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Report to the
Board of Directors

DHIC Inc., and Subsidiaries

December 31, 2022

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Communication with Those Charged with Governance

June 14, 2023

Board of Directors
DHIC Inc., and Subsidiaries
Raleigh, NC

We have audited the consolidated financial statements of DHIC Inc., and Subsidiaries (the "Corporation") for the year ended December 31, 2022, and have issued our report thereon dated June 14, 2023. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 14, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter dated November 14, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

We have issued a written report on our consideration of internal controls and compliance in accordance with *Government Auditing Standards*, in which we did not identify any material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the consolidated financial statements. Other than as decribed below related to the implementation of new lease accounting guidance, no new accounting policies were adopted and the application of existing policies was not changed during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the consolidated financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management's estimate of the the fair value of inventory is based on current market conditions. We evaluated the key factors and assumptions used to develop the the fair value of inventory in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Management's estimate of the depreciable lives of property and equipment is based on management's knowledge of the industry and industry guidelines. We evaluated the key factors and assumptions used to develop the depreciable lives of property and equipment in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Management's estimate of the percentage of project costs covered by development fee income to determine the amount of profit to eliminate in consolidation of the limited partnerships/liability companies with DHIC, Inc., is based on the allocation of salary expense. We evaluated the key factors and assumptions used to develop the percentage of project costs covered by development fee income in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to consolidated financial statements users. The most sensitive disclosures affecting the consolidated financial statements were:

The disclosures of fair value measurements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management that are included in the management representation letter included at Appendix A.

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Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

On January 1, 20XX, the Corporation adopted Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. As part of the transition to the new standard, the Corporation was required to measure and recognize leases that existed at January 1, 2022 using a modified retrospective approach and chose to adopt the new guidance at the effective date without adjusting the comparative financial statements. For leases existing at the effective date, the Corporation elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost. The Corporation also chose the practical expedient to not include short-term leases in the calculation of the lease liability. Additionally, the Corporation chose the practical expedient to combine non-lease and lease components in the calculation of the lease liability. The adoption of Topic 842 resulted in the recognition of a cumulative effect adjustment at January 1, 2022 consisting of the recognition of operating ROU assets of $1,588,592, and a reclassification of land included in the consolidated statement of financial position at December 31, 2021 amounting to $5,810,696, which was reclassified to a finance ROU asset. The standard did not significantly affect the Corporation's consolidated statements of activities or cash flows. The accounting for finance leases remained substantially unchanged with the adoption of Topic 842. The adoption of ASU 2016-02, Leases is disclosed in Note 1 to the financial statements.

This information is intended solely for the use of the Board of Directors and management of DHIC Inc., and Subsidiaries, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

FORVIS, LLP

High Point, NC

Appendix A
Management Representation Letter