

**Wheaton Metro Development Corporation**

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

**June 30, 2020 and 2019**

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# Wheaton Metro Development Corporation

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## Independent Auditor's Report

To Management  
Wheaton Metro Development Corporation

### Report on the Financial Statements

We have audited the accompanying financial statements of Wheaton Metro Development Corporation, which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of operations, changes in net assets and cash flows for the years then ended, 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 Wheaton Metro Development Corporation as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended 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 June 30, 2020 and 2019 accompanying supplementary information on pages 18 to 20 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 audits 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  
November 17, 2020

## Wheaton Metro Development Corporation

### Balance Sheets June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 122,984	\$ 115,164
Advance to affiliate	1,623,080	1,668,971
Accounts receivable and other assets, net of allowance	<u>33,458</u>	<u>14,307</u>
Total current assets	<u>1,779,522</u>	<u>1,798,442</u>
Restricted cash and cash equivalents available for current liabilities		
Customer deposits	71,047	72,712
Restricted cash and cash equivalents	<u>486,337</u>	<u>490,990</u>
Total restricted cash and cash equivalents for current liabilities	<u>557,384</u>	<u>563,702</u>
Noncurrent assets		
Rental property, net of accumulated depreciation	25,964,880	26,698,742
Deferred charges, net of accumulated amortization	5,241	8,556
Prepaid expenses	<u>172,393</u>	<u>178,364</u>
Total noncurrent assets	<u>26,142,514</u>	<u>26,885,662</u>
Total assets	<u>\$ 28,479,420</u>	<u>\$ 29,247,806</u>

**Wheaton Metro Development Corporation**

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

Liabilities and Net Assets

	2020	2019
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,711	\$ 77,085
Mortgage payable - current	509,176	486,812
Accrued interest payable	108,501	110,326
Total current liabilities	674,388	674,223
Current liabilities payable from restricted cash and cash equivalents		
Customer deposit payable	68,895	71,124
Noncurrent liabilities		
Mortgage payable, net of unamortized debt issuance costs of \$605,060 and \$626,290, respectively, and net of current maturities	27,819,298	28,307,244
Loan payable to Montgomery County, MD	2,984,721	2,984,721
Loans payable to Housing Opportunities Commission of Montgomery County, MD	1,379,283	1,379,283
Developer fee payable	3,273,051	3,273,051
Accrued interest payable	815,913	720,441
Total noncurrent liabilities	36,272,266	36,664,740
Total liabilities	37,015,549	37,410,087
Total net assets	(8,536,129)	(8,162,281)
Total liabilities and net assets	\$ 28,479,420	\$ 29,247,806

See Notes to Financial Statements.

## Wheaton Metro Development Corporation

### Statements of Operations Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue		
Dwelling rental	\$ 2,475,177	\$ 2,442,970
Commercial rental	114,250	124,425
Other income	<u>13,438</u>	<u>16,598</u>
Total operating revenue	<u>2,602,865</u>	<u>2,583,993</u>
Operating expenses		
Administration	317,762	299,585
Maintenance	325,367	311,220
Bad debt	14,534	1,202
Depreciation and amortization	939,184	937,124
Utilities	64,042	67,326
Fringe benefits	56,437	58,931
Interest expense	1,431,918	1,453,380
Other	<u>228,398</u>	<u>230,370</u>
Total operating expenses	<u>3,377,642</u>	<u>3,359,138</u>
Operating loss	<u>(774,777)</u>	<u>(775,145)</u>
Net loss	<u>\$ (774,777)</u>	<u>\$ (775,145)</u>

See Notes to Financial Statements.

**Wheaton Metro Development Corporation**

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

Balance, July 1, 2018	\$ (7,784,420)
Contributions	397,284
Net loss	<u>(775,145)</u>
Balance, June 30, 2019	(8,162,281)
Contributions	400,929
Net loss	<u>(774,777)</u>
Balance, June 30, 2020	<u><u>\$ (8,536,129)</u></u>

See Notes to Financial Statements.



**Wheaton Metro Development Corporation**

**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Net loss	\$ (774,777)	\$ (775,145)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	939,184	937,124
Amortization of debt issuance costs	21,230	21,230
(Increase) decrease in assets		
Accounts receivable and other assets	(13,180)	18,135
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(20,374)	13,636
Accrued interest payable	93,647	93,726
Customer deposits payable	(2,229)	5,589
	243,501	314,295
Net cash provided by operating activities		
Cash flows from investing activities		
Decrease in interfund receivable	45,891	523
Purchases of property and equipment	(202,007)	(102,979)
	(156,116)	(102,456)
Net cash used in investing activities		
Cash flows from financing activities		
Payments on mortgage payable	(486,812)	(465,432)
Contributions	400,929	397,284
	(85,883)	(68,148)
Net cash used in financing activities		
Net increase in cash, cash equivalents, and restricted cash	1,502	143,691
Cash, cash equivalents and restricted cash, beginning	678,866	535,175
Cash, cash equivalents and restricted cash ending	\$ 680,368	\$ 678,866
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,317,041	\$ 1,338,424

See Notes to Financial Statements.

# Wheaton Metro Development Corporation

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

### Note 1 - Organization

Wheaton Metro Development Corporation (the "Corporation") was formed as a nonstock corporation under the laws of the state of Maryland on October 1, 2003. The Corporation is a component unit of The Housing Opportunities Commission of Montgomery County, Maryland (the "Commission"). The Corporation was formed for the purpose of operating a housing property consisting of 120 market-rate units, two retail units, and a parking garage located in Wheaton, Maryland (the "Project").

On January 1, 2009, Wheaton Metro Limited Partnership (the "Partnership"), an affiliated entity of the Commission, assigned 120 market-rate units, two retail units and a parking garage, which is part of MetroPointe Apartments, to the Corporation, along with related assets and liability balances as of that date.

### 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 \$1,926 and \$259, 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 and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Furniture and equipment	Straight-line	5 years

#### Impairment of long-lived assets

The Corporation 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 has been recognized during the year ended June 30, 2020.

## Wheaton Metro Development Corporation

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

#### **Deferred charges**

Costs related to obtaining commercial tenants of \$30,640 are being amortized over the life of the leases, which ranged from 9-10 years. Amortization expense for the years ended June 30, 2020 and 2019 was \$3,315 and \$3,315, respectively. Accumulated amortization as of June 30, 2020 and 2019 was \$25,399 and \$22,084, respectively. Estimated amortization expense for each of the ensuing years through June 30, 2021 is \$3,315 and estimated amortization expense for the year ended June 30, 2022 is \$1,926.

#### **Income taxes**

The Corporation is a component unit of The Housing Opportunities Commission of Montgomery County, Maryland (the "Commission") and is therefore exempt from income taxation. Accordingly, the financial statements do not include a provision for income taxes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. Management has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. As of June 30, 2020, returns for the tax years 2017 through 2019 generally remain subject to examination by taxing authorities.

#### **Rental income**

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

Commercial lease income is recognized as earned in accordance with the respective lease terms. GAAP requires commercial lease income to be recognized on a straight-line basis over the terms of the respective leases. Rental income recorded on the straight-line method in excess of the rents billed is recognized as deferred rent asset.

#### **Advertising costs**

The Corporation'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, there were no cash equivalents.

#### **Reclassification**

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

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

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-18 *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18") to

## Wheaton Metro Development Corporation

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

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, cash equivalents 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, cash equivalents and restricted cash as of June 30, 2019 and 2018, was increased from \$115,164 to \$678,866 and \$13,345 to \$535,175, respectively.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 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 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 recognition of rental revenue of the Project during the periods presented or on the opening balances of net assets as of July 1, 2019 and 2018.

#### **Note 3 - Restricted cash and cash equivalents**

##### **Replacement reserve**

In accordance with the Regulatory Agreement with the Commission, disbursements from the reserve for replacement for the purpose of maintenance, improvements, or renovations of the Project cannot be made without prior consent of the Commission. The reserve for replacement is pooled with other properties that are controlled by the Commission and deposited with Montgomery County, Maryland. The Corporation is required to deposit \$2,500 monthly in accordance with the Regulatory Agreement. As of June 30, 2020 and 2019, the balance in the reserve was \$163,252 and \$169,934, respectively.

##### **Renovation reserve**

The Corporation has an additional renovation reserve to be used to fund capital improvements or major repairs. As of June 30, 2020 and 2019, the balance in the reserve was \$246,964 and \$245,939, respectively.

##### **Mortgage escrow**

Under the agreements with the affiliate of the Commission, the Corporation is required to make monthly escrow deposits for mortgage insurance. As of June 30, 2020 and 2019, the escrow was \$76,121 and \$75,117, respectively.

## Wheaton Metro Development Corporation

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

#### Note 4 - 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	\$ 122,984	\$ 115,164
Customer deposits - funded security deposits	71,047	72,712
Replacement reserve	163,252	169,934
Renovation escrow	246,964	245,939
Mortgage escrow	76,121	75,117
 Total cash, cash equivalents and restricted cash shown in statements of cash flows	 \$ 680,368	 \$ 678,866

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, a replacement reserve and renovation reserve for maintenance, improvements and repairs, and a mortgage escrow for monthly deposits for the mortgage insurance, as required by the operating agreement.

#### Note 5 - Rental property

Property held by the Corporation at June 30, 2020 and 2019 consists of the following:

	2020	2019
Land	\$ 1,428,020	\$ 1,428,020
Buildings and improvements	33,852,153	33,650,146
Land improvements	1,292,638	1,292,638
Furniture and equipment	347,737	347,737
Leasehold improvements	68,784	68,784
Accumulated depreciation	(11,024,452)	(10,088,583)
	\$ 25,964,880	\$ 26,698,742

#### Note 6 - Mortgage payable

The Corporation assumed the obligations from the Partnership mortgage obtained for financing the construction of the Project in connection with the issuance, by an affiliate of the Commission, of Housing Development Bonds, 2006 Series A, in an aggregate amount not to exceed \$33,380,000. The loan converted to permanent financing in January 2009, at which time monthly payments of principal and interest in the amount of \$150,064 commenced. The loan bears interest at 4.50% and matures on January 1, 2049. The Project serves as collateral for the loan. As of June 30, 2020 and 2019, the mortgage payable was \$28,933,534 and \$29,420,346, respectively, and accrued interest was \$108,501 and \$110,326, respectively.

As discussed in Note 2, debt issuance costs, net of accumulated amortization, totaled \$605,060 and \$626,290 as of June 30, 2020 and 2019, respectively, and are related to the mortgage payable.

## Wheaton Metro Development Corporation

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

Debt issuance costs on the above mortgage are being amortized using an imputed rate of 4.76%. For the years ended June 30, 2020 and 2019, amortization expense related to debt issuance costs was \$21,230 and \$21,230, respectively, and is included in interest expense in the statements of operations.

Aggregate maturities of the mortgage payable for the five years following June 30, 2020 and every five years thereafter are as follows:

2021	\$	509,176
2022		532,568
2023		557,034
2024		582,624
2025		609,390
2026-2030		3,493,501
2031-2035		4,373,151
2036-2040		5,474,292
2041-2045		6,852,697
2046-2049		5,949,101
		<u>5,949,101</u>
	\$	<u>28,933,534</u>

#### Note 7 - Note payable to Montgomery County, MD

In 2009, the Corporation assumed the obligations of a note payable to Montgomery County, Maryland in the amount of \$2,984,721. The note is collateralized by the Project. Beginning March 31, 2016, the note bears interest at a rate of 1% per annum and annual payments of principal and interest are due in an amount equal to the lesser of 50% of debt service cash flow as defined in the loan note or the amount which when applied first to interest and then to principal will amortize the loan over its then remaining term. The loan matures on April 1, 2046. As of June 30, 2020 and 2019, the outstanding principal balance and accrued interest was \$2,984,721 and \$2,984,721 and \$126,851 and \$97,004, respectively. There was no cash flow available for debt service payment at June 30, 2020 and 2019.

#### Note 8 - Related party transactions

##### Loan payable to the Housing Opportunities Commission of Montgomery County, MD

The Corporation obtained financing from the Commission, an affiliate of the Corporation. The original amount of the loan was \$486,138 and total additional principal advances cannot exceed \$1,250,000. Total advances by the Commission were \$1,250,000 and the loan is collateralized by the Project. Annual payments of 50% of net cash flow, as defined in the deed of trust note, are due commencing on July 1, 2010. The loan bears interest at 5.25% per annum and matures on July 1, 2039. As of June 30, 2020 and 2019, the outstanding principal balance and accrued interest was \$1,250,000 and \$1,250,000 and \$689,062 and \$623,437, respectively. There was no cash flow available for debt service payment at June 30, 2020 and 2019.

In accordance with the commission resolution dated November 2, 2011, the Opportunity Housing Reserve Fund advanced \$129,283 to the Project to fund payment of debt issuance costs. The advance does not bear interest and is payable from available net cash flow in accordance with the commission resolution. As of June 30, 2020 and 2019, \$129,283, remains payable and there was no net cash flow available for repayment.

## **Wheaton Metro Development Corporation**

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

#### **Developer fee payable**

The Corporation entered into a development agreement with the Commission and Bozzuto Development Company, an unrelated party ("Developers") for services relating to the development of the Project. The Developers earned a developer fee of \$5,694,506. The developer fee is payable from available net cash flow in accordance with the development agreement. As of June 30, 2020 and 2019, \$3,273,051, remains payable, and there is no cash flow available for repayment.

#### **Advances to affiliate**

The Corporation 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, \$1,623,080 and \$1,668,971, respectively, were due to the Corporation.

#### **Shared expenses**

The Corporation shares certain operating costs with the Partnership. As of June 30, 2020 and 2019, the Organization has no amounts due to or from the Partnership for shared costs.

#### **Asset management fee**

Pursuant to Section 7 of the Asset Management Fee Agreement (the "Agreement"), the Corporation agreed to 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. The Agreement expired December 31, 2010 and renews automatically without notice. For each of the years ended June 30, 2020 and 2019, asset management fees of \$8,680, were incurred and paid, and is included in other expenses on the statement of operations.

#### **Note 9 - Property management fee**

The Corporation has an agreement with Bozzuto Management Company, an unrelated party, to provide property management services, effective July 1, 2016 through June 30, 2019. The agreement provided for a fee of 3.5% of gross revenues per month. Effective July 1, 2019 through June 30, 2020, the agreement provides for a fee of \$77.07 per occupied unit. Management fees charged to operations under this agreement for the years ended June 30, 2020 and 2019 were \$104,969 and \$94,387, respectively.

## Wheaton Metro Development Corporation

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

#### Note 10 - Net assets

The Commission, the Corporation's principal investor, is required to report on a fund basis. The Corporation, therefore has reported net assets on a fund basis to conform to the Commission's presentation. This presentation does not conform with generally accepted accounting principles, but is not materially different. Below is a summary of the Corporation's net assets as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investment in capital assets, net	\$ (10,605,709)	\$ (10,358,659)
Restricted net assets	488,489	492,578
Unrestricted net assets	<u>1,581,091</u>	<u>1,703,800</u>
	<u>\$ (8,536,129)</u>	<u>\$ (8,162,281)</u>

#### Note 11 - Rental income under operating leases

The Project has commercial leases that expire on various dates between December 2022 and May 2029. The following is a schedule of minimum future rental income on noncancelable operating leases for each of the next five years and thereafter as of June 30, 2020:

2021	\$ 105,649
2022	107,500
2023	78,746
2024	48,490
2025	49,460
Thereafter	<u>203,387</u>
	<u>\$ 593,232</u>

For the year ended June 30, 2020, the Corporation's rent receipts required under the lease terms was \$103,927.

#### Note 12 - Concentration of credit risk

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

#### Note 13 - 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 Corporation as a going concern. The Corporation has operating expenses and debt service in excess of operating income in recent years. If sufficient cash flow from operations cannot be attained, the Corporation will continue to be financially dependent on the Commission, who has agreed to continue funding deficits as needed. The Commission has committed to fund any shortfall in operating cash flow as necessary for a period no less than one year following the issuance of these financial statements.



## **Wheaton Metro Development Corporation**

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

#### **Note 14 - 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 15 - 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 Corporation through November 17, 2020 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## **Supplementary Information**

## Wheaton Metro Development Corporation

### Selected Line Item Detail Years Ended June 30, 2020 and 2019

	2020	2019
<b>Administration</b>		
Marketing and lease-up	\$ 36,307	\$ 39,768
Contract administration salary	81,072	77,815
Contract bonus/commission	17,275	15,037
Contract management fee	104,969	94,387
Miscellaneous operating expenses	1,552	1,671
Postage	997	958
Printing/reproduction	1,906	3,230
Office supplies	897	930
Auditing services	11,520	11,720
Legal services	1,171	3,492
Other operating professional services	201	216
Credit check services	2,504	2,622
Telephone	16,994	15,705
Software	21,775	19,597
Rental license fees	5,501	91
Bank fees	645	992
Resident gifts	5,210	4,101
Miscellaneous program supplies	5,009	5,499
Security deposit interest	812	794
Cable charges	1,195	960
Resident service fees	250	-
	<u>\$ 317,762</u>	<u>\$ 299,585</u>
<b>Total administration expenses</b>		
<b>Maintenance</b>		
Contract maintenance salary	\$ 124,873	\$ 131,152
Electrical supplies	5,505	7,437
Appliance supplies	5,324	3,009
Plumbing supplies	2,964	2,931
Employee uniforms	310	828
Cleaning and janitorial supplies	1,588	2,232
Windows and glass	1,705	2,419
Doors	7,934	5,066
Hardware supplies	765	841
Locks and keys	1,490	1,729
HVAC supplies	1,963	1,562
Flooring and carpeting	6,567	5,428
Paint and wall coverings	-	231
Miscellaneous supplies	211	435
Miscellaneous equipment	9,297	-
HVAC equipment	3,231	1,581
Appliance equipment	2,645	2,382
Plumbing contracts	672	4,473
Cleaning and janitorial contracts	39,040	34,876
Grounds and landscaping contracts	7,130	7,970
HVAC contracts	6,434	12,813
Paint and wall coverings contracts	29,273	22,680
Flooring and carpeting contracts	34,548	20,532
Elevator contracts	9,043	8,180

**Wheaton Metro Development Corporation**

**Selected Line Item Detail  
Years Ended June 30, 2020 and 2019**

	2020	2019
Exterminating contracts	5,222	3,054
Asphalt/concrete contracts	-	3,261
Snow removal contracts	765	896
Miscellaneous contracts	16,868	13,803
Roofing materials	-	6,069
Electrical contracts	-	3,350
	<b>\$ 325,367</b>	<b>\$ 311,220</b>
Utilities		
Water	\$ 5,778	\$ 6,998
Electric	46,003	50,688
Trash collection	12,261	9,640
	<b>\$ 64,042</b>	<b>\$ 67,326</b>
Fringe benefits		
Contract managed benefits	\$ 55,617	\$ 57,071
Contract employee appreciation	729	1,594
Contract other training	91	266
	<b>\$ 56,437</b>	<b>\$ 58,931</b>
Other		
Mortgage insurance	\$ 146,189	\$ 148,526
Other taxes	2,677	2,882
Property insurance	48,718	49,831
Water quality protection charge	2,721	2,545
Security contracts	15,341	17,906
Coronavirus Expense	4,072	-
Asset management fee	8,680	8,680
	<b>\$ 228,398</b>	<b>\$ 230,370</b>

See Independent Auditor's Report.

**Wheaton Metro Development Corporation**

**Cash Flow and Distribution  
Year Ended June 30, 2020**

Operating revenue	\$ 2,602,865
Additions (deductions)	
Change in accounts receivable	(19,151)
Change in prepaid rent	(8,141)
	<u>2,575,573</u>
Operating expenses	(3,377,642)
(Additions) Deductions	
Change in accounts payable	22,487
Change in prepaid expenses	(5,971)
Change in accrued expenses	(10,254)
Depreciation and amortization	939,184
Amortization of debt issuance costs	21,230
Required reserve deposits, net of approved withdrawals	(4,653)
Scheduled debt service	(486,812)
	<u>(2,902,431)</u>
Cash shortfall	<u>\$ (326,858)</u>
Order of distribution	
First - the lesser of 50% of remaining cash flow or amortizing principal and interest payment amount to the County Loan	\$ -
Second - 50% of the remaining cash flow to pay the HOC LOC	<u>-</u>
Total distributable cash flow	<u>\$ -</u>

See Independent Auditor's Report.



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