

# **527 Dale Drive Apartments**

## **Financial Statements**

**For the Years Ended  
June 30, 2020 and 2019**

# 527 Dale Drive Apartments

## Table of Contents

For the Years Ended June 30, 2020 and 2019

---

|   |       |
|---|-------|
| Independent Accountant's Compilation Report                 | 1     |
| Financial Statements  |       |
| Statements of Financial Position                            | 2-3   |
| Statements of Activities                                    | 4     |
| Statements of Changes in Net Assets (Deficit)               | 5     |
| Statements of Cash Flows                                    | 6-7   |
| Notes to Financial Statements                               | 8-13  |
| Supplementary Information                                   |       |
| Detail of Selected Statement of Financial Position Accounts | 14    |
| Detailed Statements of Activities                           | 15-16 |
| Schedule of Surplus Cash                                    | 17    |



## Independent Accountant's Compilation Report

To the Board of Commissioners  
527 Dale Drive Apartments  
10400 Detrick Avenue  
Kensington, MD 20895

Management is responsible for the accompanying financial statements of 527 Dale Drive Apartments, a residential facility owned by Housing Opportunities Commission of Montgomery County, Maryland (HOC), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the 2020 financial statements.

The financial statements of 527 Dale Drive Apartments as of June 30, 2019, were subjected to a compilation engagement by other accountants, whose report dated August 19, 2019, stated that they have not audited or reviewed the 2019 financial statements and, accordingly, do not express an opinion, a conclusion, nor provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

The accompanying supplementary information shown on pages 14 - 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Hertzbach & Company, P.A.*

Owings Mills, Maryland  
September 25, 2020

# 527 Dale Drive Apartments

## Statements of Financial Position

As of June 30, 2020 and 2019

---

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| <b>Current assets</b>                                   |                     |                     |
| Cash  | \$ 85,124           | \$ 78,994           |
| Other receivables                                       | -                   | 611                 |
| Total unrestricted current assets                       | <u>85,124</u>       | <u>79,605</u>       |
| <b>Restricted cash</b>                                  |                     |                     |
| Renovation escrow                                       | 6,254               | 6,254               |
| Reserve for replacements                                | <u>289,420</u>      | <u>275,065</u>      |
| Total restricted cash                                   | 295,674             | 281,319             |
| <b>Property and equipment</b>                           |                     |                     |
| Property and equipment, net of accumulated depreciation | <u>1,860,506</u>    | <u>1,928,403</u>    |
| Total assets  | <u>\$ 2,241,304</u> | <u>\$ 2,289,327</u> |

*See independent accountant's compilation report and notes to financial statements.*

## 527 Dale Drive Apartments

Statements of Financial Position (Continued)

As of June 30, 2020 and 2019

|   | 2020         | 2019         |
|---|--------------|--------------|
| <b>Liabilities and Net Assets (Deficit)</b>   |              |              |
| <b>Current liabilities</b>  |              |              |
| Accounts payable and accrued expenses   | \$ 6,745     | \$ 1,349     |
| Interfund payable   | 52,193       | 32,350       |
| Total current liabilities   | 58,938       | 33,699       |
| <b>Long-term liabilities</b>  |              |              |
| Mortgages payable - Montgomery County   | 1,738,012    | 1,738,012    |
| Mortgage payable - Maryland DHCD - net of unamortized financing fees of \$20,989 - 2020 and \$22,043 - 2019 | 579,011      | 577,957      |
| Total long-term liabilities   | 2,317,023    | 2,315,969    |
| Total liabilities   | 2,375,961    | 2,349,668    |
| <b>Net Assets (Deficit)</b>   |              |              |
| Investment in capital assets, net of related debt   | (477,506)    | (409,609)    |
| Restricted net assets   | 295,674      | 281,319      |
| Unrestricted net assets   | 47,175       | 67,949       |
| Total net assets (deficit)  | (134,657)    | (60,341)     |
| Total liabilities and net assets  | \$ 2,241,304 | \$ 2,289,327 |

*See independent accountant's compilation report and notes to financial statements.*

# 527 Dale Drive Apartments

## Statements of Activities

For the Years Ended June 30, 2020 and 2019

---

|                            | <u>2020</u>        | <u>2019</u>        |
|----------------------------|--------------------|--------------------|
| <b>Operating revenues</b>  |                    |                    |
| Dwelling rental income     | \$ 104,080         | \$ 103,973         |
| Other income               | 470                | 440                |
| Total operating revenues   | <u>104,550</u>     | <u>104,413</u>     |
| <b>Operating expenses</b>  |                    |                    |
| Administrative             | 17,669             | 16,059             |
| Operating and maintenance  | 39,899             | 33,345             |
| Depreciation               | 67,897             | 67,897             |
| Utilities                  | 25,797             | 20,280             |
| Fringe benefits            | 5,458              | 5,460              |
| Interest expense           | 1,054              | 1,054              |
| Other                      | 21,092             | 32,684             |
| Total operating expenses   | <u>178,866</u>     | <u>176,779</u>     |
| Operating loss             | <u>(74,316)</u>    | <u>(72,366)</u>    |
| Total change in net assets | <u>\$ (74,316)</u> | <u>\$ (72,366)</u> |

*See independent accountant's compilation report and notes to financial statements.*

## 527 Dale Drive Apartments

Statements of Changes in Net Assets  
For the Years Ended June 30, 2020 and 2019

---

|                                      |                            |
|--------------------------------------|----------------------------|
| Balance - July 1, 2018               | \$ 12,025                  |
| Change in net assets - June 30, 2019 | <u>(72,366)</u>            |
| Balance - June 30, 2019              | (60,341)                   |
| Change in net assets - June 30, 2020 | <u>(74,316)</u>            |
| Balance - June 30, 2020              | <u><u>\$ (134,657)</u></u> |

*See independent accountant's compilation report and notes to financial statements.*

# 527 Dale Drive Apartments

## Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>         |                   |                   |
| Cash received for:                                  |                   |                   |
| Rental income                                       | \$ 104,080        | \$ 103,973        |
| Miscellaneous income                                | 470               | 440               |
| Total cash receipts                                 | <u>104,550</u>    | <u>104,413</u>    |
| Cash paid for services and to employees for:        |                   |                   |
| Administrative expenses                             | (8,976)           | (6,502)           |
| Management fees                                     | (15,346)          | (15,772)          |
| Utilities   | (20,848)          | (21,486)          |
| Salaries and wages                                  | (13,495)          | (13,707)          |
| Operating and maintenance                           | (30,014)          | (24,672)          |
| Property insurance                                  | (2,593)           | (1,099)           |
| Miscellaneous taxes and insurance                   | (203)             | (201)             |
| Fringe benefits                                     | (5,458)           | (5,460)           |
| Other expenses                                      | (563)             | (2,690)           |
| MCCH Expense  | (6,412)           | (17,995)          |
| Total cash disbursements                            | <u>(103,908)</u>  | <u>(109,584)</u>  |
| Net cash provided by (used in) operating activities | <u>642</u>        | <u>(5,171)</u>    |
| <b>Cash flows from financing activities</b>         |                   |                   |
| Net change in interfund payable                     | <u>19,843</u>     | <u>15,243</u>     |
| Net cash provided by financing activities           | <u>19,843</u>     | <u>15,243</u>     |
| <b>Net increase in cash and restricted cash</b>     | 20,485            | 10,072            |
| Cash and restricted cash, beginning of year         | <u>360,313</u>    | <u>350,241</u>    |
| Cash and restricted cash, end of year               | <u>\$ 380,798</u> | <u>\$ 360,313</u> |

*See independent accountant's compilation report and notes to financial statements.*



## 527 Dale Drive Apartments

Statement of Cash Flows (continued)  
For the Years Ended June 30, 2020 and 2019

---

|   | <u>2020</u>   | <u>2019</u>       |
|---|---------------|-------------------|
| <b>Reconciliation of change in net assets to net cash provided by (used in) operating activities</b>  |               |                   |
| Change in net assets  | \$ (74,316)   | \$ (72,366)       |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |               |                   |
| Depreciation  | 67,897        | 67,897            |
| Amortization of financing fees  | 1,054         | 1,054             |
| (Increase) decrease in operating assets:  |               |                   |
| Other receivables   | 611           | (611)             |
| Increase (decrease) in operating liabilities:   |               |                   |
| Accounts payable and accrued liabilities  | <u>5,396</u>  | <u>(1,145)</u>    |
| Net cash provided by (used in) operating activities   | <u>\$ 642</u> | <u>\$ (5,171)</u> |

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts presented in cash and restricted cash, end of year, above:

|   |                   |                   |
|---|-------------------|-------------------|
| Cash  | \$ 85,124         | \$ 78,994         |
| Renovation escrow                           | 6,254             | 6,254             |
| Reserve for replacements                    | <u>289,420</u>    | <u>275,065</u>    |
| Total cash and restricted cash, end of year | <u>\$ 380,798</u> | <u>\$ 360,313</u> |

*See independent accountant's compilation report and notes to financial statements.*

# 527 Dale Drive Apartments

Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

## 1) Nature of Business and Summary of Significant Accounting Policies

### ***Organization***

527 Dale Drive Apartments (the Property) is a 10 unit residential rental operation owned by the Housing Opportunities Commission of Montgomery County, Maryland (HOC). The project is a component unit of HOC. The property was purchased on May 8, 2006 and renovations were completed in March 2008. Eight (8) units are rented to chronically homeless adults of Montgomery County. The tenant related operations of the project is the responsibility of the Montgomery County Coalition for the Homeless (MCCH). HOC, the landlord, is responsible for all building related issues. An executed memorandum of understanding dated April 3, 2008 outlines the parties' roles and responsibilities.

### ***Method of Accounting***

The Property's financial statements are prepared on the accrual method of accounting which recognizes income when it is earned and expenses when they are incurred.

### ***Cash and Cash Equivalents***

The Project considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of June 30, 2020 and 2019.

### ***Rents Receivable and Bad Debts***

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts.

Management periodically evaluates the need for an allowance for doubtful accounts by considering the Property's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due after the tenth of the month in which they were due. Accounts receivable are considered uncollectible if they are outstanding over 90 days. The allowance as of June 30, 2020 and 2019 was \$0.

### ***Property and Equipment***

Buildings and equipment are recorded at cost. The cost of repairs and maintenance is charged to operations as incurred. Major renewals, betterments and additions are capitalized. Buildings and equipment are depreciated over their estimated useful lives of 5 to 40 years using the straight-line method.

### ***Impairment of Long-Lived Assets***

The Property reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments during the years ended June 30, 2020 and 2019.

*See independent accountant's compilation report.*

# 527 Dale Drive Apartments

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2020 and 2019

---

## 1) Nature of Business and Summary of Significant Accounting Policies (Continued)

### *Net Assets*

HOC is required to report on a fund basis and categorize net assets as the following:

Investment in capital assets represents the total of property and equipment, net less mortgages payable.

Restricted net assets represents the sum of total restricted cash.

Unrestricted net assets represents the balance remaining after investment in capital assets and restricted net assets.

### *Interest*

The Property has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the balance sheet as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Property is reporting loan fees related to its Montgomery County mortgages payable as a direct deduction from the principal balance of the mortgages, and is reporting amortization of the loan fees as interest expense on the Montgomery County mortgages payable. See Note 5 for more information.

### *Income Taxes*

The Property is a component unit of The Housing Opportunities Commission of Montgomery County, Maryland (HOC), a component unit of Montgomery County, Maryland and is therefore exempt from income taxation. No provision for income taxes has been included in these financial statements and there are no other tax positions which must be considered for disclosure.

### *Estimates*

The preparation of financial statements in conformity 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.

### *Rental Revenue*

Rental income is recognized as rents become due. Rent payments received in advance are deferred until earned. All leases between the Property and tenants of the Property are operating leases. MCCCH pays \$1,080 per month per each supportive housing unit as described in the memorandum of understanding.

### *Advertising*

The Property's policy is to expense advertising costs when incurred.

### *Reclassification*

Reclassifications have been made to the prior year balances to conform to current year presentation.

*See independent accountant's compilation report.*

## 527 Dale Drive Apartments

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2020 and 2019

---

### 2) Concentration of Risk

The Property maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. Additionally, the Property is included with the Housing Opportunities Commission of Montgomery County, Maryland (the "Commission") as part of the agency funds, and was entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

### 3) Restricted Cash

Pursuant the regulatory agreement with the Maryland Department of Housing and Community Development (DHCD), the Property is required to maintain a reserve for replacements and make monthly deposits of \$611 into the reserve. The memorandum of understanding between HOC and MCCH requires surplus cash at the end of each year to be distributed 50% to MCCH and 50% to be deposited into the reserve for replacements. Details of the reserve for replacement account during the years ended June 30 were as follows:.

|                            | <u>2020</u>       | <u>2019</u>       |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 275,065        | \$ 250,349        |
| Monthly deposits           | 7,943             | 6,721             |
| Surplus cash deposit       | <u>6,412</u>      | <u>17,995</u>     |
| Balance, end of year       | <u>\$ 289,420</u> | <u>\$ 275,065</u> |

### 4) Property and Equipment

Property and equipment detail for the years ended June 30 was as follows:

|                                | <u>2020</u>         | <u>2019</u>         |
|--------------------------------|---------------------|---------------------|
| Building and renovations       | 2,690,153           | 2,690,153           |
| Equipment                      | <u>41,537</u>       | <u>41,537</u>       |
| Total property and equipment   | 2,731,690           | 2,731,690           |
| Less: accumulated depreciation | <u>871,184</u>      | <u>803,287</u>      |
| Property and equipment, net    | <u>\$ 1,860,506</u> | <u>\$ 1,928,403</u> |

*See independent accountant's compilation report.*

## 527 Dale Drive Apartments

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2020 and 2019

---

### 5) Long-Term Debt

#### ***Mortgages Payable – Montgomery County***

On May 8, 2006, HOC entered into a mortgage note payable to Montgomery County, Maryland in the original amount of \$1,000,000. The mortgage was funded through the HOME Program. There were no financing fees incurred related to this mortgage. The mortgage is secured by a first deed of trust, security agreement, and assignment of rents on the Property. No payments were due until the eleventh (11<sup>th</sup>) anniversary of the note, May 8, 2017 at which point annual payments of the lesser of fifty percent (50%) of Net Cash Flow, as defined in the note, or the amount which when applied to reduction of principal shall amortize the entire principal debt over a twenty (20) year term, are due. The mortgage matures on July 1, 2036. The outstanding principal balance as of June 30, 2020 and 2019 is \$1,000,000.

On May 8, 2006, HOC entered into a mortgage note payable to Montgomery County, Maryland in the original amount of \$1,580,000. The mortgage was funded through the Housing Initiative Fund (HIF) Program. There were no financing fees incurred related to this mortgage. The mortgage was originally secured by a second deed of trust, security agreement, and assignment of rents on the Property. On June 30, 2009, the mortgage note was amended, reducing the principal balance to \$738,012 and subordinating the deed of trust to the loan documents securing the DHCD PRHP loan. No payments were due until June 30, 2017, at which point annual payments of the lesser of fifty percent (50%) of Net Cash Flow, as defined in the note, or the amount which when applied to reduction of principal shall amortize the entire principal debt over the loan's remaining term, are due. The mortgage matures on July 1, 2036. The outstanding principal balance as of June 30, 2020 and 2019 is \$738,012.

The Property intends to apply its 50% of Surplus Cash to the mortgages after DHCD approves the release of Surplus Cash. Montgomery County has granted deferment of repayment and compliance monitoring fees from March 5, 2020 through December 31, 2020. The Property began discussions with Montgomery County regarding repayment terms during the year ended June 30, 2020 and plans to continue those discussions in the future.

#### ***Mortgage Payable – Maryland DHCD***

The Property is obligated to repay a mortgage payable to DHCD in the original amount of \$600,000. The mortgage was funded through the Partnership and Rental Housing Program (PRHP). Financing fees related to the mortgage were \$32,615 and are being amortized to interest expense on a straight-line basis, the results of which are not materially different from that of the effective interest method over the term of the loans. The mortgage was originally secured by a third deed of trust on the Property. On June 30, 2009, the Montgomery County HIF mortgage note was amended, subordinating its deed of trust to the DHCD PRHP loan documents. The mortgage is non-interest bearing and becomes due and payable on the occurrence of sale or refinancing of the property, the project no longer being used by low-income individuals or in an event of default, as defined in the deed of trust. The outstanding principal balance as of June 30, 2020 and 2019 is \$600,000. Unamortized financing fees for the years ended June 30, 2020 and 2019 were \$20,989 and \$22,043, respectively. Interest expense incurred during each of the years ended June 30, 2020 and 2019 was \$1,054, including amortized financing fees of \$1,054 each year. Estimated financing fees being amortized to interest expense for each of the next five years are \$1,054.

*See independent accountant's compilation report.*

# 527 Dale Drive Apartments

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2020 and 2019

---

## 5) Long-Term Debt (Continued)

### *PPP Advance Payable*

During the year ended June 30, 2020, Residential One LLC (Residential One), the management company, received a Payroll Protection Program (PPP) loan from the Small Business Administration (SBA). Residential One subsequently advanced a portion of the proceeds from their PPP loan to the Property to pay two months of salaries and benefits for personnel employed by the management company, but working for the Property. There were no financing fees incurred related to this advance. The advance is non-interest bearing and due on demand. Upon the SBA's forgiveness of the PPP loan, Residential One will forgive the advance to the Property. As of June 30, 2020, the principal balance was \$882 and is included in accounts payable and accrued expenses on the accompanying statement of financial position.

## 6) Related Party Transactions

### *Asset Management Fee*

The Property was charged an asset management fee of \$10,710 and \$11,310, respectively, for the years ended June 30, 2020 and 2019, by HOC.

### *Interfund Payable*

The Property has numerous transactions with HOC to finance operations and provide services. To the extent that funds to finance certain transactions of the Property have not been paid or collected as of year-end, interfund receivables and payables are recorded. The balance of the interfund payable as of June 30, 2020 and 2019 was \$52,193 and \$32,350, respectively.

## 7) Real Estate Taxes

The Property has entered into a Payment In Lieu Of Taxes (PILOT) agreement whereby Montgomery County real estate tax and special area taxes are abated.

## 8) Property Management Fee

HOC's original management agreement with Residential One, LLC expired and was renewed on April 1, 2017 for two additional years with an annual flat fee of \$4,440 per year or \$370 per month. The management agreement was extended again on April 1, 2019 for two additional years at a rate of \$37 per unit per month through June 30, 2020 and \$43 per unit per month from July 1, 2020 through the remaining term of the agreement. In the event the Property scores below 80 on a REAC inspection during the term of the agreement, or if operating or capital expenses exceed budget by more than ten percent (10%) due to costs incurred to prepare for a REAC inspection, the fee shall be reduced by two percent (2%). During the years ended June 30, 2020 and 2019, management fees of \$4,636 and \$4,462, respectively, were incurred.

*See independent accountant's compilation report.*

# 527 Dale Drive Apartments

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2020 and 2019

---

## 9) MCCH Expense

As discussed in Note 4, a memorandum of understanding between HOC and MCCH requires 50% of surplus cash, as defined, to be paid to MCCH. In January 2020, \$6,412 was paid to MCCH, which represented the amount due for 2019. In January 2019, \$17,995 was distributed to MCCH which represented amounts due for 2018 and 2017.

## 10) Business Risk Factor

The Property could potentially be affected by natural disasters, public health crisis, such as pandemics and epidemics, or other events outside of their control, which could cause their business and operating results to suffer.

## 11) Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through the independent accountant's report date, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

*See independent accountant's compilation report.*

## 527 Dale Drive Apartments

Detail of Selected Statements of Financial Position Accounts  
As of June 30, 2020 and 2019

---

|  | <u>2020</u>     | <u>2019</u>     |
|--|-----------------|-----------------|
| <b>Accounts payable and accrued expenses</b> |                 |                 |
| Accounts payable                             | \$ 1,186        | \$ 82           |
| Accrued salaries                             | 219             | 73              |
| Accrued leave                                | 1,080           | 458             |
| Accrued utility payments                     | 3,293           | 315             |
| Accrued other liabilities                    | 85              | 421             |
| PPP advance payable                          | <u>882</u>      | <u>-</u>        |
| Total accounts payable and accrued expenses  | <u>\$ 6,745</u> | <u>\$ 1,349</u> |

*See independent accountant's compilation report.*



## 527 Dale Drive Apartments

Detailed Statements of Activities  
For the Years Ended June 30, 2020 and 2019

---

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Dwelling rental income</b>             |                   |                   |
| Rent                                      | \$ 103,680        | \$ 103,680        |
| Laundry income                            | 400               | 293               |
| Total dwelling rental income              | <u>\$ 104,080</u> | <u>\$ 103,973</u> |
| <b>Other income</b>                       |                   |                   |
| Rental license                            | \$ 470            | \$ 440            |
| Total other income                        | <u>\$ 470</u>     | <u>\$ 440</u>     |
| <b>Administrative expenses</b>            |                   |                   |
| Advertising and marketing                 | \$ 382            | \$ 450            |
| Contract management fees                  | 4,636             | 4,462             |
| Miscellaneous                             | 38                | 188               |
| Salaries                                  | 4,526             | 4,642             |
| Office supplies and expense               | 1,975             | 1,966             |
| Professional fees                         | 4,175             | 2,759             |
| Licenses                                  | 470               | -                 |
| Telephone                                 | 1,467             | 1,592             |
| Total administrative expenses             | <u>\$ 17,669</u>  | <u>\$ 16,059</u>  |
| <b>Operating and maintenance expenses</b> |                   |                   |
| Contracts                                 | \$ 7,169          | \$ 1,900          |
| Exterminating                             | 263               | 295               |
| Grounds maintenance                       | 4,204             | 3,720             |
| HVAC repairs and maintenance              | 2,399             | 1,201             |
| Janitorial                                | 8,100             | 8,162             |
| Salaries                                  | 10,656            | 8,673             |
| Snow removal                              | 1,170             | 5,895             |
| Supplies and repairs                      | 5,938             | 3,499             |
| Total operating and maintenance expenses  | <u>\$ 39,899</u>  | <u>\$ 33,345</u>  |

*See independent accountant's compilation report.*

## 527 Dale Drive Apartments

Detailed Statements of Activities (Continued)  
For the Years Ended June 30, 2020 and 2019

---

|                           | <u>2020</u>      | <u>2019</u>      |
|---------------------------|------------------|------------------|
| <b>Utilities expense</b>  |                  |                  |
| Electricity               | \$ 15,080        | \$ 14,075        |
| Gas                       | 2,166            | 1,602            |
| Trash removal             | 1,971            | 2,229            |
| Water                     | 6,580            | 2,374            |
|                           | <u>6,580</u>     | <u>2,374</u>     |
| Total utilities expense   | <u>\$ 25,797</u> | <u>\$ 20,280</u> |
| <b>Fringe benefits</b>    |                  |                  |
| Accrued leave             | \$ 622           | \$ (381)         |
| Contract managed benefits | 687              | 413              |
| FICA                      | 640              | 596              |
| Health insurance          | 2,363            | 2,507            |
| Other fringe benefits     | -                | 65               |
| Retirement benefits       | 781              | 1,759            |
| Unemployment              | 35               | 34               |
| Workers compensation      | 330              | 467              |
|                           | <u>330</u>       | <u>467</u>       |
| Total fringe benefits     | <u>\$ 5,458</u>  | <u>\$ 5,460</u>  |
| <b>Other expenses</b>     |                  |                  |
| Asset management fees     | \$ 10,710        | \$ 11,310        |
| Insurance                 | 2,593            | 1,099            |
| MCCH Expense              | 6,412            | 17,995           |
| Security contracts        | 1,174            | 2,079            |
| Taxes                     | 203              | 201              |
|                           | <u>203</u>       | <u>201</u>       |
| Total other expenses      | <u>\$ 21,092</u> | <u>\$ 32,684</u> |

*See independent accountant's compilation report.*

## 527 Dale Drive Apartments

### Schedule of Surplus Cash

For the Year Ended June 30, 2020

| Acct#     | Description                                   | Amount   | Apply as   | +/- Adjust          | Total        |
|-----------|---|----------|------------|---------------------|--------------|
| S1200-010 | Rental Receipts                               | 104,080  | Cash       | -                   | 104,080      |
| S1200-020 | Interest Receipts                             | -        | N/A        | -                   | -            |
| S1200-030 | Other Operating Receipts                      | 470      | Cash       | -                   | 470          |
| S1200-050 | Administrative Expenses Paid                  | (8,976)  | Obligation | -                   | (8,976)      |
| S1200-070 | Management Fees Paid                          | (15,346) | Obligation | -                   | (15,346)     |
| S1200-090 | Utilities Paid                                | (20,848) | Obligation | -                   | (20,848)     |
| S1200-100 | Salaries & Wages Paid                         | (13,495) | Obligation | -                   | (13,495)     |
| S1200-110 | Operating and Maintenance Paid                | (30,014) | Obligation | -                   | (30,014)     |
| S1200-120 | Real Estate Taxes Paid                        | -        | Obligation | -                   | -            |
| S1200-140 | Property Insurance Paid                       | (2,593)  | Obligation | -                   | (2,593)      |
| S1200-150 | Miscellaneous Taxes & Insurance Paid          | (203)    | N/A        | -                   | (203)        |
| S1200-160 | Net Tenant Security Deposits Received (Paid)  | -        | N/A        | -                   | -            |
| X1200-170 | Other Operating Expenses Paid                 | (6,021)  | Obligation | -                   | (6,021)      |
| S1200-180 | Interest Paid on First Mortgage               | -        | N/A        | -                   | -            |
| X1200-190 | Interest Paid on Other Mortgages              | -        | N/A        | -                   | -            |
| S1200-220 | Miscellaneous Financial Expenses Paid         | -        | Obligation | -                   | -            |
| X1200-200 | Entity/Construction Expenses Paid             | -        | N/A        | -                   | -            |
| S1200-245 | Net Deposits to Mortgage Escrows              | -        | N/A        | -                   | -            |
| S1200-250 | Net Deposits to Reserve for Replacements      | (7,943)  | N/A        | -                   | (7,943)      |
| S1200-230 |   | -        |            |                     | -            |
| S1200-255 | Net Deposits to Other Reserves                | -        | N/A        | -                   | -            |
| S1200-260 | Net Deposits to the Residual Receipts Account | -        | N/A        | -                   | -            |
| S1200-330 | Net Purchase of Fixed Assets                  | -        | N/A        | -                   | -            |
| S1200-335 | Other Investing Activities                    | -        | N/A        | -                   | -            |
| S1200-360 | Mortgage Principal Payments - First Mortgage  | -        | N/A        | -                   | -            |
| S1200-361 | Mortgage Principal Payments - Second Mortgage | -        | N/A        | -                   | -            |
| S100-362  | Mortgage Principal Payments - Third Mortgage  | -        | N/A        | -                   | -            |
| X1200-363 | Mortgage Principal Payments - Other Mortgages | -        | N/A        | -                   | -            |
| S1200-380 | Payment of Development Fee                    | -        | N/A        | -                   | -            |
| X1200-390 | Net Change in Due from Partners               | -        | N/A        | -                   | -            |
| S1200-420 | Distributions                                 |          |            |                     |              |
| S1200-450 | Other Financing Activities                    | -        | Obligation |                     |              |
|           |   |          |            |                     |              |
|           |   |          |            | <b>Grand Total:</b> | <b>(889)</b> |

See independent accountant's compilation report.