Reliant Income Fund, LLC

Consolidated Financial Statements as of and for the Years Ended December 31, 2022 and 2021, and Independent Auditor's Report

SPIEGEL
ACCOUNTANCY CORP

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Spiegel Accountancy Corp.

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Reliant Income Fund, LLC and its subsidiaries, which comprise the consolidated statement of assets and liabilities as of December 31, 2022 and 2021, the related consolidated schedule of investments, the consolidated statement of operations, the consolidated statement of changes in members' capital, and the consolidated statement of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Reliant Income Fund, LLC and its subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their 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 Reliant Income Fund, 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.

Emphasis of Matter

Return of Capital

During the year ended December 31, 2022, the Company had a net income of $419,236, but had to make preferred returns to its members' of $19,266,909. Any distribution of preferred returns above net income represents a return of capital to the members. This also created a accumulated deficit for the class A members, which amounted to $4,194,254 as of December 31, 2022. Our opinion is not modified with respect to this matter.

Related Party Transactions

As discussed in Note 9 to the consolidated financial statements, Reliant Income Fund, LLC has a concentration of notes receivable with businesses controlled by the fund manager or its affiliates. Our opinion is not modified with respect to this matter.

To the Members
Reliant Income Fund, LLC
Berwyn, Pennsylvania

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reliant Income Fund, LLC's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Reliant Income Fund, LLC's internal control. Accordingly, no such opinion is expressed.

To the Members
Reliant Income Fund, LLC
Berwyn, Pennsylvania

Auditor's Responsibility of the Audit of the Consolidated Financial Statements (Continued)

- 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Reliant Income Fund, 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.

Pleasant Hill, California
April 28, 2023

Spiegel Accountancy Corp.
Certified Public Accountants

Reliant Income Fund, LLC
Consolidated Statement of Assets and Liabilities
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash	$ 1,897,647	$ 9,066,177
Restricted Cash	500,000	-
Deposits	-	2,805,372
Investments at Fair Value (Cost $244,493,999 and $131,681,701, respectively)	265,370,736	148,118,805
Advances Receivable from Related Parties	6,271,026	309,207
Accounts and Other Receivables	915,081	4,494,715
Escrow Advances	3,027,504	1,267,666
Other Assets	10,130	48,873
TOTAL ASSETS	$ 277,992,124	$ 166,110,815
LIABILITIES & MEMBERS' EQUITY		
Accounts Payable and Accrued Expenses	$ 1,115,204	$ 915,700
Notes Payable	36,244,689	-
Secured Borrowing	18,914,028	-
Subscriptions Payable	326,965	2,630,000
Distributions Payable	11,682,684	8,362,894
TOTAL LIABILITIES	68,283,570	11,908,594
Members' Equity	209,708,477	154,202,221
Non-Controlling Interest	77	-
TOTAL EQUITY	209,708,554	154,202,221
TOTAL LIABILITIES AND MEMBERS EQUITY	$ 277,992,124	$ 166,110,815

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Schedule of Investments
December 31, 2022

Investments	Ownership Percentage	Cost	Fair Value	Percentage of Members' Capital
Mortgage Loans Receivable	100.00%	$ 91,407,965	$ 98,973,169	47% *
Short Term Business Loans Receivable	100.00%	36,495,865	36,495,865	17% *
Real Estate Owned	100.00%	6,647,448	5,268,600	3% *
Joint Venture Residential Credit Opportunities VI, LLC	100.00%	31,509,221	48,287,565	23% *
Joint Venture Residential Credit Opportunities VIII, LLC	100.00%	22,365,156	21,507,790	10% *
Joint Venture 1000 Montreal Rd	99.50%	8,500,000	9,643,425	5% *
Joint Venture Brentwood	99.50%	7,500,000	5,631,863	3% *
Joint Venture Athens	5.00%	14,250,000	13,877,578	7% *
Notes and Accrued Interest Receivable from Related Parties	100.00%	25,684,881	25,684,881	12% *
Total Investments		$ 244,360,536	$ 265,370,736	

*Percentages are stated as a percent of members' capital.
All investments are domiciled in the United States of America.
All individual loans and REOs are less than 2 % of members' capital
See Note 10 for details on geographic classification of mortgage loans, short term business loans, and REOs held as of December 31, 2022.

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Schedule of Investments
December 31, 2021

Investments	Ownership Percentage	Cost	Fair Value	Percentage of Members' Capital
Mortgage Loans Receivable	100.00%	$ 25,496,722	$ 29,092,895	19% *
Short Term Business Loans Receivable	100.00%	20,192,167	20,192,167	13% *
Real Estate Owned	100.00%	5,892,150	5,892,150	4% *
Joint Venture				
Residential Credit Opportunities VI, LLC	95.36%	48,977,250	61,818,181	40% *
Joint Venture				
1000 Montreal Rd	99.50%	8,500,000	8,500,000	6% *
Notes and Accrued Interest Receivable from Related Parties	100.00%	22,623,412	22,623,412	15% *
Total Investments		$ 131,681,701	$ 148,118,805	

*Percentages are stated as a percent of members' capital.
All investments are domiciled in the United States of America.
All individual loans and REOs are less than 2 % of members' capital
See Note 10 for details on geographic classification of mortgage loans, short term business loans, and REOs held as of December 31, 2021.

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Operations
For the Years Ended December 31, 2022 and 2021

	2022	2021
Investment Income		
Interest Income on Related Party Notes Receivable	$ 1,622,085	$ 3,577,813
Mortgage Interest Income	4,220,235	1,756,144
Other Income	1,396,001	309,345
Total Investment Income	7,238,321	5,643,302
Expenses		
Loan and Real Estate Owned Costs	4,584,469	826,273
Administrative Expenses	5,859,991	3,281,252
Interest Expense	1,736,460	-
Income Taxes	400,209	270,500
Total Expenses	12,581,129	4,378,025
Net Investment (Loss) Income	$ (5,342,808)	$ 1,265,277
Net Realized and Unrealized Gain (Loss) from Investments		
Gain on Sale and Payoffs of Mortgage Loan Receivables	2,842,079	1,724,595
Gain (Loss) on Sale of Real Estate Owned	880,706	(82,906)
Gain on Foreclosure	2,734,399	232,513
Unrealized (Loss) Gain from Mortgage Loan Receivables	(927,526)	4,748,640
Unrealized Loss from REO	(1,378,848)	-
Unrealized Gain from Investment in Joint Ventures	1,611,234	8,711,234
Net Realized and Unrealized Gain from Investments	5,762,044	15,334,076
Net Income	$ 419,236	$ 16,599,353

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Statement of Changes in Members' Capital
For the Years Ended December 31, 2022 and 2021

	General Partner	Limited Partners						
	Class A member	Class B members	Class C members	Class D members	Class E members	Total members' equity	Non-Controlling Interest	Total equity
Balance at December 31, 2020	$ 14,466,396	$ 9,154,068	$ 71,353,663	$ -	$ -	$ 94,974,127	$ -	$ 94,974,127
Members' Contributions	-	23,030,000	43,510,000	300,000	-	66,840,000	-	66,840,000
Members' Redemptions	-	(6,730,000)	(1,255,000)	-	-	(7,985,000)	-	(7,985,000)
Members' Distributions	(5,700,000)	(1,585,320)	(8,938,025)	(2,914)	-	(16,226,259)	-	(16,226,259)
Allocation of Net Income								
Net Investment Income	1,265,277	-	-	-	-	1,265,277	-	1,265,277
Net Realized and Unrealized Gain from Investments	15,334,076	-	-	-	-	15,334,076	-	15,334,076
Carried interest to General Partner	(10,526,259)	1,585,320	8,938,025	2,914	-	-	-	-
Net Income	6,073,094	1,585,320	8,938,025	2,914	-	16,599,353	-	16,599,353
Balance at December 31, 2021	14,839,490	25,454,068	113,608,663	300,000	-	154,202,221	-	154,202,221
Members' Contributions	13,910	19,535,000	81,690,000	5,160,000	15,880,000	122,278,910	96	122,279,006
Members' Redemptions	-	(17,885,000)	(28,185,000)	(1,280,000)	(575,000)	(47,925,000)	-	(47,925,000)
Members' Distributions/Return of Capital	-	(3,026,285)	(15,703,387)	(336,884)	(200,353)	(19,266,909)	-	(19,266,909)
Allocation of Net Income								
Net Investment Loss	(5,342,789)	-	-	-	-	(5,342,789)	(19)	(5,342,808)
Net Realized and Unrealized Gain from Investments	5,762,044	-	-	-	-	5,762,044	-	5,762,044
Carried interest to General Partner	(19,266,909)	3,026,285	15,703,387	336,884	200,353	-	-	-
Net Income	(18,847,654)	3,026,285	15,703,387	336,884	200,353	419,255	(19)	419,236
Balance at December 31, 2022	$ (3,994,254)	$ 27,104,068	$ 167,113,663	$ 4,180,000	$ 15,305,000	$ 209,708,477	$ 77	$ 209,708,554

See Notes to Consolidated Financial Statements

Reliant Income Fund, LLC
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Net Income	$ 419,236	$ 16,599,353
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
(Gain) Loss on Sale of Real Estate Owned	(880,706)	82,906
Proceeds from Sale of Real Estate Owned	9,279,450	3,727,000
Unrealized Loss from REO	1,378,848	-
Unrealized (Gain) Loss from Mortgage Loans Receivable	927,526	(4,748,640)
Gain on Sale and Payoffs of Mortgages Loans Receivable	(2,842,079)	(1,724,595)
Purchases of Mortgage Loans Receivable	(77,814,355)	(5,319,369)
Proceeds from Sale and Payoffs of Mortgage Loans Receivables	2,726,320	3,279,559
Advances for Short Term Business Loans Receivable	(29,880,957)	(22,504,936)
Proceeds from Payoffs of Short Term Business Loans Receivable	13,577,259	2,377,575
Unrealized Gain from Investment in Joint Ventures	(1,611,234)	(8,711,234)
Acquisition of Investment in Joint Ventures	(48,548,619)	(48,900,000)
Return of Capital of Investment in Joint Ventures	21,529,814	31,549,183
Acquisition of Investment Company, Net of Cash Received	-	(7,316,362)
Changes in Operating Assets and Liabilities:		
Deposits	2,805,372	(2,805,372)
Accounts Receivable	3,579,634	(2,694,672)
Escrow Advances	(1,759,838)	94,863
Other Assets	38,743	(27,698)
Notes and Accrued Interest Receivable from Related Parties	(1,266,785)	3,509,102
Advances Receivable from Related Parties	(396,814)	(101,234)
Accounts Payable and Accrued Expenses	199,503	847,868
Net Cash Used In Operating Activities	(108,539,682)	(42,786,703)
Cash Flows From Financing Activities:		
Advances on Secured Borrowing	18,914,028	-
Advances on Notes Payable	36,244,689	-
Members' Contributions	112,887,589	66,840,000
Subscriptions Payable	(2,303,035)	2,480,000
Members' Redemptions	(47,925,000)	(7,985,000)
Members' Distributions	(15,947,119)	(11,674,215)
Net Cash Provided by Financing Activities	101,871,152	49,660,785
Net (Decrease) Increase in Cash	(6,668,530)	6,874,082
Cash and Restricted Cash - Beginning of Period	9,066,177	2,192,095
Cash and Restricted Cash - End of Period	$ 2,397,647	$ 9,066,177
Supplemental Disclosure of Cash Flow Information:		
Non-Cash Financing Activity:		
Increase in Distributions Payable	$ 3,319,790	$ 4,552,044
Transfer of loans into REO through completion of foreclosure	$ 9,154,042	$ -
Transfer of loans from related party settled through advances from related parties	$ 2,031,727	$ -
Limited partner contributions from related party funds settled through advances from related parties	$ 9,391,417	$ -
Cash Paid for Interest	$ 1,588,774	$ -
Cash Paid for Taxes	$ 400,209	$ 270,500

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Reliant Income Fund, LLC (Reliant) was formed on March 12, 2019. The Company purchases, owns, refinances, and sells discounted and distressed mortgage loans, all of which are secured by deeds of trust or mortgage contracts. Reliant also extends loans to other affiliated and unaffiliated entities to secure opportunities to acquire larger pools of notes. Reliant also may invest in joint ventures and commercial real estate funds, as well as acquire and originate commercial real estate loans.

The accompanying consolidated financial statements include the accounts of Reliant and its substantially wholly owned subsidiaries (collectively, the Company), as further described in Note 2.

General Company Provisions

The rights, duties, and powers of the members of the Company are governed by the operating agreement and by law. The description of the Company's operating agreement contained in these consolidated financial statements provides only general information. Members should refer to the Company's operating agreement for a more complete description of the provisions.

The Company is managed by a Delaware limited liability company (the Manager). The Manager is in control of Company business and has the power and authority to act for and bind the Company. The Manager is designated solely by the Class A member voting class. The Class A member voting class may remove any Manager at any time with or without cause.

Term of the Company

The Company will continue to operate indefinitely or until liquidated in accordance with the provisions of the Company's operating agreement.

Partnership Classes

The Company has Class A, B, C, D and E members, with varying income and distributions, as defined below. Class A members are entitled to vote on all matters. Class B, C, D and E members are only entitled to vote on matters related to the execution of collateral of the Company's real estate mortgage notes when the preferred return has not been paid timely.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Preferred Return

Class B, C, D and E members receive a cumulative annual preferred return of 8.00%, 10.00%, 6.00% and 11.00%, respectively, of the respective members' adjusted capital contributions.

Profits and Losses

Class B, C, D and E members can receive allocation of cumulative profits up to the preferred return and any profits in excess are allocated solely to the Class A members. Losses are allocated to all members with positive capital accounts.

Distributions and Reinvestment

Distributions will be made monthly from net cash flow generated from Company operations up to the cumulative preferred return for Class B, C, D and E members. Any additional excess net cash available for distribution is made to the Class A members. Class B, C, D and E members can elect to reinvest their distributions from the Company and, if elected, such members would not receive distributions of Operating Preferred Returns during such periods.

Liquidity

There is no public market for the interests of the Company, and none is expected to develop in the foreseeable future. There are substantial restrictions on transferability of membership interests. Any transferee must be a permitted transferee or trust, as defined by the operating agreement.

Withdrawals and Redemptions

Members may elect to withdraw at any time with advance written notification to the Manager. A member does not have the right to sell their interests to any third party. The Company will not establish a reserve from which to make withdrawals and accordingly, the Company's ability to return a member's capital is restricted to the availability of the Company's cash flow.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

Related Parties

The Manager may be reimbursed for all expenses incurred in managing the Company and may, at the members' election, be entitled to compensation for management services rendered. The Class A member is the Manager.

The Company earns interest on loans to related party entities, as discussed in Note 9.

The Company receives certain operating and administrative services from the Manager. The Company's financial position and result of operations would likely be different without this relationship.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as codified in the Financial Accounting Standards Board's Accounting Standards Codification, herein referenced as FASB ASC. Following are the significant accounting policies adopted by the Company:

Basis of Presentation

The Company is an investment company and follows the accounting and reporting guidance in FASB ASC Topic 946, Financial Services - Investment Companies. The consolidated financial statements include Reliant and its subsidiaries that are themselves investment companies and are substantially wholly owned by Reliant. Investments in non-consolidated investment entities are reported initially at their transaction price and subsequently at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The accompanying consolidated financial statements include the accounts and results of the entities listed below:

Consolidated Company	Short Name	Type of Company	Percentage Owned by Reliant	Type of Assets Held
Home Preservation Partnership, LLC	HPP	Investment	100% economic interest	Loans
HPP Properties, LLC	HPP Properties	Investment	100% economic interest	Real Estate Owned
HPP Property II, LLC	HPP II	Investment	100% economic interest	Real Estate Owned
Reliant Income Fund GA, LLC	RIF GA	Investment	100 %	Investment in Real Estate Joint Venture
1000 Montreal Rd RIF, LLC	1000 RIF	Investment	99.5%	Investment in Real Estate Joint Venture
Reliant Income Fund GA I, LLC	RIF GA I	Investment	99.5%	Investment in Real Estate Joint Venture
Reliant Income Fund GA Management I, LLC	RIF GA Mgmt I	Investment	99.5%	Investment in Real Estate Joint Venture
Reliant Income Fund GA II, LLC	RIF GA II	Investment	100% economic interest	Investment in Real Estate Joint Venture
Reliant Income STBL, LLC	STBL	Investment	100%	Short Term Business Loans
Reliant Income STBL II, LLC	STBL II	Investment	100%	Short Term Business Loans
Reliant Trust, Series RIF	TRUST RIF	Trust	100%	Loans
Reliant Trust, Series HPP	TRUST HPP	Trust	100% economic interest	Loans
Reliant Trust, Series HPP2	TRUST HPP2	Trust	100% economic interest	Loans

All significant intercompany balances and transactions between Reliant and its controlled subsidiaries have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Items subject to the use of estimates include, but are not limited to, the fair value measurements of investments, tax uncertainties, contingencies, and the reported amounts of income and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of judgments applied in these estimates.

Investments at Fair Value

Investment in Mortgage Loans

Investment in mortgage loans are residential mortgage loans generally secured by a lien on one to four unit residential properties. The Company primarily invests in distressed mortgage loans that are delinquent or have delinquent pay histories, known as non-performing loans and reperforming loans. The Company's goal with respect to its investment in mortgage loans is to maximize the return received from the ultimate disposition of the mortgage loans.

Disposition activities and outcomes include modification of loan terms to enable the borrower to make consistent monthly payments on the loan, allowing the loan to be sold to third parties as a reperforming loan; borrower full payoff of the loan; borrower sale of the property securing the lien on the mortgage at an amount insufficient to fully payoff the loan; foreclosure and sale to third parties through a trustee sale; and foreclosure and assumption of ownership by the Company of the real estate securing the lien on the mortgage, converting it to real estate owned.

Investment in mortgage loans are carried at fair value. Changes in the estimated fair value of the mortgage loans are recognized in current period operations. The Manager estimates fair value of the mortgage loans using models of the discounted future cash flows expected to be generated by the mortgage loans.

Investment in Short Term Business Loans

Investment in short term business loans are carried at fair value. Changes in the estimated fair value of the loans are recognized in current period operations. The Manager estimates fair value of the short term business loans using the market approach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Fair Value (Continued)

Investment in Real Estate Owned

Real estate owned (REO) includes real estate acquired in full or partial settlement of loan obligations plus capitalized construction and other development costs incurred while preparing the real estate for sale. At the time of foreclosure, the property is recorded at fair value, and the gains or losses on foreclosure are recorded in the statement of operations. Following foreclosure, the Company continues to account for REO at fair value, with the effect of changes in fair value recognized in current period operations. The Manager estimates fair value of REOs by either the market approach or by using models of discounted future cash flows expected to be generated by the REOs.

Investment in Joint Ventures

Investment in joint ventures includes the controlling ownership in member units of two limited liability companies Residential Credit Opportunities VI, LLC and Residential Credit Opportunities VIII, LLC, organized for the purpose of investing in non-performing, reperforming or distressed mortgage loans secured by residential real property (mortgage loans), residential real property acquired as a result of the resolution or enforcement of mortgage loans, REOs, and interest (whether debt, equity, or otherwise) in other entities that own mortgage loans or REOs.

Investment in joint ventures also includes the tenant in common interest in a 284-unit apartment complex located at 1000 Montreal Road, Clarkston, GA 30021 known as Parc 1000.

Investment in joint ventures also includes the tenant in common interest in 156-unit residential townhomes located at 3799 North Decatur Road, Decatur GA 30032 known as Brentwood.

Investment in joint ventures also includes an investment in Athens Portfolio TFC Reliant, LLC who owns an interest in 206-unit duplexes located at 122 North Bluff Road, Athens GA, 30607, 79-unit residential townhomes located at 301 Highland Park Drive, Athens, GA 30605, 27-unit residential duplexes located at 301 Highland Park Drive, Athens, GA 30605 and 99-unit residential townhomes located at 160 Elkview Drive, Athens, GA 30607, collectively known as Athens.

Investment in joint ventures are carried at fair value. Changes in the fair value of the joint ventures are recognized in current period operations. The estimation process of fair value is further discussed in Note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Fair Value (Continued)

Investment in Notes and Accrued Interest Receivable from Related Parties

Notes and accrued interest receivable from related parties are valued at fair value which is commensurate with par value. Changes in the estimated fair value of the notes and accrued interest receivable are recognized in current period operations.

Cash

Cash represents cash deposits held at financial institutions. These deposits are subject to credit risk to the extent that the balances exceed the limits of insurance provided by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on such bank deposits.

Accounts Receivable

Receivables due from the loan servicer contain mainly sales proceeds and interest collected by the loan servicer on behalf of the Company. The Company utilizes the allowance for doubtful accounts method of accounting for uncollectible accounts receivable. This method will charge earnings of the current period with an allowance to cover the accounts receivable estimated to be uncollectible based on a review of the receivables and recent collections history. The portion of the accounts receivable estimated to be uncollectible that remains unpaid after a reasonable period of time is charged against the allowance, and recoveries of previous uncollectible receivables are credited to the allowance. There was no allowance as of December 31, 2022.

Subscriptions Payable

Investor contributions received by the Company are deposited into a subscription cash account, and a subscription payable is established. Once an investment date is established, the funds are transferred to the operating account and the subscription payable is transferred to equity contributions. The preferred return begins to accrue on the date the investment is accepted.

Revenue Recognition

Interest Income on Related Party Notes Receivable

Interest income on related party loans is recognized as revenue when earned according to the contractual terms of the related party loan agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Mortgage Interest Income

Interest income is not recognized on the majority of the Company's mortgage loans due to the non-performing status of these loans. Mortgage interest income on performing mortgage loans and short term business loans is recognized as revenue when earned according to the contractual terms of the loan agreement.

Realized Gain or Loss on Sale of Real Estate Owned

REO sales are recorded, and a gain or loss is recognized, when the sale is consummated, the buyer's initial and continuing investments are adequate, any receivables are not subject to future subordination, and usual risks and rewards of ownership have been transferred to the buyer. The Company has determined that these conditions are met upon the closing and settlement of the sale transaction. Any differences between the carrying value of the REO and the settlement amount, less closing and other costs, is recorded as realized gain or loss.

Realized Gain on Sale and Payoffs of Mortgage Loans Receivable

A gain or loss on the sale of mortgage loans is recorded when a legally binding and enforceable agreement is signed to settle the loan sale and collection is reasonably assured. A receivable is recorded for the sales price of the asset. Such sales are often subject for a limited time to contractual obligations that require the Company to repurchase the loans upon the occurrence of certain events. As of the date of the consolidated financial statements, the Company does not anticipate that its obligations under these contracts will result in material losses.

For mortgage loans sold through a foreclosure sale, a realized gain or loss on the sale is recorded when the Company receives notice from a trustee that a foreclosure auction was completed and a qualifying bid was received from a buyer.

A receivable is recorded for the settlement amount. The Company receives the proceeds from a foreclosure sale after the expiration of any confirmation or redemption periods required by law in the jurisdiction of the sale. During the confirmation and redemption period, the sale of the loan is subject to redemption by the borrower which results in a rescission of the foreclosure sale and a reinstatement of the mortgage loan.

Any differences between the cost basis of the mortgage loan and the settlement amount less closing and other costs is recorded as a realized gain or loss.

Gain or loss on loan payoff is recognized when mortgage loans are paid off.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Gain on Foreclosure

At the time of foreclosure on a property, the real estate owned is recorded at fair value, and a gain or loss on foreclosure are recorded in the statement of operations.

Unrealized Gain or Loss from Mortgage Loans Receivable

Adjustments to the fair value of mortgage loans receivable are recorded as unrealized gains as further discussed in Note 5.

Unrealized Loss from REO

Adjustments to the fair value of REO are recorded as unrealized losses as further discussed in Note 5.

Unrealized Gain or Loss from Investment in Joint Venture

Adjustments to fair value in the joint venture are recorded to unrealized gains as further discussed in Note 5.

Income Taxes

The Company is treated as a partnership under the Internal Revenue Code and a similar section of the state code. The members of the Company are taxed on their proportionate shares of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Company is, however, required to pay minimum state franchise tax and an LLC gross receipts fee, as applicable.

The Company has evaluated its current tax positions and has concluded that as of December 31, 2022 and 2021, no significant uncertain tax positions exist for which a reserve would be necessary.

The Company's income tax returns are subject to review and examination by federal, state, and local governmental authorities. As of December 31, 2022, there are three years open to examination by the Internal Revenue Service and by state and local governmental authorities.

To the extent penalties and interest are incurred through the examinations, they would be included in the administrative expenses section of the accompanying consolidated statement of operations. For the years ended December 31, 2022 and 2021, there were no tax penalties or interest incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Company carries its investment at their estimated fair values with changes in fair value recognized in current period results of operations. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are those other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own financial model using assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

While the Manager believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial instruments would likely result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets or liabilities existed, or had such assets or liabilities been liquidated and those differences could be material to the consolidated financial statements.

Mortgage Loans Participations

The Fund sells participations in its mortgage loans held for sale. Sold participations that qualify as a sale are removed from the Fund's books and management recognizes its proportionate share of interest income on the remaining mortgage loans receivable as earned.

Sold participations that do not qualify as a sale are recorded as a secured borrowing that is paid down based on any payments related to the corresponding mortgage loan receivable. Secured borrowings are reflected on the accompanying consolidated statement of assets and liabilities.

3. ACQUISITION

On October 26, 2021 (the Acquisition Date), the Company acquired all voting membership interests of Home Preservation Partnership, LLC (HPP) and its subsidiary, HPP Properties, LLC (HPP Properties), from an affiliate of the Manager for total consideration of $8,630,971.

HPP was formed on September 18, 2018 as a joint venture with a non-profit organization, for the purpose of acquiring, managing and selling distressed, mortgage-related assets throughout the United States. In January 2020, HPP formed HPP Properties, a wholly owned, special purpose vehicle entity that holds title to the real estate upon foreclosure.

The following table summarizes the final fair values of the assets acquired and liabilities assumed at the Acquisition Date:

		Fair Value
Cash	$	1,314,609
Accounts and Other Receivable		3,109,936
Mortgage Loans Receivable		11,795,919
Real Estate Owned		8,676,010
Liabilities		(16,265,503)
Net Assets Acquired	$	8,630,971

The Company included HPP's fair value of assets acquired and liabilities assumed in the consolidated statement of assets and liabilities beginning on the Acquisition Date. The results of operations of HPP subsequent to the Acquisition Date have been included in the consolidated statement of operations for the years ended December 31, 2022 and 2021.

4. CASH AND RESTRICTED CASH

Restricted cash consisted of the minimum cash required under one of the Company's loan agreements with a financial institution.

		2022		2021
Cash	$	1,897,647	$	9,066,177
Restricted Cash		500,000		-
Cash and Restricted Cash in the Consolidated Statements of Cash Flows	$	2,397,647	$	9,066,177

5. FAIR VALUE OF INVESTMENTS

The following assets were measured at their fair values as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Mortgage Loans Receivable	$ -	$ -	$ 98,973,169	$ 98,973,169
Short Term Business Loans	-	-	36,495,865	36,495,865
Real Estate Owned	-	5,268,600	-	5,268,600
Joint Ventures	-	-	98,948,221	98,948,221
Notes and Accrued Interest Receivable from Related Parties	-	-	25,684,881	25,684,881
Total	$ -	$ 5,268,600	$ 260,102,136	$ 265,370,736

The following assets were measured at their fair values as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Mortgage Loans Receivable	$ -	$ -	$ 29,092,895	$ 29,092,895
Short Term Business Loans	-	-	20,192,167	20,192,167
Real Estate Owned	-	5,892,150	-	5,892,150
Joint Ventures	-	-	70,318,181	70,318,181
Notes and Accrued Interest Receivable from Related Parties	-	-	22,623,412	22,623,412
Total	$ -	$ 5,892,150	$ 142,226,655	$ 148,118,805

There were no transfers between fair value hierarchies and no transfers into or out of Level 3 hierarchy during 2022 and 2021, and there were no assets or liabilities with non-recurring fair value measurements.

5. FAIR VALUE OF INVESTMENTS (CONTINUED)

Purchases of investments for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Mortgage Loans	$ 77,814,355	$ 5,319,369
Short Term Business Loans	29,880,957	22,504,936
Investment in Joint Venture (net of return of capital of $27,018,805 and $17,350,817 in 2022 and 2021, respectively)	48,548,619	48,900,000
Related Party Notes Receivable	-	3,509,102
Total	$ 156,243,931	$ 80,233,407

Valuation Process and Techniques

The Company's assets carried at fair value with changes in fair value recognized in current period operations represent 95% and 89% of total assets at December 31, 2022 and 2021, respectively. The majority of assets valued at fair value are Level 3 financial statement items which require the use of significant unobservable inputs in the estimation of the assets' values. Unobservable inputs reflect the Company's own assumptions about the factors that market participants use in pricing an asset or liability and are based on the best information available for that input. The Manager also utilizes on a monthly and quarterly basis the services of an external advisory company to determine an estimate of the fair value of the investments of the Company. This valuation is used to calibrate the Manager's models to assess the reasonableness of certain model inputs, such as the discount rates used to discount future cash flows.

Due to their short-term nature, the carrying values of cash, deposits, accounts and other receivables, escrow advances, advances receivable from related parties, other assets, accounts payable and accrued expenses, notes payable, secured borrowing, subscriptions payable and distributions payable approximate their fair values at December 31, 2022 and 2021.

The valuation methods and assumptions applied in the measurement of investments are as follows:

5. FAIR VALUE OF INVESTMENTS (CONTINUED)

Mortgage Loans Receivable

Mortgage loans held as investments are non-performing and reperforming residential mortgage loans that generally are not saleable into active mortgage markets. As such, the Company classified these assets as Level 3 financial statement items. Their fair values are estimated using a discounted cash flow valuation model. Inputs to the model include loan amount, collection status, foreclosure and loss mitigation status, property type, property location, estimate of property value, probabilities of expected outcomes, and loss severities.

The model is a run at a loan level for each asset. Cash flows are forecasted for multiple outcomes which are assigned a probabilistic weight and summed for each mortgage loan and aggregation of loans. Forecasts of expected cash flows are discounted at a market discount rate appropriate for pools of non-performing residential mortgage loans, reperforming residential mortgage loans, and REOs, based upon recently observed transactions. Adjustments to fair value are recorded to unrealized gain or loss from mortgage loans receivable in the accompanying consolidated statement of operations.

REOs

REOs are valued using observable and unobservable inputs in a process requiring the exercise of significant judgement. If the Company uses the market approach to estimate the fair values of the assets, the REO is classified as Level 2. Otherwise the fair values are estimated using a discounted cash flow valuation model. Inputs to the model include an estimate of value of the property from a broker's price opinion, an appraisal prepared by the Manager's staff appraiser, house price appreciation rates in the local market, known or estimated condition of the property, property tax rates, projected rehabilitation costs, and expected selling costs. The model generated expected cash flows from the disposition of the REOs, which are discounted at a market discount rate appropriate for pools of non-performing residential mortgage loans, reperforming residential mortgage loans, and REOs, based upon recently observed transactions. The Company classifies fair values of REOs estimated using the discounted cash flow approach as a Level 3 investment. As of December 31, 2022 and 2021 there were no REOs classified as Level 3.

5. FAIR VALUE OF INVESTMENTS (CONTINUED)

Joint Ventures

The Company estimates fair value of the investment using the direct capitalization value method. Inputs to the model include occupancy, annual income and expense, annual debt, capital expenditures, cash flows, and a capitalization rate to estimate the value of the property under the direct capitalization market value approach. At each measurement date, the Company reviews the valuation of each investment and records adjustments as necessary to reflect the expected exit value of the investment under current market conditions. Ongoing reviews by the Company's management are based on an assessment of the type of investment, the stage in the lifecycle of the portfolio company, and trends in the performance and credit profile of each portfolio company as of the measurement date. The Company classifies these assets as a Level 3 investment. Adjustments to fair value are recorded to unrealized gain or (loss) from investment in joint venture in the accompanying consolidated statement of operations.

Notes and Accrued Interest Receivable from Related Parties

Notes receivable are recorded at par value with changes in estimated fair value made using a discounted cash flow valuation model. Inputs to the model include loan amount, collection status, foreclosure and loss mitigation status. The Company classifies these assets as a Level 3 investment.

5. FAIR VALUE OF INVESTMENTS (CONTINUED)

Significant Unobservable Inputs

The following tables summarize the valuation techniques and significant unobservable inputs used for the Company's investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2022:

	Fair Value	Valuation Technique	Unobservable Inputs	Quantitative Information
			UPB of mortgage loans	$507 - $870,525 Average:$228,398
Mortgage Loans Receivable	$ 98,973,169	Discounted Cash Flow Model	Property Value	$24,000 - $1,632,940 Average $309,383
			Average Life	0.08 – 11.60 Average: 3.05
			Discount rate	Average: 9.18
Short Term Business Loans	$ 36,495,865	Market Approach	Comparable estimates	*
Joint Ventures	$ 48,287,565	Discounted Cash Flow Model	Discount rate	*
Joint Ventures	$ 21,507,790	Discounted Cash Flow Model	Discount rate	*
Joint Ventures	$ 9,643,425	Discounted Cash Flow Model	Capitalization rate	5.00%
Joint Ventures	$ 5,631,863	Discounted Cash Flow Model	Capitalization rate	5.00%
Joint Ventures	$ 13,877,578	Discounted Cash Flow Model	Capitalization rate	5.75%
Notes Receivables from Related Parties	$ 25,684,881	Market Approach	Comparable estimates	*

* Quantitative unobservable inputs are not developed

5. FAIR VALUE OF INVESTMENTS (CONTINUED)

Significant Unobservable Inputs (Continued)

The following tables summarize the valuation techniques and significant unobservable inputs used for the Company's investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2021:

	Fair Value	Valuation Technique	Unobservable Inputs	Quantitative Information
			UPB of mortgage loans	$960 - $457,974 Average:$90,750
Mortgage Loans Receivable	$ 29,092,895	Discounted Cash Flow Model	Property Value	$18,000 - $1,814,383 Average $311,930
			Average Life	0.08 - 11.74 Average: 5.44
			Discount rate	Average: 7.45
Short Term Business Loans	$ 20,192,167	Market Approach	Comparable estimates	*
Joint Ventures	$ 61,818,181	Discounted Cash Flow Model	Discount rate	*
Joint Ventures	$ 8,500,000	Market Approach	Comparable estimates	*
Notes Receivables from Related Parties	$ 22,623,412	Market Approach	Comparable estimates	*

* Quantitative unobservable inputs are not developed

When determining fair values of investments, the Company exercises significant judgment and uses information available as of the measurement date. Due to the inherent uncertainty of valuations, the fair values reflected in the consolidated financial statements as of the measurement date may differ materially from (1) values that would have been used had a principal or most advantageous market existed for such investments and (2) the values that may ultimately be realized.

6. INVESTMENT IN JOINT VENTURES

Residential Credit Opportunities VI, LLC

On September 24, 2021, Reliant entered a joint venture agreement (the Agreement) with American Mortgage Investment Partners Management, LLC (Investment Manager or AMIP) to form Residential Credit Opportunities VI, LLC (RCO-VI). RCO-VI was formed to acquire performing, non-performing or distressed mortgage loans secured by real estate property, and interest (whether debt, equity or otherwise) in entities that own or intend to own such residential mortgage loans or property. In accordance with the Agreement, the terms of the joint venture expire thirty-three months after the end of the investment period. The investment period is scheduled to terminate during November 2024. The Investment Manager has the right, subject to the approval of the members, to extend the termination of the joint venture for one additional year.

Committed Capital

The Company committed a total of $55,000,000 to RCO-VI. During 2022 and 2021, the Company funded $4,300,000 and $40,400,000 in capital calls and received $21,768,029 and $31,519,183 in distributed capital, respectively. Based upon the terms of the operating agreement, the Company's capital account at December 31, 2022 and 2021 was $48,287,565 and $61,586,240, which was 101.61% and 89.85%, respectively of total equity for RCO-VI. Subject to approval of the joint venture members, the Investment Manager is authorized to make capital calls up to the amount of unfunded capital commitments to enable the purchase of investments, pay fees and expenses, or to provide reserves. No member is required to fund an amount more than their unfunded capital commitment, and distributed capital can be recalled at the discretion of the members.

Beginning Balance	$	40,358,374
Capital Calls		40,400,000
Distributed Capital		(31,781,124)
Ending Balance December 31, 2021		48,977,250
Capital Calls		4,300,000
Distributed Capital		(21,768,029)
Ending Balance December 31, 2022	$	31,509,221

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

Residential Credit Opportunities VI, LLC (Continued)

Allocation of Profits between the Company and the Joint Venture

Net profits or net losses of the joint venture are primarily allocated to the capital accounts of its members in accordance with the members' respective capital contributions to the Company. Distributions are made in accordance with the following distribution priorities: first, to the members pro rata in accordance with their capital contributions until the cumulative amount distributed to each member is equal to the sum of the member's capital contributions; second, to the members pro rata in accordance with their capital contributions until the gross adjusted internal rate of return received by the members from all distributions is equal to 10.96%; thereafter, 45% to the Investment Manager (the Carried Interest) and 55% to members pro rata in accordance with their respective capital contributions.

The joint venture has made a capital allocation for the future payment of the Carried Interest and such allocation is reflected on the consolidated statement of changes in members' capital of RCO-VI. The joint venture capital allocated to Carried Interest was ($3,356,827) and $4,808,530 for the years ended December 31, 2022 and 2021, respectively.

Residential Credit Opportunities VIII, LLC

On July, 21, 2022, Reliant entered a joint venture agreement (the Agreement) with American Mortgage Investment Partners Management, LLC (Investment Manager or AMIP) to form Residential Credit Opportunities VIII, LLC (RCO-VIII). RCO-VIII was formed to acquire performing, non-performing or distressed mortgage loans secured by real estate property, and interest (whether debt, equity or otherwise) in entities that own or intend to own such residential mortgage loans or property. In accordance with the Agreement, the terms of the joint venture expire thirty-three months after the end of the investment period. The investment period is scheduled to terminate during September 2023. The Investment Manager has the right, subject to the approval of the members, to extend the termination of the joint venture for one additional year.

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

Residential Credit Opportunities VIII, LLC (Continued)

Committed Capital

The Company committed a total of $55,000,000 to RCO-VIII. During 2022, the Company funded $22,498,619 in capital calls and received $133,463 in distributed capital. Based upon the terms of the operating agreement, the Company's capital account was $21,507,790, which was 100.00% of total equity for RCO-VIII at December 31, 2022. Subject to approval of the joint venture members, the Investment Manager is authorized to make capital calls up to the amount of unfunded capital commitments to enable the purchase of investments, pay fees and expenses, or to provide reserves. No member is required to fund an amount more than their unfunded capital commitment, and distributed capital can be recalled at the discretion of the members.

Beginning Balance	$	-
Capital Calls		22,498,619
Distributed Capital		(133,463)
Ending Balance	$	22,365,156

Allocation of Profits between the Company and the Joint Venture

Net profits or net losses of the joint venture are primarily allocated to the capital accounts of its members in accordance with the members' respective capital contributions to the Company. Distributions are made in accordance with the following distribution priorities: first, to the members pro rata in accordance with their capital contributions until the cumulative amount distributed to each member is equal to the sum of the member's capital contributions; second, to the members pro rata in accordance with their capital contributions until the gross adjusted internal rate of return received by the members from all distributions is equal to 10.50%; third, 38% to the Investment Manager and 62% to members pro rata in accordance with their respective capital contributions until the gross adjusted internal rate of return received by the members from all distributions is equal to 23.60%; thereafter, 50% to the Investment Manager (the Carried Interest) and 50% to members pro rata in accordance with their respective capital contributions.

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

Parc 1000 Montreal Rd

On July 26, 2021, the Company invested $8,500,000 through its wholly owned subsidiary, Reliant Income Fund GA, LLC (RIF GA), as a joint venture partner in the purchase of a 284-unit apartment complex located at 1000 Montreal Road, Clarkston, GA 30021 known as Parc 1000. The Company is a tenant in common together with an affiliate to the Manager and with a third party.

Allocation of Profits to the Company

According to the tenants in common and joint participation agreement, by and among the three tenants in common, RIF GA as the participating investor receives a 7.00% annual preferred return (simple interest) and a 3.00% annual preferred lookback rate. The preferred return is paid to RIF GA on a quarterly basis, which commenced on October 31, 2021. Upon sale, disposition or refinancing of the Parc 1000 property, and subject to sufficient free cash flow, RIF GA will receive the purchase price for their participating interest, any unpaid and accrued annual preferred returns, and the accrued annual preferred lookback rate.

Brentwood

On April 31, 2022, the Company invested $7,500,000 through its wholly owned subsidiary, Reliant Income Fund GA I, LLC (RIF GA I), as a joint venture partner in the purchase of 156-unit residential townhomes located at 3799 North Decatur Road, Decatur GA 30032 known as Brentwood. The Company is a tenant in common together with an affiliate to the Manager and with a third party.

Allocation of Profits to the Company

According to the tenants in common and joint participation agreement, by and among the three tenants in common, RIF GA I as the participating investor receives a 7.00% annual preferred return (simple interest) and a 5.00% annual preferred lookback rate. The preferred return is paid to RIF GA I on a quarterly basis, as cash is available. Upon sale, disposition or refinancing of the Brentwood property, and subject to sufficient free cash flow, RIF GA will receive the purchase price for their participating interest, any unpaid and accrued annual preferred returns, and the accrued annual preferred lookback rate.

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

Athens

On June 10, 2022, the Company invested $13,500,000 through its wholly owned subsidiary, Reliant Income Fund GA II, LLC (RIF GA II), as a joint venture partner in the purchase of a 206-unit duplexes located at 122 North Bluff Road, Athens GA, 30607, 79-unit residential townhomes located at 301 Highland Park Drive, Athens, GA 30605, 27-unit residential duplexes located at 301 Highland Park Drive, Athens, GA 30605 and 99-unit residential townhomes located at 160 Elkview Drive, Athens, GA 30607, collectively known as Athens. RIF GA II invested an additional $750,000 during 2022. The Company is invested in a partnership, Athens Portfolio TFC Reliant, LLC with a third party.

Allocation of Profits to the Company

According to the operating agreement, by and among the two members of Athens Portfolio TFC Reliant, LLC, RIF GA II as the participating investor receives a 7.00% annual preferred return (simple interest) and a 5.00% annual preferred lookback rate. The preferred return is paid to RIF GA II on a quarterly basis. Upon sale, disposition or refinancing of the Athens property, and subject to sufficient free cash flow, RIF GA II will receive the purchase price for their participating interest, any unpaid and accrued annual preferred returns, and the accrued annual preferred lookback rate. RIF GA II will then receive 65% of proceeds until a Leveraged IRR Return of 17% has been achieved, 50% until a Leveraged IRR Return of 21% has been achieved and 40% of proceeds in excess of a Leveraged IRR Return of 21%.

7. NOTES PAYABLE

On January 24, 2022, the wholly owned subsidiary, Reliant Income STBL, LLC entered into a Master Repurchase Agreement and Securities Contract with Churchill MRA Funding I, LLC (the Buyer), for a $50,000,000 revolving credit line to be used to purchase a stake in eligible short-term business loans. The facility has no set maturity date but can be terminated with ninety-day notice given by the Buyer. The facility bears interest at a rate ranging from SOFR plus 4.50% to SOFR plus 4.00% depending on the Aggregate Purchase Price outstanding. As of December 31, 2022 there was $18,069,088 outstanding on the line of credit. Short term business loans receivable, which were funded through the Master Repurchase Agreement, were collateral under the agreement and amounted to $31,383,723 as of December 31, 2022.

7. NOTES PAYABLE (CONTINUED)

On July 27, 2022, Reliant Trust, Series HPP2 and HPP II entered into a Loan Agreement with Seattle Bank to finance a purchase of loans from the U.S. Department of Housing and Development (HUD). The loan bears interest at 10%. On a monthly basis the borrowing base of the loan is calculated which is the lower of 75% of the purchase price of the loan and 85% of the asset value. Payment of borrowing base deficiencies and interest are due monthly. The loan matures on August 17, 2024. As of December 31, 2022 there was $17,175,601 outstanding. Mortgage loans receivable, which were funded through the loan agreement, were collateral under the agreement and amounted to $24,005,617 as of December 31, 2022.

The agreements contain certain financial covenants concerning minimum net worth, minimum liquidity, maximum indebtedness to tangible net worth ratio. As of December 31, 2022, the Company was in compliance with all covenants.

On December 2, 2022 the Company entered into a credit agreement and promissory note with an unrelated third party to borrow $1,000,000. The note bears interest at 12%. The note is due in full plus unpaid accrued interest at the maturity date of June 2, 2023. As of December 31, 2022 there was $1,000,000 outstanding.

8. SECURED BORROWING

On July 27, 2022, HPP entered into a Loan Participation Agreement with Seattle Bank, in which HPP will sell a 75% participation of each eligible Home Equity Conversion Mortgage loan purchased by HPP from the U.S. Department of Housing and Development (HUD) on August 17, 2022. Upon receipt by HPP of any payment of principal or interest on a loan in the participation, proceeds will be distributed to Seattle Bank in accordance with its participating interest.

The Company accounts for the Loan Participation Agreement as a secured borrowing in accordance with ASC 860, since the conditions do not meet the criteria for sale accounting in accordance with ASC 860 – *Transfer and Servicing*.

At December 31, 2022, HPP had $18,914,028 in secured borrowings outstanding. The fair value of the Home Equity Conversion Mortgage loans purchased through the participation amount to $26,555,668 at December 31, 2022 and are included in mortgage loans receivable in the accompanying consolidated schedule of investments.

9. RELATED PARTY TRANSACTIONS

Acquisition of Home Preservation Partnership, LLC

On October 26, 2021, the Company acquired all economic membership interests of HPP and its subsidiary HPP Properties, from an affiliate of the Manager for total consideration of $8,630,971.

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Receivable and Accrued Interest from Related Parties

The Company had notes receivable and accrued interest with the following related party entities at December 31, 2022:

Related Party		Credit Limit		2022
DEII	$	10,000,000	$	6,500,654
Pentex	$	10,000,000		3,265,241
DE IV		10,000,000		6,691,367
CREF - convertible debt	$	1,500,000		1,727,619
CREF - facility agreement	$	7,500,000		7,500,000
Total			$	25,684,881

The Company had notes receivable and accrued interest with the following related party entities at December 31, 2021:

Related Party		Credit Limit		2021
RLS	$	10,000,000	$	2,160,699
DEII	$	10,000,000	$	6,380,000
Pentex	$	10,000,000	$	2,727,142
DE IV		n/a		3,890,010
CREF - convertible debt	$	1,500,000	$	1,000,000
CREF - facility agreement	$	7,500,000	$	4,500,000
Interest Receivable with Various Related Parties		n/a		1,965,561
Total				22,623,412

The notes receivable to the related parties RLS, DEII, Pentex and DE IV allow them to purchase individual or pools of distressed mortgage loans. The notes receivable are secured by a blanket security agreement on the purchased mortgage loans. The notes bear interest at rates between 9.00% and 12.00% per annum, maturing on January 1, 2024.

Payment of the notes will be made based on the performance of the underlying collateral. Payments received by the related entity for performing loan payments, sales of notes, foreclosure, and subsequent sale of real estate provide the cash flow for repayment of interest and principal.

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes Receivable and Accrued Interest from Related Parties (Continued)

Due to the nature of the underlying assets, repayment of accrued interest and principal will vary due to the amount of time distressed assets require to generate cash flow. The Company earned $1,622,085 and $3,577,813 in interest through December 31, 2022 and 2021, respectively.

Foundation CREF LLC

On November 6, 2020, the Company loaned $500,000 to Foundation CREF LLC (CREF). On June 6, 2021, the Company loaned an additional $500,000 to CREF. On February 28, 2022, the Company loaned an additional $500,000 to CREF. The loans bear interest at 10.00% and are due on November 30, 2027. Accrued interest for the years ended December 31, 2022 and 2021 was $227,619 and $61,667, respectively. The note has an equity conversion feature based on certain triggering events, as further specified in the note agreement.

Foundation CREF Funding II, LLC

On May 26, 2021 the Company executed a Loan Facility Agreement with Foundation CREF Funding II, LLC. The Loan Facility Agreement is for a maximum amount of $7,500,000, bears interest at 10.00% per annum, and matures on September 1, 2024. The outstanding balance receivable at December 31, 2022 and 2021 was $7,500,000 and $4,500,000, respectively.

Advances to Related Party

The Company provides working capital advances to related parties. These advances are not interest bearing and due on demand. The outstanding receivable was $6,271,026 and $309,207 at December 31, 2022 and 2021, respectively.

Other Transactions with Related Parties

On March 17, 2021, the Company acquired distressed notes with a total unpaid principal balance of $12,976,272 from the related party Partners for Payment Relief DE IV, LLC as a seller for a total consideration of $4,187,059. On March 17, 2021, the Company also acquired distressed notes with an unpaid principal balance of $1,894,577 from the related party Beneficial Opportunity Fund, LLC as a seller for a total consideration of $958,978.

On August 22, 2022, the Company acquired distressed notes with a total unpaid principal balance of $3,649,737 from the related party Reliant Loan Servicing, LLC as a seller for a total consideration of $2,031,727.

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Transactions with Related Parties (Continued)

Home Preservation, Inc. dba Home Preservation Exchange ("HPE") has a membership interest in HPP. Under the terms of the operating agreement for HPP, HPE receives a 1% asset management fee based upon the purchase price of any purchased assets. During the year ended December 31, 2022 asset management fees of $1,002,058 which are included in Loan and Real Estate expenses in the accompanying consolidated statement of operations. At December 31, 2022, $241,228 remains outstanding and is included in accounts payable and accrued expenses in the accompanying consolidated statement of assets and liabilities.

On August 17, 2022 the Company entered into a Master Mortgage Asset Purchase Agreement with HPP II. Pursuant to the agreement, the Company may purchase loans or REO properties from HPP II for an agreed upon purchase price of the original acquisition price plus a margin payment of 8.5%. For the year ended December 31, 2022 no loans or REOs were purchased by the Company under this agreement.

Overhead Charges from the Manager

During the years ended December 31, 2022 and 2021, the Company was charged $5,289,508 and $2,756,440, respectively for certain operating and administrative services provided by the Manager.

10. RISKS AND UNCERTAINTIES

Concentration Risk

Investment Income

The Company generated 27% and 63% of its total investment income from related party notes receivable during the years ended December 31, 2022 and 2021, respectively.

Total Assets

At December 31, 2022 and 2021, 9% and 14% of its total assets in notes receivable were with related parties, respectively.

Mortgage Loans Receivable

At December 31, 2022, mortgage loans are comprised of 646 loans with a total fair value of $98,973,169. At December 31, 2021, mortgage loans are comprised of 326 loans with a total fair value of $29,092,895.

10. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Mortgage Loans Receivable (Continued)

The distribution of mortgage loan values by fair value at December 31, 2022 was as follows:

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
First Liens	$	91,349,240	92.30%	43.56%
Second Liens		7,623,929	7.70%	3.64%
	$	98,973,169		

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
Performing	$	10,673,753	10.78%	5.09%
Non-Performing		88,299,416	89.22%	42.11%
	$	98,973,169		

The distribution of mortgage loan values by fair value at December 31, 2021 was as follows:

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
First Liens	$	19,855,546	68.25%	12.88%
Second Liens		9,237,349	31.75%	5.99%
	$	29,092,895		

10. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Mortgage Loans Receivable (Continued)

		Fair Value	Percentage of Investment in Mortgage Loans	Percentage of Members' Capital
Performing	$	11,335,829	38.96%	7.35%
Non-Performing		17,757,066	61.04%	11.52%
	$	29,092,895		

Short Term Business Loans Receivable

At December 31, 2022, short term business loans are comprised of 27 loans with a total fair value of $36,495,865, all of which are secured by a first lien. At December 31, 2021, short term business loans are comprised of 22 loans with a total fair value of $20,192,167, all of which are secured by a first lien.

Concentration by State of Mortgage Loans and Short Term Business Loans

The ten states with the largest concentration of the combined loans receivable at December 31, 2022 was as follows:

State		Fair Value	Percentage of Members' Capital
DC	$	25,039,249	11.94%
FL		9,684,661	4.62%
MA		9,211,235	4.39%
MD		8,277,573	3.95%
NJ		8,058,657	3.84%
NY		7,197,851	3.43%
IL		6,984,650	3.33%
PA		6,595,636	3.15%
TX		6,421,884	3.06%
VA		6,137,614	2.93%
All Other States		41,860,024	19.96%
Total	$	135,469,034	

10. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Concentration by State of Mortgage Loans and Short Term Business Loans (Continued)

The ten states with the largest concentration of the combined loans receivable at December 31, 2021 was as follows:

State		Fair Value	Percentage of Members' Capital
DC	$	12,817,234	8.31%
NY		6,192,128	4.02%
MA		3,912,489	2.54%
NJ		3,328,883	2.16%
IL		2,790,537	1.81%
FL		2,490,465	1.62%
PA		2,270,484	1.47%
CA		1,944,435	1.26%
NC		768,543	0.50%
LA		377,037	0.24%
All Other States		12,392,827	8.04%
Total	$	49,285,062	

Real Estate Owned

At December 31, 2022, real estate owned was comprised of 21 properties with a total fair value of $5,268,600. At December 31, 2021, real estate owned was comprised of 21 properties with a total fair value of $5,892,150.

10. RISKS AND UNCERTAINTIES (CONTINUED)

Concentration Risk (Continued)

Real Estate Owned (Continued)

The five states with the largest concentration of real estate owned at December 31, 2022 was as follows:

State		Fair Value
TX	$	1,386,000
VA		810,900
GA		534,600
AR		459,000
AZ		445,500
All Other States		1,632,600
Total	$	5,268,600

The five states with the largest concentration of real estate owned at December 31, 2021 was as follows:

State		Fair Value
IL	$	2,176,860
NJ		935,000
NY		600,000
MN		544,000
MD		519,260
All Other States		1,117,030
Total	$	5,892,150

Investment Risk

Assets purchased by an affiliate of the Company, using capital from multiple affiliated funds, may be inequitably allocated and commingled, resulting in the Company not receiving the full economic value of the assets that were purchased using its capital.

10. RISKS AND UNCERTAINTIES (CONTINUED)

Default Risk

In the normal course of its business, the Company is exposed to default risk related to its investment portfolio. In the event a borrower defaults on a loan, the Company is normally able to foreclose on the loan, receive title to the underlying property and attempt to sell the property to recover its investment. However, there is no guarantee that the original investment will be recovered.

Operating Risk

The Fund may be influenced by the current macro-economic environment with rising interest rates and inflation, which may impact production volume, margins and financing operations, the consequences of which cannot be readily determined, but may impact the Fund's ability to meet future obligations.

11. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company has been named as a defendant in various matters. These legal actions generally arise from the Company's activities associated with the servicing of its investments in mortgage loans and REO. The Manager, after consultation with legal counsel, believes the resolution of these matters will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company.

12. REGULATORY REQUIREMENTS

Securities Laws

In offering the units of membership interest, the Company is subject to applicable federal and state securities laws. Membership interests have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the Act), in reliance upon the exemptions provided for under Rule 506 of Regulation D of the Act and on similar exemptions under state applicable laws.

Under Rule 506 and certain state laws, the Company must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual. Registration under Rule 506 also allows the Company to operate nationally.

12. REGULATORY REQUIREMENTS (CONTINUED)

Employee Retirement Income Security Act of 1974 (ERISA)

The Department of Labor plan asset regulations define what constitutes plan assets of benefit plan investors, which include employee benefit plans governed by the Employee Retirement Income Security Act (ERISA) or Individual Retirement Accounts and other plans covered by Section 4975 of the Internal Revenue Code. As a general rule, the plan asset regulations provide that when a benefit plan investor purchases an equity interest in a non-public fund, the equity interest in the fund will be treated as the plan's assets, provided the equity participation by all benefit plan investors combined does not exceed 25%.

For funds exceeding the 25% limit, the underlying assets of the fund are deemed plan assets for purposes of ERISA and Section 4975 of the Code. Fund activities would be subject to the prohibited transaction rules ERISA and Section 4975, as well as other potential consequences.

At December 31, 2022 and 2021, the Company did not exceed the 25% plan asset threshold.

13. FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2022 are as follows:

Average Investor Rate of Return to Limited Partners:	
Beginning of Year	9.63%
End of Year	9.58%
Year-to-Date Ratios to Average Limited Partners' Capital	
Total Expenses	6.06%
Net Investment Income	(2.85)%

13. FINANCIAL HIGHLIGHTS (CONTINUED)

Financial highlights for the year ended December 31, 2021 are as follows:

Average Investor Rate of Return to Limited Partners:	
Beginning of Year	9.77%
End of Year	9.63%
Year-to-Date Ratios to Average Limited Partners' Capital	
Total Expenses	4.27%
Net Investment Income	1.23%

Financial highlights are calculated for the limited partner class taken as a whole. An individual limited partner's return and ratios may vary.

The internal rate of return of the limited partner class since inception the Company is computed based on the actual dates of capital contributions and distributions of capital and the ending aggregate limited partners' capital balance (residual value).

14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 28, 2023, the date the consolidated financial statements were available to be issued, and there were the following subsequent events to report:

On January 9, 2023 the LLC Agreement for RCO VIII was amended and restated to provide for the Investment Manager to acquire a membership interest in RCO VIII. Additionally, the total capital commitments were increased by $10,000,000 to $65,000,000. The Investment Manager contributed $3,554,021 for its initial membership interest in RCO VIII which was distributed to Reliant.

On February 1, 2023 the Company issued a Private Offering Memorandum ("Offering") which allows for capital contributions of up to $150,000,000. Under the Offering membership interests are issued in the form of Class F and Class G with a minimum capital contribution of $50,000 and Class D with a minimum of $25,000.