

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

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

**For the Year Ended June 30, 2014**



**SB & COMPANY, LLC**  
EXPERIENCE • QUALITY • CLIENT SERVICE

**JUNE 30, 2014**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Board of County Commissioners  
Frederick County, Maryland

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of the Frederick County, Maryland's Bell Court Apartments (the Project) DHCD Project No. 26.11.0001.0, an enterprise fund of Frederick County, Maryland, as of June 30, 2014, and the related statement of revenue, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Project, as of June 30, 2014, and the respective changes in its position and, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 26, 2014 on our consideration of the Project's internal control over financial reporting and 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 the 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.

Hunt Valley, Maryland  
September 26, 2014

*SB & Company, LLC*

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Statement of Net Position  
For the Year Ended June 30, 2014**

**ASSETS**

**Current Assets**

Cash	\$	23,146
Accrued receivable		902
<b>Total Current Assets</b>		<u>24,048</u>

**Capital Assets**

Building		1,877,880
Equipment		175,000
Accumulated depreciation		(1,072,210)
Land (non-depreciable)		132,200
<b>Total Capital Assets</b>		<u>1,112,870</u>

**Restricted Deposits**

Tenant security deposits		12,063
Hazard insurance escrow		2,586
Replacement reserve		463,417
<b>Total Restricted Deposits</b>		<u>478,066</u>
<b>Total Assets</b>		<u>1,614,984</u>

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accrued expenses		10,953
Security deposits		12,063
<b>Total Current Liabilities</b>		<u>23,016</u>

**Net Position**

Net investment in capital assets		1,112,870
Restricted		479,098
<b>Total Net Position</b>	\$	<u>1,591,968</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, 2014**

<b>Revenue</b>	
Rent	\$ 120,860
Miscellaneous	15
Interest	1,941
<b>Total Revenue</b>	<u>122,816</u>
<b>Expenses</b>	
Salaries and benefits	30,457
Audit expense	3,183
Travel	56
Miscellaneous administrative expense	9,933
Total administrative expenses	<u>43,629</u>
Contracts	33,822
Building and ground expense	22,255
Other operating and maintenance expense	559
Total operating and maintenance expense	<u>56,636</u>
Utilities	20,669
Property and liability insurance	2,586
Depreciation	71,346
<b>Total Expenses</b>	<u>194,866</u>
Change in net position	(72,050)
Net position, beginning of year	1,664,018
<b>Net Position, End of Year</b>	<u>\$ 1,591,968</u>

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

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Statement of Cash Flows  
For the Year Ended June 30, 2014**

**Cash Flows from Operating Activities**

**Receipts:**

Rental receipts	\$ 120,860
Interest income	2,189
<b>Total Receipts</b>	<u>123,049</u>

**Disbursements:**

Administration expenses	40,892
Utilities expenses	20,669
Operating and maintenance	56,636
Insurance expenses	2,586
<b>Total Disbursements</b>	<u>120,783</u>

<b>Net Cash from Operating Activities</b>	<u>2,266</u>
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**Cash Flows from Investing Activities**

Net project reserves fund	<u>5,342</u>
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<b>Net Change in Cash</b>	7,608
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Cash, beginning of year	15,538
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<b>Cash, End of Year</b>	<u>\$ 23,146</u>
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**Reconciliation of Change in Net Position to Net Cash from  
Operating Activities**

Change in net position	\$ (72,050)
Adjustments to reconcile change in net position to net cash from operating activities:	

Depreciation	71,346
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Effects of changes in non-cash operating assets and liabilities:

Decrease in accrued receivables	234
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Increase in accrued expenses	2,736
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Cash restricted for tenant security deposits	(844)
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Tenant security deposits	844
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<b>Net Cash from Operating Activities</b>	<u>\$ 2,266</u>
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The accompanying notes are an integral part of this financial statement.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2014**

**1. ORGANIZATION**

Bell Court Apartments, an enterprise fund of Frederick County, Maryland, is a 28-unit complex located in Woodsboro, Maryland. Funds from the 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 and the County has assumed the rights and obligations.

The following significant accounting policies have been followed in the preparation of the financial statements.

**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 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, Frederick County, Maryland Bell Court Apartments is not a taxable entity and accordingly there is no provision for income taxes.



**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2014**

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

**Replacement Reserve**

In accordance with provisions of the Regulatory Agreement between Frederick County, Maryland and the Maryland Department of Housing and Community Development, 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 cash account as of June 30, 2014 was \$463,417. 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.

**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 \$2,586. There was a \$2,586 balance held in the restricted escrow account as of June 30, 2014.

**Tenant Security Deposits**

In accordance with provisions of the Regulatory Agreement between Frederick County, Maryland and the Maryland Department of Housing and Community Development, 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, 2014 was \$12,063.

**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 \$1,813,056 is not recorded as a liability, but instead is included in net position as the amount is considered equity, because the repayment is only a contingent liability and as of June 30, 2014, 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, 2014, the Project is not in default.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Notes to the Financial Statements  
June 30, 2014**

**4. 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 on or before June 30, 2011, and who pay more than 40% of their income for housing costs is \$283. The currently monthly rent for tenants 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.

**5. 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, 2014, there was a cash surplus of \$8,095.



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**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 County Commissioners  
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) DHCD Project No. 26.11.0001.0, as of and for the year ended June 30, 2014, 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 26, 2014.

**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 opinions 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 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 significant deficiencies, or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.



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## **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.

Hunt Valley, Maryland  
September 26, 2014

*SB & Company, LLC*



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## **REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO DHCD-ASSISTED PROGRAMS**

Board of County Commissioners  
Frederick County, Maryland

### **Compliance**

We have audited the Frederick County, Maryland's 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 DHCD-assisted programs for the year ended June 30, 2014.

### ***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of the Program's management.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Program's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, as well as the Audit Guide issued by the Maryland Department of Housing and Community Development. Those standards and Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on DHCD-assisted Program occurred. An audit includes examining, on a test basis, evidence about the Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Program's compliance with those requirements.

### ***Opinion***

In our opinion, the Program complied, in all material respects, with the compliance requirements referred to above that are applicable to DHCD-assisted Program for the year ended June 30, 2014.



## Internal Control Over Compliance

Management of the Program is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Program's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over compliance.

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 significant deficiencies, or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

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 Guide. Accordingly, this report is not suitable for any other purpose.

Hunt Valley, Maryland  
September 26, 2014

*SB & Company, LLC*

## **SUPPLEMENTARY INFORMATION**

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Supplementary Information  
June 30, 2014**

**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	\$	472,190
Total monthly payments		18,132
Net interest received		2,175
Surplus cash		2,626
Approved withdrawals		(29,120)
<b>Balance - End of Year</b>	<b>\$</b>	<b><u>466,003</u></b>



**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Supplementary Information  
June 30, 2014**

**Residual Receipts**

Not Applicable

**Changes in Fixed Asset Accounts**

Not Applicable

**Computation of Surplus Cash, Distributions, and Residual Receipts**

Cash	\$	35,209
Current Obligations:		
Accrued expenses		15,051
Tenant security deposits		12,063
<b>Surplus Cash</b>	<b>\$</b>	<b><u>8,095</u></b>

**Cash Flow Payment**

Not Applicable

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2014**

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

Jim White

Signature

Acting Finance Director

Title

9/29/14

Date

Annika Short

Signature

Housing Director

Title

9/30/14

Date

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2014**

PROJECT NAME                      Bell Court Apartments  
PROJECT NUMBER                  26.11.0001.0  
FISCAL YEAR END                  June 30, 2014

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.

<b>EXAMINATION STATUS</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>WORKING PAPER REFERENCE</b>
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, 2014**

<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
<i>Note: Distribution to non-profit borrower entities or principles may not be permitted by the Regulatory Agreement.</i>				
<i>Note: The use of rental proceeds to pay for costs included in the borrower's cost certification are unauthorized distributions of project income.</i>				
h. Was any surplus cash available for payment on cash flow debt per the Deed of Trust and Note remitted timely to DHCD?			X	Surplus cash was submitted to DHCD, but there is no debt on Deed of Trust
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, 2014**

<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 tenant accounts receivable at June 30, 2013.
n. Are accounts receivable other than tenants' receivables composed exclusively of amounts due from unrelated persons or firms?			X	There is no accounts receivable. There is an accrued interest receivable from Bogman, Inc.
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.

**FREDERICK COUNTY, MARYLAND  
BELL COURT APARTMENTS**

**Annual Audit Questionnaire  
June 30, 2014**

<b>EXAMINATION STATUS</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>WORKING PAPER REFERENCE</b>
b. Were subsidy payments received recorded in the proper accounts?			X	There are no subsidy payments.
<b>7. Ownership Interest</b>				
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.

Hunt Valley, Maryland  
September 26, 2014

*SB + Company, LLC*