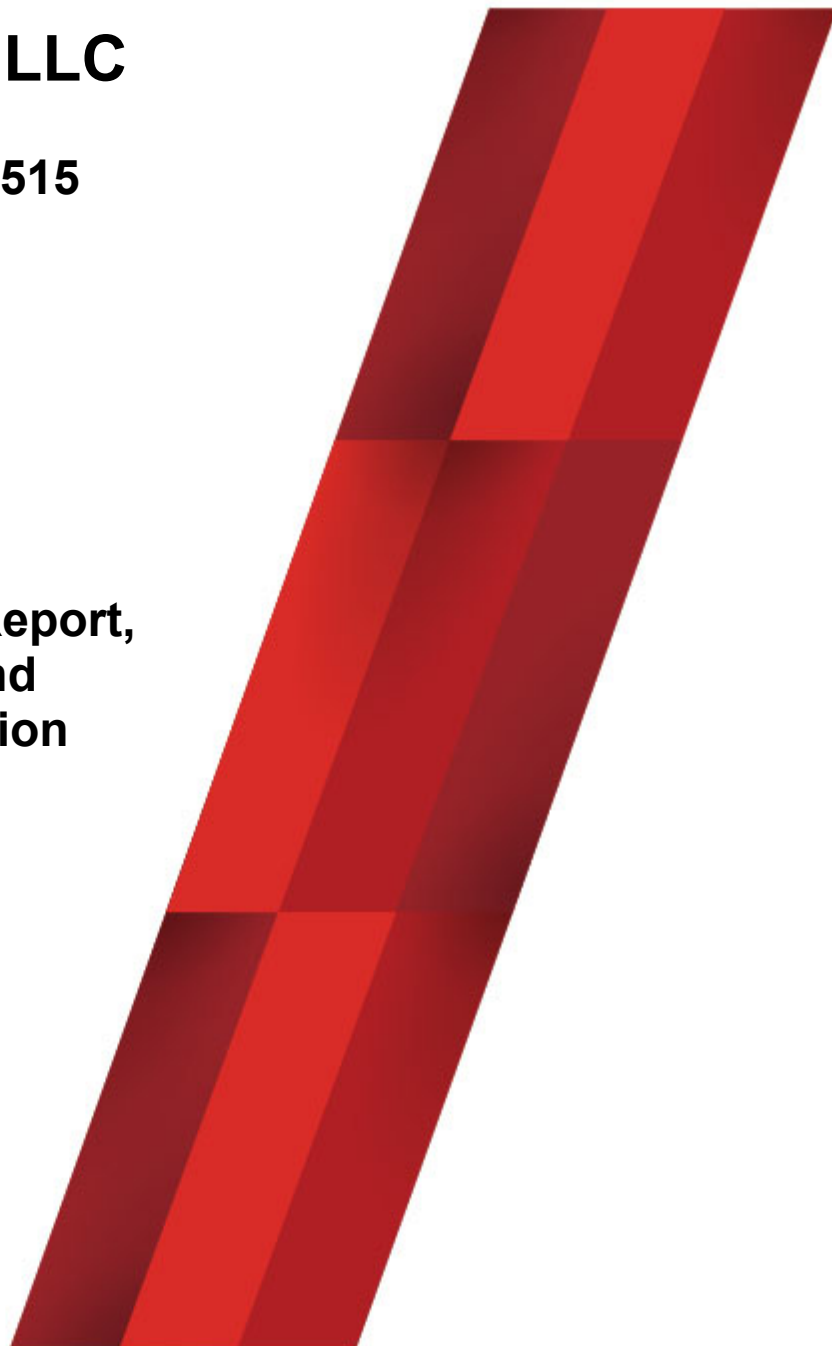


# **Highland Terrace, LLC**

**NCHFA Project No. 9102515**

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

**December 31, 2022 and 2021**



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## Independent Auditor's Report

Member  
Highland Terrace, LLC  
NCHFA Project No. 9102515  
Raleigh, NC

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Highland Terrace, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Highland Terrace, 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 Highland Terrace, 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 Highland Terrace, 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 Highland Terrace, 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 Highland Terrace, 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  
April 26, 2023

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Balance Sheets  
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 46,444	\$ 121,156
Accounts receivable, tenants	1,775	-
Accounts receivable, other	13,441	3,791
Prepaid insurance	5,814	29,070
Prepaid utility deposit	<u>13,712</u>	<u>13,712</u>
Total current assets	<u>81,186</u>	<u>167,729</u>
Restricted deposits and funded reserves:		
Cash, tax and insurance escrow	31,008	7,552
Cash, operating reserve	255,175	252,519
Cash, replacement reserve	226,819	197,274
Cash, tenant security deposits	<u>51,782</u>	<u>53,820</u>
	<u>564,784</u>	<u>511,165</u>
Rental property, at cost:		
Land	900,000	900,000
Land improvements	1,139,096	1,139,096
Building	6,199,365	6,180,521
Furnishings and equipment	<u>365,151</u>	<u>365,151</u>
	8,603,612	8,584,768
Accumulated depreciation	<u>(3,125,229)</u>	<u>(2,900,131)</u>
	<u>5,478,383</u>	<u>5,684,637</u>
Other assets:		
Deferred tax credit fees (net of accumulated amortization of \$97,377 in 2022 and \$89,262 in 2021)	<u>24,344</u>	<u>32,459</u>
	<u>\$ 6,148,697</u>	<u>\$ 6,395,990</u>

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Balance Sheets  
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES LESS MEMBER'S DEFICIT</b>		
Current liabilities:		
Current portion of mortgages payable	\$ 90,320	\$ 86,531
Accounts payable	7,387	4,592
Accrued interest	16,977	17,278
Accrued management fee	3,983	3,377
	<u>118,667</u>	<u>111,778</u>
Deposits and prepayment liabilities:		
Tenant security deposits	51,782	53,293
Prepaid rent	8,017	1,087
	<u>59,799</u>	<u>54,380</u>
Long-term liabilities:		
Accrued interest, affiliate	156,618	145,162
Mortgages payable, net of unamortized debt issuance costs of \$38,428 in 2022 and \$40,460 in 2021, less current portion	8,179,543	8,267,919
	<u>8,336,161</u>	<u>8,413,081</u>
Member's deficit	<u>(2,365,930)</u>	<u>(2,183,249)</u>
	<u>\$ 6,148,697</u>	<u>\$ 6,395,990</u>

**Highland Terrace, LLC**  
**NCHFA Project No. 9102515**  
**Statements of Operations**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Revenues:		
Gross rent potential	\$ 620,655	\$ 606,968
Vacancies	(14,750)	(8,070)
Loss to lease	(8,390)	(8,557)
Net rental income	597,515	590,341
Interest income	2,897	602
Other income	27,428	33,750
Total revenues	<u>627,840</u>	<u>624,693</u>
Operating expenses:		
Administrative	135,750	141,405
Professional fees	12,260	7,474
Repairs and maintenance	172,489	150,615
Marketing and leasing	1,668	2,018
Taxes and insurance	29,431	34,627
Utilities	52,527	43,017
Total operating expenses	<u>404,125</u>	<u>379,156</u>
Income from operations	<u>223,715</u>	<u>245,537</u>
Nonoperating expenses:		
Interest expense	91,189	93,994
Depreciation	234,695	230,453
Amortization	8,115	8,115
Loss on disposal	22,397	-
Management services fee	50,000	125,000
Total nonoperating expenses	<u>406,396</u>	<u>457,562</u>
Net loss	<u>\$ (182,681)</u>	<u>\$ (212,025)</u>



**Highland Terrace, LLC**  
**NCHFA Project No. 9102515**  
**Statements of Member's Deficit**  
**Years Ended December 31, 2022 and 2021**

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Member's deficit, December 31, 2020	\$ (1,971,224)
Net loss	<u>(212,025)</u>
Member's deficit, December 31, 2021	(2,183,249)
Net loss	<u>(182,681)</u>
Member's deficit, December 31, 2022	<u><u>\$ (2,365,930)</u></u>

**Highland Terrace, LLC**  
**NCHFA Project No. 9102515**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Net cash flows from operating activities:		
Net loss	\$ (182,681)	\$ (212,025)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	234,695	230,453
Amortization of intangible assets	8,115	8,115
Amortization of deferred financing costs	2,032	2,032
Loss on disposal	22,397	-
Change in assets and liabilities		
Accounts receivable, tenants	(1,775)	3,665
Accounts receivable, other	(9,650)	8,758
Prepaid insurance	23,256	(13,500)
Accounts payable	2,795	(10,917)
Accrued interest	(301)	(290)
Accrued management fee	606	(361)
Tenant security deposits	(1,511)	3,444
Prepaid rent	6,930	(12,378)
Accrued interest, affiliate	11,456	11,456
Net cash provided by operating activities	<u>116,364</u>	<u>18,452</u>
Net cash flows from Investing activities:		
Purchase of fixed assets	<u>(50,838)</u>	<u>-</u>
Net cash used by investing activities	<u>(50,838)</u>	<u>-</u>
Net cash flows from financing activities:		
Payment of mortgages payable	<u>(86,619)</u>	<u>(82,739)</u>
Net cash used by financing activities	<u>(86,619)</u>	<u>(82,739)</u>
Net decrease in cash and restricted deposits and funded reserves	(21,093)	(64,287)
Cash and restricted deposits and funded reserves, beginning of year	<u>632,321</u>	<u>696,608</u>
Cash and restricted deposits and funded reserves, end of year	<u>\$ 611,228</u>	<u>\$ 632,321</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 78,002</u>	<u>\$ 80,796</u>
Reconciliation of cash and restricted deposits and funded reserves to the balance sheet:		
Cash	\$ 46,444	\$ 121,156
Restricted deposits and funded reserves	<u>564,784</u>	<u>511,165</u>
	<u>\$ 611,228</u>	<u>\$ 632,321</u>

See accompanying notes.

## Notes to Financial Statements

### 1. Nature of Operations and Significant Accounting Policies

#### *Nature of operations*

Highland Terrace, LLC (the "Company") was organized for the purpose of developing, constructing, owning, maintaining, and operating an 80-unit apartment complex for rent to elderly persons of low income located in Cary, North Carolina (the "Project"). The major activities of the Company are governed by the operating agreement and the loan agreements. The property was placed into service in January 2011.

In September 2011, the operating agreement was amended to admit the new sole member and to permit the withdrawal of the original members, Highland Terrace Development and DHIC, Inc. ("DHIC"). The resulting ownership of the Company is as follows:

Sole member - Community Revitalization and Preservation Corporation ("CRPC")	<u>100.00%</u>
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#### *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 100% to the sole member; 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	15 years
Building	40 years
Furnishings and equipment	5 years

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

#### *Rental income*

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

***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***

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 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 \$92 and \$1,002, 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 April 26, 2023 which is the date the financial statements were available to be issued.

**2. Member’s Capital Contributions**

In accordance with the operating agreement, the sole member of the Company, CRPC, is not required to make any capital contributions.

**3. Mortgages Payable**

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

	<u>2022</u>	<u>2021</u>
<p>Note payable to Providence Bank in the amount of \$1,170,000, bearing interest at 6.5% for years one through 19. The interest rate for years 19 through 30 will be based on the Federal Reserve Board index plus 2.5%. The loan was funded on December 28, 2011 from Centrant Community Capital (“Centrant”). On July 18, 2013, the loan was sold to Providence Bank but continues to be serviced by Centrant. The maturity date of the loan is January 1, 2042. Monthly payments of principal and interest in the amount of \$7,396 are required. Accrued interest amounted to \$5,248 and \$5,383 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$63,727 and \$65,297 for the years ended December 31, 2022 and 2021, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$63,862 and \$65,423, respectively. Deferred loan costs amortized to interest expense amounted to \$2,032 for each of the years ended December 31, 2022 and 2021, respectively. The loan is collateralized by a first lien on the property pursuant to a deed of trust.</p>	<p><b>\$ 968,867</b></p>	<p><b>\$ 993,758</b></p>
<p>Note payable to the North Carolina Housing Finance Agency (“NCHFA”), in the amount of \$5,511,520. The mortgage is non-interest bearing and is due in full on December 31, 2026, unless, if there is no default, the entire balance will be forgiven at maturity. The loan is collateralized by a second lien on the property pursuant to a deed of trust.</p>	<p><b>5,511,520</b></p>	<p><b>5,511,520</b></p>

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<p>Note payable to the NCHFA in the amount of \$482,678, bearing interest at the rate of 2% annually, with monthly payments ranging from \$524 to \$4,343 over the term of the loan. The loan matures on May 1, 2025, at which time all outstanding principal and accrued interest, if any, will be due. During 2022, payments of \$4,094 were made for January and February and payments of \$4,180 were made for March through December. Accrued interest amounted to \$184 and \$263 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$2,648 and \$3,577 for the years ended December 31, 2022 and 2021, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$2,727 and \$3,653, respectively. The loan is collateralized by a third lien on the property pursuant to a deed of trust.</p>	\$ 110,562	\$ 157,914
<p>Note payable to Wake County, in the amount of \$536,000, bearing interest at 2%. Interest will begin to accrue six months after the issuance of the Certificate of Occupancy, or one month after closing, whichever is later. Annual payments in amounts ranging from \$16,235 to \$18,956 began on February 1, 2012. The loan matures on January 1, 2032, at which time a final payment of all principal and interest outstanding will be due. An annual payment of \$18,956 was made during 2022. Accrued interest amounted to \$9,171 and \$9,171 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$8,952 and \$9,171 for the years ended December 31, 2022 and 2021, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$8,952 and \$9,171 respectively. The loan is collateralized by a fourth lien on the property pursuant to a deed of trust.</p>	438,876	448,880
<p>Note payable to the Town of Cary, in the amount of \$170,000, bearing interest at 2% and maturing on December 31, 2031. Interest and payments will be deferred for construction and rent-up. Payments for years one through 20 will be based on a pro-rata split of available net income with other subordinate lenders. A payment of \$6,833 was made during 2022. Accrued interest amounted to \$2,374 and \$2,461 at December 31, 2022 and 2021. Interest expense amounted to \$2,374 and \$2,461 for the years ended December 31, 2022 and 2021. Interest paid during each of the years ended December 31, 2022 and 2021 amounted to \$2,461 and \$2,549, respectively. The loan is collateralized by a fifth lien on the property pursuant to a deed of trust.</p>	118,685	123,057

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
Note payable to DHIC, an affiliate of the sole member, in the amount of \$320,000, bearing interest at 3.58%. All outstanding principal and interest is due December 31, 2049, unless there is a default on the loan. Accrued interest amounted to \$156,618 and \$145,162 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$11,456 for each of the years ended December 31, 2022 and 2021. The loan is collateralized by a sixth lien on the property pursuant to a deed of trust.	\$ 320,000	\$ 320,000
Noninterest-bearing mortgage payable to the NCHFA, in the amount of \$839,781, with no payments until maturity on January 1, 2040. The loan is collateralized by a seventh lien on the property pursuant to a deed of trust.	<u>839,781</u>	<u>839,781</u>
	<b>8,308,291</b>	8,394,910
Less unamortized debt issuance costs	<b>(38,428)</b>	(40,460)
Less current maturities	<u><b>(90,320)</b></u>	<u>(86,531)</u>
	<u><b>\$ 8,179,543</b></u>	<u>\$ 8,267,919</u>

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

2023	\$ 90,320
2024	94,127
2025	54,900
2026	46,661
2027	48,549
Thereafter	<u>7,973,734</u>
	<u><b>\$ 8,308,291</b></u>

#### 4. Related-Party Transactions

##### ***Development fee***

The Company incurred a development fee of \$800,000 payable to DHIC, an entity related to the sole member through common ownership, for services rendered to the Company for overseeing the construction of the complex. As of December 31, 2022 and 2021, the total fee has been earned and paid.

##### ***Management services fee***

Pursuant to a management services agreement dated January 1, 2014, the Company shall pay an annual management services fee to DHIC equal to 100% of net income available for distribution, as defined. For the years ended December 31, 2022 and 2021, the management services fee amounted to \$50,000 and \$125,000, respectively. As of December 31, 2022 and 2021, no amounts remained payable.

## 5. Reserves

### *Replacement reserve*

The loan agreement with the NCHFA requires the Company to fund a replacement reserve. Reserve additions of \$20,000 (\$250 per unit per year), increasing by 4% each year, are required to be made monthly, each year during the term of the loan. The member may not utilize the reserve without the lender's written consent. The replacement reserve is to be held in an interest-bearing, segregated account with any interest earned added to the amount of the replacement reserve. 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	\$ 197,274	\$ 197,637
Funding	29,415	28,284
Withdrawal	-	(28,637)
Interest, net of fees	<u>130</u>	<u>(10)</u>
Balance, ending	<u>\$ 226,819</u>	<u>\$ 197,274</u>

### *Operating reserve*

The loan agreement with the NCHFA requires the Company to fund an operating reserve in an amount equal to \$240,738 at the closing of the loan. After the lease-up date, funds in the reserve may be used to pay operating costs and expenses of the Company to the extent the Company's collected gross receipts are insufficient for such purpose. If the operating reserve balance is less than the required minimum balance or if the disbursement would cause the balance of the operating reserve to fall below the required minimum balance, then the member may not utilize the reserve without the lender's written consent. The operating reserve is to be held in an interest-bearing, segregated account with any interest earned added to the amount of the operating reserve. 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	\$ 252,519	\$ 252,004
Interest, net of fees	<u>2,656</u>	<u>515</u>
Balance, ending	<u>\$ 255,175</u>	<u>\$ 252,519</u>

## 6. 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 6.47% of gross operating revenues. For the years ended December 31, 2022 and 2021, \$40,480 and \$38,759, respectively, was earned and \$3,983 and \$3,377, respectively, remained payable.



## **7. Contingencies, Risks, and Uncertainties**

The Company's sole asset is its 80-unit elderly and low-income housing complex located in Cary, 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***

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Schedules of Income and Expenses  
Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income, net	<u>\$ 597,515</u>	<u>\$ 590,341</u>
Interest income:		
Interest income	<u>\$ 2,897</u>	<u>\$ 602</u>
Other income:		
Application fees	\$ 1,380	\$ 840
Laundry and vending	12,003	10,115
Late fees	776	541
Legal fees	-	30
Damages and cleaning fees	2,701	1,062
Other tenant charges	3,077	3,150
Excess rent	7,491	8,226
Grant revenue	-	9,675
Other revenue	-	111
Total other income	<u>\$ 27,428</u>	<u>\$ 33,750</u>
Administrative:		
Office supplies	\$ 7,591	\$ 5,913
Property management fee	40,480	38,759
Manager's salaries	34,568	40,919
Service coordinator contract	21,397	20,978
Telephone	3,925	3,413
Amenities	26,384	20,472
Bad debts	45	3,289
Other administrative	1,360	7,662
Total administrative expenses	<u>\$ 135,750</u>	<u>\$ 141,405</u>
Professional fees:		
Accounting/auditing	<u>\$ 12,260</u>	<u>\$ 7,474</u>

Highland Terrace, LLC  
NCHFA Project No. 9102515  
Schedules of Income and Expenses  
Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Repairs and maintenance:		
Repairs and maintenance payroll	\$ 17,329	\$ 41,122
Grounds maintenance	18,790	14,800
Repairs and maintenance	114,242	88,975
Security	8,873	3,816
Janitorial	<u>13,255</u>	<u>1,902</u>
Total repairs and maintenance	<u>\$ 172,489</u>	<u>\$ 150,615</u>
Marketing and leasing:		
Advertising	\$ 92	\$ 1,002
Credit checks	<u>1,576</u>	<u>1,016</u>
Total marketing and leasing expenses	<u>\$ 1,668</u>	<u>\$ 2,018</u>
Taxes and insurance:		
Property taxes	\$ 639	\$ 627
Property and liability insurance	24,597	23,406
Payroll taxes	2,890	5,246
Health insurance/employee benefits	510	3,935
Workmen's compensation	<u>795</u>	<u>1,413</u>
Total taxes and insurance expenses	<u>\$ 29,431</u>	<u>\$ 34,627</u>
Utilities:		
Garbage and trash removal	\$ 9,482	\$ 9,821
Water and sewer	27,626	23,771
Electricity	<u>15,419</u>	<u>9,425</u>
Total utilities	<u>\$ 52,527</u>	<u>\$ 43,017</u>

Highland Terrace, LLC  
 NCHFA Project No. 9102515  
 Schedules of Income and Expenses  
 Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Interest expense:		
Interest expense - DHIC	\$ 11,456	\$ 11,456
Interest expense - CICCAR	63,727	65,297
Interest expense - NCHFA RPP	2,648	3,577
Interest expense - Wake County	8,952	9,171
Interest expense - Town of Cary	2,374	2,461
Amortization of deferred financing costs	<u>2,032</u>	<u>2,032</u>
Total interest expense	<u>\$ 91,189</u>	<u>\$ 93,994</u>
Depreciation	<u>\$ 234,695</u>	<u>\$ 230,453</u>
Amortization	<u>\$ 8,115</u>	<u>\$ 8,115</u>
Loss on disposal	<u>\$ 22,397</u>	<u>\$ -</u>
Management services fee	<u>\$ 50,000</u>	<u>\$ 125,000</u>