

COLONIAL PARK, L.P.
NJHMFA PROJECT NO. 2659
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

**COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659**

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Colonial Park, LP

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Colonial Park, LP (a New Jersey limited partnership), NJHMFA Project No. 2659, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in partners' capital (deficit), and cash flows 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 Colonial Park, LP as of December 31, 2023 and 2022, the results of its operations, the changes in partners' capital (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Colonial Park, LP 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.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Colonial Park, LP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Colonial Park, LP'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 Colonial Park, LP'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 basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate 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 audits 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 supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole, except for Schedule Q, which has been presented in accordance with accounting principles prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of Colonial Park, LP'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 Colonial Park, LP's internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 27, 2024

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Balance Sheets
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash - operating	\$ 1,679,656	\$ 1,194,350
Tenant accounts receivable - current tenants (net of allowance for doubtful accounts of \$0 in 2023 and \$66,292 in 2022)	10,978	9,569
Accounts receivable - HUD	1,200	158
Due from NJHMFA for negative arbitrage	-	101,918
Miscellaneous receivables	27,881	47,225
Prepaid expenses	78,503	65,943
Other assets	<u>13,561</u>	<u>13,561</u>
Total current assets	1,811,779	1,432,724
Tenant security deposits	76,343	73,726
Restricted deposits and funded reserves	2,424,550	2,226,461
Property and equipment, net of accumulated depreciation	17,307,704	17,799,749
Right-of-use asset - operating lease	<u>1,450,490</u>	<u>1,495,931</u>
Total assets	<u><u>\$ 23,070,866</u></u>	<u><u>\$ 23,028,591</u></u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	\$ 200,298	\$ 91,304
Accrued liabilities	19,311	25,908
Prepaid rents	13,403	15,537
Accrued real estate taxes (PILOT)	6,933	6,933
Due to Housing Authority of Gloucester County	126,404	34,902
Current portion of long-term debt	95,454	90,838
Current portion of lease liability - operating lease	55,000	47,863
Unclaimed funds	783	313
Deferred development fee	<u>482,306</u>	<u>37,475</u>
Total current liabilities	<u>999,892</u>	<u>351,073</u>
Deposits liability		
Tenant security deposits payable	<u>76,343</u>	<u>73,726</u>
Long-term liabilities		
Lease liability - operating lease, net of current portion	1,395,645	1,450,645
Mortgages payable	13,549,383	13,612,616
Deferred development fee, net of current portion	545,364	1,027,670
Ground lease payable	1,464,550	1,256,200
Accrued interest payable	<u>3,778,227</u>	<u>3,485,858</u>
Total long-term liabilities	<u>20,733,169</u>	<u>20,832,989</u>
Total liabilities	<u>21,809,404</u>	<u>21,257,788</u>
Partners' capital (deficit)		
Partners' capital (deficit)	(818,520)	(124,359)
Repairs and replacement reserve	<u>2,079,982</u>	<u>1,895,162</u>
Total partners' capital	<u>1,261,462</u>	<u>1,770,803</u>
	<u><u>\$ 23,070,866</u></u>	<u><u>\$ 23,028,591</u></u>

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

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Statements of Operations
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Gross potential rent	\$ 2,952,262	\$ 2,853,059
Less vacancy loss and collection losses	<u>139,344</u>	<u>62,340</u>
Net rental income	2,812,918	2,790,719
Other income	<u>37,467</u>	<u>66,443</u>
	<u>2,850,385</u>	<u>2,857,162</u>
Expenses		
Administrative expenses	76,853	59,655
Salaries & related charges (contracted)	1,086,695	1,288,080
Tenant services	3,954	-
Maintenance contracts	112,854	85,535
Maintenance and repairs	158,881	174,198
Management fee	166,120	157,024
Payment in lieu of taxes	12,268	12,268
Property and liability insurance	198,478	164,203
Utilities	<u>241,380</u>	<u>238,310</u>
	<u>2,057,483</u>	<u>2,179,273</u>
Income from operations before interest, depreciation, and fees and changes	<u>792,902</u>	<u>677,889</u>
Interest and other		
Interest on mortgages and lease	<u>(629,795)</u>	<u>(622,649)</u>
Income from operations before depreciation and fees and changes	163,107	55,240
Depreciation expense (equal to mortgage principal amortization)	<u>(90,838)</u>	<u>(86,388)</u>
Income (loss) from operations before excess depreciation and fees and charges	72,269	(31,148)
Depreciation expense (in excess of mortgage principal)	(563,436)	(548,482)
Fees and charges (NJHMFA)	<u>(18,174)</u>	<u>(18,174)</u>
Net loss	<u>\$ (509,341)</u>	<u>\$ (597,804)</u>

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

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Statements of Changes in Partners' Capital (Deficit)
Years Ended December 31, 2023 and 2022

	Total	General Partner	Limited Partner	Repair and Replacement Reserve
Balance December 31, 2021	\$ 2,368,607	\$ 92,389	\$ 579,599	\$ 1,696,619
Capital contributions	-	-	-	-
Net loss	<u>(597,804)</u>	<u>(80)</u>	<u>(796,267)</u>	<u>198,543</u>
Balance December 31, 2022	1,770,803	92,309	(216,668)	1,895,162
Capital contributions	-	-	-	-
Net loss	<u>(509,341)</u>	<u>(69)</u>	<u>(694,092)</u>	<u>184,820</u>
Balance December 31, 2023	<u>\$ 1,261,462</u>	<u>\$ 92,240</u>	<u>\$ (910,760)</u>	<u>\$ 2,079,982</u>

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

Colonial Park, LP
NJHMFA PROJECT NO. 2659
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 2,810,950	\$ 2,809,460
Other receipts	146,169	42,533
Total receipts	2,957,119	2,851,993
Administrative expenses	5,196	70,775
Salaries & related charges (contracted)	995,193	1,297,239
Maintenance contracts	112,853	85,535
Maintenance and repairs	35,053	36,328
Management fee	166,120	157,024
Payment in lieu of taxes	12,268	12,223
Property and liability insurance	198,478	164,203
Utilities	235,375	235,458
Interest	201,855	206,335
Fees and charges	18,174	18,174
Deferred development fee paid	37,475	174,141
Total disbursements	2,018,040	2,457,435
Net cash provided by operating activities	939,079	394,558
Cash flows from investing activities		
Purchase of property and equipment	(162,229)	(130,405)
Cash flows from financing activities		
Principal payments on note payable, secured by mortgage	(90,838)	(86,358)
Net increase in cash	686,012	177,795
Cash, beginning	3,494,537	3,316,742
Cash, ending	\$ 4,180,549	\$ 3,494,537
Reconciliation of cash, security deposits, and restricted deposits and funded reserves within the balance sheet that sum to the total of the same amounts shown in the statement of cash flows:		
Cash - operating	\$ 1,679,656	\$ 1,194,350
Tenant security deposits	76,343	73,726
Restricted deposits and funded reserves	2,424,550	2,226,461
	\$ 4,180,549	\$ 3,494,537

(Continued)

Colonial Park, LP
NJHMFA PROJECT NO. 2659
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Net loss	\$ (509,341)	\$ (597,804)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	654,274	634,870
Amortization of the right-of-use assets - operating leases	45,441	43,584
Amortization	32,221	32,926
Accrued ground lease payable	208,350	191,000
Accrued interest payable	292,369	292,388
Provision for bad debt	(66,292)	20,292
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable - tenants	64,883	(8,543)
Accounts receivable - HUD	(1,042)	1,906
Miscellaneous receivables	121,262	(6,684)
Prepaid expenses	(12,560)	(17,226)
Right-of-use asset - operating lease	-	(1,539,515)
Increase (decrease) in		
Accounts payable	108,994	18,330
Accrued liabilities	(6,597)	8,682
Accrued real estate taxes (PILOT)	-	45
Prepaid rents	(2,134)	2,698
Lease liability - operating lease	(47,863)	1,498,508
Due to Housing Authority of Gloucester County	91,502	(9,159)
Deferred development fee	(37,475)	(174,141)
Unclaimed funds	470	13
Tenant security deposits	2,617	2,388
Net cash provided by operating activities	<u>\$ 939,079</u>	<u>\$ 394,558</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 201,885</u>	<u>\$ 210,509</u>

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

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements

Note 1: ORGANIZATION

Colonial Park, L.P. (the Partnership) was formed as a limited partnership under the laws of the State of New Jersey on December 29, 2011. The purpose of the Partnership includes, but not limited to, rehabilitating and operating an affordable housing project consisting of 199 rental units for senior citizens and disabled families. The Partnership utilizes 1 rental unit for a superintendent. The property is located in Woodbury, New Jersey. The building which houses an apartment complex was purchased in February 2011 and renovation activities commenced at that time. Renovations were completed December 12, 2013. By agreement, the Partnership is to be terminated by December 31, 2070.

Rents are subsidized by the United States Department of Housing and Urban Development (HUD) under Section 8 Contract #NJ160029002, dated May 20, 2011, and effective for a period of 20 years. This contract was a renewal of the contract which was previously between Seniors Housing Development Corporation of Gloucester County ("SHDC") and HUD originally dated September 21, 1979, and effective May 20, 1981.

Substantially all of the assets of the partnership are encumbered by mortgages. The mortgages are nonrecourse to the partnership and the partners.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentration of credit risk are cash and restricted reserve deposits. The Partnership deposits its cash with high credit, quality financial institutions. At various times during the fiscal year, the Partnership's cash in bank balances exceeded the Federally insured limits. At December 31, 2023 and 2022, the Partnership's uninsured cash balances totaled \$1,513,735 and \$1,028,417, respectively.

Accounts Receivable and Bad Debts

Accounts receivable are stated at the amount the Partnership 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 that 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.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 one year. Assets with net book balances of less than the capitalization threshold were written off. Depreciation is provided using primarily the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

The Partnership 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 the recorded amounts of the assets will be reduced to their fair value.

For tax purposes, accelerated methods are used to depreciate the land improvements, building, and equipment over shorter useful lives.

Leases

The Partnership determines if a contract is a leasing arrangement and the classification of that lease, if applicable, at inception. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. For operating leases, the Partnership uses the risk-free rate of return. The Partnership recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

The Partnership has a 50-year ground lease with SHDC. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space.

Rental Property

The Partnership does not own the land on which the building is situated, but rents the land from the previous owner of the building. (See Note 7.) Rental property is recorded at cost. Rental property is depreciated over the respective assets' estimated useful lives using the straight-line method for financial reporting purposes.

Debt Issuance Costs

The Partnership presents debt issuance costs as a reduction of the carrying amount of the debt. Amortization of the debt issuance costs is reported as interest expense in the statements of operations.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The Partnership records revenue for such leases at gross potential rent as prescribed by New Jersey Housing Mortgage Finance Agency (NJHMFA). Under the Operating Agreement, the Partnership may not increase rents charged to tenants without prior NJHMFA approval. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by HUD. The current contract expires on May 21, 2031. For the years ended December 31, 2023 and 2022, subsidy revenue of \$2,075,884 and \$2,061,483, respectively, was included in rental income. These totals represent 74% of net rental income for the years ended December 31, 2023 and 2022.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Partnership believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams involving tenants which are subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, and damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Income Taxes

The entity is recognized as a partnership for federal and state purposes. No provision for income taxes is presented in the accompanying financial statements since taxable income or loss is reported by the partners on their individual income tax returns.

New Accounting Pronouncement Adopted

Allowance for Credit Losses - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were tenant accounts receivable.

The Partnership adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 3: CAPITAL CONTRIBUTIONS

In accordance with the Third Amended and Restated Partnership Agreement, the limited partner is required to make capital contributions of up to \$7,517,529. The first payment in the amount of \$700,000 was made in December 2011 and an additional payment of \$6,054,970 was made in June 2014, satisfying the second and third installments of the Capital Contribution requirements. In 2021, the general partner contributed \$10,930 to pay for repairs to the lobby's walls.

Note 4: RESTRICTED DEPOSITS AND FUNDED RESERVES

The financing documents for the partnership's debt with the NJHMFA require the partnership to maintain with the NJHMFA certain restricted cash accounts. All reserve and escrow accounts are required to be held in accounts under the sole control of the NJHMFA and paid out for the benefit of the project as needed on request of the partnership. Monthly payments to fund the escrow accounts in amounts determined by NJHMFA are required in conjunction with the payments of principal and interest on the debt. Any interest that may be earned on the accounts remains in the escrow accounts and is available to be used for similar purposes unless the partnership and NJHMFA mutually agree to apply the funds to some other project purpose. The summary of escrow balances are as follows:

	December 31,	
	2023	2022
Repairs and replacement reserve	\$ 2,085,816	\$ 1,895,162
Insurance escrow	69,596	63,441
Operating reserve	205,060	204,427
Debt service escrow	41,472	41,472
Tax escrow	12,837	12,762
Mortgage insurance premium escrow	9,769	9,197
Total restricted deposits and funded reserves	<u>\$ 2,424,550</u>	<u>\$ 2,226,461</u>

Note 5: LEASES

Leases - The Partnership has a ground lease from SHDC. (See Note 8) under a noncancelable lease agreement. The following summarizes the line items in the statements of the Partnership which include amounts for operating leases as of:

	December 31,	
	2023	2022
Operating Leases		
Operating lease right-of-use assets	<u>\$ 1,450,490</u>	<u>\$ 1,495,931</u>
Operating lease liabilities – current portion	\$ 55,000	\$ 47,863
Operating lease liabilities – long-term portion	<u>1,395,645</u>	<u>1,450,645</u>
	<u>\$ 1,450,645</u>	<u>\$ 1,498,508</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 5: LEASES (continued)

The following summarizes the weighted average remaining lease term and discount rate as of:

	December 31,	
	2023	2022
Weighted Average Remaining Lease Term		
Operating lease	19.15 years	20.15 years
Weighted Average Discount Rate		
Operating lease	4.00%	4.00%

The maturities of lease liabilities as of December 31, 2023 are as follows:

Year Ending December 31:

2024	\$ 110,000
2025	115,000
2026	120,000
2027	125,000
2028	130,000
Thereafter	<u>1,365,000</u>
Total lease payments	1,965,000
Less: imputed interest	<u>514,355</u>
Present value of lease liabilities	<u>\$ 1,450,645</u>

See also Note 8 for information related to interest on unpaid lease liability.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 6: PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

The Partnership's property and equipment activity for the years ended December 31, 2023 and 2022, was as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Buildings and improvements	\$ 24,014,984	\$ 115,573	\$ -	\$ 24,130,557
Furniture and fixtures	280,313	46,656	-	326,969
	24,295,297	162,229	-	24,457,526
Less: accumulated depreciation	6,495,548	654,274	-	7,149,822
Net property and equipment	<u>\$ 17,799,749</u>	<u>\$ (492,045)</u>	<u>\$ -</u>	<u>\$ 17,307,704</u>

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Buildings and improvements	\$ 23,935,088	\$ 79,896	\$ -	\$ 24,014,984
Furniture and fixtures	229,805	50,508	-	280,313
	24,164,893	130,404	-	24,295,297
Less: accumulated depreciation	5,860,679	634,879	-	6,495,558
Net property and equipment	<u>\$ 18,304,214</u>	<u>\$ (504,475)</u>	<u>\$ -</u>	<u>\$ 17,799,748</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 7: NOTES PAYABLE SECURED BY MORTGAGES

In connection with the development of the property, the Partnership has the following nonrecourse notes secured by mortgages:

Note secured by first mortgage

In 2011, New Jersey Housing and Mortgage Finance Agency issued a commitment to finance a note secured by a first mortgage for the acquisition and renovation of the project in the amount of \$5,872,659, of which \$4,808,894 was drawn. The note bears interest at 6.55%, which was amended to 5% on May 30, 2012. From the date of the note, December 2011, to January 1, 2014, accrued interest only was due on amounts drawn and billed monthly. This note was amended effective December 1, 2016, to update the principal in the amount of \$4,543,601 and extend the maturity date to November 1, 2046. Accrued interest on this note was \$16,617 and \$16,996 at December 31, 2023 and 2022, respectively. Monthly payments of principal and interest were due in the amount of \$24,391. The balance of this note was \$3,988,129 and \$4,078,967 at December 31, 2023 and 2022, respectively.

Note secured by second mortgage

The note secured by the second mortgage is an interest subsidy loan provided by NJHMFA in the amount of \$512,723. The note was paid in full in 2017.

Note secured by third mortgage

The note secured by the third mortgage in the amount of \$1,880,003 is payable to Fulton Home Bank of New Jersey, a member bank of the Federal Home Loan Bank (FHLB) of NY. The loan was provided by the FHLB's affordable housing program. No repayment is required so long as the Partnership maintains the property as an affordable housing project for 15 years. The note is non-interest bearing. SHDC is the sponsor/guarantor of the note. Proceeds were used to make final payments on the second note secured by the first mortgage.

Note secured by fourth mortgage

The note secured by the fourth mortgage is owed to Seniors Housing Development Corporation of Gloucester County (SHDC), the principal shareholder of the General Partner. The amount outstanding is \$8,200,222 at December 31, 2023 and 2022. Interest is payable on the note at the rate of 3.57% calculated on a 365 day year. The note has no specific maturity date. This loan is a nonrecourse loan to all general partners of CPLP and is due to be repaid in annual principal payments plus accrued interest beginning June 1, 2012, from available cash flow after payment of certain expenses and fees as defined in the Third Amended and Restated Partnership Agreement of CPLP. No payments were made in 2023 or 2022. Accrued interest on this note was \$3,761,610 and \$3,468,862 at December 31, 2023 and 2022, respectively.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 7: NOTES PAYABLE SECURED BY MORTGAGES (continued)

Aggregate annual maturities of all mortgage loans payable are as follows:

Year Ending December 31,	
2024	\$ 95,454
2025	100,337
2026	105,471
2027	110,867
2028	116,539
Thereafter	<u>13,539,686</u>
	14,068,354
Less: Debt issuance costs, net	<u>423,517</u>
	<u>\$ 13,644,837</u>

Note 8: RELATED PARTY TRANSACTIONS

Development fee

SHDC served as developer for the substantial renovation of the Colonial Park Apartments. For the performance of this function, SHDC earned a development fee of \$3,065,643. SHDC was paid \$37,475 and \$174,141 during 2023 and 2022, respectively. Development fee payable is \$1,027,670 and \$1,065,145 as of December 31, 2023 and 2022, respectively. Any amount of the deferred development fee that has not been paid in full will become due on December 31, 2025.

Management Partnership

SHDC serves as the management Partnership for the Partnership. SHDC charges the project a fee for bookkeeping and management services. The fees are \$7.61 and \$63.80 per unit per month, respectively. The bookkeeping fee is capped at \$1,105 per month. For the year ended December 31, 2023 and 2022, the organization paid an additional \$13,000 and \$13,000 in bonus management fee, respectively. Management and bookkeeping fees were \$166,120 and \$14,040, respectively, for 2023 and \$157,024 and \$13,440, respectively, for 2022.

Partnership profits, losses, and distributions

The third amended and restated partnership agreement, which was effective December 8, 2011, provides that items of Partnership income or loss, other than from sales or other dispositions, are allocated .01% to the general partner, and 99.99% to the limited partner. Specific allocations are determined and governed by the Partnership agreement.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 8: RELATED PARTY TRANSACTIONS (continued)

Ground lease

The Partnership entered into a ground lease agreement with SHDC to lease the land on which the building stands for a period of 32 years. The annual lease payment varies from a low of \$10,000 in 2011 to a high in 2028 and 2029 at \$130,000 per year. Interest accrues on the unpaid balance of principal and interest at a rate of 1% per month. No ground lease payments were made in 2023 or 2022. Lease expense and principal at December 31, 2023 and 2022, is \$102,577 and \$102,577, respectively. Accrued interest on the ground lease payable at December 31, 2023 and 2022, is \$905,155 and \$802,577, respectively. See also Note 5.

Notes payable

As described in Note 7, the Partnership has a note payable to its management Partnership.

General partner

The general partner is a corporation, eMurphyg, Inc. The stock of eMurphyg is owned 79% by SHDC.

Contracted employees

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

Note 9: ALLOWABLE DISTRIBUTIONS TO PARTNERS

Under the terms of the Third Amended and Restated Partnership Agreement, distributions to partners from funds provided by rental operations are allowed, provided that cash flow is available after payment of operating expenses, deposits to reserves, permanent debt service, and other required payments. For the year ended December 31, 2023 and 2022, there was no surplus cash available for allowable distributions to partners.

Note 10: COMMITMENTS AND CONTINGENCIES

The Partnership received a commitment for an annual allocation of \$841,825 of low income housing tax credits from New Jersey Housing and Mortgage Finance Agency.

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42 of the Internal Revenue Code (IRC 42), as amended, through 2028. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partner. Management believes it is operating in compliance with IRC 42.

The Partnership has no significant contracts outstanding at the end of the year.

Certain claims have been filed against the Partnership. In the opinion of management, all matters are adequately covered by insurance or are without merit.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 11: VULNERABILITY DUE TO CONCENTRATION

The Partnership's sole revenue producing asset is the housing project; operations are concentrated in the multi-family real estate market. In addition, the Partnership operates in a regulated environment. Operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, NJDCA. Such administrative directives, rules and regulations are subject to change. 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 12: SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 27, 2024, the date the financial statements were available to be issued.

COLONIAL PARK, LP

NJHMFA PROJECT NO. 2659

SUPPLEMENTARY INFORMATION

(AS REQUIRED BY NJHMFA)

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS</u>		
Due from NJHMFA for negative arbitrage	\$ -	\$ 101,918
Solar credits	26,797	30,040
Other receivables	<u>1,084</u>	<u>17,185</u>
	<u><u>\$ 27,881</u></u>	<u><u>\$ 149,143</u></u>
 <u>SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</u>		
<u>Accounts payable</u>		
Utilities	\$ 55,526	\$ 49,520
Additions/Other	-	840
Maintenance	143,569	40,589
Administrative	<u>1,203</u>	<u>355</u>
	<u><u>\$ 200,298</u></u>	<u><u>\$ 91,304</u></u>
 <u>Accrued liabilities</u>		
Estimated incurred but not reported insurance claims - self-insurance	\$ 16,311	\$ 22,908
Investor service fee	<u>3,000</u>	<u>3,000</u>
	<u><u>\$ 19,311</u></u>	<u><u>\$ 25,908</u></u>

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

SEE NOTES 7 AND 8.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE D - CHANGES IN RESERVE BALANCES

	Balance December 31, 2022	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2023
Repair and replacement reserve	\$ 1,895,162	\$ 200,100	\$ (15,778)	\$ 6,332	\$ 2,085,816
Insurance escrow	63,441	194,265	(188,318)	208	69,596
Operating reserve	204,427	-	-	633	205,060
Minimum escrow requirement account	41,472	-	-	-	41,472
Real estate tax escrow	12,762	12,300	(12,268)	43	12,837
MIP	9,197	22,812	(22,270)	30	9,769
Working capital	-	-	-	-	-
	<u>\$ 2,226,461</u>	<u>\$ 429,477</u>	<u>\$ (238,634)</u>	<u>\$ 7,246</u>	<u>\$ 2,424,550</u>
	Balance December 31, 2021	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2022
Repair and replacement reserve	\$ 1,696,618	\$ 199,856	\$ (2,500)	\$ 1,188	\$ 1,895,162
Insurance escrow	128,685	96,750	(162,058)	64	63,441
Operating reserve	204,294	-	-	133	204,427
Minimum escrow requirement account	41,472	-	-	-	41,472
Real estate tax escrow	12,699	12,276	(12,223)	10	12,762
MIP	4,919	27,075	(22,807)	10	9,197
Working capital	32	-	(32)	-	-
	<u>\$ 2,088,719</u>	<u>\$ 335,957</u>	<u>\$ (199,620)</u>	<u>\$ 1,405</u>	<u>\$ 2,226,461</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE E - CHANGES IN PROPERTY AND EQUIPMENT ACCOUNTS

	Assets				Accumulated Depreciation				Net Book Value
	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023	Balance December 31, 2022	Current Provision	Disposals	Balance December 31, 2023	
Building and improvements	\$ 24,014,984	\$ 115,573	\$ -	\$ 24,130,557	\$ 6,334,673	\$ 608,542	\$ -	\$ 6,943,215	\$ 17,187,342
Furniture and fixtures	280,313	46,656	-	326,969	160,875	45,732	-	206,607	120,362
	<u>\$ 24,295,297</u>	<u>\$ 162,229</u>	<u>\$ -</u>	<u>\$ 24,457,526</u>	<u>\$ 6,495,548</u>	<u>\$ 654,274</u>	<u>\$ -</u>	<u>\$ 7,149,822</u>	<u>\$ 17,307,704</u>

	Assets				Accumulated Depreciation				Net Book Value
	Balance December 31, 2021	Additions	Disposals	Balance December 31, 2022	Balance December 31, 2021	Current Provision	Disposals	Balance December 31, 2022	
Building and improvements	\$ 23,935,088	\$ 79,896	\$ -	\$ 24,014,984	\$ 5,735,166	\$ 599,507	\$ -	\$ 6,334,673	\$ 17,680,311
Furniture and fixtures	229,805	50,508	-	280,313	125,513	35,362	-	160,875	119,438
	<u>\$ 24,164,893</u>	<u>\$ 130,404</u>	<u>\$ -</u>	<u>\$ 24,295,297</u>	<u>\$ 5,860,679</u>	<u>\$ 634,869</u>	<u>\$ -</u>	<u>\$ 6,495,548</u>	<u>\$ 17,799,749</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE F - OTHER INCOME</u>		
Laundry machines	\$ 5,092	\$ 9,063
Miscellaneous service income	6,120	11,583
Income from investments	1,058	17,320
Late charges	162	371
Solar credits	25,035	28,106
	<u>\$ 37,467</u>	<u>\$ 66,443</u>
<u>SCHEDULE G - ADMINISTRATIVE EXPENSES</u>		
Stationery supplies	\$ 3,018	\$ 1,291
Telephone	19,732	8,725
Postage	-	53
Inspection and other fees	3,056	3,389
Other professional fees	75	-
Advertising	-	67
Legal services	1,747	3,035
Credit check fees	798	679
Annual audit	17,300	16,570
Social services	2,544	2,996
Net Congregate expenses	-	213
Bookkeeping, accounting	14,040	13,440
Miscellaneous administrative expenses	4,451	6,925
Other - office expenses	10,092	2,272
	<u>\$ 76,853</u>	<u>\$ 59,655</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE H - SALARIES AND RELATED CHARGES (CONTRACTED) *</u>		
Superintendent's salary *	\$ 72,332	\$ 68,329
Janitorial salaries *	59,399	69,955
Security salaries*	78,196	167,755
Social services salaries *	130,521	107,028
Office and administrative salaries *	149,583	134,693
Maintenance salaries*	26,235	55,730
Employee benefits *	509,920	613,406
Employer's payroll taxes *	42,959	50,122
Workers' compensation insurance *	17,550	21,062
	<u>\$ 1,086,695</u>	<u>\$ 1,288,080</u>
 <u>SCHEDULE I - MAINTENANCE AND REPAIRS</u>		
Land lease	\$ 102,577	\$ 102,577
Plumbing	12,554	9,541
Electrical	4,633	3,800
Vehicle and equipment	2,365	722
Snow removal	-	2,008
Grounds & landscaping supplies	2,383	591
Painting and decorating	9,827	8,998
Small equipment and tools	8,557	12,781
Janitorial supplies	7,704	13,207
Hardware supplies	2,217	2,204
Other maintenance and repairs	6,064	17,769
	<u>\$ 158,881</u>	<u>\$ 174,198</u>

*Colonial Park, LP 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 Colonial Park at cost, including payroll taxes, benefits and related expenses.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE J - MAINTENANCE CONTRACTS</u>		
Security	\$ 14,015	\$ 750
Fire system monitoring	5,574	1,924
Elevator	3,783	15,345
Rubbish removal	11,205	9,572
Heating and air conditioning	6,392	15,841
Grounds, parking and landscaping	8,812	9,430
Painting and decorating	21,198	10,954
Exterminating	4,041	4,485
Other maintenance contracts	37,834	17,234
	<u>\$ 112,854</u>	<u>\$ 85,535</u>

SCHEDULE K - UTILITIES

Water	\$ 32,109	\$ 30,926
Sewer charges	132,550	127,600
Electricity	39,545	44,762
Gas	35,974	35,022
Fuel	1,202	-
	<u>\$ 241,380</u>	<u>\$ 238,310</u>

SCHEDULE L - COMPUTATION OF MANAGEMENT AGENT FEE

Fee (per unit per month)	\$ 63.80	\$ 60.01
Number of units	<u>200</u>	<u>200</u>
	12,760	12,002
Number of months	<u>12</u>	<u>12</u>
Subtotal	<u>153,120</u>	<u>144,024</u>
Bonus management fee	<u>13,000</u>	<u>13,000</u>
Management agent fee	<u>\$ 166,120</u>	<u>\$ 157,024</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

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

	<u>2023</u>			<u>2022</u>		
	<u>January 1 to</u> <u>May 31</u>	<u>June 1 to</u> <u>December 31</u>	<u>Expense</u>	<u>January 1 to</u> <u>May 31</u>	<u>June 1 to</u> <u>December 31</u>	<u>Expense</u>
Base	\$ 12,000	\$ 12,000		\$ 12,000	\$ 12,000	
Add: Published Annual Adjustment Factor	<u>1.019</u>	<u>1.025</u>		<u>1.019</u>	<u>1.025</u>	
	5,093	7,175		5,093	7,175	
Add: Prior year PILOT payable	<u>6,933</u>			<u>6,888</u>		
Total PILOT due	12,026			11,981		
PILOT paid	<u>12,268</u>			<u>12,223</u>		
			\$ 12,268			\$ 12,268
		<u>\$ 6,933</u>			<u>\$ 6,933</u>	

COLONIAL PARK, LP
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE N - AVAILABLE CASH FLOW SCHEDULE (AS DEFINED BY PARTNERSHIP AGREEMENT)

Net loss at year end \$ (509,341)

Additions

Depreciation/amortization	\$	686,495	
Escrow disbursements		238,634	
Unpaid interest:			
Purchase mortgage - SHDC		292,369	
1st mortgage note		-	
Investor service fee		3,000	
Change in accrued real estate taxes (PILOT)		-	
Change in due from the Housing Authority of Gloucester County		91,502	
Change in accounts receivable - tenants		64,883	
Change in miscellaneous receivables		121,262	
Change in right-of-use asset - operating lease		45,441	
Change in accounts payable		108,994	
Change in unclaimed funds		470	
Ground lease		105,000	
Ground lease interest		103,350	
Total additions		1,861,400	1,861,400

Deductions

Capital purchases from operations		(162,229)	
Debt principal payments		(90,838)	
Escrow deposits		(429,477)	
Change in accounts receivable - HUD		(1,042)	
Change in provision for bad debt		(66,292)	
Change in prepaid rents		(2,134)	
Change in accrued liabilities		(9,597)	
Change in lease liability - operating lease		(47,863)	
Interest on escrow accounts		(7,246)	
Change in prepaid expenses		(12,560)	
Change in deferred development fee		(37,475)	
Total deductions		(866,753)	(866,753)

Cash flow available \$ 485,306

*As per Colonial Park, LP's partnership agreement, current year available cash is to be used to pay the third priority, deferred development fee.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE O - CUMULATIVE RETURN ON EQUITY

Return on equity 7.04%

Per NJHMFA

2011	\$ 3,240
2012	49,280
2013	49,280
2014	171,906
2015	475,263
2016	475,138
2017	475,138
2018	475,138
2019	475,138
2020	475,138
2021	475,138
2022	475,138
2023	<u>475,138</u>

Total accumulated return on equity	<u><u>\$ 4,550,073</u></u>
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Contributions

Syndication payments	\$ 6,749,116
	<u>x 7.04%</u>

Return on equity - 2023	<u><u>\$ 475,138</u></u>
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There were no distributions to partners during the year ended December 31, 2023.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE P - RELATED PARTY TRANSACTIONS

<u>Company Name</u>	<u>Type of Service</u>	<u>Amount Paid</u>	
		<u>2023</u>	<u>2022</u>
Seniors Housing Development Corporation	Bookkeeping and reporting services	\$ 14,040	\$ 13,440
Seniors Housing Development Corporation	Accrued management fee	166,120	157,024
Seniors Housing Development Corporation	Ground lease	102,577	102,577
Housing Authority of Gloucester County	Contracted salaries and related expenses	<u>1,086,695</u>	<u>1,288,080</u>
		<u>\$ 1,369,432</u>	<u>\$ 1,561,121</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE Q - SCHEDULES OF OPERATIONS - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>
Revenue		
Gross potential rent	\$ 2,952,262	\$ 2,853,059
Less: vacancy loss and collection losses	<u>139,344</u>	<u>62,340</u>
Net rental income	2,812,918	2,790,719
Other income	<u>37,467</u>	<u>66,443</u>
	<u>2,850,385</u>	<u>2,857,162</u>
Expenses		
Administrative expenses	76,853	59,655
Salaries & related charges (contracted)	1,086,695	1,288,080
Tenant services	3,954	-
Maintenance contracts	112,854	85,535
Maintenance and repairs	158,881	174,198
Management fee	166,120	157,024
Payment in lieu of taxes	12,268	12,268
Property and liability insurance	198,478	164,203
Utilities	<u>241,380</u>	<u>238,310</u>
	<u>2,057,483</u>	<u>2,179,273</u>
Income from operations before interest and depreciation	<u>792,902</u>	<u>677,889</u>
Interest and reserve		
Interest on mortgages and lease	(629,795)	(622,649)
Provision for repairs and replacements reserve	<u>(190,656)</u>	<u>(198,543)</u>
	<u>(820,451)</u>	<u>(821,192)</u>
Loss from operations before depreciation	(27,549)	(143,303)
Depreciation expense	<u>(86,388)</u>	<u>(86,388)</u>
Loss from operations before excess depreciation and fees and charges	(113,937)	(229,691)
Depreciation expense (in excess of mortgage principal)	(567,886)	(548,482)
Fees and charges	<u>(18,174)</u>	<u>(18,174)</u>
Net loss	<u><u>\$ (699,997)</u></u>	<u><u>\$ (796,347)</u></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 Partners of
Colonial Park, LP

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 Colonial Park, LP, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in partners' capital (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colonial Park, LP's internal control over financial reporting (internal control) as a basis for designing 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 Colonial Park, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Colonial Park, LP'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colonial Park, LP's financial statements are free from 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 Colonial Park, LP, nothing came to our attention that caused us to believe that:

- Colonial Park, LP had not filed and paid its federal, state and local income taxes (including payroll taxes) in a timely manner; and
- Colonial Park, LP 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
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 27, 2024

**Colonial Park, LP
Schedule of Findings
For the Year Ended December 31, 2023**

Schedule of Current Year Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by HUD and the NJHMFA.

None Noted.

Schedule of Current Year Federal/State Awards/Financial Assistance Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to Federal and/or State awards/financial assistance that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by HUD and the NJHMFA.

None Noted.

**Colonial Park, LP
Schedule of Prior Year Findings
As Prepared By Management**

Schedule of Prior Year Financial Statement Findings

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with the audit requirements as prescribed by HUD and the NJHMFA.

None Noted.

Schedule of Prior Year Federal/State Awards/Financial Assistance Findings

This section identifies the status of prior year findings related to Federal and/or State awards/financial assistance that are required to be reported in accordance with *Government Auditing Standards* and with the audit requirements as prescribed by HUD and the NJHMFA.

None Noted.

INDEPENDENT AUDITOR'S REPORT ON STANDARD HUD COMPLIANCE

To the Partners of
Colonial Park, LP

We have audited the financial statements of Colonial Park, LP as of and for the year ended December 31, 2023, and have issued our report thereon dated March 27, 2024.

Auditor's Responsibility

We conducted our audit in accordance with generally accepted auditing standards in the United States (GAAS) and when applicable the standards of financial audits contained in the generally accepted government auditing standards (GAGAS) 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Colonial Park, LP's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Management's Responsibility

The management of Colonial Park, LP is responsible for compliance with those requirements.

Opinion

In our opinion, Colonial Park, LP complied, in all material respects, with the requirements described above for the year ended December 31, 2023.

Compliance and Other Matters

In addition, we have tested Colonial Park, LP's compliance with certain specific program requirements that are part of the most recent Consolidated Audit Guide, issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, for the year ended December 31, 2023.

We also attest to you that we have reviewed the following on a test basis:

1. All reports required by HUD for timely filing and accuracy.
2. The validity of the H.A.P. contract and amendments thereto.
3. The accuracy of the maximum chargeable rents.
4. The qualifications of the tenants as to admission and their required monthly contributions.
5. The certifications and recertifications of tenants.
6. The files located at the project, the managing agent's office, and the supervisory managing agent's office for adequacy.

Based on our review of the items 1 to 6 above, nothing came to our attention that would invalidate the future and uninterrupted receipt of the federal subsidies, under existing rules and regulations.

A handwritten signature in black ink that reads "Bowman + Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 27, 2024