

Wakefield Affordable Housing, LLC

NCHFA Project No. 9001020

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

December 31, 2022 and 2021

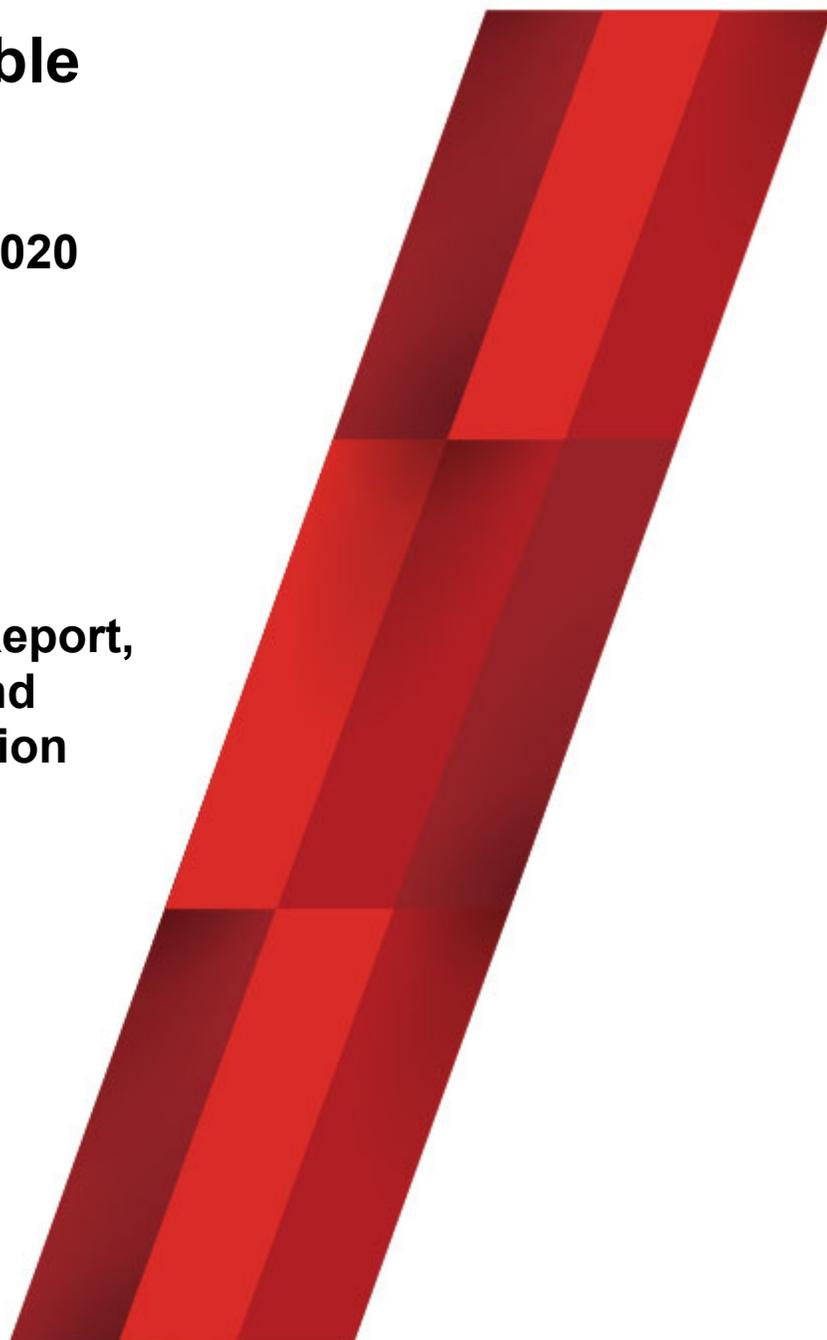


Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Balance Sheets.....	4
Statements of Operations.....	5
Statements of Members' Equity (Deficit).....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information:	
Schedules of Project Operating Income and Expenses.....	15

Independent Auditor's Report

Members
Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wakefield Affordable Housing, LLC, NCHFA Project No. 9001020, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, 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 Wakefield Affordable Housing, 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 Wakefield Affordable Housing, 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 Wakefield Affordable 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 Wakefield Affordable 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 Wakefield Affordable 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.

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 Project Operating 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**

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Balance Sheets
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Investment in real estate:		
Land	\$ 755,048	\$ 755,048
Land improvements	1,469,055	1,469,055
Buildings	7,292,929	7,272,531
Furniture and equipment	198,144	198,144
	<u>9,715,176</u>	<u>9,694,778</u>
Accumulated depreciation	<u>(4,049,173)</u>	<u>(3,790,752)</u>
Net investment in real estate	<u>5,666,003</u>	<u>5,904,026</u>
Other assets:		
Cash, operating	102,184	172,962
Cash, replacement reserve	273,585	239,819
Cash, operating reserve	260,376	260,000
Cash, security deposit	53,760	55,330
Cash, tax and insurance escrow	29,312	7,326
Other receivables	3,317	12,220
Prepaid expenses	5,496	27,480
Capitalized costs, net	2,800	8,050
	<u>730,830</u>	<u>783,187</u>
Total other assets	<u>730,830</u>	<u>783,187</u>
Total assets	<u>\$ 6,396,833</u>	<u>\$ 6,687,213</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Note payable - affiliate	\$ 540,000	\$ 540,000
Notes payable - other, net of \$45,670 and \$48,821 of unamortized debt issuance costs at December 31, 2022 and 2021, respectively	3,424,442	3,485,942
Accounts payable	14,164	13,631
Accrued asset management fee	7,790	7,563
Accrued interest	8,575	8,833
Accrued interest, affiliate	223,239	274,496
Tenant security deposit	53,760	55,328
Prepaid rent	11,757	7,424
	<u>4,283,727</u>	<u>4,393,217</u>
Total liabilities	<u>4,283,727</u>	<u>4,393,217</u>
Members' equity	<u>2,113,106</u>	<u>2,293,996</u>
Total liabilities and members' equity	<u>\$ 6,396,833</u>	<u>\$ 6,687,213</u>

See accompanying notes.

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Statements of Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Income:		
Gross rent potential	\$ 675,186	\$ 662,394
Less: Vacancies	(1,864)	(1,927)
Concessions to tenants	(3,420)	(5,359)
Net rental revenue	<u>669,902</u>	655,108
Interest income	1,115	660
Other income	<u>6,563</u>	<u>65,841</u>
Total income	<u>677,580</u>	<u>721,609</u>
Operating expenses:		
Administrative	126,723	129,103
Professional fees	17,539	9,692
Repairs and maintenance	226,084	150,046
Marketing and leasing	2,179	2,686
Taxes and insurance	36,497	34,929
Utilities	16,885	19,214
Bad debt expense (recovery), net	<u>(744)</u>	<u>904</u>
Total operating expenses	<u>425,163</u>	<u>346,574</u>
Net operating income	<u>252,417</u>	<u>375,035</u>
Partnership and financial expenses:		
Interest - affiliate	26,244	26,244
Interest - other	135,602	138,852
Asset management fee	<u>7,790</u>	<u>7,563</u>
Total partnership and financial expenses	<u>169,636</u>	<u>172,659</u>
Income before depreciation and amortization	<u>82,781</u>	202,376
Depreciation	258,421	256,135
Amortization	5,250	5,249
Loss on involuntary conversion	<u>-</u>	<u>1,314</u>
Net loss	<u>\$ (180,890)</u>	<u>\$ (60,322)</u>

See accompanying notes.

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Statements of Members' Equity (Deficit)
Years Ended December 31, 2022 and 2021

	2022			2021
	Managing Member	Investor Member	Total	
Balance (deficit), beginning	\$ (6,836)	\$ 2,300,832	\$ 2,293,996	\$ 2,354,318
Net loss	(18)	(180,872)	(180,890)	(60,322)
Balance (deficit), ending	<u>\$ (6,854)</u>	<u>\$ 2,119,960</u>	<u>\$ 2,113,106</u>	<u>\$ 2,293,996</u>

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (180,890)	\$ (60,322)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	258,421	256,135
Amortization of intangible assets	5,250	5,249
Amortization of deferred financing costs	3,151	3,151
Loss on involuntary conversion	-	1,314
Change in assets and liabilities:		
(Increase) decrease:		
Other receivables	8,903	(4,455)
Prepaid expenses	21,984	(12,517)
Increase (decrease):		
Accounts payable	533	(10,090)
Accrued asset management fee	227	220
Accrued interest	(51,515)	(39,996)
Tenant security deposit	(1,568)	(110)
Prepaid rent	4,333	4,910
Net cash provided by operating activities	<u>68,829</u>	<u>143,489</u>
Cash flows from investing activities:		
Insurance proceeds for rental property replacements	-	3,054
Purchase of rental property	(20,398)	(9,600)
Net cash used by investing activities	<u>(20,398)</u>	<u>(6,546)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(64,651)	(61,419)
Net cash used by financing activities	<u>(64,651)</u>	<u>(61,419)</u>
Net increase (decrease) in cash, deposits held in trust and restricted deposits and funded reserves	(16,220)	75,524
Cash, deposits held in trust and restricted deposits and funded reserves, beginning of year	<u>735,437</u>	<u>659,913</u>
Cash, deposits held in trust and restricted deposits and funded reserves, end of year	<u>\$ 719,217</u>	<u>\$ 735,437</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 210,210</u>	<u>\$ 201,941</u>
Reconciliation of cash, restricted deposits and funded reserves to the balance sheet:		
Cash	\$ 102,184	\$ 172,962
Restricted deposits and funded reserves	617,033	562,475
	<u>\$ 719,217</u>	<u>\$ 735,437</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

The Company was formed as a limited liability company under the laws of the state of North Carolina on May 6, 2005 for the purpose of constructing and operating an 80-unit low-income housing complex located in Raleigh, North Carolina known as “Wakefield Hills”. The property was placed in service in December 2007. The Company will continue in existence until December 31, 2051 unless otherwise modified in accordance with the operating agreement.

Effective December 31, 2022, NEF Assignment Corporation (investor member) transferred their respective partnership interest to Community Revitalization and Preservation Corporation (“CRPC”). On January 1, 2023, the Partnership converted to a limited liability company, Wakefield Affordable Housing, LLC, (the “Company”), and the managing member, Common Oaks Affordable Housing, Inc., assigned its 0.01% membership interest to CRPC. As a result, effective January 1, 2023, CRPC is the sole member of the Company.

The project is eligible for low-income housing tax credits established under the program described in Section 42 of the Internal Revenue Code.

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 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.

Rental property

Rental property is stated at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15 to 20 years
Buildings	40 years
Furniture and equipment	3 to 10 years

Rental income and prepaid rents

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 statements 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 flow 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.

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 \$82 and \$941, respectively.

Subsequent event 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.

Debt issuance costs

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

2. Members' Capital Contributions

The Company has one managing member, Common Oaks Affordable Housing, Inc., which has a 0.01% interest and one investor member, NEF Assignment Corporation, an Illinois not-for-profit corporation, as nominee, which has a 99.99% interest.

The managing member made a required contribution of \$100. The investor member contributions, in accordance with the operating agreement, amount to \$5,489,525, all of which has been contributed as of December 31, 2022 and 2021.

3. Notes Payable

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

	<u>2022</u>	<u>2021</u>
Note payable to City of Raleigh, North Carolina in the amount of \$1,200,000. The note bears a 2% simple interest rate. Monthly payments, beginning on July 1, 2009 and continuing the first of each month, will vary as follows; \$1,681 for years one-five, \$2,375 for years six-ten, \$3,167 for years 11-15, \$3,708 for years 15-20. A balloon payment for the balance of the note will be due on June 1, 2029. Payments of \$3,167 were made from January 2022 through December 2022. Interest expense for the years ended December 31, 2022 and 2021 amounted to \$23,117 and \$23,367, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$23,117 and \$23,367, respectively. Deferred loan costs amortized to interest expense amounted to \$488 for each of the years ended December 31, 2022 and 2021. The note is secured by a first lien Deed of Trust on the property.	\$ 1,145,517	\$ 1,160,400

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<p>Note payable to Providence Bank in the amount of \$1,800,000. The note bears a 7.25% interest rate for years one-18, and 1.90% plus a rate based upon the monthly average yield on U.S. Treasury securities (adjusted to a constant maturity of 10 years) for years 19-30 (rate cannot exceed 11.25% nor be less than 7.25%). The loan was originally funded from Centrant Community Capital ("Centrant"). In 2010, the loan was sold to Providence Bank but continues to be serviced by Centrant. All payments will continue to be made to Centrant. Payments, beginning on August 1, 2009 and continuing on the first day of each calendar month, thereafter, are due in the amount of \$12,280 for years 1 to 18, and adjusted for years 19 to 30 based on the applicable rate mentioned above. A balloon payment for the remaining principal balance and any accrued and unpaid interest and any other charges will be due on July 1, 2039. Accrued interest for the years ended December 31, 2022 and 2021 amounted to \$8,575 and \$8,833, respectively. Interest expense for the years ended December 31, 2022 and 2021 amounted to \$104,334 and \$107,334, respectively. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$104,592 and \$107,574, respectively. Deferred loan costs amortized to interest expense amounted to \$2,047 for each of the years ended December 31, 2022 and 2021. The note is secured by a second lien Deed of Trust on the property.</p>	\$ 1,419,227	\$ 1,461,995
<p>Note payable to Wake County in the amount of \$300,000. The loan bears on a 2% interest rate with annual payments in the amount of \$5,100 for years one-five; \$9,500 for years six-ten; \$12,000 for years 11-15; and \$15,000 for years 16-20 with a balloon payment due on August 31, 2028. Interest expense for each of the years ended December 31, 2022 and 2021 amounted to \$5,000, all of which was paid. Deferred loan costs amortized to interest expense amounted to \$616 for each of the years ended December 31, 2022 and 2021. The note is secured by a third lien Deed of Trust on the property.</p>	239,500	246,500
<p>Noninterest-bearing note payable to North Carolina Housing Finance Agency ("NCHFA") in the amount of \$665,868. No payments are due on this loan until maturity on January 1, 2038. The note is secured by a fourth lien Deed of Trust on the property.</p>	665,868	665,868
<p>Note payable to DHIC, Inc. ("DHIC"), an affiliate of the managing member, in the maximum amount of \$540,000 interest accruing at 4.86% (applicable federal rate of the month the loan was closed and funded) per annum, with no payments due until maturity on February 13, 2027. The loan is secured by a fifth lien Deed of Trust on the property. Interest expense amounted to \$26,244 for each of the years ended December 31, 2022 and 2021. Interest paid during the years ended December 31, 2022 and 2021 amounted to \$77,501 and \$66,000, respectively. Accrued interest amounted to \$223,239 and \$274,496 at December 31, 2022 and 2021, respectively.</p>	540,000	540,000
<p>Less: unamortized debt issuance costs</p>	<u>(45,670)</u>	<u>(48,821)</u>
	<u>\$ 3,964,442</u>	<u>\$ 4,025,942</u>

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

2023	\$	71,204
2024		78,221
2025		85,600
2026		90,036
2027		94,780
Thereafter		<u>3,590,271</u>
	\$	<u>4,010,112</u>

4. Related-Party Transactions

Asset management fee

The Company is required to pay the investor member, a cumulative, annual asset management fee of \$5,000 to be increased annually by 3%. This is a compensation for property management oversight, tax credit compliance and monitoring and related services. The asset management fee is payable out of the Company's net cash flow (see Note 8). For the years ended December 31, 2022 and 2021, \$7,790 and \$7,563, respectively, was earned and \$7,790 and \$7,563, respectively, remained payable.

Company management fee

The Company is required to pay the managing member a cumulative company management fee of \$24,000 per year out of cash flow, as defined (see Note 8). During the years ended December 31, 2022 and 2021, no company management fee was incurred or paid.

Incentive company management fee

The Company is required to pay the managing member a non-cumulative incentive company management fee out of cash from operations, as defined (see Note 8). During the years ended December 31, 2022 and 2021, no incentive company management fee was incurred or paid.

5. Capitalized Costs

Tax credit fees have been capitalized as described below:

	<u>2022</u>	<u>2021</u>
Tax credit fees	\$ 78,745	\$ 78,745
Less: Accumulated amortization	<u>(75,945)</u>	<u>(70,695)</u>
Net capitalized costs	<u>\$ 2,800</u>	<u>\$ 8,050</u>

Tax credit fees are being amortized using the straight-line method over 15 years, the tax credit compliance period.

6. Reserves

Replacement reserve

The Company shall establish the replacement reserve in the year the project achieves Qualified Occupancy. The replacement reserve will be held in the replacement reserve account, under control of the managing member or the project lender. The Company will maintain this account until the end of the compliance period. Withdrawals from replacement reserve in excess of \$5,000 in the aggregate in any given month will require the written approval of the managing member and the asset manager. The permanent lender requires approval of all disbursements. The reserve will be funded on a cumulative basis, in the annual amount of \$250 per unit per year (to be increased annually by 4%) from project cash flow. 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	\$ 239,819	\$ 207,743
Annual funding	33,302	32,021
Interest, net of fees	<u>464</u>	<u>55</u>
Balance, ending	<u>\$ 273,585</u>	<u>\$ 239,819</u>

Operating reserve

In accordance with the operating agreement, the managing member shall establish the operating reserve and fund it out of equity proceeds of \$244,233 at the time of the payment of the third installment. The managing member shall, to the extent funds are available, replenish the reserve to the target amount of \$110,000 out of cash flow or the proceeds of sales or refinancing. The operating reserve will be held in the operating reserve account, under the control of the managing member or the project lender. Additionally, any single withdrawal exceeding \$7,000 requires approval by Providence Bank. The managing member and the Company will maintain this account from the date of payment of the third installment until the end of the compliance period. Withdrawals from the operating reserve will require the written approval of the managing member and National Equity Fund, Inc. 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	\$ 260,000	\$ 259,453
Interest, net of fees	<u>376</u>	<u>547</u>
Balance, ending	<u>\$ 260,376</u>	<u>\$ 260,000</u>

7. 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 6.44% of gross operating revenues. For the years ended December 31, 2022 and 2021, \$44,438 and \$42,507 was incurred and \$3,829 and \$3,682 remained payable, respectively.

8. Profits, Losses and Distributions

All profits and losses are allocated 99.99% to the investor member and 0.01% to the managing member.

Net cash flow is to be distributed as follows:

1. To the investor member to the extent of any amount which the investor member is entitled to receive to satisfy any payment required, pursuant to section 6.9 of operating agreement;
2. Payment of any accrued and payable asset management fees due the asset manager;
3. Payment to the developer to pay any unpaid balance of the deferred development fee;
4. Funding of the operating reserve account until it is equal to the operating reserve target amount;
5. Payment of any accrued and unpaid interest and unpaid principal on loans made by the investor member, pursuant to section 3.7 of the operating agreement;
6. Repayment of any accrued and unpaid interest and unpaid principal on loans made by the managing member, pursuant to section 3.7 of the operating agreement;
7. Repayment to the managing member (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) of any amounts treated as loans to the Company (without interest) by the managing member, pursuant to section 6.4(f)(i) or section 6.4(f)(ii) of the operating agreement, and not yet repaid;
8. Payment of \$24,000 to the managing member as a company management fee on a cumulative basis;
9. Payment of 80% of the balance, if any, to the managing member as an incentive company management fee on a non-cumulative basis; and
10. After making the payments described in section 5.1(a) of the operating agreement, the remaining cash flow, if any, shall be distributed 0.01% to the managing member and 99.99% to the investor member.

9. Contingencies, Risks and Uncertainties

The Company's sole asset is its 80-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.

Supplementary Information

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Schedules of Project Operating Income and Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Rental income:		
Residential income	<u>\$ 669,902</u>	<u>\$ 655,108</u>
Interest income:		
Interest income	<u>\$ 1,115</u>	<u>\$ 660</u>
Other income:		
Damages and cleaning fees	\$ 2,510	\$ 1,330
Application fees	640	820
Late fees	2,995	3,239
Legal fees	256	-
Insurance claim proceeds	162	-
Grant revenue	-	14,221
Sewer easement	-	45,454
Other miscellaneous revenue	-	777
	<u>\$ 6,563</u>	<u>\$ 65,841</u>
Administrative expenses:		
Office supplies	\$ 18,956	\$ 17,679
Management fee	44,438	42,507
Managers' salaries	48,184	50,724
Office salaries	10,771	10,147
Miscellaneous	4,374	8,046
	<u>\$ 126,723</u>	<u>\$ 129,103</u>
Professional fees:		
Accounting	\$ 15,232	\$ 9,200
Legal	2,307	492
	<u>\$ 17,539</u>	<u>\$ 9,692</u>

Wakefield Affordable Housing, LLC
NCHFA Project No. 9001020
Schedules of Project Operating Income and Expenses
Years Ended December 31, 2022 and 2021

(2 pages)

	<u>2022</u>	<u>2021</u>
Repairs supplies/contracts:		
Maintenance salary	\$ 32,089	\$ 31,075
Ground maintenance	23,694	22,446
Security	17,460	11,874
Repairs supplies/contracts	133,664	63,132
Garbage and trash	12,314	11,393
Janitor and cleaning contract	5,392	8,507
Exterminating	1,471	1,619
	<u>\$ 226,084</u>	<u>\$ 150,046</u>
Marketing and leasing expenses:		
Advertising	\$ 82	\$ 941
Credit and criminal reports	852	1,506
Seminars and training	1,245	239
	<u>\$ 2,179</u>	<u>\$ 2,686</u>
Tax and insurance expenses:		
Property and liability insurance	\$ 23,225	\$ 22,290
Payroll taxes	6,511	6,434
Workmen's compensation	1,083	925
Health insurance	5,678	5,280
	<u>\$ 36,497</u>	<u>\$ 34,929</u>
Utilities:		
Electricity	\$ 10,038	\$ 11,083
Water and Sewer	6,847	8,131
	<u>\$ 16,885</u>	<u>\$ 19,214</u>