

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

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

For the Years Ended December 31, 2021 and 2020

**254 BERGEN AVENUE
 NJHMFA PROJECT NO. 1099
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 FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

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REPORT OF INDEPENDENT AUDITORS

To The Board of Commissioners
Jersey City Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of 254 Bergen Avenue (the "Project") which comprise the statements of assets, liabilities and project equity (deficit) as of March 31, 2021 and the related statements of operations, changes in project equity (deficit) and cash flows for the year then ended and the related notes to the financial statements. The financial statements of 254 Bergen Avenue as of and for the year ended March 31, 2020 were audited by other auditors who expressed an unmodified opinion on those statements in their report dated January 10, 2022.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the financial reporting provisions prescribed by the News Jersey Housing Mortgage Finance Agency ("NJHMFA"). Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 audits 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 risk 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 Project's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Project as of March 31, 2021 and the results of its operations, and changes in project equity (deficit) and flows for the year then ended in accordance with the accounting principles prescribed by NJHMFA.

Basis of Accounting

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by the Project on the basis of accounting prescribed by NJHMFA, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on 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.

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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2022 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, grants 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 Authority's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
September 2, 2022

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**254 Bergen Avenue
 NJHMFA Project NO. 1099
 Statements Of Assets, Liabilities And Project Equity (Deficit)
 March 31, 2021 AND 2020**

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 16,580	\$ 7,615
Tenant security deposits	23,758	22,203
Accounts receivable, net	3,659	10,691
Prepaid expenses	11,603	11,608
Inventory	14,278	35,184
Total current assets	69,878	87,301
Non-current assets:		
Restricted deposits	585,896	551,707
Capital assets, net	1,295,637	1,356,719
Total non-current assets	1,881,533	1,908,426
Total assets	\$ 1,951,411	\$ 1,995,727

LIABILITIES AND PROJECT EQUITY (DEFICIT)

Current liabilities		
Accounts payable	\$ 7,164	\$ 2,104
Accrued expense	1,849	1,030
Mortgage payable, current portion	83,602	77,589
Due to JCHA	699,434	556,573
Tenant security deposits	23,758	22,203
Total current liabilities	815,807	659,499
Non-current liabilities:		
Mortgages payable, excluding current portion	1,400,535	1,484,137
Total Liabilities	2,216,342	2,143,636
Project equity (deficit):		
Restricted	493,661	459,229
Unrestricted	(758,592)	(607,138)
Total project equity (deficit)	(264,931)	(147,909)
Total liabilities and project equity (deficit)	\$ 1,951,411	\$ 1,995,727

See accompanying notes to financial statements.

**254 Bergen Avenue
 NJHMFA Project NO. 1099
 Statements of Operations
 March 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Rental income	\$ 319,168	\$ 339,481
Other income	<u>-</u>	<u>15,277</u>
Total operating revenues	<u>319,168</u>	<u>354,758</u>
Operating expenses:		
Administrative	42,919	41,420
Salaries and related charges	135,899	113,490
Maintenance and repairs	84,548	55,287
Utilities	56,307	37,809
Real estate taxes	<u>19,818</u>	<u>19,895</u>
Total operating expenses	<u>339,491</u>	<u>267,901</u>
Income from operating before interest, reserves and depreciation	<u>(20,323)</u>	<u>86,857</u>
Non-operating revenues (expenses)		
Interest expense	(26,783)	(26,819)
Interest income	97	76
Provision for replacement reserve	<u>(33,600)</u>	<u>(35,514)</u>
Net non-operating revenues (expenses)	<u>(60,286)</u>	<u>(62,257)</u>
Income (loss) before depreciation expense	(80,609)	24,600
Depreciation expense (equal to long-term debt principal amortization)	<u>(70,845)</u>	<u>(72,008)</u>
Loss before excess depreciation	(151,454)	(47,408)
Excess depreciation	<u>-</u>	<u>(3,002)</u>
Net loss	<u>\$ (151,454)</u>	<u>\$ (50,410)</u>

See accompanying notes to financial statements.

254 Bergen Avenue
 NJHMFA Project NO. 1099
Statements of Changes in Project Equity (Deficit)
 March 31, 2021 AND 2020

Unrestricted

Balance, March 31, 2019	\$ (556,728)
Net loss	<u>(50,410)</u>
Balance, March 31, 2020	(607,138)
Net loss	<u>(151,454)</u>
Balance, March 31, 2021	<u>\$ (758,592)</u>

Restricted

Balance, March 31, 2019	\$ 423,715
Interest earned	6,018
Additions during the period	33,600
Withdrawals during the period	<u>(4,104)</u>
Balance, March 31, 2020	459,229
Interest earned	832
Additions during the period	33,600
withdrawals during the period	<u>-</u>
Balance, March 31, 2021	<u>\$ 493,661</u>

See accompanying notes to financial statements.

254 Bergen Avenue
 NJHMFA Project NO. 1099
 Statements of Cash Flows
 March 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Net loss	\$ (151,454)	\$ (50,410)
Adjustments to reconcile net loss to net cash provided by (used in) Operating Activities:		
Depreciation	70,845	75,010
Provision for repairs and replacements reserve	33,600	35,514
(Increase) decrease in assets:		
Account receivable, tenants	7,032	3,572
Inventories	20,906	-
Prepaid expenses	5	760
Tenant security deposits	(1,555)	803
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,879	(6,100)
Tenant security deposits	1,555	(803)
Net cash provided by (used in) operating expenses	<u>(13,187)</u>	<u>58,346</u>
Cash Flows from Investing Activities:		
Net loans from JCHA	142,861	73,676
Net withdrawals (deposits) to tax and insurance escrows	1,075	(4,764)
Deposits to repairs and replacements reserve	(34,432)	(39,618)
Withdrawals from repairs and replacements reserve	-	4,101
Purchases of fixed assets	(9,763)	(14,439)
Net cash provided by investing activities	<u>86,554</u>	<u>18,959</u>
Cash Flows from Financing Activities:		
Principal payments on mortgage	(77,589)	(72,008)
Net cash used in financing activities	<u>(77,589)</u>	<u>(72,008)</u>
Net increase (decrease) in cash and cash equivalents	8,965	5,297
Cash and cash equivalents, beginning of year	<u>7,615</u>	<u>2,318</u>
Cash and cash equivalents, end of year	<u>\$ 16,580</u>	<u>\$ 7,615</u>

**254 BERGEN AVENUE
NJHMFA PROJECT NO. 1099
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 and 2020, the balances are shown net of an allowance for obsolete inventories of \$-0- and \$9,077, 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, 2021 AND 2020**

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 2021 or 2020.

Note 2. Cash, Cash Equivalents and Restricted Cash

At March 31, 2021 and 2020, 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, 2021 and 2020, the carrying amount of the Project's cash, cash equivalents and restricted cash was \$626,234 and \$581,525, respectively, and the bank balances approximated \$625,921 and \$581,211, respectively. Of the bank balances, \$290,025 and \$279,504 were covered by federal depository insurance and the remaining \$335,896 and \$301,707 were collateralized with the pledging financial institutions as of March 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 AND 2020**

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, 2021 and 2020, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>2021</u>	<u>2020</u>
Tenant security deposits	\$ 23,758	\$ 22,203
Reserve for replacements	493,661	459,229
Real estate escrow	12,865	18,028
Insurance escrow	71,291	66,371
Bond issue escrow	8,079	8,079
	<u>\$ 609,654</u>	<u>\$ 573,910</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, 2021 and 2020, the Project was required to contribute \$2,800 per month.

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.

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 \$4,103 as of March 31, 2021 and March 31, 2020, respectively.

**254 BERGEN AVENUE
NJHMFA PROJECT NO. 1099
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

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, 2021 and 2020, PILOT expense amounted to \$19,818 and \$19,895, respectively.

Note 6. Capital Assets, Net

The following is the summary of the changes in capital assets for the years ended March 31, 2021 and March 31, 2020:

	Bal. @ 3/31/2020	Additions	Disposals	Transfers	Bal. @ 3/31/2021
Land	\$ 541,569	\$ -	\$ -	\$ -	\$ 541,569
Buildings & Improvements	2,693,391	-	-	-	2,693,391
Furniture & Equipment	26,761	10,763	-	-	37,524
Total	3,261,721	10,763	-	-	3,272,484
Accumulated Depreciation	(1,905,002)	(70,845)	-	-	(1,975,847)
Net Assets	<u>\$ 1,356,719</u>	<u>\$ (60,082)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,296,637</u>

	Bal. @ 3/31/2019	Additions	Disposals	Transfers	Bal. @ 3/31/2020
Land	\$ 541,569	\$ -	\$ -	\$ -	\$ 541,569
Construction in Progress	9,000	-	-	(9,000)	-
Buildings & Improvements	2,672,239	12,152	-	9,000	2,693,391
Furnishings & Equipment	24,474	2,287	-	-	26,761
Total	3,247,282	14,439	-	-	3,261,721
Accumulated Depreciation	(1,829,992)	(75,010)	-	-	(1,905,002)
Net Assets	<u>\$ 1,417,290</u>	<u>\$ (60,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356,719</u>

Depreciation expense for years ended December 31, 2021 and December 31, 2020 totaled \$70,845 and \$75,010, respectively.

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, 2021 and March 31, 2020, the Project owed JCHA \$699,434 and \$556,573, respectively, for unreimbursed costs.

**254 BERGEN AVENUE
 NJHMFA PROJECT NO. 1099
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2021 AND 2020**

Note 8. Mortgages Payable

As of March 31, 2021 and 2020, mortgages payable consisted of the following:

	<u>2021</u>	<u>2020</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.	\$ 126,962	\$ 204,551
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.	<u>283,860</u>	<u>283,860</u>
TOTAL MORTGAGES PAYABLE	1,484,137	1,561,726
Less: Current Portion	<u>83,602</u>	<u>77,589</u>
MORTGAGES PAYABLE, EXCLUDING CURRENT PORTION	<u>\$1,400,535</u>	<u>\$ 1,484,137</u>

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, 2022	\$ 83,602	\$ 9,840	93,442
March 31, 2023	<u>1,400,535</u>	<u>3,360</u>	<u>1,403,895</u>
TOTAL	<u>\$ 1,400,535</u>	<u>\$ 3,360</u>	<u>\$ 1,403,895</u>

**254 BERGEN AVENUE
NJHMFA PROJECT NO. 1099
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

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.

Note 11. Vulnerability of COVID-19

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of office facilities, including the offices of the Project, and shelter in place orders for all but those deemed essential services. As a result, the Project has changed the manner in which its services are performed. Those changes include tenant intake and recertification procedures, maintenance services and planning and completion of capital improvements. Additionally, the pandemic has impacted the Project's ability to collect rents due to the loss or reduction tenants' income. These matters have had a negative impact on the Project's financial position and results of operations. However, the ultimate financial impact and duration cannot be estimated at this time.

**254 BERGEN AVENUE
NJHMFA PROJECT NO. 1099
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

Note 12. 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 2, 2022, 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.



**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, 2021 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 2, 2022.

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 2, 2022

SUPPLEMENTARY INFORMATION

**254 BERGEN AVENUE
NJHMFA PROJECT NO. 1099
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2021 AND 2020**

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, 2021.

Schedule of Prior Year Audit Findings

There were no findings or questioned costs for the year ended March 31, 2020.

**254 BERGEN AVENUE
 NJHMFA PROJECT NO. 1099
 SUPPLEMENTARY INFORMATION
 MARCH 31, 2021 AND 2020**

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

	<u>2021</u>	<u>2020</u>
Jersey City Housing Authority (affiliate)	\$ (699,434)	\$ (556,573)

SCHEDULE B – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Account	<u>2021</u>	<u>2020</u>
Salaries	\$ 1,849	\$ 1,030
Other Vendors	7,164	2,104
	<u>9,013</u>	<u>3,134</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>
Bal. @ 3/31/2019	\$ 423,715	\$ 8,079	\$ 18,930	\$ 60,705	\$ 511,429
Deposits	33,600	-	19,500	4,800	57,900
Withdrawals	(4,104)	-	(20,653)	-	(24,757)
Interest	6,018	-	251	866	7,135
Bal. @ 3/31/2020	\$ 459,229	\$ 8,079	\$ 18,028	\$ 66,371	\$ 551,707
Deposits	33,600	-	19,500	4,800	57,900
Withdrawals	-	-	(24,690)	-	(24,690)
Interest	832	-	27	120	979
Bal. @ 3/31/2021	\$ 493,661	\$ 8,079	\$ 12,865	\$ 71,291	\$ 585,896

SCHEDULE E – CHANGES IN FIXED ASSET ACCOUNTS

See Note 6 of the financial statements.

**254 Bergen Avenue
 NJHMFA Project NO. 1099
 SUPPLEMENTARY INFORMATION
 March 31, 2021 AND 2020**

SCHEDULE F - OTHER INCOME

<u>Account</u>	<u>2021</u>	<u>2020</u>
Other tenant charges	\$ -	\$ 15,277

SCHEDULE G - ADMINISTRATIVE EXPENSES

<u>Account</u>	<u>2021</u>	<u>2020</u>
Miscellaneous administrative expenses	\$ 11,150	\$ 10,046
Telephone	3,925	2,917
Insurance	10,400	11,077
Auditing	-	11,145
Collection Losses	16,617	-
Legal Expense	827	6,235
	<u>\$ 42,919</u>	<u>\$ 41,420</u>

SCHEDULE H - SALARIES AND RELATED CHARGES

<u>Account</u>	<u>2021</u>	<u>2020</u>
Office salaries	\$ 14,923	\$ 3,961
Maintenance salaries	44,221	9,519
Other salaries	713	1,562
Payroll taxes	9,581	2,986
Skilled trade fees	56,154	58,331
Workers' compensation insurance	3,707	3,066
Employee benefits	6,600	34,065
	<u>\$ 135,899</u>	<u>\$ 113,490</u>

SCHEDULE I - MAINTENANCE AND REPAIRS

<u>Account</u>	<u>2021</u>	<u>2020</u>
Plumbing and heating	\$ 14,077	\$ 3,126
Electrical	6,824	933
Janitorial	17,600	381
Other maintenance contracts	34,744	40,578
Painting	5,300	1,758
Miscellaneous repairs and maintenance	6,003	8,511
	<u>\$ 84,548</u>	<u>\$ 55,287</u>

254 Bergen Avenue
NJHMFA Project NO. 1099
SUPPLEMENTARY INFORMATION
March 31, 2021 AND 2020

SCHEDULE J - UTILITIES

<u>Account</u>	<u>2021</u>	<u>2020</u>
Water and sewer	\$ 44,708	\$ 18,675
Electricity	6,469	11,048
Gas	-	2,790
Other Utilities	<u>5,130</u>	<u>5,296</u>
	<u>\$ 56,307</u>	<u>\$ 37,809</u>

SCHEDULE K - RELATED PARTY TRANSACTIONS

See Note 7 of the financial statements.

SCHEDULE L - CASH CERTIFICATIONS

The project did not have any cash distributions to the partners during the current year.

SCHEDULE M - TAX FILINGS AND PAYMENTS

All applicable federal, state and local income and payroll tax returns were filed and paid on a timely basis.

254 Bergen Avenue
 NJHMFA Project NO. 1099
 SUPPLEMENTARY INFORMATION
 March 31, 2021 AND 2020

SCHEDULE N - COMPUTATION OF PAYMENT IN LIEU OF TAXES

Gross Shelter Rent		
Dwelling Rental Revenue	\$ 319,168	\$ 339,481
Less Utilities Expense	<u>(56,307)</u>	<u>(37,809)</u>
Total Gross Shelter Rent	262,861	301,672
PILOT Percentage Rate	<u>7.00%</u>	<u>7.00%</u>
PILOT for the calendar year as calculated	18,400	21,117
City Credits / adjustments	<u>1,418</u>	<u>(1,222)</u>
TOTAL UTILITIES	<u>\$ 19,818</u>	<u>\$ 19,895</u>
FISCAL YEAR PILOT RECONCILIATION		
PILOT Calendar Year 2018 for nine months	\$ -	\$ -
PILOT Calendar Year 2019 for 9 & 3 months	-	14,616
PILOT Calendar Year 2020 for 9 & 3 months	15,838	5,279
PILOT Calendar Year 2021 for three months	<u>3,980</u>	<u>-</u>
	19,818	19,895
(Prepaid) / Payable at Beginning of Year	(567)	(1,332)
(Prepaid) / Payable at Beginning of Year	<u>(19,644)</u>	<u>(19,130)</u>
(Prepaid) / Payable at End of Year	<u>\$ (393)</u>	<u>\$ (567)</u>