

**POOKS HILL COURTYARD  
A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION  
OF MONTGOMERY COUNTY, MARYLAND**

**FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022  
AND  
INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Pooks Hill Courtyard,  
a Segment of Housing Opportunities Commission of  
Montgomery County, Maryland

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Pooks Hill Courtyard, a Segment of Housing Opportunities Commission of Montgomery County, Maryland (HOC), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues and expenses, changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pooks Hill Courtyard 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pooks Hill Courtyard and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, beginning in 2023 the financial statements of Pooks Hill Courtyard are reported in accordance with the standards established by the Governmental Accounting Standards Board (GASB). Prior to 2023, the provisions of the Financial Accounting Standards Board (FASB) applicable to not-for-profit entities were used. This change brings the reporting for the Property into conformity with the reporting used by HOC. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooks Hill Courtyard's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Pooks Hill Courtyard'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 Pooks Hill Courtyard’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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 18 is presented for the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of Pooks Hill Courtyard’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pooks Hill Courtyard’s 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 Pooks Hill Courtyard’s internal control over financial reporting and compliance.

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

March 19, 2024  
Bethesda, Maryland

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
STATEMENTS OF NET POSITION  
JUNE 30, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 210,518	\$ 148,020
Accounts receivable, prepaids, and other assets, net	<u>33,419</u>	<u>51,563</u>
Total current assets	<u>243,937</u>	<u>199,583</u>
Restricted cash and equivalents	825,986	801,397
Customer deposits	<u>19,025</u>	<u>19,403</u>
Total deposits held in trust - funded	<u>845,011</u>	<u>820,800</u>
Property and equipment, net of depreciation	<u>2,423,738</u>	<u>2,521,165</u>
Total long term assets	<u>2,423,738</u>	<u>2,521,165</u>
Total assets	<u>\$ 3,512,686</u>	<u>\$ 3,541,548</u>

**LIABILITIES AND NET POSITION**

Accounts payable and accrued liabilities	\$ 71,330	\$ 33,205
Unearned revenue	18,042	11,248
Accrued interest payable	5,538	6,665
Loans payable to Montgomery County - current	17,539	17,365
Mortgage notes and loans payable - current	234,020	222,741
Interfund payable	<u>84,495</u>	<u>69,800</u>
Total current liabilities	<u>430,964</u>	<u>361,024</u>
Customer deposit payable	<u>15,188</u>	<u>17,055</u>
Total current liabilities payable from restricted assets	<u>15,188</u>	<u>17,055</u>
Loans payable to Montgomery County - non-current	165,015	183,498
Mortgage notes and loans payable	<u>775,594</u>	<u>1,009,614</u>
Total non-current liabilities	<u>940,609</u>	<u>1,193,112</u>
Total liabilities	<u>1,386,761</u>	<u>1,571,191</u>
Net investment in capital assets	1,231,570	1,087,947
Restricted net position	829,823	803,745
Unrestricted net position	<u>64,532</u>	<u>78,665</u>
Total net position	<u>2,125,925</u>	<u>1,970,357</u>
Total liabilities and net position	<u>\$ 3,512,686</u>	<u>\$ 3,541,548</u>

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

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
STATEMENTS OF REVENUES AND EXPENSES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Dwelling rental	\$ 919,337	\$ 902,735
Management fees and other income	<u>4,746</u>	<u>3,251</u>
Total operating revenues	<u>924,083</u>	<u>905,986</u>
Operating Expenses		
Administrative	101,778	89,009
Maintenance	199,366	153,734
Depreciation	122,403	120,322
Utilities	93,684	80,878
Fringe benefits	11,176	16,264
Bad debt expense	9,072	4,108
Other	<u>122,467</u>	<u>76,569</u>
Total operating expenses	<u>659,946</u>	<u>540,884</u>
Operating income (loss)	<u>264,137</u>	<u>365,102</u>
Non-Operating Revenue (Expenses)		
Investment income	18,555	261
Interest expense	<u>(56,847)</u>	<u>(68,781)</u>
Total non-operating revenue (expense)	<u>(38,292)</u>	<u>(68,520)</u>
Revenues in Excess of Expenses	<u>\$ 225,845</u>	<u>\$ 296,582</u>

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

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
STATEMENTS OF CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2023 AND 2022**

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<b>Balance, July 1, 2021</b>	\$ 1,817,640
Revenues in excess of expenses	296,582
Distributions	<u>(143,865)</u>
<b>Balance, June 30, 2022</b>	1,970,357
Revenues in excess of expenses	225,845
Distributions	<u>(70,277)</u>
<b>Balance, June 30, 2023</b>	<u>\$ 2,125,925</u>

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



**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from Operating Activities</b>		
Cash received from tenants	\$ 938,082	\$ 857,323
Cash paid to suppliers and employees	<u>(475,651)</u>	<u>(397,882)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>462,431</u>	<u>459,441</u>
 <b>Cash flows from Capital and Related Financing Activities</b>		
Interest paid	(57,974)	(72,131)
Principal repayments of mortgage note payable	(222,741)	(212,005)
Principal repayments of notes payable	(18,309)	(34,216)
Acquisition of property and equipment	(24,976)	-
Distributions	<u>(70,277)</u>	<u>(143,865)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(394,277)</u>	<u>(462,217)</u>
 <b>Cash flows from Investing Activities</b>		
Investment income	<u>18,555</u>	<u>261</u>
<b>Net Cash Provided by Investing Activity</b>	<u>18,555</u>	<u>261</u>
 Net Increase in Cash and Cash Equivalents	<u>86,709</u>	<u>(2,515)</u>
 Cash and Cash Equivalents - Beginning	<u>968,820</u>	<u>971,335</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,055,529</u>	<u>\$ 968,820</u>
 <b>Reconciliation of changes in net assets to net cash provided by Operating activities</b>		
Operating income (loss)	\$ 264,137	\$ 365,102
Reconciling adjustments:		
Depreciation	122,403	120,322
Interest and amortization of deferred charges		
Changes in operating assets and liabilities		
Accounts receivable and other assets	18,144	(38,194)
Accounts payable and accrued expense	38,125	(1,334)
Unearned revenue	6,794	(4,582)
Interfund payable	14,695	19,683
Tenant security deposit payable	<u>(1,867)</u>	<u>(1,556)</u>
Net cash provided by operating activities	<u>\$ 462,431</u>	<u>\$ 459,441</u>

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

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**1. Organization**

Pooks Hill Courtyard, a Segment of the Housing Opportunities Commission of Montgomery County, Maryland (HOC) (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

As a segment of HOC, the Property prepares its financial statements in accordance with the accounting standards established by the Governmental Accounting Standards Board (GASB). The Property reports its financial activity as a proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Property are rents collected. Operating expenses for the Property include the cost of operating and administrative expenses, and depreciation on property and equipment. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**2. Summary of Significant Accounting Policies (continued)**

Change in Presentation

For the June 30, 2023 financial statements, the Property began reporting in accordance with the standards established by the Governmental Accounting Standards Board (GASB). Prior to 2023, the Property followed the provisions of the Financial Accounting Standards Board (FASB) applicable to not-for-profit entities. This change brings the reporting for the Property into conformity to the reporting used by HOC.

The primary differences between the two that affect the Property’s financial statements are:

Under FASB standards, equity is reported as unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Under GASB standards, equity is reported as unrestricted net position, restricted net position, and net investment in capital assets.

Under FASB standards, loan costs are netted against the liability and amortized to interest expense over the life of the loan. Under GASB standards, loan costs are expensed as incurred.

The change from FASB standards to GASB standards has been recorded by adjustments to the financial statements for the year ended June 30, 2022 as follows:

The change in categories for equity had no change on the total equity reported.

The change for loan costs has been applied to the beginning balances as of July 1, 2021, and the financial statements for the year ended June 30, 2022 have been restated as follows:

	As Originially Reported	Increase (Decrease)	As Restated
Interest expense	\$ 77,575	\$ (8,794)	\$ 68,781
Revenues in excess of expenses	\$ 287,788	\$ 8,794	\$ 296,582
Non-current liabilities	\$ 1,135,951	\$ 57,161	\$ 1,193,112
Net postion	\$ 2,027,518	\$ (57,161)	\$ 1,970,357

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 SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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. As of June 30, 2023 and 2022, the allowance for doubtful accounts was \$10,098 and \$4,108, respectively.

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**2. Summary of Significant Accounting Policies (continued)**

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 March 19, 2024, 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.

**3. Cash and Cash Equivalents**

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

	<u>2023</u>	<u>2022</u>
Operating cash and cash equivalents	\$ 210,518	\$ 148,020
Replacement reserve	\$ 431,478	\$ 423,886
Operating reserve	394,508	377,511
Customer deposits	<u>19,025</u>	<u>19,403</u>
Restricted cash and cash equivalents	<u>845,011</u>	<u>820,800</u>
Total cash and cash equivalents	<u>\$ 1,055,529</u>	<u>\$ 968,820</u>

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**4. Property and Equipment**

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

	Balance at 7/1/2022	Additions	Transfers/ Disposals	Disposals	Balance at 6/30/2023
Capital assets not being depreciated:					
Land	\$ 628,400	\$ -	\$ -	\$ -	\$ 628,400
Total capital assets not being depreciated	<u>628,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628,400</u>
Capital assets being depreciated:					
Buildings	4,633,373	-	-	-	4,633,373
Building renovations	29,355	-	-	-	29,355
Miscellaneous equipment	12,382	24,976	-	-	37,358
Site improvement	67,025	-	-	-	67,025
Total capital assets being depreciated	<u>4,742,135</u>	<u>24,976</u>	<u>-</u>	<u>-</u>	<u>4,767,111</u>
Less accumulated depreciation	<u>(2,849,370)</u>	<u>(122,403)</u>	<u>-</u>	<u>-</u>	<u>(2,971,773)</u>
Total capital assets being depreciated	<u>1,892,765</u>	<u>(97,427)</u>	<u>-</u>	<u>-</u>	<u>1,795,338</u>
Capital assets, net	<u>\$ 2,521,165</u>				<u>\$ 2,423,738</u>

	Balance at 7/1/2021	Additions	Transfers/ Disposals	Disposals	Balance at 6/30/2022
Capital assets not being depreciated:					
Land	\$ 628,400	\$ -	\$ -	\$ -	\$ 628,400
Total capital assets not being depreciated	<u>628,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628,400</u>
Capital assets being depreciated:					
Buildings	4,633,373	-	-	-	4,633,373
Building renovations	29,355	-	-	-	29,355
Miscellaneous equipment	12,382	-	-	-	12,382
Site improvement	67,025	-	-	-	67,025
Total capital assets being depreciated	<u>4,742,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,742,135</u>
Less accumulated depreciation	<u>(2,729,048)</u>	<u>(120,322)</u>	<u>-</u>	<u>-</u>	<u>(2,849,370)</u>
Total capital assets being depreciated	<u>2,013,087</u>	<u>(120,322)</u>	<u>-</u>	<u>-</u>	<u>1,892,765</u>
Capital assets, net	<u>\$ 2,641,487</u>				<u>\$ 2,521,165</u>

Depreciation expense for the years ended June 30, 2023 and 2022, totaled \$122,403 and \$120,322, respectively.

**5. Income Taxes**

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

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**6. Pooled Investments**

As of June 30, 2023, the Property has \$431,478 of replacement reserve cash of which \$89,172 is in a pooled fund with other properties that are controlled by HOC, and on deposit with the Montgomery County Government.

As of June 30, 2022, the Property has \$423,886 of replacement reserve cash of which \$103,868 is in a pooled fund with other properties that are controlled by HOC, and on deposit with the Montgomery County Government.

**7. Reserve for Replacement**

In accordance with the Regulatory Agreement with HOC, disbursement from the replacement reserve for the purpose of maintenance, improvements, or renovations of the Project cannot be made without prior written consent of HOC. For each of the years ended June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Beginning balance	\$ 423,886	\$ 388,325
Deposit	47,256	47,256
Interest	9,789	96
Withdrawals	<u>(49,453)</u>	<u>(11,791)</u>
Ending balance	<u>\$ 431,478</u>	<u>\$ 423,886</u>

**8. Operating Reserve**

The operating reserve has been established for the purpose of funding operating expenses of the Property to the extent that the Property's collected gross receipts are insufficient for such a purpose. For each of the years ended June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Beginning balance	\$ 377,511	\$ 368,750
Deposit	8,604	8,604
Interest	<u>8,393</u>	<u>157</u>
Ending balance	<u>\$ 394,508</u>	<u>\$ 377,511</u>

**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**9. Long-Term Debt**

Non-current liabilities at June 30, 2023 and 2022 consisted of the following:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Mortgage payable to HOC	\$ 1,232,355	\$ -	\$ (222,741)	\$ 1,009,614	\$ 234,020
Note payable to Montgomery County	<u>200,863</u>	<u>-</u>	<u>(18,309)</u>	<u>182,554</u>	<u>17,539</u>
Total	<u>\$ 1,433,218</u>	<u>\$ -</u>	<u>\$ (241,050)</u>	<u>\$ 1,192,168</u>	<u>\$ 251,559</u>

  

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Mortgage payable to HOC	\$ 1,444,359	\$ -	\$ (212,004)	\$ 1,232,355	\$ 222,741
Note payable to Montgomery County	<u>235,079</u>	<u>-</u>	<u>(34,216)</u>	<u>200,863</u>	<u>17,365</u>
Total	<u>\$ 1,679,438</u>	<u>\$ -</u>	<u>\$ (246,220)</u>	<u>\$ 1,433,218</u>	<u>\$ 240,106</u>

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 1, 2027.

The note is secured by a mortgage on the buildings and improvements. The Property entered into a regulatory agreement with HOC in conjunction with obtaining the mortgage.

Aggregate maturities required on mortgage payable, assuming no change in the current terms, consist of the following as of June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 234,020	\$ 44,716	\$ 278,736
2025	245,873	32,863	278,736
2026	258,324	20,412	278,736
2027	<u>271,397</u>	<u>7,331</u>	<u>278,728</u>
	<u>\$ 1,009,614</u>	<u>\$ 105,322</u>	<u>\$ 1,114,936</u>



**POOKS HILL COURTYARD**  
**A SEGMENT OF HOUSING OPPORTUNITIES COMMISSION OF**  
**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**9. Long-Term Debt (continued)**

Note payable consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
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.	\$ 182,554	\$ 200,863
Note payable to Montgomery County - Current	<u>(17,539)</u>	<u>(17,365)</u>
Note payable to Montgomery County - Long-Term	<u>\$ 165,015</u>	<u>\$ 183,498</u>

Aggregate maturities required on the note payable, assuming no change in current terms, consist of the following as of June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,539	\$ 1,835	\$ 19,374
2025	17,714	1,660	19,374
2026	17,891	1,483	19,374
2027	18,070	1,304	19,374
2028	18,251	1,123	19,374
2029-2033	<u>93,089</u>	<u>2,840</u>	<u>95,929</u>
	<u>\$ 182,554</u>	<u>\$ 10,245</u>	<u>\$ 192,799</u>

**10. Concentration of Cash Risk**

As of June 30, 2023 and 2022, account balances were \$1,052,914 (consisted of \$609,506 in PNC bank and \$443,408 in Wells Fargo bank) and \$968,820 (consisted of \$550,638 in PNC bank and \$418,182 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 HOC's name.

## **SUPPLEMENTAL INFORMATION**

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
DETAILED SCHEDULES OF REVENUE AND EXPENSES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Rent: Current Residents	\$ 969,988	\$ 944,827
Rent: Subsidies	14,217	9,132
Concessions	(3,602)	(8,485)
Vacancy Loss	(71,570)	(50,150)
Other Rent Fees	10,200	7,005
Miscellaneous Income	4,746	3,251
Late Fees/NSF	104	406
<b>TOTAL OPERATING INCOME</b>	<u>\$ 924,083</u>	<u>\$ 905,986</u>
 <b>ADMINISTRATIVE EXPENSES</b>		
Contract Admin Salary	\$ 33,801	\$ 30,537
Auditing Services	8,470	8,180
Contract Management Fee	24,784	25,402
Misc. Operating Expenses	3,155	2,589
Postage	310	358
Printing/Reproduction	641	400
Other Office Supplies	693	800
Food and Beverages	264	170
Legal Services-General	9,782	3,743
Advertising	6,355	5,802
Temporary Agency Fees	300	-
Local Phone Bill	3,624	2,778
Bank Fees	297	393
Computer Equipment	-	395
Computer Software	5,644	4,402
Rental License Fees	3,161	2,594
Security Deposit Interest Expense	325	283
Professional Assoc. Dues	172	105
Resident Services Fees	-	78
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>\$ 101,778</u>	<u>\$ 89,009</u>

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
DETAILED SCHEDULES OF REVENUE AND EXPENSES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>MAINTENANCE</b>		
Contract Maintenance Salary	\$ 39,532	\$ 32,678
Supplies and Materials	12,795	34,165
Miscellaneous Contracts-Capital	2,250	-
Contracts	<u>144,789</u>	<u>86,891</u>
<b>TOTAL MAINTENANCE EXPENSE</b>	<u><u>\$ 199,366</u></u>	<u><u>\$ 153,734</u></u>
<b>UTILITIES</b>		
Water Bill	\$ 57,494	\$ 53,947
Electric Bill	26,083	15,095
Natural Gas	26	88
Trash Collection	9,521	10,238
Trash Collection - Bulk	<u>560</u>	<u>1,510</u>
<b>TOTAL UTILITIES EXPENSE</b>	<u><u>\$ 93,684</u></u>	<u><u>\$ 80,878</u></u>
<b>FRINGE BENEFITS</b>		
Contract Managed Benefits	\$ 11,046	\$ 16,163
Contract Other Training	<u>130</u>	<u>101</u>
<b>TOTAL FRINGE BENEFITS</b>	<u><u>\$ 11,176</u></u>	<u><u>\$ 16,264</u></u>
<b>OTHER EXPENSES</b>		
Fire and Hazard Insurance	\$ 11,560	\$ 7,140
Liability Insurance	8,130	9,135
Environmental Insurance	350	350
Security Contracts	31,664	5,352
Solid Waste	1,113	1,092
Insurance Reserve	720	-
Asset Management Fee Expense - Non-Federal	<u>68,930</u>	<u>53,500</u>
<b>TOTAL OTHER EXPENSES</b>	<u><u>\$ 122,467</u></u>	<u><u>\$ 76,569</u></u>

**POOKS HILL COURTYARD, A SEGMENT OF HOUSING  
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULES OF EXCESS CASH  
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,036,504	\$ 949,417
Customer deposits	19,025	19,403
Accounts receivable, prepaids, and other assets, net	<u>33,419</u>	<u>51,563</u>
Total Available to Fulfill Current Obligations	<u>1,088,948</u>	<u>1,020,383</u>
Less:		
Interfund payable	84,495	69,800
Accrued mortgage interest payable	5,538	6,665
Accounts payable and accrued liabilities	71,330	33,205
Customer deposit payable	15,188	17,055
Unearned revenue	18,042	11,249
Loans and notes payable - current	<u>251,559</u>	<u>240,106</u>
Total Current Obligations	<u>446,152</u>	<u>378,080</u>
<b>EXCESS CASH</b>	<u><u>\$ 642,796</u></u>	<u><u>\$ 642,303</u></u>



**Independent Auditor's 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 Segment of 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, a Segment of Housing Opportunities Commission of Montgomery County, Maryland (the Property), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues and expenses, changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Property's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property'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 or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Property'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 financial statements. 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 Property'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 Property'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 style with a large, looping initial "R".

March 19, 2024  
Bethesda, Maryland



**RUBINO**  
STRENGTH IN NUMBERS

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

Board of Commissioners  
Pooks Hill Courtyard,  
a Segment of Housing Opportunities Commission  
of Montgomery County, Maryland

We have applied procedures to test the Pooks Hill Courtyard, a Segment of 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, 2023.

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.

March 19, 2024  
Bethesda, Maryland