

**POP MOYLAN URBAN
REDEVELOPMENT COMPANY, LLC**

NJHMFA PROJECT No. 1202

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Pop Moylan Urban Redevelopment Company, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Pop Moylan Urban Redevelopment Company, LLC, NJHMFA Project No. 1202, which comprise the balance sheets – regulatory basis as of December 31, 2021 and 2020, and the related statements of operations – regulatory basis, changes in members' equity (deficit) – regulatory basis, and cash flows – regulatory basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pop Moylan Urban Redevelopment Company, LLC as of December 31, 2021 and 2020, the results of its operations, the changes in members' equity (deficit) and its cash flows for the years then ended, in accordance with the financial reporting practices prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency as described in Note 2.

Basis for Opinion

We conducted our audits 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 Pop Moylan Urban Redevelopment Company, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements were prepared in accordance with the accounting practices prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New Jersey Housing and Mortgage Finance Agency. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Pop Moylan Urban Redevelopment Company, LLC's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pop Moylan Urban Redevelopment Company, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules required by the New Jersey Housing and Mortgage Finance Agency, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements.


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

Restriction on Use

This report is intended solely for the information and use of the management of Pop Moylan Urban Redevelopment Company, LLC and the New Jersey Housing and Mortgage Finance Agency and is not intended to be and should not be used by anyone other than those specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of Pop Moylan Urban Redevelopment Company, LLC'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 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 Pop Moylan Urban Redevelopment Company, LLC's internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 31, 2022

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Balance Sheets
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash - operating	\$ 366	\$ 194,326
Tenant accounts receivable - current tenants (net of allowance for doubtful accounts of \$43,000 in 2021 and \$34,000 in 2020)	7,405	3,905
Other receivables	20,579	2,010
Prepaid property and liability insurance	18,467	16,084
Total current assets	46,817	216,325
Tenant security deposits	5,139	4,895
Restricted deposits and funded reserves		
Real estate taxes escrow	21,193	20,099
Insurance escrow	24,014	29,188
Reserve for repairs and replacements	798,290	752,554
Minimum escrow fund	20,637	20,637
	864,134	822,478
Rental property and equipment		
Buildings and improvements	9,061,154	9,061,154
Furniture and fixtures	174,412	145,638
	9,235,566	9,206,792
Less: accumulated depreciation	7,906,537	7,551,063
	1,329,029	1,655,729
Total assets	<u>\$ 2,245,119</u>	<u>\$ 2,699,427</u>
LIABILITIES AND EQUITY		
Current liabilities		
Mortgage notes payable, current maturities	\$ 149,928	\$ 139,682
Accounts payable	47,748	45,222
Accrued interest payable	6,841	7,667
Accrued real estate taxes (PILOT)	2,512	2,758
Other accrued expenses	3,497	4,310
Prepaid rents	3,376	5,314
Due to Housing Authority of Gloucester County - contracted salaries and payroll taxes	29,182	67,895
Due to Gloucester County Housing Development Corporation - accrued management fee	410,651	352,640
Total current liabilities	653,735	625,488
Deposits liability		
Tenant security deposits	5,139	4,895
Long-term liabilities		
Mortgage notes payable, net of current maturities	4,991,580	5,141,507
Accrued interest payable	4,178,034	4,008,915
Total long-term liabilities	9,169,614	9,150,422
Total liabilities	9,828,488	9,780,805
Members' equity (deficit)		
Members' deficit	(8,381,659)	(7,833,932)
Repairs and replacement reserve	798,290	752,554
Total member's equity (deficit)	(7,583,369)	(7,081,378)
	<u>\$ 2,245,119</u>	<u>\$ 2,699,427</u>

The accompanying notes are an integral part of the financial statements.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Operations
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue		
Gross potential rent	\$ 840,450	\$ 840,450
Less vacancy loss	<u>67,417</u>	<u>40,755</u>
Net rental income	773,033	799,695
Other income	<u>73,772</u>	<u>70,519</u>
	<u>846,805</u>	<u>870,214</u>
Expenses		
Administrative expenses	59,155	38,874
Salaries and related charges (contracted)	279,004	330,225
Maintenance and repairs	43,795	31,061
Maintenance contracts	153,041	130,531
Utilities	92,852	86,817
Management fee	57,437	56,573
Payment in lieu of taxes	10,675	11,629
Property and liability insurance	<u>41,937</u>	<u>35,792</u>
	<u>737,896</u>	<u>721,502</u>
Income from operations before interest, fees, reserves, and depreciation	<u>108,909</u>	<u>148,712</u>
Interest and reserve		
Interest on mortgages	(255,815)	(265,881)
Fees and charges (NJHMFA)	(18,313)	(18,313)
Provision for repairs and replacements reserve	(27,034)	(45,204)
Withdrawal from repairs and replacements reserve	<u>-</u>	<u>17,000</u>
	<u>(301,162)</u>	<u>(312,398)</u>
Loss from operations before depreciation	(192,253)	(163,686)
Depreciation expense (equal to mortgage principal amortization)	<u>(139,682)</u>	<u>(121,241)</u>
Loss from operations before excess depreciation	(331,935)	(284,927)
Depreciation expense (in excess of mortgage principal amortization)	<u>(215,792)</u>	<u>(229,438)</u>
Net loss	<u><u>\$ (547,727)</u></u>	<u><u>\$ (514,365)</u></u>

The accompanying notes are an integral part of the financial statements.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Changes in Members' Equity (Deficit)
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2021 and 2020

		Unrestricted		Restricted
	Total	Managing Member	Investor Member	Repair and Replacement Reserve
Balance, December 31, 2019	\$ (6,598,641)	\$ (95,509)	\$ (7,224,058)	\$ 720,926
Deposits to repairs and replacements reserve	45,204	-	-	45,204
Withdraws from repairs and replacement reserve	(17,000)	-	-	(17,000)
Interest earned	3,424	-	-	3,424
Net loss	<u>(514,365)</u>	<u>(5,144)</u>	<u>(509,221)</u>	<u>-</u>
Balance, December 31, 2020	(7,081,378)	(100,653)	(7,733,279)	752,554
Deposits to repairs and replacements reserve	45,193	-	-	45,193
Withdraws from repairs and replacement reserve	-	-	-	-
Interest earned	543	-	-	543
Net loss	<u>(547,727)</u>	<u>(5,477)</u>	<u>(542,250)</u>	<u>-</u>
Balance, December 31, 2021	<u><u>\$ (7,583,369)</u></u>	<u><u>\$ (106,130)</u></u>	<u><u>\$ (8,275,529)</u></u>	<u><u>\$ 798,290</u></u>

The accompanying notes are an integral part of the financial statements.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Cash Flows
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net loss	\$ (547,727)	\$ (514,365)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	355,474	350,679
Provision for reserve for repairs and replacements	45,736	31,628
Provision for allowance for doubtful accounts	9,000	2,000
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable - tenants	(12,500)	(3,822)
Accounts receivable - other	(18,569)	488
Prepaid expenses	(2,383)	(2,809)
Increase (decrease) in		
Accounts payable	2,526	19,936
Accrued real estate taxes (PILOT)	(246)	(217)
Accrued interest	168,293	168,814
Other accrued expenses	(812)	69
Prepaid rents	(1,938)	2,364
Due to Housing Authority of Gloucester County	(38,713)	28,425
Due to Gloucester County Housing Development Corporation - accrued management fee	58,011	56,573
Net cash provided by operating activities	<u>16,152</u>	<u>139,763</u>
Cash flows from investing activities		
Purchase of rental furniture, fixtures and improvements	(28,774)	(53,602)
Deposits to tax and property insurance escrows	(51,160)	(36,301)
Withdraws from tax and property insurance escrows	55,240	50,446
Deposits to reserve for replacements	(45,736)	(48,628)
Withdraws from reserve for replacements	-	17,000
Net cash used in investing activities	<u>(70,430)</u>	<u>(71,085)</u>
Cash flows from financing activities		
Principal payments on mortgage	<u>(139,682)</u>	<u>(130,137)</u>
Net decrease in cash	(193,960)	(61,459)
Cash, beginning	<u>194,326</u>	<u>255,785</u>
Cash, ending	<u>\$ 366</u>	<u>\$ 194,326</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 87,522</u>	<u>\$ 97,068</u>

The accompanying notes are an integral part of the financial statements.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements

Note 1: ORGANIZATION AND ACTIVITY

The Pop Moylan Urban Redevelopment Company, LLC (the "Company") was formed as a limited liability company under the laws of the State of New Jersey on October 10, 1996, for the purpose of constructing and operating a low-income rental housing project consisting of 80 units for the elderly in Deptford, New Jersey, and currently operating under the name Nancy J. Elkins Seniors Housing.

The project has qualified for low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the tax credits.

The Company will continue to operate until December 31, 2046 unless dissolved earlier in accordance with the Amended and Restated Operating Agreement ("Operating Agreement").

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation

The accompanying financial statements have been prepared in accordance with the New Jersey Housing and Mortgage Finance Agency (NJHMFA) Policies and Procedures Manual, revised July 1, 1996.

The accounting practices prescribed or permitted by NJHMFA for the depreciation of property and equipment differ from accounting principles generally accepted in the United States of America. The estimated useful lives are the same as the lives used for tax purposes. In addition, depreciation is to be shown in an amount equal to the principal amount of the mortgage payment made in the period. The excess of total depreciation over the amount of the principal payments is presented below the net income line for financial statement purposes.

The accounting practices prescribed or permitted by NJHMFA for transactions in the reserve for repairs and replacements differ from accounting principles generally accepted in the United States of America as follows:

- Funding of the reserve for repairs and replacements is recorded as an expense.
- Reimbursements from the reserve for repairs and replacements are recorded as income when approved by the Agency as opposed to when the actual expenditure is made by the Company.
- Interest earned by the reserve for repairs and replacements fund is recorded directly in restricted equity.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk are cash and restricted reserve deposits. The Company deposits its cash with high-credit, quality financial institutions. At various times during the fiscal year, the Company's cash in bank balances exceeded the Federally insured limits. At December 31, 2021, the Company's has no uninsured cash balances.

Accounts Receivable and Bad Debts

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Rental Property and Equipment

Property and equipment are recorded at cost. Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of seven years. Depreciation is provided using primarily the straight-line method over the estimated useful lives of the assets, ranging from 7 to 27.5 years.

The Company reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if both (a) the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets and (b) the carrying amount exceeds its fair value. If both criteria are met, then recorded amounts of the assets will be reduced to their fair value.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases. Under the Operating Agreement, the Company may not increase rents charged to tenants without prior NJHMFA approval. A portion of the rents of certain tenants are subsidized by payments received under programs funded by the US Department of Housing and Urban Development through its Section 8 Rental Assistance program. The payments are received through the Housing Authority of Gloucester County, New Jersey, and the New Jersey Department of Community Affairs, and total 31% and 36% of net rental income for the years ended December 31, 2021 and 2020, respectively.

Repair and Replacement Reserve

Under the Operating Agreement, the Company is required to set aside amounts for the repair and replacement of property with withdrawals to be approved by NJHMFA. NJHMFA-restricted deposits and related net assets are held in a separate account and are not available for operating purposes.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the members individually.

New Accounting Pronouncement

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application will be permitted. The partnership is assessing the potential impact this guidance will have on its financial statements.

Note 3: MORTGAGE NOTES PAYABLE

First Mortgage Note

The Company has a first mortgage note from NJHMFA in the original amount of \$2,817,369 which bears interest at 7.1% per annum. Monthly payments of principal and interest are due in the amount of \$18,934. The loan matures April 2028. At December 31, 2021 and 2020, outstanding principal was \$1,156,221 and \$1,295,902, respectively, and accrued interest payable was \$6,841 and \$7,667, respectively.

An additional annual fee of .65% of the original amount of the mortgage is payable to NJHMFA under the terms of the first mortgage. For the years ended December 31, 2021 and 2020, fees of \$18,313, were charged to expense.

Second Mortgage Note

The Company has a second mortgage note from the Gloucester County Housing Development Corporation (GCHDC), an affiliate of the managing member, in the amount of \$2,847,099. The mortgage bears interest at the rate of 5.03% per annum on the outstanding principal balance. Annual payments of \$188,664 are due commencing on January 1, 1999, and continuing every January 1 through 2028. Payments of principal and interest are due only to the extent of net cash flow as defined in the Operating Agreement. As of December 31, 2021 and 2020, outstanding principal was \$2,687,622 and accrued interest payable was \$3,333,564 and \$3,198,376, respectively.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 3: MORTGAGE NOTES PAYABLE (continued)

Third Mortgage Note

The Company has a mortgage note from GCHDC, an affiliate of the managing member, through the Federal Home Loan Bank, in the amount of \$520,000. The mortgage bears interest at the rate of 5.03% per annum on the outstanding principal balance. Annual payments of \$34,458 are due commencing on January 1, 1999, and continuing every January 1 through 2028. Payments of principal and interest are due only to the extent of net cash flow as defined in the Operating Agreement. As of December 31, 2021, no principal payments have been made. As of December 31, 2021 and 2020, accrued interest payable was \$651,640 and \$625,484, respectively.

Fourth Mortgage Note

The Company has a mortgage note from the New Jersey Department of Community Affairs in the amount of \$777,665. Interest accrues at the rate of 1% per annum. Beginning January 1, 1998 and continuing every January 1 through 2028, annual payments of \$30,133 are payable from net cash flows as defined in the Operating Agreement. As of December 31, 2021, no principal payments have been made. As of December 31, 2021 and 2020, accrued interest payable was \$192,831 and \$185,055, respectively.

The liability of the Company under the mortgage notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender and an assignment of leases from the property.

As of December 31, 2021 and 2020, there was no net cash flow available for payments of debt service other than for the first mortgage note.

Aggregate annual maturities of the mortgage notes payable over each of the next five years and thereafter as of December 31, 2021, are as follows:

December 31,	2022	\$	149,928
	2023		160,927
	2024		172,732
	2025		185,403
	2026		199,003
	Thereafter		<u>4,273,516</u>
		\$	<u>5,141,508</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 4: RELATED PARTY TRANSACTIONS

Management and Bookkeeping Fee

GCHDC serves as the management company for the Company. GCHDC charges the project a fee for bookkeeping and management services. The fees are \$7.18 and \$59.83 per unit per month, respectively. Management and bookkeeping fees were \$57,437 and \$6,893, respectively, for 2021 and \$56,573 and \$6,749, respectively, for 2020.

Profits, Losses and Distributions

After giving effect to the special allocation provisions defined in the Operating Agreement, all profits and losses, other than from sales or other dispositions, are allocated 1% to the managing member and 99% to the investor member.

Commercial Leases

As described in Note 7, the Company has a commercial lease with an affiliate of a member.

Contracted Employees

The Company does not have its own employees, but instead utilizes employees of the Housing Authority of Gloucester County. Salaries, payroll taxes and related expenses are charged to the Company at cost. If an employee does not work full-time for the Company, his or her time is allocated to the Company based on percentage of time spent on duties associated with the project.

Note 5: OPERATING DEFICIT RESERVE

Pursuant to the Operating Agreement, the managing member was required to establish an operating deficit reserve in the initial amount of \$122,126 from the final capital contribution of the investor member. Annually on each January 10, the managing member is required to deposit the Operating Deficit Reserve Payment, as defined in the Operating Agreement in to the reserve. The reserve is to be used to fund project operations when there is insufficient operating cash available to fund operations. The reserve has been funded and is being held by an affiliate of the managing member on behalf of the Company. The balance at December 31, 2021 and 2020 in the operating deficit reserve was \$140,622 and \$140,600, respectively.

Note 6: GROUND LEASE

The Company has a 50-year ground lease agreement with GCHDC, expiring in 2046, to lease the land on which the rental property owned by Pop Moylan was built. Minimum annual payments of \$500 are due on August 6 of each year. Maximum annual payments of \$10,460 are due and payable to the extent of surplus cash. Maximum annual payments not paid due to insufficient surplus cash may accrue interest at the rate of 12% per annum. Such amounts are not accrued unless GCHDC notifies the Company in writing that additional payments are due. During 2021 and 2020, respectively, \$500 was charged to operations and paid in full. No surplus cash was available to pay additional ground rent, including interest, and no additional ground rent has been accrued at December 31, 2021 and 2020.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 7: COMMERCIAL LEASES

An affiliate of a member has entered into an agreement to lease office space from the project. The lease was effective December 1, 1997, and expires November 30, 2037. Annual payments of \$96,450 are receivable in equal monthly installments. For the years ending December 31, 2021 and 2020, respectively, \$96,450 was recognized as rental revenue. This amount has been included in the gross potential rent in the Statements of Operations.

Future minimum lease income for each of the next five years and thereafter as of December 31, 2021 is as follows:

December 31,	2022	\$	96,450
	2023		96,450
	2024		96,450
	2025		96,450
	2026		96,450
	Thereafter		<u>1,052,913</u>
		\$	<u><u>1,535,163</u></u>

Note 8: CONTINGENCY

The Company's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in financial penalties.

Note 9: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Company's main asset is the Nancy J. Elkins Seniors Housing Project. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company 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 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.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Notes to Financial Statements (Continued)

Note 10: COMMITMENTS

Escrow Commitments

As required by the NJHMFA, the Company was required to make monthly deposits effective February 2021 into the Real Estate Tax escrow account, Insurance escrow account, and Repairs and Replacement escrow account in the amounts of \$1,000, \$3,375 , and \$3,766, respectively.

As required by the NJHMFA, the Company was required to make monthly deposits effective January 2020 into the Real Estate Tax escrow account, Insurance escrow account, and Repairs and Replacement escrow account in the amounts of \$1,000, \$2,000, and \$3,767, respectively.

Note 11: COVID-19 PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

Note 12: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 31, 2022, the date the financial statement were available to be issued.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC

NJHMFA PROJECT NO. 1202

SUPPLEMENTARY INFORMATION

(AS REQUIRED BY NJHMFA)

FOR THE YEARS ENDED

DECEMBER 31, 2021 and 2020

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information
As of December 31, 2021 and 2020

SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS

	<u>2021</u>	<u>2020</u>
Other income - roof rent	\$ 1,600	\$ 1,600
NJHMFA	18,159	\$ -
Laundry machines	820	410
	<u>\$ 20,579</u>	<u>\$ 2,010</u>

SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2021</u>	<u>2020</u>
<u>Accounts payable</u>		
Utilities	\$ 8,066	\$ 6,636
Administrative	890	222
Repairs and maintenance	27,486	20,543
Other	11,306	17,821
	<u>\$ 47,748</u>	<u>\$ 45,222</u>
<u>Other accrued expenses</u>		
Estimated incurred but not reported insurance claims - self-insurance	\$ 3,497	\$ 4,310
	<u>\$ 3,497</u>	<u>\$ 4,310</u>

SCHEDULE C - LOANS, NOTES OR MORTGAGE NOTES PAYABLE
(OTHER THAN MORTGAGES PAYABLE TO NJHMFA)

SEE NOTES 3 AND 4.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

SCHEDULE D - CHANGES IN RESERVE BALANCES

	Balance December 31, 2020	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2021
Real estate tax escrow	\$ 20,099	\$ 12,000	\$ (10,920)	\$ 14	\$ 21,193
Insurance escrow	29,188	39,125	(44,320)	21	24,014
Repairs and replacements reserve	752,554	45,193		543	798,290
Minimum escrow requirement account	20,637	-	-	-	20,637
	<u>\$ 822,478</u>	<u>\$ 96,318</u>	<u>\$ (55,240)</u>	<u>\$ 578</u>	<u>\$ 864,134</u>
	Balance December 31, 2019	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2020
Real estate tax escrow	\$ 19,854	\$ 12,000	\$ (11,846)	\$ 91	\$ 20,099
Insurance escrow	43,579	24,000	(38,601)	210	29,188
Repairs and replacements reserve	720,926	45,204	(17,000)	3,424	752,554
Minimum escrow requirement account	20,637	-	-	-	20,637
	<u>\$ 804,996</u>	<u>\$ 81,204</u>	<u>\$ (67,447)</u>	<u>\$ 3,725</u>	<u>\$ 822,478</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

SCHEDULE E - CHANGES IN RENTAL PROPERTY AND EQUIPMENT ACCOUNTS

	Assets			Balance December 31, 2021	Accumulated Depreciation			Balance December 31, 2021	Net Book Value
	Balance December 31, 2020	Additions	Disposals		Balance December 31, 2020	Current Provision	Disposals		
Building and improvements	\$ 9,061,154	\$ -	\$ -	\$ 9,061,154	\$ 7,492,818	\$ 334,386	\$ -	\$ 7,827,204	\$ 1,233,950
Furniture and fixtures	145,638	28,774	-	174,412	58,245	21,088	-	79,333	95,079
	<u>\$ 9,206,792</u>	<u>\$ 28,774</u>	<u>\$ -</u>	<u>\$ 9,235,566</u>	<u>\$ 7,551,063</u>	<u>\$ 355,474</u>	<u>\$ -</u>	<u>\$ 7,906,537</u>	<u>\$ 1,329,029</u>

	Assets			Balance December 31, 2020	Accumulated Depreciation			Balance December 31, 2020	Net Book Value
	Balance December 31, 2019	Additions	Disposals		Balance December 31, 2019	Current Provision	Disposals		
Building and improvements	\$ 9,044,154	\$ 17,000.00	\$ -	\$ 9,061,154	\$ 7,158,763	\$ 334,055	\$ -	\$ 7,492,818	\$ 1,568,336
Furniture and fixtures	109,035	36,603	-	145,638	41,622	16,623	-	58,245	87,393
	<u>\$ 9,153,189</u>	<u>\$ 53,603</u>	<u>\$ -</u>	<u>\$ 9,206,792</u>	<u>\$ 7,200,385</u>	<u>\$ 350,678</u>	<u>\$ -</u>	<u>\$ 7,551,063</u>	<u>\$ 1,655,729</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>SCHEDULE F - OTHER INCOME</u>		
Laundry machines	\$ 4,920	\$ 4,920
Vending machines and other services	60,000	60,072
Miscellaneous service income	7,967	4,543
Income from investments	57	544
Late charges and other	828	440
	<u>\$ 73,772</u>	<u>\$ 70,519</u>
<u>SCHEDULE G - ADMINISTRATIVE EXPENSES</u>		
Bookkeeping, accounting	\$ 6,893	\$ 6,749
Stationary supplies	499	488
Telephone	6,277	6,261
Other office expense	2,393	874
Inspection and other fees	3,671	1,871
Advertising	78	152
Legal services	9,726	128
Credit check fees	889	448
Auditing	16,305	14,781
Social Services	921	318
Net congregate expenses	2	1,133
Miscellaneous administrative expenses	2,500	2,500
Other professional fees	-	1,174
Other	9,001	1,997
	<u>\$ 59,155</u>	<u>\$ 38,874</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
<u>SCHEDULE H - SALARIES AND RELATED CHARGES (CONTRACTED) *</u>		
Superintendent's salary *	\$ 34,181	\$ 23,364
Janitorial salaries *	33,768	33,085
Social services salaries *	14,741	28,372
Office and administrative salaries *	33,360	32,443
Maintenance Salaries *	25,169	28,975
Employee benefits *	119,448	167,641
Employer's payroll taxes *	11,765	12,050
Worker's compensation insurance *	6,572	4,295
	<u>\$ 279,004</u>	<u>\$ 330,225</u>
 <u>SCHEDULE I - MAINTENANCE AND REPAIRS</u>		
Carpentry	\$ -	\$ 897
Plumbing	8,375	760
Electrical	3,607	2,301
Vehicle and equipment	-	163
Snow removal	2,075	315
Grounds and landscaping	63	-
Painting and decorating	8,855	2,368
Small equipment and tools	1,554	2,613
Janitorial supplies	5,453	4,652
HVAC Supplies	341	2,059
Hardware supplies	1,901	3,163
Miscellaneous maintenance supplies	11,071	10,770
Land lease	500	1,000
	<u>\$ 43,795</u>	<u>\$ 31,061</u>

* Pop Moylan Urban Redevelopment Company, LLC does not have its own employees but utilizes employees of the Housing Authority of Gloucester County, either full-time or part-time, who are charged to Pop Moylan at cost, including payroll taxes, benefits and related expenses.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC

NJHMFA PROJECT NO. 1202

Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>SCHEDULE J - MAINTENANCE CONTRACTS</u>		
Monitoring and protection services	\$ 107,957	\$ 91,720
Fire system monitoring	2,150	2,232
Elevator	1,036	3,197
Rubbish removal	5,940	5,940
Heating and air conditioning	5,341	4,210
Grounds, parking and landscaping	6,539	6,330
Painting and decorating	14,026	10,400
Exterminating	3,030	3,038
Other maintenance contracts	7,022	3,464
	<u>\$ 153,041</u>	<u>\$ 130,531</u>
<u>SCHEDULE K - UTILITIES</u>		
Water	\$ 11,339	\$ 10,988
Sewer charges	13,235	13,221
Electricity	44,213	38,586
Fuel	-	91
Gas	24,065	23,931
	<u>\$ 92,852</u>	<u>\$ 86,817</u>
<u>SCHEDULE L - COMPUTATION OF MANAGEMENT AGENT FEE</u>		
Fee (per unit per month)	\$ 59.83	\$ 58.93
Number of units	<u>80</u>	<u>80</u>
	4,786	4,714
Number of months	<u>12</u>	<u>12</u>
Management agent fee	<u>\$ 57,437</u>	<u>\$ 56,573</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

SCHEDULE M - COMPUTATION OF PAYMENT IN
LIEU OF TAXES (PILOT)

	<u>2021</u>	<u>2020</u>
Gross apartments rent	\$ 744,000	\$ 744,000
Less: Section 8 subsidies	253,176	247,699
Less: Vacancy loss	<u>67,417</u>	<u>40,755</u>
Net apartment rents	423,407	455,546
Commercial rent	<u>96,450</u>	<u>96,450</u>
Total tenant rent	519,857	551,996
Less: Utilities	<u>92,852</u>	<u>86,817</u>
Total tenant rent less utilities	427,005	465,179
PILOT rate	<u>2.5%</u>	<u>2.5%</u>
Total PILOT due	10,675	11,629
PILOT paid	<u>8,163</u>	<u>8,871</u>
PILOT payable	<u><u>\$ 2,512</u></u>	<u><u>\$ 2,758</u></u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

SCHEDULE N - CUMULATIVE RETURN ON EQUITY

Return on equity 11.12%

Per NJHMFA

1996	\$ 2,998
1997	57,408
1998	77,057
1999	248,792
2000	267,007
2001	267,007
2002	267,007
2003	267,007
2004	267,007
2005	267,007
2006	267,007
2007	267,007
2008	267,007
2009	267,007
2010	267,007
2011	267,007
2012	267,007
2013	267,007
2014	267,007
2015	267,007
2016	267,007
2017	267,007
2018	267,007
2019	267,007
2020	267,007
2021	267,007

Total accumulated return on equity	<u>\$ 6,260,404</u>
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Amount distributed	<u>\$ -</u>
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Contributions

Syndication payments	<u>\$ 2,401,138</u>
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Total contribution basis for return on equity	<u>\$ 2,401,138</u>
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	<u>x 11.12%</u>
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Return on equity - 2021	<u>\$ 267,007</u>
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There were no distributions to partners during the year ended December 31, 2021.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2021 and 2020

SCHEDULE O - RELATED PARTY TRANSACTIONS (CASH BASIS)

<u>Company Name</u>	<u>Type of Service</u>	<u>Amount Paid (Received)</u>	
		<u>2021</u>	<u>2020</u>
Gloucester County Housing Development Corporation	Bookkeeping and reporting services	\$ 6,893	\$ 6,749
Gloucester County Housing Development Corporation	Management fee paid	-	-
Gloucester County Housing Development Corporation	Ground lease	500	500
Housing Authority of Gloucester County	Contracted salaries and related expenses	317,717	301,308
Housing Authority of Gloucester County	Rent income	<u>(96,450)</u>	<u>(96,450)</u>
		<u>\$ 228,660</u>	<u>\$ 212,107</u>

**INDEPENDENT AUDITOR'S 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**

To the Members of
Pop Moylan Urban Redevelopment Company, LLC

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 Pop Moylan Urban Redevelopment Company, LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pop Moylan Urban Redevelopment Company, LLC'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 Pop Moylan Urban Redevelopment Company, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Pop Moylan Urban Redevelopment Company, LLC'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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pop Moylan Urban Redevelopment Company, LLC'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*.

Furthermore, during the performance of our audit of the financial statements of Pop Moylan Urban Redevelopment Company, LLC, nothing came to our attention that caused us to believe that:

- Pop Moylan Urban Redevelopment Company, LLC had not filed and paid its federal, state and local income taxes (including payroll taxes) in a timely manner; and
- Pop Moylan Urban Redevelopment Company, LLC made any cash distributions to the partners that were not duly authorized by the New Jersey Housing and Mortgage Finance Agency (NJHMFA).

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.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 31, 2022