

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

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018
AND
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Opportunities Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Pooks Hill Courtyard, a Component Unit of Housing Opportunities Commission, Maryland (the Property), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Consolidated Audit Guide for Audits of HUD Programs (the Guide) issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, as well as the Audit Guide issued by the Maryland Department of Housing and Community Development. Those standards and the Guides 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 Pooks Hill Courtyard, as of June 30, 2019, and the changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Pooks Hill Courtyard as of June 30, 2018 were audited by other auditors whose report dated October 25, 2018 expressed an unmodified opinion on those statements.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2019 financial statements as a whole. The accompanying detailed schedule of revenues and expenses for the year ended June 30, 2019 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

December 11, 2019
Bethesda, Maryland

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned to the right of the date and location text.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

ASSETS AND DEFERRED OUTFLOW

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 197,697	\$ 220,051
Accounts receivable, prepaids, and other assets, net	<u>7,760</u>	<u>1,712</u>
Total current assets	<u>205,457</u>	<u>221,763</u>
Restricted cash and equivalents	667,955	631,054
Customer deposits	<u>20,648</u>	<u>18,127</u>
Total deposits held in trust - funded	688,603	649,181
Property & equipment, net of depreciation	<u>2,882,130</u>	<u>3,002,452</u>
Total long term assets	<u>2,882,130</u>	<u>3,002,452</u>
Total assets	<u>3,776,190</u>	<u>3,873,396</u>

LIABILITIES, DEFERRED INFLOW AND NET ASSETS

Accounts payable and accrued liabilities	39,889	19,523
Unearned revenue	1,532	7,623
Accrued interest payable	7,647	10,413
Loans payable to Montgomery County - current	16,855	83,188
Mortgage notes and loans payable - current	192,061	182,804
Interfund payable	<u>39,143</u>	<u>39,482</u>
Total current liabilities	<u>297,127</u>	<u>343,033</u>
Customer deposit payable	<u>16,782</u>	<u>17,089</u>
Total current liabilities payable from restricted assets	<u>16,782</u>	<u>17,089</u>
Loans payable to Montgomery County - non-current	235,080	251,934
Mortgage notes and loans payable - net of unamortized issuance costs	1,646,147	1,838,208
Less: Deferred charges, net of accumulated amortization	<u>(83,543)</u>	<u>(92,337)</u>
Total non-current liabilities	<u>1,797,684</u>	<u>1,997,805</u>
Total liabilities	2,111,593	2,357,927
Net investment in capital assets	791,982	646,318
Restricted net assets	671,821	632,092
Unrestricted net assets	<u>200,794</u>	<u>237,059</u>
Total net assets (deficiency)	<u>1,664,597</u>	<u>1,515,469</u>
Total liabilities, deferred inflow of resources and net assets	<u>\$ 3,776,190</u>	<u>\$ 3,873,396</u>

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

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating Revenue		
Dwelling rental	\$ 944,037	\$ 912,702
Management fees and other income	<u>2,442</u>	<u>2,533</u>
Total operating revenues	<u>946,479</u>	<u>915,235</u>
 Operating Expenses		
Administrative	86,876	79,668
Maintenance	93,850	184,918
Depreciation	120,321	120,322
Fringe Benefits	15,157	13,659
Utilities	53,553	64,902
Interest expense	122,115	124,660
Bad debt expense	-	1,655
Other	<u>68,174</u>	<u>67,219</u>
Total operating expenses	<u>560,046</u>	<u>657,003</u>
Operating loss income	386,433	258,232
 Non-Operating Revenue (Expenses)		
Investment income	<u>8,962</u>	<u>3,598</u>
Total non-operating revenue (expense)	<u>8,962</u>	<u>3,598</u>
 Net Income (Loss)	 <u>\$ 395,395</u>	 <u>\$ 261,830</u>

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

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENT OF CHANGES IN NET DEFICIT
YEARS ENDED JUNE 30, 2019 AND 2018**

Balance, July 1, 2017	\$ 1,427,148
Change in net deficit	261,830
Distributions	<u>(173,509)</u>
Balance, June 30, 2018	1,515,469
Change in net deficit	395,395
Distributions	<u>(246,266)</u>
Balance, June 30, 2019	<u>\$ 1,664,598</u>

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

POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from Operating Activities		
Cash received from tenants	\$ 934,921	\$ 916,926
Cash paid to suppliers and employees	<u>(298,501)</u>	<u>(405,761)</u>
Net Cash Provided by Operating Activities	<u>636,420</u>	<u>511,165</u>
 Cash flows from Capital and Related Financing Activities		
Interest paid	(116,057)	(107,591)
Principal repayments of mortgage note payable	(182,804)	(173,994)
Principal repayments of notes payable	(83,187)	(16,523)
Distributions	<u>(246,266)</u>	<u>(173,508)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(628,314)</u>	<u>(471,616)</u>
 Cash flows from Investing Activities		
Investment income (expense)	<u>8,962</u>	<u>3,597</u>
Net Cash Provided by Investing Activity	<u>8,962</u>	<u>3,597</u>
 Net Increase in Cash and Cash Equivalents	<u>17,068</u>	<u>43,146</u>
 Cash and Cash Equivalents - Beginning	<u>869,232</u>	<u>826,086</u>
Cash and Cash Equivalents - Ending	<u>\$ 886,300</u>	<u>\$ 869,232</u>
 Reconciliation of changes in net assets to net cash provided by Operating activities		
Change in net assets	\$ 395,395	\$ 261,830
Reconciling adjustments:		
Depreciation	120,321	120,322
Interest and amortization of Deferred Charges	113,154	124,660
Bad debt expense	(31)	(3,598)
Changes in operating assets and liabilities		
Accounts receivable and other assets	(6,048)	(647)
Accounts payable and accrued expense	14,275	6,381
Interfund payable	(339)	(118)
Tenant security deposit payable	<u>(307)</u>	<u>2,335</u>
Net cash provided by operating activities	<u>636,420</u>	<u>511,165</u>

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

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

1. Organization

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Method of Accounting

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

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash and Cash Equivalents

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

Rental Income

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

Rental Subsidies

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

Deferred Charges

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

Amortization included in interest expense for these loan and mortgage financing fees for the years ended June 30, 2019 and 2018 are \$8,794, and accumulated amortization is \$179,095 and \$170,301, respectively.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

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

Property and Equipment

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

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

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

Subsequent Events

Management has evaluated subsequent events through December 11, 2019, which is the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provide evidence about conditions that existed at the statement of position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of position date, but disclosures of such events, if any, are included in the accompanying notes.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

3. Cash and Cash Equivalents

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

	<u>2019</u>	<u>2018</u>
Operating cash and cash equivalents	\$ 197,697	\$ 220,051
Replacement reserve	319,369	295,456
Operating reserve	348,586	335,598
Customer deposits	<u>20,648</u>	<u>18,127</u>
Restricted cash and cash equivalents	<u>688,603</u>	<u>649,181</u>
Total cash and cash equivalents	<u>\$ 886,300</u>	<u>\$ 869,232</u>

4. Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Land	\$ 628,400	\$ 628,400
Building	4,633,373	4,633,373
Building renovations	29,355	29,355
Miscellaneous equipment	12,382	12,382
Site improvement	<u>67,025</u>	<u>67,025</u>
	5,370,535	5,370,535
Accumulated depreciation	<u>(2,488,405)</u>	<u>(2,368,083)</u>
	<u>\$ 2,882,130</u>	<u>\$ 3,002,452</u>

Depreciation expense for the years ended June 30, 2019 and 2018, totaled \$120,321 and \$120,322, respectively.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

5. Deferred Charges

Deferred Charges consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Deferred title, underwrite fee and record charges	\$ 54,319	\$ 54,319
Cost of issuance charges	<u>208,319</u>	<u>208,319</u>
	262,638	262,638
Accumulated amortization	<u>(179,095)</u>	<u>(170,301)</u>
Total Deferred Charges	<u>\$ 83,543</u>	<u>\$ 92,337</u>

With the implementation of FASB ASC 835-30 Interest – Imputation of Interest – Simplifying the Presentation of Debt Issuance Costs, the Property has set off these Deferred Charges from the Mortgage Note Payable (Refer Note 10). Also, the amortized amount of Deferred Charges, of \$8,794 in 2019 and 2018, (presented as amortization cost with depreciation in the previous years), has been added to the Interest expense.

6. Income Taxes

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

7. Pooled Investments

As of June 30, 2019, the Property has \$ 319,369 of replacement reserve cash of which \$40,267 is in a pooled fund with other properties that are controlled by H.O.C., deposited with The Montgomery County Government.

As of June 30, 2018, the Property has \$ 295,456 of replacement reserve cash of which \$ 33,595 is in a pooled fund with other properties that are controlled by H.O.C., deposited with The Montgomery County Government.

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

8. Reserve for Replacement

In Accordance with the Regulatory Agreement with H.O.C., disbursement from the replacement reserve for the purpose of maintenance, improvements, or renovations of the Project cannot be made without prior written consent of H.O.C. For each of the years ended June 30, 2019 and 2018, the required monthly deposits of \$3,938 were funded per the Regulatory Agreement. The cash and investments restricted for replacement consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 295,456	\$ 289,105
Deposit	47,256	50,152
Interest	4,742	1,979
Withdrawals	<u>(28,085)</u>	<u>(45,780)</u>
Ending balance	<u>\$ 319,369</u>	<u>\$ 295,456</u>
Operating cash and cash equivalents (Note 3)	\$ 40,267	\$ 33,595
Restricted cash and cash equivalents (Note 3)	<u>279,102</u>	<u>261,861</u>
Total	<u>\$ 319,369</u>	<u>\$ 295,456</u>

9. Operating Reserve

The operating reserve has been established for the purpose of funding operation expenses of the Property to the extent that the Property's collected gross receipts are insufficient for such purpose. For each of the years ended June 30, 2019 and 2018, monthly deposits of \$717 were funded at the discretion of HOC. The cash and investments restricted for operating reserves consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 335,598	\$ 325,213
Deposit	8,604	8,604
Interest	<u>4,384</u>	<u>1,781</u>
Ending balance	<u>\$ 348,586</u>	<u>\$ 335,598</u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

10. Mortgage Note Payable

Mortgage note payable to Housing Opportunity Commission of Montgomery County consists of an original amount, \$ 4,247,578; requiring monthly principal and interest payments of \$ 23,228 with an interest rate of 4.95%, due June, 2027. The note is secured by a mortgage on the buildings and improvements. The Property entered into a regulatory agreement with H.O.C. in conjunction with obtaining the mortgage.

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

2020	192,061
2021	201,787
2022	212,005
2023	222,741
2024	234,020
2025 - 2027	<u>775,594</u>
	1,838,208
Less: Current portion	(192,061)
Less: Deferred charges (Note 5)	<u>(83,543)</u>
Total	<u><u>\$ 1,562,604</u></u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

10. Mortgage Note Payable (continued)

Note payable consist of the following as of June 30:

	2019	2018
Note payable to Montgomery County, Maryland;		
Original amount, \$665,000; with repayment upon sale or refinancing of property; noninterest bearing; collateralized by the building and improvements; during the year ended June 30, 2018, the Property made discretionary principal payments totalling	\$ -	\$ 66,500
 Note payable to Montgomery County, Maryland;		
Original amount, \$500,000; requiring annual principal and interest payments of \$19,374; interest rate of 1%; collateralized by the building and improvements; matures during 2033.	<u>251,935</u>	<u>268,622</u>
	251,935	335,122
	<u>(16,855)</u>	<u>(83,188)</u>
	<u>\$ 235,080</u>	<u>\$ 251,934</u>

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

2020	\$	16,855
2021		17,024
2022		17,193
2023		17,365
Thereafter		<u>183,498</u>
	<u>\$</u>	<u>251,935</u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 AND 2018**

11. Net Assets

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

	2019	2018
Invested in capital assets, net of related debt	\$ 791,982	\$ 646,318
Restricted net assets	671,821	632,092
Unrestricted net assets	200,794	237,059
	\$ 1,664,597	\$ 1,515,469

12. Concentration of Cash Risk

As of June 30, 2019 and 2018, bank balances were \$886,300 (consisted of \$ 510,204 in PNC bank and \$376,096 in Wells Fargo bank) and \$869,232 (consisted of \$ 512,065 in PNC bank and \$357,167 in Wells Fargo bank), respectively. The FDIC insured limit is \$250,000 per customer per bank. However, amounts held in trust accounts and other demand accounts are either invested in United States treasury securities or are collateralized at a level of at least 100% of market value of principal and accrued interest. The collateral is held by the bank's agent in H.O.C.'s name.

SUPPLEMENTAL INFORMATION

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
DETAILED SCHEDULES OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUE

Rent: Current Residents	\$ 939,784
Rent: Subsidies	10,790
Vacancy Loss	(20,261)
Other Rent Fees	11,388
Miscellaneous Income	2,442
Late Fees/NSF	2,336
TOTAL DWELLING RENTAL INCOME	<u>\$ 946,479</u>

ADMINISTRATIVE EXPENSES

Contract Admin Salary	32,041
Auditing Services	8,901
Contract Management Fee	26,738
Misc Operating Expenses	807
Postage	549
Printing/Reproduction	474
Other Office Supplies	1,231
Legal Services-General	1,207
Advertising	5,884
Local Phone Bill	2,624
Bank Fees	375
Computer Software	3,782
Rental License Fees	2,103
Professionanl Assoc Dues	160
TOTAL ADMINISTRATIVE EXPENSES	<u>86,876</u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
DETAILED SCHEDULES OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

MAINTENANCE

Salary - Maintenance	24,084
Electrical Supplies	1,145
Appliance Supplies	825
Plumbing Supplies	1,012
Employee Uniforms	1,149
Cleaning and Janitorial Supplies	242
Grounds and Landscaping Supplies	6
Hardware Supplies	184
HVAC Supplies	181
Miscellaneous Equipment	7
Electrical Contracts	8
Plumbing Contracts	348
Cleaning and Janitorial Contracts	15,571
Grounds and Landscaping Contracts	8,506
Paint/Wallcoverings Int. Contracts	8,737
Elevator Contracts	6,424
Exterminating Contracts	1,410
Snow Removal Contracts	2,387
Swimming Pool Contracts	5,084
Miscellaneous Contracts	2,246
Doors-Capital	28
Flooring and Carpeting-Capital	4,134
Plumbing Equipment-Capital	7,808
Appliance Equipment-Capital	1,113
HVAC Equipment-Capital	411
Miscellaneous Equipment-Capital	441
Windows/Glass Contracts-Capital	230
Miscellaneous Contracts-Capital	129
TOTAL MAINTENANCE EXPENSE	<u>93,850</u>

**POOKS HILL COURTYARD, A COMPONENT UNIT OF HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
DETAILED SCHEDULES OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

UTILITIES

Water Bill	\$	20,624
Electric Bill		16,233
Natural Gas		8,600
Trash Collection		7,680
Trash Collection - Bulk		416
TOTAL UTILITIES EXPENSE		<u>53,553</u>

FRINGE BENEFITS

Contract Managed Benefits	\$	14,725
Contract Other Training		432
TOTAL FRINGE BENEFITS		<u>15,157</u>

OTHER EXPENSES

Fire & Hazard Insurance	\$	3,880
Liability Insurance		1,806
Security Contracts		4,983
Solid Waste		1,006
Asset Management Fee Expense - Non-Federal		56,530
TOTAL OTHER EXPENSES		<u>68,205</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pooks Hill Courtyard, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, changes in net deficit, and cash flows for the year ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

December 11, 2019
Bethesda, Maryland



RUBINO & COMPANY

— CHARTERED —
Certified Public Accountants and Consultants

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

To the Commissioners
Housing Opportunities Commission 10400 Detrick Avenue
Kensington, MD 20895

We have applied procedures to test the Pooks Hill Courtyard, a Component Unit of the Housing Opportunities Commission of Montgomery County, Maryland (the Property)'s compliance with Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs, for the year ended June 30, 2019.

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

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

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

December 11, 2019
Bethesda, Maryland