

Wheaton Metro Development Corporation

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

June 30, 2023 and 2022

Wheaton Metro Development Corporation

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Independent Auditor's Report

To Management
Wheaton Metro Development Corporation

Report on the Financial Statements

Opinion

We have audited the financial statements of Wheaton Metro 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 accompanying financial statements present fairly, in all material respects, the financial position of Wheaton Metro 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 ("GAAS"). 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 Wheaton Metro 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 Wheaton Metro Development Corporation's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Wheaton Metro 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 Wheaton Metro 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The selected line item detail and schedule of cash flow and distribution are presented for purposes 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Baltimore, Maryland
March 14, 2024

Wheaton Metro Development Corporation

Balance Sheets June 30, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 131,798	\$ 229,474
Accounts receivable and other assets, net of allowance	62,476	34,423
Total current assets	<u>194,274</u>	<u>263,897</u>
Restricted deposits and funded reserves		
Tenant deposits	92,035	92,648
Restricted cash and cash equivalents	355,849	356,204
Total restricted deposits and funded reserves	<u>447,884</u>	<u>448,852</u>
Noncurrent assets		
Rental property, net of accumulated depreciation	23,186,519	24,129,993
Advance to affiliate	1,676,530	1,711,698
Prepaid expenses	158,528	163,221
Total noncurrent assets	<u>25,021,577</u>	<u>26,004,912</u>
Total assets	<u>\$ 25,663,735</u>	<u>\$ 26,717,661</u>

Wheaton Metro Development Corporation

**Balance Sheets
June 30, 2023 and 2022**

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable and accrued liabilities	\$ 62,011	\$ 63,956
Mortgage payable - current	582,624	557,034
Accrued interest payable	102,505	104,594
Due to affiliate	383,686	381,700
Total current liabilities	1,130,826	1,107,284
Current liabilities payable from restricted cash and cash equivalents		
Tenant deposit payable	90,908	92,103
Noncurrent liabilities		
Mortgage payable, net of unamortized debt issuance costs of \$541,437 and \$562,667, respectively, and net of current maturities	26,210,695	26,772,089
Loan payable to Montgomery County, MD	2,984,721	2,984,721
Loans payable to Housing Opportunities Commission of Montgomery County, MD	1,379,283	1,379,283
Developer fee payable	3,273,051	3,273,051
Accrued interest payable	1,102,330	1,006,858
Total noncurrent liabilities	34,950,080	35,416,002
Total liabilities	36,171,814	36,615,389
Total net assets	(10,508,079)	(9,897,728)
Total liabilities and net assets	\$ 25,663,735	\$ 26,717,661

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Statements of Operations Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenue		
Rental income	\$ 2,737,600	\$ 2,641,194
Other income	33,104	5,147
	<u>2,770,704</u>	<u>2,646,341</u>
Total operating revenue		
	<u>2,770,704</u>	<u>2,646,341</u>
Operating expenses		
Administration	374,276	371,333
Maintenance	326,875	316,304
Bad debt	28,055	30,574
Depreciation and amortization	957,474	963,130
Utilities	66,981	63,016
Fringe benefits	63,629	68,427
Interest expense	1,358,349	1,382,839
Other	227,332	240,680
	<u>3,402,971</u>	<u>3,436,303</u>
Total operating expenses		
	<u>3,402,971</u>	<u>3,436,303</u>
Operating loss	<u>(632,267)</u>	<u>(789,962)</u>
Net loss	<u>\$ (632,267)</u>	<u>\$ (789,962)</u>

See Notes to Financial Statements.

Wheaton Metro Development Corporation

**Statements of Changes in Net Assets
Years Ended June 30, 2023 and 2022**

Balance, July 1, 2021	\$ (9,206,519)
Contributions	98,753
Net loss	<u>(789,962)</u>
Balance, June 30, 2022	(9,897,728)
Contributions	21,916
Net loss	<u>(632,267)</u>
Balance, June 30, 2023	<u><u>\$ (10,508,079)</u></u>

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net loss	\$ (632,267)	\$ (789,962)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	957,474	963,130
Amortization of debt issuance costs	21,230	21,163
(Increase) decrease in assets		
Accounts receivable and other assets	(28,053)	(2,965)
Prepaid expenses	4,693	4,621
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(1,945)	7,200
Accrued interest payable	93,383	93,475
Customer deposits payable	(1,195)	23,797
	<u>413,320</u>	<u>320,459</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Decrease in interfund receivable	35,168	85,419
Purchases of rental property	(14,000)	-
	<u>21,168</u>	<u>85,419</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Payments on mortgage payable	(557,034)	(532,568)
Decrease in interfund payable	1,986	(5,573)
Contributions	21,916	98,753
	<u>(533,132)</u>	<u>(439,388)</u>
Net cash used in financing activities		
Net decrease in cash, cash equivalents, and restricted cash	(98,644)	(33,510)
Cash, cash equivalents and restricted cash, beginning	<u>678,326</u>	<u>711,836</u>
Cash, cash equivalents and restricted cash, end	<u>\$ 579,682</u>	<u>\$ 678,326</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 1,243,735</u>	<u>\$ 1,268,200</u>

See Notes to Financial Statements.

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

Note 1 - Organization

Wheaton Metro Development Corporation (the "Corporation") was formed as a nonstock corporation under the laws of the State of Maryland on October 1, 2003. The Corporation is a component unit of The Housing Opportunities Commission of Montgomery County, Maryland (the "Commission"). The Corporation was formed for the purpose of operating a housing property consisting of 120 market-rate units, two retail units, and a parking garage located in Wheaton, Maryland (the "Project").

On January 1, 2009, Wheaton Metro Limited Partnership (the "Partnership"), an affiliated entity of the Commission, assigned 120 market-rate units, two retail units and a parking garage, which are part of MetroPointe Apartments, to the Corporation, along with related assets and liability balances as of that date.

Note 2 - Summary of significant accounting policies

Use of estimates

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

Accounts receivable and bad debts

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2023 and 2022, the allowance was \$36,737 and \$14,499, respectively.

Rental property

Rental property is carried at cost. Building and improvements, land improvements, furnishing and equipment are depreciated over estimated useful lives using the straight-line method for financial reporting purposes. Leasehold improvements are amortized over the shorter of the useful life of the asset or the term of the lease. For income tax purposes, accelerated lives and methods are used.

	<u>Method</u>	<u>Estimated useful lives</u>
Buildings and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Furniture and equipment	Straight-line	5 years

Impairment of long-lived assets

The Corporation reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2023 and 2022.

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related mortgage.

Deferred charges

Costs related to obtaining commercial tenants of \$30,640 were amortized over the life of the leases, which ranged from 9-10 years. Amortization expense for the years ended June 30, 2023 and 2022 was \$0 and \$1,926, respectively. Accumulated amortization as of June 30, 2023 and 2022 was \$30,640 and \$30,640, respectively.

Income taxes

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

The preparation of financial statements in accordance with GAAP requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. Management has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. As of June 30, 2023, returns for the tax years 2020 through 2022 generally remain subject to examination by taxing authorities.

Rental income

Residential lease income is recognized as rentals become due. Rental payments received in advance are deferred until earned.

Commercial lease income is recognized in accordance with the respective lease terms, on a straight-line basis over the terms of the respective leases. Rental income recorded on the straight-line method in excess of the rents billed is recognized as deferred rent asset. All leases between the Corporation and tenants of the property are operating leases.

Advertising costs

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

Cash and cash equivalents

Short-term liquid investments with original maturities of less than three months are considered to be cash equivalents. As of June 30, 2023 and 2022, there were no cash equivalents.

New accounting pronouncements

The Corporation adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on July 1, 2022 ("Adoption Date"). Additionally, the Corporation elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting the Corporation to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

The Corporation accounted for its existing leases with tenants of the property as operating leases. Adopting Topic 842 in accounting for tenant leases did not result in adjustments to the financial statements.

Note 3 - Restricted cash and cash equivalents

Replacement reserve

In accordance with the Regulatory Agreement with the Commission, disbursements from the reserve for replacement for the purpose of maintenance, improvements, or renovations of the Project cannot be made without prior consent of the Commission. The reserve for replacement is pooled with other properties that are controlled by the Commission and deposited with Montgomery County, Maryland. The Corporation is required to deposit \$2,500 monthly in accordance with the Regulatory Agreement. As of June 30, 2023 and 2022, the balance in the reserve was \$29,715 and \$34,352, respectively.

Renovation reserve

The Corporation has an additional renovation reserve to be used to fund capital improvements or major repairs. As of June 30, 2023 and 2022, the balance in the reserve was \$246,867 and \$243,661, respectively.

Mortgage escrow

Under the agreements with the affiliate of the Commission, the Corporation is required to make monthly escrow deposits for mortgage insurance. As of June 30, 2023 and 2022, the escrow was \$79,267 and \$78,191, respectively.

Note 4 - Statements of cash flows

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

	2023	2022
Cash and cash equivalents	\$ 131,798	\$ 229,474
Customer deposits - funded security deposits	92,035	92,648
Replacement reserve	29,715	34,352
Renovation escrow	246,867	243,661
Mortgage escrow	79,267	78,191
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 579,682</u>	<u>\$ 678,326</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property, a replacement reserve and renovation reserve for maintenance, improvements and repairs, and a mortgage escrow for monthly deposits for the mortgage insurance, as required by the operating agreement.

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

Note 5 - Rental property

Property held by the Corporation at June 30, 2023 and 2022 consists of the following:

	2023	2022
Land	\$ 1,428,020	\$ 1,428,020
Buildings and improvements	33,852,153	33,852,153
Land improvements	1,292,638	1,292,638
Furniture and equipment	442,177	428,177
Leasehold improvements	68,784	68,784
Accumulated depreciation	(13,897,253)	(12,939,779)
	<u>\$ 23,186,519</u>	<u>\$ 24,129,993</u>

Note 6 - Mortgage payable

The Corporation assumed the obligations from the Partnership mortgage obtained for financing the construction of the Project in connection with the issuance, by an affiliate of the Commission, of Housing Development Bonds, 2006 Series A, in an aggregate amount not to exceed \$33,380,000. The loan converted to permanent financing in January 2009, at which time monthly payments of principal and interest in the amount of \$150,064 commenced. The loan bears interest at 4.50% and matures on January 1, 2049. The Project serves as collateral for the loan. As of June 30, 2023 and 2022, the mortgage payable was \$27,334,756 and \$27,891,790, respectively, and accrued interest was \$102,505 and \$104,594, respectively.

As discussed in Note 2, debt issuance costs, net of accumulated amortization, totaled \$541,437 and \$562,667 as of June 30, 2023 and 2022, respectively, and are related to the mortgage payable. Debt issuance costs on the above mortgage are being amortized using an imputed rate of 4.76%. For the years ended June 30, 2023 and 2022, amortization expense related to debt issuance costs was \$21,230 and \$21,163, respectively, and is included in interest expense in the statements of operations.

Aggregate maturities of the mortgage payable for the five years following June 30, 2023 and every five years thereafter are as follows:

2024	\$ 582,624
2025	609,390
2026	637,385
2027	666,666
2028	697,293
2029-2033	3,997,432
2034-2038	5,003,969
2039-2043	6,263,947
2044-2048	7,841,183
2049	1,034,867
	<u>\$ 27,334,756</u>

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

Note 7 - Note payable to Montgomery County, MD

In 2009, the Corporation assumed the obligations of a note payable to Montgomery County, Maryland in the amount of \$2,984,721. The note is collateralized by the Project. Beginning March 31, 2016, the note bears interest at a rate of 1% per annum and annual payments of principal and interest are due in an amount equal to the lesser of 50% of debt service cash flow as defined in the loan note or the amount which when applied first to interest and then to principal will amortize the loan over its then-remaining term. The loan matures on April 1, 2046. As of June 30, 2023 and 2022, the outstanding principal balance and accrued interest was \$2,984,721 and \$2,984,721 and \$216,392 and \$186,546, respectively. There was no cash flow available for debt service payment at June 30, 2023 and 2022.

Note 8 - Related party transactions

Loan payable to the Housing Opportunities Commission of Montgomery County, MD

The Corporation obtained financing from the Commission, an affiliate of the Corporation. The original amount of the loan was \$486,138 and total additional principal advances cannot exceed \$1,250,000. Total advances by the Commission were \$1,250,000 and the loan is collateralized by the Project. Annual payments of 50% of net cash flow, as defined in the deed of trust note, are due commencing on July 1, 2010. The loan bears interest at 5.25% per annum and matures on July 1, 2039. As of June 30, 2023 and 2022, the outstanding principal balance and accrued interest was \$1,250,000 and \$1,250,000 and \$885,938 and \$820,312, respectively. There was no cash flow available for debt service payment at June 30, 2023 and 2022.

In accordance with the commission resolution dated November 2, 2011, the Opportunity Housing Reserve Fund advanced \$129,283 to the Project to fund payment of debt issuance costs. The advance does not bear interest and is payable from available net cash flow in accordance with the commission resolution. As of June 30, 2023 and 2022, \$129,283 remains payable and there was no net cash flow available for repayment.

Developer fee payable

The Corporation entered into a development agreement with the Commission and Bozzuto Development Company ("Developers"), an unrelated party, for services relating to the development of the Project. The Developers earned a developer fee of \$5,694,506. The developer fee is payable from available net cash flow in accordance with the development agreement. As of June 30, 2023 and 2022, \$3,273,051, remains payable, and there is no cash flow available for repayment.

Advances to affiliate

The Corporation made advances to affiliates which do not bear interest and are due on demand. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. As of June 30, 2023 and 2022, \$1,676,530 and \$1,711,698, respectively, were due to the Corporation.

Advances from affiliate

The Corporation was advanced funds from an affiliate which do not bear interest and are due on demand. As of June 30, 2023 and 2022, \$383,686 and \$381,700, respectively, remain payable to the affiliate.

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

Shared expenses

The Corporation shares certain operating costs with the Partnership. As of June 30, 2023 and 2022, the Organization has no amounts due to or from the Partnership for shared costs.

Asset management fee

Pursuant to Section 7 of the Asset Management Fee Agreement (the "Agreement"), the Corporation agreed to pay an annual asset management fee to the Commission equal to the proportionate share of the asset management agent's indirect overhead expense attributable to the Project for the preceding year as determined annually as part of the asset management agent's annual budget. The Agreement expired December 31, 2010 and renews automatically without notice. For each of the years ended June 30, 2023 and 2022, asset management fees of \$8,680 were incurred and paid, and are included in other expenses on the statements of operations.

Note 9 - Property management fee

The Corporation has an agreement with Bozzuto Management Company, an unrelated party, to provide property management services, effective through June 30, 2023, the agreement provides for a fee of 4.75% of adjusted gross receipts. Management fees charged to operations under this agreement for the years ended June 30, 2023 and 2022 were \$128,238 and \$124,280, respectively.

Note 10 - Net assets

The Commission, the Corporation's principal investor, is required to report on a fund basis. The Corporation, therefore, has reported net assets on a fund basis to conform to the Commission's presentation. This presentation does not conform with GAAP, but is not materially different. Below is a summary of the Corporation's net assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment in capital assets, net	\$ (11,785,292)	\$ (11,398,852)
Restricted net assets	356,976	356,749
Unrestricted net assets	<u>920,237</u>	<u>1,144,375</u>
	<u>\$ (10,508,079)</u>	<u>\$ (9,897,728)</u>

Note 11 - Rental income under operating leases

The Project has commercial leases that expire on various dates between December 2032 and May 2029. Each lease includes provisions for rental increases. The following is a schedule of minimum future rental income on noncancelable operating leases for each of the next five years and thereafter as of June 30, 2023:

2024	\$ 114,386
2025	117,332
2026	120,358
2027	123,464
2028	126,653
Thereafter	<u>410,940</u>
	<u>\$ 1,013,133</u>

Wheaton Metro Development Corporation

Notes to Financial Statements June 30, 2023 and 2022

For the year ended June 30, 2023, the Corporation's rent receipts required under the lease terms were \$111,307.

Note 12 - Concentration of credit risk

The Corporation, at times, will have cash in banking institutions in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation ("FDIC"). Cash balances in excess of the FDIC insured amounts are collateralized with the Federal Reserve Bank and, therefore, are not at risk.

Note 13 - Financial dependency

The accompanying financial statements have been prepared in conformity with GAAP, which contemplates continuation of the Corporation as a going concern. The Corporation has operating expenses and debt service in excess of operating income in recent years. If sufficient cash flow from operations cannot be attained, the Corporation will continue to be financially dependent on the Commission, who has agreed to continue funding deficits as needed. The Commission has committed to fund any shortfall in operating cash flow as necessary for a period no less than one year following the issuance of these financial statements.

Note 14 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through March 14, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Wheaton Metro Development Corporation

**Selected Line Item Detail
Years Ended June 30, 2023 and 2022**

	2023	2022
Administration		
Marketing and lease-up	\$ 40,138	\$ 33,266
Contract administration salary	79,934	99,892
Contract bonus/commission	31,616	25,153
Contract management fee	128,238	124,280
Miscellaneous operating expenses	3,573	4,188
Postage	1,100	1,268
Printing/reproduction	2,868	2,663
Office supplies	1,095	1,424
Auditing services	11,600	13,031
Legal services	8,386	4,573
Other operating professional services	-	190
Credit check services	1,888	1,724
Telephone	15,986	15,132
Software	24,856	26,308
Rental license fees	5,640	5,640
Bank fees	1,021	1,137
Resident gifts	3,928	3,411
Miscellaneous program supplies	9,652	4,737
Security deposit interest	1,090	858
Cable charges	1,571	2,458
Local mileage and travel	96	-
	<u>374,276</u>	<u>371,333</u>
Total administration expenses	<u>\$ 374,276</u>	<u>\$ 371,333</u>
Maintenance		
Contract maintenance salary	\$ 112,451	\$ 126,768
Supplies and materials	14,661	19,144
Contracts	175,664	133,360
Windows and glass	1,585	7,449
Doors	6,339	5,053
Lock and keys	2,247	2,751
Flooring and carpeting	4,138	4,098
Paint and wall coverings	-	76
Equipment	9,790	17,605
	<u>326,875</u>	<u>316,304</u>
Total maintenance expenses	<u>\$ 326,875</u>	<u>\$ 316,304</u>

Wheaton Metro Development Corporation

**Selected Line Item Detail
Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Utilities		
Water	\$ 2,442	\$ 13,841
Electric	50,334	37,280
Trash collection	14,205	11,895
	<u>66,981</u>	<u>63,016</u>
Total utility expenses	<u>\$ 66,981</u>	<u>\$ 63,016</u>
Fringe benefits		
Contract managed benefits	\$ 60,347	\$ 66,382
Contract employee appreciation	2,981	1,975
Contract other training	301	70
	<u>63,629</u>	<u>68,427</u>
Total fringe benefits	<u>\$ 63,629</u>	<u>\$ 68,427</u>
Other		
Mortgage insurance	\$ 138,493	\$ 141,178
Other taxes	2,937	3,008
Property insurance	45,283	39,270
Water quality protection charge	-	543
Security contracts	27,907	30,686
Coronavirus expense	106	13,389
Asset management fee	8,680	8,680
Environmental insurance	841	841
	<u>224,247</u>	<u>237,595</u>
Total other expenses	<u>\$ 224,247</u>	<u>\$ 237,595</u>

See Independent Auditor's Report.

Wheaton Metro Development Corporation

**Schedule of Cash Flow and Distribution
Year Ended June 30, 2023**

Operating revenue	\$ 2,770,704
Additions (deductions)	
Change in accounts receivable	<u>(28,053)</u>
	<u>2,742,651</u>
Operating expenses	(3,402,971)
(Additions) deductions	
Change in accounts payable and accrued expenses	1,945
Change in prepaid expenses	4,693
Change in accrued interest	93,383
Depreciation and amortization	957,474
Amortization of debt issuance costs	21,230
Required reserve deposits, net of approved withdrawals	(355)
Scheduled debt service	<u>(582,624)</u>
	<u>(2,907,225)</u>
Cash flow*	<u><u>\$ (164,574)</u></u>
Order of distribution	
First - the lesser of 50% of remaining cash flow or amortizing principal and interest payment amount to the County Loan	\$ -
Second - 50% of the remaining cash flow to pay the HOC LOC	<u>-</u>
Total distributable cash flow	<u><u>\$ -</u></u>

Note 1 - Cash Flow presented in the Schedule of Cash Flow and Distributions is as defined in the loan documents with Montgomery County, MD, the Housing Opportunities Commission of Montgomery County, MD, and the development agreement.

See Independent Auditor's Report.



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