Booker Park North, LLC
NCHFA Project No. 9198240

Financial Statements and Supplementary Information

Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

Members
Booker Park North, LLC
NCHFA Project No. 9198240
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Booker Park North, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in partners' equity (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 Booker Park North, LLC as of December 31, 2021 and 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Booker Park North, 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 Booker Park North, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Booker Park North, 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 Booker Park North, 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 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.

Dixon Hughes Goodman LLP

High Point, NC
April 6, 2022

Booker Park North, LLC
NCHFA Project No. 9198240
Balance Sheets
December 31, 2021 and 2020 **(2 pages)**

	2021	2020
ASSETS		
Current assets:		
Cash, operating	**$ 170,302**	$ 214,738
Accounts receivable, tenants	**-**	1,052
Accounts receivable, other	**497**	1,113
Prepaid insurance	**24,180**	12,309
Total current assets	**194,979**	229,212
Restricted deposits and funded reserves:		
Cash, tenant security deposits	**42,784**	42,065
Cash, replacement reserve	**47,219**	27,736
Cash, tax and insurance escrow	**6,878**	6,328
Cash, operating reserve	**245,314**	245,212
Total restricted deposits and funded reserves	**342,195**	321,341
Rental property:		
Land	**538,373**	538,373
Building	**8,357,174**	8,357,174
Land improvements	**1,110,107**	1,110,107
Furniture and fixtures	**431,880**	431,880
	10,437,534	10,437,534
Less accumulated depreciation	**(1,131,980)**	(693,024)
	9,305,554	9,744,510
Other assets:		
Deferred tax credit fees, net of accumulated amortization of $27,357 in 2021 and $16,894 in 2020	**129,592**	140,055
	$ 9,972,320	$ 10,435,118

	2021	2020
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Current maturities of notes payable	**$ 67,255**	$ 65,308
Accounts payable, trade	**15,464**	15,558
Accrued investor services fee	**3,501**	3,399
Accrued company administration fees	**31,297**	50,052
Development fee payable	**-**	30,770
Accrued interest, current	**9,187**	8,388
Total current liabilities	**126,704**	173,475
Deposits and prepayment liabilities:		
Tenant security deposits	**42,784**	42,065
Prepaid rent	**6,367**	13,925
Prepaid revenue	**11,200**	12,880
	60,351	68,870
Long-term liabilities:		
Accrued interest, affiliates	**2,036**	6,202
Notes payable, net of unamortized debt issuance costs of $51,682 in 2021 and $53,764 in 2020, net of current maturities	**5,427,399**	5,494,709
	5,429,435	5,500,911
Members' equity	**4,355,830**	4,691,862
	$ 9,972,320	$ 10,435,118

Booker Park North, LLC
NCHFA Project No. 9198240
Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Revenue:		
Gross rental income	$ 556,605	$ 547,826
Less: Vacancy loss	(3,034)	(2,168)
Less: Concessions and gain or loss to lease	(4,025)	(2,400)
Total rental income	549,546	543,258
Other income:		
Interest income	133	111
Other	7,504	4,687
Total income	557,183	548,056
Expenses:		
Administrative	113,485	105,442
Professional fees	9,879	9,571
Utilities	30,029	34,141
Management fees	32,610	32,788
Repairs and maintenance	88,548	107,351
Taxes and insurance	27,171	25,654
Total operating expense	301,722	314,947
Income from operations	255,461	233,109
Nonoperating expenses:		
Interest expense	107,376	112,606
Depreciation	438,956	437,836
Amortization	10,463	10,463
Investor services fee	3,501	3,399
Company administration fee	31,297	50,052
Total nonoperating expenses	591,593	614,356
Net loss	$ (336,132)	$ (381,247)

Booker Park North, LLC
NCHFA Project No. 9198240
Statements of Members' Equity (Deficit)
Years Ended December 31, 2021 and 2020

	Managing Member	Investor Member	Total
Balance (deficit), December 31, 2019	$ (799,374)	$ 5,362,698	$ 4,563,324
Contributions	-	509,785	509,785
Net loss	(38)	(381,209)	(381,247)
Balance (deficit), December 31, 2020	$ (799,412)	$ 5,491,274	$ 4,691,862
Contributions	100	-	100
Net loss	(34)	(336,098)	(336,132)
Balance (deficit), December 31, 2021	$ (799,346)	$ 5,155,176	$ 4,355,830

Booker Park North, LLC
NCHFA Project No. 9198240
Statements of Cash Flows
Years Ended December 31, 2021 and 2020 **(2 pages)**

	2021	2020
Cash flows from operating activities:		
Net loss	**$ (336,132)**	$ (381,247)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**438,956**	437,836
Amortization	**10,463**	10,463
Amortization of deferred financing costs	**2,082**	7,021
Change in assets and liabilities		
(Increase) decrease:		
Accounts receivable, tenants	**1,052**	1,122
Accounts receivable, other	**616**	337
Prepaid insurance	**(11,871)**	(5)
Increase (decrease):		
Accounts payable, trade	**(94)**	4,302
Accrued investor services fee	**102**	1,474
Accrued company administration fee	**(18,755)**	50,052
Accrued interest, current	**799**	(27)
Tenant security deposit liability	**719**	563
Prepaid rent	**(7,558)**	2,992
Prepaid revenue	**(1,680)**	(1,680)
Accrued interest, affiliates	**(4,166)**	2,036
Net cash provided by operating activities	**74,533**	135,239
Cash flows from investing activities:		
Payment of deferred tax credit fees	**-**	(60,480)
Investment in rental property	**(30,770)**	(608,559)
Net cash used by investing activities	**(30,770)**	(669,039)
Cash flows from financing activities:		
Member contributions	**100**	509,785
Proceeds from notes payable	**-**	2,950,000
Payment of deferred financing costs	**-**	(24,027)
Payments of construction loan payable	**-**	(2,626,349)
Payments of notes payable	**(67,445)**	(31,633)
Net cash provided (used) by financing activities	**(67,345)**	777,776
Net increase (decrease) in cash, restricted deposits, and funded reserves	**(23,582)**	243,976
Cash, restricted deposits, and funded reserves, beginning of year	**536,079**	292,103
Cash, restricted deposits, and funded reserves, end of year	**$ 512,497**	$ 536,079

	2021	2020
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 108,661**	$ 103,576
Reconciliation of cash, restricted deposits and funded reserves to balance sheet:		
Cash, operating	**$ 170,302**	$ 214,738
Restricted deposits and funded reserves	**342,195**	321,341
	$ 512,497	$ 536,079

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Booker Park North, LLC (the "Company") was organized on September 7, 2016 for the purpose of acquiring, developing, constructing, leasing, managing, and operating a 72-unit apartment complex (the "project") for rental to seniors in Raleigh, North Carolina commonly known as "Booker Park North." The major activities of the Company are governed by the operating agreement and the loan agreements. The property was placed into service in May of 2019.

In June of 2018, 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 had one managing member - Booker Park North Housing, Inc.; and one investor member - Enterprise Housing Partners XXIX Limited Partnership.

The ownership of the Company is as follows:

Booker Park North Housing, Inc.	0.01%
Enterprise Housing Partners XXIX Limited Partnership	99.99%
	100.00%

The Company received an allocation of low-income housing tax credits from the North Carolina Housing Finance Agency under Section 42 of the Internal Revenue Code of 1986, as amended.

Basis of accounting

The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

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

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.

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.

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.

Restricted cash

Restricted cash consists of tenant security deposits and escrow deposits held in segregated accounts for property taxes, insurance, operating deficits, replacement reserves, and rent up costs. 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.

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	15 years
Building	30 years
Furnishings and equipment	5 years

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

Other assets

Deferred tax credit fees are being amortized using the straight-line method over the 15-year monitoring period.

Debt issuance costs

Debt issuance costs represent costs incurred in conjunction with acquiring debt facilities. In accordance with GAAP, the debt issuance costs are presented as an offset of the related debt instruments within the liabilities section of the balance sheet. Amortization expense is included in interest expense on the accompanying Statement of Operations. The costs are amortized over the terms of the related debt using a method that approximates the effective interest method.

Revenue recognition

Rental revenue attributed to residential leases is recorded on a straight-line basis over the term of the lease. Leases are for periods of up to one year, with rental payments due monthly. Payments made in advance of scheduled due dates are deferred as Prepaid Rent and classified accordingly on the Balance Sheet until earned.

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 expenses for the year ended December 31, 2021 and 2020 amounted to $133 and $86, respectively.

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.

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, 2021 and 2020.

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.

2. Members' Capital Contributions

The managing member is required to make a capital contribution of $100, all of which has been contributed as of December 31, 2021. The investor member is required to make capital contributions of $6,239,609, including an upward equity adjuster of $62,009, all of which has been contributed as of December 31, 2021.

3. Notes Payable

Details of the notes payable at December 31, 2021 and 2020 are as follows:

	2021	2020
Note payable to The State Employees' Credit Union Foundation ("SECU"), in the amount of $2,400,000, bearing interest at 3%, with all outstanding principal and interest due July 1, 2038. Monthly payments of principal and interest are due in the amount of $10,118.50, commencing August 1, 2020 and continue the first day of each month through July 1, 2038 (the maturity date). The July 1, 2038 monthly payment shall also include a balloon payment of principal and any unpaid interest. During the years ended December 31, 2021 and 2020, interest expense amounted to $70,559 and $35,845, respectively. Accrued interest at December 31, 2021 and 2020 amounted to $5,821 and $5,948, respectively. During the years ended December 31, 2021 and 2020, interest paid amounted to $70,686 and $29,897, respectively. Deferred loan costs amortized to interest expense for the years ended December 31, 2021 and 2020 amounted to $801 and $467, respectively. The loan is secured by the first lien Deed of Trust on the property	$ **2,328,567**	$ 2,379,304
Note payable to the City of Raleigh in the maximum amount of $2,200,000, with interest accruing at 1%. During the construction period, no payments of principal and interest were due under the note. Upon receipt of the final disbursement of the loan, monthly payments of principal and interest shall begin, ranging from $202 to $2,958. All outstanding principal and interest, if any, shall be due and payable on June 1, 2049. Receipt of the final disbursement was made on January 3, 2020 and monthly amortizing payments began in April 2020, in the amount of $2,907 per month. Total payments in 2021 were $35,100. Interest expense amounted to $21,832 and $18,292, for the years ended December 31, 2021 and 2020, respectively. Interest paid for the years ended December 31, 2021 and 2020 amounted to $21,843 and $16,467, respectively. Deferred loan costs amortized to interest expense amounted to $709 and $708 for of the years ended December 31, 2021 and 2020, respectively. The note is secured by the second lien Deed of Trust on the property.	**2,177,048**	2,190,305

	2021	2020
Note payable to Wake County, North Carolina, in the amount of $850,000, with interest accruing at 1%. Interest only payments are due beginning in September 2018, until the commencement of annual principal and interest payments which are due, beginning December 1, 2019, and ranging from $6,126 to $9,759 until maturity on August 8, 2038, at which time all outstanding principal and interest shall be due. During the years ended 2021 and 2020, annual principal and interest payments were made in the amount of $9,719 and $9,660, respectively. Interest expense incurred and paid amounted to $8,405 and $8,418, for the years ended December 31, 2021 and 2020, respectively. Deferred loan costs amortized to interest expense amounted to $572 for each of the years ended December 31, 2021 and 2020. The loan is secured by a third lien Deed of Trust on the property.	**$ 839,215**	$ 840,529
Note payable to DHIC, Inc. ("DHIC"), an affiliate of the managing member, in the amount of $203,643, with interest accruing at 1%. No payments are due until maturity on February 1, 2040. The note shall be repaid from net cash flow, as defined in the operating agreement (see Note 8), beginning March 15, 2020. Accrued interest at December 31, 2021 and 2020 amounted to $2,036 and $6,202, respectively. Interest expense amounted to $2,036 and $2,036 for the years ended December 31, 2021 and 2020, respectively. Interest paid for the year ended December 31, 2021 amounted to $6,202. The loan is collateralized by a fourth lien Deed of Trust on the property.	**201,506**	203,643
Less: unamortized debt issuance costs	**(51,682)**	(53,764)
	5,494,654	5,560,017
Less: current maturities	**(67,255)**	(65,308)
	$ 5,427,399	$ 5,494,709

Total estimated principal maturities of the notes payable subsequent to December 31, 2021 are as follows:

2022	$ 67,255
2023	69,136
2024	70,943
2025	72,669
2026	73,771
Thereafter	4,991,056
*	201,506
	$ 5,546,336

** Future maturities cannot be reasonably determined at December 31, 2021.*

4. Construction Loan Payable

The Company obtained a construction loan from First Horizon Bank in the maximum amount of $4,000,000, bearing interest at the 30-day LIBOR rate plus 2.0% (variable), for the purposes of constructing the project. As of December 31, 2019, the interest rate on the loan was 3.71%. As of December 31, 2019, the interest rate on the loan was 3.71%. The construction loan had a maturity date of June 15, 2020. During 2020, the loan was repaid in full using proceeds from permanent financing as well as capital contribution from the investor member. Interest expense for the year ended December 31, 2020 amounted to $40,379, net of deferred financing costs amortized to interest expense of $5,273. Interest paid during the years ended December 31, 2020 amounted to $48,794.

5. Related-Party Transactions

Development fee

The Company incurred a development fee of $936,000 payable to DHIC for services rendered to the Company for overseeing the construction of the project. As of December 31, 2021 and 2020, the total fee has been earned. As of December 31, 2021 and 2020, $0 and $30,770, respectively remained payable. The deferred portion of the development fee, as defined in the amended and restated development services agreement, shall be repaid out of available cash flow, as defined in the operating agreement (see Note 8), and shall accrue interest at a rate of 8%. As of December 31, 2021 and 2020, accrued interest payable amounted to $1,552 and $615, respectively. Any unpaid development fee and accrued interest thereon shall be due in full on May 31, 2034.

Investor services fee

The Company is required to pay the investor member a cumulative, annual investor services fee of $3,300 to be increased annually by 3%. In the initial year of operations, the fee is to be prorated for the number of months that the Company receives rental income. This fee is compensation for property management oversight, tax credit compliance and monitoring and related services. The investor services fee is payable annually, out of the Company's available cash flow (see Note 8). For the year ended December 31, 2021 and 2020, $3,501 and $3,399 was incurred, respectively, of which $3,501 and $3,399 remained payable, respectively.

Company administration fee

Beginning in 2019, the Company shall pay to DHIC, Inc., the administrator, over the term of the agreement, an annual company administration fee of $29,500, to be prorated in the first year for the number of months the Company has rental income. After 2019, the company administration fee shall increase at the rate of 3% per year. The company administration fee is paid out of the Company's available cash flow (see Note 8). Company administration fees of $31,297 and $50,052 were incurred during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, accrued company administration fees were $31,297 and $50,052, respectively. Company administration fees of $31,297 are to be paid in 2022 out of net cash flow available at December 31, 2021.

Purchase of land from related party

The Company purchased the land on which the project was built on August 31, 2017 for $880,000 from College Park Collaborative, LLC. The related net book value of the land to College Park Collaborative, LLC amounted to $80,663 at the date of the sale, resulting in a difference between the purchase price and net book value of $799,337. The Company and College Park Collaborative, LLC (the "entities") are commonly controlled by DHIC, Inc., whose subsidiaries are the managing members of each respective entity. As the entities are commonly controlled, no profit or loss should be recognized by the buyers or the seller in this related party transaction. The difference between the net book value of the land sold and the cumulative purchase price is instead viewed as a transfer of equity between affiliates. Accordingly, equity distributions totaling $799,337 have been recognized by the Company at the date of sale related to this purchase.

6. Reserves

Replacement reserve

The operating agreement requires 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, commencing the second full month following substantial completion of the project. 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 for any capital expenditure which causes total withdrawals from the replacement reserve account to exceed $5,000 during any calendar year without written consent from the investor member. An analysis of the reserve for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
Balance, beginning	**$ 27,736**	$ 9,003
Funding	**19,469**	18,720
Interest, net of fees	**14**	13
Balance, ending	**$ 47,219**	$ 27,736

As of December 31, 2021 and 2020, the replacement reserve is adequately funded.

Operating reserve

The operating agreement requires the Company to fund an operating reserve account in the initial amount of $243,828 upon the payment of the fifth installment of the investor member's capital contribution. The reserve shall be deposited 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. An analysis of the reserve for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
Balance, beginning	**$ 245,212**	$ -
Funding	**-**	245,162
Interest, net of fees	**102**	65
Fees	**-**	(15)
Balance, ending	**$ 245,314**	$ 245,212

7. 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 5.98% of gross operating revenues received from the preceding month, as defined in the agreement. Such fee shall be paid out of the general operating account on a monthly basis. The term of the agreement is from November 1, 2017 until November 1, 2020, but shall be automatically renewed for periods 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. An additional one-time leasing and rent-up fee is to be paid to the management agent to cover the agent's staff costs, overhead, and travel time for the period prior to occupancy, in the amount of $150 per unit, to be earned throughout the process of initial occupancy. The management fee expense for the year ended December 31, 2021 and 2020 amounted to $32,610 and $32,788.

8. Distribution of Cash Flow

Payment of fees and other expenses contingent upon cash flow shall be made annually in the following order of priority:

1. To the investor member, an amount equal to the credit deficiency;
2. To the investor member, an amount sufficient to pay federal income taxes on taxable income allocated to the investor member for such fiscal year by the Company, assuming the investor member is subject to the maximum corporate federal income tax rate then in effect;
3. To fund the operating reserve up to the operating reserve amount;
4. To pay the deferred development fee, including accrued interest;
5. To pay the investor services fee in accordance with the investor services agreement;
6. To the managing member to repay any operating deficit contribution;

7. To pay the company administration fee in accordance with the company administration agreement;
8. To repay the DHIC loan; and
9. Any remaining cash flow shall constitute net cash flow which is distributable to the members in an amount of 90% to the managing member and 10% to the investor member.

9. Real Estate Tax Exemption

As of December 31, 2021 and 2020, the managing member is wholly owned by a 501(c)(3) organization which qualifies the Company for full exemption for property taxes. The owner of the managing member is required to maintain in good standing its 501(c)(3) non-profit status. The tax-exemption is subject to change by an act of State Legislature. Such change may occur with little notice and would materially impact the rental operations of the project.

10. Contingencies, Risks and Uncertainties

The Company's sole asset is its 72-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.

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Company's (or Partnership's) future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the project's customers, employees, and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

11. Operating Deficit Contribution

In accordance with the operating agreement, if at any time or from time to time after the later of the stabilization date or loan conversion, an operating deficit exists (as defined in the operating agreement), then the managing member shall contribute funds to the Company as a contribution to capital in an amount equal to the amount of the operating deficit. The managing member's maximum operating deficit contribution over the course of the agreement is $224,000. The managing member's obligation to make operating deficit contributions shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at the required debt service coverage determined by the audited financial statements for a period of at least two consecutive fiscal years, which two year period shall have commenced not earlier than one year after the first day of the year in which the later of the stabilization date or loan conversion occurs, as defined in the operating agreement, and (ii) the balance in the operating reserve equals or exceeds $243,828. Operating deficit contributions shall be repayable to the managing member, without interest, solely from cash flow, as defined in the operating agreement (see Note 8).

12. Subsequent Events

The Company evaluated the effect subsequent events would have on the financial statements through April 6, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

Booker Park North, LLC
NCHFA Project No. 9198240
Schedules of Income and Expenses
Years Ended December 31, 2021 and 2020 **(2 pages)**

	2021	2020
Rental income:		
Residential income	$ 549,546	$ 543,258
Interest income:		
Interest income	$ 133	$ 111
Other income:		
Application fees	$ 100	$ 280
Late fees	1,053	470
Damages and cleaning	1,673	1,757
Laundry and vending	1,206	-
Cable TV fees	3,270	2,180
Grant revenue	202	-
	$ 7,504	$ 4,687
Administrative:		
Advertising/marketing	$ 133	$ 86
Bad debt expense	1,751	1,591
Office payroll and related expenses	71,121	65,848
Office supplies	1,254	1,554
Office furnishings and equipment	1,797	1,675
Telephone	6,189	6,345
Consulting fees	862	-
Resident services	26,100	23,302
Miscellaneous	4,278	5,041
	$ 113,485	$ 105,442
Professional fees:		
Auditing and accounting	$ 7,910	$ 8,500
Legal fee	1,969	1,071
	$ 9,879	$ 9,571

Booker Park North, LLC
NCHFA Project No. 9198240
Schedules of Income and Expenses
Years Ended December 31, 2021 and 2020 **(2 pages)**

	2021	2020
Utilities:		
Electricity	$ 11,935	$ 12,761
Water and sewer	17,494	21,060
Gas	-	20
Other	600	300
	$ 30,029	$ 34,141
Management fees:		
Property management	$ 32,610	$ 32,788
Repairs and maintenance:		
Repairs and maintenance payroll	$ 18,982	$ 16,425
Repairs supplies	16,384	16,752
Snow removal	104	-
Grounds maintenance	10,050	8,875
Fire protection	5,012	6,028
Repairs contracts	24,968	47,612
HVAC repairs and maintenance	7,015	6,289
Vehicle	-	5
Garbage and trash	6,033	5,365
	$ 88,548	$ 107,351
Taxes and insurance:		
Personal property taxes	$ 1,476	$ 1,578
Property insurance	18,954	19,075
Other taxes and fees	6,741	5,001
	$ 27,171	$ 25,654
Interest expense:		
Interest expense - Construction loan	$ -	$ 40,379
Interest expense - Wake County	8,405	8,418
Interest expense - DHIC deferred loan	2,036	2,036
Interest expense - DHIC development fee	2,462	615
Interest expense - City of Raleigh	21,832	18,292
Interest expense - SECU	70,559	35,845
Amortization of debt issuance costs	2,082	7,021
	$ 107,376	$ 112,606