

**Banor Housing, Inc.**  
**HUD Project No. 000-44227**

Financial Statements and  
Supplementary Information

For the Years Ended June 30, 2019 and 2018  
with Independent Auditor's Report

**MaherDuessel**

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# **BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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## Independent Auditor's Report

**Board of Directors  
Banor Housing, Inc.**

We have audited the accompanying financial statements of Banor Housing, Inc. (Corporation), a nonprofit corporation, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 2 to the financial statements, the Corporation adopted ASU 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities," which amends the requirements for financial statements for nonprofit entities. Our opinion is not modified with respect to this matter.

## Other Matters

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 13 to 18 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
September 27, 2019

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,653	\$ 100
Accounts receivable, net and other assets	18,798	120,817
Total current assets	42,451	120,917
Restricted assets:		
Customer deposits - funded security deposits	78,667	78,174
Restricted cash and cash equivalents	505,511	413,469
Total restricted assets	584,178	491,643
Property and equipment, net of accumulated depreciation	2,224,435	1,364,832
<b>Total Assets</b>	<b>\$ 2,851,064</b>	<b>\$ 1,977,392</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,861	\$ 40,253
Deferred revenue	8,794	14,390
Mortgage payable - short-term	-	41,276
Note payable to Montgomery County - short-term	-	183,000
Accrued interest payable	-	241
Interfund payable to HOC	378,438	585,024
Total current liabilities	445,093	864,184
Current liabilities payable from restricted assets:		
Customer deposit payable	70,376	73,306
Noncurrent liabilities:		
Mortgage payable	-	-
Advance from HOC Montgomery County	358,581	-
Deferred revenue	-	710
Total noncurrent liabilities	358,581	710
Total Liabilities	874,050	938,200
Net Assets:		
Without donor restrictions	1,977,014	1,039,192
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,851,064</b>	<b>\$ 1,977,392</b>

See accompanying notes to financial statements.

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Without Donor Restrictions	
	2019	2018
<b>Operating Revenues:</b>		
Rent	\$ 867,949	\$ 882,506
Interest reduction payments	12,352	148,267
Other	17,328	18,312
Total operating revenues	897,629	1,049,085
<b>Operating Expenses:</b>		
Management and general:		
Advertising and marketing	-	11
Office expense	8,638	9,376
Management fee	46,010	46,010
Manager and office salaries	111,937	125,359
Legal expense	960	-
Audit expense	7,350	7,200
Bad debt	400	59,713
Miscellaneous	8,404	9,331
Total management and general	183,699	257,000
Program:		
Maintenance	135,344	97,834
Payroll	149,637	117,686
Depreciation	34,791	78,226
Utilities	111,904	172,241
Fringe benefits	92,139	86,752
Interest expense	5,940	10,618
Other	29,948	41,629
Total program	559,703	604,986
Total operating expenses	743,402	861,986
<b>Operating Income</b>	154,227	187,099
<b>Non-Operating Revenues (Expenses)</b>		
Investment income	632	236
Contributions	599,963	1,024,430
Loan forgiveness	183,000	-
Total non-operating revenues (expenses)	783,595	1,024,666
<b>Changes in Net Assets</b>	\$ 937,822	\$ 1,211,765

See accompanying notes to financial statements.

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Net assets, beginning of year	\$ 1,039,192	\$ (172,573)
Changes in net assets	<u>937,822</u>	<u>1,211,765</u>
Net assets, end of year	<u>\$ 1,977,014</u>	<u>\$ 1,039,192</u>

See accompanying notes to financial statements.

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Receipts:		
Rental receipts	\$ 935,613	\$ 817,643
Interest receipts	632	236
Other operating receipts	42,345	165,815
Total receipts	978,590	983,694
Disbursements:		
Administrative	9,345	27,655
Management fees	46,010	46,010
Utilities	120,288	154,959
Salaries and wages	257,959	252,389
Operating and maintenance	136,381	97,576
Real estate taxes	5,258	5,227
Property insurance	21,554	34,665
Miscellaneous taxes and insurance	92,139	86,752
Tenant security deposits	3,423	5,158
Interest on mortgages	6,181	12,006
Mortgage insurance premium	47	559
Miscellaneous financial expenses	1,362	1,256
Total disbursements	699,947	724,212
Net cash provided by (used in) operating activities	278,643	259,482
<b>Cash Flows From Investing Activities:</b>		
Deposits to the mortgage escrow account	20,742	(33,510)
Withdrawal from the mortgage escrow account	-	33,277
Deposits to the reserve for replacement	(60,006)	(26,557)
Deposits to the residual receipts	(52,778)	(47,755)
Work in progress	(273,767)	(60,717)
Net cash provided by (used in) investing activities	(365,809)	(135,262)
<b>Cash Flows From Financing Activities:</b>		
Principal payments - first mortgage	(41,276)	(237,899)
Advance from HOC Montgomery County	358,581	-
Increase (decrease) from Interfund payable	(206,586)	113,679
Net cash provided by (used in) financing activities	110,719	(124,220)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	23,553	-
<b>Cash and Cash Equivalents:</b>		
Beginning of year	100	100
End of year	\$ 23,653	\$ 100
<b>Supplemental Data for Noncash Investing Activities:</b>		
Contribution of property and equipment	\$ 599,963	\$ 1,024,430
<b>Supplemental Data for Noncash Financing Activities:</b>		
Forgiveness of debt	\$ 183,000	\$ -

See accompanying notes to financial statements.



# **BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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## **1. Organization and Presentation**

Banor Housing, Inc. (Corporation) is a nonprofit corporation organized in June of 1974, under the laws of the State of Maryland. The Corporation operates a 142-unit elderly apartment housing project called Bauer Park Apartments located in Rockville, Maryland pursuant to Section 236, of Title II of the National Housing Act. Under Section 236, the project receives monthly subsidies from the Department of Housing and Urban Development (HUD) to assist in the payment of mortgage interest. Additionally, for a limited number of residents who qualify under income guidelines set forth under Section 8 of the National Housing Act, the Corporation receives rent subsidy equivalent to the difference between a predetermined minimum basic rent and the net family contribution required under the applicable rent assistance program. HUD regulates this project as to rent charges and operating methods.

## **2. Summary of Significant Accounting Policies**

### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less when purchased to be cash equivalents. Restricted amounts are not included in beginning or ending cash in the statements of cash flows. The Corporation had no cash equivalents at June 30, 2019 or 2018.

### Restricted Deposits and Funded Reserves

In accordance with the provisions of the regulatory agreement between the Corporation and HUD, restricted cash was held by the mortgagee, Berkadia Commercial Mortgage LLC until August 2018, when the mortgage was paid in full. Beginning August 2018, the

# BANOR HOUSING, INC.

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## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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restricted cash is held with PNC. Restricted cash is to be used for replacement of property and various other uses with the approval of HUD. The Corporation made monthly deposits of \$5,000 and \$2,208 for 2019 and 2018, respectively, to the restricted replacement reserve fund. The annual contribution for the fiscal years 2019 and 2018 was \$60,000 and \$26,496, respectively. HUD-restricted deposits and funded reserves of \$505,511 at June 30, 2019 and \$392,727 at June 30, 2018, are held in separate accounts and are not available for operating purposes. In addition, the Corporation holds an escrow account. The balance for the years ended June 30, 2019 and 2018 was \$23,553 and \$20,742, respectively.

Use of the residual receipts account is contingent upon HUD's prior written approval.

### Allowance for Doubtful Accounts

The Corporation uses the allowance method of accounting for receivables. All receivable balances greater than 90 days old are charged to the allowance account. The allowance for doubtful account balances for the years ended June 30, 2019 and 2018 was \$138,707 and \$138,307, respectively.

### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of assets that range from 40 years for buildings, 10 years for building improvements, and five to ten years for portable building equipment. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

### Impairment of Assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There was no impairment loss recognized in 2019 and 2018.

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# **BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

## **NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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### Net Assets

The Corporation's net assets, revenues, gains, and expenses are classified based on the existence or absence of donor-imposed restrictions. The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. All of the Corporation's net assets at June 30, 2019 and 2018 were net assets without donor restrictions.

### Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants of the property are operating leases.

### Contributions

The Housing Opportunities Commission of Montgomery County (HOC) is performing a renovation of Bauer Park Apartments. During 2019 and 2018, renovation costs in the amount of \$599,963 and \$1,024,430, respectively, were paid for by HOC and are reported as contribution revenue on the statements of activities, and the contributed fixed assets are reported as an increase in construction in progress during the year.

### Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. This statement presents the natural classification detail of expenses by function. The sole program of the Corporation is to provide low-income housing to elderly individuals. Expenses related to the program are charged directly.

# **BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

## **NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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### Liquidity and Availability

The Corporation's liquid resources are managed within federal guidelines. HOC has made the stance that it will cover any cash flow issues the Corporation incurs and will forgive any loans made to the Corporation if the time comes that the Corporation cannot continue on its own. Additionally, surplus cash must be deposited into a residual receipts reserve. If funds are needed, the Corporation can use residual receipts and reserve for replacements with HUD's permission.

### Tax-Exempt Status

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service also ruled that the Corporation is not a private foundation. As a result, the Corporation is not required to provide for income taxes unless it has unrelated business income. The Corporation's federal income tax returns for the years 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Further, the Corporation annually files a Form 990.

### Distributions

The Corporation's regulatory agreement with HUD stipulates, among other things, that the Corporation will not make distributions of assets or income to any of its officers or directors.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures 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.

# BANOR HOUSING, INC.

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## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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### Adopted Pronouncement

For the year ended June 30, 2019, the Corporation adopted ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*" The adoption of this ASU had no effect on net assets or changes in net assets for the years ended June 30, 2019 and 2018.

### Pending Accounting Standards Update

The Financial Accounting Standards Board (FASB) has issued amendments to the FASB Accounting Standards Codification that will become effective in future years, including ASU 2014-09 (*Revenue from Contracts with Customers [Topic 606]*), ASU 2016-02 (*Leases [Topic 842]*), ASU 2016-18 (*Statement of Cash Flows [Topic 230]: Restricted Cash*), ASU 2018-08, (*Not-for-Profit Entities [Topic 958]: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*), and 2016-13 (*Credit Losses [Topic 326]*). Management has not yet determined the impact of these amendments on the Corporation's financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

Bauer Park Apartment is undergoing a RAD conversion and will become a Low-Income Housing Tax Credit property with settlement anticipated in January 2020.

## **3. Cash Management**

The Corporation maintains its cash and cash equivalents, deposits held in trust, and restricted deposits and funded reserves in various high-credit financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. If these balances exceed the federal insurance limits, they will be collateralized. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on these bank deposits.

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# BANOR HOUSING, INC.

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## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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### 4. Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land/land improvements	\$ 102,054	\$ 102,054
Building	4,504,247	4,504,247
Building equipment (portable)	254,668	254,668
Miscellaneous fixed assets	<u>2,003,792</u>	<u>1,109,398</u>
Total property and equipment	6,864,761	5,970,367
Less: accumulated depreciation	<u>(4,640,326)</u>	<u>(4,605,535)</u>
Net property and equipment	<u><u>\$ 2,224,435</u></u>	<u><u>\$ 1,364,832</u></u>

### 5. Mortgage Payable

The mortgage note was payable in monthly installments of \$20,825, including interest at 7% through August 2018. The mortgage payable was secured by the Corporation's property and equipment. The mortgage was paid in full in August 2018.

Interest expense incurred for the years ended June 30, 2019 and 2018 related to this note was as follows:

	<u>2019</u>	<u>2018</u>
Gross mortgage interest expense	\$ 5,940	\$ 10,618
Less: Interest paid by HUD	<u>(12,352)</u>	<u>(148,267)</u>
Net interest income	<u><u>\$ (6,412)</u></u>	<u><u>\$ (137,649)</u></u>

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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### 6. Note Payable to Montgomery County

The note payable to Montgomery County, Maryland Department of Housing and Community Affairs, in the amount of \$183,000 was non-interest bearing and matured in September 2018. The proceeds were specifically advanced for the cost associated with repairing/replacing the roof. The loan was forgiven in April 2019 and income of \$183,000 for debt forgiveness was recognized in fiscal year 2019 as a result.

### 7. Related Party Transactions

All six voting members of the Board of Directors (Board) are appointed by HOC. The Board contracted HOC to manage the Bauer Park Apartments.

HOC is paid a monthly management fee of \$27 per unit per month as consideration for certain services rendered relative to the management of the project. HOC also provides a variety of services and merchandise not provided for under the management agreement, such as personnel, fringe benefits, maintenance materials, supplies, and routine maintenance and repair services.

The amounts charged to operations for the above services for the years ended June 30, 2019 and 2018 were:

	<u>2019</u>	<u>2018</u>
Management fees	\$ 46,010	\$ 46,010
Salaries and wages	261,574	243,045
Fringe benefits	67,013	59,658

In June 2017, the Board of HOC passed a resolution to advance funds to the Corporation of up to \$523,110 to help pay for capital improvements at the property. At June 30, 2019 and 2018, the funds advanced to the Corporation were \$358,581 and \$0, respectively.

The Corporation transfers its daily cash collections from operations to a central cash account that is under the control of HOC. Correspondingly, HOC pays for all project expenses from a central cash account also under its control. At the end of each month, the

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# **BANOR HOUSING, INC.**

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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net amount owed to or by the Corporation is assessed interest charges based on the average rate HOC earned on its nightly repurchase agreements during that month. The average rate used at June 30, 2019 and 2018 was 0.08%-0.12% and 0.01%, respectively. Interest accrued by the Corporation on net balances owed to HOC in 2019 and 2018 was \$5,819 and \$495, respectively. At June 30, 2019 and 2018, the Corporation owed HOC \$378,438 and \$585,024, respectively.

## **8. Current Vulnerability Due to Certain Concentrations**

The Corporation's sole asset is a 142-unit apartment project (Project). The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.



**SUPPLEMENTARY INFORMATION  
REQUIRED BY HUD**

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

SUPPORTING DATA REQUIRED BY HUD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

Account Number	<u>Assets</u>	<u>2019</u>	<u>2018</u>
	Current assets:		
1120	Cash - operations	\$ 23,653	\$ 100
1130	Tenant accounts receivable	11,715	2,432
1135	Accounts receivable - HUD, net	7,083	89,626
1165	Interest reduction payment receivable	-	12,352
1200	Miscellaneous prepaid expenses	-	16,407
1100T	Total current assets	<u>42,451</u>	<u>120,917</u>
	Deposits held in trust - funded:		
1191	Tenant deposits held in trust	<u>78,667</u>	<u>78,174</u>
	Restricted deposits and funded reserves:		
1310	Mortgage escrowed deposits	-	20,742
1320	Reserve for replacements	258,552	198,546
1340	Residual receipts reserve	246,959	194,181
1300T	Total restricted deposits and funded reserves	<u>505,511</u>	<u>413,469</u>
1400	Property and equipment:		
1410	Land/land improvements	102,054	102,054
1420	Building	4,504,247	4,504,247
1440	Building equipment (portable)	254,668	254,668
1490	Miscellaneous fixed assets	2,003,792	1,109,398
1400T	Total property and equipment	<u>6,864,761</u>	<u>5,970,367</u>
1495	Less: accumulated depreciation	<u>(4,640,326)</u>	<u>(4,605,535)</u>
1400N	Net property and equipment	<u>2,224,435</u>	<u>1,364,832</u>
1000T	<b>Total Assets</b>	<u><u>\$ 2,851,064</u></u>	<u><u>\$ 1,977,392</u></u>
	<b>Liabilities and Net Assets</b>		
	Liabilities:		
	Current liabilities:		
2110	Accounts payable - operations	\$ 38,234	\$ 25,264
2115	Accounts payable - excess rent - HUD	2,407	1,384
2120	Accrued wages payable	17,220	13,605
2131	Accrued interest payable - first mortgage	-	241
2170	Mortgage payable - first mortgage	-	41,276
2174	Note payable - Montgomery County (short-term)	-	183,000
2177	Operating loss loan payable (short-term)	378,438	585,024
2190	Deferred revenue - current portion	710	710
2210	Prepaid revenue	8,084	13,680
2122T	Total current liabilities	<u>445,093</u>	<u>864,184</u>
	Deposit liabilities:		
2191	Tenant deposits held in trust	<u>70,376</u>	<u>73,306</u>
	Long-term liabilities:		
2324	Advance from HOC Montgomery County	358,581	-
2390	Deferred revenue	-	710
2300T	Total long-term liabilities	<u>358,581</u>	<u>710</u>
2000T	Total Liabilities	<u>874,050</u>	<u>938,200</u>
3131	Net Assets without Donor Restrictions	<u>1,977,014</u>	<u>1,039,192</u>
2033T	<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,851,064</u></u>	<u><u>\$ 1,977,392</u></u>

**BANOR HOUSING, INC.**  
**HUD PROJECT NO. 000-44227**  
**SUPPORTING DATA REQUIRED BY HUD**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Account Number		2019	2018
	<b>Revenues:</b>		
5120	Rent revenue - gross potential	\$ 916,179	\$ 865,250
5121	Tenant assistance payments	81,586	89,626
5194	Retained excess income	10,904	16,382
5100T	Total rent revenue	1,008,669	971,258
5220	Vacancies - apartments	(140,720)	(88,752)
5152N	Net rent revenues	867,949	882,506
5410	Financial revenue	620	117
5430	Revenue from investments - residual receipts	6	58
5440	Revenue from investments - replacement reserve	6	61
5400T	Total financial revenue	632	236
5910	Laundry and vending revenue	7,793	7,926
5920	Tenant charges	1,472	2,080
5945	Interest reduction payments revenue	12,352	148,267
5990	Contributions	599,963	1,024,430
5990	Miscellaneous revenue	191,063	8,306
5900T	Total other revenues	812,643	1,191,009
5000T	Total revenues	1,681,224	2,073,751
	<b>Expenses:</b>		
	Administrative expenses:		
6210	Advertising	-	11
6250	Other renting expenses	311	547
6310	Office salaries	27,173	29,020
6311	Office expenses	8,638	9,376
6320	Management fee	46,010	46,010
6330	Manager salary	84,764	96,339
6340	Legal expense	960	-
6350	Audit expense	7,350	7,200
6370	Bad debts	400	59,713
6390	Miscellaneous administrative expenses	8,093	8,784
6263T	Total administrative expenses	183,699	257,000
	Utilities expenses:		
6450	Electricity	47,906	124,489
6451	Water	35,638	21,686
6452	Gas	24,458	22,419
6400T	Total utilities expenses	108,002	168,594

(Continued)

**BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

SUPPORTING DATA REQUIRED BY HUD

STATEMENTS OF ACTIVITIES

(Continued)

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Account Number		2019	2018
	<b>Expenses (continued):</b>		
	Operating and maintenance expenses:		
6510	Payroll	149,637	117,686
6515	Supplies	22,638	21,095
6520	Contracts	73,567	45,182
6525	Garbage and trash removal	3,902	3,647
6530	Security	390	1,644
6546	Heating/cooling repairs and maintenance	13,232	7,574
6548	Snow removal	13,794	9,525
6570	Vehicle and maintenance equipment operation and repairs	3,124	1,958
6580	Leases	6,876	10,057
6590	Miscellaneous operating and maintenance expenses	751	1,187
6500T	Total operating and maintenance expenses	287,911	219,555
	Taxes and insurance:		
6710	Real estate taxes	5,258	5,227
6711	Payroll taxes (Project's Share)	19,876	15,858
6720	Property and liability insurance	24,253	34,102
6722	Workmen's comp	5,250	11,236
6723	Health Insurance and other ben.	67,013	59,658
6700T	Total taxes and insurance	121,650	126,081
	Financial expenses:		
6820	Interest on mortgage payable	5,940	10,618
6850	Mortgage insurance premium/service charge	47	656
6890	Miscellaneous financial expense	1,362	1,256
6800T	Total financial expenses	7,349	12,530
6000T	Total cost of operations before depreciation	708,611	783,760
5060T	Profit (loss) before depreciation	972,613	1,289,991
6600	Depreciation expense	34,791	78,226
3250	<b>Changes in Net Assets</b>	937,822	1,211,765
	<b>Net Assets without Donor Restrictions:</b>		
S1100-060	Beginning of year	1,039,192	(172,573)
3131	End of year	\$ 1,977,014	\$ 1,039,192
	<b>Part II</b>		
S1000-010	Total first mortgage principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held, and HUD-insured first mortgages.	\$ 41,276	\$ 237,899
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	\$ 60,000	\$ 26,496
S1000-030	Replacement reserves or residual receipts and releases included as expenses in the above statement of activities.	\$ -	\$ -
S1000-040	Project improvement reserve releases under the flexible subsidy program included as expenses in the above statement of activities.	\$ -	\$ -

(Concluded)

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

SUPPORTING DATA REQUIRED BY HUD

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Account Number		2019	2018
	<b>Cash Flows From Operating Activities:</b>		
	Receipts:		
S1200-010	Rental receipts	\$ 935,613	\$ 817,643
S1200-020	Interest receipts	632	236
S1200-030	Other operating receipts	42,345	165,815
S1200-040	Total receipts	978,590	983,694
	Disbursements:		
S1200-050	Administrative	9,345	27,655
S1200-070	Management fees	46,010	46,010
S1200-090	Utilities	120,288	154,959
S1200-100	Salaries and wages	257,959	252,389
S1200-110	Operating and maintenance	136,381	97,576
S1200-120	Real estate taxes	5,258	5,227
S1200-140	Property insurance	21,554	34,665
S1200-150	Miscellaneous taxes and insurance	92,139	86,752
S1200-160	Tenant security deposits	3,423	5,158
S1200-180	Interest on mortgages	6,181	12,006
S1200-210	Mortgage insurance premium	47	559
S1200-220	Miscellaneous financial expenses	1,362	1,256
S1200-230	Total disbursements	699,947	724,212
S1200-240	Net cash provided by (used in) operating activities	278,643	259,482
	<b>Cash Flows From Investing Activities:</b>		
S1200-245	Net (deposits to) withdrawal from the mortgage escrow account	20,742	(233)
S1200-250	Net (deposits to) withdrawal from the reserve for replacement	(60,006)	(26,557)
S1200-260	Net (deposits to) withdrawal from the residual receipts	(52,778)	(47,755)
S1200-330	Net purchase of fixed assets	(273,767)	(60,717)
S1200-350	Net cash provided by (used in) investing activities	(365,809)	(135,262)
	<b>Cash Flows From Financing Activities:</b>		
S1200-360	Principal payments - first mortgage	(41,276)	(237,899)
S1200-365	Advance from HOC Montgomery County	358,581	-
S1200-410	Increase (decrease) from Interfund payable	(206,586)	113,679
S1200-460	Net cash provided by (used in) financing activities	110,719	(124,220)
S1200-470	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	23,553	-
	<b>Cash and Cash Equivalents:</b>		
S1200-480	Beginning of year	100	100
S1200T	End of year	\$ 23,653	\$ 100
	<b>Supplemental Data for Noncash Investing Activities:</b>		
S1200-602	Contribution of property and equipment	\$ 599,963	\$ 1,024,430
	<b>Supplemental Data for Noncash Financing Activities:</b>		
S1200-602	Forgiveness of debt	\$ 183,000	\$ -

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

SUPPORTING DATA REQUIRED BY HUD

FOR THE YEAR ENDED JUNE 30, 2019

## Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

S1300-010	Cash	\$ 102,320	
1135	Accounts receivable - HUD	<u>7,083</u>	
S1300-040	Total cash		<u>\$ 109,403</u>
S1300-075	Accounts payable (due within 30 days)	38,234	
S1300-100	Accrued expenses (not escrowed) - wages	17,220	
2210	Prepaid revenue	8,794	
2191	Tenant security deposits liability	70,376	
S1300-110	Other - accounts payable - excess income	<u>2,407</u>	
S1300-140	Total current obligations		<u>137,031</u>
S1300-150	Surplus cash (deficiency)		<u>\$ (27,628)</u>
S1300-210	Deposit due residual receipts		<u>\$ -</u>

## Schedule of Changes in Fixed Asset Accounts

	<u>Cost</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
1410	Land	\$ 102,054	\$ -	\$ -	\$ 102,054
1420	Buildings	4,504,247	-	-	4,504,247
1440	Building equipment (portable)	254,668	-	-	254,668
1490	Miscellaneous other fixed assets	1,109,398	894,394	-	2,003,792
		<u>\$ 5,970,367</u>	<u>\$ 894,394</u>	<u>\$ -</u>	<u>\$ 6,864,761</u>
	Accumulated depreciation	<u>\$ 4,605,535</u>	<u>\$ 34,791</u>	<u>\$ -</u>	<u>\$ 4,640,326</u>
	Net book value	<u>\$ 1,364,832</u>			<u>\$ 2,224,435</u>

# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

SUPPORTING DATA REQUIRED BY HUD

FOR THE YEAR ENDED JUNE 30, 2019

## Schedule of Reserve for Replacements

In accordance with HUD regulations, monies are deposited in a separate account (including investments) to be used for replacement of property with the approval of HUD as follows:

1320P	Balance at beginning of year	\$ 198,546
1320DT	Total deposits	60,000
1320INT	Interest on replacement reserve account	6
1320WT	Approved withdrawals	<u>-</u>
1320	Balance at current fiscal year-end	<u><u>\$ 258,552</u></u>

## Schedule of Residual Receipts

1340P	Balance at beginning of year	\$ 194,181
1340DT	Total deposits	52,772
1340INT	Interest on residual receipts account	6
1340WT	Approved withdrawals	<u>-</u>
1340	Balance at current fiscal year-end	<u><u>\$ 246,959</u></u>

## **CERTIFICATIONS**



# BANOR HOUSING, INC.

HUD PROJECT NO. 000-44227

## OWNER'S CERTIFICATION

We hereby certify that we have examined the accompanying financial statements and supplemental information of Banor Housing, Inc., HUD Project No. 000-44227 as of June 30, 2019 and for the year then ended and, to the best of our knowledge and belief, the same are accurate and complete.

Banor Housing, Inc.                      EIN: 52-1060147  
Phone: (240) 627-9754

By: \_\_\_\_\_  
Name

Date: September 27, 2019

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

Date: September 27, 2019

\_\_\_\_\_  
Title

**BANOR HOUSING, INC.**

HUD PROJECT NO. 000-44227

**MANAGEMENT AGENT'S CERTIFICATION**

We hereby certify that we have examined the accompanying financial statements and supplemental information of Banor Housing, Inc., HUD Project No. 000-44227 as of June 30, 2019 and for the year then ended and, to the best of our knowledge and belief, the same are accurate and complete.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY  
EIN: 52-0859090

By:

  
\_\_\_\_\_  
Name Cornelia Kent

Date: September 27, 2019

Chief Financial Officer  
\_\_\_\_\_  
Title