

**SHEPHERD'S FARM SENIOR HOUSING AT  
WEST DEPTFORD, INC.**



**HUD PROJECT No. 035-EE045**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2017 AND 2016**



# SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Shepherd's Farm Senior Housing at West Deptford, Inc.

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

We have audited the accompanying financial statements of Shepherd's Farm Senior Housing at West Deptford, Inc. HUD Project No. 035-EE045, which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project'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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shepherd's Farm Senior Housing at West Deptford, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards listed in the table of contents, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017 on our consideration of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over financial reporting and compliance.

*Bowman Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants

Woodbury, New Jersey  
December 5, 2017





**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045  
Statements of Financial Position  
As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash - operations	\$ 79,148	\$ 65,077
Tenant accounts receivable	1,217	127
Accounts receivable	828	722
Prepaid property/liability insurance	18,563	17,790
Total current assets	<u>99,756</u>	<u>83,716</u>
Deposits held in trust - funded		
Tenant deposits - held in trust	<u>27,049</u>	<u>26,995</u>
Restricted deposits and funded reserves		
Replacement reserve	476,488	436,390
Residual receipts reserve	22,243	18,760
Total restricted deposits and funded reserves	<u>498,731</u>	<u>455,150</u>
Land, building, and equipment, net	<u>6,985,214</u>	<u>7,191,686</u>
	<u>\$ 7,610,750</u>	<u>\$ 7,757,547</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 26,497	\$ 14,270
Accrued payment in lieu of taxes	10,834	7,232
Miscellaneous current liabilities	23,455	24,287
Residual receipts available for recapture	3,493	-
Prepaid rent	1,413	2,098
Total current liabilities	<u>65,692</u>	<u>47,887</u>
Deposit liabilities		
Tenant deposits held in trust (contra)	<u>27,049</u>	<u>26,995</u>
Long-term liabilities		
Capital advance - HUD Section 202	<u>7,552,000</u>	<u>7,552,000</u>
Total liabilities	<u>7,644,741</u>	<u>7,626,882</u>
Net assets		
Net deficit unrestricted	(1,267,591)	(1,102,935)
Temporarily restricted	<u>1,233,600</u>	<u>1,233,600</u>
Total net assets	<u>(33,991)</u>	<u>130,665</u>
	<u>\$ 7,610,750</u>	<u>\$ 7,757,547</u>

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

# SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

## Statements of Activities

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Gross potential rent revenue	\$ 298,903	\$ 291,876
Tenant assistance payments from HUD	<u>317,597</u>	<u>324,624</u>
Total potential rent revenue	616,500	616,500
Vacancies - apartments	<u>(6,579)</u>	<u>(3,564)</u>
Net rental revenue	609,921	612,936
Revenue from investments - project	137	121
Revenue from investments - residual receipts	9	10
Revenue from investments - reserve for replacements	618	625
Laundry revenue	4,964	4,967
Tenant charges	143	117
Damages and cleaning fees	<u>2,420</u>	<u>385</u>
Total revenue	<u>618,212</u>	<u>619,161</u>
Expenses		
Administrative expenses	144,521	141,845
Utilities	87,432	89,867
Operating and maintenance	156,181	151,846
Depreciation and amortization	239,754	237,539
Taxes and insurance	151,285	133,527
Recapture of residual receipts - payable	3,493	-
Other elderly care expenses	<u>202</u>	<u>1,164</u>
Total expenses	<u>782,868</u>	<u>755,788</u>
Increase in unrestricted net deficit	(164,656)	(136,627)
Unrestricted net deficit - beginning	<u>(1,102,935)</u>	<u>(966,308)</u>
Unrestricted net deficit - ending	<u>\$ (1,267,591)</u>	<u>\$ (1,102,935)</u>

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

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

**Statements of Cash Flows**

**For the Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received		
Rental income		
Government subsidies	\$ 317,597	\$ 324,624
Tenants	290,549	289,055
Interest and dividends	764	756
Other	7,421	4,747
Cash disbursed		
Administrative and operating expenses		
Administrative expense	(133,126)	(158,297)
Utilities	(87,432)	(89,867)
Operating and maintenance	(156,181)	(151,846)
Taxes and insurance	(148,456)	(133,525)
Other operating expenses	(202)	(1,164)
Net cash provided by operating activities	<u>90,934</u>	<u>84,483</u>
Cash flows from investing activities		
Deposits to reserve for replacement account	(40,098)	(40,105)
Deposits to residual receipts account	(3,483)	(10)
Recapture of residual receipts	-	18,120
Purchase of building and equipment	<u>(33,282)</u>	<u>(17,409)</u>
Net cash used in investing activities	<u>(76,863)</u>	<u>(39,404)</u>
Net increase in cash	14,071	45,079
Cash - beginning	<u>65,077</u>	<u>19,998</u>
Cash - ending	<u><u>\$ 79,148</u></u>	<u><u>\$ 65,077</u></u>
Reconciliation of decrease in unrestricted net deficit to net cash provided by operating activities		
Increase in unrestricted net deficit	\$ (164,656)	\$ (136,627)
Adjustments to reconcile increase in unrestricted net deficit to net cash provided by operating activities		
Depreciation and amortization	239,754	237,539
Increase in tenant accounts receivable	(1,090)	(70)
Increase in accounts receivable - other	(106)	(722)
Increase (decrease) in prepaid expenses	(773)	48
Increase (decrease) in accounts payable	12,227	(533)
Increase in other current liabilities	2,085	2,968
Increase (decrease) in residual receipts available for recapture	<u>3,493</u>	<u>(18,120)</u>
Net cash provided by operating activities	<u><u>\$ 90,934</u></u>	<u><u>\$ 84,483</u></u>

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



## **SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

### **Notes to Financial Statements**

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#### **Note 1: ORGANIZATION**

Shepherd's Farm Senior Housing at West Deptford, Inc. (the "Corporation"). HUD Project No. 035-EE045 (the "Project") was organized to acquire real property located in West Deptford, New Jersey and to construct, develop and operate a housing project for the elderly under Section 202 of the National Affordable Housing Act. The 76-unit project consists of seventy-five one bedroom units for residents and one two bedroom unit for on-site staff. The project is regulated by the U.S. Department of Housing and Urban Development ("HUD") as to rent charges and operating methods.

The project was funded mainly by Section 202 loan funds from the Department of Housing and Urban Development, as well as some funding from the Federal Home Loan Bank and the Casino Reinvestment Development Authority/Gloucester County Improvement Authority. The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated is the project asset manager. The Corporation has contracted with the Housing Authority of Gloucester County to provide property management services to the Shepherd's Farm facility.

For operating purposes, the date of first occupancy for the development was July 1, 2005.

The Corporation operates under the federally funded program Supportive Housing for the Elderly, Section 202. This program has two components, a capital advance and project rental assistance contract (PRAC).

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

Basis of financial statement presentation - The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for not-for-profit organizations.

Financial statement presentation also follows the recommendations relevant accounting standards which require the organization to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those whose use by the Corporation has been limited by the donors to a specific time period or purpose. The corporation has no permanently restricted net assets.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Land, building and equipment - The Corporation carries property and equipment at cost. When retired or otherwise disposed of, the carrying value of the assets and related depreciation are removed from the respective accounts, and the net difference, less any amount realized from disposition, is charged or credited to income.



**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**  
**Notes to Financial Statements (continued)**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

Assets capitalized generally have an original cost of \$1,000 or more and a useful life in excess of one year. Dwelling equipment (ranges and refrigerators) is capitalized irrespective of cost. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 to 20 years
Furniture and equipment	3 to 10 years

Income taxes - Shepherd's Farm Senior Housing at West Deptford, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly does not record a provision for income taxes on related income.

Statements of cash flows - For the purpose of the statement of cash flows, the Corporation includes only unrestricted operating cash. Restricted cash related to resident security deposits and the replacement reserve, are not included as cash in the statement.

New Accounting Pronouncements

*Revenue from Contracts with Customers* – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2018 and may be adopted either by restating all years presented in the Organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

*Presentation of Financial Statements of Not-for-Profit Entities* – Issued in August 2016, Accounting Standards Update (ASU) No. 2016-14 is intended to improve the presentation of financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources, and presentation of operating cash flows. The standard is effective for fiscal years beginning after December 15, 2017. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Subsequent events - Subsequent events were evaluated through December 5, 2017, the date the financial statement were available to be issued.

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**  
**Notes to Financial Statements (continued)**

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**Note 3: REPLACEMENT RESERVE ACCOUNT**

Under the regulatory agreement related to the project, the Corporation is required to set aside \$3,290 per month for the replacement of property and other project expenditures that can be made only with HUD's written approval. HUD-restricted deposits are held in separate accounts and generally are not available for operating purposes. The amount of the replacement reserve account totaled \$476,488 and \$436,390 at September 30, 2017 and 2016, respectively.

**Note 4: RESIDUAL RECEIPTS ACCOUNT**

Management is required to establish a residual receipts account for any surplus cash as defined by HUD. According to HUD Notice H-2012-014, beginning in 2013 HUD began offsetting the corporation's monthly Housing Assistance Payment (HAP) vouchers with any excess residual receipts. This offset amount is to be determined by management and the HUD project manager at the end of each year. HUD requires each organization retain residual receipt balance not to exceed \$250 per unit, which for the organization amounts to \$18,750. The residual receipts account was equal to \$22,243 and \$18,760 as of September 30, 2017 and 2016, respectively. \$18,120 was recaptured by HUD during 2016. Residual receipts available for recapture are \$3,493 and \$0 and are recorded as a liability on the statements of net position, as of September 30, 2017 and 2016, respectively.

**Note 5: LAND, BUILDING AND EQUIPMENT**

Land, building, and equipment consists of the following:

	September 30,	
	<u>2017</u>	<u>2016</u>
Land	\$ 525,000	\$ 525,000
Buildings and improvements	9,566,820	9,558,118
Furniture and equipment	<u>155,402</u>	<u>130,822</u>
	10,247,222	10,213,940
Less: accumulated depreciation	<u>3,262,008</u>	<u>3,022,254</u>
Land, building, and equipment	<u>\$ 6,985,214</u>	<u>\$ 7,191,686</u>



**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**  
**Notes to Financial Statements (continued)**

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**Note 6: CAPITAL ADVANCES**

HUD funded a Section 202 Capital Advance in the amount of \$7,552,000 to pay for the construction of the project. HUD holds a non-amortizing mortgage on the property under the terms of the Capital Advance agreement with HUD. No repayment is required so long as the owner complies with the Regulatory Agreement with HUD to make available rental housing to very low-income elderly persons for 40 years. Failure to comply with the terms of the Capital Advance and HUD's business agreements may result in foreclosure under the mortgage.

**Note 7: TEMPORARILY RESTRICTED NET ASSETS**

The Corporation received an Affordable Housing Program Direct Subsidy from the Federal Home Loan Bank of New York through its member bank, the Fulton Bank. The agreement, dated October 1, 2002, provided a subsidy of \$1,223,600 to the Corporation to subsidize the construction costs of the project.

For a period of 15 years, Fulton Bank and the Corporation must jointly certify to the Federal Home Loan Bank of New York, on an annual basis, beginning on the second anniversary date of project completion (July 1, 2007) that tenants' rental and incomes are in compliance with the rent and income targeting commitments made in the application and that the project is habitable. The direct subsidy is a grant with a temporary restriction, lasting 15 years. If the Corporation does not follow the restrictions of the deed described in the agreement during the 15 year period, the subsidy must be repaid with interest. The subsidy will be shown as a temporarily restricted net asset for a period of 15 years beginning July 1, 2005, which was the first date of occupancy. There were no changes in temporarily restricted net assets for the years ended September 30, 2017 and 2016.

**Note 8: OWNERS EQUITY**

The owner-entity was required to deposit a minimum capital investment under the Section 202 Capital Advance Program. The owner deposited \$10,000 in an account to fulfill this requirement. This amount is considered temporarily restricted until HUD releases the funds back to the owner. It is included in temporarily restricted net assets.

**Note 9: GOVERNMENT SUBSIDIES**

The Corporation is provided project-based rental assistance under a Project Rental Assistance Contract (PRAC) with HUD, which is calculated based on operating costs standards established by HUD. The Corporation received \$317,597 and \$324,624 in rental assistance payments for the years ended September 30, 2017 and 2016, respectively.

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**  
**Notes to Financial Statements (continued)**

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**Note 10: RELATED PARTY**

The Housing Authority of Gloucester County provides management services to the Shepherd's Farm property. Management services include all day to day financial operations as well as maintenance of the physical property.

The Authority is compensated for its services, monthly management and accounting/bookkeeping fees are paid out of the project operating account and treated as project expenses. Such fees are payable on the 1<sup>st</sup> of each month. The management fee and accounting/bookkeeping fee is \$50.00 and \$11.35 per unit per month, respectively. There is a provision for an annual adjustment to both fees as approved by HUD. Total management and accounting fees were \$55,215 for the years ended September 30, 2017 and 2016.

**Note 11: CONCENTRATION OF CREDIT RISK AND OTHER MATTERS**

The Corporation maintains its cash in bank accounts and other financial institutions, which, at times may exceed federally insured limits. The Corporation has not experienced any loss in such accounts. As of September 30, 2017 and 2016, the Corporation had uninsured cash balances of \$377,418 and \$306,629, respectively.

The Corporation's sole asset is the 76-unit low income apartment building for senior citizens. The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. 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.

Under the regulatory agreement, the Corporation may not increase rents charged to tenants without HUD approval. The last HUD approved rental increase was effective October 1, 2015.

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

**SUPPLEMENTARY INFORMATION  
REQUIRED BY THE DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT (HUD)**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2017 AND 2016**





**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

**Statements of Financial Position Data**

**As of September 30, 2017 and 2016**

<u>Account No.</u>		<u>2017</u>	<u>2016</u>
	<b>ASSETS</b>		
	Current assets		
1120	Cash - operations	\$ 65,474	\$ 51,361
1121	Construction cash account	11,004	11,047
1125	Cash - entity	2,670	2,669
1130	Tenant accounts receivable	1,217	127
1140	Accounts receivable	828	722
1200	Prepaid property/liability insurance	18,563	17,790
1100T	Total current assets	99,756	83,716
	Deposits held in trust - funded		
1191	Tenant deposits - held in trust	27,049	26,995
	Restricted deposits and funded reserves		
1320	Replacement reserve	476,488	436,390
1340	Residual receipts reserve	22,243	18,760
1300T	Total restricted deposits and funded reserves	498,731	455,150
	Property and equipment		
1410	Land	525,000	525,000
1420	Building	9,493,738	9,493,738
1440	Equipment	96,722	64,380
1450	Furniture for project/tenant use	59,711	58,771
1460	Furnishings	72,051	72,051
1400T	Total fixed assets	10,247,222	10,213,940
1495	Accumulated depreciation	(3,262,008)	(3,022,254)
1400N	Net fixed assets	6,985,214	7,191,686
1000T	Total assets	\$ 7,610,750	\$ 7,757,547

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

**Statements of Financial Position Data (continued)**

As of September 30, 2017 and 2016

		<u>2017</u>	<u>2016</u>
<b>LIABILITIES AND NET ASSETS</b>			
	Current liabilities		
2110	Accounts payable	\$ 26,497	\$ 14,270
2150	Accrued property tax	10,834	7,232
2190-10	Accounts payable - HUD	3,493	-
2190-20	Accrued payroll	16,129	15,751
2190-30	Deferred revenue	5,023	6,164
2190-40	Miscellaneous current liabilities	2,303	2,372
2210	Prepaid rent	<u>1,413</u>	<u>2,098</u>
2122T	Total current liabilities	<u>65,692</u>	<u>47,887</u>
	Deposit liabilities		
2191	Tenant deposits held in trust (contra)	<u>27,049</u>	<u>26,995</u>
	Long-term liabilities		
2390	Capital advance - HUD Section 202	<u>7,552,000</u>	<u>7,552,000</u>
2300T	Total long-term liabilities	<u>7,552,000</u>	<u>7,552,000</u>
2000T	Total liabilities	<u>7,644,741</u>	<u>7,626,882</u>
	Net assets		
3131	Net deficit unrestricted	(1,267,591)	(1,102,935)
3132	Temporarily restricted net assets	<u>1,233,600</u>	<u>1,233,600</u>
3130T	Total net assets	<u>(33,991)</u>	<u>130,665</u>
2033T	Total liabilities and net assets	<u>\$ 7,610,750</u>	<u>\$ 7,757,547</u>



**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

Supplementary Information Required by HUD

Statements of Activities Data

For the Years Ended September 30, 2017 and 2016

<u>Account No.</u>		<u>2017</u>	<u>2016</u>
	Revenue		
5120	Gross potential rent revenue	\$ 298,903	\$ 291,876
5121	Tenant assistance payments from HUD	317,597	324,624
5100T	Total potential rent revenue	616,500	616,500
5220	Vacancies - apartments	(6,579)	(3,564)
5152N	Net rental revenue	609,921	612,936
5410	Revenue from investments - project	137	121
5430	Revenue from investments - residual receipts	9	10
5440	Revenue from investments - reserve for replacements	618	625
5400T	Total financial revenue	764	756
5910	Laundry revenue	4,964	4,967
5920	Tenant charges	2,563	502
5990	Miscellaneous revenue	-	-
5900T	Total other revenue	7,527	5,469
5000T	Total revenue	618,212	619,161
	Expenses		
6210	Advertising and marketing	226	307
6250	Other renting expenses	325	262
6311	Office expenses	8,902	9,100
6320	Management fee	45,000	45,000
6340	Legal expenses	195	255
6350	Audit expense	12,900	15,030
6351	Bookkeeping fees	10,215	10,215
6370	Bad debts	-	-
6390	Miscellaneous administrative expenses	66,758	61,676
6263T	Total administrative expenses	144,521	141,845
6450	Electricity	32,002	34,262
6451	Water	17,414	20,913
6452	Gas	24,800	19,020
6453	Sewer	13,216	15,672
6400T	Total utilities expense	87,432	89,867

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

Supplementary Information Required by HUD

Statements of Activities Data (continued)

For the Years Ended September 30, 2017 and 2016

<u>Account No.</u>		<u>2017</u>	<u>2016</u>
6515	Supplies	\$ 8,558	\$ 7,806
6520	Contracts	12,132	14,987
6525	Garbage and trash removal	5,340	5,232
6530	Security contract	77,122	75,194
6546	Heating/cooling repairs and maintenance	4,812	6,742
6548	Snow removal	-	-
6570	Repairs and maintenance	1,053	7,620
6590	Miscellaneous operating and maintenance expenses	47,164	34,265
6500T	Total operating and maintenance	156,181	151,846
6710	Real estate taxes	43,700	43,494
6720	Property & liability insurance (hazard)	31,907	31,530
6790	Miscellaneous taxes, licenses, permits, and insurance	75,678	58,503
6700T	Total taxes and insurance	151,285	133,527
6820	Interest on bond payable	-	-
6890	Recapture of residual receipts - payable	3,493	-
6900	Other elderly care expenses	202	1,164
6000T	Total cost of operations before depreciation	543,114	518,249
5060T	Change in net assets before depreciation	75,098	100,912
6600	Depreciation expenses	239,754	237,539
5060N	Operating loss	(164,656)	(136,627)
3247	Change in unrestricted net assets from operations	(164,656)	(136,627)
3250	Change in total net assets from operations	\$ (164,656)	\$ (136,627)
S1000-020	Total of all monthly reserve for replacement deposits required during the audit period even if deposits have been temporarily waived or suspended	\$ 39,480	\$ 39,480

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD PROJECT NO. 035-EE045

Supplementary Information Required by HUD

Statements of Cash Flows Data

For the Years Ended September 30, 2017 and 2016

<u>Account No.</u>		<u>2017</u>	<u>2016</u>
	Cash flows from operating activities		
S1200-010	Rental receipts	\$ 608,146	\$ 613,679
S1200-020	Interest receipts	764	756
S1200-030	Other operating receipts	7,421	4,747
	Administrative and operating expenses		
S1200-050	Administrative expense	(133,126)	(158,297)
S1200-090	Utilities	(87,432)	(89,867)
S1200-110	Operating and maintenance	(156,181)	(151,846)
S1200-140	Taxes and insurance	(148,456)	(133,525)
S1200-170	Other operating expenses	(202)	(1,164)
S1200-240	Net cash provided by operating activities	<u>90,934</u>	<u>84,483</u>
	Cash flows from investing activities		
S1200-250	Net deposits to reserve for replacement account	(40,098)	(40,105)
S1200-260	Net deposits to residual receipts account	(3,483)	18,110
S1200-330	Net purchase of fixed assets	<u>(33,282)</u>	<u>(17,409)</u>
S1200-350	Net cash used in investing activities	<u>(76,863)</u>	<u>(39,404)</u>
S1200-470	Net increase in cash	14,071	45,079
S1200-480	Cash - beginning	<u>65,077</u>	<u>19,998</u>
S1200T	Cash - ending	<u>\$ 79,148</u>	<u>\$ 65,077</u>
	Reconciliation of decrease in unrestricted net deficit to net cash provided by operating activities		
3250	Increase in unrestricted net deficit	\$ (164,656)	\$ (136,627)
	Adjustments to reconcile decrease in unrestricted net deficit to net cash provided by operating activities		
6600	Depreciation expense	239,754	237,539
S1200-490	Increase in tenant accounts receivable	(1,090)	(70)
S1200-500	Increase in accounts receivable - other	(106)	(722)
S1200-520	Increase (decrease) in prepaid expenses	(773)	48
S1200-540	Increase (decrease) in accounts payable	12,227	(533)
S1200-560	Increase in accrued liabilities	2,085	2,968
S1200-601	Increase (decrease) in residual receipts available for recapture	<u>3,493</u>	<u>(18,120)</u>
S1200-610	Net cash provided by operating activities	<u>\$ 90,934</u>	<u>\$ 84,483</u>

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD Project No. 035-EE045

Supplementary Information Required by HUD

**Schedules of Changes in Land, Building & Equipment Accounts  
For the Years Ended September 30, 2017 and 2016**

		Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
1410	Land	\$ 525,000	\$ -	\$ -	\$ 525,000
1420	Building	9,558,118	32,342	-	9,590,460
1450	Equipment	130,822	940	-	131,762
		<u>\$ 10,213,940</u>	<u>\$ 33,282</u>	<u>\$ -</u>	<u>\$ 10,247,222</u>
	Accumulated depreciation	<u>\$ 3,022,254</u>	<u>\$ 239,754</u>	<u>\$ -</u>	<u>\$ 3,262,008</u>
		Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
1410	Land	\$ 525,000	\$ -	\$ -	\$ 525,000
1420	Building	9,543,064	17,500	2,446	9,558,118
1450	Equipment	128,898	1,924	-	130,822
		<u>\$ 10,196,962</u>	<u>\$ 19,424</u>	<u>\$ 2,446</u>	<u>\$ 10,213,940</u>
	Accumulated depreciation	<u>\$ 2,785,146</u>	<u>\$ 237,539</u>	<u>\$ 431</u>	<u>\$ 3,022,254</u>

**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD Project No. 035-EE045  
Supplementary Information Required by HUD

**Schedules of Reserve for Replacements  
For the Years Ended September 30, 2017 and 2016**

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		<u>2017</u>	<u>2016</u>
1320P	Beginning balance	\$ 436,390	\$ 396,285
1320DT	Total monthly deposits	39,480	39,480
1320INT	Other deposits - interest income	<u>618</u>	<u>625</u>
1320	Ending balance	<u>\$ 476,488</u>	<u>\$ 436,390</u>



**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD Project No. 035-EE045

Supplementary Information Required by HUD

**Computations of Surplus Cash - Annual  
For the Years Ended September 30, 2017 and 2016**

		<u>2017</u>	<u>2016</u>
S1300-010	Cash at year end	\$ 92,523	\$ 78,356
S1300-040	Total cash	<u>92,523</u>	<u>78,356</u>
Current obligations			
S1300-075	Accounts payable due within 30 days	26,497	14,270
S1300-100	Accrued expenses	16,129	15,751
S1300-100	Accrued payment in lieu of taxes	10,834	7,232
1135	Due from HUD	-	-
2190-10	Accounts payable - HUD	3,493	-
2191	Tenant security deposits	27,049	26,995
2210	Prepaid rent	1,413	2,098
S1300-110	Other current obligations	<u>7,326</u>	<u>8,536</u>
S1300-140	Total current obligations	<u>92,741</u>	<u>74,882</u>
S1300-150	Surplus cash (deficiency)	\$ (218)	\$ 3,474
S1300-210	Deposit due residual receipts	\$ -	\$ 3,474



**SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**

HUD Project No. 035-EE045

Supplementary Information Required by HUD

**Schedules of Residual Receipts  
For the Years Ended September 30, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 18,760	\$ 36,870
Deposits	3,474	-
Other deposits - interest income	9	10
HUD reserve recapture	<u>-</u>	<u>(18,120)</u>
Ending balance	<u>\$ 22,243</u>	<u>\$ 18,760</u>

