

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Financial Statements and Supplementary Information  
Together with Reports of Independent Public Accountants**

**For the Year Ended June 30, 2024**

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Financial Statements and Supplementary Information  
Together with Reports of Independent Public Accountants**

**JUNE 30, 2024**

**CONTENTS**

<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position	4
Statement of Revenue, Expenses and Change in Net Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
<b>COMPLIANCE SECTION</b>	
<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	10
<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO THE DHCD-ASSISTED PROGRAM</b>	12
<b>SUPPLEMENTARY INFORMATION</b>	
Supplementary Information	16
Annual Audit Questionnaire	17



Certified Public  
Accountants &  
Business Advisors

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS**

To the County Council  
Frederick County, Maryland

### ***Opinion***

We have audited the accompanying financial statements of the Frederick County, Maryland's Bell Court Apartments (the Project) Maryland Department of Housing and Community Development (DHCD) Project No. 26.11.0001.0, an enterprise fund of Frederick County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Project as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Project 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.

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

The Project's 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 the Project's ability to continue as a going concern for twelve months beyond the date the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility 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 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 GAAS 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 the Project'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 Project'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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Project's basic financial statements. The accompanying supplementary information and annual audit questionnaire are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information and annual audit questionnaire are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare



Certified Public  
Accountants &  
Business Advisors

the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated September 24, 2024 on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.

Owings Mills, Maryland  
September 24, 2024

*SB & Company, LLC*

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Statement of Net Position  
As of June 30, 2024**

<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 48,267	
Accounts receivable	47	
<b>Total Current Assets</b>	<u>48,314</u>	
<b>Capital Assets</b>		
Land (non-depreciable)	132,200	
Building	1,877,880	
Equipment	199,162	
Accumulated depreciation	<u>(1,789,898)</u>	
<b>Total Capital Assets</b>	<u>419,344</u>	
<b>Restricted Deposits</b>		
Tenant security deposits	16,651	
Hazard insurance escrow	4,595	
Replacement reserve	<u>578,602</u>	
<b>Total Restricted Deposits</b>	<u>599,848</u>	
<b>Total Assets</b>	<u><u>\$ 1,067,506</u></u>	
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 43,515	
Security deposits	<u>16,651</u>	
<b>Total Current Liabilities</b>	<u>60,166</u>	
<b>Net Position</b>		
Net investment in capital assets	419,344	
Restricted	599,848	
Unrestricted	<u>(11,852)</u>	
<b>Total Net Position</b>	<u><u>\$ 1,007,340</u></u>	

The accompanying notes are an integral part of this financial statement.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Statement of Revenue, Expenses and Change in Net Position  
For the Year Ended June 30, 2024**

<b>Revenue</b>	
Rent	\$ 154,803
Miscellaneous	20
Interest	120
<b>Total Revenue</b>	<b><u>154,943</u></b>
 <b>Expenses</b>	
Administrative expenses:	
Salaries and benefits	40,672
Audit expense	3,000
Travel and training expense	43
Miscellaneous administrative expense	5,896
Total administrative expenses	<b><u>49,611</u></b>
Operating and maintenance expenses:	
Contracts	52,533
Building and ground expense	58,114
Other operating and maintenance expense	2,413
Total operating and maintenance expenses	<b><u>113,060</u></b>
Utilities	25,651
Property and liability insurance	4,595
Depreciation	72,554
<b>Total Expenses</b>	<b><u>265,471</u></b>
Transfer from grants fund	<b><u>34,300</u></b>
Net income (loss)	<b><u>(76,228)</u></b>
Net position, beginning of year	<b><u>1,083,568</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 1,007,340</u></b>

The accompanying notes are an integral part of this financial statement.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Statement of Cash Flows  
June 30, 2024**

**Cash Flows from Operating Activities**

**Receipts:**

Rental receipts	\$ 155,766
Interest income and miscellaneous receipts	147
<b>Total Receipts</b>	<b><u>155,913</u></b>

**Disbursements:**

Administration expenses	(49,611)
Utilities expenses	(25,651)
Operating and maintenance	(78,784)
Insurance expenses	(4,595)
<b>Total Disbursements</b>	<b><u>(158,641)</u></b>
<b>Net Cash from Operating Activities</b>	<b><u>(2,728)</u></b>

**Cash Flows from Non-Capital Financing Activities**

Transfer from the grants fund	34,300
Transfer to the general fund	(44,368)
<b>Net Cash from Non-Capital Financing Activities</b>	<b><u>(10,068)</u></b>

**Cash Flows from Investing Activities**

Net receipts from project reserves fund	<u>77,714</u>
---	---------------

<b>Net Change in Cash</b>	<b>64,918</b>
Cash, including tenant security deposit, beginning of year	-
<b>Cash, Including Tenant Security Deposit, End of Year</b>	<b><u>64,918</u></b>

**Reconciliation of Change in Net Position to Net Cash from**

**Operating Activities**

Change in net position	\$ (110,528)
Adjustments to reconcile change in net position to net cash from operating activities:	
Depreciation	72,554
Effects of changes in non-cash operating assets and liabilities:	
Tenant security deposits	963
Change in accrued receivables	7
Change in accrued expenses	34,276
<b>Net Cash from Operating Activities</b>	<b><u>\$ (2,728)</u></b>

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2024**

**1. ORGANIZATION**

Frederick County, Maryland's Bell Court Apartments (the Project), an enterprise fund of Frederick County, Maryland, is a 28-unit complex located in Woodsboro, Maryland. Funds from the Maryland Department of Housing and Community Development (DHCD) were loaned to a local non-profit organization, Western Maryland Interfaith Housing Development Corporation, to construct the facility.

In 1997, the property was transferred to Frederick County, Maryland (the County) and the County assumed the rights and obligations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Project recognized its revenue and expenses on the accrual basis of accounting, which records income as earned and expenses as 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Capital Assets**

Capital assets are stated at cost. Depreciation on the building and equipment is provided using the straight-line method over estimated useful life of the asset, which is thirty years for buildings and twenty years for equipment.

**Income Taxes**

Under the provisions of the Internal Revenue Code, the Project is not a taxable entity and, accordingly, there is no provision for income taxes.

**Cash Deposits**

Custodial credit risk-deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Project's deposits may not be returned to it. None of the Project's deposits were expensed to custodial credit risk.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tenant Security Deposits**

In accordance with provisions of the Regulatory Agreement between the County and DHCD, the Project must establish and maintain an interest-bearing tenant security deposit account. The balance held in the restricted account for tenant security deposits as of June 30, 2024 was \$16,651.

**Hazard Insurance**

The Project pays for the annual hazard insurance premium. Therefore, they only maintain a one-year balance in the DHCD's servicing agent in the amount of \$4,595. There was a \$4,595 balance held in the restricted escrow account as of June 30, 2024.

**Replacement Reserve**

In accordance with provisions of the Regulatory Agreement between the County and DHCD, the Project makes monthly deposits of \$1,511 to the DHCD's servicing agent, to be held and used for replacement of property and various other uses with the approval of the DHCD. The balance held in the restricted account as of June 30, 2024 was \$578,602. As required by the DHCD's Regulatory Agreement, a specified amount of the mortgaged amount is to be regularly set aside as a reserve for property replacement.

**3. CAPITAL ADVANCE**

The Project received a capital advance to construct the facility. This advance is a non-interest-bearing note of \$1,813,056 for which repayment is not required as long as the housing remains available for low-income elderly persons for forty years. This amount is not recorded as a liability, but instead is included in net position as the amount is considered equity. The repayment is only a contingent liability and as of June 30, 2024, management does not believe repayment is likely. Payments of principal on the note are deferred and remain outstanding in perpetuity. Upon default by the Project under the terms of the note, the entire principal and interest would become due and payable upon demand. The Project went to final closing in September 1995. As of June 30, 2024, the Project is not in default.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2024**

**4. CAPITAL ASSETS**

A summary of the capital assets as of June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land	\$ 132,200	\$ -	\$ -	\$ 132,200
Building	1,877,880	-	-	1,877,880
Equipment	199,162	-	-	199,162
Accumulated depreciation	(1,717,344)	(72,554)	-	(1,789,898)
<b>Total</b>	<b>\$ 491,898</b>	<b>\$ (72,554)</b>	<b>\$ -</b>	<b>\$ 419,344</b>

**5. LEASE COMMITMENTS**

The Project has entered into one-year lease agreements with individual tenants for the rental of housing units. The current monthly rent for tenants whose lease began before July 1, 2011, and who pay more than 40% of their income for housing costs is \$283 until they meet the 40% threshold. The current monthly rent for tenants whose lease began prior to July 1, 2011 and paid less than 40% of their income for housing costs or whose lease began on or after July 1, 2011, is between \$335 and \$700. Under the regulatory agreement, the Project is to follow guidelines provided by DHCD to determine the amount of rent that may be charged.

**6. COMMITMENT**

Under the regulatory agreement, the Project is required to remit within ninety days after the end of each fiscal year any surplus cash, as defined by the regulatory agreement, to be deposited in the Project's reserve account. As of June 30, 2024, there was no surplus cash.



Certified Public  
Accountants &  
Business Advisors

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

To the County Council  
Frederick 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 the Frederick County, Maryland's Bell Court Apartments (the Project) Maryland Department of Housing and Community Development (DHCD) Project No. 26.11.0001.0, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements, and have issued our report thereon dated September 24, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness may exist that have not been identified.



Certified Public  
Accountants &  
Business Advisors

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland  
September 24, 2024

*SBC Company, LLC*



Certified Public  
Accountants &  
Business Advisors

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO THE DHCD-ASSISTED PROGRAM**

To the County Council  
Frederick County, Maryland

### ***Opinion on Compliance for the DHCD-Assisted Program***

We have audited the Frederick County, Maryland Bell Court Apartments' (the Project) compliance with the specific program requirements governing the replacement reserve, surplus cash, tenant application, eligibility, and re-certification applicable to the Maryland Department of Housing and Community Development (DHCD)-assisted program for the year ended June 30, 2024.

In our opinion, the Project complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its DHCD-assisted program for the year ended June 30, 2024.

### ***Basis for Opinion on the DHCD-Assisted Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide), issued by the U.S. Department of Housing and Urban Development (HUD), Office of the Inspector General, and the Audit Guide issued by DHCD. Our responsibilities under those standards and the Guides are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the Project. Our audit does not provide a legal determination of the Project's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Project's program.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Project's compliance based on our audit. 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, *Government Auditing Standards*, and the Guides issued by HUD and DHCD, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Project's compliance with the requirements of the DHCD-assisted program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guides issued by HUD and DHCD, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Project's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Project's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Certified Public  
Accountants &  
Business Advisors

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Project's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Project's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Owings Mills, Maryland  
September 24, 2024

*SBC Company, LLC*

## **SUPPLEMENTARY INFORMATION**

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Supplementary Information  
June 30, 2024**

**Schedule of Letters of Credit** Not Applicable

**Schedule of Mortgages Payable** Not Applicable

**Notes Payable** Not Applicable

**Accounts and Notes Receivable** Not Applicable

**List of Identity of Interest Entities and Activities** Not Applicable

**Reserve Funds**

In accordance with provisions of the regulatory agreement, restricted deposits are held by the mortgagee to be used for payment of hazard insurance and replacement of property with the approval of DHCD, as follows:

Balance - beginning of the year	\$ 657,529
Total monthly payments	18,132
Net interest received	127
Approved withdrawals	(97,186)
<b>Balance - End of Year</b>	<b><u>\$ 578,602</u></b>

**Residual Receipts** Not Applicable

**Changes in Fixed Asset Accounts** Not Applicable

**Computation of Surplus Cash, Distributions, and Residual Receipts** Not Applicable

**Cash Flow Payment** Not Applicable

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2024**

We hereby certify that we have examined the accompanying financial statements and supplemental data of Frederick County, Maryland's Bell Court Apartments and to the best of our knowledge and belief, the same are accurate and complete.

Frederick County, Maryland  
Bell Court Apartments  
Phone No. 301-694-1061

Melanie Thom

Signature

Accounting Director  
Title

9/24/2024  
Date

VAT/JS

Signature  
Housing Division Director  
Title

9/24/2024  
Date

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2024**

PROJECT NAME	Bell Court Apartments
PROJECT NUMBER	26.11.0001.0
FISCAL YEAR END	June 30, 2024

Answers to these questions should be based upon review of procedures and/or actual tests of transactions. Answers indicative of an adverse condition must be described in the audit report unless the mortgagor has written permission from DHCD to deviate from the requirements of law, regulation, contract, or grant.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2024**

EXAMINATION STATUS	YES	NO	N/A	WORKING PAPER REFERENCE
1. Mortgage Status				
a. Are payments on all mortgages current?			X	There are no mortgages. However, there is a capital advance.
First Lien				
Second Lien				
Third Lien				
Fourth Lien				
Fifth Lien				
b. Has the borrower complied with the terms and conditions of the Regulatory Agreement and/or workout agreements, as applicable?	X			
2. Books and Records				
a. Are a complete set of books and records maintained in a satisfactory manner?	X			
b. Does the borrower make frequent postings (at least monthly) to the ledger accounts?	X			
3. Cash Activities				
a. Has the borrower made the required deposits to mortgage escrow accounts as required by the loan documents?	X			
b. Are security deposits kept separate and apart from all other funds of the project in an insured institution?	X			
c. Does the borrower keep sufficient funds in the security deposit account to equal or exceed the aggregate of all outstanding obligations to the tenants?	X			

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2024**

<b>EXAMINATION STATUS</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>WORKING PAPER REFERENCE</b>
d. Is the project meeting all of its financial obligations as they become due?	X			
e. Does the borrower or his management agent have a fidelity bond in an amount at least equal to the requirements of the Regulatory Agreement which provides coverage for all employees handling assets of the project?	X			The County uses insurance coverage rather than a fidelity bond.
f. Did cash disbursements exclude payments for items listed below?	X			
• Legal expenses incurred in the sale of partnership interests?			X	No legal expenses.
• The fee for the preparation of a partner's, shareholder's or individual's federal, state or local income tax returns?			X	This is a local government entity.
• Advice to a borrower on tax consequences of foreclosure?			X	There is no borrower.
• Reimbursement to the borrower or affiliates while the mortgage is in default, or under workout arrangements for prior advances, capital expenditures and/or project acquisition costs?			X	There was no borrower or affiliates for a mortgage.
• Letter of Credit fees?			X	There are no credit fees.
g. Were distributions made to, or on behalf of the borrower limited to those authorized by the Regulatory Agreement?			X	This is a local government and no distributions.
<b>Note: Distribution to non-profit borrower entities or principles may not be permitted by the Regulatory Agreement.</b>				
<b>Note: The use of rental proceeds to pay for costs included in the borrower's cost certification are unauthorized distributions of project income.</b>				
h. Was any surplus cash available for payment on cash flow debt per the Deed of Trust and Note remitted timely to DHCD?			X	There was no surplus cash.
i. Were residual receipts deposited with the mortgagee within ninety days after the close of the borrower's fiscal year?	X			
j. If required, were excess rental collections in Section 236 projects remitted to HUD each month?			X	There were no excess rental collections.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2024**

<b>EXAMINATION STATUS</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>WORKING PAPER REFERENCE</b>
k. Does the borrower have a formal collection policy?	X			
l. Is the collection policy enforced?	X			
m. Do tenant accounts receivable consist exclusively of amounts due from tenants?			X	There is no rent receivable.
n. Are accounts receivable other than tenants' receivables composed exclusively of amounts due from unrelated persons or firms?	X			Entire accrued receivable consists of receivable due from unrelated persons or firms.
o. Were payments for services, supplies or materials consistent with amounts normally paid for such services?	X			
p. If applicable, were utility allowance payments to residents paid on a monthly basis?			X	There are no utility allowance payments to residents.
4. Management Compensation Was compensation to the management agent limited to the amounts prescribed in the management agreement as written or amended?			X	There is no management compensation.
5. Rents and Occupancy				
a. Is the gross potential rental income from apartments equal to or less than that approved by HUD or DHCD?	X			
b. In subsidized projects, are dwelling unit contract rental rates and Fair Market Rent rates in Section 236 projects the same as those approved by HUD or DHCD?			X	Not subsidized.
6. DHCD/HUD Subsidy Payments (Section 8 / <i>RAP projects only</i> )				
a. Were the amounts requested from DHCD/HUD adequately supported by the accounting records?			X	There are no subsidy payments.
b. Were subsidy payments received recorded in the proper accounts?			X	There are no subsidy payments.
7. Ownership Interest				
a. Were any changes of stockholders or investors during the current fiscal year approved by DHCD? Provide a schedule of significant changes, if applicable.			X	There are no changes.
b. Were all dividends paid or other distributions made to owners or stockholders, including distributions and purchase or redemption of stock, reflected in the equity statement?			X	There were no dividend payments or distributions.