

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
WITH REPORT OF INDEPENDENT AUDITORS**

**For the Years Ended March 31, 2023 and 2022**

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
TABLE OF CONTENTS  
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

<u>Contents</u>	<u>Page</u>
Report of Independent Auditors	1-2
Financial Statements:	
Statements of Assets, Liabilities and Project Equity (Deficit)	3
Statements of Operations	4
Statements of Changes in Project Equity (Deficit)	5
Statements of Cash Flows	6
Notes to Financial Statements	7-15
Independent Auditors' Report 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>	16-17
Schedule of Findings and Responses	18
Supplementary Information:	
Schedule A - Receivables (Payables) Other than from Tenants (Vendors)	19
Schedule B - Accounts Payable and Accrued Expenses	19
Schedule C - Loans, Notes or Mortgages Payable	19
Schedule D - Changes in Reserves Balances	19
Schedule E - Changes in Fixed Assets Accounts	19
Schedule F - Other Income	20
Schedule G - Administrative Expenses	20
Schedule H - Salaries and Related Charges	20
Schedule I - Maintenance and Repairs	20
Schedule J - Utilities	21
Schedule K - Related Party Transactions	21
Schedule L - Cash Certifications	21
Schedule M- Tax Filings and Payments	21
Schedule N - Computation of Payment in Lieu of Taxes	22



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To The Board of Commissioners  
Jersey City Housing Authority

### **Report on the Audit of the Financial Statements** **Opinions**

We have audited the accompanying financial statements of 254 Bergen Avenue (the Project) which comprise the Statements of Assets, Liabilities and Project Equity (Deficit), and the related Statements of Operations, Changes in Project Equity (Deficit) and Cash Flows as of and for the years ended March 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the equity of the Project as of March 31, 2023 and 2022, and the changes in its equity and its cash flows for the year then ended in accordance with financial reporting provisions prescribed by the New Jersey Housing Mortgage Finance Agency ("NJHMFA").

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

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. 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 opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions prescribed by the New Jersey Housing Mortgage Finance Agency ("NJHMFA"), 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

### ***Required Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, which includes NJHMFA required financial data templates, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary 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 NJHMFA Supplementary Information found on Schedules A through N can be found on Pages 19 through 22. 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 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 Supplementary 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 also issued our report dated September 17, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
September 17, 2024

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
STATEMENTS OF ASSETS, LIABILITIES AND PROJECT EQUITY (DEFICIT)  
MARCH 31, 2023 AND 2022**

	ASSETS	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 18,607	\$ 24,557
Tenant security deposits	22,991	22,872
Accounts receivable, net	4,635	5,391
Inventory	56,564	15,881
Total current assets	102,797	68,701
Non-current assets:		
Restricted deposits	641,221	629,601
Capital assets, net	1,147,258	1,221,572
Total non-current assets	1,788,479	1,851,173
Total assets	\$ 1,891,276	\$ 1,919,874

**LIABILITIES AND PROJECT EQUITY (DEFICIT)**

Current liabilities		
Accounts payable	\$ 81,970	\$ 1,712
Accrued expense	8,268	4,556
Mortgages payable, current portion	1,779,175	1,822,535
Due to JCHA	1,057,094	930,358
Tenant security deposits	22,991	22,872
Total current liabilities	2,949,498	2,782,033
Non-current liabilities:		
Mortgages payable, excluding current portion	-	-
Total Liabilities	2,949,498	2,782,033
Project equity (deficit):		
Restricted	541,996	527,681
Unrestricted	(1,600,218)	(1,389,840)
Total project equity (deficit)	(1,058,222)	(862,159)
Total liabilities and project equity (deficit)	\$ 1,891,276	\$ 1,919,874

See accompanying notes to financial statements.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
STATEMENTS OF OPERATIONS  
MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Rental income	\$ 313,992	\$ 314,603
Other income	-	-
	<hr/>	<hr/>
Total operating revenues	313,992	314,603
	<hr/>	<hr/>
Operating expenses:		
Administrative	48,202	62,104
Salaries and related charges	85,062	111,397
Maintenance and repairs	225,598	120,551
Utilities	54,617	64,406
Real estate taxes	18,156	17,514
	<hr/>	<hr/>
Total operating expenses	431,635	375,972
	<hr/>	<hr/>
Income from operating before interest, reserves and depreciation	(117,643)	(61,369)
	<hr/>	<hr/>
Non-operating revenues (expenses)		
Interest expense	(3,731)	(15,226)
Interest income	94	12
Casualty Loss	-	(25,000)
Provision for replacement reserve	(14,000)	(33,600)
	<hr/>	<hr/>
Net non-operating revenues (expenses)	(17,637)	(73,814)
	<hr/>	<hr/>
Income (loss) before depreciation expense	(135,280)	(135,183)
	<hr/>	<hr/>
Depreciation expense (equal to long-term debt principal amortization)	(43,360)	(74,065)
	<hr/>	<hr/>
Loss before excess depreciation	(178,640)	(209,248)
	<hr/>	<hr/>
Excess depreciation	(31,738)	-
	<hr/>	<hr/>
Net loss	\$ (210,378)	\$ (209,248)
	<hr/>	<hr/>

See accompanying notes to financial statements.

254 BERGEN AVENUE  
 NJHMFA PROJECT NO. 1099  
 STATEMENTS OF PROJECT EQUITY (DEFICIT)  
 MARCH 31, 2023 AND 2022

**Unrestricted**

Balance, March 31, 2021	\$ (1,180,592)
Net loss	<u>(209,248)</u>
Balance, March 31, 2022	(1,389,840)
Net loss	<u>(210,378)</u>
Balance, March 31, 2023	<u>\$ (1,600,218)</u>

**Restricted**

Balance, March 31, 2021	\$ 493,661
Interest earned	420
Additions during the period	33,600
withdrawals during the period	<u>-</u>
Balance, March 31, 2022	527,681
Interest earned	315
Additions during the period	14,000
withdrawals during the period	<u>-</u>
Balance, March 31, 2023	<u>\$ 541,996</u>

See accompanying notes to financial statements.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
STATEMENTS OF CASH FLOWS  
MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Net loss	\$ (210,378)	\$ (209,248)
Adjustments to reconcile net loss to net cash provided by (used in) Operating Activities:		
Depreciation	74,065	74,065
Provision for repairs and replacements reserve	14,000	33,600
(Increase) decrease in assets:		
Account receivable, tenants	756	(1,732)
Inventories	(40,683)	(1,603)
Prepaid expenses	-	11,603
Tenant security deposits	(119)	886
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	83,970	(2,745)
Tenant security deposits	119	(886)
Net cash provided by (used in) operating expenses	<u>(78,270)</u>	<u>(96,060)</u>
Cash Flows from Investing Activities:		
Net loans from JCHA	126,736	230,924
Net withdrawals (deposits) to tax and insurance escrows	3,193	(9,685)
Deposits to repairs and replacements reserve	(14,000)	(33,600)
Withdrawals from repairs and replacements reserve	-	-
Purchases of fixed assets	(249)	-
Net cash provided by investing activities	<u>115,680</u>	<u>187,639</u>
Cash Flows from Financing Activities:		
Principal payments on mortgage	(43,360)	(83,602)
Net cash used in financing activities	<u>(43,360)</u>	<u>(83,602)</u>
Net increase (decrease) in cash and cash equivalents	(5,950)	7,977
Cash and cash equivalents, beginning of year	<u>24,557</u>	<u>16,580</u>
Cash and cash equivalents, end of year	<u>\$ 18,607</u>	<u>\$ 24,557</u>



**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 1. Nature of Activities and Significant Accounting Policies**

**Organization:**

The Jersey City Housing Authority (the "Authority" or "JCHA") is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Jersey City (the "City"). The Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by an appointed board of commissioners who serve several year terms. The governing board is essentially autonomous but responsible to HUD and the State of New Jersey, Division of Local Government Services. An executive director is appointed by the Authority's board to manage the day-to-day operations of the Authority.

254 Bergen Avenue (the "Project") is a housing development established in 1989 by the Authority to provide low-rent housing for qualified individuals. The Project is owned by the Authority and is governed by the board of commissioners of the Authority.

Construction of the facility was financed by the New Jersey Housing Mortgage Finance Agency ("NJHMFA") and is located in Jersey City, New Jersey. The Project operates a Project Based Section 8 program administered through the State of New Jersey, Department of Community Affairs.

The accompanying financial statements present the financial activity of the Project and not the Authority as a whole.

**Basis of Accounting / Preparation of Financial Statements:**

The accompanying financial statements have been prepared in accordance with NJHMFA Policies and Procedures Manual, revised July 1, 1996. The accounting practice prescribed by NJHMFA differ from accounting principles generally accepted in the United States of America "(GAAP)" as follows:

- The basic statements consist of the Statement of Assets, Liabilities and Project Equity, Operations, Changes in Project Equity and Cash Flows
- Funding of the reserve for repairs and replacements is recorded as an expense

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

- Reimbursements from the reserve for repairs and replacements are recorded as income and restricted project equity when approved by NJHMFA as opposed to when the actual expenditure is made by the Project.
- Interest earned by the reserve fund is recorded directly into the equity account fund balance.

**Estimates:**

The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:**

Cash and cash equivalents include all unrestricted cash balances and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes all cash held with financial institutions for refunds of tenant security deposits, funding of bond reserves, repairs or improvements to the buildings which extend their useful lives, and annual insurance and property tax payments.

**Accounts Receivable, Net:**

Rents are due from tenants on the first day of each month. As a result, tenants' accounts receivable balances primarily consist of rents past due and vacated tenants. Also included in accounts receivable are those amounts that tenants owe the Project as payment for committing fraud or misrepresentation. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

**Allowance for Doubtful Accounts:**

The Project periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectible. If it is determined that an account is uncollectible, the Project prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Prepaid Expenses:**

Prepaid expenses represent amounts paid as of the date of the financial statements that will benefit future operations.

**Inventory:**

Inventories are valued at cost using the First In, First Out (FIFO) method. If inventory falls below cost due to damage, deterioration, or obsolescence, the Project establishes an allowance for obsolete inventory. The Project uses the consumption method for expense recognition and relies upon its periodic (annual) inventory for financial reporting purposes. For the years ended March 31, 2023 and 2022, the balances are shown net of an allowance for obsolete inventories of \$-0- and \$-0-, respectively.

**Taxes:**

The Project, as part of a unit of local government, is exempt from real estate, sales and income taxes.

**Capital Assets, Net:**

The Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings 27.5 to 40 years
- Building and Land Improvements 15 years
- Infrastructure 15 years
- Furniture and Equipment 3 – 7 years

The Project has established a capitalization threshold of \$5,000.

**Revenue Recognition:**

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Impairment of Long Lived Assets:**

The Project reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2023 or 2022.

**Note 2. Cash, Cash Equivalents and Restricted Cash**

At March 31, 2023 and 2022, the Project had funds on deposit in checking accounts. All bank deposits are entirely insured or collateralized by a collateral pool maintained by public depositories as required for local governments by New Jersey law.

As of March 31, 2023 and 2022, the carrying amount of the Project's cash, cash equivalents and restricted cash was \$682,819 and \$677,030, respectively, and the bank balances approximated \$682,319 and \$677,030, respectively. Of the bank balances, \$291,508 and \$297,116 were covered by federal depository insurance and the remaining \$391,311 and \$379,914 were collateralized with the pledging financial institutions as of March 31, 2023 and 2022, respectively.

Custodial credit risk is the risk that, in the event of a bank failure, the Project's deposits may not be returned to it. The Project does not have a formal policy for custodial credit risk. As of March 31, 2023 and 2022, the Project's bank balances were not exposed to custodial credit risk.

**254 BERGEN AVENUE  
 NJHMFA PROJECT NO. 1099  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 2023 AND 2022**

**Note 3. Restricted Deposits**

The NJHMFA requires that the Project fund various reserve accounts which are held in escrow in the New Jersey State Cash Management Fund. As of March 31, 2023 and 2022, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>2023</u>	<u>2022</u>
Tenant security deposits	\$ 22,991	\$ 22,872
Reserve for replacements	541,996	527,619
Real estate escrow	21,028	17,760
Insurance escrow	78,197	76,143
Bond issue escrow	-	8,079
	<u>\$ 664,212</u>	<u>\$ 652,473</u>

Tenant security deposits represent amounts held by the Project on behalf of tenants. Upon move-out, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the rental unit.

Reserve for replacement represents deposits to fund the future cost of major repairs and improvements. For the fiscal years March 31, 2023 and 2022, the Project was required to contribute \$2,800 per month. The final deposit of \$2,800 was made in May of 2023, the date on which the NJHMFA note matured

Real estate tax escrow is restricted for the cost of the Project's payment in lieu of taxes payment to the City of Jersey City.

Insurance escrow reserve is restricted for the cost of the Project's annual premium for liability insurance.

Bond issue escrow is a minimum escrow restricted for the costs of the original bond issuance. In September of 2022 the balance of \$8,079 was used to pay a portion of the principal on the NJHMFA loan

**Note 4. Accounts Receivable, Net**

Tenant accounts receivable represent amounts owed to the Project by tenants for outstanding rent. The balances are shown net of an allowance for doubtful accounts of \$20,720 and \$18,660 as of March 31, 2023 and March 31, 2022, respectively.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 5. Payment in Lieu of Taxes**

The Project is required to pay the City of Jersey City a payment in lieu of taxes (“PILOT”) as an annual charge for services. For the years ended March 31, 2023 and 2022, PILOT expense amounted to \$18,156 and \$17,514, respectively.

**Note 6. Capital Assets, Net**

The following is the summary of the changes in capital assets for the years ended March 31, 2023 and March 31, 2022:

	Bal. @ 3/31/2022	Additions	Disposals	Miscell. Adjustment	Bal. @ 3/31/2023
Land	\$ 541,569	\$ -	\$ -	\$ -	\$ 541,569
Buildings & Improvements	2,693,391	-	-	-	2,693,391
Furniture & Equipment	36,524	-	-	-	36,524
Total	3,271,484	-	-	-	3,271,484
Accumulated Depreciation	(2,049,912)	(74,065)	-	(249)	(2,124,226)
Net Assets	<u>\$ 1,221,572</u>	<u>\$ (74,065)</u>	<u>\$ -</u>	<u>\$ (249)</u>	<u>\$ 1,147,258</u>

	Bal. @ 3/31/2021	Additions	Disposals	Transfers	Bal. @ 3/31/2022
Land	\$ 541,569	\$ -	\$ -	\$ -	\$ 541,569
Buildings & Improvements	2,693,391	-	-	-	2,693,391
Furniture & Equipment	36,524	-	-	-	36,524
Total	3,271,484	-	-	-	3,271,484
Accumulated Depreciation	(1,975,847)	(74,065)	-	-	(2,049,912)
Net Assets	<u>\$ 1,295,637</u>	<u>\$ (74,065)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,221,572</u>

Depreciation expense for both years ended December 31, 2023 and December 31, 2022 totaled \$74,065.

**Note 7. Related Party Transactions**

The Project is owned and operated by JCHA. JCHA allocates certain general and administrative expenses, including salaries, fringe benefits, maintenance, insurance and legal to the Project. Costs are reimbursed periodically. As of March 31, 2023 and March 31, 2022, the Project owed JCHA \$1,057,094 and \$930,358, respectively, for unreimbursed costs.

**254 BERGEN AVENUE  
 NJHMFA PROJECT NO. 1099  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 2023 AND 2022**

**Note 8. Mortgages Payable**

As of March 31, 2023 and 2022, mortgages payable consisted of the following:

	<u>2023</u>	<u>2022</u>
Mortgage loan payable to NJHMFA in connection with the development of 254 Bergen Avenue. The loan (original amount of \$1,077,250) bears interest at the annual rate of 7.75% and requires monthly principal and interest payments of \$7,787. The loan matures in September, 2022 and is secured by a first mortgage on the Project.	\$ -0-	\$ 43,360
Mortgage loan payable to the Department of Community Affairs of the State of New Jersey as part of the Balanced Housing Program in the original amount of \$1,073,315. The loan is interest free, matures in September 2022, and is secured by a second mortgage on the property at the Project.	1,073,315	1,073,315
Mortgage loan payable to the Department of Community Affairs of the State of New Jersey from the Petroleum Overcharge Reimbursement Fund in the original amount of \$283,860. The loan is interest free, matures in September, 2022 and is secured by a third mortgage on the property at the Project.	283,860	283,860
Mortgage loan payable to New Jersey Housing & Mortgage Finance Agency as part of the Balanced Housing Program in an original amount of \$422,000. The funds were loaned through the Affordable Housing Program. There is no interest or principal amount due and the note matures in September 2022	<u>422,000</u>	<u>422,000</u>
<b>TOTAL MORTGAGES PAYABLE</b>	<b>1,779,175</b>	<b>1,822,535</b>
Less: Current Portion	<u>1,779,175</u>	<u>1,822,535</u>
<b>MORTGAGES PAYABLE, EXCLUDING CURRENT PORTION</b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>

**254 BERGEN AVENUE  
 NJHMFA PROJECT NO. 1099  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 2023 AND 2022**

**Note 8. Mortgages Payable (Continued)**

Annual debt service payments until maturity is as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 31, 2024	\$ 1,779,175	\$ -0-	\$1,825,895
TOTAL	\$ 1,779,175	\$ -0-	\$ 1,822,895

The loan payable to New Jersey HMFA in an original amount of \$422,00 was loaned through the Affordable Housing Program. Management believes that this amount is forgivable based on the terms of the original agreement. However, since the Authority has not yet received confirmation that the loan will be forgiven and be treated as a grant by New Jersey HMFA, the amount is included in the current portion of long-term debt pending resolution of the matter.

**Note 9. Risk Management**

The Project is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; errors and omissions; and natural disasters. The Project maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, crime coverage, personal property and general liability. Settlement amounts have not exceeded insurance coverage for the last three years.

**Note 10. Concentration of Risk**

The Project's major asset is real estate. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, NJHMFA. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD or NJHMFA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.



**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**Note 11. Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through September 17, 2024, the date on which the financial statements were available to be issued. Management has concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

To The Board of Commissioners  
Jersey Housing Authority

We have audited, 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, the financial statements of 254 Bergen Avenue, NJHMFA Project NO. 1099 (the "Project"), as of and for the year ended March 31, 2023 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 17, 2024.

### **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 Partnership's internal control over financial reporting.

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 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**  
**(Continued)**

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

**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 Project'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 Project's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
September 17, 2024

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
SCHEDULE OF FINDINGS AND RESPONSES  
MARCH 31, 2023 AND 2022**

Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards* for the year ended March 31, 2023.

Schedule of Prior Year Audit Findings

There were no findings or questioned costs for the year ended March 31, 2022.

**254 BERGEN AVENUE  
NJHMFA PROJECT NO. 1099  
SUPPLEMENTARY INFORMATION  
MARCH 31, 2023 AND 2022**

**SCHEDULE A – RECEIVABLES (PAYABLES) OTHER THAN FROM TENANTS (VENDORS)**

	<u>2023</u>	<u>2022</u>
Jersey City Housing Authority (affiliate)	\$ <u>(930,358)</u>	\$ <u>(930,358)</u>

**SCHEDULE B – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

<u>Account</u>	<u>2023</u>	<u>2022</u>
Salaries	\$ 2,103	\$ 1,030
Other Vendors	<u>88,135</u>	<u>5,238</u>
	<u>\$ 90,238</u>	<u>\$ 6,268</u>

**SCHEDULE C – LOANS, NOTES OR MORTGAGES PAYABLE**

See Note 8 of the financial statements.

**SCHEDULE D – CHANGES IN RESERVE BALANCES**

	<u>Replacement Reserve Escrow</u>	<u>Bond Issue Escrow</u>	<u>Real Estate Tax Escrow</u>	<u>Insurance Escrow</u>	<u>Total</u>
<b>Bal. @ 3/31/2021</b>	\$ 493,661	\$ 8,079	\$ 12,865	\$ 71,291	\$ 585,896
Deposits	33,600	-	19,500	4,800	57,900
Withdrawals	-	-	(14,616)	-	(14,616)
Interest	<u>358</u>	<u>-</u>	<u>11</u>	<u>52</u>	<u>421</u>
<b>Bal. @ 3/31/2022</b>	<b>\$ 527,619</b>	<b>\$ 8,079</b>	<b>\$ 17,760</b>	<b>\$ 76,143</b>	<b>\$ 629,601</b>
Deposits	14,000	-	8,125	2,000	24,125
Withdrawals	-	(8,079)	(4,872)	-	(12,951)
Interest	<u>377</u>	<u>-</u>	<u>15</u>	<u>54</u>	<u>446</u>
<b>Bal. @ 3/31/2023</b>	<b>\$ 541,996</b>	<b>\$ -</b>	<b>\$ 21,028</b>	<b>\$ 78,197</b>	<b>\$ 641,221</b>

**SCHEDULE E – CHANGES IN FIXED ASSET ACCOUNTS**

See Note 6 of the financial statements.

254 BERGEN AVENUE  
 NJHMFA ROJECT NO. 1099  
 SUPPLEMENTARY INFORMATION  
 MARCH 31, 2023 AND 2022

**SCHEDULE N - COMPUTATION OF PAYMENT IN LIEU OF TAXES**

	<u>2023</u>	<u>2022</u>
Gross Shelter Rent		
Dwelling Rental Revenue	\$ 313,992	\$ 314,603
Less Utilities Expense	<u>(54,617)</u>	<u>(64,406)</u>
Total Gross Shelter Rent	259,375	250,197
PILOT Percentage Rate	<u>7.00%</u>	<u>7.00%</u>
PILOT for the calendar year as calculated	18,156	17,514
City Credits / adjustments	<u>-</u>	<u>-</u>
TOTAL UTILITIES	<u>\$ 18,156</u>	<u>\$ 17,514</u>
FISCAL YEAR PILOT RECONCILIATION		
PILOT Calendar Year 2021 for nine months	-	13,135
PILOT Calendar Year 2022 for nine & three months	13,617	4,379
PILOT Calendar Year 2023 for three months	<u>4,539</u>	<u>-</u>
	18,156	17,514
(Prepaid) / Payable at Beginning of Year	2,505	(393)
Payments Made During the Year	<u>(18,213)</u>	<u>(14,616)</u>
(Prepaid) / Payable at End of Year	<u>\$ 2,448</u>	<u>\$ 2,505</u>