



**Water Garden Village, LLC
NCHFA Project No. 9107183**



**Financial Statements and
Supplementary Information**

Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

Members
Water Garden Village, LLC
NCHFA Project No. 9107183
Raleigh, NC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Water Garden Village, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, 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 Water Garden Village, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Water Garden Village, 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 Water Garden Village, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Water Garden Village, 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 Water Garden Village, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Income and Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dixon Hughes Goodman LLP

High Point, NC
March 10, 2022

Water Garden Village, LLC
NCHFA Project No. 9107183
Balance Sheets
December 31, 2021 and 2020

(2 pages)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 343,861	\$ 204,746
Accounts receivable, tenants	3,747	593
Accounts receivable, other	1,551	1,384
Prepaid expenses	<u>25,149</u>	<u>11,054</u>
Total current assets	<u>374,308</u>	<u>217,777</u>
Restricted deposits and funded reserves:		
Cash, tax and insurance escrow	7,014	97,912
Cash, replacement reserve	144,007	123,415
Cash, operating reserve	171,631	171,546
Cash, tenant security deposits	<u>19,988</u>	<u>16,533</u>
	<u>342,640</u>	<u>409,406</u>
Rental property:		
Land	1,269,810	1,269,810
Land improvements	1,528,754	1,528,754
Buildings	6,414,646	6,414,646
Furnishings and equipment	<u>143,466</u>	<u>143,466</u>
	9,356,676	9,356,676
Accumulated depreciation	<u>(2,297,748)</u>	<u>(2,046,597)</u>
	<u>7,058,928</u>	<u>7,310,079</u>
Other assets:		
Deferred tax credit fees (net of accumulated amortization of \$64,494 in 2021 and \$57,328 in 2020)	<u>42,990</u>	<u>50,156</u>
	<u>\$ 7,818,866</u>	<u>\$ 7,987,418</u>

Water Garden Village, LLC
 NCHFA Project No. 9107183
 Balance Sheets
 December 31, 2021 and 2020

(2 pages)

	<u>2021</u>	<u>2020</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Current maturities of notes payable	\$ 9,446	\$ 9,564
Accounts payable and accrued expenses	1,865	15,443
Accounts payable - management company	2,300	2,973
Due to related party	44,103	-
Accrued interest, notes payable	11,564	11,592
	<u>69,278</u>	<u>39,572</u>
Total current liabilities		
Deposits and prepayments liabilities:		
Tenant security deposits	19,988	16,533
Prepaid rent	4,870	10,710
	<u>24,858</u>	<u>27,243</u>
Long-term liability:		
Notes payable, net of unamortized debt issuance costs of \$39,257 in 2021 and \$41,500 in 2020, less current maturities	<u>2,491,288</u>	<u>2,484,285</u>
Members' equity	<u>5,233,442</u>	<u>5,436,318</u>
	<u>\$ 7,818,866</u>	<u>\$ 7,987,418</u>

Water Garden Village, LLC
NCHFA Project No. 9107183
Statements of Operations
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Gross rental income	\$ 463,317	\$ 452,898
Less:		
Vacancies	(3,556)	(120)
Concessions	(760)	(128)
Gain to lease	5,948	7,122
Net rent revenue	<u>464,949</u>	459,772
Interest income	205	129
Other income	<u>16,315</u>	<u>8,701</u>
Total revenues	<u>481,469</u>	<u>468,602</u>
Operating expenses:		
Administrative	98,885	115,080
Utilities	32,761	28,634
Management fees	28,876	32,107
Repairs and maintenance	121,292	78,923
Taxes and insurance	19,082	20,301
Total operating expenses	<u>300,896</u>	<u>275,045</u>
Income from operations	<u>180,573</u>	<u>193,557</u>
Nonoperating expenses:		
Interest expense	68,585	65,882
Depreciation and amortization	258,317	258,317
Asset management fee	6,334	6,149
Incentive management fee	45,192	49,788
Total nonoperating expenses	<u>378,428</u>	<u>380,136</u>
Net loss	<u>\$ (197,855)</u>	<u>\$ (186,579)</u>

Water Garden Village, LLC
NCHFA Project No. 9107183
Statements of Members' Equity (Deficit)
Years Ended December 31, 2021 and 2020

	2021			2020
	Managing Member	Investor Members	Total	
Balance (deficit), beginning	\$ (66)	\$ 5,436,384	\$ 5,436,318	\$ 5,634,176
Distributions	-	(5,021)	(5,021)	(11,279)
Net loss	(18)	(197,837)	(197,855)	(186,579)
Balance (deficit), ending	<u>\$ (84)</u>	<u>\$ 5,233,526</u>	<u>\$ 5,233,442</u>	<u>\$ 5,436,318</u>

Water Garden Village, LLC
NCHFA Project No. 9107183
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net loss	\$ (197,855)	\$ (186,579)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	251,151	251,151
Amortization of intangible assets	7,166	7,166
Amortization of deferred financing costs	2,243	2,243
Paid in kind interest accrued into principal	10,996	10,469
Change in assets and liabilities:		
Accounts receivable, tenants	(3,154)	63
Accounts receivable, other	(167)	(708)
Prepaid expenses	(14,095)	543
Accounts payable and accrued expenses	(13,578)	6,289
Accrued asset management fee	(673)	2,973
Due to related party	44,103	-
Accrued interest, notes payable	(28)	1,578
Tenant security deposits	3,455	1,336
Prepaid rent	(5,840)	10,079
Net cash provided by operating activities	<u>83,724</u>	<u>106,603</u>
Cash flows from financing activities:		
Principal payments on notes payable	(6,354)	(10,988)
Distributions to investor members	(5,021)	(11,279)
Net cash used by financing activities	<u>(11,375)</u>	<u>(22,267)</u>
Net increase in cash and restricted deposits and funded reserves	72,349	84,336
Cash and restricted deposits and funded reserves, beginning of year	<u>614,152</u>	<u>529,816</u>
Cash and restricted deposits and funded reserves, end of year	<u>\$ 686,501</u>	<u>\$ 614,152</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 55,374</u>	<u>\$ 51,592</u>
Reconciliation of cash and restricted deposits and funded reserves to the balance sheet:		
Cash	\$ 343,861	\$ 204,746
Restricted deposits and funded reserves	<u>342,640</u>	<u>409,406</u>
	<u>\$ 686,501</u>	<u>\$ 614,152</u>

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Nature of operations

Water Garden Village, LLC (the "Company") was organized for the purpose of acquiring, developing, financing, constructing, owning, maintaining, and operating a 60-unit apartment complex for rental to individuals and families of low income in Raleigh, North Carolina commonly known as "Water Garden Village Apartments." The major activities of the Company are governed by the operating agreement and the loan agreements. The property was placed into service in November of 2012.

In January 2012, the operating agreement was amended to admit the new investor members and to permit the withdrawal of the original investor member, DHIC, Inc. ("DHIC"). Effective May 31, 2012, one of the investor members assigned its interest to a related entity. As a result, the Company has one managing member - Water Garden Affordable Housing, Inc.; and two investor members - Nationwide Affordable Housing Fund 48 - RBC Tax Credit Equity Fund-79, LLC (investor member) and RBC Tax Credit Manager II, Inc. (special member).

Effective August 10, 2015 the investor member transferred its interest in the company to Nationwide Affordable Housing Fund 54-RBC Tax Credit Equity Fund 91, L.P.

The ownership of the Company is as follows:

Water Garden Affordable Housing, Inc.	0.009%
Nationwide Affordable Housing Fund 54 - RBC Tax Credit Equity Fund-91, L.P.	99.990%
RBC Tax Credit Manager II, Inc.	<u>0.001%</u>
	<u>100.000%</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

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. 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
Furniture and equipment	10 years

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

Cash and cash equivalents

The Company considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company's deposited funds are in institutions insured by the Federal Deposit Insurance Corporation and the U.S. Treasury.

Restricted cash

Restricted cash consists of tenant security deposits and escrow deposits held by lenders for property taxes, insurance, other fees, operating deficits, and replacement reserves. 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.

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 2021 or 2020.

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

Deferred 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 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.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were \$180 and \$555, 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 March 10, 2022, 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 \$100, and the special member is required to make a capital contribution of \$10. The investor members are required to make capital contributions of \$7,286,118, including an upward credit adjuster of \$56,868, all of which has been contributed as of December 31, 2021.

3. Notes Payable

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

	2021	2020
Construction/permanent note payable to PNC Bank in the maximum amount of \$6,000,000, with interest-only payments at LIBOR plus 2.4% with a 3.7% floor during the construction phase. The construction loan was converted to a permanent loan in the amount of \$432,005 on December 27, 2013, and is payable in 239 monthly installments of \$2,860, including interest at 6.95% commencing on January 5, 2014. All outstanding interest is due in full on December 5, 2033. The loan is collateralized by a first deed of trust on the rental property. During the years ended December 31, 2021 and 2020, interest expense amounted to \$30,302 and \$23,798, respectively, and interest paid amounted to \$30,326 and \$24,003, respectively. Deferred financings costs amortized to interest expense amounted to \$2,243 and \$2,243 during the years ended December 31, 2021 and 2020, respectively. Accrued interest as of December 31, 2021 and 2020 amounted to \$2,255 and \$2,279, respectively.	\$ 389,263	\$ 393,454

Water Garden Village, LLC
 NCHFA Project No. 9107183
 Notes to Financial Statements

	<u>2021</u>	<u>2020</u>
<p>Note payable to the City of Raleigh (the "City") in the principal sum of \$1,395,000 with interest at 2%. Monthly payments of principal and interest in amounts ranging from \$1,775 to \$332 commence in January 2014 and continue until January 31, 2034 (maturity date); at which time a balloon payment for the balance of the loan and any accrued interest will be due. The note is secured by a second lien on the property. The loan is negatively amortizing, as the payments are not sufficient to cover the interest expense. During the years ended December 31, 2021 and 2020, interest expense amounted to \$29,170 and \$28,649, respectively, and interest paid amounted to \$18,156 and \$18,798, respectively. Accrued interest as of December 31, 2021 and 2020 amounted to \$2,439 and \$2,421, respectively.</p>	\$ 1,463,582	\$ 1,452,586
<p>Note payable to the County of Wake, North Carolina, in the amount of \$720,000 with interest accruing at 1%. Annual payments of principal and interest ranging from \$10,995 to \$2,946 are due beginning May 1, 2013 and continue until December 31, 2032 (the maturity date), at which time all outstanding principal and accrued interest shall be due and payable. The loan is secured by a third lien on the property. During 2021, an annual payment of \$9,055 was made. During the years ended December 31, 2021 and 2020, interest expense amounted to \$6,870 and \$11,192, respectively, and interest paid amounted to \$6,892 and \$8,792, respectively. Accrued interest as of December 31, 2021 and 2020 amounted to \$6,870 and \$6,892, respectively.</p>	687,146	689,309
Less: unamortized debt issuance costs	<u>(39,257)</u>	<u>(41,500)</u>
	2,500,734	2,493,849
Less: current maturities	<u>(9,446)</u>	<u>(9,564)</u>
	<u>\$ 2,491,288</u>	<u>\$ 2,484,285</u>

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

2022	\$ 9,446
2023	9,572
2024	9,675
2025	9,810
2026	9,920
Thereafter	<u>2,491,568</u>
	<u>\$ 2,539,991</u>

4. Related-Party Transactions

Due to related party

As of December 31, 2021 and 2020, due to related party consisted of \$44,103 and \$0, respectively, in liabilities for payroll costs paid by a nearby community under common ownership on behalf of the Company.

Development fee

The Company incurred a development fee of \$630,000 payable to DHIC for services rendered to the Company for overseeing the construction of the complex. As of December 31, 2021 and 2020, all of the development fee has been earned and paid.

Asset management fee

The Company is required to pay a cumulative, annual asset management fee equal to \$5,000 to RBC Tax Credit Equity, LLC or its affiliate for an annual review of the operations of the Company. The asset management fee is to be paid quarterly and increases 3% annually thereafter. Any unpaid fees shall accumulate and shall be payable. During the years ended December 31, 2021 and 2020, asset management fees of \$6,334 and \$6,149, respectively, were incurred and paid.

Incentive management fee

The Company has entered into an incentive management fee agreement with the managing member for its services in managing the business. This management fee is based on net cash flow payable as defined in Note 7 and is not cumulative. During the years ended December 31, 2021 and 2020, incentive management fees of \$45,192 and \$49,788, respectively, were paid.

Remainder distribution

The Company is required to pay excess cash flow, as defined in Note 7, to the members in accordance with their percentage interest. A remainder distribution of \$5,021 was paid to the investor member in 2021 from 2020 excess cash flow, and \$11,249 was paid to the investor member in 2020 from 2019 and prior excess cash.

5. Reserves

Replacement reserve

The operating agreement requires the Company to fund a replacement reserve using cash flow from operations, as defined. Reserve additions of \$15,000, increasing at 4% each year, are required to be made annually commencing December, 2013. This reserve is utilized to fund major repairs, capital expenditures and replacements of capital items in the project. The managing member shall be entitled to withdraw funds from the reserve, subject to the special investor member's approval.

An analysis of the reserve for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning	\$ 123,415	\$ 103,651
Funding	20,530	19,727
Fees, net	<u>62</u>	<u>37</u>
Balance, ending	<u>\$ 144,007</u>	<u>\$ 123,415</u>

Operating reserve

The operating agreement requires the Company to fund an operating reserve account in an aggregate amount of \$171,116 into a segregated reserve account to fund operating expenses and debt service in excess of operating revenues. Provided that the balance of the operating reserve does not go below \$171,116, the managing member may withdraw funds from the reserve for construction cost overruns, operating expenses, and debt service with the consent of the special investor member. An analysis of the reserve for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning	\$ 171,546	\$ 171,498
Interest, net	<u>85</u>	<u>48</u>
Balance, ending	<u>\$ 171,631</u>	<u>\$ 171,546</u>

6. Property Management Agreement

The Company entered into a Management Agreement with Drucker and Falk, L.L.C., an unaffiliated management company, to provide property management services to the Project. The management agent was compensated a minimum monthly fee of \$2,550, or 8% of all income collected for the property, whichever amount is the greater. Such fee was paid by the owner on the first of each month from January 1, 2020 to April 1, 2020. The term of the agreement was from September 1, 2012 until April 1, 2020.

On April 1, 2020, the Company entered into a Management Agreement with Community Management Company, an unaffiliated management company, to provide property management services to the Project. The management agent will be compensated a 6.32% of all income collected for the property. Such fee shall be paid by the owner on the first of each month beginning April 1, 2020.

Management fee expense for the years ended December 31, 2021 and 2020 was \$28,876 and \$32,107, respectively.

During 2020, CMC applied for and received a loan through the Paycheck Protection Program (“PPP”) as authorized in the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The Company reduced payroll and related reimbursements to CMC during the year ended December 31, 2020 in the total amount of \$11,773, which is the portion of the PPP loan proceeds that CMC plans to contribute to the Company in 2021 upon approval of its PPP loan forgiveness application. As of December 31, 2020, the Company recognized a liability of \$11,773 for the unpaid payroll and related costs. On May 18, 2021, CMC received formal forgiveness of its PPP loan and contributed the funds to the Company. Accordingly, income of \$11,773 has been recognized by the Company for the year ended December 31, 2021.

7. Distributable Cash Flow

Distributable cash flow is payable annually in the following order:

1. To the investor member until the aggregate amount of distributions made to the investor member for the current and all prior years equals the assumed investor member’s tax liability for the current and all prior years;
2. To the investor member for any unpaid federal tax credit shortfalls and any unpaid downward capital adjustments;
3. To the special investor member for any asset management fees that have not been paid in full;
4. To the managing member until the aggregate amount of distributions made to the managing member for the current and all prior years equals the managing member’s tax liability for the current and all prior years;
5. To replenish the operating reserve;
6. To the payment of any unpaid development fee until such fee has been paid in full;
7. To the pro rata payment of any outstanding operating deficit loans and managing member loans based upon the respective outstanding balances of each;
8. 90% of the balance to the payment of the incentive management fee; and,
9. Thereafter, the balance to the members in accordance with their percentage interests.

8. Contingencies, Risks and Uncertainties

The Company’s sole asset is its 60-unit housing complex located in Raleigh, North Carolina. The Company’s operations are concentrated in the affordable housing real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

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



Supplementary Information

Water Garden Village, LLC
NCHFA Project No. 9107183
Schedules of Income and Expenses
Years Ended December 31, 2021 and 2020

(2 pages)

	<u>2021</u>	<u>2020</u>
Rental income:		
Residential income	<u>\$ 464,949</u>	<u>\$ 459,772</u>
Interest income:		
Interest income	<u>\$ 205</u>	<u>\$ 129</u>
Other income:		
Application fees	\$ 400	\$ 90
Laundry and vending	2,166	5,979
Late fees	730	633
Damages and cleaning fees	91	375
Other income	<u>12,928</u>	<u>1,624</u>
	<u>\$ 16,315</u>	<u>\$ 8,701</u>
Administrative:		
Advertising/marketing	\$ 180	\$ 555
Office payroll and related expenses	41,831	39,909
Office supplies	7,401	13,435
Accounting fees	9,020	9,120
Telephone	3,823	5,942
Legal fees (recoveries), net	-	161
Manager salaries	32,430	40,164
Bad debt expense	120	18
Professional fees	862	155
Miscellaneous	<u>3,218</u>	<u>5,621</u>
	<u>\$ 98,885</u>	<u>\$ 115,080</u>
Utilities:		
Electricity	\$ 15,084	\$ 15,221
Water and sewer	7,053	5,649
Garbage and trash	<u>10,624</u>	<u>7,764</u>
	<u>\$ 32,761</u>	<u>\$ 28,634</u>
Management fees:		
Management fees	<u>\$ 28,876</u>	<u>\$ 32,107</u>

Water Garden Village, LLC
NCHFA Project No. 9107183
Schedules of Income and Expenses
Years Ended December 31, 2021 and 2020

(2 pages)

	<u>2021</u>	<u>2020</u>
Repairs and maintenance:		
Maintenance payroll	\$ 45,930	7,773
Equipment maintenance	-	345
Repairs supplies	33,233	28,119
Repairs contract	22,032	22,557
Grounds maintenance	12,535	11,225
Painting and decorating	2,016	373
Janitor and cleaning contract	533	3,838
Security equipment and maintenance	813	1,093
Exterminating contract	4,200	3,600
	<u>\$ 121,292</u>	<u>\$ 78,923</u>
Taxes and insurance:		
Insurance expense	17,860	20,099
Other taxes and insurance	1,222	202
	<u>\$ 19,082</u>	<u>\$ 20,301</u>
Interest expense:		
Interest expense - PNC	\$ 30,302	\$ 23,798
Interest expense - City of Raleigh	29,170	28,649
Interest expense - Wake County	6,870	11,192
Amortization of deferred financing costs	2,243	2,243
	<u>\$ 68,585</u>	<u>\$ 65,882</u>
Depreciation and amortization:		
Depreciation	\$ 251,151	\$ 251,151
Amortization	7,166	7,166
	<u>\$ 258,317</u>	<u>\$ 258,317</u>
Asset management fee	<u>\$ 6,334</u>	<u>\$ 6,149</u>
Incentive management fee	<u>\$ 45,192</u>	<u>\$ 49,788</u>