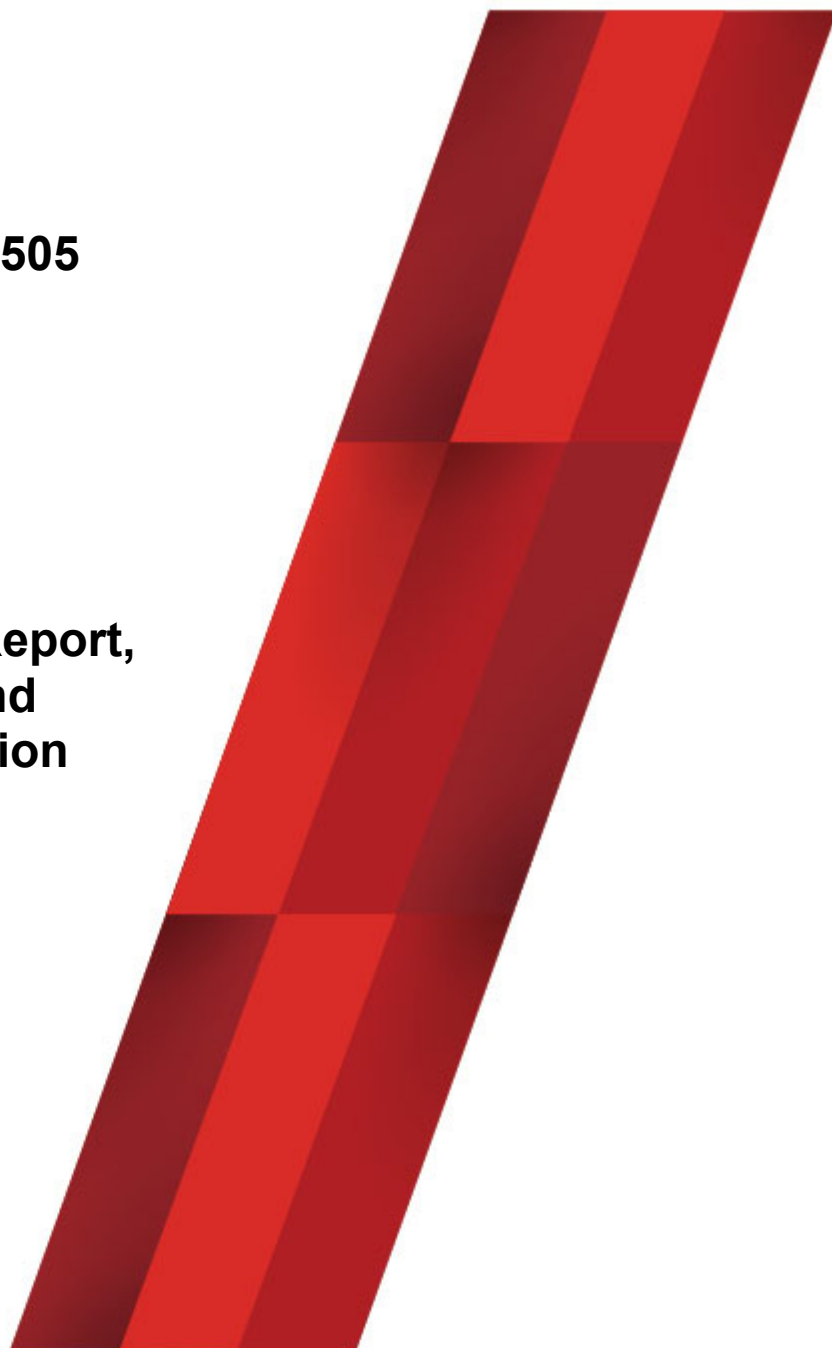


# **Meadowcreek Commons, LLC**

**NCHFA Project No. 9104505**

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

**December 31, 2022 and 2021**



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## Independent Auditor's Report

Members  
Meadowcreek Commons, LLC  
NCHFA Project No. 9104505  
Raleigh, NC

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Meadowcreek Commons, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' 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 Meadowcreek Commons, 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 Meadowcreek Commons, 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 Meadowcreek Commons, 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 Meadowcreek Commons, 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 Meadowcreek Commons, 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  
February 28, 2023

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Balance Sheets**  
**December 31, 2022 and 2021**

(2 pages)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 51,241	\$ 23,816
Accounts receivable, tenants	1,992	5,181
Prepaid insurance	<u>3,014</u>	<u>15,060</u>
Total current assets	<u>56,247</u>	<u>44,057</u>
Restricted deposits and funded reserves:		
Cash, replacement reserve	147,563	143,350
Cash, operating reserve	131,071	130,994
Cash, tax and insurance escrow	26,474	48,701
Cash, tenant security deposits	<u>25,598</u>	<u>23,086</u>
	<u>330,706</u>	<u>346,131</u>
Rental property, at cost:		
Land	622,435	622,435
Land improvements	505,211	505,211
Building	4,659,595	4,654,534
Furnishings and equipment	<u>243,237</u>	<u>243,237</u>
	6,030,478	6,025,417
Accumulated depreciation	<u>(1,904,713)</u>	<u>(1,764,494)</u>
	<u>4,125,765</u>	<u>4,260,923</u>
Other assets:		
Deferred tax credit fees (net of accumulated amortization of \$63,421 in 2022 and \$58,023 in 2021)	<u>17,542</u>	<u>22,940</u>
	<u>\$ 4,530,260</u>	<u>\$ 4,674,051</u>

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Balance Sheets**  
**December 31, 2022 and 2021**

(2 pages)

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Current maturities of mortgages payable	\$ 4,960	\$ 6,203
Accounts payable	3,778	-
Accrued management fees	2,071	1,545
Accrued interest	3,145	3,124
Other accrued liabilities	<u>1,999</u>	<u>1,539</u>
Total current liabilities	<u>15,953</u>	<u>12,411</u>
Deposits and prepayment liabilities:		
Tenant security deposits	\$ 25,598	\$ 23,086
Prepaid rent	<u>1,787</u>	<u>1,163</u>
	<u>27,385</u>	<u>24,249</u>
Long-term liabilities:		
Mortgages payable, net of unamortized debt issuance costs of \$16,609 in 2022 and \$18,363 in 2021, less current maturities	<u>2,061,084</u>	<u>2,060,557</u>
Members' equity	<u>2,425,838</u>	<u>2,576,834</u>
	<u>\$ 4,530,260</u>	<u>\$ 4,674,051</u>

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Statements of Operations**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Revenues:		
Gross tenant rent potential	\$ 248,257	\$ 234,393
Subsidized tenant rent	97,617	101,518
Less:		
Vacancies	(12,826)	(11,143)
Concessions	(2,400)	(2,400)
Loss to lease	(15,334)	(15,415)
Net rent revenue	<u>315,314</u>	<u>306,953</u>
Interest income	201	22
Other income	9,497	13,364
	<u>9,698</u>	<u>13,386</u>
Total revenues	<u>325,012</u>	<u>320,339</u>
Expenses:		
Administrative	67,322	54,389
Utilities	32,972	29,406
Management fees	24,042	22,638
Repairs and maintenance	106,092	84,224
Accounting and auditing	12,751	6,830
Taxes and insurance	13,389	14,935
Interest - mortgage loans	39,792	39,369
Incentive management fee	14,000	10,000
Depreciation	142,593	148,393
Amortization	5,398	5,397
Loss on disposal	5,883	2,193
Total expenses	<u>464,234</u>	<u>417,774</u>
Net loss	<u>\$ (139,222)</u>	<u>\$ (97,435)</u>



Meadowcreek Commons, LLC  
 NCHFA Project No. 9104505  
 Statements of Members' Equity (Deficit)  
 Years Ended December 31, 2022 and 2021

	2022			2021
	Managing Member	Investor Members	Total	
Balance (deficit), beginning	\$ (168)	\$ 2,577,002	\$ 2,576,834	\$ 2,688,362
Net loss	(14)	(139,208)	(139,222)	(97,435)
Distributions	-	(11,774)	(11,774)	(14,093)
Balance (deficit), ending	<u>\$ (182)</u>	<u>\$ 2,426,020</u>	<u>\$ 2,425,838</u>	<u>\$ 2,576,834</u>

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**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	\$ (139,222)	\$ (97,435)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	142,593	148,393
Amortization of intangible assets	5,398	5,397
Amortization of deferred financing costs	1,754	1,753
Loss on disposal	5,883	2,193
Change in assets and liabilities		
(Increase) decrease:		
Accounts receivable, tenants	3,189	(4,724)
Accounts receivable, other	-	1,413
Prepaid insurance	12,046	(4,813)
Increase (decrease):		
Accounts payable	3,778	-
Accrued management fees	526	(483)
Accrued interest	21	(10)
Other accrued liabilities	460	(8,842)
Tenant security deposit liability	2,512	(1,464)
Prepaid rent	624	938
Net cash provided by operating activities	<u>39,562</u>	<u>42,316</u>
Cash flows from investing activities:		
Purchases of rental property	<u>(13,318)</u>	<u>(6,201)</u>
Net cash used by investing activities	<u>(13,318)</u>	<u>(6,201)</u>
Cash flows from financing activities:		
Paid in kind interest accrued into principal	4,178	3,720
Repayment of mortgages payable	(6,648)	(7,460)
Distribution to investor member	<u>(11,774)</u>	<u>(14,093)</u>
Net cash used by financing activities	<u>(14,244)</u>	<u>(17,833)</u>
Net increase in cash, restricted deposits and funded reserves	12,000	18,282
Cash, restricted deposits and funded reserves, beginning of year	<u>369,947</u>	<u>351,665</u>
Cash, restricted deposits and funded reserves, end of year	<u>\$ 381,947</u>	<u>\$ 369,947</u>

See accompanying notes.

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

(2 pages)

	<u>2022</u>	<u>2021</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 38,017</u>	<u>\$ 37,626</u>
Reconciliation of cash, restricted deposits and funded reserves to the balance sheet:		
Cash	\$ 51,241	\$ 23,816
Cash, replacement reserve	147,563	143,350
Cash, operating reserve	131,071	130,994
Cash, tax and insurance escrow	26,474	48,701
Cash, tenant security deposits	<u>25,598</u>	<u>23,086</u>
	<u>\$ 381,947</u>	<u>\$ 369,947</u>

## Notes to Financial Statements

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

#### *Nature of operations*

Meadowcreek Commons, LLC (the “Company”) was organized for the purpose of developing, constructing, owning, maintaining, and operating a 48-unit apartment complex for rent to elderly persons of low income located in Raleigh, North Carolina. The major activities of the Company are governed by the operating agreement and the loan agreements. The property was placed into service in April 2011.

The Company has one managing member - Meadowcreek Seniors, Inc., and two investor members - North Carolina Equity Fund IV Limited Partnership (“NCEF IV”) and CAHEC Holdings LLC.

The ownership of the Company is as follows:

Meadowcreek Seniors, Inc.	0.01%
NCEF IV	99.98%
CAHEC Holdings	<u>0.01%</u>
	<u>100.00%</u>

#### *Basis of accounting*

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

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

#### *Income taxes*

Earnings of the Company are taxed directly to the members; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

#### *Rental property*

Rental property is stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	20 years
Building	40 years
Furnishings and equipment	5 to 10 years

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

***Cash and cash equivalents***

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

***Restricted cash***

Restricted cash consists of tenant security deposits, escrow deposits held by lenders for property taxes and insurance, operating reserves and replacement reserves. The tenant security deposit account represents cash restricted for the purpose of refunding tenant's 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.

***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.

***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.

***Debt issuance costs***

Loan costs are being amortized to interest expense over the lives of the related loans.

**Advertising**

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were \$60 and \$137, respectively.

**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 managing member is required to make a capital contribution of \$471, all of which has been contributed as of December 31, 2022 and 2021. The investor members are required to make capital contributions of \$4,163,430, net of a downward tax credit adjuster of \$546,037, all of which has been contributed as of December 31, 2022 and 2021.

**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 City of Raleigh in the amount of \$720,000, bearing interest at 2%, with monthly payments of interest and principal beginning on April 1, 2012. All outstanding principal and interest is due February 3, 2032. Monthly payments of \$1,245 were made from January to March and \$1,178 from April to December during 2022. Accrued interest amounted to \$1,134 and \$1,140 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$13,603 and \$13,635 for the years ended December 31, 2022 and 2021, respectively. Interest paid amounted to \$13,609 and \$13,632 during the years ended December 31, 2022 and 2021, respectively. Deferred loan costs amortized to interest expense amounted to \$1,443 and \$1,442 during 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>\$ 679,987</p>	<p>\$ 680,713</p>

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Notes to Financial Statements**

	<u>2022</u>	<u>2021</u>
Note payable to Wake County, in the amount of \$480,000, bearing interest at 1%, with monthly payments of interest and principal beginning on March 3, 2012. All outstanding principal and interest is due February 3, 2032. Monthly payments of \$830 were made from January to February and \$785 from March to December during 2022. Accrued interest amounted to \$340 and \$355 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$4,359 and \$ 4,097 for the years ended December 31, 2022 and 2021, respectively. Interest paid amounted to \$4,374 and \$4,092 during the years ended December 31, 2022 and 2021, respectively. The loan is collateralized by a second lien on the property pursuant to a deed of trust.	<b>\$ 400,049</b>	\$ 405,971
Note payable to North Carolina Housing Finance Agency (“NCHFA”) in the amount of \$977,278, bearing interest at 2%, with monthly payments of interest and principal beginning on February 1, 2014. All outstanding principal and interest is due January 1, 2034. Monthly payments of \$1,346 were made for January and of \$1,319 from February to December during 2022. The loan is negatively amortizing, as the payments are not sufficient to cover the interest paid. Accrued interest amounted to \$1,671 and \$1,629 at December 31, 2022 and 2021, respectively. Interest expense amounted to \$20,076 and \$19,884 for the years ended December 31, 2022 and 2021, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$20,034, and \$19,902, respectively. Deferred loan costs amortized to interest expense amounted to \$311 during each of the years ended December 31, 2022 and 2021. The loan is collateralized by a third lien on the property pursuant to a deed of trust.	<b>1,002,617</b>	998,439
Less: unamortized debt issuance costs	<u><b>(16,609)</b></u>	<u>(18,363)</u>
	<b>2,066,044</b>	2,066,760
Less current maturities	<u><b>(4,960)</b></u>	<u>(6,203)</u>
	<b><u>\$ 2,061,084</u></b>	<b><u>\$ 2,060,557</u></b>

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

2023	\$ 4,960
2024	4,390
2025	3,801
2026	3,156
2027	2,465
Future years	<u>2,063,881</u>
	<b><u>\$ 2,082,653</u></b>

#### 4. Related-Party Transactions

##### *Development fee*

The Company incurred a development fee of \$504,000 payable to DHIC, Inc. (“DHIC”), or an entity related to the managing 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, capitalized into the basis of the building and paid in full.

##### *Incentive management fee*

The Company has entered into an incentive management agreement with Meadowcreek Seniors, Inc. for its administration of the project. The fee is equal to 100% of available net cash flow up to \$24,000 per year, as defined in Note 8. The incentive management fee shall not accrue from year to year. Incentive management fees of \$14,000 were expensed in 2022 and paid from available net cash flow at December 31, 2021. In 2021, incentive management fees of \$10,000 were expensed and paid from available net cash flow at December 31, 2020.

##### *Investor member equity distributions*

The operating agreement requires the Company to pay the investor member the greater of 10% of available net cash flow, or \$4,000 per year, as defined in Note 8. Equity distributions of \$11,774 and \$14,093 were paid in 2022 and 2021, respectively, from available net cash flow at December 31, 2021 and 2020, respectively.

#### 5. Reserves

##### *Replacement reserve*

The operating agreement and loan agreements require the Company to fund a replacement reserve using cash flow from operations, as defined in Note 8. Reserve additions of \$12,000 (\$250 per unit per year), increasing by 4% each year, are required to be made annually, commencing in the same month as the first payment on the highest priority permanent financing. Other than in an emergency situation (such as fire or natural disaster), the managing member may not utilize the reserve without the investor members’ written consent, and any withdrawal requires the NCHFA’s written approval. 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	\$ 143,350	\$ 124,892
Funding	19,212	18,473
Authorized withdrawals	(15,098)	
Interest, net of fees	<u>99</u>	<u>(15)</u>
Balance, ending	<u>\$ 147,563</u>	<u>\$ 143,350</u>



***Operating reserve***

The loan agreement with the NCHFA requires the Company to fund an operating reserve in an amount equal to \$130,932 (the “Required Minimum Amount”) from the proceeds of the second installment of the investor member capital contributions. 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. The managing member may not utilize the reserve without the NCHFA’s and the investor member’s prior 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 reserve for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning	\$ 130,994	\$ 131,009
Service charges, net of interest	<u>77</u>	<u>(15)</u>
Balance, ending	<u>\$ 131,071</u>	<u>\$ 130,994</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 7.35% of gross operating revenues. For the years ended December 31, 2022 and 2021, \$24,042 and \$22,638, respectively, was incurred. As of December 31, 2022 and 2021, \$2,071 and \$1,545, respectively, remained payable.

**7. Current Vulnerability Due to Certain Concentrations**

The Company’s sole asset is its 48-unit low-income 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.

## 8. Distribution of Net Cash Flow

Net cash flow is to be distributed as follows, as per the operating agreement:

*First*, to replenish the operating reserve to the required amount;

*Second*, reimbursement to the investor members of any credit deficiency owed;

*Third*, to the investor member in amount equal to the greater of \$4,000, or 10% of net cash flow;

*Fourth*, payment of the deferred developer fee;

*Fifth*, repayment of any operating deficit loans, fee guaranty advances and development advances or other loans made to the Company by the managing member;

*Sixth*, payment of the incentive management fee; and

*Seventh*, the remainder to the members according to their percentage interests.

At December 31, 2022, there was no net cash flow available for distribution.

***Supplementary Information***

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Schedules of Income and Expenses**  
**Years Ended December 31, 2022 and 2021**

(2 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income	<u>\$ 315,314</u>	<u>\$ 306,953</u>
Interest income:		
Interest income	<u>\$ 201</u>	<u>\$ 22</u>
Other income:		
Application fees	\$ 700	\$ 500
Laundry and vending	5,217	2,218
Late fees	1,041	261
Damages and cleaning fees, net	2,537	977
Grant revenue	-	9,233
Other revenue	2	175
	<u>\$ 9,497</u>	<u>\$ 13,364</u>
Administrative expenses:		
Administrative payroll	\$ 18,976	\$ 12,715
Health insurance and other benefits	4,664	3,917
Payroll taxes	2,618	2,460
Workers compensation	511	766
Other payroll related	7,998	8,429
Advertising	60	137
Telephone, internet and cable	6,535	5,088
Administrative supplies and expenses	4,328	3,211
Administrative training expenses	1,142	174
Criminal background, credit check expenses	996	269
Other administrative expense	964	1,415
Bad debt expenses (recovery), net	1,521	(866)
Bank fees	512	125
Legal fees	(96)	280
Resident services	16,593	16,269
	<u>\$ 67,322</u>	<u>\$ 54,389</u>
Property management fees	<u>\$ 24,042</u>	<u>\$ 22,638</u>
Accounting and auditing	<u>\$ 12,751</u>	<u>\$ 6,830</u>

**Meadowcreek Commons, LLC**  
**NCHFA Project No. 9104505**  
**Schedules of Income and Expenses**  
**Years Ended December 31, 2022 and 2021**

**(2 pages)**

	<u>2022</u>	<u>2021</u>
Repairs and maintenance:		
Maintenance payroll	\$ 16,431	\$ 21,940
Repairs expense	38,321	14,861
Painting and decorating	2,164	2,892
Elevator maintenance	5,017	4,603
Grounds maintenance	18,799	16,690
Garbage and trash removal	8,034	7,468
Cleaning expense (janitorial)	9,653	6,267
Exterminating	432	713
Fire alarm expense	7,241	8,790
	<u>\$ 106,092</u>	<u>\$ 84,224</u>
Utilities:		
Electricity	\$ 12,495	\$ 12,659
Water	10,121	7,111
Sewer	10,356	9,636
	<u>\$ 32,972</u>	<u>\$ 29,406</u>
Taxes and insurance:		
Property and liability insurance	\$ 12,791	\$ 14,271
Other insurance	100	99
Other taxes, licenses and fees (state charges)	498	565
	<u>\$ 13,389</u>	<u>\$ 14,935</u>
Interest expense - mortgage loans:		
1st mortgage interest - City of Raleigh	\$ 13,603	\$ 13,635
2nd mortgage interest - Wake County	4,359	4,097
3rd mortgage interest - NCHFA	20,076	19,884
Amortization of deferred financing costs	1,754	1,753
	<u>\$ 39,792</u>	<u>\$ 39,369</u>
Incentive management fees	<u>\$ 14,000</u>	<u>\$ 10,000</u>
Depreciation	<u>\$ 142,593</u>	<u>\$ 148,393</u>
Amortization	<u>\$ 5,398</u>	<u>\$ 5,397</u>
Loss on disposal	<u>\$ 5,883</u>	<u>\$ 2,193</u>