

**Wheaton Metro Development Corporation**

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

**June 30, 2021 and 2020**

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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, 2021 and 2020, 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, 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.

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, 2021 and 2020 accompanying supplementary information on pages 17 to 19 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  
October 25, 2021

# Wheaton Metro Development Corporation

## Balance Sheets June 30, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 287,689	\$ 122,984
Advance to affiliate	1,409,844	1,623,080
Accounts receivable and other assets, net of allowance	31,458	33,458
Total current assets	<u>1,728,991</u>	<u>1,779,522</u>
Restricted deposits and funded reserves		
Customer deposits	69,116	71,047
Restricted cash and cash equivalents	355,031	486,337
Total restricted deposits and funded reserves	<u>424,147</u>	<u>557,384</u>
Noncurrent assets		
Rental property, net of accumulated depreciation	25,091,197	25,964,880
Deferred charges, net of accumulated amortization	1,926	5,241
Prepaid expenses	167,842	172,393
Total noncurrent assets	<u>25,260,965</u>	<u>26,142,514</u>
Total assets	<u>\$ 27,414,103</u>	<u>\$ 28,479,420</u>

**Wheaton Metro Development Corporation**

**Balance Sheets  
June 30, 2021 and 2020**

Liabilities and Net Assets

	2021	2020
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,756	\$ 56,711
Mortgage payable - current	532,568	509,176
Accrued interest payable	106,591	108,501
Total current liabilities	695,915	674,388
Current liabilities payable from restricted cash and cash equivalents		
Customer deposit payable	68,306	68,895
Noncurrent liabilities		
Mortgage payable, net of unamortized debt issuance costs of \$583,830 and \$605,060, respectively, and net of current maturities	27,307,960	27,819,298
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	911,386	815,913
Total noncurrent liabilities	35,856,401	36,272,266
Total liabilities	36,620,622	37,015,549
Total net assets	(9,206,519)	(8,536,129)
Total liabilities and net assets	\$ 27,414,103	\$ 28,479,420

See Notes to Financial Statements.

## Wheaton Metro Development Corporation

### Statements of Operations Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue		
Dwelling rental	\$ 2,442,562	\$ 2,475,177
Commercial rental	115,980	114,250
Other income	<u>12,526</u>	<u>13,438</u>
Total operating revenue	<u>2,571,068</u>	<u>2,602,865</u>
Operating expenses		
Administration	348,260	317,762
Maintenance	299,972	325,367
Bad debt	16,682	14,534
Depreciation and amortization	957,438	939,184
Utilities	55,526	64,042
Fringe benefits	63,225	56,437
Interest expense	1,409,471	1,431,918
Other	<u>217,327</u>	<u>228,398</u>
Total operating expenses	<u>3,367,901</u>	<u>3,377,642</u>
Operating loss	<u>(796,833)</u>	<u>(774,777)</u>
Net loss	<u>\$ (796,833)</u>	<u>\$ (774,777)</u>

See Notes to Financial Statements.

**Wheaton Metro Development Corporation**

**Statements of Changes in Net Assets  
Years Ended June 30, 2021 and 2020**

Balance, July 1, 2019	\$ (8,162,281)
Contributions	400,929
Net loss	<u>(774,777)</u>
Balance, June 30, 2020	(8,536,129)
Contributions	126,443
Net loss	<u>(796,833)</u>
Balance, June 30, 2021	<u><u>\$ (9,206,519)</u></u>

See Notes to Financial Statements.



**Wheaton Metro Development Corporation**

**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Net loss	\$ (796,833)	\$ (774,777)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	957,438	939,184
Amortization of debt issuance costs	21,230	21,230
(Increase) decrease in assets		
Accounts receivable and other assets	6,551	(13,180)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	45	(20,374)
Accrued interest payable	93,563	93,647
Customer deposits payable	(589)	(2,229)
	281,405	243,501
Net cash provided by operating activities		
Cash flows from investing activities		
Decrease in interfund receivable	213,236	45,891
Purchases of property and equipment	(80,440)	(202,007)
	132,796	(156,116)
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Payments on mortgage payable	(509,176)	(486,812)
Contributions	126,443	400,929
	(382,733)	(85,883)
Net cash used in financing activities		
Net increase in cash, cash equivalents, and restricted cash	31,468	1,502
Cash, cash equivalents and restricted cash, beginning	680,368	678,866
Cash, cash equivalents and restricted cash, end	\$ 711,836	\$ 680,368
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,291,592	\$ 1,317,041

See Notes to Financial Statements.

# Wheaton Metro Development Corporation

## Notes to Financial Statements June 30, 2021 and 2020

### 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, 2021 and 2020, the allowance was \$1,659 and \$1,926, 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 years ended June 30, 2021 and 2020.

## Wheaton Metro Development Corporation

### Notes to Financial Statements June 30, 2021 and 2020

#### 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, 2021 and 2020 was \$3,315 and \$3,315, respectively. Accumulated amortization as of June 30, 2021 and 2020 was \$28,714 and \$25,399, respectively. 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, 2021, returns for the tax years 2018 through 2020 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, 2021 and 2020, 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

## Wheaton Metro Development Corporation

### Notes to Financial Statements June 30, 2021 and 2020

Regulatory Agreement. As of June 30, 2021 and 2020, the balance in the reserve was \$34,305 and \$163,252, respectively.

#### Renovation reserve

The Corporation has an additional renovation reserve to be used to fund capital improvements or major repairs. As of June 30, 2021 and 2020, the balance in the reserve was \$243,582 and \$246,964, 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, 2021 and 2020, the escrow was \$77,144 and \$76,121, 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:

	2021	2020
Cash and cash equivalents	\$ 287,689	\$ 122,984
Customer deposits - funded security deposits	69,116	71,047
Replacement reserve	34,305	163,252
Renovation escrow	243,582	246,964
Mortgage escrow	77,144	76,121
	<u>77,144</u>	<u>76,121</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 711,836</u>	<u>\$ 680,368</u>

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, 2021 and 2020 consists of the following:

	2021	2020
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	347,737
Leasehold improvements	68,784	68,784
Accumulated depreciation	<u>(11,978,575)</u>	<u>(11,024,452)</u>
	<u>\$ 25,091,197</u>	<u>\$ 25,964,880</u>

## Wheaton Metro Development Corporation

### Notes to Financial Statements June 30, 2021 and 2020

#### 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, 2021 and 2020, the mortgage payable was \$28,424,358 and \$28,933,534, respectively, and accrued interest was \$106,591 and \$108,501, respectively.

As discussed in Note 2, debt issuance costs, net of accumulated amortization, totaled \$583,830 and \$605,060 as of June 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and every five years thereafter are as follows:

2022	\$	532,568
2023		557,034
2024		582,624
2025		609,390
2026		637,385
2027-2031		3,653,992
2032-2036		4,574,053
2037-2041		5,725,780
2042-2046		7,167,508
2047-2049		4,384,024
		<hr/>
	\$	<u>28,424,358</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, 2021 and 2020, the outstanding principal balance and accrued interest was \$2,984,721 and \$2,984,721 and \$156,699 and \$126,851, respectively. There was no cash flow available for debt service payment at June 30, 2021 and 2020.

#### 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

## Wheaton Metro Development Corporation

### Notes to Financial Statements June 30, 2021 and 2020

\$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, 2021 and 2020, the outstanding principal balance and accrued interest was \$1,250,000 and \$1,250,000 and \$754,687 and \$689,062, respectively. There was no cash flow available for debt service payment at June 30, 2021 and 2020.

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, 2021 and 2020, \$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, 2021 and 2020, \$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, 2021 and 2020, \$1,409,844 and \$1,623,080, respectively, were due to the Corporation.

#### **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, 2021 and 2020, 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, 2019 through June 30, 2021, 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, 2021 and 2020 were \$113,017 and \$104,969, respectively.

## Wheaton Metro Development Corporation

### Notes to Financial Statements June 30, 2021 and 2020

#### 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment in capital assets, net	\$ (10,970,216)	\$ (10,605,709)
Restricted net assets	355,841	488,489
Unrestricted net assets	<u>1,407,856</u>	<u>1,581,091</u>
	<u>\$ (9,206,519)</u>	<u>\$ (8,536,129)</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, 2021:

2022	\$ 107,500
2023	78,746
2024	48,490
2025	49,460
2026	50,449
Thereafter	<u>152,939</u>
	<u>\$ 487,584</u>

For the year ended June 30, 2021, the Corporation's rent receipts required under the lease terms was \$105,649.

#### 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, 2021 and 2020**

#### **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 Corporation's financial position, results of operations, and cash flows. The Corporation 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 October 25, 2021 (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, 2021 and 2020

	2021	2020
<b>Administration</b>		
Marketing and lease-up	\$ 45,185	\$ 36,307
Contract administration salary	84,833	81,072
Contract bonus/commission	29,005	17,275
Contract management fee	113,017	104,969
Miscellaneous operating expenses	3,674	1,552
Postage	938	997
Printing/reproduction	2,287	1,906
Office supplies	540	897
Auditing services	11,150	11,520
Legal services	4,156	1,171
Other operating professional services	198	201
Credit check services	1,944	2,504
Telephone	16,744	16,994
Software	21,295	21,775
Rental license fees	5,640	5,501
Bank fees	1,025	645
Resident gifts	1,746	5,210
Miscellaneous program supplies	2,801	5,009
Security deposit interest	733	812
Cable charges	833	1,195
Resident service fees	-	250
Local mileage and travel	516	-
	<u>516</u>	<u>-</u>
Total administration expenses	<u>\$ 348,260</u>	<u>\$ 317,762</u>
<b>Maintenance</b>		
Contract maintenance salary	\$ 124,323	\$ 124,873
Supplies and materials	21,813	18,630
Contracts	123,650	148,995
Windows and glass	2,878	1,705
Doors	1,244	7,934
Lock and keys	2,185	1,490
Flooring and carpeting	3,157	6,567
Paint and wall coverings	3,108	-
Equipment	17,614	15,173
	<u>17,614</u>	<u>15,173</u>
Total maintenance expenses	<u>\$ 299,972</u>	<u>\$ 325,367</u>

**Wheaton Metro Development Corporation**

**Selected Line Item Detail  
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Utilities		
Water	\$ 2,175	\$ 5,778
Electric	40,647	46,003
Trash collection	<u>12,704</u>	<u>12,261</u>
Total utility expenses	<u>\$ 55,526</u>	<u>\$ 64,042</u>
Fringe benefits		
Contract managed benefits	\$ 62,129	\$ 55,617
Contract employee appreciation	865	729
Contract other training	<u>231</u>	<u>91</u>
Total fringe benefits	<u>\$ 63,225</u>	<u>\$ 56,437</u>
Other		
Mortgage insurance	\$ 143,741	\$ 146,189
Other taxes	2,738	2,677
Property insurance	33,326	48,718
Water quality protection charge	2,632	2,721
Security contracts	20,682	15,341
Coronavirus expense	5,248	4,072
Asset management fee	8,680	8,680
Environmental insurance	<u>280</u>	<u>-</u>
Total other expenses	<u>\$ 217,327</u>	<u>\$ 228,398</u>

**Wheaton Metro Development Corporation**

**Cash Flow\* and Distribution  
Year Ended June 30, 2021**

Operating revenue	\$ 2,571,068
Additions (deductions)	
Change in accounts receivable	2,000
Change in prepaid rent	12,544
	<u>2,585,612</u>
Operating expenses	(3,367,901)
(Additions) Deductions	
Change in accounts payable	(2,634)
Change in prepaid expenses	4,551
Change in accrued expenses	(9,865)
Depreciation and amortization	957,438
Amortization of debt issuance costs	21,230
Required reserve deposits, net of approved withdrawals	(131,306)
Scheduled debt service	(509,176)
	<u>(3,037,663)</u>
Cash shortfall	<u>\$ (452,051)</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>

\*As defined in the loan documents with Montgomery County, MD and Housing Opportunities Commission of Montgomery County, MD and as defined in the development agreement.

See Independent Auditor's Report.



**Independent Member of Nexia International**

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