

Camden Glen, LLC

NCHFA Project No. 9151901

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

December 31, 2022 and 2021

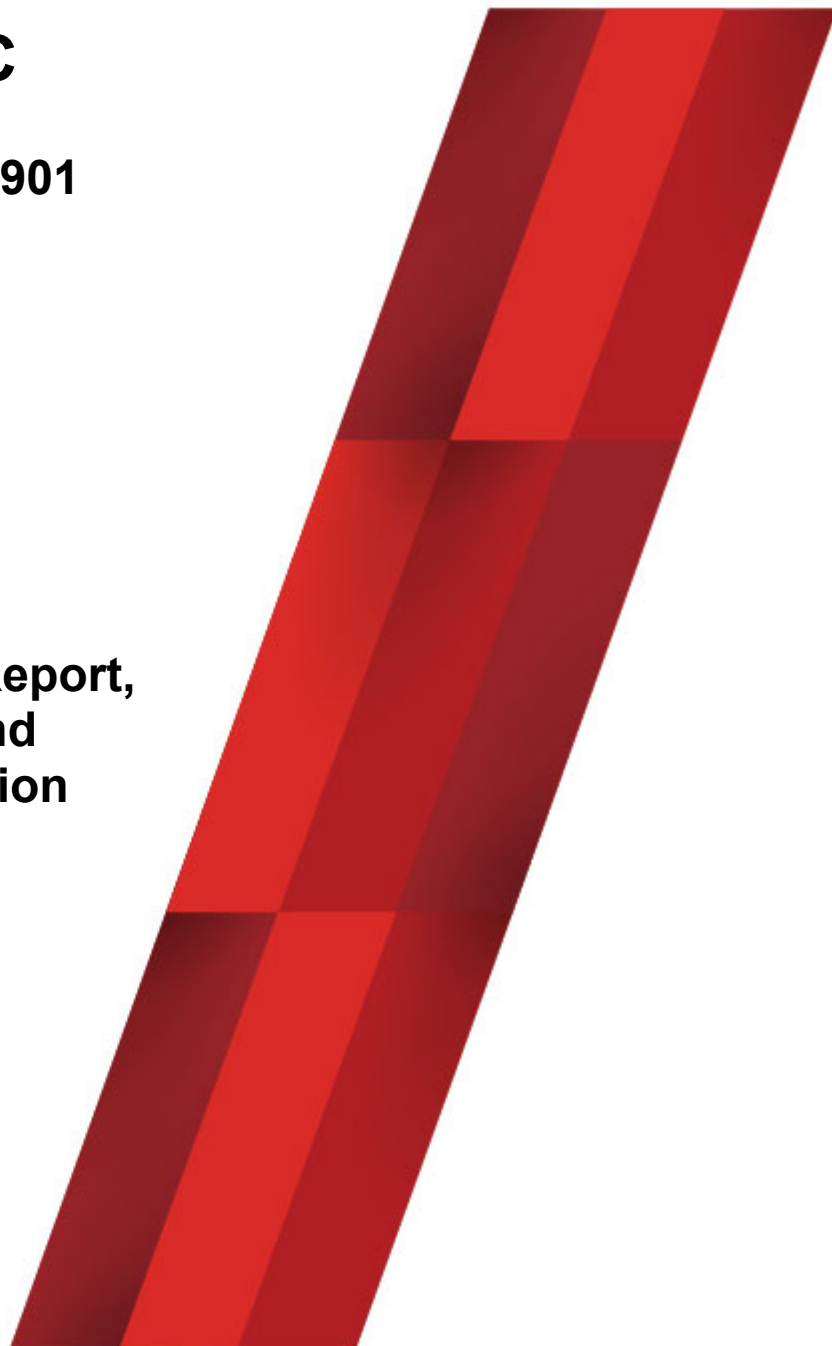


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Independent Auditor's Report

Members
Camden Glen, LLC
NCHFA Project No. 9151901
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Camden Glen, LLC, NCHFA Project No. 9151901, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' equity, 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 Camden Glen, 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 Camden Glen, 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 Camden Glen, 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 Camden Glen, 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 Camden Glen, 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
March 1, 2023

Camden Glen, LLC
NCHFA Project No. 9151901
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash, operating	\$ 78,536	\$ 101,522
Accounts receivable, tenants	10,308	29,378
Accounts receivable, other	13,906	17,468
Prepaid expenses	<u>3,014</u>	<u>15,075</u>
Total current assets	<u>105,764</u>	<u>163,443</u>
Restricted deposits and funded reserves:		
Cash, tax and insurance escrow	16,080	4,220
Cash, operating reserve	161,913	161,611
Cash, replacement reserve	89,935	74,871
Cash, tenant security deposits	<u>32,305</u>	<u>31,248</u>
	<u>300,233</u>	<u>271,950</u>
Rental property:		
Land	901,733	901,733
Building	5,269,149	5,269,149
Land improvements	917,165	917,165
Furniture and fixtures	<u>105,835</u>	<u>105,835</u>
	7,193,882	7,193,882
Less accumulated depreciation	<u>(1,315,833)</u>	<u>(1,127,845)</u>
	<u>5,878,049</u>	<u>6,066,037</u>
Other assets:		
Deferred tax credit fees (net of accumulated amortization of \$36,580 in 2022 and \$31,354 in 2021)	<u>41,806</u>	<u>47,032</u>
	<u>\$ 6,325,852</u>	<u>\$ 6,548,462</u>

Camden Glen, LLC
NCHFA Project No. 9151901
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Current maturities of notes payable	\$ 27,047	\$ 26,294
Accounts payable, trade	3,098	7,380
Accrued interest	7,502	6,075
Accrued asset management fee	371	-
	<u>38,018</u>	<u>39,749</u>
Deposits and prepayment liabilities:		
Tenant security deposits	32,305	30,750
Prepaid rent	4,564	829
	<u>36,869</u>	<u>31,579</u>
Long-term liabilities:		
Notes payable, net of unamortized debt issuance costs of \$39,522 in 2022 and \$42,681 in 2021, less current portion	<u>3,345,366</u>	<u>3,417,831</u>
	<u>3,345,366</u>	<u>3,417,831</u>
Members' equity	<u>2,905,599</u>	<u>3,059,303</u>
	<u>\$ 6,325,852</u>	<u>\$ 6,548,462</u>

Camden Glen, LLC
NCHFA Project No. 9151901
Statements of Operations
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Gross tenant rent potential	\$ 324,423	\$ 312,286
Subsidy rental income	70,303	73,509
Less:		
Vacancies	(4,773)	(3,595)
Loss to lease	(6,000)	(9,978)
Concessions	(250)	(867)
Add:		
Excess rent	5,118	5,592
Total rental income	<u>388,821</u>	<u>376,947</u>
Other income:		
Interest income	529	135
Other	7,143	13,697
Total other income	<u>7,672</u>	<u>13,832</u>
Total income	<u>396,493</u>	<u>390,779</u>
Expenses:		
Administrative	65,292	72,121
Utilities	12,865	11,943
Auditing and accounting	13,882	8,410
Management fees	25,341	23,222
Repairs and maintenance	140,884	80,953
Taxes and insurance	16,854	14,712
Total operating expense	<u>275,118</u>	<u>211,361</u>
Income from operations	<u>121,375</u>	<u>179,418</u>
Nonoperating expenses:		
Interest expense	76,935	78,804
Depreciation	187,988	188,024
Amortization	5,226	5,225
Asset management fee	371	-
Total nonoperating expenses	<u>270,520</u>	<u>272,053</u>
Net loss	<u>\$ (149,145)</u>	<u>\$ (92,635)</u>

Camden Glen, LLC
NCHFA Project No. 9151901
Statements of Members' Equity
December 31, 2022 and 2021

	2022			2021
	Managing Member	Investor Member	Total	
Balance, beginning	\$ 303	\$ 3,059,000	\$ 3,059,303	\$ 3,153,965
Distributions	-	(4,559)	(4,559)	(2,027)
Net loss	(15)	(149,130)	(149,145)	(92,635)
Balance, ending	<u>\$ 288</u>	<u>\$ 2,905,311</u>	<u>\$ 2,905,599</u>	<u>\$ 3,059,303</u>

Camden Glen, LLC
NCHFA Project No. 9151901
Statements of Cash Flows
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (149,145)	\$ (92,635)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	187,988	188,024
Amortization of intangible assets	5,226	5,225
Amortization of deferred financing costs	3,159	3,159
Change in assets and liabilities		
Account receivables, tenants	19,070	(15,675)
Account receivables, other	3,562	17,213
Prepaid expenses	12,061	(5,328)
Accounts payable, trade	(4,282)	(4,284)
Accrued interest, notes payable	1,427	(95)
Accrued asset management fee	371	(1,350)
Tenant security deposit	1,555	768
Prepaid rent	3,735	(249)
Net cash provided by operating activities	<u>84,727</u>	<u>94,773</u>
Cash flow from investing activities		
Purchase of fixed asset	-	(14,096)
Net cash used by investing activities	<u>-</u>	<u>(14,096)</u>
Cash flows from financing activities:		
Member distributions	(4,559)	(2,027)
Payments of notes payable	(74,871)	(77,750)
Net cash used by financing activities	<u>(79,430)</u>	<u>(79,777)</u>
Net increase in cash and restricted deposits and funded reserves	5,297	900
Cash and restricted deposits and funded reserves, beginning of year	<u>373,472</u>	<u>372,572</u>
Cash and restricted deposits and funded reserves, end of year	<u>\$ 378,769</u>	<u>\$ 373,472</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 72,349</u>	<u>\$ 75,739</u>
Reconciliation of cash and restricted deposits and funded reserves to balance sheet:		
Cash, operating	\$ 78,536	101,522
Restricted deposits and funded reserves	<u>300,233</u>	<u>271,950</u>
	<u>\$ 378,769</u>	<u>\$ 373,472</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Camden Glen, LLC (the "Company") was organized for the purpose of developing, owning, maintaining and operating a 48-unit apartment complex for rental to individuals and families in Raleigh, North Carolina commonly known as "Emerson Glen." The major activities of the Company are governed by the operating agreement and the loan agreements. The property was placed into service in December of 2015.

In April 2015, the operating agreement was amended to admit a new investor member and to permit the withdrawal of the original investor member, DHIC, Inc. ("DHIC"). As a result, the Company has one managing member - Camden Glen Affordable Housing, Inc.; and one investor member - Community Equity Fund XX Limited Partnership.

The ownership of the Company is as follows:

Camden Glen Affordable Housing, Inc.	0.01%
Community Equity Fund XX Limited Partnership	<u>99.99%</u>
	<u>100.00%</u>

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 members 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.

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:

Land improvements	20 years
Building	40 years
Furniture and fixtures	5 to 10 years

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

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.

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.

Other assets

Deferred tax credit fees are being amortized over 15 years, the tax credit compliance period.

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.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2022 and 2021 amounted to \$88 and \$81, respectively.

Subsequent events evaluation

The Company evaluated the effect subsequent events would have on the financial statements through March 1, 2023, which is the date the financial statements were available to be issued.

2. Members' Capital Contributions

The managing member is required to make a capital contribution of \$374, all of which has been contributed as of December 31, 2022 and 2021. The investor member is required to make capital contributions of \$3,793,965, including an upward credit adjuster of \$50,687, all of which has been contributed as of December 31, 2022 and 2021.

3. Notes Payable

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

	<u>2022</u>	<u>2021</u>
<p>First mortgage loan with M&F Bank in the amount of \$1,050,000 bearing interest at 5.83% with all outstanding principal and accrued interest due November 1, 2034. The loan was originally funded from Centrant Community Capital ("Centrant"). On October 1, 2021, the loan was sold to M&F bank but continues to be serviced by Centrant. All payments will continue to be made to Centrant. Monthly payments of principal and interest of \$6,181 are due beginning December 1, 2016 and continue the first day of each month through November 1, 2034 (the maturity date). The November 1, 2034 monthly payment shall also include balloon payment of principal and any unpaid interest. During the years ended December 31, 2022 and 2021, interest expense amounted to \$56,198 and \$57,214, respectively. Accrued interest as of December 31, 2022 and 2021 amounted to \$4,643 and \$4,730, respectively. During the years ended December 31, 2022 and 2021, interest paid amounted to \$56,285 and \$57,296, respectively. Deferred loan costs amortized to interest expense for each of the years ended December 31, 2022 and 2021 amounted to \$2,442. The loan is secured by a first lien Deed of Trust on the property.</p>	\$ 955,663	\$ 973,550
<p>Note payable to North Carolina Housing Finance Agency ("NCHFA") in the maximum amount of \$720,000, with interest accruing at 0.75%. During the construction period, no payments of principal and interest were due under the note. On the conversion date, which is the date that final disbursement is made under the note, monthly payments of principal and interest shall begin. The final disbursement occurred on October 6, 2016. All outstanding principal and interest, if any, shall be due and payable on November 1, 2036. The Company is required to make monthly payments ranging from \$446 to \$2,802, beginning on December 1, 2016. January 2022 through November 2022, the Company made payments of \$802. For December 2022, the Company made a payment of \$789. During the years ended December 31, 2022 and 2021, interest expense amounted to \$5,209 and \$5,242, respectively. Accrued interest as of December 31, 2022 and 2021 amounted to \$433 and \$436, respectively. During the years ended December 31, 2022 and 2021, interest paid amounted to \$5,212 and \$5,245, respectively. Deferred loan costs amortized to interest expense for each of the years ended December 31, 2022 and 2021 amounted to \$225. The note is secured by the second lien Deed of Trust on the property.</p>	692,453	696,850

Camden Glen, LLC
NCHFA Project No. 9151901
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<p>Note payable to City of Raleigh in the amount of \$1,150,000, bearing interest at 1% and maturing on December 31, 2035. Interest and payments were deferred for construction and rent-up. Monthly payments are based on pro-rata split of available net income with other subordinate lenders and range from \$697 per month to \$4,383 per month, commencing in January 2017, and continuing annually until December 31, 2035 (the maturity date), at which time all outstanding principal and accrued interest shall be due and payable. For 2022, monthly payments of \$1,254 were required. However, actual monthly payments were made in 2022 in the amount of \$1,867. During the years ended December 31, 2022 and 2021, interest expense amounted to \$10,842 and \$10,959, respectively. Accrued interest as of December 31, 2022 and 2021 amounted to \$899 and \$909, respectively. During the years ended December 31, 2022 and 2021, interest paid amounted to \$10,852 and \$10,968, respectively. Deferred loan costs amortized to interest expense amounted to \$375 during each of the years ended December 31, 2022 and 2021. The loan is secured by a third lien Deed of Trust on the property.</p>	\$ 1,078,930	\$ 1,090,482
<p>Note payable to DHIC, Inc. ("DHIC"), an affiliate of the managing member, in the amount of \$250,000, with interest accruing at 1%. Annual payments of principal and interest are made, subject to available net cash flow (see Note 7), with all remaining principal and interest due at maturity on April 7, 2035. Interest expense amounted to \$1,527 and \$2,230 for the years ended December 31, 2022 and 2021, respectively. Accrued interest at December 31, 2022 and 2021 amounted to \$1,527 and \$0, respectively. During the year ended December 31, 2022, a payment of \$41,035 was made on the loan from available cash flow as of December 31, 2021, all of which was allocated to principal. The loan is collateralized by a fourth lien Deed of Trust on the property.</p>	138,570	179,605
<p>Non-interest-bearing note payable to North Carolina Housing Finance Agency ("NCHFA") in the amount of \$546,319. No payments are due on this loan until maturity on November 1, 2045, at which time all outstanding principal and accrued interest shall be due and payable. Deferred loan costs amortized to interest expense amounted to \$117 for each of the years ended December 31, 2022 and 2021. The note is secured by a fifth lien Deed of Trust on the property.</p>	<u>546,319</u>	<u>546,319</u>
	3,411,935	3,486,806
Less: unamortized debt issuance costs	<u>(39,522)</u>	<u>(42,681)</u>
	3,372,413	3,444,125
Less current maturities	<u>(27,047)</u>	<u>(26,294)</u>
	<u>\$ 3,345,366</u>	<u>\$ 3,417,831</u>

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

2023	\$	27,047
2024		27,779
2025		28,490
2026		29,179
2027		29,845
Thereafter		<u>3,269,595</u>
	\$	<u>3,411,935</u>

Interest costs incurred on notes payable during the years ended December 31, 2022 and 2021 amounted to \$73,776 and \$75,645 net of deferred financing costs amortized to interest expense for each year of \$3,159.

4. Related-Party Transactions

Development fee

The Company incurred a development fee of \$576,000 payable to DHIC for services rendered to the Company for overseeing the construction of the complex. As of December 31, 2022, the total fee has been earned. As of December 31, 2022 and 2021, the fee has been paid in full.

Asset management fee

The Company is required to pay the investor member, a cumulative, annual asset management fee of \$3,000. This is compensation for property management oversight, tax credit compliance and monitoring and related services. The asset management fee is payable annually, with any unpaid balance to be paid out of the Company's net cash flow (see Note 7). For the years ended December 31, 2022 and 2021, \$371 and \$0 was incurred, respectively. As of December 31, 2022 and 2021, \$371 and \$0 remained payable, respectively.

Incentive management fee

The Company has entered into an incentive management fee agreement with the managing member for its services in managing the business. This management fee is based on net cash flow payable, as defined, (see Note 7) and is not cumulative. The fee is equal to one hundred percent of net cash flow available to pay the incentive management fee, up to a maximum of \$48,000 per year. No incentive management fee was incurred during the years ended December 31, 2022 and 2021, and no amounts remained payable.

Investor member equity distributions

The operating agreement requires the Company to pay the investor member an annual equity distribution in the amount of ten percent of distributable net cash flow remaining after other priority items, as defined in Note 7. For the years ended December 31, 2022 and 2021, equity distributions of \$4,559 and \$2,027 were paid, respectively. Equity distributions of \$2,629 are expected to be paid in 2023 from net cash flow available at December 31, 2022.

5. Reserves

Replacement reserve

The operating agreement and the Centrant Community Capital, Inc. and NCHFA loan agreements require the Company to fund a replacement reserve using cash flow from operations, as defined. Reserve additions of \$250 per unit per year, increasing at 4% each year, are required to be made annually upon the achievement of 100% qualified occupancy, as defined, prorated in the year occupancy is achieved. This reserve is utilized to fund major repairs, capital expenditures and replacements of capital items in the project. The managing member shall not utilize the replacement reserve without written consent from the investor member except in an emergency situation, as well as written consent from NCHFA. No withdrawals exceeding an aggregate amount of \$2,500 during any twelve month period may be made without prior consent of Centrant Community Capital, Inc. 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	\$ 74,871	\$ 60,429
Funding	14,989	14,413
Interest earned, net of fees	<u>75</u>	<u>29</u>
Balance, ending	<u>\$ 89,935</u>	<u>\$ 74,871</u>

Operating reserve

The operating agreement and Centrant Community Capital, Inc. and NCHFA loan agreements require the Company to fund an operating reserve account in the amount of \$160,519 into a segregated reserve account to fund operating expenses in excess of operating revenues. The managing member shall not utilize the operating reserve without written consent from the investor member, as well as written consent from NCHFA. Any single withdrawal in excess of \$2,500 and total withdrawals exceeding \$5,000 in any single calendar year shall require prior written consent of Centrant Community Capital, Inc. 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	\$ 161,611	\$ 161,537
Interest earned, net of fees	<u>302</u>	<u>74</u>
Balance, ending	<u>\$ 161,913</u>	<u>\$ 161,611</u>

6. 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 6.04% of gross operating revenues received from the preceding month. Such fee shall be paid out of the general operating account on the first of each month. The term of the agreement is from March 31, 2014 until March 30, 2017, but shall be automatically renewed for a period of one year unless, on or before 60 days prior to the expiration, either party hereto shall notify the other in writing of an intention to terminate this agreement. The total management fee expense for the years ended December 31, 2022 and 2021 was \$25,341 and \$23,222, respectively.

During 2020, CMC applied for and received a loan through the Paycheck Protection Program (“PPP”) as authorized in the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The Company reduced payroll and related reimbursements to CMC during the year ended December 31, 2020 in the total amount of \$5,452, which is the portion of the PPP loan proceeds that CMC planned to contribute to the Company in 2021 upon approval of its PPP loan forgiveness application. As of December 31, 2020, the Company recognized a liability of \$5,452 for the unpaid payroll and related costs. On May 18, 2021, CMC received formal forgiveness of its PPP loan and contributed the funds to the Company. Accordingly, forgiveness income of \$5,452 has been recognized by the Company for the year ended December 31, 2021 in the statements of operations.

7. Company Profits, Losses and Distributions

Distributable net cash flow is payable annually in the following order:

Operating cash flow at December 31, 2022:	\$	26,291
First, to the investor member for any credit deficiency and then to repay any loans made to the investor member to the Company;		-
Second, to replenish the operating reserve account to the required amount;		-
Third, to distribute ten percent of the amount remaining after required distributions to the investor member per the operating agreement;		(2,629)
Fourth, to pay annual asset management fee to the investor member;		(371)
Fifth, to pay deferred developer fee;		-
Sixth, to repay the managing member for any development advances, operating deficit loans, and other loans made by the managing member to the Company;		(23,291)
Seventh, to pay the incentive management fee;		-
		-
Eighth, the balance to the members in accordance with their percentage interests:		
Managing member - 0.01%		-
Investor member - 99.99%		-
	\$	-

8. Contingencies, Risks and Uncertainties

The Company's sole asset is its 48-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.

9. Guaranty Agreement

Pursuant to a Guaranty Agreement, DHIC, Inc. has agreed to fund operating deficits incurred by the Company. In accordance with the agreement, the maximum aggregate operating deficit loan required shall be \$159,896. The operating deficit guaranty shall expire when the final investor member capital contribution installment has been received and the Company has achieved breakeven operations, as defined in the operating agreement, for at least three years, provided, however, that the operating deficit obligation shall continue indefinitely if the operating reserve account is not fully funded in accordance with the operating agreement. In addition the operating agreement calls for a developer fee guaranty contribution, whereby if as of December 31, 2026 the deferred developer fee has not been paid for any reason, the managing member shall make a capital contribution to the Company in the amount of the outstanding balance of the deferred developer fee (see Note 4), which shall be used to pay the outstanding balance of the deferred developer fee. The Guaranty Agreement requires DHIC, Inc. to guarantee the managing member's obligations related to this contribution.

Supplementary Information

Camden Glen, LLC
NCHFA Project No. 9151901
Schedules of Income and Expenses
December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income	<u>\$ 388,821</u>	<u>\$ 376,947</u>
Interest income:		
Interest income	<u>\$ 529</u>	<u>\$ 135</u>
Other income:		
Application fees	\$ 940	\$ 520
Late fees	218	4,746
Damages and cleaning fees	5,410	1,784
Legal fees	559	5,452
Other miscellaneous income	16	1,195
	<u>\$ 7,143</u>	<u>\$ 13,697</u>
Administrative expenses:		
Administrative payroll	\$ 34,624	\$ 42,945
Health insurance and other benefits	6,303	9,778
Payroll taxes	3,080	3,720
Workers compensation	618	825
Other payroll related	946	348
Legal fees	1,098	126
Advertising	88	81
Telephone, internet and cable	6,052	6,561
Administrative supplies and expenses	5,646	4,662
Administrative training expenses	1,485	588
Criminal background, credit check expenses	192	327
Other administrative expense	416	1,040
Bad debt expenses	2,204	815
Bank fees	540	305
Resident services	2,000	-
	<u>\$ 65,292</u>	<u>\$ 72,121</u>
Property management fees	<u>\$ 25,341</u>	<u>\$ 23,222</u>
Auditing and accounting	<u>\$ 13,882</u>	<u>\$ 8,410</u>

Camden Glen, LLC
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Schedules of Income and Expenses
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(3 pages)

	<u>2022</u>	<u>2021</u>
Repairs and maintenance:		
Maintenance payroll	\$ 15,660	\$ 17,343
Repairs expense	76,760	25,796
Painting and decorating	5,002	3,110
Grounds maintenance	18,018	16,674
Garbage and trash removal	8,120	5,766
Cleaning expense (janitorial)	4,274	864
Exterminating	1,037	968
Security expense	4,789	-
Fire alarm expense	7,224	10,432
	<u>\$ 140,884</u>	<u>\$ 80,953</u>
Utilities:		
Electricity	\$ 9,438	\$ 8,492
Water	10,736	10,751
Sewer	12,058	12,915
Water and sewer recoveries	(19,367)	(20,215)
	<u>\$ 12,865</u>	<u>\$ 11,943</u>
Taxes and insurance:		
Property and liability insurance	\$ 14,806	\$ 13,756
Other insurance	200	199
Real estate taxes	1,420	329
Other taxes, licenses and fees (state charges)	428	428
	<u>\$ 16,854</u>	<u>\$ 14,712</u>
Amortization	<u>\$ 5,226</u>	<u>\$ 5,225</u>
Depreciation	<u>\$ 187,988</u>	<u>\$ 188,024</u>

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	<u>2022</u>	<u>2021</u>
Interest expense - mortgage loans:		
1st mortgage interest - Centrant	\$ 56,198	\$ 57,214
2nd mortgage interest - RPP	5,209	5,242
3rd mortgage interest - City of Raleigh	10,842	10,959
Deferred mortgage interest - DHIC	1,527	2,230
Amortization of deferred financing costs	<u>3,159</u>	<u>3,159</u>
	<u>\$ 76,935</u>	<u>\$ 78,804</u>
Asset management fee	<u>\$ 371</u>	<u>\$ -</u>