

Maplewood Partners, LLC

NCHFA Project No. 9002691

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

December 31, 2022 and 2021

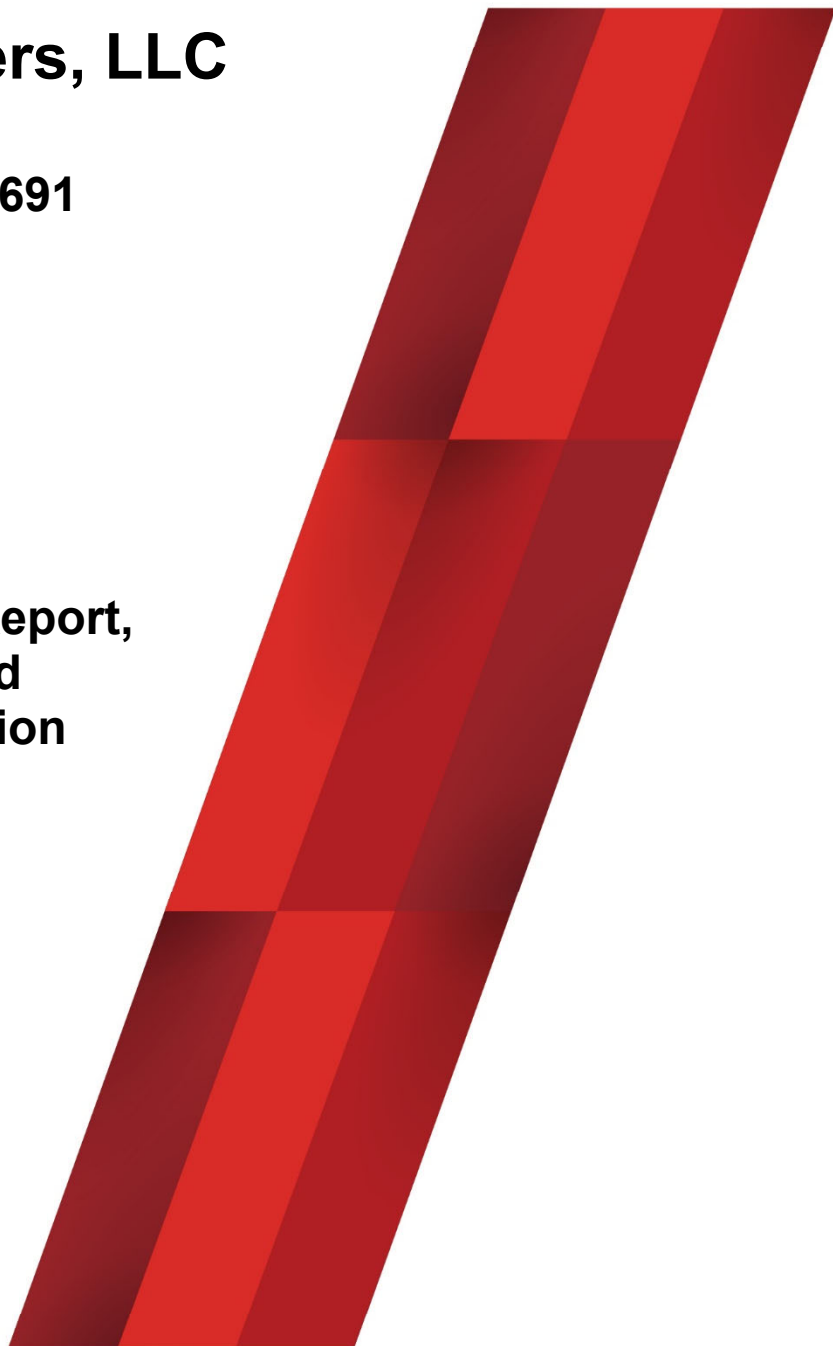


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Independent Auditor's Report

Members
Maplewood Partners, LLC
NCHFA Project No. 9002691
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maplewood Partners, LLC, 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 Maplewood Partners, 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 Maplewood Partners, 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 Maplewood Partners, 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 Maplewood Partners, 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 Maplewood Partners, 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 Schedules of Project Income and Operating 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
February 28, 2023

Maplewood Partners, LLC
NCHFA Project No. 9002691
Balance Sheets
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Investment in real estate:		
Land	\$ 558,119	\$ 558,119
Land improvements	565,669	565,669
Buildings	2,998,588	2,993,558
Furniture and equipment	145,139	145,139
	<u>4,267,515</u>	4,262,485
Accumulated depreciation	<u>(1,494,081)</u>	<u>(1,393,225)</u>
Net investment in real estate	<u>2,773,434</u>	2,869,260
Other assets:		
Cash, operating	47,028	50,157
Cash, insurance and tax	11,060	2,884
Cash, security deposits	15,189	16,026
Cash, replacement reserve	79,999	82,357
Cash, operating reserve	82,341	82,157
Accounts receivable, tenant	154	-
Prepaid insurance	2,009	10,045
Capitalized costs, net	6,404	9,606
Total other assets	<u>244,184</u>	<u>253,232</u>
Total assets	<u>\$ 3,017,618</u>	<u>\$ 3,122,492</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Note payable - DHIC	\$ 300,000	\$ 300,000
Note payable - affiliate	700,000	700,000
Note payable - other, net of unamortized debt issuance costs of \$5,569 in 2022 and \$6,273 in 2021	450,731	450,160
Accounts payable	4,441	3,747
Accrued developer's fee, affiliates	-	14,682
Fees payable, affiliates	7,343	7,130
Accrued interest, DHIC	102,756	94,356
Accrued interest, affiliate	248,500	230,500
Tenant security deposits	15,189	16,020
Prepaid rent	45	19
Total liabilities	<u>1,829,005</u>	1,816,614
Members' equity	<u>1,188,613</u>	<u>1,305,878</u>
Total liabilities and members' equity	<u>\$ 3,017,618</u>	<u>\$ 3,122,492</u>

See accompanying notes.

Maplewood Partners, LLC
NCHFA Project No. 9002691
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Income:		
Gross rent potential	\$ 214,917	\$ 209,712
Less:		
Vacancies	(1,820)	-
Loss to lease and concessions	(1,851)	(1,876)
Net rental revenue	<u>211,246</u>	<u>207,836</u>
Interest income	403	45
Other income	<u>3,507</u>	<u>9,329</u>
Total income	<u>215,156</u>	<u>217,210</u>
Operating expenses:		
Administrative	58,495	54,728
Marketing and leasing	30	69
Professional fees	13,602	7,640
Repairs and maintenance	61,276	64,288
Taxes and insurance	16,689	17,065
Utilities	22,026	21,038
Bad debts	674	193
Total operating expenses	<u>172,792</u>	<u>165,021</u>
Net operating income	<u>42,364</u>	<u>52,189</u>
Partnership and financial expenses:		
Deferred interest - affiliates	27,104	27,104
Asset management fees	7,343	7,130
Company Management fees	8,100	-
Incentive Management fees	<u>3,346</u>	<u>-</u>
Total partnership and financial expenses	<u>45,893</u>	<u>34,234</u>
Net income (loss) before depreciation and amortization	<u>(3,529)</u>	<u>17,955</u>
Depreciation	103,639	103,175
Amortization	3,202	3,202
Loss on disposal	<u>5,780</u>	<u>1,820</u>
Net loss	<u>\$ (116,150)</u>	<u>\$ (90,242)</u>

See accompanying notes.

Maplewood Partners, LLC
NCHFA Project No. 9002691
Statements of Members' Equity
Years Ended December 31, 2022 and 2021

	2022			2021
	Managing Members	Investor Member	Total	
Balance, beginning	\$ 411,990	\$ 893,888	\$ 1,305,878	\$ 1,396,120
Distributions	-	(1,115)	(1,115)	-
Net loss	(12)	(116,138)	(116,150)	(90,242)
Balance, ending	<u>\$ 411,978</u>	<u>\$ 776,635</u>	<u>\$ 1,188,613</u>	<u>\$ 1,305,878</u>

Maplewood Partners, LLC
NCHFA Project No. 9002691
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 loss	\$ (116,150)	\$ (90,242)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	103,639	103,175
Amortization of intangible assets	3,202	3,202
Amortization of deferred financing costs	704	704
Loss on disposal of assets	5,780	1,820
Change in assets and liabilities		
Accounts receivable, tenant	(154)	712
Prepaid insurance	8,036	(4,218)
Accounts payable	694	(10,630)
Accrued asset management fees	213	(19,371)
Accrued developer's fee, affiliates	(14,682)	-
Accrued interest, DHIC	(94,356)	8,400
Accrued interest, affiliate	120,756	18,000
Tenant security deposits	(831)	1,096
Prepaid rent	26	(51)
Net cash provided by operating activities	<u>16,877</u>	<u>12,597</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(13,593)</u>	<u>(5,971)</u>
Net cash used by investing activities	<u>(13,593)</u>	<u>(5,971)</u>
Cash flows from financing activities:		
Distributions	(1,115)	-
Payments on notes payable	<u>(133)</u>	<u>(1,724)</u>
Net cash used by financing activities	<u>(1,248)</u>	<u>(1,724)</u>
Net increase in cash, cash equivalents, restricted deposits and funded reserves	2,036	4,902
Cash, cash equivalents, restricted deposits and funded reserves, beginning of year	<u>233,581</u>	<u>228,679</u>
Cash, cash equivalents, restricted deposits and funded reserves, end of year	<u>\$ 235,617</u>	<u>\$ 233,581</u>

Maplewood Partners, LLC
NCHFA Project No. 9002691
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Reconciliation of cash, cash equivalents, restricted deposits and funded reserves to the balance sheet:		
Cash, operations	\$ 47,028	\$ 50,157
Cash, insurance and tax	11,060	2,884
Cash, security deposits	15,189	16,026
Cash, replacement reserve	79,999	82,357
Cash, operating reserve	<u>82,341</u>	<u>82,157</u>
	<u>\$ 235,617</u>	<u>\$ 233,581</u>

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Maplewood Partners, LLC (“the Company”) was formed as a limited liability company under the laws of the state of North Carolina on August 28, 2007 for the purpose of constructing and operating a 32-unit low-income housing complex located in Durham County, North Carolina known as “Maplewood Square Apartments”. The property was placed in service in November 2009.

The project is eligible for low-income housing tax credits established under the program described in Section 42 of the Internal Revenue Code.

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. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	20 years
Buildings	40 years
Furniture and equipment	5 to 10 years

Rental income and prepaid rents

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

Cash and cash equivalents

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

Use of estimates

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

Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. No impairment losses were recognized during 2022 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 \$30 and \$69, respectively.

Debt issuance costs

Loan costs are being amortized to interest expense over the life of the related loan.

Subsequent events evaluation

The Company evaluated the effect subsequent events would have on the financial statements through February 28, 2023, which is the date the financial statements were available to be issued.

2. Members' Capital Contributions

The Company has one managing member, Maplewood Senior Housing Inc., which has a 0.0034% interest, a co-managing member, Self-Help Housing, Inc., which has a 0.0033% interest, and a non-managing member, Maplewood Housing Trust, Inc., which has a 0.0033% interest. The investor member has a 99.99% interest. On December 15, 2011, an amendment to the operating agreement was made to withdraw NEF Assignment Corporation, an Illinois not-for-profit corporation, as investor member and transfer its interest to National Affordable Housing Fund I LP.

The managing member, co-managing member, and non-managing member contributions of, in accordance with the operating agreement, \$180,034, \$232,090, and \$33, respectively, have been paid as of December 31, 2022 and 2021. The investor member contributions, in accordance with the operating agreement, amounts to \$2,615,772, all of which has been paid as of December 31, 2022 and 2021.

3. Notes Payable

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

	<u>2022</u>	<u>2021</u>
Noninterest-bearing note payable to North Carolina Housing Finance Agency ("NCHFA") in the amount of \$545,799 due no later than January 1, 2031. The Company is required to make monthly payments, ranging from \$808 starting in 2011 to \$132 in 2021 as outlined in the promissory note. During 2022, a payment of \$133 was made. Deferred loan costs amortized to interest expense amounted to \$704 for each of the years ended December 31, 2022 and 2021. The loan is secured by a first lien on the property.	\$ 456,300	\$ 456,433
Note payable to Self-Help Ventures Fund ("SHVF"), an affiliate of the co-managing member, in the maximum amount of \$700,000; no payments due until maturity on December 31, 2028. Interest shall accrue 2% on \$500,000 and 4% on \$200,000. Interest expense for the each of the years ended December 31, 2022 and 2021 amounted to \$18,000. Accrued interest at December 31, 2022 and 2021 amounted to \$248,500 and \$230,500, respectively. The loan is secured by a second lien on the property.	700,000	700,000
Note payable to DHIC, Inc. ("DHIC"), an affiliate of the managing member, in the amount of \$300,000 with interest accruing at 2.80% per annum, beginning October 8, 2010, with no payments due until maturity on October 1, 2030. Interest expense for each of the years ended December 31, 2022 and 2021 amounted to 8,400. Accrued interest at December 31, 2022 and 2021 amounted to \$102,756 and \$94,356, respectively. The loan is secured by a third lien on the property.	300,000	300,000
Less: unamortized debt issuance costs	<u>(5,569)</u>	<u>(6,273)</u>
	<u>\$ 1,450,731</u>	<u>\$ 1,450,160</u>

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

2023	\$	133
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>1,456,167</u>
	<u>\$</u>	<u>1,456,300</u>

4. Related-Party Transactions

Asset management fee

The Company is required to pay an affiliate of the investor member, a cumulative, annual asset management fee of \$5,000 to be increased annually by 3%. This is a compensation for property management oversight, tax credit compliance and monitoring and related services. Any unpaid asset management fees are payable out of the Company's net cash flow (see Note 8). For the years ended December 31, 2022 and 2021, asset management fee expensed amounted to \$7,343 and \$7,130, respectively. Accrued asset management fees amounted to \$7,343 and \$7,130, respectively, as of December 31, 2022 and 2021.

Developer fee

In accordance with the development fee agreement, the Company shall pay DHIC, Inc. ("DHIC"), SHVF, and Durham Community Land Trustees ("DCLT") a development fee of \$336,000 in connection with their services for overseeing the development of the apartment project. DHIC is affiliated with the managing member of the Company, SHVF is affiliated with the co-managing member, and DCLT is affiliated with the non-managing member. All of the developer fee has been earned, and as of December 31, 2022 and 2021, \$0 and \$14,682, respectively, remained payable.

Company management fee

The Company is required to pay the managing member a cumulative management fee of up to \$8,100 out of cash flow, as defined (see Note 8). During the years ended December 31, 2022 and 2021, \$8,100 and \$0, respectively, was paid.

Incentive management fee

The Company is required to pay the managing member a non-cumulative incentive management fee out of cash from operations, as defined (see Note 8). During the years ended December 31, 2022 and 2021, \$3,346 and \$0, respectively, was paid.

Equity distributions from net cash flow

For the years ended December 31, 2022 and 2021, the investor member received equity distributions from available net cash flow at December 31, 2021 and 2020, totaling \$1,115 and \$0, respectively.

5. Capitalized Costs

Tax credit fees have been capitalized as described below:

	<u>2022</u>	<u>2021</u>
Tax credit fees	\$ 48,030	\$ 48,030
Less: accumulated amortization	<u>(41,626)</u>	<u>(38,424)</u>
Net capitalized costs	<u>\$ 6,404</u>	<u>\$ 9,606</u>

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

6. Reserves

Replacement Reserve

Per the loan agreement with NCHFA, the managing member shall establish a replacement reserve to fund capital improvements and repairs to the project. The reserve will be funded on a cumulative basis, in the annual amount of \$250 per unit per year (to be increased annually by 3%) from project cash flow starting in January 2011. All withdrawals from the replacement reserve require approval from NCHFA. Withdrawals from replacement reserve in excess of \$5,000 in the aggregate in any given month will require the written approval of the managing member and the asset manager. 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	\$ 82,357	\$ 71,575
Funding	11,074	10,751
Service fees, net of interest earned	161	31
Approved withdrawals	<u>(13,593)</u>	<u>-</u>
Balance, ending	<u>\$ 79,999</u>	<u>\$ 82,357</u>

Operating reserve

The managing member shall establish the operating reserve and fund it with the operating reserve target amount (\$80,545) out of loan/equity proceeds at the time of the payment of the third installment. The managing member shall, to the extent funds are available, replenish the reserve to the target amount out of cash flow or the proceeds of sales or refinancing. The operating reserve will be held in the operating reserve account, under the control of the managing member or the project lender. The managing member and the Company will maintain this account from the date of payment of the third installment until the end of the compliance period. Withdrawals from the operating reserve will require the written approval of the managing member and NEF Assignment Corporation, 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	\$ 82,157	\$ 82,157
Interest, net of fees	<u>184</u>	<u>-</u>
Balance, ending	<u>\$ 82,341</u>	<u>\$ 82,157</u>

7. Property Management

The Company has entered into an agreement with Community Management Corporation (“CMC”) in connection with the management of the rental operations of the project. The property management fee is calculated as 7.44% of gross operating revenues. For the years ended December 31, 2022 and 2021, \$15,918 and \$15,634, respectively, was incurred in accordance with the agreement.

8. Profits and Losses and Distributions

All profits and losses are allocated 99.99% to the investor member and 0.01% to the managing members.

Net cash flow is to be distributed as follows:

1. To the investor member to the extent of any amount which the investor member is entitled to receive to satisfy any payment required, pursuant to section 6.9 of the operating agreement;
2. Funding of the operating reserve until such time as such account is replenished up to the target amount;
3. Payment of any accrued and payable asset management fees;
4. Payment of any unpaid balance on the deferred development fee;
5. Payment of any accrued and unpaid interest and unpaid principal on loans made by the investor member, pursuant to section 3.7 of the operating agreement;
6. Repayment of any accrued and unpaid interest and unpaid principal on loans made by the managing member, pursuant to section 3.7 of the operating agreement;
7. Repayment to the managing member (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) of any amounts treated as loans to the Company (without interest) by the managing member, pursuant to section 6.4(f)(i), 6.4(f)(ii), or 6.4(f)(iii) of the operating agreement, and not yet repaid;
8. Payment of \$8,100 to the managing member as a company management fee on a cumulative basis;
9. Payment of 75% of the balance, if any, to the managing member as an incentive company management fee, on a non-cumulative basis; and
10. After making the payments described in section 5.1(a) of the operating agreement, the remaining cash flow, if any, shall be distributed as the following: 0.0034% to the managing member, 0.0033% to the co-managing member, 0.0033% to the non-managing member, and 99.99% to the investor member.

9. Contingencies, Risks and Uncertainties

The Company's sole asset is its 32-unit low-income housing complex located in Durham County, 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

Maplewood Partners, LLC
NCHFA Project No. 9002691
Schedules of Project Income and Operating Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Net rental revenue	<u>\$ 211,246</u>	<u>\$ 207,836</u>
Interest income:		
Interest income	<u>\$ 403</u>	<u>\$ 45</u>
Other income:		
Application fees	\$ 360	\$ 480
Laundry and vending	906	527
Late fees	249	205
Damages and cleaning fees	1,992	-
Grant revenue	-	7,469
Other fees and charges	-	648
Total other income	<u>\$ 3,507</u>	<u>\$ 9,329</u>
Administrative expense:		
Office supplies	\$ 6,239	\$ 5,190
Seminars/meetings	1,373	283
Managers' salaries	24,184	23,712
Management fees	15,918	15,634
Criminal reports	638	504
Telephone	3,598	3,057
Service coordinator	3,200	2,400
Other administrative	3,345	3,948
Total administrative expense	<u>\$ 58,495</u>	<u>\$ 54,728</u>
Marketing and leasing expenses:		
Advertising	<u>\$ 30</u>	<u>\$ 69</u>
Professional fees:		
Accounting	<u>\$ 13,602</u>	<u>\$ 7,640</u>

Maplewood Partners, LLC
NCHFA Project No. 9002691
Schedules of Project Income and Operating Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Repairs and maintenance:		
Grounds maintenance	\$ 16,012	\$ 11,279
Exterminating services	1,776	1,201
Payroll	13,013	19,815
Repairs and maintenance	<u>30,475</u>	<u>31,993</u>
Total repairs and maintenance	<u>\$ 61,276</u>	<u>\$ 64,288</u>
Tax and insurance expenses:		
Real estate taxes	\$ 707	\$ 706
Payroll taxes	2,797	3,305
Property and liability insurance	7,476	8,319
Health insurance	4,550	4,443
Other insurance	<u>1,159</u>	<u>292</u>
Total tax and insurance expenses	<u>\$ 16,689</u>	<u>\$ 17,065</u>
Utilities:		
Garbage and trash removal	\$ 3,256	\$ 3,692
Water	3,486	2,950
Sewer	6,217	5,374
Electricity	<u>9,067</u>	<u>9,022</u>
Total utilities	<u>\$ 22,026</u>	<u>\$ 21,038</u>
Bad debts:		
Bad debts	<u>\$ 674</u>	<u>\$ 193</u>
Partnership and financial expenses:		
Deferred interest - affiliates	\$ 27,104	\$ 27,104
Asset management fees	7,343	7,130
Company Management fees	8,100	-
Incintive Management fees	<u>3,346</u>	<u>-</u>
Total partnership and financial expenses	<u>\$ 45,893</u>	<u>\$ 34,234</u>
Depreciation	<u>\$ 103,639</u>	<u>\$ 103,175</u>
Amortization	<u>\$ 3,202</u>	<u>\$ 3,202</u>
Loss on disposal	<u>\$ 5,780</u>	<u>\$ 1,820</u>

See independent auditor's report.