



BROOKSIDE GLEN LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

BROOKSIDE GLEN LIMITED PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

October 25, 2023

To the Partners
Brookside Glen Limited Partnership
Kensington, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Brookside Glen Limited Partnership, which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations, changes in partners' equity, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Brookside Glen Limited Partnership's financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brookside Glen Limited Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

To the Partners
Brookside Glen Limited Partnership

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brookside Glen Limited Partnership's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brookside Glen Limited Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brookside Glen Limited Partnership's ability to continue as a going concern for a reasonable period of time.

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

To the Partners
Brookside Glen Limited Partnership

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed balance sheets, detailed statements of operations, balance sheet data, and statement of operations data 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.

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

BROOKSIDE GLEN LIMITED PARTNERSHIP
BALANCE SHEETS
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 693,738	\$ 823,874
Accounts receivable and other assets	129,865	117,271
Total Current Assets	823,603	941,145
RESTRICTED ASSETS:		
Restricted cash and cash equivalents	1,054,698	979,568
Tenant security deposits	59,494	58,722
Total Restricted Assets	1,114,192	1,038,290
NONCURRENT ASSETS:		
Property and equipment, net	5,577,616	5,861,410
Deferred charges, net	41,699	45,869
Total Noncurrent Assets	5,619,315	5,907,279
TOTAL ASSETS	\$ 7,557,110	\$ 7,886,714
 LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 129,731	\$ 134,843
Interfund payable	236,594	222,508
Accrued interest payable	18,337	19,426
Note payable to Montgomery County, current portion	22,842	22,226
Note payable, current portion	280,676	267,951
Total Current Liabilities	688,180	666,954
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Tenant security deposits payable	52,388	53,927
Total Current Liabilities Payable from Restricted Assets	52,388	53,927
NONCURRENT LIABILITIES:		
Notes payable, noncurrent	4,456,953	4,737,630
Less: unamortized debt issuance costs	(47,267)	(51,991)
Total Notes Payable, Net	4,409,686	4,685,639
Note payable to Montgomery County, noncurrent	544,981	565,864
Total Noncurrent Liabilities	4,954,667	5,251,503
TOTAL LIABILITIES	5,695,235	5,972,384
PARTNERS' EQUITY	1,861,875	1,914,330
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ 7,557,110	\$ 7,886,714

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

**BROOKSIDE GLEN LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Dwelling rental	\$ 1,522,109	\$ 1,495,598
Management fees and other income	21,791	6,490
Total Operating Revenues	<u>1,543,900</u>	<u>1,502,088</u>
OPERATING EXPENSES		
Administrative	167,945	180,147
Maintenance	352,566	455,141
Depreciation and amortization	353,674	352,069
Utilities	237,064	169,028
Fringe benefits	27,123	40,698
Interest expense	191,457	204,925
Other	205,733	161,353
Bad debt	82,948	112,169
Total Operating Expenses	<u>1,618,510</u>	<u>1,675,530</u>
Operating income (loss)	(74,610)	(173,442)
NONOPERATING ACTIVITY		
Investment income (loss)	<u>22,155</u>	<u>(1,353)</u>
NET INCOME (LOSS)	<u>\$ (52,455)</u>	<u>\$ (174,795)</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, 2023 AND 2022**

	2023	2022
Partners' equity, beginning of year	\$ 1,914,330	\$ 2,089,125
Operating income (loss)	(52,455)	(174,795)
Partners' equity, end of year	\$ 1,861,875	\$ 1,914,330

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income (loss):	\$ (52,455)	\$ (174,795)
Depreciation and amortization	353,674	352,069
Amortization of debt issuance costs (a component of interest expense)	4,724	4,727
(Increase) Decrease in:		
Accounts receivable and other assets	(12,594)	124,585
Increase (Decrease) in:		
Accounts payable and accrued expenses	(5,112)	65,411
Tenant security deposits payable	(1,539)	(2,594)
Accrued interest payable	(1,089)	(1,040)
NET CASH FROM OPERATING ACTIVITIES	<u>285,609</u>	<u>368,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for property and equipment	(65,710)	-
NET CASH FROM INVESTING ACTIVITIES	<u>(65,710)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(288,219)	(274,799)
Advances from (to) HOC	14,086	1,197
NET CASH FROM FINANCING ACTIVITIES	<u>(274,133)</u>	<u>(273,602)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(54,234)	94,761
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,862,164</u>	<u>1,767,403</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,807,930</u>	<u>\$ 1,862,164</u>
Cash and cash equivalents	\$ 693,738	\$ 823,874
Restricted cash and cash equivalents	1,054,698	979,568
Tenant security deposits	59,494	58,722
Total cash, cash equivalents, and restricted cash	<u>\$ 1,807,930</u>	<u>\$ 1,862,164</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 187,822</u>	<u>\$ 201,238</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

The 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 years ended June 30, 2023 and 2022 were \$4,709 and \$15,358, 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

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

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

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, 2023 and 2022.

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, 2023, tax years 2020 through 2022 are open for examination by taxing authorities.

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, 2023 and 2022, the allowance for doubtful accounts amounted to \$120,999 and \$73,334, 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, 2023 and 2022, the accumulated amortization was \$83,398 and \$79,228, respectively, and the amortization expense for the years ended June 30, 2023 and 2022 was \$4,170 for each 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, 2023 and 2022 was \$94,531 and \$89,807, respectively. The amount of amortization expense included as interest expense for the years ended June 30, 2023 and 2022 was \$4,724 and \$4,727, respectively.

Advertising Costs

Advertising costs are charged to operations when incurred.

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.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</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	212,109	146,399
Accumulated depreciation	<u>(7,589,671)</u>	<u>(7,240,167)</u>
Total Property and Equipment	<u>\$ 5,577,616</u>	<u>\$ 5,861,410</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$349,504 and \$347,899, respectively.

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

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%. 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 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, 2023 and 2022, the outstanding principal balance on this note was \$3,525,923 and \$3,793,875, respectively.

Minimum remaining loan principal payments on this note, as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 280,676
2025	294,014
2026	307,980
2027	322,611
2028	337,936
2029 - 2033	1,946,284
2034	<u>36,422</u>
Total	3,525,923
Less: current portion	<u>(280,676)</u>
Long-term portion	<u>\$ 3,245,247</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 15 units available 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

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 NOTES PAYABLE (cont'd)

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 3% per annum, 60 days after the completion of the first fiscal year in which the net cash flow from the Project supports all the 10 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 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.

As of June 30, 2023 and 2022, the outstanding principal balance on this loan was \$567,823 and \$588,090, respectively.

Minimum remaining loan principal payments on this note, as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2024	\$ 22,842
2025	20,883
2026	21,518
2027	22,173
2028	22,847
2029 - 2033	125,093
2034 - 2038	145,310
2039 - 2043	187,157
Total	<u>567,823</u>
Less: current portion	<u>(22,842)</u>
Long-term portion	<u>\$ 544,981</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

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 NOTES PAYABLE (cont'd)

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% simple interest per annum. The unpaid balance on this loan as of June 30, 2023 and 2022 was \$1,211,706.

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, 2023 and 2022, the Partnership paid the HOC \$124,080 and \$96,290, 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 \$236,594 and \$222,508 as of June 30, 2023 and 2022, 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 monthly contribution was \$4,796 and \$4,679 for the years ended June 30, 2023 and 2022, respectively. The balance in this account at

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5 RESERVE FOR REPLACEMENTS (cont'd)

June 30, 2023 and 2022, inclusive of interest earned, was \$506,864 and \$452,422, respectively, as follows:

	2023	2022
Beginning balance	\$ 452,422	\$ 516,614
Monthly deposits	57,552	56,148
Withdrawals	(21,558)	(120,573)
Interest income	16,264	233
Balance, June 30	\$ 506,864	\$ 452,422

During fiscal years 2023 and 2022, \$21,558 and \$120,573, respectively, was released from this account for payment to cover the cost of appliances, carpeting, flooring, and building repairs.

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, 2023 and 2022, inclusive of interest earned, were \$504,782 and \$482,051, respectively, as follows:

	2023	2022
Beginning balance	\$ 482,051	\$ 465,646
Monthly deposits	16,248	16,250
Interest income	6,483	155
Balance, June 30	\$ 504,782	\$ 482,051

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

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 7 MORTGAGE ESCROW (cont'd)

contribution for the years ended June 30, 2023 and 2022 was \$18,277 and \$19,577, respectively. The balance in the Mortgage Escrow account at June 30, 2023 and 2022, inclusive of interest earned, was \$43,052 and \$45,095, respectively, as follows:

	2023	2022
Beginning balance	\$ 45,095	\$ 44,971
Deposits	18,277	19,577
Withdrawals	(20,320)	(19,453)
Balance, June 30	\$ 43,052	\$ 45,095

NOTE 8 MANAGEMENT AGREEMENT

Effective July 1, 2019, the Partnership entered into a management service agreement with Edgewood Management Corporation initially for a two-year period and subsequently extended through December 31, 2023. The compensation to Edgewood Management Company is 2.75% of adjusted gross rents. Property management fees paid for the years ended June 30, 2023 and 2022 were \$43,983 and \$39,346, 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% of the median income for the Washington Metropolitan Statistical Area.

NOTE 10 CUSTODIAL CREDIT RISK

Cash balances as of June 30, 2023 and 2022 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 SURPLUS CASH

The computation of surplus cash for the project reserve fund for the year ended June 30, 2023 is as follows:

BROOKSIDE GLEN LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SURPLUS CASH (cont'd)

Cash on hand:	
Cash - operating (petty cash excluded)	\$ 693,238
Cash - tenant security deposit	59,494
Total cash on hand	<u>752,732</u>
Current obligations:	
DHCD Reserve Fund deposit	1,354
Accrued mortgage interest payable	18,337
Accounts payable and accrued liabilities	129,731
Interfund payable	236,594
Estimated property insurance premium	37,723
Estimated mortgage insurance premium	18,246
Estimated water bills	171,005
Estimated other taxes	6,339
HOC reserve for replacements deposits	57,552
Tenant security deposit liability	52,388
Total required payments	<u>729,269</u>
Surplus Cash	<u>\$ 23,463</u>

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2023, 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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ACCOUNTS RECEIVABLE AND OTHER ASSETS		
Maryland State receivable	\$ 29,788	\$ 22,137
Tenant receivables	177,647	122,916
Allowance for doubtful accounts	(120,999)	(73,334)
Prepaid other expense	41,917	42,306
Prepaid Insurance	-	1,625
Prepaid mortgage insurance	1,512	1,621
Total Accounts Receivable and Other Assets	<u>\$ 129,865</u>	<u>\$ 117,271</u>
RESTRICTED CASH AND CASH EQUIVALENTS		
Operating reserves	\$ 504,782	\$ 482,051
Reserve for replacements	506,864	452,422
Mortgage escrow	43,052	45,095
Total Restricted Cash and Cash Equivalents	<u>\$ 1,054,698</u>	<u>\$ 979,568</u>
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	212,109	146,399
Site improvements	27,256	27,256
Accumulated depreciation	(7,589,671)	(7,240,167)
Property and Equipment, Net	<u>\$ 5,577,616</u>	<u>\$ 5,861,410</u>
DEFERRED CHARGES, NET		
Deferred title	\$ 125,097	\$ 125,097
Accumulated amortization	(83,398)	(79,228)
Deferred Charges, Net	<u>\$ 41,699</u>	<u>\$ 45,869</u>
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Accounts payable - others	\$ 66,334	\$ 618
Accounts payable - vendors	1,602	1,601
Clearing resident refunds	2,109	2,109
Accrued salaries	7,319	6,428
Retirement contribution	12	57
Residential rent prepaid	46,701	55,861
Accrued expenses	5,654	5,761
Accrued other	-	62,408
Total Accounts Payable and Accrued Liabilities	<u>\$ 129,731</u>	<u>\$ 134,843</u>
NONCURRENT NOTES PAYABLE, NET		
Note payable - state - long-term	\$ 1,211,706	\$ 1,211,706
Note payable - long-term	3,245,247	3,525,924
Less: unamortized debt issuance costs	(47,267)	(51,991)
Total Noncurrent Notes Payable, net	<u>\$ 4,409,686</u>	<u>\$ 4,685,639</u>
NOTE PAYABLE TO MONTGOMERY COUNTY - LONG-TERM		
	<u>\$ 544,981</u>	<u>\$ 565,864</u>
	<u>\$ 544,981</u>	<u>\$ 565,864</u>

**BROOKSIDE GLEN LIMITED PARTNERSHIP
 DETAILED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<u>OPERATING REVENUES</u>		
DWELLING RENTAL:		
Rent - current residents	\$ 1,291,875	\$ 1,326,055
Rent- subsidies	282,258	257,046
Concessions	(4,709)	(15,358)
Vacancy loss	(52,260)	(74,609)
Other rent fees	1,832	2,642
Late fees/NSF	3,113	(178)
Total Dwelling Rental	1,522,109	1,495,598
MANAGEMENT FEES AND OTHER INCOME:		
Parking income	720	640
User fees	-	285
Miscellaneous income	15,447	-
Transfer between funds	1,394	1,335
Transfer between funds - rental license	4,230	4,230
Total Management Fees and Other Income	21,791	6,490
TOTAL OPERATING REVENUES	1,543,900	1,502,088
<u>OPERATING EXPENSES</u>		
ADMINISTRATIVE:		
Temporary agency - administrative	5,302	34,769
Office salaries	63,414	48,237
Auditing fees	11,950	11,490
Contract management fee	43,983	39,346
Miscellaneous operating expenses	2,238	3,237
Postage	809	747
Printing/reproduction	1,203	285
Other office supplies	2,140	3,774
Food and beverage	-	10
Professional associations dues	201	189
Legal services - general	11,780	6,601
Legal services - litigation	-	-
Advertising	5,369	8,054
Office equipment rent	546	-
Local phone bill	4,699	7,159
Computer software	8,625	11,778
Rental license	4,227	4,233
Insurance reserve	1,296	-
Bank fees	163	238
Total Administrative	167,945	180,147

(Continued on next page.)

**BROOKSIDE GLEN LIMITED PARTNERSHIP
 DETAILED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

<u>OPERATING EXPENSES</u>	<u>2023</u>	<u>2022</u>
MAINTENANCE:		
Contract maintenance/janitor salary	96,278	111,781
Electrical supplies	3,500	8,548
Appliance supplies	3,902	3,049
Plumbing supplies	3,221	7,833
Employee uniforms	3,835	4,187
Grounds and landscaping supplies	601	643
Cleaning and janitorial supplies	2,682	4,043
Windows and glass	2,542	3,898
Hardware supplies	1,923	2,717
HVAC supplies	912	1,627
Miscellaneous supplies	-	2,044
Electrical contracts	7,549	3,696
Plumbing contracts	20,349	7,835
Cleaning and janitorial contracts	-	879
Grounds and landscaping contracts	25,127	43,228
HVAC contracts	25,755	9,421
Flooring and carpeting contracts	-	16,205
Paint/wallcovering int. contracts	49,971	23,408
Exterminating contracts	9,657	8,242
Snow removal contracts	3,820	35,231
Miscellaneous contracts	32,232	13,285
Windows and glass - capital	181	1,580
Windows and Glass Contracts	2,253	279
Flooring and carpeting - capital	13,648	45,219
HVAC equipment - capital	4,420	-
Plumbing equipment - capital	-	55,005
Miscellaneous Contracts-Capital	12,119	2,250
Appliance equipment - capital	26,089	39,008
Total Maintenance	<u>352,566</u>	<u>455,141</u>
UTILITIES:		
Water bill	171,005	139,509
Electric bill	11,936	11,690
Natural gas	5,976	3,347
Trash collection	41,623	6,469
Trash collection - bulk	6,524	8,013
Total Utilities	<u>237,064</u>	<u>169,028</u>

(Continued on next page.)

**BROOKSIDE GLEN LIMITED PARTNERSHIP
 DETAILED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING EXPENSES		
FRINGE BENEFITS:		
Contract managed benefits	26,866	40,371
Contract other training	257	327
Total Fringe Benefits	27,123	40,698
INTEREST EXPENSE:		
Interest payments - general	170,102	182,277
Debt insurance costs - amortization	4,727	4,727
Interest payments - Montgomery County	16,628	17,921
Total Interest Expenses	191,457	204,925
OTHER EXPENSES:		
Security contracts	17,668	13,380
Building insurance	1,295	2,640
Fire and hazard insurance	21,914	12,982
Liability insurance	13,886	9,500
Environmental insurance	630	630
COVID-19 expense	1,675	275
Other taxes	300	300
Solid waste tax	2,003	1,965
Water quality protect charge	4,036	3,833
Asset management fee	124,080	96,290
Mortgage insurance	18,246	19,558
Total Other Expenses	205,733	161,353
Depreciation and amortization	353,674	352,069
Bad debt	82,948	112,169
TOTAL OPERATING EXPENSES	1,618,510	1,675,530
OPERATING INCOME (LOSS)	(74,610)	(173,442)
Investment income (loss)	22,155	(1,353)
NET INCOME (LOSS)	\$ (52,455)	\$ (174,795)