



BROOKSIDE GLEN LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

BROOKSIDE GLEN LIMITED PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

November 30, 2021

To the Partners
Brookside Glen Limited Partnership
Kensington, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Brookside Glen Limited Partnership ("the Partnership"), which comprise the balance sheet as of June 30, 2021, and the related statements of operations, changes in partners' equity, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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

To the Partners
Brookside Glen Limited Partnership

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 Brookside Glen Limited Partnership as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2021 supplementary information shown on pages 16 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 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 2021 financial statements as a whole.

Other Matter

The financial statements of the Brookside Glen Limited Partnership for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on September 29, 2020. In addition, the 2020 supplementary information shown on pages 16 through 19 was subjected to the auditing procedures applied in the audit of the 2020 financial statements by that auditor, whose report on such information stated that it was fairly stated in all material respects in relation to the 2020 financial statements as a whole.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

BROOKSIDE GLEN LIMITED PARTNERSHIP
BALANCE SHEETS
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 681,469	\$ 617,908
Accounts receivable and other assets	241,856	119,925
Total Current Assets	923,325	737,833
RESTRICTED ASSETS:		
Restricted cash and cash equivalents	1,027,231	976,276
Tenant security deposits	58,703	59,889
Total Restricted Assets	1,085,934	1,036,165
NONCURRENT ASSETS:		
Property and equipment, net	6,209,309	6,474,752
Deferred charges, net	50,039	54,209
Total Noncurrent Assets	6,259,348	6,528,961
TOTAL ASSETS	\$ 8,268,607	\$ 8,302,959
 <u>LIABILITIES AND PARTNERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 69,432	\$ 94,204
Interfund payable	221,311	213,369
Accrued interest payable	20,466	21,180
Note payable to Montgomery County, current portion	22,221	22,221
Note payable, current portion	255,800	244,200
Total Current Liabilities	589,230	595,174
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Tenant security deposits payable	56,521	58,748
Total Current Liabilities Payable from Restricted Assets	56,521	58,748
NONCURRENT LIABILITIES:		
Notes payable, noncurrent	5,005,581	5,261,381
Less: unamortized debt issuance costs	(56,718)	(61,445)
Total Notes Payable, Net	4,948,863	5,199,936
Note payable to Montgomery County, noncurrent	584,868	584,868
Total Noncurrent Liabilities	5,533,731	5,784,804
TOTAL LIABILITIES	6,179,482	6,438,726
PARTNERS' EQUITY	2,089,125	1,864,233
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ 8,268,607	\$ 8,302,959

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

**BROOKSIDE GLEN LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Dwelling rental	\$ 1,523,446	\$ 1,511,408
Management fees and other income	39,922	5,668
Total Operating Revenues	<u>1,563,368</u>	<u>1,517,076</u>
OPERATING EXPENSES		
Administrative	164,325	236,958
Maintenance	235,718	334,569
Depreciation and amortization	345,295	343,858
Utilities	143,741	162,164
Fringe benefits	43,766	32,661
Interest expense	198,905	228,166
Other	155,144	148,900
Bad debt	50,848	22,434
Total Operating Expenses	<u>1,337,742</u>	<u>1,509,710</u>
Operating income	225,626	7,366
NONOPERATING ACTIVITY		
Investment income (loss)	<u>(734)</u>	<u>6,678</u>
NET INCOME	<u>\$ 224,892</u>	<u>\$ 14,044</u>

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

**BROOKSIDE GLEN LIMITED PARTNERSHIP
STATEMENTS OF CHANGES IN PARTNERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Partners' equity, beginning of year	\$ 1,864,233	\$ 1,850,189
Operating income	<u>224,892</u>	<u>14,044</u>
Partners' equity, end of year	<u><u>\$ 2,089,125</u></u>	<u><u>\$ 1,864,233</u></u>

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

**BROOKSIDE GLEN LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income:	\$ 224,892	\$ 14,044
Depreciation and amortization	345,294	343,858
Amortization of debt issuance costs (a component of interest expense)	4,727	4,727
(Increase) Decrease in:		
Accounts receivable and other assets	(121,931)	5,879
Increase (Decrease) in:		
Accounts payable and accrued expenses	(24,772)	18,660
Tenant security deposits payable	(2,227)	2,510
Accrued interest payable	(714)	2,082
NET CASH FROM OPERATING ACTIVITIES	<u>425,269</u>	<u>391,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for property and equipment	(75,681)	-
NET CASH FROM INVESTING ACTIVITIES	<u>(75,681)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(244,200)	(248,520)
Advances from (to) HOC	7,942	(561)
Prepaid expenses	-	50,482
NET CASH FROM FINANCING ACTIVITIES	<u>(236,258)</u>	<u>(198,599)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	113,330	193,161
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,654,073</u>	<u>1,460,912</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,767,403</u>	<u>\$ 1,654,073</u>
Cash and cash equivalents	\$ 681,469	\$ 617,908
Restricted cash and cash equivalents	1,027,231	976,276
Tenant security deposits	58,703	59,889
Total cash, cash equivalents, and restricted cash	<u>\$ 1,767,403</u>	<u>\$ 1,654,073</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 194,892</u>	<u>\$ 221,357</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brookside Glen Limited Partnership ("the Partnership") was established in June 2003 as a Maryland limited partnership for the purpose of acquiring and operating a 90-unit apartment community ("the Project") consisting of 84 townhome units and 6 flats located in Wheaton, Maryland. The Partnership's ownership is comprised of the Housing Opportunities Commission of Montgomery County, Maryland ("HOC") and Brookside Glen Apartments Development Corporation ("Brookside").

Basis of Accounting and presentation

The Partnership's financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

Rental Income

All leases between the partnership and tenants of the property are operating leases. Rental income is recognized as rental charges become due and is reported net of rental concessions and allowance for uncollectible accounts. Rental concessions provided to tenants during the year ended June 30, 2021 and 2020 were \$10,367 and \$1,637, respectively. Rental payments received in advance are reported as a liability - accounts payable and accrued liabilities until earned.

Depreciation

Rental properties are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Building	40 years
Building and site improvements	10 - 15 years
Equipment and miscellaneous assets	10 - 15 years

Impairment of Long-lived Assets

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to managements' estimate of the undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition of the asset. If the long-lived asset is considered to be impaired, the impairment loss to be recognized is measured at the amount by which the carrying amount of the assets exceeds the estimated fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax position in order to qualify as a pass-through entity. These financial statements do not reflect a provision for income taxes, and the Partnership has no other tax positions which must be considered for disclosure.

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. As of June 30, 2021, tax years 2018 through 2020 are open for examination by taxing authorities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Partnership's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and mortgage payable. Receivables are reported at their net realizable value, which approximates fair value. All other financial instruments are stated at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. An allowance for doubtful accounts is established for receivables that are 90 or more days past due. Unpaid balances remaining after the stated payment terms are considered past due. An allowance is established through a charge to income. Recoveries of previously charged-off accounts are recorded when received. At June 30, 2021 and 2020, the allowance for doubtful accounts amounted to \$38,332 and \$30,919, respectively.

Deferred Charges and Amortization

Deferred charges consist of costs incurred related to the titling and recording of the Partnership property. These costs are being amortized on the straight-line method over 30 years. As of June 30, 2021 and 2020, the accumulated amortization was \$75,058 and \$70,888, respectively, and the amortization expense for the years ended June 30, 2021 and 2020 was \$4,170 per year.

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Debt Issuance Costs and Amortization

Debt issuance costs, net of amortization, are reported as a direct deduction from the face amount of the mortgage note payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method which approximates the effective yield method over the term of the related mortgage note payable. Accumulated amortization relating to debt issuance costs for the years ended June 30, 2021 and 2020 was \$85,082 and \$80,355, respectively. The amount of amortization expense included as interest expense was \$4,727 for both years.

Advertising Costs

Advertising costs are charged to operations when incurred.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,266,800	\$ 2,266,800
Buildings	7,817,284	7,817,284
Building improvements	2,807,714	2,807,714
Site improvements	27,256	27,256
Equipment	36,124	36,124
Miscellaneous fixed assets	146,399	70,717
Accumulated depreciation	<u>(6,892,268)</u>	<u>(6,551,143)</u>
Total Property and Equipment	<u>\$ 6,209,309</u>	<u>\$ 6,474,752</u>

NOTE 3 NOTES PAYABLE

The Partnership's long-term debt is comprised of the following:

Note Payable – HOC

The Deed of Trust Note, in the original amount of \$7,090,000, is held by the HOC and is payable in monthly installments of \$36,559, including interest at 4.65 percent. The note is secured by a first Deed of Trust, Security Agreement, and Assignment of Rents on and related to the Project. It is also subject to the terms and conditions of a Regulatory Agreement which stipulates certain

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 NOTES PAYABLE (cont'd)

controls on the occupancy of the Project. The loan was financed from tax exempt Multifamily Housing Development Bonds, Series A of 2003 issued by the HOC. As of June 30, 2021 and 2020, the outstanding principal balance on this note was \$4,049,675 and \$4,293,875, respectively.

Minimum remaining loan principal payments on this note, as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 255,800
2023	267,951
2024	280,680
2025	294,014
2026	307,980
2027 - 2031	1,773,761
2032 - 2034	869,489
Total	<u>4,049,675</u>
Less: current portion	<u>(255,800)</u>
Long-term portion	<u>\$ 3,793,875</u>

Note Payable – Montgomery County, Maryland

On June 20, 2003, the Partnership assumed the HOC's obligations under a loan agreement with Montgomery County, Maryland. The original amount of the loan to the HOC was \$800,000. Proceeds from the loan were used to partially finance the acquisition and construction costs of the Project. The loan is evidenced by a note and is secured by a Deed of Trust, Security Agreement, and Assignment of Rents. It is also subject to the terms and conditions of a Regulatory Agreement executed between the HOC and Montgomery County, Maryland dated June 23, 1994. The loan is subject to a Regulatory Agreement that requires the Partnership to initially make available 15 units for occupancy by low-income tenants ("HOME tenants") and to the extent that net cash flow, as defined in the Agreement, is positive for any fiscal year, to use such funds to subsidize as many as 10 additional HOME units ("Added HOME Units") up to a maximum of 25 units. The Partnership reported positive net cash flow for each fiscal year ended June 30, 2003 through June 30, 2008. As of June 30, 2016, 25 of the units in the Project were designated as HOME units.

According to the Regulatory Agreement, the Partnership is required to begin accruing interest on the note at a rate of three percent per annum, sixty days after the completion of the first fiscal year in which the net cash flow from the Project supports all the ten Added HOME Units ("the Achievement Date"). Starting on the first day of the month after the Achievement Date, and on the first day of each month after that date, the Partnership is required to pay principal

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 NOTES PAYABLE (cont'd)

and interest in equal monthly installments. The loan will be amortized over a 30-year term. Notwithstanding any other provision of this note, the entire unpaid principal balance together with any accrued and unpaid interest will be due in full on the expiration of the 30-year term.

In April 2020, Montgomery County, Maryland has provided for a Deferment Period on the county housing loan through June 30, 2021. As of June 30, 2021 and 2020, the outstanding principal balance on this loan was \$607,089.

Minimum remaining loan principal payments on this note, as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2022	\$ 22,221
2023	19,669
2024	20,267
2025	20,883
2026	21,518
2027 - 2031	117,817
2032 - 2036	136,858
2037 - 2041	158,977
2042 - 2043	88,879
Total	<u>607,089</u>
Less: current portion	<u>(22,221)</u>
Long-term portion	<u>\$ 584,868</u>

Note Payable – Department of Housing and Community Development

On June 20, 2003, the Partnership assumed the HOC's obligations under a loan agreement with the Department of Housing and Community Development of the State of Maryland ("DHCD"). The original amount of the loan to the HOC was \$1,300,000. Proceeds from the loan were used to partially finance the acquisition and construction costs of the Project. The unpaid balance on the loan on June 20, 2003, the date that the Partnership assumed the debt, was \$1,211,706. The loan is evidenced by a Deed of Trust Note and is secured by a subordinated Deed of Trust, Security Agreement, and Assignment of Rents on and related to the Project. In connection with the assumption of this loan, the Partnership also assumed the terms and conditions of a Regulatory Agreement that was executed between the HOC and the DHCD dated May 24, 1994. The loan is non-interest bearing and will remain unpaid in perpetuity, provided the Project complies with income guidelines that are stipulated in the Regulatory Agreement. If the Project defaults, the Partnership will be required to pay the \$1,211,706 plus accrued interest of 6.5 percent simple interest per annum. The unpaid balance on this loan as of June 30, 2021 and 2020 was \$1,211,706.

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 4 RELATED PARTY TRANSACTIONS

Management Services

The HOC provides asset management services to the Partnership including investment of funds, procurement, contracting, and other services necessary for the operation of its property. During the years ended June 30, 2021 and 2020, the Partnership paid the HOC \$96,290 and \$96,350, respectively, for asset management services. The HOC's fees are based on its direct, incremental cost of providing the services to the Partnership. As such, the results of operations of the Partnership could be materially different if such costs were charged on another basis or if the Partnership was a stand-alone entity.

Interfund Payable

The HOC advances funds to pay for certain operating expenses of the Partnership. The Partnership owed the HOC \$221,311 and \$213,369 as of June 30, 2021 and 2020, respectively, for services provided and funds advanced by the HOC.

See Note 3 for the note payable to the HOC.

NOTE 5 RESERVE FOR REPLACEMENTS

The Regulatory Agreement related to the \$7,090,000 Deed of Trust Note requires the Partnership to maintain a Reserve for Replacement account, with an initial deposit of \$3,000 and fixed monthly deposits (contributions) thereafter. The Agreement stipulates that the monthly contributions to the replacement reserve would be increased by 2.5 percent on each August 1, the anniversary date of the loan. The monthly contribution at June 30, 2021 and 2020 was \$8,957 and \$8,530 respectively. An additional \$267,101 was deposited into this account for the fiscal year 2018 budget. The balance in this account at June 30, 2021 and 2020, inclusive of interest earned, was \$516,614 and \$580,811, respectively, as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 580,811	\$ 541,469
Monthly deposits	107,484	102,360
Withdrawals	(175,729)	(72,420)
Interest income	<u>4,048</u>	<u>9,402</u>
Balance, June 30	<u>\$ 516,614</u>	<u>\$ 580,811</u>

During fiscal years 2021 and 2020, \$175,729 and \$72,420, respectively, was released from this account for payment to cover the cost of appliances, carpeting, flooring, and building repairs.

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 OPERATING RESERVES

The Regulatory Agreement related to the \$1,211,706 Deed of Trust Note requires the Partnership to maintain a Project Reserve Fund with monthly deposits of \$1,354 to a reserve account established for that purpose. Surplus cash was recalculated during fiscal year 2017, and a deposit in the amount of \$91,355 was deposited into the operating reserve account. The Agreement further requires the Partnership to deposit to the Project Reserve Account any cash remaining at the end of an annual fiscal period. Such deposits are required to be made within 90 days after the end of each fiscal period. No deposits were made to the Project Reserve Fund from inception of the loan through June 30, 2007. In 2009, the DHCD waived all deposit requirements through June 30, 2007 and established the funded reserve requirements as of June 30, 2007 at \$376,852. The balance in the Project Reserve Fund account at June 30, 2021 and 2020, inclusive of interest earned, were \$465,646 and \$367,327, respectively, as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 367,327	\$ 323,993
Monthly deposits	18,958	13,540
Annual deposit – surplus cash	79,260	28,378
Interest income	<u>101</u>	<u>1,416</u>
Balance, June 30	<u>\$ 465,646</u>	<u>\$ 367,327</u>

NOTE 7 MORTGAGE ESCROW

The Regulatory Agreement related to the \$7,090,000 Deed of Trust Note requires the Partnership to maintain a Mortgage Escrow account for the payment of mortgage insurance. The annual contribution at June 30, 2021 and 2020 was \$16,833 and \$20,422, respectively. The balance in the Mortgage Escrow account at June 30, 2021 and 2020, inclusive of interest earned, was \$44,971 and \$28,138, respectively, as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 28,138	\$ 29,627
Monthly deposits	16,833	20,422
Withdrawals	<u>-</u>	<u>(21,911)</u>
Balance, June 30	<u>\$ 44,971</u>	<u>\$ 28,138</u>

NOTE 8 MANAGEMENT AGREEMENT

Effective July 1, 2019, the Partnership entered into a management service agreement for a two-year period ending June 30, 2021 with Edgewood Management Corporation. The compensation to Edgewood Management Company is \$40 per occupied unit per month up to

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 MANAGEMENT AGREEMENT (cont'd)

a maximum of \$3,600 per month for 100 percent occupancy. Property management fees paid for the years ended June 30, 2021 and 2020 were \$41,760 and \$45,725, respectively.

NOTE 9 COMMITMENT AND CONTINGENCIES

The Partnership has agreed to occupancy requirements under regulatory agreements with the Maryland Department of Housing and Community Development ("DHCD") and Montgomery County, Maryland. The occupancy requirements under the regulatory agreements require that 45 units (25 Home units and 20 PRHP units) to very low-income persons or families whose income is equal to or less than 50 percent of the median income for the Washington Metropolitan Statistical Area.

NOTE 10 CUSTODIAL CREDIT RISK

Cash balances as of June 30, 2021 at the various financial institutions that exceeded \$250,000 were entirely insured and collateralized with either U.S. treasuries or other securities held by institution's agent in the HOC's name.

NOTE 11 UNCERTAINTIES

Early in 2020, an outbreak of a novel strain of the coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Partnership's financial position, results of operations, and cash flows. While the Partnership has not seen a significant impact on occupancy resulting from the COVID-19 outbreak as of the date of this report, if the outbreak continues to cause weakness in local economies, that could cause a negative impact on occupancy levels and/or increase in bad debts and other financial concerns. Montgomery County, Maryland has provided for a Deferment Period on the county housing loan (see Note 3) through June 30, 2021.

NOTE 12 SURPLUS CASH

The computation of surplus cash for the project reserve fund for the year ended June 30, 2021 is as follows:

Cash on hand:	
Cash - operating	\$ 681,469
Cash - tenant security deposit	58,702
Total cash on hand	<u>740,171</u>

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 12 SURPLUS CASH (cont'd)

Current obligations:	
DHCD Reserve Fund deposit	1,354
Accrued mortgage interest payable	20,466
Accounts payable and accrued liabilities	69,432
Interfund payable	221,311
Estimated property insurance premium	26,391
Estimated mortgage insurance premium	20,811
Estimated water bills	120,325
Estimated other taxes	5,805
HOC reserve for replacements	175,729
Tenant security deposit liability	56,521
Total required payments	<u>718,145</u>
Surplus Cash	<u>\$ 22,026</u>

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2021, the date on which 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

BROOKSIDE GLEN LIMITED PARTNERSHIP
DETAILED BALANCE SHEETS
JUNE 30, 2021 AND 2020

	2021	2020
ACCOUNTS RECEIVABLE AND OTHER ASSETS		
Maryland State receivable	\$ 11,469	\$ 8,826
Other receivables	95,039	(5,138)
Tenant receivables	129,260	102,247
Allowance for doubtful accounts	(38,332)	(30,919)
Prepaid other expense	42,694	43,083
Prepaid mortgage insurance	1,726	1,826
Total Accounts Receivable and Other Assets	\$ 241,856	\$ 119,925
RESTRICTED CASH AND CASH EQUIVALENTS		
Operating reserves	\$ 465,646	\$ 367,327
Reserve for replacements	516,614	580,811
Mortgage escrow	44,971	28,138
Total Restricted Cash and Cash Equivalents	\$ 1,027,231	\$ 976,276
PROPERTY AND EQUIPMENT, NET		
Land	\$ 2,266,800	\$ 2,266,800
Buildings	7,817,284	7,817,284
Buildings improvements	2,807,714	2,807,714
Fixed building equipment - dwelling	36,124	36,124
Miscellaneous fixed assets	146,399	70,717
Site improvements	27,256	27,256
Accumulated depreciation	(6,892,268)	(6,551,143)
Property and Equipment, Net	\$ 6,209,309	\$ 6,474,752
DEFERRED CHARGES, NET		
Deferred title	\$ 125,097	\$ 125,097
Accumulated amortization	(75,058)	(70,888)
Deferred Charges, Net	\$ 50,039	\$ 54,209
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Accounts payable - others	\$ 6,233	\$ 6,281
Accounts payable - vendors	1,602	1,602
Clearing resident refunds	1,558	1,890
Accrued salaries	4,450	5,044
Residential rent prepaid	40,708	37,320
Accrued expenses	9,261	41,956
Accrued other	5,620	111
Total Accounts Payable and Accrued Liabilities	\$ 69,432	\$ 94,204
NONCURRENT NOTES PAYABLE, NET		
Note payable - state - long-term	\$ 1,211,706	\$ 1,211,706
Note payable - long-term	3,793,875	4,049,675
Less: unamortized debt issuance costs	(56,718)	(61,445)
Total Noncurrent Notes Payable, net	\$ 4,948,863	\$ 5,199,936
NOTE PAYABLE TO MONTGOMERY COUNTY - LONG TERM		
	\$ 584,868	\$ 584,868
	\$ 584,868	\$ 584,868

**BROOKSIDE GLEN LIMITED PARTNERSHIP
DETAILED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
DWELLING RENTAL:		
Rent - current residents	\$ 1,354,690	\$ 1,382,043
Rent- subsidies	249,667	218,735
Concessions	(10,367)	(1,637)
Vacancy loss	(72,895)	(98,337)
Other rent fees	1,948	2,383
Late fees/NSF	403	8,221
Total Dwelling Rental	<u>1,523,446</u>	<u>1,511,408</u>
MANAGEMENT FEES AND OTHER INCOME:		
Parking income	380	620
User fees	297	443
Miscellaneous income	33,655	375
Transfer between funds	1,360	-
Transfer between funds - rental license	4,230	4,230
Total Management Fees and Other Income	<u>39,922</u>	<u>5,668</u>
TOTAL OPERATING REVENUES	<u>1,563,368</u>	<u>1,517,076</u>
<u>OPERATING EXPENSES</u>		
ADMINISTRATIVE:		
Temporary agency - administrative	4,352	40,511
Office salaries	57,372	58,927
Auditing fees	8,620	8,900
Contract management fee	41,760	41,280
Miscellaneous operating expenses	2,287	37,099
Postage	697	652
Printing/reproduction	947	3,562
Other office supplies	4,986	7,589
Food and beverage	330	718
Professional associations dues	239	162
Local mileage and travel	-	4
Legal services - general	12,184	3,607
Legal services - litigation	479	-
Advertising	10,018	12,666
Marketing/public relations services	1,516	599
Office equipment rent	1,045	(453)
Local phone bill	4,934	4,931
Computer software	7,715	10,228
Cable charges	-	1,282
Internet access charges	330	-
Rental license	4,230	4,230
Bank fees	284	337
Resident service fees	-	127
Total Administrative	<u>164,325</u>	<u>236,958</u>

(Continued on next page.)

**BROOKSIDE GLEN LIMITED PARTNERSHIP
 DETAILED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<u>OPERATING EXPENSES</u>	<u>2021</u>	<u>2020</u>
MAINTENANCE:		
Contract maintenance/janitor salary	104,872	86,103
Kitchen and bath supplies	4	-
Electrical supplies	3,638	6,238
Appliance supplies	693	1,203
Plumbing supplies	4,179	3,510
Employee uniforms	3,930	2,129
Grounds and landscaping supplies	251	377
Cleaning and janitorial supplies	4,238	4,368
Health and safety materials	161	-
Windows and glass	254	-
Hardware supplies	1,171	2,516
HVAC supplies	1,655	909
Painting and wallcoverings	286	1,354
Miscellaneous supplies	321	1,491
Electrical contracts	2,461	2,272
Plumbing contracts	7,252	10,028
Cleaning and janitorial contracts	10,457	7,879
Grounds and landscaping contracts	14,172	22,456
Roofing and gutter contracts	350	-
HVAC contracts	4,034	4,359
Flooring and carpeting contracts	3,653	-
Paint/wallcovering int. contracts	25,635	17,420
Exterminating contracts	6,759	3,829
Snow removal contracts	1,216	7,086
Miscellaneous contracts	300	8,154
Grounds/landscape supplies - capital	-	83
Windows and glass - capital	973	1,662
Doors - capital	-	2,700
Flooring and carpeting - capital	18,197	24,216
Plumbing equipment - capital	342	73,992
HVAC equipment - capital	1,535	-
Appliance equipment - capital	12,729	38,235
Total Maintenance	<u>235,718</u>	<u>334,569</u>
 UTILITIES:		
Water bill	120,325	137,073
Electric bill	11,045	9,392
Natural gas	3,345	5,344
Trash collection	5,920	7,851
Trash collection - bulk	3,106	2,504
Total Utilities	<u>143,741</u>	<u>162,164</u>

(Continued on next page.)

**BROOKSIDE GLEN LIMITED PARTNERSHIP
 DETAILED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
OPERATING EXPENSES		
FRINGE BENEFITS:		
Contract managed benefits	43,494	31,765
Contract other training	272	896
Total Fringe Benefits	43,766	32,661
INTEREST EXPENSE:		
Interest payments - general	194,178	205,064
Debt insurance costs - amortization	4,727	4,727
Interest payments - Montgomery County	-	18,375
Total Interest Expenses	198,905	228,166
OTHER EXPENSES:		
Security contracts	3,122	6,124
Building insurance	2,840	-
Fire and hazard insurance	14,058	11,111
Liability insurance	9,283	6,323
Environmental insurance	210	-
COVID-19 expense	2,725	1,379
Other taxes	300	300
Solid waste tax	1,871	1,829
Water quality protect charge	3,634	3,521
Asset management fee	96,290	96,350
Mortgage insurance	20,811	21,963
Total Other Expenses	155,144	148,900
Depreciation and amortization	345,295	343,858
Bad debt	50,848	22,434
TOTAL OPERATING EXPENSES	1,337,742	1,509,710
OPERATING INCOME	225,626	7,366
Investment income (loss)	(734)	6,678
NET INCOME	\$ 224,892	\$ 14,044