

Timberlawn Pomander Properties LLC

Financial Statements

**For the Years Ended
June 30, 2021 and 2020**

Timberlawn Pomander Properties LLC

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Independent Auditor's Report

To the Management of
Timberlawn Pomander Properties LLC
10400 Detrick Avenue
Kensington, MD 20895

Report on the Financial Statements

We have audited the accompanying financial statements of Timberlawn Pomander Properties LLC, which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations, changes in net assets (deficit), 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 Timberlawn Pomander Properties LLC as of June 30, 2021 and 2020, 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.

SC+H attest services, P.C.

November 12, 2021
Sparks, Maryland

Timberlawn Pomander Properties LLC

Balance Sheets

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Unrestricted current assets		
Cash	\$ 2,124,348	\$ 2,070,414
Accounts receivable, net and other assets	<u>73,437</u>	<u>144,790</u>
Total unrestricted current assets	<u>2,197,785</u>	<u>2,215,204</u>
Restricted cash and cash equivalents for current liabilities		
Restricted cash and cash equivalents	862,305	867,010
Tenants' security deposits	<u>82,988</u>	<u>76,760</u>
Total restricted cash and cash equivalents for current liabilities	<u>945,293</u>	<u>943,770</u>
Property and equipment		
Property and equipment, net of accumulated depreciation	<u>17,547,660</u>	<u>17,915,998</u>
Total property and equipment	<u>17,547,660</u>	<u>17,915,998</u>
Total assets	<u><u>\$ 20,690,738</u></u>	<u><u>\$ 21,074,972</u></u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Balance Sheets (Continued)
As of June 30, 2021 and 2020

	2021	2020
Liabilities and Net Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 95,366	\$ 109,339
Accrued interest payable	61,193	61,955
Interfund payable	1,915,469	1,897,537
Mortgage payable, current maturities	247,984	238,678
Total current liabilities	<u>2,320,012</u>	<u>2,307,509</u>
Current liabilities payable from restricted assets		
Tenants' security deposits	79,800	70,936
Total current liabilities payable from restricted assets	<u>79,800</u>	<u>70,936</u>
Long-term liabilities		
Mortgage payable, net of current maturities and unamortized financing fees of \$361,667 - 2021 and \$371,667 - 2020	18,558,080	18,796,063
Total long-term liabilities	<u>18,558,080</u>	<u>18,796,063</u>
Total liabilities	<u>20,957,892</u>	<u>21,174,508</u>
Contingency (Note 9)		
Net deficit		
Investment in capital assets, net of related debt	(1,620,071)	(1,490,410)
Restricted net assets	865,493	872,834
Unrestricted net assets	487,424	518,040
Total net deficit	<u>(267,154)</u>	<u>(99,536)</u>
Total liabilities and net deficit	<u>\$ 20,690,738</u>	<u>\$ 21,074,972</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Operations
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues		
Dwelling rental income	\$ 2,710,807	\$ 2,707,640
Other income	13,126	6,157
Total operating revenues	<u>2,723,933</u>	<u>2,713,797</u>
Operating expenses		
Administrative	253,475	325,913
Operating and maintenance	335,160	308,032
Depreciation	414,078	347,338
Utilities	245,204	188,288
Fringe benefits	52,491	58,030
Interest expense	748,536	757,521
Other	217,582	190,415
Bad debt expense	21,673	14,105
Total operating expenses	<u>2,288,199</u>	<u>2,189,642</u>
Operating income	<u>435,734</u>	<u>524,155</u>
Nonoperating revenues		
Interest revenue	13	2,320
Total nonoperating revenues	<u>13</u>	<u>2,320</u>
Net income	<u>\$ 435,747</u>	<u>\$ 526,475</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Changes in Net Assets (Deficit)
For the Years Ended June 30, 2021 and 2020

Balance, July 1, 2019	\$ 4,872
Distributions to HOC general fund	(630,883)
Net income, June 30, 2020	<u>526,475</u>
Balance, June 30, 2020	(99,536)
Distributions to HOC general fund	(603,365)
Net income, June 30, 2021	<u>435,747</u>
Balance, June 30, 2021	<u>\$ (267,154)</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 435,747	\$ 526,475
Adjustments to reconcile net income to net cash and restricted cash and cash equivalents provided by operating activities:		
Depreciation	414,078	347,338
Amortization of financing fees	10,000	10,000
Bad debt expense	21,673	14,105
(Increase) decrease in operating assets:		
Accounts receivable, net and other assets	49,680	(97,496)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(13,973)	62,525
Accrued interest payable	(762)	(733)
Interfund payable	17,932	183,569
Tenants' security deposits	8,864	3,318
Net cash and restricted cash and cash equivalents provided by operating activities	<u>943,239</u>	<u>1,049,101</u>
Cash flows from investing activities		
Construction costs paid	-	(776,482)
Acquisition of property and equipment	<u>(45,740)</u>	<u>-</u>
Net cash and restricted cash and cash equivalents used in investing activities	<u>(45,740)</u>	<u>(776,482)</u>
Cash flows from financing activities		
Distributions to HOC general fund	(603,365)	(630,883)
Mortgage principal payments	<u>(238,677)</u>	<u>(229,721)</u>
Net cash and restricted cash and cash equivalents used in financing activities	<u>(842,042)</u>	<u>(860,604)</u>
Net increase (decrease) in cash and restricted cash and cash equivalents	55,457	(587,985)
Cash and restricted cash and cash equivalents, beginning of year	<u>3,014,184</u>	<u>3,602,169</u>
Cash and restricted cash and cash equivalents, end of year	<u>\$ 3,069,641</u>	<u>\$ 3,014,184</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 739,298</u>	<u>\$ 748,254</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,124,348	\$ 2,070,414
Restricted cash and cash equivalents	862,305	867,010
Tenants' security deposits	<u>82,988</u>	<u>76,760</u>
Total cash and restricted cash and cash equivalents, end of year	<u>\$ 3,069,641</u>	<u>\$ 3,014,184</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Timberlawn Pomander Properties LLC (the Company) was formed by the Housing Opportunities Commission of Montgomery County, Maryland (HOC) under the laws of the state of Maryland on February 8, 2017. The Company is a nonprofit company and is not authorized to issue stock. The Company was formed for the purpose of acquiring, owning, constructing, operating and providing multifamily housing in Montgomery County. The Company acquired 131 apartment units and townhomes to provide rental housing (the Properties). The Properties known as Timberlawn Crescent and Pomander Court are located in Montgomery County, Maryland.

Housing projects undertaken, financed, or assisted by the Company and the projects' related expenditures must be approved by HOC, a component unit of Montgomery County, Maryland. The Company is legally separate from HOC, but the Company's financial statements are included in the Opportunity Housing Fund of HOC as a blended component unit. The Company's directors must be commissioners of HOC and, therefore, HOC can significantly influence the programs, projects, activities of, and the level of service performed by the Company.

Method of Accounting

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Rents Receivable and Bad Debts

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

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

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due after the tenth of the month in which they were due. Accounts receivable are considered uncollectible if they are outstanding over 90 days. The allowances as of June 30, 2021 and 2020 were \$20,232 and \$20,269, respectively.

Property and Equipment

Land, buildings and improvements are recorded at cost. Building, improvements, and miscellaneous fixed assets are depreciated over their estimated useful lives of 10 to 40 years using the straight-line method.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments during the years ended June 30, 2021 and 2020.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

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

Net Assets

HOC, the Company's sole member, is required to report on a fund basis that categorize net assets as the following:

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

Restricted net assets represent the sum of total restricted cash and cash equivalents and tenant security deposits less the tenant security deposit liability.

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

Interest

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

Income Taxes

The Company is exempt from income taxes under Section 115 of the Internal Revenue Code, which excludes from gross income amounts earned by state and local governments.

Estimates

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

Rental Revenue

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

Advertising

The Company's policy is to expense advertising costs when incurred and totaled \$29,513 and \$32,425, respectively, for the years ended June 30, 2021 and 2020.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2) Concentration of Risk

The Company maintains its cash balances in several accounts at various financial institutions. At times, these balances may exceed the federal insured limits of \$250,000; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2021 and 2020. Cash deposits in excess of the FDIC limit of \$250,000 are collateralized with securities held by the pledging financial institution's trust department or agent.

3) Restricted Cash and Cash Equivalents

Restricted funds are comprised of the following at June 30:

	2021	2020
Mortgage escrow deposits	\$ 22,229	\$ 22,229
Reserve for replacements	670,382	675,097
Mortgage loan reserve	169,694	169,684
	<u>\$ 862,305</u>	<u>\$ 867,010</u>

Mortgage Escrow Deposits

Pursuant to the terms of the mortgage note, the Company is required to make monthly deposits with the mortgagee for payment of mortgage insurance premium so that a sufficient amount is on deposit with the mortgagee when the actual payment of such expenses is due. The balance as June 30, 2021 and 2020 is \$22,229.

Reserve for Replacements

Pursuant to the regulatory agreement with HOC, the Company is required to maintain a replacement reserve escrow account with HOC as trustee. Disbursements for the purpose of maintenance, improvements or renovations of the Properties cannot be made without prior consent of HOC. The replacement reserve account funds are pooled with other properties that are controlled by HOC and deposited with Montgomery County, Maryland. The balances as of June 30, 2021 and 2020 are \$670,382 and \$675,097, respectively.

Mortgage Loan Reserve

During loan closing, the Company was required to fund a mortgage loan reserve. The purpose of the reserve is to fund any debt service shortfalls that the Company may experience. The balances as of June 30, 2021 and 2020 are \$169,694 and \$169,684, respectively.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

4) Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Land	\$ 4,921,100	\$ 4,921,100
Land improvements	486,732	486,732
Buildings	12,547,708	12,547,708
Building renovations	741,895	741,896
Miscellaneous fixed assets	<u>188,687</u>	<u>142,946</u>
Total property and equipment	18,886,122	18,840,382
Less: accumulated depreciation	<u>(1,338,462)</u>	<u>(924,384)</u>
Property and equipment, net	<u>\$ 17,547,660</u>	<u>\$ 17,915,998</u>

5) Long-Term Debt

Mortgage Payable

On August 30, 2017, the Company obtained a loan from HOC in the original amount of \$20,000,000. The mortgage is secured by a promissory note, deed of trust, security and assignment of rent agreements, and substantially all assets. Financing fees related to the mortgage were \$400,000 and are being amortized to interest expense on a straight-line basis, the results of which are not materially different than that of the effective interest method, over the term of the loan. The loan provides for interest at a nominal rate of 3.831% per annum and an effective interest rate of 3.910% per annum. Principal and interest of \$81,498 are due monthly with the final balance of principal and accrued interest due October 1, 2057. The outstanding principal and accrued interest balances as of June 30, 2021 and 2020 are \$19,167,731 and \$61,193, respectively, for 2021, and \$19,406,408 and \$61,955, respectively, for 2020. Unamortized financing fees as of June 30, 2021 and 2020 were \$361,667 and \$371,667, respectively. For the years ended June 30, 2021 and 2020, interest incurred on the mortgage was \$748,536 and \$757,521, respectively, including amortized financing fees of \$10,000 for each year.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

5) Long-Term Debt (Continued)

Mortgage Payable (Continued)

Maturities of the mortgage payable are as follows:

2022	\$	247,984
2023		257,653
2024		267,698
2025		278,136
2026		288,980
2027-2031		1,622,958
2032-2036		1,965,007
2037-2041		2,379,143
2042-2046		2,880,562
204-2051		3,487,657
20520-2056		4,222,702
2057-2058		1,269,251
Total	\$	<u>19,167,731</u>

Estimated financing fees being amortized to interest expense for each of the next five years are \$10,000.

6) Related Party Transactions

Interfund Payable

The Company has numerous transactions with HOC to finance operations and provide services. To the extent that funds to finance certain transactions of the Company have not been paid or collected as of year-end, interfund payables and receivables are recorded. The balance of the interfund payable as of June 30, 2021 and 2020 was \$1,915,469 and \$1,897,537, respectively.

Asset Management Fee

The Company was charged an asset management fee of \$149,465 and \$140,240, respectively, for the years ended June 30, 2021 and 2020, by HOC.

7) Contract Management Fee

The Company was obligated under the terms of a Property Management Agreement with Bozzuto Management Company for the management of Timberlawn Crescent. Under the terms of the original agreement, the Company was required to pay management fees equal to 4% of Adjusted Gross Income, as defined, and 6% of the cost of construction. The contract was extended on July 2, 2018 at a flat rate of \$79,746, annually. The agreement was terminated on March 31, 2020. During the years ended June 30, 2021 and 2020, management fees of \$0 and \$66,455, respectively, were incurred.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

7) Contract Management Fee (Continued)

Effective April 1, 2020, the Company is obligated under the terms of a Property Management Agreement with Vantage Management, Inc. for the management of Timberlawn Crescent. Under the terms of the agreement, the Company is required to pay management fees of \$42 per month per occupied unit. In addition, HOC reserves the right to pay Vantage Management, Inc. an annual fee. Payment of the fee is in HOC's sole discretion and there is no guarantee Vantage Management, Inc. will receive the annual fee in any given year. The annual fee will be based on target occupancy levels and rent actually received. The agreement is set to expire on March 31, 2022, with two renewal options of one year each at the discretion of the Company. During the years ended June 30, 2021 and 2020, management fees of \$52,290 and \$12,810, respectively, were incurred.

The Company is obligated under the terms of an Amended and Restated Property Assistance Agreement with Edgewood Management Corporation for the management of Pomander Court. The fee is calculated at a flat rate of \$28 per occupied unit per month. In addition, HOC reserves the right to pay Edgewood Management Corporation an annual fee. Payment of the fee is in HOC's sole discretion and there is no guarantee that Edgewood Management Corporation will receive the annual fee in any given year. The annual fee will be based on target occupancy levels and rent actually received. The agreement is set to expire on December 31, 2021. For the years ended June 30, 2021 and 2020, management fees of \$8,036 and \$7,998, respectively, were incurred.

8) Real Estate Taxes

HOC, on behalf of the Company, entered into a payment in lieu of taxes (PILOT) agreement on June 2, 2017 with Montgomery County, whereby the Montgomery County portion of the Properties' real estate tax is abated. The abatement will remain in effect unless terminated pursuant to Paragraph 5 of the PILOT agreement.

9) Business Risk Factor

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a Public Health Emergency of International Concern. In March 2020, COVID-19 began to spread throughout the United States. Efforts to contain COVID-19, including restrictions mandated by U.S. Federal and various state and local governments has caused numerous businesses to close or modify their operations in an effort to prevent COVID-19 from spreading more rapidly. Because of the size and duration of this pandemic, the direct and indirect consequences of COVID-19 are not yet known and may not emerge for some time. The future impact of the pandemic is highly uncertain and cannot be predicted, but it could have a material adverse impact on the future results of operations and financial position of the Company.

10) Subsequent Events

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

See independent auditor's report.



Independent Auditor's Report on Supplementary Information

We have audited the financial statements of Timberlawn Pomander Properties LLC as of and for the years ended June 30, 2021 and 2020, and our report thereon dated November 12, 2021, expressed an unmodified opinion on those financial statements, which appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules are presented for the purpose 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 presented in all material respects in relation to the financial statements as a whole.

SC+H attest services, P.C.

November 12, 2021
Sparks, Maryland

Timberlawn Pomander Properties LLC

Detail of Selected Balance Sheet Accounts

As of June 30, 2021 and 2020

	2021	2020
Accounts receivable, net and other assets		
Accounts receivable - subsidy	\$ 24,125	\$ 73,422
Allowance for doubtful accounts	(20,232)	(20,269)
Other receivables	4,336	(233)
Other resident fees receivable	550	638
Rents receivable	64,658	91,232
Total accounts receivable, net and other assets	<u>\$ 73,437</u>	<u>\$ 144,790</u>
Accounts payable and accrued expenses		
Accounts payable	\$ 5,888	\$ 9,612
Accrued annual leave	2,642	2,432
Accrued salaries	7,566	5,227
Accrued utility payments	39,120	7,088
Clearing resident refunds	961	762
Other accrued liabilities	13,244	70,229
Resident prepaid rents	25,945	13,989
Total accounts payable and accrued expenses	<u>\$ 95,366</u>	<u>\$ 109,339</u>

See independent auditor's report on supplementary information.

Timberlawn Pomander Properties LLC

Detailed Statements of Operations
For the Years Ended June 30, 2021 and 2020

	2021	2020
Dwelling rental income		
Rent	\$ 2,777,698	\$ 2,764,613
Tenant charges	28,061	46,069
Vacancies and concessions	(94,952)	(103,042)
Total dwelling rental income	<u>\$ 2,710,807</u>	<u>\$ 2,707,640</u>
Other income		
Miscellaneous income	3,013	-
Rental license	1,128	6,157
Transfers between funds	8,985	-
Total other income	<u>\$ 13,126</u>	<u>\$ 6,157</u>
Administrative expenses		
Advertising and marketing	\$ 29,513	\$ 32,425
Contract management fees	60,326	87,263
Licenses and fees	1,493	6,044
Miscellaneous	14,863	10,057
Office supplies and expense	17,621	34,583
Professional fees	8,975	19,825
Rent	-	4,330
Resident services	430	3,587
Salaries	107,863	115,774
Security deposit interest expense	1,300	2,464
Telephone	6,669	7,231
Vehicle	4,422	2,330
Total administrative expenses	<u>\$ 253,475</u>	<u>\$ 325,913</u>
Operating and maintenance expenses		
Contracts	\$ 57,465	\$ 91,047
Exterminating	5,143	5,333
Grounds maintenance	40,147	43,087
HVAC repairs and maintenance	5,121	2,903
Janitorial	25,608	5,857
Salaries	140,093	113,939
Snow removal	8,200	12,916
Supplies and repairs	53,383	32,950
Total operating and maintenance expenses	<u>\$ 335,160</u>	<u>\$ 308,032</u>

See independent auditor's report on supplementary information.

Timberlawn Pomander Properties LLC

Detailed Statements of Operations (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Utilities expense		
Electricity	\$ 12,851	\$ 22,618
Gas	-	(119)
Trash removal	27,444	25,461
Water	204,909	140,328
Total utilities expense	<u>\$ 245,204</u>	<u>\$ 188,288</u>
Fringe benefits		
Accrued leave	\$ 210	\$ 158
Contract managed benefits	44,321	46,009
Deferred contribution plan	1,514	1,630
FICA	1,854	2,085
Health insurance	3,744	5,106
Other fringe benefits	244	1,572
Other post employment benefits	-	705
Unemployment	84	125
Workers' compensation	520	640
Total fringe benefits	<u>\$ 52,491</u>	<u>\$ 58,030</u>
Other expenses		
Asset management fees	\$ 149,465	\$ 140,240
Insurance	39,164	23,694
Security contracts	13,908	11,903
Taxes	7,982	7,735
Water quality protect charge (RFSA)	7,063	6,843
Total other expenses	<u>\$ 217,582</u>	<u>\$ 190,415</u>

See independent auditor's report on supplementary information.