

Sedgebrook Housing, LLC

NCHFA Project No. 9000983

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

December 31, 2022 and 2021



Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Balance Sheets.....	4
Statements of Operations.....	6
Statements of Member's Deficit.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	10
Supplementary Information:	
Schedules of Income and Expenses	17



Independent Auditor's Report

Member
Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sedgebrook Housing, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operation, member's deficit, and cash flows for the year 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 Sedgebrook Housing, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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 Sedgebrook Housing, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 GAAP, 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 Sedgebrook Housing, 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 Sedgebrook Housing, 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 Sedgebrook Housing, 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.

Prior Period Financial Statements

The financial statements of Sedgebrook Housing, LLC, as of December 31, 2021, were audited by other auditors whose report dated February 21, 2022 expressed an unmodified opinion on those statements.

FORVIS

Report on Supplementary Information

Our audit was 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 audit 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 GAAS. 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
May 12, 2023

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash, operating	\$ 13,041	\$ 10,199
Accounts receivable, other	2,622	5,964
Accounts receivable, tenants	14,799	19,306
Prepaid expenses	1,641	8,205
	<u>32,103</u>	<u>43,674</u>
Restricted deposits and funded reserves:		
Cash, operating reserve	60,402	60,298
Cash, replacement reserve	154,098	154,712
Cash, tax and insurance escrow	8,910	2,343
Tenant security deposits	8,975	9,287
	<u>232,385</u>	<u>226,640</u>
Rental property:		
Land improvements	279,350	279,350
Buildings and improvements	1,927,193	1,923,543
Furniture and fixtures	11,369	11,369
	<u>2,217,912</u>	<u>2,214,262</u>
Less accumulated depreciation	<u>(1,642,856)</u>	<u>(1,572,860)</u>
	<u>575,056</u>	<u>641,402</u>
Other assets:		
Deferred tax credit fees (net of accumulated amortization of \$4,842 in 2022 and \$4,272 in 2021)	3,702	4,272
	<u>\$ 843,246</u>	<u>\$ 915,988</u>

See accompanying notes.

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Balance Sheets
December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities:		
Current maturities of mortgage payable	\$ 39,464	\$ 39,474
Accounts payable	4,543	2,752
Accrued management fees	1,500	1,401
Accrued wages payable	1,761	1,078
Accrued interest	<u>2,279</u>	<u>2,331</u>
Total current liabilities	<u>49,547</u>	<u>47,036</u>
Deposits and prepayment liabilities:		
Tenant security deposits	8,824	9,102
Prepaid rent	<u>529</u>	<u>4,324</u>
	<u>9,353</u>	<u>13,426</u>
Long-term liabilities:		
Mortgage payable, net of unamortized debt issuance costs of \$5,213 in 2022 and \$8,689 in 2021, net of current maturities	1,313,185	1,349,173
Accrued partnership administration fee	116,096	116,096
Notes payable, affiliate	<u>100,000</u>	<u>100,000</u>
	<u>1,529,281</u>	<u>1,565,269</u>
Member's deficit	<u>(744,935)</u>	<u>(709,743)</u>
	<u>\$ 843,246</u>	<u>\$ 915,988</u>

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Gross rental income	\$ 300,906	\$ 295,186
Less: Vacancies	(7,578)	(5,272)
Less: Loss to lease	(3,210)	(3,387)
Plus: Excess rent	351	179
	<u>290,469</u>	<u>286,706</u>
Net rental income		286,706
Other income:		
Interest income	407	92
Other income	5,269	7,607
	<u>5,676</u>	<u>7,699</u>
Total other income		7,699
Total income	<u>296,145</u>	<u>294,405</u>
Expenses:		
Administrative	38,722	39,382
Property management fees	21,033	19,773
Professional fees	6,260	6,007
Repairs and maintenance	113,719	87,950
Taxes and insurance	7,177	11,615
Utilities	41,400	46,389
	<u>228,311</u>	<u>211,116</u>
Total operating expense		211,116
Income from operations	<u>67,834</u>	<u>83,289</u>
Nonoperating expenses:		
Interest expense	31,110	31,717
Depreciation	71,346	70,596
Amortization	570	570
Loss on disposal of fixed assets	-	9,138
	<u>103,026</u>	<u>112,021</u>
Total nonoperating expenses		112,021
Net loss	<u>\$ (35,192)</u>	<u>\$ (28,732)</u>

See accompanying notes.

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Statements of Member's Deficit
Years Ended December 31, 2022 and 2021

Deficit, December 31, 2020	\$ (681,011)
Net loss	<u>(28,732)</u>
Deficit, December 31, 2021	(709,743)
Net loss	<u>(35,192)</u>
Deficit, December 31, 2022	<u><u>\$ (744,935)</u></u>

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
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	\$ (35,192)	\$ (28,732)
Adjustments to reconcile loss to net cash provided by operating activities:		
Depreciation	71,346	70,596
Loss on disposal of fixed assets	-	9,138
Amortization of deferred financing costs	3,476	3,475
Amortization of intangible assets	570	570
Change in assets and liabilities		
(Increase) decrease:		
Accounts receivable, tenants	4,507	(11,871)
Accounts receivable, other	3,342	4,023
Prepaid expenses	6,564	(4,284)
Increase (decrease):		
Accounts payable	1,791	(6,635)
Accrued management fees	99	(1,000)
Accrued wages payable	683	-
Accrued interest	(52)	(49)
Tenant security deposits liability	(278)	(580)
Prepaid rent	(3,795)	(2,150)
Net cash provided by operating activities	<u>53,061</u>	<u>32,501</u>
Cash flows from investing activities:		
Investment in rental property	<u>(5,000)</u>	<u>(20,287)</u>
Net cash used by investing activities	<u>(5,000)</u>	<u>(20,287)</u>
Cash flows from financing activities:		
Repayment of notes payable	<u>(39,474)</u>	<u>(39,446)</u>
Net cash used by financing activities	<u>(39,474)</u>	<u>(39,446)</u>
Net increase (decrease) in cash, restricted deposits and funded reserves	8,587	(27,232)
Cash, restricted deposits and funded reserves, beginning	<u>236,839</u>	<u>264,071</u>
Cash, restricted deposits and funded reserves, ending	<u>\$ 245,426</u>	<u>\$ 236,839</u>

Sedgebrook Housing, LLC
 NCHFA Project No. 9000983
 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>\$ 27,686</u>	<u>\$ 28,291</u>
Reconciliation of cash, restricted deposits and funded reserves to balance sheet:		
Cash, operating	\$ 13,041	\$ 10,199
Cash, operating reserve	60,402	60,298
Cash, replacement reserve	154,098	154,712
Cash, tax and insurance escrow	8,910	2,343
Tenant security deposits	<u>8,975</u>	<u>9,287</u>
	<u>\$ 245,426</u>	<u>\$ 236,839</u>

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Sedgebrook Housing, LLC (the “Company”) was originally formed as a Limited Partnership under the laws of the State of North Carolina on December 9, 1993, for the purpose of constructing, owning, and operating a low income rental housing community (the “Property”). The Property consists of 32 multifamily residential rental units located in Cary, North Carolina.

The Company has executed a regulatory agreement with Centrant which governs the operation of the Property and requires 100% of the units to remain affordable to low-income persons (defined as persons whose income is 60% or less of area median income).

The General Partner of the Partnership was Sedgebrook, Inc. The Partnership Agreement was amended on April 11, 1994, to admit North Carolina Equity Fund Limited Partnership (the “Investor Limited Partner”), and to permit the withdrawal of the original limited partner, DHIC, Inc. (“DHIC”). On January 1, 2010, the Partnership Agreement was amended again to admit the Community Revitalization and Preservation Corporation, a North Carolina nonprofit corporation (the “New Limited Partner”), and to permit the withdrawal of the Investor Limited Partner.

Effective March 3, 2010, Sedgebrook Housing, LLC (the “Company”) was formed as a limited liability company pursuant to the North Carolina Limited Liability Company Act, and the Partnership transferred all of the assets and liabilities to the Company. The sole member of the Company is Community Revitalization and Preservation Corporation (the “Member”), a North Carolina nonprofit corporation.

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 (GAAP).

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 GAAP 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.

Restricted cash

Restricted cash consists of tenant security deposits and deposits held in segregated accounts for property taxes, insurance, operating deficits, replacement reserves, and debt service. 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.

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. GAAP requires 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.

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:

Building and improvements	40 years
Land improvements	15 to 20 years
Furnishings and equipment	5 to 7 years

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

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, 2022 and 2021.

Debt issuance costs

Debt issuance costs are reported in the balance sheet as a direct deduction from the face amount of the related debt and are amortized over the lives of the related debt. Amortization of debt issuance costs is presented as a component of interest expense.

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 tenants of the property are operating leases.

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 expense for the years ended December 31, 2022 and 2021 amounted to \$80 and \$77, respectively.

Income taxes

As a limited liability company, the Company's taxable income or loss is allocated to the member 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.

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.

Reclassifications

Certain amounts presented in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

Subsequent events

The Company evaluated the effect subsequent events would have on the financial statements through May 12, 2023, which is the date the financial statements were available to be issued.

2. Notes Payable

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

	<u>2022</u>	<u>2021</u>
On June 18, 2014, the Company entered into a mortgage note in the original principal amount of \$550,000 with Community Investment Centrant Community Capital ("Centrant"). During the year ended December 31, 2020, the note was sold to Movement Bank. The loan is still serviced by Centrant. The loan agreement provides, among other things, for: (a) a maturity date of July 1, 2024; (b) an interest rate of 5.75% per annum; (c) commencing on August 1, 2014, monthly principal and interest payments of \$3,210; and (d) a balloon payment of remaining principal on July 1, 2024. In connection to the refinance of the mortgage note, the Company has executed a regulatory agreement with Centrant. The note is secured by a deed of trust, with a first lien priority, on the property and its improvements. During the years ended December 31, 2022 and 2021, interest expense totaled \$27,634 and \$28,242 and interest paid totaled \$27,686 and \$28,291, all respectively. At December 31, 2022 and 2021, accrued interest was \$2,279 and \$2,331, respectively.	\$ 475,581	\$ 486,415

2022

2021

The Company entered into a second mortgage note with the North Carolina Housing Finance Agency (“NCHFA”) under the HOME program structured as a construction loan rolling into a permanent loan in the amount of \$427,335. Upon conversion of the construction loan to a permanent loan, the second mortgage carried a 19-year term at 6% interest, with repayment of principal only from net cash flow for 20 years. All repayment of principal only from net cash flow for 20 years. All unpaid principal and interest will accrue until the end of year 19, at which time the outstanding balance will be due as a balloon payment. The deed of trust for the loan shall be a second priority lien on the Property. At December 31, 2013, there was no available cash flow. On June 18, 2014, the Company reached an agreement with NCHFA that modified the original promissory note. The modification provides, among other things, for: (a) a maturity date of July 1, 2024; (b) an interest rate of 0% per annum; and (c) commencing on July 1, 2014, monthly principal payments of:

- \$2,619.33 per month during Loan Year 1
- \$2,604.16 per month during Loan Year 2
- \$2,584.50 per month during Loan Year 3
- \$2,560.25 per month during Loan Year 4
- \$2,531.17 per month during Loan Year 5
- \$2,496.92 per month during Loan Year 6
- \$2,457.33 per month during Loan Year 7
- \$2,412.17 per month during Loan Year 8
- \$2,361.16 per month during Loan Year 9
- \$2,304.00 per month during Loan Year 10

During the year ended December 31, 2020, The Company entered into a forbearance agreement with NCHFA to defer the first mortgage loan payments that were due for the period May 1, 2020 through July 31, 2020. The deferred payments were added to the end of the loan and will be due at maturity.

The loan is secured by a modified second deed of trust on the property and its improvements, and is not a novation or cancellation of the original debt.

\$ 661,992 690,632

	<u>2022</u>	<u>2021</u>
The Company entered into a Land acquisition loan with NCHFA in the amount of \$185,100 with no principal payments due for 19 years. Interest will accrue at 1% until the end of year 19, at which time the entire outstanding balance will be due. The deed of trust for the loan shall be a third priority lien on the Project. On June 18, 2014, the Company reached an agreement with NCHFA that modified the original promissory note. The modification provides, among other things, for: (a) a maturity date of July 1, 2024, and (b) an interest rate of 0% per annum. The loan is secured by a second deed of trust on the property and its improvements, and is not a novation of or cancellation of the original debt.	\$ 220,289	\$ 220,289
On June 6, 2014, DHIC, Inc., an entity related to the Member, executed a promissory note with the Company in the amount of \$100,000 for the purpose of rehabilitating the Property. The note does not bear interest and is payable from available cash flow. All principal shall be payable in one single payment on July 1, 2024. The note is subordinate to all existing and future loan obligations of the Company.	<u>100,000</u>	<u>100,000</u>
	1,457,862	1,497,336
Less: current maturities	(39,464)	(39,474)
Less: unamortized debt issuance costs	<u>(5,213)</u>	<u>(8,689)</u>
	<u>\$ 1,413,185</u>	<u>\$ 1,449,173</u>

Estimated maturities of long-term debt subsequent to December 31, 2022, are as follows:

2023	\$ 39,464
2024	<u>1,418,398</u>
	<u>\$ 1,457,862</u>

3. Related-Party Transactions

Partnership administration fee

The Company agreed to pay DHIC, an affiliate of the Member, a cumulative, annual partnership administration fee of up to \$7,500 beginning in 1995 and adjusted upward thereafter by 4% per year. The Partnership administration fee was payable out of the Company's net cash flow, as defined, after funding of the reserve for replacements and payment of the annual investor services fee, but before funding of the operating reserve. Effective March 3, 2010, in connection with the Limited Partnership conversion, the partnership administration fee will no longer be earned. At December 31, 2022 and 2021, unpaid partnership administration fees of \$116,096 remained payable.

Management services fee

Effective January 1, 2010, the Company agreed to pay DHIC, an affiliate of the Member, a management services fee for certain management and advisory services provided to the Company and its Member. The fee is equal to one hundred percent (100%) of the net income available for distribution, as defined, by the Company at the end of its fiscal year. Management services fees are expensed when paid. No fees were incurred or paid during the years ended December 31 2022 and 2021.

4. Reserves

Replacement reserve

In accordance with the Centrant Regulatory Agreement and the NCHFA loan agreement, funds in the reserve for replacements may be used as needed to cover the Property's capital improvement needs. The reserve is to be funded using cash flows from operations in the amount of \$350 per unit per year in the first year, with an annual 4% increase. All individual withdrawals require prior written approval from NCHFA. Withdrawals totaling more than \$2,500 during any 12-month period shall require prior written consent of Centrant.

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	\$ 154,712	\$ 140,197
Deposits	15,033	14,455
Interest, net of fees	258	60
Withdrawals	<u>(15,905)</u>	<u>-</u>
Balance, ending	<u>\$ 154,098</u>	<u>\$ 154,712</u>

Operating reserve

In accordance with the Centrant Regulatory Agreement, cash is restricted in use for the funding of operating deficits. Individual withdrawals more than \$2,500 and withdrawals totaling more than \$5,000 in any single calendar year shall require the prior written consent of Centrant.

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	\$ 60,298	\$ 60,273
Interest	<u>104</u>	<u>25</u>
Balance, ending	<u>\$ 60,402</u>	<u>\$ 60,298</u>

5. 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 7.1% of gross collections, as defined. For the years ended December 31, 2022 and 2021, \$21,033 and \$19,773 was charged to operations and \$1,500 and \$1,401 remained payable at December 31, 2022 and 2021, all respectively.

6. Contingencies, Risks and Uncertainties

The Company's sole asset is its 32-unit 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

Sedgebrook Housing, LLC
 NCHFA Project No. 9000983
 Schedules of Income and Expenses
 Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income	<u>\$ 290,469</u>	<u>\$ 286,706</u>
Interest income:		
Interest income	<u>\$ 407</u>	<u>\$ 92</u>
Other income:		
Grant income	\$ -	\$ 3,085
Application fees	508	540
Laundry and vending	43	-
Damages and cleaning fees	1,182	1,787
Legal fees	200	-
Late fees	2,184	2,180
Other revenue	<u>1,152</u>	<u>15</u>
	<u>\$ 5,269</u>	<u>\$ 7,607</u>

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Schedules of Income and Expenses
Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Administrative expenses:		
Administrative payroll	\$ 15,167	\$ 19,051
Health insurance and other benefits	5,252	5,933
Payroll taxes	2,169	2,309
Workers compensation	498	369
Other payroll related	2,400	3,523
Bad debt expense (recoveries), net	-	(1,302)
Advertising	80	77
Telephone, internet and cable	3,488	3,400
Office supplies and expenses	4,853	2,724
Criminal background and credit checks	854	924
Other administrative expenses	3,961	2,374
	<u>\$ 38,722</u>	<u>\$ 39,382</u>
Property management fees:		
Property management fee	<u>\$ 21,033</u>	<u>\$ 19,773</u>
Professional fees:		
Auditing and accounting	\$ 3,495	\$ 5,145
Legal fees	2,765	-
Management consultants	-	862
	<u>\$ 6,260</u>	<u>\$ 6,007</u>
Repairs and maintenance:		
Maintenance payroll	\$ 17,531	\$ 23,011
Repairs expense	35,498	20,754
Painting and decorating	7,615	2,573
Grounds maintenance	15,848	11,519
Cleaning expense	1,104	408
Exterminating	2,727	1,379
Fire alarm expense	5,290	6,186
Security	428	355
HVAC maintenance	9,365	3,880
Vehicle repairs and maintenance	-	53
Garbage removal	10,923	13,048
Other repairs and maintenance	7,390	4,784
	<u>\$ 113,719</u>	<u>\$ 87,950</u>

Sedgebrook Housing, LLC
NCHFA Project No. 9000983
Schedules of Income and Expenses
Years Ended December 31, 2022 and 2021

(3 pages)

	<u>2022</u>	<u>2021</u>
Taxes and insurance:		
Property and liability insurance	\$ 6,874	\$ 6,118
Other taxes, licenses, and fees	203	5,398
Other insurance	100	99
	<u>\$ 7,177</u>	<u>\$ 11,615</u>
Utilities:		
Electricity	\$ 8,565	\$ 9,373
Water	13,794	13,094
Sewer	19,041	23,922
	<u>\$ 41,400</u>	<u>\$ 46,389</u>
Interest:		
Interest expense - Centrant	\$ 27,634	\$ 28,241
Amortization of debt issuance costs	3,476	3,476
	<u>\$ 31,110</u>	<u>\$ 31,717</u>
Depreciation	<u>\$ 71,346</u>	<u>\$ 70,596</u>
Amortization	<u>\$ 570</u>	<u>\$ 570</u>
Loss on disposal of fixed assets	<u>\$ -</u>	<u>\$ 9,138</u>