67,868	65,621
Management services fee	50,000	75,000
Loss on disposal of fixed assets	<u>-</u>	<u>1,849</u>
Total nonoperating expenses	<u>169,027</u>	<u>194,526</u>
Net income (loss)	<u>\$ 19,835</u>	<u>\$ (6,522)</u>

See accompanying notes.

Avonlea Housing LLC
NCHFA Project No. 9000962
Statements of Member's Deficit
Years Ended December 31, 2022 and 2021

Balance, December 31, 2020	\$ (141,116)
Net loss	<u>(6,522)</u>
Balance, December 31, 2021	(147,638)
Net income	<u>19,835</u>
Balance, December 31, 2022	<u><u>\$ (127,803)</u></u>

Avonlea Housing LLC
NCHFA Project No. 9000962
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income (loss)	\$ 19,835	\$ (6,522)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	67,868	65,621
Loss on disposal of fixed assets	-	1,849
Amortization of debt issuance costs	4,181	4,181
Change in assets and liabilities		
(Increase) decrease:		
Accounts receivable, tenants	(1,387)	2,552
Accounts receivable, other	(2,360)	10,493
Prepaid expenses	10,776	(5,929)
Increase (decrease):		
Accounts payable and accrued expenses	3,959	9
Accrued management fees	(6)	-
Accrued wages payable	(1,156)	(10,438)
Accrued interest	(77)	(72)
Tenant security deposits liability	(235)	1,169
Prepaid rent	(1,593)	3,130
Net cash provided by operating activities	<u>99,805</u>	<u>66,043</u>
Cash flows from investing activities:		
Investment in rental property	-	(18,897)
Net cash used by investing activities	<u>-</u>	<u>(18,897)</u>
Cash flows from financing activities:		
Repayment of notes payable	<u>(18,910)</u>	<u>(18,016)</u>
Net cash used by financing activities	<u>(18,910)</u>	<u>(18,016)</u>
Net increase in cash, restricted deposits and funded reserves	80,895	29,130
Cash, restricted deposits and funded reserves, beginning	<u>398,396</u>	<u>369,266</u>
Cash, restricted deposits and funded reserves, ending	<u>\$ 479,291</u>	<u>\$ 398,396</u>

See accompanying notes.

Avonlea Housing LLC
NCHFA Project No. 9000962
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 47,055</u>	<u>\$ 47,947</u>
Reconciliation of cash, restricted deposits and funded reserves to balance sheet:		
Cash, operating	\$ 265,786	\$ 209,586
Cash, operating reserve	40,150	40,081
Cash, replacement reserve	131,634	117,479
Cash, tax and insurance escrow	14,708	4,002
Tenant security deposits	<u>27,013</u>	<u>27,248</u>
	<u>\$ 479,291</u>	<u>\$ 398,396</u>

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Avonlea Housing LLC (the “Company”) was originally formed as a Limited Partnership under the laws of the State of North Carolina on December 20, 1991, for the purpose of constructing, owning, and operating a low income rental housing property (the “Property”). The Property consists of 44 multifamily residential rental units located in Raleigh, North Carolina.

The Company has executed a regulatory agreement with Community Investment Corporation of the Carolinas (“CICCAR”) which subsequently changed its name to Centrant Community Capital (“Centrant”). The regulatory agreement with Centrant governs the operation of the Property and requires 100% of the Project units to remain affordable to low income persons (defined as persons whose income is 60% or less of area median income).

The Partnership Agreement was amended on December 23, 1992 to admit Enterprise Housing Partners Limited Partnership (EHP) and Enterprise Housing Partners II – 1992, L.P. (“EHP-II-1992”) (the “Limited Partners”), and to permit the withdrawal of the original limited partners.

The Partnership Agreement was amended again on January 1, 2009 to admit the Community Revitalization and Preservation Corporation, a North Carolina nonprofit corporation (the “New Limited Partner”), and to permit the withdrawal of the Limited Partners.

Effective February 27, 2009, Avonlea Housing, LLC (the “Company”) was formed as a limited liability company pursuant to the North Carolina Limited Liability Company Act and the Partnership transferred all of the assets and liabilities to the Company. The sole-member of the Company is Community Revitalization and Preservation Corporation, the “Member”) a North Carolina nonprofit corporation.

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 (GAAP).

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

Use of estimates

The preparation of financial statements in conformity with GAAP 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.

Cash and cash equivalents

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

Restricted cash

Restricted cash consists of tenant security deposits and deposits held in segregated accounts for property taxes, insurance, operating deficits, replacement reserves, and debt service. 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.

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. GAAP requires 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.

Rental property

Rental property is stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Land improvements	15 to 20 years
Furnishings and equipment	5 to 7 years

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

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 loss was recognized during the years ended December 31, 2022 and 2021.

Debt issuance costs

Debt issuance costs are reported in the balance sheet as a direct deduction from the face amount of the related debt and are amortized over the lives of the related debt. Amortization of debt issuance costs is presented as a component of interest expense.

Rental income

Rental income is recognized as rentals become due. Rental payments secured in advance are deferred until earned. All leases between the Company and tenants of the property are operating leases.

Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned (when services are provided or when the tenant incurs the charge) and when collectability is reasonably assured. Advance receipts of revenue are deferred and classified as liabilities until earned.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2022 and 2021 amounted to \$48 and \$0, respectively.

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 their income taxes; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Concentrations of credit risk

The Company maintains its cash in financial institutions insured by the 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.

Subsequent events

The Company evaluated the effect subsequent events would have on the financial statements through April 20, 2023, which is the date the financial statements were available to be issued.

2. Notes Payable

An analysis of the notes payable at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
On February 27, 2014, the Company entered into a mortgage note in the amount of \$750,000 with Centrant. The loan was sold to Four Oaks Bank, which merged into United Community Bank. The loan is still serviced by Centrant. The loan agreement provides, among other things, for: (a) a maturity date of March 1, 2024; (b) an interest rate of 6% per annum; and (c) commencing on April 1, 2014, monthly principal and interest payments of \$4,497. The note is secured by a first deed of trust on the property and its improvements. During the years ended December 31, 2022 and 2021, interest expense totaled \$39,238 and \$40,093, and interest paid totaled \$39,311 and \$40,162, all respectively. At December 31, 2022 and 2021, accrued interest was \$3,236 and \$3,309, respectively.	\$ 647,181	\$ 661,834

Avonlea Housing, LLC
NCHFA Project No. 9000962
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
The Company entered into a second mortgage in the original amount of \$577,023 with the City of Raleigh. Interest at 8% per annum accrued with no payments due during the construction phase. On February 27, 2014, the Company reached an agreement with the City of Raleigh that amended and restated the original promissory note described above. The amended and restated loan agreement provides, among other things, for (a) a revised total loan amount of \$807,840; (b) a maturity date of February 27, 2024; (c) an interest rate of 1% per annum; and (d) commencing on April 1, 2014, monthly principal and interest payments of \$1,000. The loan is secured by a modified second deed of trust on the property and its improvements. During the years ended December 31, 2022 and 2021, interest expense totaled \$7,740 and \$7,782, and interest paid totaled \$7,743 and \$7,785, all respectively. At December 31, 2022 and 2021, accrued interest was \$643 and \$647, respectively	771,996	776,253
On November 27, 2013, DHIC, Inc., an entity related to the Member, executed a promissory note with the Company in the amount of \$100,000 for the purpose of rehabilitating the Property. The note does not bear interest and is payable from available cash flow. All principal shall be payable in one single payment on February 27, 2024. The note is subordinate to all existing and future loan obligations of the Company.	<u>100,000</u>	<u>100,000</u>
	1,519,177	1,538,087
Less: current maturities	(19,857)	(18,910)
Less: unamortized debt issuance costs	<u>(4,878)</u>	<u>(9,059)</u>
	<u>\$ 1,494,442</u>	<u>\$ 1,510,118</u>

Estimated maturities of long-term debt subsequent to December 31, 2022 are as follows:

2023	\$ 19,857
2024	<u>1,499,320</u>
	<u>\$ 1,519,177</u>

3. Related-Party Transactions

Management services fee

In accordance with the management services fee agreement and for its services in managing the Company, DHIC, Inc., an affiliate of the Sole Member, shall earn an annual, non-cumulative management services fee equal to 100% of the net income available for distribution by the Company at the end of its fiscal year, as determined by the Sole Member. The Company may make interim disbursements of available cash flow to DHIC, Inc. during any given fiscal year as determined by the Sole Member. During the years ended December 31, 2022 and 2021, management services fees totaling \$50,000 and \$75,000 were earned and paid, respectively.

4. Reserves

Replacement reserve

In accordance with the Centrant loan agreement, the Company is required to establish a reserve for replacements. The reserve is to be funded using cash flows from operations in the amount of \$250 per unit per year in the first year, with an annual 3% increase. The Company must receive Centrant's prior written approval for any withdrawals in excess of \$2,500 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	\$ 117,479	\$ 125,979
Deposits	13,935	13,529
Interest income	220	54
Withdrawals	<u>-</u>	<u>(22,083)</u>
Balance, ending	<u>\$ 131,634</u>	<u>\$ 117,479</u>

Operating reserve

In accordance with the Centrant loan agreement, the Company is required to maintain an operating reserve in the minimum amount of \$40,000. The Company must receive Centrant’s prior written approval for any individual withdrawals in excess of \$2,500 and withdrawals totaling more than \$5,000 in any single calendar year. 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	\$ 40,081	\$ 40,064
Interest income	<u>69</u>	<u>17</u>
Balance, ending	<u>\$ 40,150</u>	<u>\$ 40,081</u>

5. Property Management Agreement

The Company has entered into a management agreement with Community Management Corporation, an unaffiliated management company, to provide property management services to the project. The management agent will be compensated an amount equal to 7.9% of gross operating revenues received from the preceding month. Such fee shall be paid out of the general operating account on a monthly basis. The term of the agreement is from July 26, 2005 until December 31, 2007, but shall be automatically renewed and shall continue thereafter on a year-to-year basis until 30 days from when either party notifies the other in writing of an intention to terminate the agreement. The management fee expense for the years ended December 31, 2022 and 2021 amount to \$32,282 and \$31,718, respectively.

6. Contingencies, Risks and Uncertainties

The Company’s sole asset is its 44-unit 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

Avonlea Housing LLC
NCHFA Project No. 9000962
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>\$ 395,156</u>	<u>\$ 390,552</u>
Interest income:		
Interest income	<u>\$ 733</u>	<u>\$ 147</u>
Other income:		
Grant income	\$ -	\$ 10,275
Application fees	420	260
Laundry and vending	1,080	1,482
Damages and cleaning fees	7,969	1,561
Legal fees	-	37
Late fees	1,393	1,567
Miscellaneous income	<u>2,002</u>	<u>14</u>
	<u>\$ 12,864</u>	<u>\$ 15,196</u>
Administrative expenses:		
Administrative payroll	\$ 25,388	\$ 27,293
Health insurance and other benefits	11,737	9,768
Payroll taxes	3,049	5,364
Workers compensation	809	990
Other payroll related	5,924	5,581
Bad debt expense (recoveries), net	(3,614)	(394)
Advertising	48	-
Telephone, internet and cable	2,625	2,547
Office supplies and expenses	4,078	6,256
Criminal background and credit checks	272	160
Other administrative expenses	<u>3,089</u>	<u>2,046</u>
	<u>\$ 53,405</u>	<u>\$ 59,611</u>
Property management fees:		
Property management fee	<u>\$ 32,282</u>	<u>\$ 31,718</u>
Professional fees:		
Auditing and accounting	\$ 3,495	\$ 5,145
Legal fees	182	-
Management consultants	<u>-</u>	<u>862</u>
	<u>\$ 3,677</u>	<u>\$ 6,007</u>

Avonlea Housing LLC
NCHFA Project No. 9000962
Schedules of Income and Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Repairs and maintenance:		
Maintenance payroll	\$ 13,512	\$ 25,973
Repairs expense	36,142	22,664
Painting and decorating	5,536	6,267
Grounds maintenance	11,530	12,125
Cleaning expense	90	55
Exterminating	1,797	2,484
Fire alarm expense	6,012	3,848
Security	686	661
HVAC maintenance	25,266	9,508
Garbage removal	6,334	5,771
Other repairs and maintenance	1,502	1,421
	<u>\$ 108,407</u>	<u>\$ 90,777</u>
Taxes and insurance:		
Property and liability insurance	\$ 11,202	\$ 11,125
Other taxes, licenses, and fees	324	6,993
Other insurance	100	99
	<u>\$ 11,626</u>	<u>\$ 18,217</u>
Utilities:		
Electricity	\$ 9,104	\$ 10,169
Water	837	846
Sewer	553	546
	<u>\$ 10,494</u>	<u>\$ 11,561</u>
Interest:		
Interest expense - Unity Community	\$ 39,238	\$ 40,093
Interest expense - City of Raleigh	7,740	7,782
Amortization of debt issuance costs	4,181	4,181
	<u>\$ 51,159</u>	<u>\$ 52,056</u>
Depreciation	<u>\$ 67,868</u>	<u>\$ 65,621</u>
Management services fee	<u>\$ 50,000</u>	<u>\$ 75,000</u>
Loss on disposal of fixed assets	<u>\$ -</u>	<u>\$ 1,849</u>

See independent auditor's report.