

**AOF/SC HOUSING CORP.**

**AUDITED FINANCIAL STATEMENTS AND  
ADDITIONAL FINANCIAL INFORMATION**

**DECEMBER 31, 1999**

**with**

**INDEPENDENT AUDITORS' REPORT**

Audited Financial Statements and  
Supplementary Information

AOF/SC HOUSING CORP.

December 31, 1999

Audited Financial Statements

Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	6

Additional Financial Information

Independent Auditors' Report on Additional Financial Information.....	14
Schedule of Activities by Property.....	15
Fixed Charge Coverage Ratio.....	16

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
AOF/SC Housing Corp.  
Atlanta, Georgia

We have audited the statements of financial position of AOF/SC Housing Corp. (“the Corporation”) as of June 30, 2000 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AOF/SC Housing Corp. as of June 30, 2000, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Atlanta, Georgia  
\_\_\_\_\_, 2000

STATEMENTS OF FINANCIAL POSITION

AOF/SC HOUSING CORP.

	December 31	
	1999	1998
<b>ASSETS</b>		
Property and equipment--Note C		
Land and improvements	\$ 1,219,651	\$ 1,219,651
Buildings and improvements	6,771,929	6,771,929
Equipment	<u>239,976</u>	<u>234,546</u>
	8,231,556	8,226,126
Less accumulated depreciation	<u>494,092</u>	<u>194,070</u>
	7,737,464	8,032,056
Cash and cash equivalents	65,797	5,785
Cash--restricted for tenant security deposits	52,305	56,578
Restricted funds held in trust--Notes B and C	871,366	1,251,716
Rents and other receivables	19,000	7,550
Prepaid expenses	6,244	12,297
Loan costs, net of accumulated amortization of \$33,609 in 1999 and \$13,444 in 1998	<u>457,937</u>	<u>478,102</u>
	<u>\$ 9,210,113</u>	<u>\$ 9,844,084</u>
 <b>LIABILITIES AND UNRESTRICTED NET LIABILITIES</b>		
Liabilities:		
Mortgage notes payable--Note C	\$ 9,445,000	\$ 9,535,000
Accounts payable	17,972	86,367
Accrued interest--mortgage	108,919	108,919
Accrued expenses	82,169	130,247
Advances from affiliate--Note E	15,000	5,000
Tenant security deposits payable	52,305	55,228
Other liability--Note F	<u>93,500</u>	<u>93,500</u>
	9,814,865	10,014,261
Unrestricted net liabilities	<u>(604,752)</u>	<u>(170,177)</u>
	<u>\$ 9,210,113</u>	<u>\$ 9,844,084</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

AOF/SC HOUSING CORP.

	Year Ended December 31, 1999	Period from Inception (April 22, 1998) through December 31, 1998
	<u>1999</u>	<u>1998</u>
Revenues:		
Gross rent potential	\$1,570,809	\$1,043,803
Less: Vacancies	<u>189,637</u>	<u>82,329</u>
Net rental income	1,381,172	961,474
Other rental income	<u>80,089</u>	<u>46,826</u>
	1,461,261	1,008,300
Operating expenses:		
Selling and renting	20,502	12,819
Salaries and related expenses	225,076	132,570
Administrative and management	163,421	86,830
Utilities	130,132	84,213
Repairs and maintenance	356,460	168,902
Property taxes and insurance--Note B	<u>41,228</u>	<u>78,620</u>
	936,819	563,954
NET OPERATING INCOME	524,442	444,346
Other income (expense):		
Interest income	48,846	49,680
Interest expense	(649,463)	(437,491)
Fees and other entity expenses	(38,213)	(19,198)
Depreciation	(300,022)	(194,070)
Amortization	<u>(20,165)</u>	<u>(13,444)</u>
	(959,017)	(614,523)
INCREASE IN UNRESTRICTED NET LIABILITIES	(434,575)	(170,177)
Unrestricted net liabilities at beginning of period	<u>(170,177)</u>	<u>-0-</u>
UNRESTRICTED NET LIABILITIES AT END OF PERIOD	<u>\$ (604,752)</u>	<u>\$ (170,177)</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS  
 AOF/SC HOUSING CORP.

	Year Ended December 31, 1999	Period from Inception (April 22, 1998) through December 31, 1998
	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in unrestricted net liabilities	\$ (434,575)	\$ (170,177)
Adjustments to reconcile increase in unrestricted net liabilities to net cash (used in) provided by operating activities:		
Depreciation	300,022	194,070
Amortization	20,165	13,444
Decrease (increase) in tenant security deposits funded	4,273	(56,578)
Increase in rents and other receivables	(11,450)	(7,550)
Decrease (increase) in prepaid expenses	6,053	(12,297)
(Decrease) increase in accounts payable	(50,831)	68,803
Increase in accrued interest--mortgage	-0-	108,919
(Decrease) increase in accrued expenses	(48,078)	130,247
(Decrease) increase in tenant security deposits liability	(2,923)	55,228
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(217,344)</u>	<u>324,109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for property and equipment	(22,994)	(8,115,062)
Cash deposited into and interest received on restricted funds held in trust	(506,859)	(10,188,530)
Cash withdrawn from restricted funds held in trust	887,209	8,936,814
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>357,356</u>	<u>(9,366,778)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of mortgage	(90,000)	-0-
Cash advanced from affiliate--Note E	10,000	5,000
Proceeds from issuance of mortgage notes payable	-0-	9,535,000
Cash paid for loan costs	-0-	(491,546)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(80,000)</u>	<u>9,048,454</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,012	5,785
Cash and cash equivalents at beginning of period	<u>5,785</u>	<u>-0-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 65,797</u>	<u>\$ 5,785</u>

STATEMENTS OF CASH FLOWS--Continued

AOF/SC HOUSING CORP.

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

The Corporation paid interest of \$649,463 and \$328,572 during the year ended December 31, 1999 and the period from inception (April 22, 1998) through December 31, 1998, respectively.

SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING AND FINANCING  
ACTIVITIES

At December 31, 1999 and 1998, \$93,500 of the acquisition costs was recorded as an other liability, as more fully described in Note F.

At December 31, 1998, accounts payable included \$17,564 related to the purchase of property and equipment.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
AOF/SC HOUSING CORP.  
December 31, 1999

NOTE A--NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

AOF/SC Housing Corp. ("the Corporation") was incorporated on April 22, 1998 as a nonprofit corporation organized under the laws of the State of South Carolina. The Corporation is a subordinate of The American Opportunity Foundation, Inc. ("AOF"), a Georgia non-profit corporation that is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code ("the Code"). AOF has received a group exemption as a central organization whose subordinates are recognized as exempt from federal income taxation under Section 501(c)(3) of the Code. The Corporation has no stockholders and is governed by a Board of Trustees. The Corporation was organized to acquire and operate two apartment complexes for low-income, elderly and/or mentally or physically disabled persons or families. The Corporation engages in short-term operating leases with tenants. The leases are generally six to twelve months in duration with some month-to-month commitments.

In April 1998, the South Carolina State House Finance and Development Authority ("the Issuer"), entered into a Trust Indenture ("the Indenture") with First Union National Bank ("the Trustee") and a Loan Agreement ("the Agreement") with the Corporation. In April 1998, pursuant to the Indenture and the Agreement, the Issuer issued its Multifamily Housing Revenue Bonds ("the Bonds") in the aggregate amount of \$9,535,000 to finance the Corporation's acquisition of two multifamily apartment complexes ("the Project"). Pursuant to the Agreement, the Issuer loaned the proceeds from the Bond issuance to the Corporation through secured nonrecourse Promissory Notes, as more fully described in Note C, to provide permanent financing for the Project.

In April 1998, the Corporation used the proceeds from the Agreement to finance the acquisition and rehabilitation of the 176-unit Edenwood Apartments and the 120-unit Three Rivers Apartments. Additionally, the Indenture required a portion of the loan proceeds be used to pay certain bond issuance costs and establish certain reserve funds, as more fully described in Note B.

In order to maintain the tax-exempt status of certain of the Bonds, the Agreement as to Restrictive Covenants ("the Agreement"), in connection with the Bonds, requires at least forty percent of the units in the apartment complex to be leased or rented or available for lease or rental to Federal Low Income Tenants on a continuous basis. Federal Low Income Tenants are those individuals whose income is sixty percent or less of the area median gross income within the meaning of Section 142(d)(1)(B) of the Code. The maximum monthly rental for any unit occupied by Federal Low Income Tenants shall not exceed one-twelfth of 28.5% of the maximum income that would enable such tenants to qualify as Federal Low Income Tenants, less an allowance for utilities determined by the Issuer. The maximum monthly rental for all other units shall not exceed one twelfth of 28.5% of the maximum income for members of the Beneficiary Classes, less an allowance for utilities determined by the Issuer.

NOTES TO FINANCIAL STATEMENTS--Continued

AOF/SC HOUSING CORP.

NOTE A--NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Additionally, the Agreement requires the Corporation to provide a schedule of rents to the Issuer, which lists the rents to be charged for each unit in the Project. This schedule of rents may only be changed as outlined in the Agreement.

The following accounting policies are presented to assist the reader in understanding the Corporation's financial statements:

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed on the straight-line method over an estimated useful life of thirty years for buildings and improvements, fifteen years for land improvements, and five to seven years for equipment. Floor coverings and appliances purchased are expensed as regular recurring repair and maintenance items.

Loan Costs: Loan costs are being amortized over the term of the various bond series using the straight-line method.

Income Taxes: AOF/SC Housing Corp. is a non-profit corporation exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Corporation considers unrestricted demand deposits and all unrestricted highly liquid investments, with original maturities of three months or less which can be readily converted to cash on demand, without penalty, to be cash equivalents.

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, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

AOF/SC HOUSING CORP.

NOTE A--NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Functional Expenses: The costs of providing various programs and other activities are summarized on a functional basis as follows:

	Year Ended December 31, 1999	Period from Inception (April 22, 1998) through December 31, 1998
Program Services		
Housing project	\$1,800,686	\$1,145,725
Supporting Services		
General and administrative	85,618	49,790
Entity	<u>58,378</u>	<u>32,642</u>
	<u>143,996</u>	<u>82,432</u>
	<u>\$1,944,682</u>	<u>\$1,228,157</u>

NOTE B--RESTRICTED FUNDS HELD IN TRUST

The Indenture requires the Corporation to deposit certain amounts, as defined, into the Revenue Fund by the 15<sup>th</sup> of each month for payment of principal and interest on the mortgage, as well as amounts for property tax, insurance, and replacement of Project assets. Money on deposit in the Revenue Fund is disbursed by the Trustee to the various other funds each month in the priority outlined in the Indenture. Below is a summary description of these funds:

Debt Service Reserve Fund: Funds are used solely to pay the principal and interest on the respective Bond series to the extent the balances in the respective Bond Funds are not sufficient to meet the required semiannual debt service payments.

Bond Fund: Funds are used to pay the semiannual debt service payments on the loan.

Tax and Insurance Escrow Fund: Funds are used to pay the property insurance and property taxes of the Project. Effective January 1999, the Corporation received a property tax exemption on the Project.

NOTES TO FINANCIAL STATEMENTS--Continued

AOF/SC HOUSING CORP.

NOTE B--RESTRICTED FUNDS HELD IN TRUST--Continued

Project Coordinator Fund: Funds are used to pay the Project Coordinator a fee upon the receipt of a certificate from the Corporation accompanied by audited financial statements, stating the Corporation had achieved a fixed charge coverage ratio of 1.15 for the most recent fiscal year, as more fully described in Note F.

Project Fund: Funds are used to pay for the acquisition and rehabilitation costs of the Project upon the receipt of cost requisitions from the Corporation. Any balance remaining in the fund upon the receipt of a notice of completion from the Corporation shall be transferred to the Bond Fund to pay principal and interest then due on the Senior Bonds.

Surplus Fund: Funds are used to cure any shortfall in the various Funds. Excess funds are disbursed to the Corporation on an annual basis upon satisfaction of the requirements outlined in the Indenture.

The balances in these funds were as follows as of December 31:

	<u>1999</u>	<u>1998</u>
Debt service reserve fund	\$702,855	\$ 770,042
Bond fund	65,654	185,196
Tax and insurance escrow fund	23,438	120,893
Project coordinator fund	368	98,500
Project fund	42,593	58,985
Other restricted funds	34,141	18,100
Accrued interest income	<u>2,317</u>	<u>-0-</u>
	<u>\$871,366</u>	<u>\$1,251,716</u>

Amounts in the Debt Service Reserve Fund, Repair and Replacement Fund, and Bond Fund were invested primarily in a United States Treasury mutual fund. All income earned is deposited back into the various Funds.

As a result of the Corporation's failure to maintain the fixed charge coverage ratio required under the Loan Agreement, beginning in January 2000, the Corporation was required to deposit all Gross Revenues into the Revenue Fund.

## NOTES TO FINANCIAL STATEMENTS--Continued

### AOF/SC HOUSING CORP.

#### NOTE C--MORTGAGE NOTES PAYABLE

In April 1998, the Corporation entered into a Loan Agreement (“the Agreement”) with the Issuer as more fully described in Note A, whereby the Issuer issued to the Corporation two nonrecourse promissory notes in the original aggregate amount of \$9,535,000. The Agreement is secured by a mortgage on all property and equipment of the Corporation, an assignment of all rents and leases, and all restricted funds held by the Trustee. Additionally, the Agreement requires the Corporation to make monthly deposits into the Revenue Fund, as more fully described in Note B.

The Agreement includes certain restrictive covenants which prohibit the Corporation from transferring interest in the property except as permitted in the Agreement, making changes that would adversely affect the tax-exempt status of certain of the Bonds, and further encumbering the mortgaged property or incurring any liability other than for current operating expenses. Additionally, the Corporation is required to maintain a certain fixed charge coverage ratio, as defined, and forty percent of the units within the Property are to be occupied by individuals or families that qualify as “low-income tenants”, as more fully described in Note A.

During the year ended December 31, 1999 and the period from inception (April 22, 1998) through December 31, 1998, the Corporation failed to maintain the fixed charge coverage ratio (“the Ratio”) required under the Agreement. The Agreement requires the Corporation to submit a Plan of Action to the Trustee setting forth the actions it proposes to take in order to attain the required Ratio for the next fiscal year. Additionally, all Gross Revenues may be required to be deposited with the Trustee for deposit into the Revenue Fund until such time as the Corporation delivers to the Trustee and the Issuer certification that the Ratio exceeds 1.10, as calculated using the preceding year’s audited financial statements. As more fully described in Note B, the Corporation began depositing all Gross Revenues with the Trustee in January 2000.

Additionally, during the year ended December 31, 1999 the Corporation failed to make all the monthly principal and interest deposits into the Bond Fund as required under the Agreement, thereby placing the Corporation in technical default under the Agreement. These loan violations were waived by the Issuer and bondholders in January 2000.

NOTES TO FINANCIAL STATEMENTS--Continued

AOF/SC HOUSING CORP.

NOTE C--MORTGAGE NOTES PAYABLE--Continued

The aggregate future maturities of the notes and related interest rates mirror the mandatory sinking fund redemption requirements of the Bonds, which were as follows at December 31, 1999:

	Series A 6.75% Tax-Exempt <u>Due 5-1-2028</u>	Series B 9.0% Taxable <u>Due 5-1-2003</u>	<u>Total</u>
2000	\$ -0-	\$ 100,000	\$ 100,000
2001	-0-	105,000	105,000
2002	-0-	115,000	115,000
2003	95,000	30,000	125,000
2004	135,000	-0-	135,000
Thereafter	<u>8,865,000</u>	<u>-0-</u>	<u>8,865,000</u>
	<u>\$ 9,095,000</u>	<u>\$ 350,000</u>	<u>\$ 9,445,000</u>

NOTE D--MANAGEMENT FEES

PMG Real Estate Management and Consulting, Inc. ("PMG") managed the apartment complexes through May 31, 1999. PMG was compensated \$60,384 annually for its services, adjusted each May based on the increase in the Consumer Price Index. Effective June 1, 1999, management of the apartment complexes was transferred to InterMark Management Corporation ("InterMark"). InterMark is compensated \$60,000 annually for its services, plus an additional \$15,000 fee due at the end of the first year. Management fees of \$69,011 and \$40,256 were incurred during the year ended December 31, 1999 and the period from inception (April 22, 1998) through December 31, 1998, respectively. During the period from inception (April 22, 1998) through December 31, 1998, the Corporation paid PMG a supervision fee of \$18,982 related to the Property's rehabilitation project as well as payroll processing fees of \$3,197 to an affiliate of PMG.

NOTE E--RELATED PARTY TRANSACTIONS

At December 31, 1999 and 1998, the Corporation had received advances of \$15,000 and \$5,000, respectively, from AOF, a related non-profit entity. These advances are unsecured, non-interest bearing and due on demand.

NOTES TO FINANCIAL STATEMENTS--Continued  
AOF/SC HOUSING CORP.

NOTE E--RELATED PARTY TRANSACTIONS--Continued

During the period from inception (April 22, 1998) through December 31, 1998, the Corporation paid fees of \$68,000 related to the financing and acquisition of the Project to AOF.

NOTE F--OTHER LIABILITY

During the period from inception (April 22, 1998) through December 31, 1998, the Corporation recorded a liability of \$93,500 for the project coordinator's fees related to the acquisition of the Project. One half of this amount is payable after the first fiscal year that the Project achieves a 1.15 debt service coverage ratio, as defined in the loan agreement, and the remaining balance is payable when the Project achieves such coverage for a second year. No amounts had been paid as of December 31, 1999 and 1998.

NOTE G--MANAGEMENT'S PLANS FOR CONTINUED OPERATIONS (UNAUDITED)

The Corporation failed to maintain the fixed charge coverage ratio ("the Ratio") required under the Loan Agreement with the Issuer during the year ended December 31, 1999 and the period from inception (April 22, 1998) through December 31, 1998. Additionally, during the year ended December 31, 1999, the Corporation failed to make certain of the monthly principal and interest deposits into the Bond Fund, due to a shortfall in revenues, thereby causing a portion of the semi-annual debt service payments to be made from the Debt Service Reserve Fund. Management believes that the Corporation can successfully continue operations due to the following actions taken:

- Effective June 1, 1999, management of the Project was transferred to Intermark Management Corporation. The new management company has been attempting to increase occupancy levels and minimize expenses. The current budget for the Project indicates that revenues will be adequate to fund operations and debt service.
- The loan violations were waived by the Issuer and bondholders.
- The Issuer and bondholders directed the Trustee to waive the failure by the Corporation to pay the monthly deposits into the debt funds for July, August and September 1999, and to transfer and apply funds from the Debt Service Reserve Fund to pay the September 15, 1999 loan payment.
- The Trustee allowed the Corporation to use all revenues generated by the Project during the period July 1999 through November 1999 to fund operations of the Project in order to allow the Corporation to make necessary repair and maintenance expenditures.

-12-

NOTES TO FINANCIAL STATEMENTS--Continued

AOF/SC HOUSING CORP.

NOTE G--MANAGEMENT'S PLANS FOR CONTINUED OPERATIONS (UNAUDITED)--  
Continued

- The Issuer and bondholders directed the Trustee to allow the Corporation to utilize the Debt Service Reserve Fund to fund any future shortfall in revenues available to fund the monthly debt service requirements.

It is management's opinion that the Corporation can continue operations due to the actions taken above. However, if the Corporation has a future default under the loan, the Issuer and bondholders will have the right to declare all the outstanding principal due and payable and may request the appointment of a receiver to administer the Project. The financial statements reflect no adjustments that might result if the Corporation was unable to continue in operation.

INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL FINANCIAL INFORMATION

Board of Trustees  
AOF/SC Housing Corp.  
Atlanta, Georgia

Our report on our audit of the basic financial statements of AOF/SC Housing Corp. for 1999 appears on page 1 of those financial statements. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information appearing on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Atlanta, Georgia  
February 22, 2000

STATEMENT OF ACTIVITIES BY PROPERTY

AOF/SC HOUSING CORP.

Year Ended December 31, 1999

	<u>Three Rivers Apartments</u>	<u>Edenwood Apartments</u>	<u>Apartments Combined</u>	<u>Corporate Entity</u>	<u>Total</u>
Revenues:					
Gross rent potential	\$ 675,004	\$ 895,805	\$ 1,570,809	\$ -0-	\$ 1,570,809
Less: Vacancies	<u>51,210</u>	<u>138,427</u>	<u>189,637</u>	<u>-0-</u>	<u>189,637</u>
	623,794	757,378	1,381,172	-0-	1,381,172
Other income	<u>40,796</u>	<u>39,293</u>	<u>80,089</u>	<u>-0-</u>	<u>80,089</u>
	664,590	796,671	1,461,261	-0-	1,461,261
Expenses:					
Selling and renting	8,555	11,947	20,502	-0-	20,502
Salaries and related					
expenses	98,448	126,628	225,076	-0-	225,076
Administrative and					
management	73,904	89,517	163,421	-0-	163,421
Utilities	64,541	65,591	130,132	-0-	130,132
Repairs and maintenance	168,815	187,645	356,460	-0-	356,460
Property taxes and					
insurance	<u>18,630</u>	<u>22,598</u>	<u>41,228</u>	<u>-0-</u>	<u>41,228</u>
	<u>432,893</u>	<u>503,926</u>	<u>936,819</u>	<u>-0-</u>	<u>936,819</u>
NET OPERATING					
INCOME	231,697	292,745	524,442	-0-	524,442
Other income (expense):					
Interest income	-0-	-0-	-0-	48,846	48,846
Interest expense	-0-	-0-	-0-	(649,463)	(649,463)
Fees and other entity					
expenses	-0-	-0-	-0-	(38,213)	(38,213)
Depreciation	-0-	-0-	-0-	(300,022)	(300,022)
Amortization	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(20,165)</u>	<u>(20,165)</u>
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(959,017)</u>	<u>(959,017)</u>
INCREASE IN					
UNRESTRICTED NET					
ASSETS (LIABILITIES)	<u>\$ 231,697</u>	<u>\$ 292,745</u>	<u>\$ 524,442</u>	<u>\$ (959,017)</u>	<u>\$ (434,575)</u>

See independent auditors' report on additional financial information.

FIXED CHARGE COVERAGE RATIO

AOF/SC HOUSING CORP.

Year Ended December 31, 1999

Net rental revenues		\$1,381,172
Other rental income		80,089
Earnings on Bond funds held in trust		<u>48,846</u>
	EFFECTIVE GROSS INCOME	<u>1,510,107</u>
Less operating expenses		<u>936,819</u>
	NET INCOME AVAILABLE FOR DEBT SERVICE	<u>\$ 573,288</u>
Total Bonds debt service requirement (fixed charge)		\$ 744,780
Fixed charge coverage ratio		.77

See independent auditors' report on additional financial information.