

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
REPORTS REQUIRED BY
FLORIDA SINGLE AUDIT ACT

For the year ended December 31, 2013

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Members of
Enhanced Capital New Market Development Fund XXII, LLC:

Report on Compliance for Each Major State Project

We have audited the compliance of Enhanced Capital New Market Development Fund XXII, LLC (the "Company") with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Company's major State projects for the year ended December 31, 2013. The Company's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and Chapter 10.650, Rules of the Florida Auditor General. Those standards and Chapter 10.650, Rules of the Florida Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination on the Company's compliance with those requirements.

Opinion on Each Major State Project

In our opinion, the Company complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended, December 31, 2013.

Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Other Matters

Schedule of Expenditures and State Financial Assistance

We have audited the financial statements of Enhanced Capital New Market Development Fund XXII, LLC, as of and for the year ended December 31, 2013, and have issued our report thereon dated April 21, 2014. Our audit was conducted for the purpose of forming an opinion on the Company's basic financial statements. The accompanying Schedule of Expenditures and State Financial Assistance for the year ended December 31, 2013 is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General, and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Company's members, management and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Novogradac & Company LLP

Dover, Ohio
May 28, 2014

To the Members of
Enhanced Capital New Market Development Fund XXII, LLC:

We have audited the financial statements of Enhanced Capital New Market Development Fund XXII, LLC ("the Company"), as of and for the fiscal year ended December 31, 2013, and have issued our report thereon dated April 21, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Chapter 10.650, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.650, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated May 28, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Florida Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. **Note:** Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse that does not warrant the attention of those charged with governance, or internal control deficiencies that are not material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, others within the entity, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Novogradac & Company LLP

Dover, Ohio
May 28, 2014

**ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS**

Fiscal Year Ended December 31, 2013

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the Company's basic financial statements.
2. No significant deficiencies in internal control were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Company were disclosed during the audit.
4. No significant deficiencies in internal control over a major State project were disclosed during the compliance testing; therefore no significant deficiencies were reported in the Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.650, Rules of the Florida Auditor General.
5. The auditors' report on compliance with requirements that could have a direct and material effect on each major State project for the Company expresses an unqualified opinion.
6. Our audit disclosed no findings required to be reported related to State projects required to be disclosed under Chapter 10.656, Rules of the Florida Auditor General.

The projects tested as major projects included the following:

<u>State Project</u>	<u>State CSFA No.</u>	<u>Year</u>
Department of Economic Opportunity	40.020	2012

7. The threshold for distinguishing Type A and Type B projects was \$500,000 for major State projects.

B. FINDINGS – FINANCIAL STATEMENTS

There are no findings to the Company's financial statements as of December 31, 2013.

**ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS (CONTINUED)**

Fiscal Year Ended December 31, 2013

C. FINDINGS AND QUESTIONED COSTS –MAJOR STATE PROJECTS

There are no findings or questioned costs relating to the Florida Department of Economic Opportunity and their regulations over the state New Markets Development Program and the Department of Financial Services' State Projects Compliance Supplement.

D. OTHER ISSUES

The Supplemental Reports do not include the Summary Schedule of Prior Audit Findings because there were no prior audit findings related to State Projects and no Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
SCHEDULE OF EXPENDITURES AND STATE FINANCIAL ASSISTANCE

Fiscal Year Ended December 31, 2013

<u>STATE AGENCY</u>	<u>State CSFA</u>	<u>Grant Number</u>	<u>Project Expenditures</u>
Department of Economic Opportunity			
<u>Direct Projects</u>			
Florida New Markets Development Program			
Qualified Low-Income Community Investments	40.020	N/A	\$ <u>2,359,551</u>
			<u>\$ 2,359,551</u>

Pursuant to the State of Florida New Markets Tax Credit statute (the "Florida Statute"), the Company applied for and received the authority to issue up to \$2,471,910 in Florida qualified equity investments ("Florida QEIs") in 2012. Under the Florida Statute, the Company's Members will be allowed to claim Florida new markets tax credits ("Florida NMTCs") over seven periods spanning six years and one day for any equity investment made by such Member that is designated as a Florida QEI within the meaning of the Florida Statute and has at least 85% of its cash purchase price used by the issuer to make qualified low-income community investments ("Florida QLICs"). Pursuant to the Company's approval from the State of Florida on December 10, 2012 to issue up to \$2,471,910 of Florida QEIs, the Company designated the capital contributions received by the Investment Fund in the amount of \$2,471,910 as Florida QEIs. During 2013, the Company made loans in the amount of \$2,359,551 that constitute Florida QLICs. As of December 31, 2013, \$2,359,551 constitutes Florida QLICs.

Enhanced Capital New Market Development Fund XXII, LLC

Financial Statements

For the year ended December 31, 2013 and
the period December 14, 2012 (commencement of operations)
to December 31, 2012

With

Report of Independent Auditors Thereon

Report of Independent Auditors

To the Members of
Enhanced Capital New Market Development Fund XXII, LLC:

We have audited the accompanying financial statements of Enhanced Capital New Market Development Fund XXII, LLC, which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2013 and the period December 14, 2012 (commencement of operations) to December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enhanced Capital New Market Development Fund XXII, LLC, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the year ended December 31, 2013 and the period December 14, 2012 (commencement of operations) to December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

April 21, 2014

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
BALANCE SHEETS
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 274	\$ 2,472,184
Loans	2,359,551	-
Intangible asset, net	<u>110,798</u>	<u>-</u>
Total assets	<u>\$ 2,470,623</u>	<u>\$ 2,472,184</u>
MEMBERS' EQUITY	<u>\$ 2,470,623</u>	<u>\$ 2,472,184</u>

see accompanying notes to financial statements

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
STATEMENTS OF OPERATIONS

For the year ended December 31, 2013 and the period
December 14, 2012 (commencement of operations) to December 31, 2012

	<u>2013</u>	<u>December 14, 2012 (commencement of operations) to December 31, 2012</u>
REVENUE		
Interest income	\$ 6,366	\$ -
Reimbursement income	10,236	-
Total revenue	<u>16,602</u>	<u>-</u>
EXPENSES		
Compliance fee	11,000	-
Amortization expense	1,561	-
Total expenses	<u>12,561</u>	<u>-</u>
Net income	<u>\$ 4,041</u>	<u>\$ -</u>

see accompanying notes to financial statements

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the year ended December 31, 2013 and the period
December 14, 2012 (commencement of operations) to December 31, 2012

	<u>Enhanced Community Development, LLC</u>	<u>Hancock New Markets Investor 17, L.L.C.</u>	<u>Total Members' Equity</u>
BALANCE, DECEMBER 14, 2012 (commencement of operations)	\$ -	\$ -	\$ -
Capital contributions	<u>274</u>	<u>2,471,910</u>	<u>2,472,184</u>
BALANCE, DECEMBER 31, 2012	274	2,471,910	2,472,184
Distributions	(1)	(5,601)	(5,602)
Net income	<u>-</u>	<u>4,041</u>	<u>4,041</u>
BALANCE, DECEMBER 31, 2013	<u>\$ 273</u>	<u>\$ 2,470,350</u>	<u>\$ 2,470,623</u>

see accompanying notes to financial statements

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2013 and the period
December 14, 2012 (commencement of operations) to December 31, 2012

	<u>2013</u>	<u>December 14, 2012 (commencement of operations) to December 31, 2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,041	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization expense	<u>1,561</u>	<u>-</u>
Net cash provided by operating activities	<u>5,602</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in intangible assets	(112,359)	-
Loans	<u>(2,359,551)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,471,910)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	-	2,472,184
Distributions	<u>(5,602)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(5,602)</u>	<u>2,472,184</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,471,910)</u>	<u>2,472,184</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,472,184</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 274</u>	<u>\$ 2,472,184</u>

see accompanying notes to financial statements

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - ORGANIZATION

Enhanced Capital New Market Development Fund XXII, LLC (the "Company"), a Louisiana limited liability company, was formed on December 16, 2011 pursuant to an initial operating agreement which was amended and restated on December 14, 2012 to admit Hancock New Markets Investor 17, L.L.C. (the "Investor Member"), a Mississippi limited liability company, as an investor member to the Company and Enhanced Community Development, LLC (the Managing Member) as a managing member to the Company. This agreement was again amended and restated (the "Operating Agreement") on December 6, 2013.

Pursuant to the Operating Agreement, the Investor Member (99.99% ownership interest) is required to provide capital contributions of \$2,471,910 and the Managing Member (0.01% ownership interest) is required to provide capital contributions of \$274. As of December 31, 2013 and 2012, the Investor Member and Managing Member have provided capital contributions of \$2,471,910 and \$274, respectively.

The Managing Member has been certified by the Florida Department of Economic Opportunity (DEO) as a Qualified Community Development Entity (QCDE). As of December 31, 2013 and 2012, the Managing Member has been awarded issuance of up to \$37,279,602 and \$32,471,910, respectively, of Qualified Investments (QIs) by the DEO. As a QCDE, the Managing Member's primary purpose is serving or providing investment capital for low-income communities in the State of Florida. The Company was organized for the purpose of receiving a sub-allocation of Florida New Markets Tax Credits (Florida NMTCs) from the Managing Member. As of December 31, 2013 and 2012, the Managing Member has sub-allocated \$2,471,910 of its Florida NMTC allocation to the Company.

Profits and losses generally are allocated among the members in accordance with their ownership interests. Cash is distributed to the members in accordance with their ownership interests.

The term of the Company shall continue until the occurrence of certain dissolution events, as defined in the Operating Agreement or by law, whichever is earlier.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Concentration Risk

The Company's major assets are loans receivable from Tampa Hotel Holding, LLC (Tampa Hotel). The Company's primary source of revenue is derived from these assets. Tampa Hotel's operations are located in Tampa, Florida. Future operations could be affected by changes in the economic conditions of this entity or its parent companies.

Income Taxes

The Company is treated as a partnership for income tax purposes. All income and expenses of the Company are attributed to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying financial statements.

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state taxing authorities were recorded in the accompanying financial statements.

Revenue Recognition

Interest and reimbursement income are accrued as earned in accordance with the contractual terms of the agreements.

Loans

The Company periodically reviews the need for an allowance for its loan receivable and considers a loan impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments contractually due. The impairment is measured based on the Company's known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral, expected future cash flows of the project, and current economic conditions. The Company's key credit quality indicator is a loan's performance status, defined as accruing or non-accruing. Performing loans are considered to have a lower risk of loss, while nonaccrual loans are those which the Company believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan agreement, are classified on nonaccrual status. Loans may also be placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful.

When ultimate collectability of the principal balance of an impaired loan is in doubt, all cash receipts from the impaired loan are applied to principal until the principal has been fully recovered and are recognized as interest income thereafter. Loans may resume accruing interest if management no longer believes a loan is impaired or the collection of principal and interest is no longer in doubt. Increases in the allowance are charged to provisions for loan losses. Loans are written off against the allowance when all possible means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2013 and 2012, the loans receivable are performing in accordance with the terms of the agreements and the Company does not believe the loans receivable are impaired.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term financial instruments with a maturity of three months or less at the date of acquisition to be cash equivalents.

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Sub-allocation fees of \$112,359 are amortized ratably over 72 months using the straight-line method. Accumulated amortization as of December 31, 2013 and 2012 was \$1,561 and \$0, respectively.

Subsequent Events

Subsequent events have been evaluated through April 21, 2014, which is the date the financial statements were available to be issued and there are no subsequent events requiring disclosure.

NOTE 3 – CASH

The Company maintains cash in a bank, which may, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on these accounts.

NOTE 4 - LOANS

The Company has two loans to Tampa Hotel Holding, LLC of which \$2,359,551 and \$0, respectively, is outstanding as of December 31, 2013 and 2012, the terms of the loans are as follows:

The first loan having a promissory note dated December 6, 2013 in the original amount of \$2,059,689 matures on December 5, 2043 and bears interest at a rate of 3.8852619% per annum. Interest payments are due annually on December 1 of each year through December 1, 2018, commencing on December 1, 2013. Commencing on December 1, 2019, payments of principal and interest are due annually on December 1 of each year until the maturity date. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon becomes due and payable in full to the Company. The loan may not be prepaid prior to December 14, 2018 and is secured by a security agreement. At December 31, 2013 and 2012, the total amount outstanding was \$2,059,689 and \$0, respectively.

The second loan having a promissory note dated December 6, 2013 in the original amount of \$299,862 matures on December 5, 2043 and bears interest at a rate of 3.8852619% per annum. Interest payments are due annually on December 1 of each year through December 1, 2018, commencing on December 1, 2013. Commencing on December 1, 2019, payments of principal and interest are due annually on December 1 of each year until the maturity date. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon becomes due and payable in full to the Company. The loan may not be prepaid prior to December 14, 2018 and is secured by a security agreement. At December 31, 2013 and 2012, the total amount outstanding was \$299,862 and \$0, respectively.

For the year ended December 31, 2013 and the period December 14, 2012 (commencement of operations) to December 31, 2012, the Company earned \$6,366 and \$0, respectively, in interest income on these loans.

NOTE 5 – RELATED PARTY TRANSACTIONS

During 2013, the Company paid a sub-allocation fee of \$112,359 to the Managing Member in consideration for the transfer of a portion of the Florida QI to the Company.

ENHANCED CAPITAL NEW MARKET DEVELOPMENT FUND XXII, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 5 – RELATED PARTY TRANSACTIONS (continued)

Pursuant to the Operating Agreement, the Company is required to pay the Managing Member up to \$11,000 for audit, tax and accounting expenses incurred on behalf of the Company. Compliance expenses incurred and paid for the year ended December 31, 2013 and the period December 14, 2012 (commencement of operations) to December 31, 2012 amounted to \$11,000 and \$0, respectively.

NOTE 6 – FLORIDA NEW MARKETS TAX CREDITS

The Managing Member received a final order letter dated December 10, 2012 from the DEO certifying the issuance of up to \$5,958,149 of QIs by the Managing Member and allowing the Investor Member to earn Florida NMTCs. As of December 31, 2013 and 2012, the Managing Member has sub-allocated \$2,471,910 of its allocation to the Company. As of December 31, 2013 and 2012, the Company had received \$2,471,910 of QIs and had made \$2,359,551 of qualified low-income community investments (QLICIs).

In order to qualify for the Florida NMTCs, the Managing Member and the Company must comply with requirements of the Florida NMTC Program. Failure to comply with the requirements could result in the recapture of Florida NMTCs that have been previously claimed as well as the loss of any future Florida NMTCs.

Florida NMTCs are issued over seven years at a rate of 0% of the QI for years one and two, 7% for year three, and 8% for years four through seven. Based on the timing of the QIs, Florida NMTCs were not available for the year ended December 31, 2013 and the period December 14, 2012 (commencement of operations) to December 31, 2012.

Future Florida NMTC amounts as a result of QIs are expected to be as follows:

Year ending December 31,	
2014	\$ 173,033
2015	197,753
2016	197,753
2017	197,753
2018	<u>197,753</u>
Total	<u>\$ 964,045</u>

Client: **ECP017 - Enhanced Capital New Market Development Fund XXII, LLC**
 Engagement: **2013 Audit**
 Period Ending: **12/31/2013**
 Trial Balance: **B1-1 - Trial Balance**
 Workpaper: **B1-2 - Audit Trial Balance**

Account	Description	PP-FINAL 12/31/2012	UNADJ 12/31/2013	JE Ref #	AJE	ADJ 12/31/2013
Group : [4110] Cash & Equivalents						
Subgroup : [4111] Cash						
11000-001	Cash - Capital One	2,472,184.00	274.00		0.00	274.00
Subtotal [4111] Cash		2,472,184.00	274.00		0.00	274.00
Total [4110] Cash & Equivalents		2,472,184.00	274.00		0.00	274.00
Group : [4510] Loans Receivable						
Subgroup : [4512] Loans Receivable						
14000-001	Tampa Hotel - Investment	0.00	2,359,551.00		0.00	2,359,551.00
Subtotal [4512] Loans Receivable		0.00	2,359,551.00		0.00	2,359,551.00
Total [4510] Loans Receivable		0.00	2,359,551.00		0.00	2,359,551.00
Group : [4710] Other Assets						
Subgroup : [4712] Acquisition Fees						
17000-001	Prepaid Sub-Allocation Fee	0.00	110,798.00		0.00	110,798.00
Subtotal [4712] Acquisition Fees		0.00	110,798.00		0.00	110,798.00
Subgroup : [4713] A/D Acquisition Fees						
17500-001	Accumulated Amortization	0.00	0.00		0.00	0.00
Subtotal [4713] A/D Acquisition Fees		0.00	0.00		0.00	0.00
Total [4710] Other Assets		0.00	110,798.00		0.00	110,798.00
Group : [6110] Equity						
Subgroup : [6111] GP Contributions						
31000-001	Paid in Capital - ECD	(274.00)	(274.00)		0.00	(274.00)
Subtotal [6111] GP Contributions		(274.00)	(274.00)		0.00	(274.00)
Subgroup : [6112] LP Contributions						
31000-000	Paid in Capital - Whitney	(2,471,910.00)	(2,471,910.00)		0.00	(2,471,910.00)
Subtotal [6112] LP Contributions		(2,471,910.00)	(2,471,910.00)		0.00	(2,471,910.00)
Subgroup : [6113] Distributions						
32000-000	Dividend Distribution - Whitney	0.00	5,601.00		0.00	5,601.00
32000-001	Dividend Distribution - ECD	0.00	1.00		0.00	1.00
Subtotal [6113] Distributions		0.00	5,602.00		0.00	5,602.00
Total [6110] Equity		(2,472,184.00)	(2,466,582.00)		0.00	(2,466,582.00)
Group : [7110] Revenue						
Subgroup : [7125] Investment Interest Income						
41000-001	Interest Income	0.00	(6,366.00)		0.00	(6,366.00)
Subtotal [7125] Investment Interest Income		0.00	(6,366.00)		0.00	(6,366.00)
Subgroup : [7130] Other Revenue						
42000-000	Compliance Fee Income	0.00	(10,236.00)		0.00	(10,236.00)
Subtotal [7130] Other Revenue		0.00	(10,236.00)		0.00	(10,236.00)
Total [7110] Revenue		0.00	(16,602.00)		0.00	(16,602.00)
Group : [7310] Operating Expenses						
Subgroup : [7325] Management fees						
71000-000	Sub-Allocation Fee Expense	0.00	1,561.00		0.00	1,561.00
73000-000	Compliance Fee Expense	0.00	11,000.00		0.00	11,000.00
Subtotal [7325] Management fees		0.00	12,561.00		0.00	12,561.00
Total [7310] Operating Expenses		0.00	12,561.00		0.00	12,561.00
Sum of Account Groups		0.00	0.00		0.00	0.00
Net (Income) Loss		0.00	(4,041.00)		0.00	(4,041.00)