

**The Manor at Cloppers Mill, LLC**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2020 and 2019**

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# The Manor at Cloppers Mill, LLC

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## Independent Auditor's Report

To the Member  
The Manor at Cloppers Mill, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of The Manor at Cloppers Mill, LLC, which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of operations, member's equity (deficit) and cash flows for the year ended June 30, 2020 and the period from September 19, 2018 (date of inception) to June 30, 2019, 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.

#### *Auditor's 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 audits 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 The Manor at Cloppers Mill, LLC as of June 30, 2020 and 2019, and the result of its operations and its cash flow for the year ended June 30, 2020 and the period from September 19, 2018 (date of inception) through June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 16 to 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CohnReznick LLP*

Baltimore, Maryland  
December 1, 2020

## The Manor at Cloppers Mill, LLC

### Balance Sheets June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 468,697	\$ 347,044
Due from affiliate	-	5,315
Accounts receivable and other assets, net of allowance	6,344	10,608
	<u>475,041</u>	<u>362,967</u>
Total current assets		
Restricted cash and cash equivalents		
Customer deposits - funded security deposits	33,241	30,788
Restricted cash and cash equivalents	586,460	595,480
	<u>619,701</u>	<u>626,268</u>
Total restricted cash and cash equivalents		
Non-current assets		
Rental property, net of accumulated depreciation	<u>17,033,287</u>	<u>17,407,151</u>
	<u>17,033,287</u>	<u>17,407,151</u>
Total non-current assets		
Total assets	<u>\$ 18,128,029</u>	<u>\$ 18,396,386</u>

**The Manor at Cloppers Mill, LLC**

**Balance Sheets  
June 30, 2020 and 2019**

Liabilities and Member's Equity (Deficit)

	2020	2019
Current liabilities		
Accounts payable and accrued liabilities	\$ 38,487	\$ 41,893
Mortgage payable - current	218,233	192,132
Mortgage payable to Montgomery County, Maryland - current, net of unamortized debt issuance costs of \$12,242 and \$0	7,333,290	-
Accrued interest payable - first mortgage payable	36,611	37,000
Accrued interest payable - mortgage payable to Montgomery County, Maryland	428,219	4,379
Total current liabilities	8,054,840	275,404
Current liabilities payable from restricted cash and cash equivalents		
Customer deposit payable - tenant security deposits	31,692	29,738
Non-current liabilities		
First mortgage payable, net of unamortized debt issuance costs of \$1,813 and \$7,253	10,359,418	10,574,627
Mortgage payable to Montgomery County, Maryland, net of unamortized debt issuance costs of \$0 and \$48,970	-	7,296,562
Due to affiliate	598,958	487,674
Accrued interest payable - mortgage payable to Montgomery County, Maryland	-	167,017
Total non-current liabilities	10,958,376	18,525,880
Total liabilities	19,044,908	18,831,022
Member's equity (deficit)	(916,879)	(434,636)
Total liabilities and member's equity (deficit)	\$ 18,128,029	\$ 18,396,386

See Notes to Financial Statements.

**The Manor at Cloppers Mill, LLC**

**Statements of Operations**  
**Year Ended June 30, 2020 and Period from September 19, 2018**  
**(Date of Inception) through June 30, 2019**

	2020	2019
Operating revenue		
Dwelling rental	\$ 1,435,426	\$ 939,106
Other income	16,299	8,019
Total operating revenue	1,451,725	947,125
Operating expenses		
Administration	206,095	127,971
Maintenance	223,046	115,405
Bad debt	8,021	424
Depreciation and amortization	379,499	492,194
Utilities	79,292	53,349
Fringe benefits	43,478	27,275
Interest expense	736,586	499,508
Other	161,997	69,311
Total operating expenses	1,838,014	1,385,437
Operating loss	(386,289)	(438,312)
Nonoperating revenues		
Investment income	2,956	3,676
Net loss	\$ (383,333)	\$ (434,636)

See Notes to Financial Statements.

**The Manor at Cloppers Mill, LLC**

**Statements of Member's Equity (Deficit)  
Year Ended June 30, 2020 and Period from September 19, 2018  
(Date of Inception) through June 30, 2019**

Balance, September 19, 2018	\$ -
Net loss	<u>(434,636)</u>
Balance, June 30, 2019	(434,636)
Distributions	(98,910)
Net loss	<u>(383,333)</u>
Balance, June 30, 2020	<u><u>\$ (916,879)</u></u>

See Notes to Financial Statements.



**The Manor at Cloppers Mill, LLC**

**Statements of Cash Flows**  
**Year Ended June 30, 2020 and Period from September 19, 2018**  
**(Date of Inception) through June 30, 2019**

	2020	2019
Cash flows from operating activities		
Net loss	\$ (383,333)	\$ (434,636)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	379,499	492,194
Amortization of debt issuance costs	42,168	28,112
Decrease (increase) in assets		
Accounts receivable and other assets	4,264	(10,608)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(3,406)	41,893
Accrued interest payable	256,434	208,396
Customer deposits payable	1,954	29,738
	297,580	355,089
Net cash provided by operating activities		
Cash flows from investing activities		
Decrease (increase) in due from affiliate	5,315	(5,315)
Purchase of rental property and acquired in-place leases	(5,635)	(17,899,345)
	(320)	(17,904,660)
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Payments on mortgages payable	(194,548)	(105,988)
Proceeds from mortgages payable	-	18,225,532
Payment of debt issuance costs	-	(84,335)
Increase in due to affiliates	111,284	487,674
Distribution to Members	(98,910)	-
	(182,174)	18,522,883
Net cash (used in) provided by financing activities		
Net increase in cash, cash equivalents, and restricted cash	115,086	973,312
Cash, cash equivalents, and restricted cash, beginning	973,312	-
Cash, cash equivalents, and restricted cash, ending	\$ 1,088,398	\$ 973,312
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 437,984	\$ 263,000

See Notes to Financial Statements.

## The Manor at Cloppers Mill, LLC

### Notes to Financial Statements June 30, 2020 and 2019

#### Note 1 - Organization

The Manor at Cloppers Mill, LLC (the "Company") was formed on September 19, 2018 under the laws of the State of Maryland for the purpose of acquiring and operating a housing property. The Company is wholly-owned by The Housing Opportunities Commission of Montgomery County, Maryland (the "Commission"). On November 1, 2018, the Company acquired a project consisting of 102 units located in Germantown, Maryland. The project is currently operating under the name of Manor at Cloppers Mill (the "Project").

Cash distributions are limited by agreements between the Company and Montgomery County, Maryland to the extent of net cash flow as defined by Montgomery County, Maryland.

The Manor at Cloppers Mill, LLC has executed an Extended Low-income Housing Agreement Covenant which requires the utilization of the Project pursuant to Internal Revenue Code Section 42 for a minimum of 30 years, even if the Company disposes of the Project.

#### Note 2 - Summary of significant accounting policies

##### Use of 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.

##### Accounts receivable and bad debts

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2020 and 2019, the allowance was \$0 and \$150, respectively.

##### Rental property

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method for financial reporting purposes. For income tax purposes, accelerated lives and methods are used.

	<u>Method</u>	<u>Estimated useful lives</u>
Buildings	Straight-line	40 years
Site improvements	Straight-line	15 years
Furniture, fixture, and equipment	Straight-line	10 years

##### Impairment of long-lived assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss

## The Manor at Cloppers Mill, LLC

### Notes to Financial Statements June 30, 2020 and 2019

was recognized during the year ended June 30, 2020 and the period from September 19, 2018 (date of inception) through June 30, 2019.

#### **Debt issuance costs**

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related mortgage.

#### **In-place leases**

Management determined the acquired value of in-place leases at acquisition of the Project was \$239,446. The value of the in-place leases is recovered over the terms of the respective lease acquired on a straight-line basis. During the period from September 19, 2018 (date of inception) through June 30, 2019, the values of the in-place leases were fully amortized and included in amortization expense.

#### **Income taxes**

The Company is considered a disregarded entity by the Internal Revenue Service ("IRS") and, therefore, has no individual tax filing requirement. All activity is consolidated with and reported by the Commission, its sole member.

#### **Rental income**

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and tenants of the property are operating leases.

#### **Advertising costs**

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

#### **Cash and cash equivalents**

Short-term liquid investments with original maturities of less than three months are considered to be cash equivalents. As of June 30, 2020 and 2019, there were no cash equivalents.

#### **Change in accounting principles**

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18"), to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended June 30, 2020. Consequently, ending cash and restricted cash as of June 30, 2019 was increased from \$347,044 to \$973,312.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). Effective July 2019, the Company adopted ASU 2014-09 on a retrospective basis. The modifications under ASU 2014-09 were applied to all of the Company's contracts with customers. No practical expedients were applied. The majority of the Company's revenue is derived from leases with tenants of the Project generally for terms of one year or less, which are accounted for in accordance with *Leases (Topic 840)*. Therefore, adoption of ASU 2014-09 had no impact on

## The Manor at Cloppers Mill, LLC

### Notes to Financial Statements June 30, 2020 and 2019

the recognition of rental revenue of the Project during the periods presented or on the opening balances of member's equity (deficit) as of July 1, 2019.

#### Note 3 - Financial dependency

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern. The Company has mortgages maturing within one year following the issuance of these financial statements. The acquisition of the Project was financed through a loan from PNC Bank, N.A. in the amount of \$10,880,000 which matures on November 1, 2020, and a HIF loan from Montgomery County in the amount of \$7,345,532 which matures on December 15, 2020. Currently, the Company is working with Montgomery County on extending the terms of the HIF loan to provide time for the Company to pursue a LIHTC resyndication of the Project. On November 1, 2020, PNC Bank, N.A. agreed to extend the loan through November 1, 2021 and reduced the interest rate to 2.50% per annum. If the Company is not able to extend the HIF loan at the time of maturity, the Commission has committed to funding the repayment of the mortgage as necessary.

#### Note 4 - Restricted cash and cash equivalents

##### Replacement reserve

In accordance with the Company's loan agreements, the Company shall fund and thereafter maintain, a replacement reserve account with an aggregate balance of not less than \$150,000 for the purpose of paying the cost of any major repair and replacement of the Company due to a casualty or condemnation or as otherwise permitted in writing by PNC Bank, N.A. ("PNC"). If the amount in the account is less than \$150,000, the Company shall deposit funds from available cash to restore to an amount equal to \$150,000. As of June 30, 2020 and 2019, the balance in the reserve was \$146,340 and \$157,558, respectively.

##### Other reserves

In accordance with the Company's loan agreements, the Company shall fund a debt service reserve in the amount of \$435,200. Withdrawals from the account may be made by PNC in instances where the Company has failed to pay the debt service. As of June 30, 2020 and 2019, the balance in the reserve was \$440,120 and \$437,922, respectively.

#### Note 5 - Statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows:

	2020	2019
Cash and cash equivalents	\$ 468,697	\$ 347,044
Customer deposits - funded security deposits	33,241	30,788
Replacement reserve	146,340	157,558
Debt service reserve	440,120	437,922
Total cash, cash equivalents, and restricted cash shown in statements of cash flows	<u>\$ 1,088,398</u>	<u>\$ 973,312</u>

## The Manor at Cloppers Mill, LLC

### Notes to Financial Statements June 30, 2020 and 2019

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property, the replacement reserve used for paying the cost of any major repair and replacement to the property, and debt service reserve used in instances where the Company has failed to pay the debt reserve as required by the operating agreement.

#### Note 6 - Rental property

Property held by the Company as of June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,370,000	\$ 3,370,000
Buildings	13,764,899	13,764,899
Site improvements	525,000	525,000
Furniture, fixture, and equipment	5,635	-
Accumulated depreciation	<u>(632,247)</u>	<u>(252,748)</u>
	<u>\$ 17,033,287</u>	<u>\$ 17,407,151</u>

#### Note 7 - First mortgage payable

The Company obtained a mortgage from PNC in the amount of \$10,880,000 on November 1, 2018. The loan bore interest at 4.12% and was to mature on November 1, 2020. On November 1, 2020, the maturity date was extended through November 1, 2021 and the interest rate was reduced to 2.50% per annum. Payments of principal and interest are due monthly in the amount of \$52,711 through November 1, 2020. Beginning December 1, 2020, payments of principal and interest are due monthly in the amount of \$43,540.67. The Project serves as collateral for the loan. As of June 30, 2020 and 2019, the outstanding principal and accrued interest was \$10,579,464 and \$36,611, and \$10,774,012 and \$37,000, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$1,813 and \$7,253 as of June 30, 2020 and 2019, respectively, and are related to the above mortgage payable. Debt issuance costs on the above mortgage are being amortized using an imputed rate of 4.25%. For the year ended June 30, 2020 and the period from September 19, 2018 (date of inception) through June 30, 2019, amortization expense related to debt issuance costs was \$5,440 and \$3,627, respectively, and is included in interest expense in the statements of operations.

Aggregate maturities of the mortgage payable for the year following June 30, 2020 are as follows:

FY2021	\$ 218,233
FY2022	<u>10,361,231</u>
	<u>\$ 10,579,464</u>

#### Note 8 - Mortgage payable to Montgomery County, Maryland

The Company obtained a mortgage from Montgomery County, Maryland in the amount of \$7,345,532. The note is collateralized by the Project. Beginning November 1, 2018, the note bears interest at a rate of 3.5% per annum and annual payments of interest are due through maturity, in an amount equal to the lesser of 50% of debt service cash flow as defined in the loan note. The

## The Manor at Cloppers Mill, LLC

### Notes to Financial Statements June 30, 2020 and 2019

loan matures on December 15, 2020. As of June 30, 2020 and 2019, the outstanding principal balance and accrued interest was \$7,345,532 and \$428,219, and \$7,345,532 and \$171,396, respectively. As of June 30, 2020, a debt service payment of \$52,662 is due from available for cash flow. See Note 3 for the Company's plan for repayment.

Debt issuance costs, net of accumulated amortization, totaled \$12,242 and \$48,970 as of June 30, 2020 and 2019, respectively, and are related to the above mortgage payable. Debt issuance costs on the above mortgage are being amortized using an imputed rate of 3.5%. For the year ended June 30, 2020 and the period from September 19, 2018 (date of inception) through June 30, 2019, amortization expense related to debt issuance costs was \$36,728 and \$24,485, respectively, and is included in interest expense in the statements of operations.

Aggregate maturities of the mortgage payable for the year following June 30, 2020 are as follows:

FY2021	<u>\$ 7,345,532</u>
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#### Note 9 - Related party transactions

##### Advances to affiliate

The Company made advances to affiliates which do not bear interest and are due on demand. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. As of June 30, 2020 and 2019, \$0 and \$5,315, respectively, was due to the Company.

##### Advances from affiliate

The Company was advanced funds from an affiliate. The funds do not bear interest and are due on demand. As of June 30, 2020 and 2019, \$598,958 and \$487,674, respectively, remains payable.

##### Asset management fee

In accordance with agreements, the Company shall pay an annual asset management fee to the Commission equal to the proportionate share of the asset management agent's indirect overhead expense attributable to the Project for the preceding year as determined annually as part of the asset management agent's annual budget. For the year ended June 30, 2020 and for the period from September 19, 2018 (date of inception) through June 30, 2019, asset management fees of \$109,200 and \$54,910, respectively, were incurred and paid and are included in other expenses on the statement of operations.

#### Note 10 - Property management fee

The Company has an agreement with Habitat America LLC, an unrelated party, to provide property management services, for a period of one year, renewed on a month-to-month basis thereafter. The agreement provided for a fee of 4% of gross revenues per month. Management fees charged to operations under this agreement for the year ended June 30, 2020 and for the period from September 19, 2018 (date of inception) through June 30, 2019 was \$57,058 and \$37,899, respectively, of which \$4,606 and \$4,660, respectively, remains payable and is included in accounts payable and other accrued liabilities on the balance sheets.

## **The Manor at Cloppers Mill, LLC**

### **Notes to Financial Statements June 30, 2020 and 2019**

#### **Note 11 - Concentration of credit risk**

The Company, at times, will have cash in banking institutions in excess of the \$250,000 insured by the Federal Deposit Insurance Company ("FDIC"). Cash balances in excess of the FDIC insured amounts are collateralized with the Federal Reserve Bank and, therefore, are not at risk.

#### **Note 12 - Risks and uncertainties**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Company's financial position, results of operations, and cash flows. The Company is not able to reliably estimate the length or severity of this outbreak and therefore the related financial impact.

#### **Note 13 - Subsequent events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through December 1, 2020 (the date the financial statements were available to be issued) and concluded that, other than as disclosed in Note 7, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## **Supplementary Information**



## The Manor at Cloppers Mill, LLC

### Selected Line Item Detail Year Ended June 30, 2020 and Period from September 18, 2018 (Date of Inception) through June 30, 2019

	2020	2019
Administration		
Advertising	\$ 12,978	\$ 3,267
Contract activity salary	275	331
Contract administration salary	88,975	57,191
Contract bonus/commission	975	375
Contract management fee	57,058	37,899
Postage	294	304
Printing/reproduction	655	475
Office supplies	2,023	1,158
Office equipment rental	15,704	10,981
Credit check services	668	545
Telephone	7,293	3,637
Travel and training	672	789
Software	5,845	2,535
License fees	5,410	25
Bank fees	369	439
Monitoring	-	2,835
Miscellaneous program supplies	4,760	3,699
Security deposit interest	328	325
Cable charges	685	408
Internet	1,128	753
	\$ 206,095	\$ 127,971
Total administration expenses		
Maintenance		
Contract maintenance salary	\$ 51,601	\$ 29,417
Electrical supplies	2,725	820
Electrical contracts	4,534	4,694
Appliance supplies	869	216
Appliance contracts	3,131	296
Plumbing supplies	4,840	1,710
Plumbing contracts	9,200	908
Cleaning and janitorial supplies	1,517	775
Cleaning and janitorial contracts	23,017	11,575
Grounds and landscaping supplies	294	48
Grounds and landscaping contracts	11,741	9,717
Health and safety supplies	2,398	1,177
Health and safety contracts	458	6,902
HVAC supplies	2,524	2,341
HVAC contracts	9,707	6,448
Locks and keys	1,208	353
Windows and glass supplies	1,247	1,334
Paint and wall coverings supplies	1,516	415
Paint and wall coverings contracts	12,395	4,600
Flooring and carpeting contracts	31,315	8,369
Asphalt and concrete contracts	3,500	-
Roofing and gutter contracts	990	-
Elevator contracts	9,134	1,755
Exterminating contracts	1,587	882
Snow removal contracts	330	4,174
Miscellaneous equipment	-	729
Miscellaneous contracts	29,668	15,141
Miscellaneous supplies	1,600	609
	\$ 223,046	\$ 115,405
Total maintenance expenses		

## The Manor at Cloppers Mill, LLC

### Selected Line Item Detail Year Ended June 30, 2020 and Period from September 18, 2018 (Date of Inception) through June 30, 2019

	2020	2019
Utilities		
Water	\$ 37,432	\$ 22,500
Electric	35,067	26,939
Trash collection	6,793	3,910
Total utilities expenses	\$ 79,292	\$ 53,349
Fringe benefits		
Contract managed benefits	\$ 43,080	\$ 26,790
Contract other training	398	485
Total fringe benefits	\$ 43,478	\$ 27,275
Other		
Real estate taxes	\$ 8,695	\$ 3,329
Other taxes	4,333	5,731
Other insurance	25,397	4,320
Security contracts	-	1,021
Coronavirus expense	4,180	-
Professional services	10,192	-
Asset management fee	109,200	54,910
Total other expenses	\$ 161,997	\$ 69,311

See Independent Auditor's Report.

## The Manor at Cloppers Mill, LLC

### Cash Flow and Distribution June 30, 2020

Operating revenue	\$ 1,451,725
Additions (deductions)	
Change in accounts receivable and other assets	<u>4,264</u>
	<u>1,455,989</u>
Operating expenses	(1,838,014)
(Additions) deductions	
Change in accounts payable and accrued liabilities	3,406
Depreciation	379,499
Amortization of debt issuance costs	42,168
Interest expense - HIF loan	256,823
Scheduled debt service	<u>(194,548)</u>
	<u>(1,350,666)</u>
Cash flow	<u>\$ 105,323</u>
50% of cash flow or amortizing principal and interest payment amount to the County Loan	<u>\$ 52,662</u> *
To replenish the replacement reserve to the required balance of \$150,000	<u>\$ 3,660</u>
Excess cash flow available to pay the sole member	<u>\$ 49,001</u>

\*Cash flow payment of \$107,262 would be due during fiscal year 2021. The remaining accrued interest and outstanding principal of \$7,666,489 is due on December 15, 2020, the loans maturity

See Independent Auditor's Report.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**