

**POOKS HILL COURTYARD
A COMPONENT UNIT OF THE HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY, MARYLAND**

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021
AND
INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pooks Hill Courtyard, a Component Unit
of the Housing Opportunities Commission
of Montgomery County, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pooks Hill Courtyard, a Component Unit of Housing Opportunities Commission of Montgomery County, Maryland, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pooks Hill Courtyard 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pooks Hill Courtyard and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Pooks Hill Courtyard's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Pooks Hill Courtyard'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 Pooks Hill Courtyard'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 accompanying supplementary information shown on pages 16 to 18 is presented for the 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of Pooks Hill Courtyard’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pooks Hill Courtyard’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pooks Hill Courtyard’s internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned to the left of the date and location information.

December 15, 2022
Bethesda, Maryland

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS AND DEFERRED OUTFLOWS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 148,020	\$ 194,666
Accounts receivable, prepaids, and other assets, net	<u>51,563</u>	<u>13,369</u>
Total current assets	<u>199,583</u>	<u>208,035</u>
Restricted cash and equivalents	801,397	757,075
Customer deposits	<u>19,403</u>	<u>19,594</u>
Total deposits held in trust - funded	820,800	776,669
Property and equipment, net of depreciation	<u>2,521,165</u>	<u>2,641,486</u>
Total long term assets	<u>2,521,165</u>	<u>2,641,486</u>
Total assets	<u><u>\$ 3,541,548</u></u>	<u><u>\$ 3,626,190</u></u>

LIABILITIES, DEFERRED INFLOWS AND NET ASSETS

Accounts payable and accrued liabilities	\$ 33,205	\$ 34,539
Unearned revenue	11,248	15,830
Accrued interest payable	6,665	10,015
Loans payable to Montgomery County - current	17,365	17,193
Mortgage notes and loans payable - current	222,741	212,005
Interfund payable	<u>69,800</u>	<u>50,117</u>
Total current liabilities	<u>361,024</u>	<u>339,699</u>
Customer deposit payable	<u>17,055</u>	<u>18,611</u>
Total current liabilities payable from restricted assets	<u>17,055</u>	<u>18,611</u>
Loans payable to Montgomery County - non-current	183,498	217,886
Mortgage notes and loans payable - net of unamortized issuance costs	1,009,614	1,232,354
Less: Deferred charges, net of accumulated amortization	<u>(57,161)</u>	<u>(65,955)</u>
Total non-current liabilities	<u>1,135,951</u>	<u>1,384,285</u>
Total liabilities	1,514,030	1,742,595
Net investment in capital assets	1,087,947	962,048
Restricted net assets	803,745	758,058
Unrestricted net assets	<u>135,826</u>	<u>163,489</u>
Total net assets	<u>2,027,518</u>	<u>1,883,595</u>
Total liabilities, deferred inflow of resources and net assets	<u><u>\$ 3,541,548</u></u>	<u><u>\$ 3,626,190</u></u>

The accompanying notes are an integral part of these financial statements.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenue		
Dwelling rental	\$ 902,735	\$ 892,506
Management fees and other income	<u>3,251</u>	<u>2,674</u>
Total operating revenues	<u>905,986</u>	<u>895,180</u>
 Operating Expenses		
Administrative	89,009	87,630
Maintenance	153,734	97,391
Depreciation	120,322	120,322
Utilities	80,878	72,778
Fringe Benefits	16,264	15,718
Interest expense	77,575	87,964
Bad debt expense	4,108	-
Other	<u>76,569</u>	<u>76,488</u>
Total operating expenses	<u>618,459</u>	<u>558,291</u>
Operating income (loss)	287,527	336,889
 Non-Operating Revenue (Expenses)		
Investment income	<u>261</u>	<u>117</u>
Total non-operating revenue (expense)	<u>261</u>	<u>117</u>
 Net Income (Loss)	 <u>\$ 287,788</u>	 <u>\$ 337,006</u>

The accompanying notes are an integral part of these financial statements.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
 OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
 STATEMENTS OF CHANGES IN NET DEFICIT
 YEARS ENDED JUNE 30, 2022 AND 2021**

Balance, July 1, 2020		\$ 1,772,975
Change in net deficit		337,006
Distributions		<u>(226,386)</u>
Balance, June 30, 2021		1,883,595
Change in net deficit		287,788
Distributions		<u>(143,865)</u>
Balance, June 30, 2022		<u>\$ 2,027,518</u>

The accompanying notes are an integral part of these financial statements.

POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from Operating Activities		
Cash received from tenants	\$ 857,323	\$ 917,905
Cash paid to suppliers and employees	<u>(397,882)</u>	<u>(330,501)</u>
Net Cash Provided by Operating Activities	<u>459,441</u>	<u>587,404</u>
Cash flows from Capital and Related Financing Activities		
Interest paid	(72,131)	(77,776)
Principal repayments of mortgage note payable	(212,005)	(218,158)
Principal repayments of notes payable	(34,216)	-
Distributions	<u>(143,865)</u>	<u>(226,386)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(462,217)</u>	<u>(522,320)</u>
Cash flows from Investing Activities		
Investment income (expense)	<u>261</u>	<u>117</u>
Net Cash Provided by Investing Activity	<u>261</u>	<u>117</u>
Net Increase in Cash and Cash Equivalents	<u>(2,515)</u>	<u>65,201</u>
Cash and Cash Equivalents - Beginning	<u>971,335</u>	<u>906,134</u>
Cash and Cash Equivalents - Ending	<u>\$ 968,820</u>	<u>\$ 971,335</u>
Reconciliation of changes in net assets to net cash provided by Operating activities		
Change in net assets	\$ 287,788	\$ 337,006
Reconciling adjustments:		
Depreciation	120,322	120,322
Interest and amortization of deferred charges	77,314	87,847
Changes in operating assets and liabilities		
Accounts receivable and other assets	(38,194)	14,276
Accounts payable and accrued expense	(1,334)	14,837
Unearned revenue	(4,582)	7,523
Interfund payable	19,683	4,791
Tenant security deposit payable	<u>(1,556)</u>	<u>802</u>
Net cash provided by operating activities	<u>\$ 459,441</u>	<u>\$ 587,404</u>

The accompanying notes are an integral part of these financial statements.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

1. Organization

Pooks Hill Courtyard, a Component Unit of the Housing Opportunities Commission of Montgomery County, Maryland (HOC) (Pooks Hill Courtyard or Property) was formed under the laws of the State of Maryland on January 19, 1999 for the purpose of acquiring a 50-unit apartment complex to provide rental housing, some of which are for low and moderate income families.

Pooks Hill Courtyard's dwelling units are located in Montgomery County, Maryland which constitutes a concentration of credit risk. The Property's collateral for rents receivable is one month's rent held as a security deposit.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Section 958, Not-for-Profit Entities. Under those standards, net assets and revenues, gain and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations that they are to be maintained permanently by the Organization to use all or part of the income earned on assets.

Method of Accounting

The Property prepares its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. The accounting policies conform to accounting principles generally accepted in the United States of America.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Short-term liquid investments (including securities purchased under agreements to resell) with original maturities of less than three months are considered to be cash equivalents. The Property considers the following as cash and cash equivalents: the reserve for replacement fund, operating reserve fund, and customer deposits.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Property and tenants of the Property are operating leases with terms of twelve months or less.

Rental Subsidies

The Property receives rental subsidies from the county and state for making units available for low-income tenants

Deferred Charges

Under ASC-835, Interest, as issued by the Financial Accounting Standards Board (FASB), the deferred charges are recorded as a reduction of the related debt balance and the amortization of the charges is included in interest expense.

Amortization included in interest expense for these loan and mortgage financing fees for the years ended June 30, 2022 and 2021 is \$8,794 for each year, and accumulated amortization is \$205,477 and \$196,683, respectively.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a tenant's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated average useful lives of the assets as follows: buildings and building renovations, forty years; and miscellaneous equipment, five to ten years.

The Property's policy is to capitalize property and equipment expenditures of \$5,000 or more.

Maintenance, repairs, and minor renewals which do not significantly improve or extend the lives of the respective assets are charged against operations when incurred. Additions, improvements, and major renewals are capitalized.

Subsequent Events

Management has evaluated subsequent events through December 15, 2022, which is the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provide evidence about conditions that existed at the statement of position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of position date, but disclosures of such events, if any, are included in the accompanying notes.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

3. Cash and Cash Equivalents

Cash and cash equivalents, including restricted cash and cash equivalents, consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Operating cash and cash equivalents	\$ 148,020	\$ 194,666
Replacement reserve	\$ 423,886	\$ 388,325
Operating reserve	377,511	368,750
Customer deposits	<u>19,403</u>	<u>19,594</u>
Restricted cash and cash	<u>820,800</u>	<u>776,669</u>
Total cash and cash equivalents	<u>\$ 968,820</u>	<u>\$ 971,335</u>

4. Property and Equipment

Property and equipment is comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 628,400	\$ 628,400
Building	4,633,373	4,633,373
Building renovations	29,355	29,355
Miscellaneous equipment	12,382	12,382
Site improvement	<u>67,025</u>	<u>67,025</u>
	5,370,535	5,370,535
Accumulated depreciation	<u>(2,849,370)</u>	<u>(2,729,049)</u>
	<u>\$ 2,521,165</u>	<u>\$ 2,641,486</u>

Depreciation expense for the years ended June 30, 2022 and 2021, totaled \$120,322 and \$120,322, respectively.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

5. Deferred Charges

Deferred charges consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Deferred title, underwrite fee and record charges	\$ 54,319	\$ 54,319
Cost of issuance charges	<u>208,319</u>	<u>208,319</u>
	262,638	262,638
Accumulated amortization	<u>(205,477)</u>	<u>(196,683)</u>
Total Deferred Charges	<u>\$ 57,161</u>	<u>\$ 65,955</u>

Unamortized loan costs are deducted from the face amount of the related mortgage loan payable on the statements of financial position. Amortization of loan costs are included in interest expense on the statements of activities. Amortization expense on loan costs for 2022 and 2021 are \$8,794 and \$8,794, and the accumulated amortization was \$205,477 and \$196,683, respectively.

6. Income Taxes

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

7. Pooled Investments

As of June 30, 2022, the Property has \$423,886 of replacement reserve cash of which \$103,868 is in a pooled fund with other properties that are controlled by HOC, and on deposit with the Montgomery County Government.

As of June 30, 2021, the Property has \$388,325 of replacement reserve cash of which \$80,901 is in a pooled fund with other properties that are controlled by HOC, and on deposit with the Montgomery County Government.

8. Reserve for Replacement

In accordance with the Regulatory Agreement with HOC, disbursement from the replacement reserve for the purpose of maintenance, improvements, or renovations of the Project cannot be made without prior written consent of HOC. For each of the years ended June 30, 2022 and 2021, the required monthly deposits of \$3,938 were funded per

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

8. Reserve for Replacement (continued)

the Regulatory Agreement. The cash and investments restricted for replacement consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 388,325	\$ 369,920
Deposit	47,256	47,256
Interest	96	30
Withdrawals	<u>(11,791)</u>	<u>(28,881)</u>
Ending balance	<u>\$ 423,886</u>	<u>\$ 388,325</u>
Operating cash and cash equivalents	\$ 103,868	\$ 80,901
Restricted cash and cash equivalents	<u>320,018</u>	<u>307,424</u>
Total	<u>\$ 423,886</u>	<u>\$ 388,325</u>

9. Operating Reserve

The operating reserve has been established for the purpose of funding operation expenses of the Property to the extent that the Property's collected gross receipts are insufficient for such purpose. For each of the years ended June 30, 2022 and 2021, monthly deposits of \$717 were funded at the discretion of HOC. The cash and investments restricted for operating reserves consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 368,750	\$ 358,711
Deposit	8,604	9,958
Interest	<u>157</u>	<u>81</u>
Ending balance	<u>\$ 377,511</u>	<u>\$ 368,750</u>

10. Mortgage Note Payable

Mortgage note payable to Housing Opportunity Commission of Montgomery County consists of an original amount, \$4,247,578; requiring monthly principal and interest payments of \$23,228 with an interest rate of 4.95%, due June 1, 2027.

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OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

10. Mortgage Note Payable (continued)

The note is secured by a mortgage on the buildings and improvements. The Property entered into a regulatory agreement with HOC in conjunction with obtaining the mortgage.

Aggregate maturities required on mortgage payable, assuming no change in the current terms, consist of the following for each of the years ending June 30:

2023	\$	222,741
2024		234,020
2025		245,871
2026		258,324
2027		<u>271,399</u>
		1,232,355
Less: Current portion		(222,741)
Less: Deferred charges (Note 5)		<u>(57,161)</u>
Total	\$	<u><u>952,453</u></u>

Note payable consist of the following as of June 30:

	<u>2022</u>		<u>2021</u>
Note payable to Montgomery County, Maryland;			
Original amount, \$500,000; requiring annual principal and interest payments of \$19,374; interest rate of 1%; collateralized by the building and improvements; matures during 2033.	\$ 200,863	\$	235,079
Note payable to Montgomery County - Current	<u>(17,365)</u>	<u></u>	<u>(17,193)</u>
Note payable to Montgomery County - Long-Term	<u>\$ 183,498</u>	<u>\$</u>	<u>217,886</u>

Aggregate maturities required on notes payable, assuming no change in current terms, consist of the following for each of the years ending June 30:

2023	\$	17,365
2024		17,539
2025		17,714
2026		17,891
2027		18,070
Thereafter		<u>112,284</u>
	\$	<u><u>200,863</u></u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021**

11. Net Assets

The Property is required to report on a fund basis and the net assets for the years ended June 30:

	2022	2021
Invested in capital assets, net of related debt	\$ 1,087,947	\$ 962,048
Restricted net assets	803,745	758,058
Unrestricted net assets	135,826	163,489
	\$ 2,027,518	\$ 1,883,595

12. Concentration of Cash Risk

As of June 30, 2022 and 2021, account balances were \$968,820 (consisted of \$550,638 in PNC bank and \$418,182 in Wells Fargo bank) and \$971,335 (consisted of \$663,911 in PNC bank and \$307,424 in Wells Fargo bank), respectively. The FDIC insured limit is \$250,000 per customer per bank. However, amounts held in trust accounts and other demand accounts are either invested in United States treasury securities or are collateralized at a level of at least 100% of market value of principal and accrued interest. The collateral is held by the bank's agent in HOC's name.

SUPPLEMENTAL INFORMATION

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
DETAILED SCHEDULES OF REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUE		
Rent: Current Residents	\$ 944,827	\$ 929,001
Rent: Subsidies	9,132	9,984
Concessions	(8,485)	(10,575)
Vacancy Loss	(50,150)	(43,153)
Other Rent Fees	7,005	7,249
Miscellaneous Income	3,251	2,674
Late Fees/NSF	406	-
TOTAL OPERATING INCOME	<u>\$ 905,986</u>	<u>\$ 895,180</u>
 ADMINISTRATIVE EXPENSES		
Contract Admin Salary	\$ 30,537	\$ 32,333
Auditing Services	8,180	8,020
Contract Management Fee	25,402	25,402
Misc. Operating Expenses	2,589	3,388
Postage	358	331
Printing/Reproduction	400	486
Other Office Supplies	800	608
Food and Beverages	170	72
Legal Services-General	3,743	55
Advertising	5,802	5,471
Local Phone Bill	2,778	2,686
Bank Fees	393	461
Computer Equipment	395	-
Computer Software	4,402	5,347
Rental License Fees	2,594	2,556
Security Deposit Interest Expense	283	281
Professional Assoc. Dues	105	133
Resident Services Fees	78	-
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 89,009</u>	<u>\$ 87,630</u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
DETAILED SCHEDULES OF REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
MAINTENANCE		
Contract Maintenance Salary	\$ 32,678	\$ 27,083
Supplies and Materials	34,165	5,292
Contracts	<u>86,891</u>	<u>65,016</u>
TOTAL MAINTENANCE EXPENSE	<u>\$ 153,734</u>	<u>\$ 97,391</u>
 UTILITIES		
Water Bill	\$ 53,947	\$ 51,126
Electric Bill	15,095	11,956
Natural Gas	88	623
Trash Collection	10,238	8,369
Trash Collection - Bulk	<u>1,510</u>	<u>704</u>
TOTAL UTILITIES EXPENSE	<u>\$ 80,878</u>	<u>\$ 72,778</u>
 FRINGE BENEFITS		
Contract Managed Benefits	\$ 16,163	\$ 15,624
Contract Other Training	<u>101</u>	<u>94</u>
TOTAL FRINGE BENEFITS	<u>\$ 16,264</u>	<u>\$ 15,718</u>
 OTHER EXPENSES		
Fire and Hazard Insurance	\$ 7,140	\$ 6,240
Liability Insurance	9,135	7,257
Environmental Insurance	350	117
Security Contracts	5,352	6,754
Solid Waste	1,092	1,040
Insurance Reserve	-	1,580
Asset Management Fee Expense - Non-Federal	<u>53,500</u>	<u>53,500</u>
TOTAL OTHER EXPENSES	<u>\$ 76,569</u>	<u>\$ 76,488</u>

**POOKS HILL COURTYARD
SCHEDULES OF EXCESS CASH
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 949,417	\$ 951,741
Customer deposits	19,403	19,594
Accounts receivable, prepaids, and other assets, net	<u>51,563</u>	<u>13,369</u>
Total Available to Fulfill Current Obligations	<u>1,020,383</u>	<u>984,704</u>
Less:		
Interfund payable	69,800	50,117
Accrued mortgage interest payable	6,665	10,015
Accounts payable and accrued liabilities	33,205	34,539
Customer deposit payable	17,055	18,611
Deferred revenue	11,249	15,830
Loans and notes payable - current	<u>240,106</u>	<u>229,198</u>
Total Current Obligations	<u>378,080</u>	<u>358,310</u>
EXCESS CASH	<u><u>\$ 642,303</u></u>	<u><u>\$ 626,394</u></u>



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Pooks Hill Courtyard, a Component Unit
of the Housing Opportunities Commission
of Montgomery County, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pooks Hill Courtyard (the Property), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, changes in net deficit, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 15, 2022
Bethesda, Maryland

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Bethesda, MD 20817
301-564-3636



1950 Old Gallows Road
Suite 440
Vienna, VA 22182
703-506-9700

Independent Auditor's Report on Compliance with Specific Requirements Applicable to Fair Housing and Non-Discrimination

Board of Commissioners
Pooks Hill Courtyard, a Component Unit
of the Housing Opportunities Commission
of Montgomery County, Maryland

We have applied procedures to test the Pooks Hill Courtyard, a Component Unit of the Housing Opportunities Commission of Montgomery County, Maryland (the Property)'s compliance with Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs, for the year ended June 30, 2022.

Our procedures were limited to the applicable compliance requirement described in the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Our procedures were substantially less in scope than an audit, the objective of which would be the expression of an opinion on the Property's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of non-compliance that are required to be reported herein under the Guide.

This report is intended solely for the information and use of management, the Housing Opportunities Commission of Montgomery County, Maryland, and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



December 15, 2022
Bethesda, Maryland