

Timberlawn Pomander Properties LLC

Financial Statements

**For the Years Ended
June 30, 2022 and 2021**

Timberlawn Pomander Properties LLC

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For the Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

To the Management of
Timberlawn Pomander Properties LLC
10400 Detrick Avenue
Kensington, MD 20895

Opinion

We have audited the accompanying financial statements of Timberlawn Pomander Properties LLC which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of operations, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Timberlawn Pomander Properties LLC as of June 30, 2022 and 2021, 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. 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 Timberlawn Pomander Properties LLC 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 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 Timberlawn Pomander Properties LLC'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 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, including omissions, 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, 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 Timberlawn Pomander Properties LLC'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 Timberlawn Pomander Properties LLC'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.

SC+H attest services, P.C.

Sparks, Maryland
December 12, 2022

Timberlawn Pomander Properties LLC

Balance Sheets

As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Unrestricted current assets		
Cash	\$ 1,521,387	\$ 2,124,348
Accounts receivable, net and other assets	<u>183,362</u>	<u>73,437</u>
Total unrestricted current assets	<u>1,704,749</u>	<u>2,197,785</u>
Restricted cash and cash equivalents for current liabilities		
Restricted cash and cash equivalents	883,651	862,305
Tenants' security deposits	<u>92,402</u>	<u>82,988</u>
Total restricted cash and cash equivalents for current liabilities	<u>976,053</u>	<u>945,293</u>
Property and equipment		
Property and equipment, net of accumulated depreciation	<u>17,132,818</u>	<u>17,547,660</u>
Total property and equipment	<u>17,132,818</u>	<u>17,547,660</u>
Total assets	<u><u>\$ 19,813,620</u></u>	<u><u>\$ 20,690,738</u></u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Balance Sheets (Continued)
As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Net Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 158,322	\$ 95,366
Accrued interest payable	60,401	61,193
Interfund payable	1,271,265	1,915,469
Mortgage payable, current maturities	<u>257,652</u>	<u>247,984</u>
Total current liabilities	<u>1,747,640</u>	<u>2,320,012</u>
Current liabilities payable from restricted assets		
Tenants' security deposits	<u>83,391</u>	<u>79,800</u>
Total current liabilities payable from restricted assets	<u>83,391</u>	<u>79,800</u>
Long-term liabilities		
Mortgage payable, net of current maturities and unamortized financing fees of \$351,667 - 2022 and \$361,667 - 2021	<u>18,310,427</u>	<u>18,558,080</u>
Total long-term liabilities	<u>18,310,427</u>	<u>18,558,080</u>
Total liabilities	<u>20,141,458</u>	<u>20,957,892</u>
Net deficit		
Investment in capital assets, net of related debt	(1,786,928)	(1,620,071)
Restricted net assets	892,662	865,493
Unrestricted net assets	<u>566,428</u>	<u>487,424</u>
Total net deficit	<u>(327,838)</u>	<u>(267,154)</u>
Total liabilities and net deficit	<u>\$ 19,813,620</u>	<u>\$ 20,690,738</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Operations
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues		
Dwelling rental income	\$ 2,826,454	\$ 2,710,807
Other income	8,627	13,126
Total operating revenues	<u>2,835,081</u>	<u>2,723,933</u>
Operating expenses		
Administrative	230,602	253,475
Operating and maintenance	460,395	335,160
Depreciation	414,842	414,078
Utilities	203,310	245,204
Fringe benefits	59,778	52,491
Interest expense	739,200	748,536
Other	216,289	217,582
Bad debt expense	24,818	21,673
Total operating expenses	<u>2,349,234</u>	<u>2,288,199</u>
Operating income	<u>485,847</u>	<u>435,734</u>
Nonoperating revenues		
Interest revenue	84	13
Total nonoperating revenues	<u>84</u>	<u>13</u>
Net income	<u>\$ 485,931</u>	<u>\$ 435,747</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Changes in Net Deficit
For the Years Ended June 30, 2022 and 2021

Balance, July 1, 2020	\$ (99,536)
Distributions to HOC general fund	(603,365)
Net income, June 30, 2021	<u>435,747</u>
Balance, June 30, 2021	(267,154)
Distributions to HOC general fund	(546,615)
Net income, June 30, 2022	<u>485,931</u>
Balance, June 30, 2022	<u><u>\$ (327,838)</u></u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income	\$ 485,931	\$ 435,747
Adjustments to reconcile net income to net cash and restricted cash and cash equivalents provided by operating activities:		
Depreciation	414,842	414,078
Amortization of financing fees	10,000	10,000
Bad debt expense	24,818	21,673
(Increase) decrease in operating assets:		
Accounts receivable, net and other assets	(134,743)	49,680
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	62,956	(13,973)
Accrued interest payable	(792)	(762)
Interfund payable	(644,204)	17,932
Tenants' security deposits	3,591	8,864
Net cash and restricted cash and cash equivalents provided by operating activities	<u>222,399</u>	<u>943,239</u>
Cash flows from investing activities		
Acquisition of property and equipment	<u>-</u>	<u>(45,740)</u>
Net cash and restricted cash and cash equivalents used in investing activities	<u>-</u>	<u>(45,740)</u>
Cash flows from financing activities		
Distributions to HOC general fund	(546,615)	(603,365)
Mortgage principal payments	<u>(247,985)</u>	<u>(238,677)</u>
Net cash and restricted cash and cash equivalents used in financing activities	<u>(794,600)</u>	<u>(842,042)</u>
Net increase (decrease) in cash and restricted cash and cash equivalents	(572,201)	55,457
Cash and restricted cash and cash equivalents, beginning of year	<u>3,069,641</u>	<u>3,014,184</u>
Cash and restricted cash and cash equivalents, end of year	<u>\$ 2,497,440</u>	<u>\$ 3,069,641</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 729,992</u>	<u>\$ 739,298</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2022 and 2021

The following table provides a reconciliation of cash and restricted cash and cash equivalents reported within the balance sheets that sum to the total of the same such amounts presented in cash and restricted cash and cash equivalents, end of year, above:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,521,387	\$ 2,124,348
Restricted cash and cash equivalents	883,651	862,305
Tenants' security deposits	<u>92,402</u>	<u>82,988</u>
Total cash and restricted cash and cash equivalents, end of year	<u>\$ 2,497,440</u>	<u>\$ 3,069,641</u>

See independent auditor's report and notes to financial statements.

Timberlawn Pomander Properties LLC

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Timberlawn Pomander Properties LLC (the Company) was formed by the Housing Opportunities Commission of Montgomery County, Maryland (HOC) under the laws of the state of Maryland on February 9, 2017. The Company is a nonprofit company and is not authorized to issue stock. The Company was formed for the purpose of acquiring, owning, constructing, operating and providing multifamily housing in Montgomery County. The Company acquired 131 apartment units and townhomes to provide rental housing (the Properties). The Properties known as Timberlawn Crescent and Pomander Court are located in Montgomery County, Maryland.

Housing projects undertaken, financed, or assisted by the Company and the projects' related expenditures must be approved by HOC, a component unit of Montgomery County, Maryland. The Company is legally separate from HOC, but the Company's financial statements are included in the Opportunity Housing Fund of HOC as a blended component unit. The Company's directors must be commissioners of HOC and, therefore, HOC can significantly influence the programs, projects, activities of, and the level of service performed by the Company.

Method of Accounting

The Company's financial statements are prepared on the accrual method of accounting which recognizes income when it is earned and expenses when they are incurred.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Rents Receivable and Bad Debts

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts.

Management periodically evaluates the need for an allowance for doubtful accounts by considering the Company's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due after the tenth of the month in which they were due. Accounts receivable are considered uncollectible if they are outstanding over 90 days. The allowances as of June 30, 2022 and 2021 were \$41,360 and \$20,232, respectively.

Property and Equipment

Land, buildings and improvements are recorded at cost. Building, improvements, and miscellaneous fixed assets are depreciated over their estimated useful lives of 10 to 40 years using the straight-line method.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments during the years ended June 30, 2022 and 2021.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Net Assets

HOC, the Company's sole member, is required to report on a fund basis that categorize net assets as the following:

Investment in capital assets represents the total of property and equipment, net less mortgage payable.

Restricted net assets represent the sum of total restricted cash and cash equivalents and tenant security deposits less the tenant security deposit liability.

Unrestricted net assets represent the balance remaining after investment in capital assets and restricted net assets.

Interest

The Company has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the balance sheet as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Company is reporting loan fees related to its mortgage payable as a direct deduction from the principal balance of the mortgage and is reporting amortization of the loan fees as interest expense on the mortgage payable. See Note 5 for more information.

Income Taxes

The Company is exempt from income taxes under Section 115 of the Internal Revenue Code, which excludes from gross income amounts earned by state and local governments.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Rental Revenue

Rental income is recognized as rents become due from residential tenants. Rental payments received in advance are deferred until earned. All leases between the Company and tenants of the properties are operating leases.

Advertising

The Company's policy is to expense advertising costs when incurred which totaled \$28,427 and \$29,513, respectively, for the years ended June 30, 2022 and 2021.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

2) Concentration of Risk

The Company maintains its cash balances in several accounts at various financial institutions. At times, these balances may exceed the federal insured limits of \$250,000; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2022 and 2021. Cash deposits in excess of the FDIC limit of \$250,000 are collateralized with securities held by the pledging financial institution's trust department or agent.

3) Restricted Cash and Cash Equivalents

Restricted funds are comprised of the following at June 30:

	2022	2021
Mortgage escrow deposits	\$ 22,229	\$ 22,229
Reserve for replacements	691,649	670,382
Mortgage loan reserve	169,773	169,694
	<u>\$ 883,651</u>	<u>\$ 862,305</u>

Mortgage Escrow Deposits

Pursuant to the terms of the mortgage note, the Company is required to make monthly deposits with the mortgagee for payment of mortgage insurance premium so that a sufficient amount is on deposit with the mortgagee when the actual payment of such expenses is due. The balance as June 30, 2022 and 2021 is \$22,229.

Reserve for Replacements

Pursuant to the regulatory agreement with HOC, the Company is required to maintain a replacement reserve escrow account with HOC as trustee. Disbursements for the purpose of maintenance, improvements or renovations of the Properties cannot be made without prior consent of HOC. The replacement reserve account funds are pooled with other properties that are controlled by HOC and deposited with Montgomery County, Maryland. The balances as of June 30, 2022 and 2021 are \$691,649 and \$670,382, respectively.

Mortgage Loan Reserve

During loan closing, the Company was required to fund a mortgage loan reserve. The purpose of the reserve is to fund any debt service shortfalls that the Company may experience. The balances as of June 30, 2022 and 2021 are \$169,773 and \$169,694, respectively.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

4) Property and Equipment

Property and equipment detail for the years ended June 30 was as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 4,921,100	\$ 4,921,100
Land improvements	486,732	486,732
Buildings	12,547,708	12,547,708
Building renovations	741,895	741,895
Miscellaneous fixed assets	<u>188,687</u>	<u>188,687</u>
Total property and equipment	18,886,122	18,886,122
Less: accumulated depreciation	<u>(1,753,304)</u>	<u>(1,338,462)</u>
Property and equipment, net	<u>\$ 17,132,818</u>	<u>\$ 17,547,660</u>

5) Long-Term Debt

Mortgage Payable

On August 30, 2017, the Company obtained a loan from HOC in the original amount of \$20,000,000. The mortgage is secured by a promissory note, deed of trust, security and assignment of rent agreements, and substantially all assets. Financing fees related to the mortgage were \$400,000 and are being amortized to interest expense on a straight-line basis, the results of which are not materially different than that of the effective interest method, over the term of the loan. The loan provides for interest at a nominal rate of 3.831% per annum and an effective interest rate of 3.910% per annum. Principal and interest of \$81,498 are due monthly with the final balance of principal and accrued interest due October 1, 2057. The outstanding principal and accrued interest balances as of June 30, 2022 and 2021 are \$18,919,746 and \$60,401, respectively, for 2022, and \$19,167,731 and \$61,193, respectively, for 2021. Unamortized financing fees as of June 30, 2022 and 2021 were \$351,667 and \$361,667, respectively. For the years ended June 30, 2022 and 2021, interest incurred on the mortgage was \$739,200 and \$748,536, respectively, including amortized financing fees of \$10,000 for each year.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

5) Long-Term Debt (Continued)

Mortgage Payable (Continued)

Maturities of the mortgage payable are as follows:

2023	\$	257,652
2024		267,698
2025		278,136
2026		288,980
2027		300,248
2028-2032		1,686,237
2033-2037		2,041,622
2038-2042		2,471,906
2043-2047		2,992,875
2048-2052		3,623,641
2053-2057		4,387,344
2058		323,407
Total	\$	<u>18,919,746</u>

Estimated financing fees being amortized to interest expense for each of the next five years are \$10,000.

6) Related Party Transactions

Other Receivables

During the year ended June 30, 2022, the Company overpaid distributions to the sole member in the amount of \$63,171. This balance is included in accounts receivable net, and other assets on the accompanying balance sheets as of June 30, 2022.

Interfund Payable

The Company has numerous transactions with HOC to finance operations and provide services. To the extent that funds to finance certain transactions of the Company have not been paid or collected as of year-end, interfund payables and receivables are recorded. The balance of the interfund payable as of June 30, 2022 and 2021 was \$1,271,265 and \$1,915,469, respectively.

Asset Management Fee

The Company was charged an asset management fee of \$148,790 and \$149,465, respectively, for the years ended June 30, 2022 and 2021, by HOC.

See independent auditor's report.

Timberlawn Pomander Properties LLC

Notes to Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

7) Contract Management Fee

Effective April 1, 2020, the Company is obligated under the terms of a Property Management Agreement with Vantage Management, Inc. for the management of Timberlawn Crescent. Under the terms of the agreement, the Company is required to pay management fees of \$42 per month per occupied unit. In addition, HOC reserves the right to pay Vantage Management, Inc. an annual fee. Payment of the fee is in HOC's sole discretion and there is no guarantee Vantage Management, Inc. will receive the annual fee in any given year. The annual fee will be based on target occupancy levels and rent actually received. The original term of the agreement expired on March 31, 2022, but it includes two renewal options of one year each at the discretion of the Company. The first one-year renewal option has been exercised and is currently in effect. During the years ended June 30, 2022 and 2021, management fees of \$53,824 and \$52,290, respectively, were incurred.

The Company was obligated under the terms of an Amended and Restated Property Assistance Agreement with Edgewood Management Corporation for the management of Pomander Court. The fee was calculated at a flat rate of \$28 per occupied unit per month. In addition, HOC reserved the right to pay Edgewood Management Corporation an annual fee. Payment of the fee was in HOC's sole discretion and there was no guarantee that Edgewood Management Corporation would receive the annual fee in any given year. The annual fee was based on target occupancy levels and rent actually received. The agreement expired on December 31, 2021. For the years ended June 30, 2022 and 2021, management fees of \$4,032 and \$8,036, respectively, were incurred.

8) Real Estate Taxes

HOC, on behalf of the Company, entered into a payment in lieu of taxes (PILOT) agreement on June 2, 2017 with Montgomery County, whereby the Montgomery County portion of the Properties' real estate tax is abated. The abatement will remain in effect unless terminated pursuant to Paragraph 5 of the PILOT agreement.

9) Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through the independent auditor's report date, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

See independent auditor's report.



Independent Auditor's Report on Supplementary Information

We have audited the financial statements of Timberlawn Pomander Properties LLC as of and for the years ended June 30, 2022 and 2021, and our report thereon dated December 12, 2022, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules 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.

SCH & H Attest Services, P.C.

Sparks, Maryland
December 12, 2022

Timberlawn Pomander Properties LLC

Detail of Selected Balance Sheet Accounts

As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Accounts receivable, net and other assets		
Accounts receivable - subsidy	\$ 23,101	\$ 24,125
Allowance for doubtful accounts	(41,360)	(20,232)
Insurance claims receivable	43,678	-
Other receivables	63,333	4,336
Other resident fees receivable	75	550
Rents receivable	94,535	64,658
	<u>\$ 183,362</u>	<u>\$ 73,437</u>
Accounts payable and accrued expenses		
Accounts payable	\$ 11,421	\$ 5,888
Accrued annual leave	1,770	2,642
Accrued salaries	10,117	7,566
Accrued utility payments	35,600	39,120
Clearing resident refunds	2,250	961
Other accrued liabilities	65,194	13,244
Resident prepaid rents	29,252	25,945
Subsidy prepaid rents	2,718	-
	<u>\$ 158,322</u>	<u>\$ 95,366</u>

See independent auditor's report on supplementary information.

Timberlawn Pomander Properties LLC

Detailed Statements of Operations
For the Years Ended June 30, 2022 and 2021

	2022	2021
Dwelling rental income		
Rent	\$ 2,831,319	\$ 2,777,698
Tenant charges	34,898	28,061
Vacancies and concessions	(39,763)	(94,952)
Total dwelling rental income	<u>\$ 2,826,454</u>	<u>\$ 2,710,807</u>
Other income		
Miscellaneous income	\$ 2,430	\$ 3,013
Rental license	6,157	1,128
Transfers between funds	40	8,985
Total other income	<u>\$ 8,627</u>	<u>\$ 13,126</u>
Administrative expenses		
Advertising and marketing	\$ 28,427	\$ 29,513
Contract management fees	57,856	60,326
Licenses and fees	6,159	1,493
Miscellaneous	6,593	14,863
Office supplies and expense	19,360	17,621
Professional fees	13,778	8,975
Resident services	209	430
Salaries	92,128	107,863
Security deposit interest expense	1,173	1,300
Telephone	3,038	6,669
Vehicle	1,881	4,422
Total administrative expenses	<u>\$ 230,602</u>	<u>\$ 253,475</u>
Operating and maintenance expenses		
Contracts	\$ 92,705	\$ 57,465
Exterminating	5,669	5,143
Grounds maintenance	57,998	40,147
HVAC repairs and maintenance	12,596	5,121
Janitorial	49,875	25,608
Salaries	145,273	140,093
Snow removal	13,958	8,200
Supplies and repairs	82,321	53,383
Total operating and maintenance expenses	<u>\$ 460,395</u>	<u>\$ 335,160</u>

See independent auditor's report on supplementary information.

Timberlawn Pomander Properties LLC

Detailed Statements of Operations (Continued)
For the Years Ended June 30, 2022 and 2021

	2022	2021
Utilities expense		
Electricity	\$ 18,874	\$ 12,851
Gas	1,977	-
Trash removal	25,901	27,444
Water	156,558	204,909
Total utilities expense	<u>\$ 203,310</u>	<u>\$ 245,204</u>
Fringe benefits		
Accrued leave	\$ (872)	\$ 210
Contract managed benefits	56,448	44,321
Deferred contribution plan	792	1,514
FICA	943	1,854
Health insurance	1,452	3,744
Other fringe benefits	249	244
Other post employment benefits	170	-
Unemployment	156	84
Workers' compensation	440	520
Total fringe benefits	<u>\$ 59,778</u>	<u>\$ 52,491</u>
Other expenses		
Asset management fees	\$ 148,790	\$ 149,465
Insurance	39,831	39,164
Security contracts	11,599	13,908
Taxes	8,619	7,982
Water quality protect charge (RFSA)	7,450	7,063
Total other expenses	<u>\$ 216,289</u>	<u>\$ 217,582</u>

See independent auditor's report on supplementary information.