Wheaton Metro Development Corporation

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

June 30, 2022 and 2021

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Wheaton Metro Development Corporation

Index

Independent Auditor's Report

To Management
Wheaton Metro Development Corporation

Report on the Financial Statements

Opinion

We have audited the financial statements of Wheaton Metro Development Corporation, which comprise the balance sheets as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wheaton Metro Development Corporation as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wheaton Metro Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wheaton Metro Development Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wheaton Metro Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wheaton Metro Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The selected line item detail and cash flow* and distribution are presented for purposes of additional analysis and are 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
March 10, 2023

Wheaton Metro Development Corporation

Balance Sheets
June 30, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	$ 229,474	$ 287,689
Advance to affiliate	1,711,698	1,797,117
Accounts receivable and other assets, net of allowance	34,423	31,458
Total current assets	1,975,595	2,116,264
Restricted deposits and funded reserves		
Customer deposits	92,648	69,116
Restricted cash and cash equivalents	356,204	355,031
Total restricted deposits and funded reserves	448,852	424,147
Noncurrent assets		
Rental property, net of accumulated depreciation	24,129,993	25,091,197
Deferred charges, net of accumulated amortization	-	1,926
Prepaid expenses	163,221	167,842
Total noncurrent assets	24,293,214	25,260,965
Total assets	$ 26,717,661	$ 27,801,376

Wheaton Metro Development Corporation

Balance Sheets
June 30, 2022 and 2021

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable and accrued liabilities	$ 63,956	$ 56,756
Mortgage payable - current	557,034	532,568
Accrued interest payable	104,594	106,591
Total current liabilities	725,584	695,915
Current liabilities payable from restricted cash and cash equivalents		
Customer deposit payable	92,103	68,306
Noncurrent liabilities		
Mortgage payable, net of unamortized debt issuance costs of $562,667 and $583,830, respectively, and net of current maturities	26,772,089	27,307,960
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	1,006,858	911,386
Due to affiliate	381,700	387,273
Total noncurrent liabilities	35,797,702	36,243,674
Total liabilities	36,615,389	37,007,895
Total net assets	(9,897,728)	(9,206,519)
Total liabilities and net assets	$ 26,717,661	$ 27,801,376

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Statements of Operations
Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenue		
Dwelling rental	$ 2,518,553	$ 2,442,562
Commercial rental	122,641	115,980
Other income	5,147	12,526
Total operating revenue	2,646,341	2,571,068
Operating expenses		
Administration	371,333	348,260
Maintenance	316,304	299,972
Bad debt	30,574	16,682
Depreciation and amortization	963,130	957,438
Utilities	63,016	55,526
Fringe benefits	68,427	63,225
Interest expense	1,385,924	1,409,471
Other	237,595	217,327
Total operating expenses	3,436,303	3,367,901
Operating loss	(789,962)	(796,833)
Net loss	$ (789,962)	$ (796,833)

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Statements of Changes in Net Assets
Years Ended June 30, 2022 and 2021

Balance, July 1, 2020	$ (8,536,129)
Contributions	126,443
Net loss	(796,833)
Balance, June 30, 2021	(9,206,519)
Contributions	98,753
Net loss	(789,962)
Balance, June 30, 2022	$ (9,897,728)

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net loss	$ (789,962)	$ (796,833)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	963,130	957,438
Amortization of debt issuance costs	21,163	21,230
(Increase) decrease in assets		
Accounts receivable and other assets	(2,965)	2,000
Prepaid expenses	4,621	4,551
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	7,200	45
Accrued interest payable	93,475	93,563
Customer deposits payable	23,797	(589)
Net cash provided by operating activities	320,459	281,405
Cash flows from investing activities		
Decrease in interfund receivable	85,419	214,009
Purchases of property and equipment	-	(80,440)
Net cash provided by investing activities	85,419	133,569
Cash flows from financing activities		
Payments on mortgage payable	(532,568)	(509,176)
Decrease in interfund payable	(5,573)	(773)
Contributions	98,753	126,443
Net cash used in financing activities	(439,388)	(383,506)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(33,510)	31,468
Cash, cash equivalents and restricted cash, beginning	711,836	680,368
Cash, cash equivalents and restricted cash, end	$ 678,326	$ 711,836
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 1,268,200	$ 1,291,592

See Notes to Financial Statements.

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 are 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 ("GAAP") 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, 2022 and 2021, the allowance was $14,499 and $1,659, 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.

	Method	Estimated useful lives
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 years ended June 30, 2022 and 2021.

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, 2022 and 2021 was $1,926 and $3,315, respectively. Accumulated amortization as of June 30, 2022 and 2021 was $30,640 and $28,714, respectively.

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 GAAP 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, 2022, returns for the tax years 2019 through 2021 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, 2022 and 2021, there were no cash equivalents.

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, 2022 and 2021, the balance in the reserve was $34,352 and $34,305, respectively.

Renovation reserve

The Corporation has an additional renovation reserve to be used to fund capital improvements or major repairs. As of June 30, 2022 and 2021, the balance in the reserve was $243,661 and $243,582, 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, 2022 and 2021, the escrow was $78,191 and $77,144, respectively.

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:

	2022	2021
Cash and cash equivalents	$ 229,474	$ 287,689
Customer deposits - funded security deposits	92,648	69,116
Replacement reserve	34,352	34,305
Renovation escrow	243,661	243,582
Mortgage escrow	78,191	77,144
Total cash, cash equivalents and restricted cash shown in statements of cash flows	$ 678,326	$ 711,836

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, 2022 and 2021 consists of the following:

	2022	2021
Land	$ 1,428,020	$ 1,428,020
Buildings and improvements	33,852,153	33,852,153
Land improvements	1,292,638	1,292,638
Furniture and equipment	428,177	428,177
Leasehold improvements	68,784	68,784
Accumulated depreciation	(12,939,779)	(11,978,575)
	$ 24,129,993	$ 25,091,197

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, 2022 and 2021, the mortgage payable was $27,891,790 and $28,424,358, respectively, and accrued interest was $104,594 and $106,591, respectively.

As discussed in Note 2, debt issuance costs, net of accumulated amortization, totaled $562,667 and $583,830 as of June 30, 2022 and 2021, respectively, and are related to the mortgage payable. Debt issuance costs on the above mortgage are being amortized using an imputed rate of 4.76%. For the years ended June 30, 2022 and 2021, amortization expense related to debt issuance costs was $21,163 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, 2022 and every five years thereafter are as follows:

2023	$ 557,034
2024	582,624
2025	609,390
2026	637,385
2027	666,666
2028-2032	3,821,856
2033-2037	4,784,184
2038-2042	5,988,822
2043-2047	7,496,782
2048-2059	2,747,047
	$ 27,891,790

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, 2022 and 2021, the outstanding principal balance and accrued interest was $2,984,721 and $2,984,721 and $186,546 and $156,699, respectively. There was no cash flow available for debt service payment at June 30, 2022 and 2021.

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, 2022 and 2021, the outstanding principal balance and accrued interest was $1,250,000 and $1,250,000 and $820,312 and $754,687, respectively. There was no cash flow available for debt service payment at June 30, 2022 and 2021.

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, 2022 and 2021, $129,283 remains payable and there was no net cash flow available for repayment.

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, 2022 and 2021, $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, 2022 and 2021, $1,711,698 and $1,797,117, respectively, were due to the Corporation.

Advances from affiliate

The Corporation was advanced funds from an affiliate which do not bear interest and are due on demand. As of June 30, 2022 and 2021, $381,700 and $387,273 remain payable to the affiliate.

Shared expenses

The Corporation shares certain operating costs with the Partnership. As of June 30, 2021 and 2020, 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, 2022 and 2021, asset management fees of $8,680 were incurred and paid, and are included in other expenses on the statements 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 through June 30, 2023, the agreement provides for a fee of 4.75% of adjusted gross receipts. Management fees charged to operations under this agreement for the years ended June 30, 2022 and 2021 were $124,280 and $113,017, respectively.

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 GAAP, but is not materially different. Below is a summary of the Corporation's net assets as of June 30, 2022 and 2021:

	2022	2021
Investment in capital assets, net	$ (11,398,852)	$ (10,970,216)
Restricted net assets	356,749	355,841
Unrestricted net assets	1,144,375	1,407,856
	$ (9,897,728)	$ (9,206,519)

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, 2022:

2023	$ 78,746
2024	48,490
2025	49,460
2026	50,449
2027	51,457
Thereafter	101,481
	$ 380,083

For the year ended June 30, 2022, the Corporation's rent receipts required under the lease terms were $107,500.

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 GAAP, 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.

Note 14 - Contingency

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 Corporation's financial position, results of operations, and cash flows. The Corporation is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Corporation's performance in future periods will be heavily influenced by the timing, length, and intensity of any business disruptions from COVID-19 and the related effects on the Corporation's operations. Management continues to monitor the results of operations to evaluate the actual and potential economic impact on the Project.

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 March 10, 2023 (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, 2022 and 2021

	2022	2021
Administration		
Marketing and lease-up	$ 33,266	$ 45,185
Contract administration salary	99,892	84,833
Contract bonus/commission	25,153	29,005
Contract management fee	124,280	113,017
Miscellaneous operating expenses	4,188	3,674
Postage	1,268	938
Printing/reproduction	2,663	2,287
Office supplies	1,424	540
Auditing services	13,031	11,150
Legal services	4,573	4,156
Other operating professional services	190	198
Credit check services	1,724	1,944
Telephone	15,132	16,744
Software	26,308	21,295
Rental license fees	5,640	5,640
Bank fees	1,137	1,025
Resident gifts	3,411	1,746
Miscellaneous program supplies	4,737	2,801
Security deposit interest	858	733
Cable charges	2,458	833
Local mileage and travel	-	516
Total administration expenses	$ 371,333	$ 348,260
Maintenance		
Contract maintenance salary	$ 126,768	$ 124,323
Supplies and materials	19,144	21,813
Contracts	133,360	123,650
Windows and glass	7,449	2,878
Doors	5,053	1,244
Lock and keys	2,751	2,185
Flooring and carpeting	4,098	3,157
Paint and wall coverings	76	3,108
Equipment	17,605	17,614
Total maintenance expenses	$ 316,304	$ 299,972

Wheaton Metro Development Corporation

Selected Line Item Detail
Years Ended June 30, 2022 and 2021

	2022	2021
Utilities		
Water	$ 13,841	$ 2,175
Electric	37,280	40,647
Trash collection	11,895	12,704
Total utility expenses	$ 63,016	$ 55,526
Fringe benefits		
Contract managed benefits	$ 66,382	$ 62,129
Contract employee appreciation	1,975	865
Contract other training	70	231
Total fringe benefits	$ 68,427	$ 63,225
Other		
Mortgage insurance	$ 141,178	$ 143,741
Other taxes	3,008	2,738
Property insurance	39,270	33,326
Water quality protection charge	543	2,632
Security contracts	30,686	20,682
Coronavirus expense	13,389	5,248
Asset management fee	8,680	8,680
Environmental insurance	841	280
Total other expenses	$ 237,595	$ 217,327

See Independent Auditor's Report.

Wheaton Metro Development Corporation

Schedule of Cash Flow and Distribution
Year Ended June 30, 2022

Operating revenue	$	2,646,341
Additions (deductions)		
Change in accounts receivable		(2,965)
		2,643,376
Operating expenses		(3,436,303)
(Additions) Deductions		
Change in accounts payable and accrued expenses		(7,200)
Change in prepaid expenses		4,621
Change in accrued interest		93,475
Depreciation and amortization		963,130
Amortization of debt issuance costs		21,163
Required reserve deposits, net of approved withdrawals		1,173
Scheduled debt service		(532,569)
		(2,892,510)
Cash Flow*	$	(249,134)
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		-
Total distributable cash flow	$	-

Note 1 - Cash Flow presented in the Schedule of Cash Flow and Distributions is as defined in the loan documents with Montgomery County, MD, the Housing Opportunities Commission of Montgomery County, MD, and the Development agreement.

See Independent Auditor's Report.

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