

Scattered Site One Development Corporation

Financial Statements

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

Scattered Site One Development Corporation

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For the Years Ended June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Commissioners
Scattered Site One Development Corporation
10400 Detrick Avenue
Kensington, MD 20895

Report on the Financial Statements

We have audited the accompanying financial statements of Scattered Site One 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 purposes 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 Scattered Site One 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.

SC+H attest services, P.C.

Sparks, Maryland
November 4, 2021

Scattered Site One Development Corporation

Balance Sheets

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Unrestricted current assets		
Accounts receivable, net and other assets	\$ 239,878	\$ 205,799
Interfund receivable	<u>5,975,137</u>	<u>6,231,541</u>
Total unrestricted current assets	<u>6,215,015</u>	<u>6,437,340</u>
Restricted cash and cash equivalents for current liabilities		
Restricted cash and cash equivalents	3,687,080	3,572,113
Tenants' security deposits	<u>88,734</u>	<u>88,709</u>
Total restricted cash and cash equivalents for current liabilities	<u>3,775,814</u>	<u>3,660,822</u>
Property and equipment		
Property and equipment, net of accumulated depreciation	<u>9,754,994</u>	<u>9,951,523</u>
Total assets	<u>\$ 19,745,823</u>	<u>\$ 20,049,685</u>

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

Scattered Site One Development Corporation

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

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 449,850	\$ 436,943
Accrued interest payable	24,710	25,443
Mortgage payable, current maturities	<u>231,530</u>	<u>222,577</u>
Total current liabilities	<u>706,090</u>	<u>684,963</u>
Current liabilities payable from restricted assets		
Tenants' security deposits	<u>52,598</u>	<u>56,343</u>
Total current liabilities payable from restricted assets	<u>52,598</u>	<u>56,343</u>
Long-term liabilities		
Mortgage payable, net of current maturities	<u>7,275,334</u>	<u>7,506,864</u>
Total long-term liabilities	<u>7,275,334</u>	<u>7,506,864</u>
Total liabilities	<u>8,034,022</u>	<u>8,248,170</u>
Commitments and Contingencies (Note 8)		
Net assets		
Investment in capital assets, net of related debt	2,248,130	2,222,082
Restricted net assets	3,723,216	3,604,479
Unrestricted net assets	<u>5,740,455</u>	<u>5,974,954</u>
Total net assets	<u>11,711,801</u>	<u>11,801,515</u>
Total liabilities and net assets	<u>\$ 19,745,823</u>	<u>\$ 20,049,685</u>

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

Scattered Site One Development Corporation

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

	<u>2021</u>	<u>2020</u>
Operating revenues		
Dwelling rental income	\$ 2,559,523	\$ 2,563,153
Other income	<u>183,028</u>	<u>304,250</u>
Total operating revenues	<u>2,742,551</u>	<u>2,867,403</u>
Operating expenses		
Administrative	627,790	579,199
Operating and maintenance	1,026,914	904,902
Depreciation	308,823	287,969
Utilities	12,465	15,183
Fringe benefits	163,615	218,348
Interest expense	302,146	310,781
Other	217,061	417,484
Bad debt expense	<u>173,375</u>	<u>46,754</u>
Total operating expenses	<u>2,832,189</u>	<u>2,780,620</u>
Operating income (loss)	<u>(89,638)</u>	<u>86,783</u>
Nonoperating revenue (expense)		
Interest revenue (expense)	<u>(76)</u>	<u>13,244</u>
Total nonoperating revenue (expense)	<u>(76)</u>	<u>13,244</u>
Net income (loss)	<u>(89,714)</u>	<u>\$ 100,027</u>

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

Scattered Site One Development Corporation

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

Balance, July 1, 2019	\$ 11,701,488
Net income, June 30, 2020	<u>100,027</u>
Balance, June 30, 2020	11,801,515
Net loss, June 30, 2021	<u>(89,714)</u>
Balance, June 30, 2021	<u>\$ 11,711,801</u>

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

Scattered Site One Development Corporation

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net income (loss)	\$ (89,714)	\$ 100,027
Adjustments to reconcile net income (loss) to net cash, cash equivalents and restricted cash provided by operating activities:		
Depreciation	308,823	287,969
(Increase) decrease in operating assets:		
Accounts receivable, net and other assets	(34,079)	(73,517)
Interfund receivable	256,404	207,171
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	12,907	20,505
Accrued interest payable	(733)	(704)
Tenants' security deposits	(3,745)	(1,354)
Net cash, cash equivalents and restricted cash provided by operating activities	<u>449,863</u>	<u>540,097</u>
Cash flows from investing activities		
Construction costs paid	<u>(112,294)</u>	<u>(228,823)</u>
Net cash, cash equivalents and restricted cash used in investing activities	<u>(112,294)</u>	<u>(228,823)</u>
Cash flows from financing activities		
Mortgage principal payments	<u>(222,577)</u>	<u>(213,971)</u>
Net cash, cash equivalents and restricted cash used in financing activities	<u>(222,577)</u>	<u>(213,971)</u>
Net increase in cash, cash equivalents and restricted cash	114,992	97,303
Cash, cash equivalents and restricted cash, beginning of year	<u>3,660,822</u>	<u>3,563,519</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,775,814</u>	<u>\$ 3,660,822</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 301,312</u>	<u>\$ 309,918</u>

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

Scattered Site One Development Corporation

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

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 presented in cash, cash equivalents and restricted cash, end of year, above:

Restricted cash and cash equivalents	\$ 3,687,080	\$ 3,572,113
Tenants' security deposits	<u>88,734</u>	<u>88,709</u>
Total cash, cash equivalents and restricted cash, end of year	<u>\$ 3,775,814</u>	<u>\$ 3,660,822</u>

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

Scattered Site One Development Corporation

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

Scattered Site One Development Corporation (the Corporation) is a nonprofit corporation formed in the State of Maryland on October 11, 2011 to acquire, own and operate 190 apartment units to be operated as a housing project for rental to persons of eligible income under the Annotated Code of Maryland (the Project). The units are located in Montgomery County, Maryland.

Housing projects undertaken, financed, or assisted by the Corporation and the projects' related expenditures must be approved by the Housing Opportunities Commission of Montgomery County, Maryland, (a component unit of Montgomery County, Maryland) (HOC). The Corporation is legally separate from HOC, but the Corporation's financial statements are included in the Opportunity Housing Fund of HOC as a blended component unit. The Corporation'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 Corporation.

Method of Accounting

The Corporation'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 Corporation considers all highly liquid investments with a maturity of three months or less when purchased, consisting of investments in money market funds, 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 Corporation'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 \$192,948 and \$39,566, respectively.

Property and Equipment

Land, buildings and improvements are recorded at cost. Building and improvements are depreciated over their estimated useful lives of 7 to 30 years using the straight-line method.

Property and equipment include property held for and under development, operating properties, and fixed assets used in operations that cost \$5,000 or more and have an estimated useful life of at least two years.

See independent auditor's report.

Scattered Site One Development Corporation

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

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

Impairment of Long-Lived Assets

The Corporation 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.

Net Assets

HOC, the Corporation's principal investor, is required to report on a fund basis and categorize net assets as the following:

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

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

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

Income Taxes

The Corporation 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 Corporation and tenants of the properties are operating leases.

Grant Revenue

Grant revenue is recognized under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958, *Not-for-profit Entities*, which states that grant revenue should be recognized when the conditions to satisfy the underlying grant have been substantially met. During the years ended June 30, 2021 and 2020, grants of \$163,110 and \$284,032, respectively, were received from Montgomery County, Maryland and were recognized as revenue as all conditions were substantially met.

Advertising

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

Reclassification

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

See independent auditor's report.

Scattered Site One Development Corporation

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

2) Concentration of 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.

3) Restricted Cash and Cash Equivalents

Restricted funds are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage escrow deposits	\$ 40,752	\$ 40,563
Reserve for replacements	728,489	614,489
Renovation escrow	<u>2,917,839</u>	<u>2,917,061</u>
	<u>\$ 3,687,080</u>	<u>\$ 3,572,113</u>

Details of the reserve for replacement account during the years ended June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 614,489	\$ 531,900
Monthly deposits (\$9,500 x 12)	114,000	114,000
Reserve releases	<u>-</u>	<u>(31,411)</u>
Balance, end of year	<u>\$ 728,489</u>	<u>\$ 614,489</u>

4) Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Land	\$ 4,290,068	\$ 4,290,068
Buildings and improvements	7,974,409	7,766,055
Construction in progress	<u>112,294</u>	<u>208,354</u>
Total property and equipment	12,376,771	12,264,477
Less: accumulated depreciation	<u>2,621,777</u>	<u>2,312,954</u>
Property and equipment, net	<u>\$ 9,754,994</u>	<u>\$ 9,951,523</u>

See independent auditor's report.

Scattered Site One Development Corporation

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

5) Long-term Debt

Mortgage Payable

The Corporation is obligated to repay a mortgage to HOC. The mortgage loan is provided from HOC's Multifamily Housing Development Bonds 2012 Series A in the original amount of \$9,200,000. There were no financing fees incurred related to this mortgage. Negative arbitrage totaling \$47,009 was incurred in connection with the mortgage and is 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 note is secured by a deed of trust on the properties. Beginning on September 1, 2012, the Corporation is required to make monthly principal and interest payments in the amount of \$43,657. The note bears interest at 3.95% per annum and matures on August 1, 2042. The outstanding principal and accrued interest balances as of June 30, 2021 and 2020 are \$7,506,864 and \$24,710, respectively, for 2021 and \$7,729,441 and \$25,443, respectively, for 2020. Prepaid negative arbitrage as of June 30, 2021 and 2020 was \$34,735 and \$33,168, respectively, and is included in accounts receivable, net and other assets on the accompanying balance sheets. For the years ended June 30, 2021 and 2020, interest expense of \$302,146 and \$310,781, respectively, was incurred, which includes negative arbitrage of \$1,567 for each year.

Maturities of the mortgage payable are as follows:

2022	\$	231,530
2023		240,843
2024		250,530
2025		260,607
2026		271,090
2027-2031		1,528,050
2032-2036		1,861,099
2037-2041		2,266,741
2042-2043		<u>596,374</u>
Total	\$	<u>7,506,864</u>

The liability of the Corporation under the mortgages is limited to the underlying value of the real estate collateral and an assignment of rents, plus other amounts deposited with the lender.

6) Real Estate Taxes

The Corporation has an agreement with Montgomery County, Maryland, to make a payment in lieu of taxes (PILOT). During the year ended June 30, 2013, the Corporation applied for and received an exemption from the state property tax under a similar PILOT agreement.

See independent auditor's report.

Scattered Site One Development Corporation

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

7) Related Party Transactions

Interfund Receivable

The Corporation has numerous transactions with HOC to finance operations and provide services. To the extent that funds to finance certain transactions of the Corporation has not been paid or collected as of year-end, interfund payables and receivables are recorded. In addition, the Corporation is allocated costs from the HOC defined benefit pension plan and other post-employment benefit plan (OPEB) which includes retiree health insurance. The Corporation is allocated a net liability composed of a share of the related plan assets, liabilities, deferred outflows, and deferred inflows. Pension and OPEB expense are based on HOC management's calculation of costs related to employees of HOC that perform activities related to the Corporation. The components of the pension and OPEB liability allocated to the Corporation and included in interfund receivable as of June 30, 2021 is \$600,828 of deferred outflows, \$634,394 of deferred inflows, and \$420,533 of net pension and OPEB liability. The components of the pension and OPEB liability allocated to the Corporation and included in interfund receivable as of June 30, 2020 is \$406,640 of deferred outflows, \$560,515 of deferred inflows, and \$251,512 of net pension and OPEB liability. The total balance of the interfund receivable as of June 30, 2021 and 2020, is \$5,975,137 and \$6,231,541, respectively.

Due to Affiliate

HOC has advanced funds to the Corporation in connection with the initial acquisition of the properties. These funds are noninterest bearing and repayment terms are uncertain. As of June 30, 2021 and 2020, \$383,984 and \$385,854, respectively, remain payable and are included in accounts payable and accrued expenses on the accompanying balance sheets.

Property Management Fee

The Corporation is required to pay a management fee to HOC as determined by HOC. Each year, the amount is approved by HOC based on the agency cost allocation model determined during the budgetary process. For the years ended June 30, 2021 and 2020, management fees of \$404,360 and \$359,510, respectively, were incurred.

Development Corporation Fee

The Corporation pays an annual fee to HOC in the amount as approved by the HOC Commissioners. The fee is assessed at the end of the fiscal year based on the performance of the property during the fiscal year. For the years ended June 30, 2021 and 2020, development corporation fees of \$105,909 and \$313,350, respectively, were incurred.

8) Commitments and Contingencies

Rental Regulatory Agreement

The Corporation is obligated under the terms of a rental regulatory agreement with HOC to provide housing to low to moderate income residents. Under the terms of the agreement, at least 76 of the units of the Project are dedicated for occupancy by tenants whose income is less than 60% of the median income for the Washington Metropolitan Statistical Area (WMSA). The term of the agreement is for the term of the Deed of Trust on the loan, 30 years.

See independent auditor's report.

Scattered Site One Development Corporation

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

8) Commitments and Contingencies (Continued)

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 Corporation.

9) 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 Scattered Site One Development Corporation as of and for the years ended June 30, 2021 and 2020, and our report thereon dated November 4, 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.

SCH attest services, P.C.

Sparks, Maryland
November 4, 2021

Scattered Site One Development Corporation

Detail of Selected Balance Sheet Accounts

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Accounts receivable, net and other assets		
Rents receivable	\$ 323,272	\$ 46,044
Accounts receivable - subsidy	68,407	156,496
Allowance for doubtful accounts	(192,948)	(39,566)
Other resident fees receivable	868	1,199
Ex-resident work orders receivable	801	397
Prepaid other expense	33,168	34,735
Prepaid mortgage insurance	6,310	6,494
	<u> </u>	<u> </u>
Total accounts receivable, net and other assets	<u>\$ 239,878</u>	<u>\$ 205,799</u>
Accounts payable and accrued expenses		
Accrued annual leave	\$ 25,411	\$ 24,919
Accounts payable	4,748	7,964
Accounts payable - other	19,918	-
Accrued salaries	5,265	3,644
Accrued utility payments	379	-
Clearing resident refunds	(496)	(496)
Due to affiliate	383,984	385,854
Resident prepaid rents	10,641	15,058
	<u> </u>	<u> </u>
Total accounts payable and accrued expenses	<u>\$ 449,850</u>	<u>\$ 436,943</u>

See independent auditor's report on supplementary information.

Scattered Site One Development Corporation

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

	<u>2021</u>	<u>2020</u>
Dwelling rental income		
Rent	\$ 2,814,862	\$ 2,775,890
Vacancies and concessions	(259,187)	(227,968)
Tenant charges	3,848	15,231
Total dwelling rental income	<u>\$ 2,559,523</u>	<u>\$ 2,563,153</u>
Other income		
Grants	\$ 163,110	\$ 284,032
Rental license	19,918	20,218
Total other income	<u>\$ 183,028</u>	<u>\$ 304,250</u>
Administrative expenses		
Advertising and marketing	\$ -	\$ 3
Licenses and fees	19,925	20,218
Loan management fees	23,000	23,000
Management fees	404,360	359,510
Miscellaneous	8,570	3,967
Office supplies and expense	4,713	4,568
Professional fees	12,577	17,872
Salaries	135,078	133,988
Telephone	1,040	754
Vehicle	18,527	15,319
Total administrative expenses	<u>\$ 627,790</u>	<u>\$ 579,199</u>

See independent auditor's report on supplementary information.

Scattered Site One Development Corporation

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

	2021	2020
Operating and maintenance expenses		
Contracts	\$ 233,708	\$ 156,096
Exterminating	10,356	7,395
Grounds maintenance	21,902	16,396
Housing association fees	375,188	332,360
HVAC repairs and maintenance	54,575	52,230
Janitorial	14,201	16,517
Salaries	201,419	208,594
Snow removal	1,090	-
Supplies and repairs	114,475	115,314
Total operating and maintenance expenses	<u>\$ 1,026,914</u>	<u>\$ 904,902</u>
Utilities expense		
Electricity	\$ 7,990	\$ 6,972
Gas	1,209	1,449
Trash removal	1,002	1,722
Water	2,264	5,040
Utilities expense	<u>\$ 12,465</u>	<u>\$ 15,183</u>
Fringe benefits		
Accrued leave	\$ 492	\$ 6,052
Contract managed benefits	-	2,181
Deferred contribution plan	17,741	16,551
FICA	21,689	23,333
Health insurance	64,987	66,756
Other post employment benefits	48,712	93,562
Unemployment	1,086	1,394
Workers' compensation	8,908	8,519
Total fringe benefits	<u>\$ 163,615</u>	<u>\$ 218,348</u>
Other expenses		
Development corporation fee	\$ 105,909	\$ 313,350
Insurance	34,015	28,163
Mortgage insurance	38,046	39,138
Taxes	37,454	36,491
Water quality protect charge (RFSA)	1,637	342
Total other expenses	<u>\$ 217,061</u>	<u>\$ 417,484</u>

See independent auditor's report on supplementary information.