

Scattered Site One Development Corporation

Financial Statements

**For the Years Ended
June 30, 2023 and 2022**

Scattered Site One Development Corporation

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For the Years Ended June 30, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Scattered Site One Development Corporation which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scattered Site One Development Corporation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Scattered Site One Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scattered Site One Development Corporation'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 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, including omissions, 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, 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 Scattered Site One Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Scattered Site One Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

SC+H attest services, P.C.

Sparks, Maryland
December 1, 2023

Scattered Site One Development Corporation

Balance Sheets

As of June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Assets | | |
| Unrestricted current assets | | |
| Accounts receivable, net and other assets | \$ 250,387 | \$ 251,135 |
| Interfund receivable | <u>5,397,032</u> | <u>5,596,757</u> |
| Total unrestricted current assets | <u>5,647,419</u> | <u>5,847,892</u> |
| Restricted cash and cash equivalents for current liabilities | | |
| Restricted cash and cash equivalents | 3,916,412 | 3,802,231 |
| Tenants' security deposits | <u>90,494</u> | <u>88,774</u> |
| Total restricted cash and cash equivalents for current liabilities | <u>4,006,906</u> | <u>3,891,005</u> |
| Property and equipment | | |
| Property and equipment, net of accumulated depreciation | <u>9,609,205</u> | <u>9,808,464</u> |
| Total property and equipment | <u>9,609,205</u> | <u>9,808,464</u> |
| Total assets | <u>\$ 19,263,530</u> | <u>\$ 19,547,361</u> |

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

Scattered Site One Development Corporation

Balance Sheets (Continued)
As of June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 448,442 | \$ 417,469 |
| Accrued interest payable | 23,155 | 23,948 |
| Mortgage payable, current maturities | <u>250,530</u> | <u>240,843</u> |
| Total current liabilities | <u>722,127</u> | <u>682,260</u> |
| Current liabilities payable from restricted assets | | |
| Tenants' security deposits | <u>47,499</u> | <u>47,864</u> |
| Total current liabilities payable from restricted assets | <u>47,499</u> | <u>47,864</u> |
| Long-term liabilities | | |
| Mortgage payable, net of current maturities | <u>6,783,962</u> | <u>7,034,492</u> |
| Total long-term liabilities | <u>6,783,962</u> | <u>7,034,492</u> |
| Total liabilities | <u>7,553,588</u> | <u>7,764,616</u> |
| Commitments and contingencies (Note 8) | | |
| Net assets | | |
| Investment in capital assets, net of related debt | 2,574,713 | 2,533,129 |
| Restricted net assets | 3,959,407 | 3,843,141 |
| Unrestricted net assets | <u>5,175,822</u> | <u>5,406,475</u> |
| Total net assets | <u>11,709,942</u> | <u>11,782,745</u> |
| Total liabilities and net assets | <u>\$ 19,263,530</u> | <u>\$ 19,547,361</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|--------------------|---------------------|
| Operating revenues | | |
| Dwelling rental income | \$ 2,665,908 | \$ 2,619,115 |
| Other income | 98,575 | 187,211 |
| Total operating revenues | <u>2,764,483</u> | <u>2,806,326</u> |
| Operating expenses | | |
| Administrative | 641,048 | 566,776 |
| Operating and maintenance | 1,102,119 | 1,057,854 |
| Depreciation | 334,209 | 326,583 |
| Utilities | 15,616 | 23,123 |
| Fringe benefits | 76,605 | 96,673 |
| Interest expense | 283,821 | 293,164 |
| Other | 388,449 | 292,010 |
| Bad debt expense | 42,151 | 260,472 |
| Total operating expenses | <u>2,884,018</u> | <u>2,916,655</u> |
| Operating loss | <u>(119,535)</u> | <u>(110,329)</u> |
| Nonoperating revenue | | |
| Interest revenue | 46,732 | 306 |
| Total nonoperating revenue | <u>46,732</u> | <u>306</u> |
| Net loss | <u>\$ (72,803)</u> | <u>\$ (110,023)</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, 2023 and 2022

| | |
|-------------------------|----------------------|
| Balance, July 1, 2021 | \$ 11,892,768 |
| Net loss, June 30, 2022 | <u>(110,023)</u> |
| Balance, June 30, 2022 | 11,782,745 |
| Net loss, June 30, 2023 | <u>(72,803)</u> |
| Balance, June 30, 2023 | <u>\$ 11,709,942</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Net loss | \$ (72,803) | \$ (110,023) |
| Adjustments to reconcile net loss to net restricted cash and cash equivalents provided by operating activities: | | |
| Depreciation | 334,209 | 326,583 |
| Bad debt expense | 42,151 | 260,472 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable, net and other assets | (41,403) | (271,729) |
| Interfund receivable | 199,725 | 378,380 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 30,973 | (32,381) |
| Accrued interest payable | (793) | (762) |
| Tenants' security deposits | (365) | (4,734) |
| Net restricted cash and cash equivalents provided by operating activities | <u>491,694</u> | <u>545,806</u> |
| Cash flows from investing activities | | |
| Construction costs paid | <u>(134,950)</u> | <u>(199,086)</u> |
| Net restricted cash and cash equivalents used in investing activities | <u>(134,950)</u> | <u>(199,086)</u> |
| Cash flows from financing activities | | |
| Mortgage principal payments | <u>(240,843)</u> | <u>(231,529)</u> |
| Net restricted cash and cash equivalents used in financing activities | <u>(240,843)</u> | <u>(231,529)</u> |
| Net increase in restricted cash and cash equivalents | 115,901 | 115,191 |
| Restricted cash and cash equivalents, beginning of year | <u>3,891,005</u> | <u>3,775,814</u> |
| Restricted cash and cash equivalents, end of year | <u>\$ 4,006,906</u> | <u>\$ 3,891,005</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | <u>\$ 283,047</u> | <u>\$ 292,359</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, 2023 and 2022

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

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Restricted cash and cash equivalents | \$ 3,916,412 | \$ 3,802,231 |
| Tenants' security deposits | <u>90,494</u> | <u>88,774</u> |
| Total restricted cash and cash equivalents, end of year | <u>\$ 4,006,906</u> | <u>\$ 3,891,005</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, 2023 and 2022

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, 2023 and 2022 were \$408,807 and \$377,496, 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, 2023 and 2022

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, 2023 and 2022.

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

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

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, 2023 and 2022, grants of \$76,565 and \$167,293, 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 which totaled \$0 and \$1,377, respectively, for the years ended June 30, 2023 and 2022.

See independent auditor's report.

Scattered Site One Development Corporation

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

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>2023</u> | <u>2022</u> |
|--------------------------|---------------------|---------------------|
| Mortgage escrow deposits | \$ 42,089 | \$ 40,962 |
| Reserve for replacements | 910,555 | 842,489 |
| Renovation escrow | <u>2,963,768</u> | <u>2,918,780</u> |
| | <u>\$ 3,916,412</u> | <u>\$ 3,802,231</u> |

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

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 842,489 | \$ 728,489 |
| Authorized releases | (45,934) | - |
| Monthly deposits (\$9,500 x 12) | <u>114,000</u> | <u>114,000</u> |
| Balance, end of year | <u>\$ 910,555</u> | <u>\$ 842,489</u> |

4) Property and Equipment

The property and equipment detail as of June 30 was as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 4,290,068 | \$ 4,290,068 |
| Buildings and improvements | 8,285,789 | 8,285,789 |
| Construction in progress | <u>134,950</u> | <u>-</u> |
| Total property and equipment | 12,710,807 | 12,575,857 |
| Less: accumulated depreciation | <u>3,101,602</u> | <u>2,767,393</u> |
| Property and equipment, net | <u>\$ 9,609,205</u> | <u>\$ 9,808,464</u> |

See independent auditor's report.

Scattered Site One Development Corporation

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

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, 2023 and 2022 are \$7,034,492 and \$23,155, respectively, for 2023 and \$7,275,335 and \$23,948, respectively, for 2022. Prepaid negative arbitrage as of June 30, 2023 and 2022 was \$30,034 and \$31,601, respectively, and is included in accounts receivable, net and other assets on the accompanying balance sheets. For the years ended June 30, 2023 and 2022, interest expense of \$283,821 and \$293,164, respectively, was incurred, which includes negative arbitrage of \$1,567 for each year.

Maturities of the mortgage payable are as follows:

| | | |
|-----------|----|------------------|
| 2024 | \$ | 250,530 |
| 2025 | | 260,607 |
| 2026 | | 271,090 |
| 2027 | | 281,994 |
| 2028 | | 293,336 |
| 2029-2033 | | 1,653,447 |
| 2034-2038 | | 2,013,828 |
| 2039-2043 | | <u>2,009,660</u> |
| Total | \$ | <u>7,034,492</u> |

The liability of the Corporation under the mortgage 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, 2023 and 2022

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, 2023 is \$228,730 of deferred outflows, \$402,021 of deferred inflows, and \$247,113 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, 2022 is \$493,488 of deferred outflows, \$444,799 of deferred inflows, and \$492,098 of net pension and OPEB liability. The total balance of the interfund receivable as of June 30, 2023 and 2022, is \$5,397,032 and \$5,596,757, 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, 2023 and 2022, \$364,683 remains payable and is 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, 2023 and 2022, management fees of \$439,200 and \$404,360, 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, 2023 and 2022, development corporation fees of \$244,699 and \$177,362, 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, 2023 and 2022

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 material 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, 2023 and 2022, and our report thereon dated December 1, 2023, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 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
December 1, 2023

Scattered Site One Development Corporation

Detail of Selected Balance Sheet Accounts

As of June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Accounts receivable, net and other assets | | |
| Accounts receivable - subsidy | \$ 64,509 | \$ 51,619 |
| Allowance for doubtful accounts | (408,807) | (377,496) |
| Ex-resident work orders receivable | 1,399 | 801 |
| Other resident fees receivable | 13,862 | 2,709 |
| Prepaid mortgage insurance | 5,921 | 6,120 |
| Prepaid negative arbitrage | 30,034 | 31,601 |
| Rents receivable | <u>543,469</u> | <u>535,781</u> |
| Total accounts receivable, net and other assets | <u>\$ 250,387</u> | <u>\$ 251,135</u> |
| Accounts payable and accrued expenses | | |
| Accounts payable | \$ 7,178 | \$ 5,866 |
| Accrued annual leave | 17,169 | 23,660 |
| Accrued salaries | 11,262 | 5,978 |
| Accrued utility payments | 2,929 | - |
| Clearing resident refunds | (824) | (496) |
| Due to affiliate | 364,683 | 364,683 |
| Other accrued liabilities | 17,146 | 1,434 |
| Resident prepaid rents | <u>28,899</u> | <u>16,344</u> |
| Total accounts payable and accrued expenses | <u>\$ 448,442</u> | <u>\$ 417,469</u> |

See independent auditor's report on supplementary information.

Scattered Site One Development Corporation

Detailed Statements of Operations
For the Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|---------------------|---------------------|
| Dwelling rental income | | |
| Rent | \$ 2,930,745 | \$ 2,937,914 |
| Tenant charges | 18,168 | 6,151 |
| Vacancies and concessions | <u>(283,005)</u> | <u>(324,950)</u> |
| Total dwelling rental income | <u>\$ 2,665,908</u> | <u>\$ 2,619,115</u> |
| Other income | | |
| Grants | \$ 76,565 | \$ 167,293 |
| Miscellaneous | 2,092 | - |
| Rental license | <u>19,918</u> | <u>19,918</u> |
| Total other income | <u>\$ 98,575</u> | <u>\$ 187,211</u> |
| Administrative expenses | | |
| Advertising and marketing | \$ - | \$ 1,377 |
| Licenses and fees | 19,918 | 19,918 |
| Loan management fees | 23,000 | 23,000 |
| Management fees | 439,200 | 404,360 |
| Miscellaneous | 8,492 | 2,979 |
| Office supplies and expense | 6,991 | 7,246 |
| Professional fees | 17,735 | 12,450 |
| Salaries | 107,397 | 76,140 |
| Vehicle | <u>18,315</u> | <u>19,306</u> |
| Total administrative expenses | <u>\$ 641,048</u> | <u>\$ 566,776</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, 2023 and 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Operating and maintenance expenses | | |
| Contracts | \$ 279,062 | \$ 236,249 |
| Exterminating | 5,925 | 8,090 |
| Grounds maintenance | 22,110 | 15,143 |
| Housing association fees | 384,128 | 367,611 |
| HVAC repairs and maintenance | 20,431 | 31,400 |
| Janitorial | 26,729 | 25,004 |
| Salaries | 202,551 | 188,691 |
| Snow removal | - | 440 |
| Supplies and repairs | 161,183 | 185,226 |
| Total operating and maintenance expenses | <u>\$ 1,102,119</u> | <u>\$ 1,057,854</u> |
| Utilities expense | | |
| Electricity | \$ 8,162 | \$ 12,039 |
| Gas | 1,457 | 1,410 |
| Trash removal | 699 | 361 |
| Water | 5,298 | 9,313 |
| Total utilities | <u>\$ 15,616</u> | <u>\$ 23,123</u> |
| Fringe benefits | | |
| Accrued leave | \$ (6,492) | \$ (1,751) |
| Deferred contribution plan | 15,767 | 15,810 |
| FICA | 21,867 | 18,522 |
| Health insurance | 57,047 | 61,543 |
| Other post employment benefits | (20,815) | (7,900) |
| Unemployment | 1,304 | 2,818 |
| Workers' compensation | 7,927 | 7,631 |
| Total fringe benefits | <u>\$ 76,605</u> | <u>\$ 96,673</u> |
| Other expenses | | |
| Development corporation fee | \$ 244,699 | \$ 177,362 |
| Insurance | 59,287 | 35,500 |
| Mortgage insurance | 35,725 | 36,907 |
| Taxes | 48,456 | 41,899 |
| Water quality protect charge (RFSA) | 282 | 342 |
| Total other expenses | <u>\$ 388,449</u> | <u>\$ 292,010</u> |

See independent auditor's report on supplementary information.