

**POP MOYLAN URBAN
REDEVELOPMENT COMPANY, LLC**

NJHMFA PROJECT No. 1202

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Pop Moylan Urban Redevelopment Company, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pop Moylan Urban Redevelopment Company, LLC, NJHMFA Project No. 1202, which comprise the balance sheets – regulatory basis as of December 31, 2023 and 2022, and the related statements of operations – regulatory basis, changes in members' equity (deficit) – regulatory basis, and cash flows – regulatory basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pop Moylan Urban Redevelopment Company, LLC as of December 31, 2023 and 2022, the results of its operations, the changes in members' equity (deficit) and its cash flows for the years then ended, in accordance with the financial reporting practices prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pop Moylan Urban Redevelopment Company, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 Pop Moylan Urban Redevelopment Company, LLC'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 Pop Moylan Urban Redevelopment Company, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pop Moylan Urban Redevelopment Company, LLC's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

Restriction on Use

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of Pop Moylan Urban Redevelopment Company, LLC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pop Moylan Urban Redevelopment Company, LLC's internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 27, 2024

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Balance Sheets
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
As of December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash - operating	\$ 25,758	\$ 39,598
Tenant accounts receivable - current tenants (net of allowance for doubtful accounts of \$0 in 2023 and \$61,660 in 2022)	19,096	18,874
Other receivables	2,054	8,336
Prepaid property and liability insurance	36,815	32,929
Total current assets	83,723	99,737
Tenant security deposits	5,362	5,689
Restricted deposits and funded reserves		
Real estate taxes escrow	18,987	21,386
Insurance escrow	149,400	19,008
Reserve for repairs and replacements	830,848	782,431
Minimum escrow fund	20,637	20,637
	1,019,872	843,462
Rental property and equipment		
Buildings and improvements	9,061,154	9,061,154
Furniture and fixtures	242,626	219,546
	9,303,780	9,280,700
Less: accumulated depreciation	8,624,129	8,263,139
	679,651	1,017,561
Right-of-use asset - operating lease	8,981	9,303
Total assets	<u>\$ 1,797,589</u>	<u>\$ 1,975,752</u>
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
Current liabilities		
Mortgage notes payable, current maturities	\$ 172,732	\$ 173,904
Accounts payable	213,545	133,600
Accrued interest payable	5,002	5,954
Accrued real estate taxes (PILOT)	3,018	2,902
Current portion of lease liability - operating lease	328	321
Other accrued expenses	5,476	4,936
Prepaid rents	8,169	4,756
Due to Housing Authority of Gloucester County - contracted salaries and payroll taxes	182,405	59,667
Due to Gloucester County Housing Development Corporation - accrued management fee	534,585	471,100
Total current liabilities	1,125,260	857,140
Deposits liability		
Tenant security deposits	5,362	5,689
Long-term liabilities		
Lease liability - operating lease, net of current portion	8,653	8,981
Mortgage notes payable, net of current maturities	4,657,921	4,830,653
Accrued interest payable	4,516,274	4,347,596
Total long-term liabilities	9,182,848	9,187,230
Total liabilities	10,313,470	10,050,059
Members' equity (deficit)		
Members' deficit	(9,346,729)	(8,856,738)
Repairs and replacement reserve	830,848	782,431
Total members' equity (deficit)	(8,515,881)	(8,074,307)
	<u>\$ 1,797,589</u>	<u>\$ 1,975,752</u>

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

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Operations
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Gross potential rent	\$ 864,558	\$ 843,489
Less: vacancy loss	<u>17,153</u>	<u>23,573</u>
Net rental income	847,405	819,916
Other income	<u>97,268</u>	<u>106,320</u>
	<u>944,673</u>	<u>926,236</u>
Expenses		
Administrative expenses	52,705	61,585
Salaries and related charges (contracted)	370,474	278,386
Maintenance and repairs	28,821	28,018
Maintenance contracts	57,026	180,845
Utilities	100,746	100,001
Management fee	63,485	59,866
Payment in lieu of taxes	11,973	11,212
Property and liability insurance	<u>84,470</u>	<u>64,568</u>
	<u>769,700</u>	<u>784,481</u>
Income from operations before interest, fees, reserves, and depreciation	<u>174,973</u>	<u>141,755</u>
Interest and reserve		
Interest on mortgages	(233,929)	(246,024)
Fees and charges (NJHMFA)	(18,313)	(18,313)
Provision for repairs and replacements reserve	(51,733)	(53,368)
Withdrawal from repairs and replacements reserve	<u>-</u>	<u>57,473</u>
	<u>(303,975)</u>	<u>(260,232)</u>
Loss from operations before depreciation	(129,002)	(118,477)
Depreciation expense (equal to mortgage principal amortization)	<u>(173,904)</u>	<u>(139,682)</u>
Loss from operations before excess depreciation	(302,906)	(258,159)
Depreciation expense (in excess of mortgage principal amortization)	<u>(187,085)</u>	<u>(216,920)</u>
Net loss	<u>\$ (489,991)</u>	<u>\$ (475,079)</u>

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

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Changes in Members' Equity (Deficit)
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2023 and 2022

		Unrestricted		Restricted
	Total	Managing Member	Investor Member	Repair and Replacement Reserve
Balance, December 31, 2021	\$ (7,583,369)	\$ (106,130)	\$ (8,275,529)	\$ 798,290
Deposits to repairs and replacements reserve	41,063	-	-	41,063
Withdraws from repairs and replacement reserve	(57,473)	-	-	(57,473)
Interest earned	551	-	-	551
Net loss	<u>(475,079)</u>	<u>(4,751)</u>	<u>(470,328)</u>	<u>-</u>
Balance, December 31, 2022	(8,074,307)	(110,881)	(8,745,857)	782,431
Deposits to repairs and replacements reserve	51,733	-	-	51,733
Withdraws from repairs and replacement reserve	(5,854)	-	-	(5,854)
Interest earned	2,538	-	-	2,538
Net loss	<u>(489,991)</u>	<u>(4,900)</u>	<u>(485,091)</u>	<u>-</u>
Balance, December 31, 2023	<u><u>\$ (8,515,881)</u></u>	<u><u>\$ (115,781)</u></u>	<u><u>\$ (9,230,948)</u></u>	<u><u>\$ 830,848</u></u>

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

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Statements of Cash Flows
Basis of Accounting Prescribed by New Jersey Housing and Mortgage Finance Agency
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net loss	\$ (489,991)	\$ (475,079)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	360,989	356,602
Amortization of the right-of-use assets - operating leases	322	314
Provision for reserve for repairs and replacements	48,417	(15,859)
Provision for allowance for doubtful accounts	(61,660)	18,660
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable - tenants	61,438	(30,129)
Accounts receivable - other	6,282	12,243
Prepaid expenses	(3,886)	(14,462)
Right-of-use asset - operating lease	-	(9,617)
Increase (decrease) in		
Accounts payable	79,945	85,852
Accrued real estate taxes (PILOT)	116	390
Accrued interest	167,726	168,675
Lease liability - operating lease	(321)	9,302
Other accrued expenses	540	1,439
Prepaid rents	3,413	1,380
Due to Housing Authority of Gloucester County	122,738	30,485
Due to Gloucester County Housing Development Corporation - accrued management fee	63,485	60,449
Net cash provided by operating activities	<u>359,553</u>	<u>200,645</u>
Cash flows from investing activities		
Purchase of rental furniture, fixtures and improvements	(23,079)	(45,134)
Deposits to tax and property insurance escrows	(139,851)	(85,040)
Withdraws from tax and property insurance escrows	11,857	89,853
Deposits to reserve for replacements	(54,271)	(41,614)
Withdraws from reserve for replacements	5,855	57,473
Net cash used in investing activities	<u>(199,489)</u>	<u>(24,462)</u>
Cash flows from financing activities		
Principal payments on mortgage	<u>(173,904)</u>	<u>(136,951)</u>
Net increase (decrease) in cash	(13,840)	39,232
Cash, beginning	<u>39,598</u>	<u>366</u>
Cash, ending	<u>\$ 25,758</u>	<u>\$ 39,598</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 71,245</u>	<u>\$ 87,522</u>

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

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

Note 1: ORGANIZATION AND ACTIVITY

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation

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

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

The accounting practices prescribed or permitted by NJHMFA for transactions in the reserve for repairs and replacements differ from GAAP as follows:

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

Use of Estimates

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk are cash and restricted reserve deposits. The Company deposits its cash with high-credit, quality financial institutions. At various times during the fiscal year, the Company's cash in bank balances exceeded the Federally insured limits. At December 31, 2023, the Company has no uninsured cash balances.

Accounts Receivable and Bad Debts

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

Rental Property and Equipment

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

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

Leases

The Company 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 Company uses the risk-free rate of return. The Company recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

The Company has a 50-year ground lease with GCHDC. 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases with terms of 12 months. Under the Operating Agreement, the Company may not increase rents charged to tenants without prior NJHMFA approval. A portion of the rents of certain tenants are subsidized by payments received under programs funded by the US Department of Housing and Urban Development through its Section 8 Rental Assistance program. The payments are received through the Housing Authority of Gloucester County, New Jersey, and the New Jersey Department of Community Affairs, and total 31% and 37% of net rental income for the years ended December 31, 2023 and 2022, respectively.

Repair and Replacement Reserve

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

Income Taxes

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

New Accounting Pronouncement 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.

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

Note 3: MORTGAGE NOTES PAYABLE

First Mortgage Note

The Company has a first mortgage note from NJHMFA in the original amount of \$2,817,369, which bears interest at 7.1% per annum. Monthly payments of principal and interest are due in the amount of \$18,934. The loan matures April 2028. At December 31, 2023 and 2022, outstanding principal was \$845,366 and \$1,019,270, respectively, and accrued interest payable was \$5,002 and \$5,954, respectively.

An additional annual fee of 0.65% of the original amount of the mortgage is payable to NJHMFA under the terms of the first mortgage. For the years ended December 31, 2023 and 2022, fees of \$18,313 were charged to expense.

Second Mortgage Note

The Company has a second mortgage note from the Gloucester County Housing Development Corporation (GCHDC), an affiliate of the managing member, in the amount of \$2,847,099. The mortgage bears interest at the rate of 5.03% per annum on the outstanding principal balance. Annual payments of \$188,664 are due commencing on January 1, 1999, and continuing every January 1 through 2028. Payments of principal and interest are due only to the extent of net cash flow as defined in the Operating Agreement. As of December 31, 2023 and 2022, outstanding principal was \$2,687,622 and accrued interest payable was \$3,603,938 and \$3,469,121, respectively.

Third Mortgage Note

The Company has a mortgage note from GCHDC, an affiliate of the managing member, through the Federal Home Loan Bank, in the amount of \$520,000. The mortgage bears interest at the rate of 5.03% per annum on the outstanding principal balance. Annual payments of \$34,458 are due commencing on January 1, 1999, and continuing every January 1 through 2028. Payments of principal and interest are due only to the extent of net cash flow as defined in the Operating Agreement. As of December 31, 2023, no principal payments have been made. As of December 31, 2023 and 2022, accrued interest payable was \$703,952 and \$677,867, respectively.

Fourth Mortgage Note

The Company has a mortgage note from the New Jersey Department of Community Affairs in the amount of \$777,665. Interest accrues at the rate of 1% per annum. Beginning January 1, 1998, and continuing every January 1 through 2028, annual payments of \$30,133 are payable from net cash flows as defined in the Operating Agreement. As of December 31, 2023, no principal payments have been made. As of December 31, 2023 and 2022, accrued interest payable was \$208,384 and \$200,608, respectively.

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

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

Note 3: MORTGAGE NOTES PAYABLE (continued)

As of December 31, 2023 and 2022, there was no net cash flow available for payments of debt service other than for the first mortgage note.

Aggregate annual maturities of the mortgage notes payable over each of the next five years and thereafter as of December 31, 2023, are as follows:

December 31,	2024	\$	172,732
	2025		185,403
	2026		199,003
	2027		213,601
	2028		74,628
	Thereafter		<u>3,985,286</u>
		\$	<u><u>4,830,653</u></u>

Note 4: LEASES

Leases - The Partnership has a ground lease from GCHDC. (See Note 5) under a noncancelable lease agreement. The following summarizes the line items in the statements of the Company, which include amounts for operating leases as of December 31, 2023:

Operating Leases	
Operating lease right-of-use assets	<u>\$ 8,981</u>
Operating lease liabilities – current portion	\$ 328
Operating lease liabilities – long-term portion	<u>8,653</u>
	<u>\$ 8,981</u>

The following summarizes the line items in the statements of the Company which include amounts for operating leases as of December 31, 2022:

Operating Leases	
Operating lease right-of-use assets	<u>\$ 9,303</u>
Operating lease liabilities – current portion	\$ 321
Operating lease liabilities – long-term portion	<u>8,981</u>
	<u>\$ 9,302</u>

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

Note 4: **LEASES (continued)**

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

Weighted Average Remaining Lease Term	
Operating lease	22 years
Weighted Average Discount Rate	
Operating lease	2.01%

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term	
Operating lease	23 years
Weighted Average Discount Rate	
Operating lease	2.01%

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

Year Ending December 31:

2024	\$ 500
2025	500
2026	500
2027	500
2028	500
Thereafter	<u>8,500</u>
Total lease payments	11,000
Less: imputed interest	<u>2,019</u>
Present value of lease liabilities	<u><u>\$ 8,981</u></u>

See also Note 7 for information related to interest on unpaid lease liability.

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

Note 5: RELATED PARTY TRANSACTIONS

Management and Bookkeeping Fee

GCHDC serves as the management company for the Company. GCHDC charges the project a fee for bookkeeping and management services. The fees are \$7.61 and \$66.13 per unit per month, respectively. Management and bookkeeping fees were \$63,485 and \$7,306, respectively, for 2023 and \$59,866 and \$6,998, respectively, for 2022.

Profits, Losses and Distributions

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

Commercial Leases

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

Contracted Employees

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

Ground Lease

The Company has a 50-year ground lease agreement with GCHDC, expiring in 2046, to lease the land on which the rental property owned by Pop Moylan was built. Minimum annual payments of \$500 are due on August 6 of each year. Maximum annual payments of \$10,460 are due and payable to the extent of surplus cash. Maximum annual payments not paid due to insufficient surplus cash may accrue interest at the rate of 12% per annum. Such amounts are not accrued unless GCHDC notifies the Company in writing that additional payments are due. During 2023 and 2022, respectively, \$500 was charged to operations and paid in full. No surplus cash was available to pay additional ground rent, including interest, and no additional ground rent has been accrued at December 31, 2023 and 2022. See also Note 4.

Note 6: OPERATING DEFICIT RESERVE

Pursuant to the Operating Agreement, the managing member was required to establish an operating deficit reserve in the initial amount of \$122,126 from the final capital contribution of the investor member. Annually on each January 10, the managing member is required to deposit the Operating Deficit Reserve Payment, as defined in the Operating Agreement in to the reserve. The reserve is to be used to fund project operations when there is insufficient operating cash available to fund operations. The reserve has been funded and is being held by an affiliate of the managing member on behalf of the Company. The balance at December 31, 2023 and 2022, in the operating deficit reserve was \$33,643 and \$140,635, respectively.

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

Note 7: COMMERCIAL LEASES

An affiliate of a member has entered into an agreement to lease office space from the project. The lease was effective December 1, 1997, and expires November 30, 2037. Annual payments of \$96,450 are receivable in equal monthly installments. For the years ending December 31, 2023 and 2022, respectively, \$96,450 was recognized as rental revenue. This amount has been included in the gross potential rent in the Statements of Operations. The Partnership also leases its roof space to cell phone companies.

Future minimum lease income for each of the next five years and thereafter as of December 31, 2023, is as follows:

	<u>Office Space</u>	<u>Cell Tower</u>	<u>Total</u>
2024	\$ 96,450	\$ 76,044	\$ 172,494
2025	96,450	76,044	172,494
2026	96,450	76,044	172,494
2027	96,450	77,976	174,426
2028	96,450	80,706	177,156
Thereafter	868,050	1,057,472	1,925,522
	<u>\$ 1,350,300</u>	<u>\$ 1,444,286</u>	<u>\$ 2,794,586</u>

Note 8: CONTINGENCY

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

Note 9: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

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

Note 10: COMMITMENTS

Escrow Commitments

As required by the NJHMFA, the Company was required to make monthly deposits effective January 2023 into the Real Estate Tax escrow and Repairs and Replacement escrow accounts of \$700 and \$4,000, respectively. The Company was also required to make monthly deposits to the Insurance escrow account of \$10,500 January through December.

As required by the NJHMFA, the Company was required to make monthly deposits effective January 2022 into the Real Estate Tax escrow and Repairs and Replacement escrow accounts of \$1,000 and \$3,733, respectively. The Company was also required to make monthly deposits to the Insurance escrow account of \$10,000 January through May and \$4,000 June through December.

Note 11: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 27, 2024, the date the financial statements were available to be issued.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC

NJHMFA PROJECT NO. 1202

SUPPLEMENTARY INFORMATION

(AS REQUIRED BY NJHMFA)

FOR THE YEARS ENDED

DECEMBER 31, 2023 and 2022

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information
As of December 31, 2023 and 2022

SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS

	<u>2023</u>	<u>2022</u>
Other income - roof rent	\$ 1,840	\$ 1,840
NJHMFA	-	5,854
Laundry machines	214	642
	<u>\$ 2,054</u>	<u>\$ 8,336</u>

SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2023</u>	<u>2022</u>
<u>Accounts payable</u>		
Utilities	\$ 8,660	\$ 7,997
Administrative	-	234
Repairs and maintenance	1,774	44,450
Other	203,111	80,919
	<u>\$ 213,545</u>	<u>\$ 133,600</u>
<u>Other accrued expenses</u>		
Estimated incurred but not reported insurance claims - self-insurance	\$ 5,476	\$ 4,936
	<u>\$ 5,476</u>	<u>\$ 4,936</u>

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

SEE NOTES 3 AND 5.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
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
Real estate tax escrow	\$ 21,386	\$ 9,400	\$ (11,857)	\$ 58	\$ 18,987
Insurance escrow	19,008	130,000	-	392	149,400
Repairs and replacements reserve	782,431	51,733	(5,854)	2,538	830,848
Minimum escrow requirement account	20,637	-	-	-	20,637
	<u>\$ 843,462</u>	<u>\$ 191,133</u>	<u>\$ (17,711)</u>	<u>\$ 2,988</u>	<u>\$ 1,019,872</u>
	Balance December 31, 2021	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2022
Real estate tax escrow	\$ 21,193	\$ 11,000	\$ (10,822)	\$ 15	\$ 21,386
Insurance escrow	24,014	74,000	(79,031)	25	19,008
Repairs and replacements reserve	798,290	41,063	(57,473)	551	782,431
Minimum escrow requirement account	20,637	-	-	-	20,637
	<u>\$ 864,134</u>	<u>\$ 126,063</u>	<u>\$ (147,326)</u>	<u>\$ 591</u>	<u>\$ 843,462</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE E - CHANGES IN RENTAL PROPERTY AND EQUIPMENT ACCOUNTS

	Assets			Balance December 31, 2023	Accumulated Depreciation			Balance December 31, 2023	Net Book Value
	Balance December 31, 2022	Additions	Disposals		Balance December 31, 2022	Current Provision	Disposals		
Building and improvements	\$ 9,061,154	\$ -	\$ -	\$ 9,061,154	\$ 8,161,590	\$ 334,386	\$ -	\$ 8,495,976	\$ 565,178
Furniture and fixtures	219,546	23,080	-	242,626	101,549	26,604	-	128,153	114,473
	<u>\$ 9,280,700</u>	<u>\$ 23,080</u>	<u>\$ -</u>	<u>\$ 9,303,780</u>	<u>\$ 8,263,139</u>	<u>\$ 360,990</u>	<u>\$ -</u>	<u>\$ 8,624,129</u>	<u>\$ 679,651</u>

	Assets			Balance December 31, 2022	Accumulated Depreciation			Balance December 31, 2022	Net Book Value
	Balance December 31, 2021	Additions	Disposals		Balance December 31, 2021	Current Provision	Disposals		
Building and improvements	\$ 9,061,154	\$ -	\$ -	\$ 9,061,154	\$ 7,827,204	\$ 334,386	\$ -	\$ 8,161,590	\$ 899,564
Furniture and fixtures	174,412	45,134	-	219,546	79,333	22,216	-	101,549	117,997
	<u>\$ 9,235,566</u>	<u>\$ 45,134</u>	<u>\$ -</u>	<u>\$ 9,280,700</u>	<u>\$ 7,906,537</u>	<u>\$ 356,602</u>	<u>\$ -</u>	<u>\$ 8,263,139</u>	<u>\$ 1,017,561</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE F - OTHER INCOME</u>		
Laundry machines	\$ 2,310	\$ 4,162
Vending machines and other services	88,920	85,920
Miscellaneous service income	5,468	15,862
Income from investments	456	44
Late charges and other	114	332
	<u>\$ 97,268</u>	<u>\$ 106,320</u>
<u>SCHEDULE G - ADMINISTRATIVE EXPENSES</u>		
Bookkeeping, accounting	\$ 7,306	\$ 6,998
Stationery supplies	53	224
Telephone	15,666	7,347
Other office expense	632	1,188
Inspection and other fees	1,442	2,470
Advertising	-	67
Legal services	1,356	2,708
Credit check fees	471	464
Auditing	17,300	16,570
Social Services	2,195	2,389
Net congregate expenses	137	-
Miscellaneous administrative expenses	82	2,500
Other	6,065	18,660
	<u>\$ 52,705</u>	<u>\$ 61,585</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	2023	2022
<u>SCHEDULE H - SALARIES AND RELATED CHARGES (CONTRACTED) *</u>		
Superintendent's salary *	\$ 38,030	\$ 32,455
Janitorial salaries *	39,408	36,223
Security salaries *	33,349	-
Social services salaries *	13,856	6,460
Office and administrative salaries *	34,097	34,533
Maintenance salaries *	17,139	21,028
Employee benefits *	173,761	132,869
Employer's payroll taxes *	14,590	10,833
Worker's compensation insurance *	6,244	3,985
	<u>\$ 370,474</u>	<u>\$ 278,386</u>
<u>SCHEDULE I - MAINTENANCE AND REPAIRS</u>		
Plumbing	\$ 2,678	\$ 2,173
Electrical	1,021	364
Snow removal	-	1,760
Grounds and landscaping	2,590	-
Painting and decorating	7,091	2,553
Small equipment and tools	2,345	8,953
Janitorial supplies	5,059	4,335
HVAC supplies	625	-
Hardware supplies	1,502	2,921
Miscellaneous maintenance supplies	5,410	4,459
Land lease	500	500
	<u>\$ 28,821</u>	<u>\$ 28,018</u>

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

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>SCHEDULE J - MAINTENANCE CONTRACTS</u>		
Monitoring and protection services	\$ 16,622	\$ 124,875
Fire system monitoring	8,600	1,310
Elevator	4,480	3,781
Rubbish removal	6,415	8,923
Grounds, parking and landscaping	9,948	13,024
Painting and decorating	5,009	9,259
Exterminating	3,830	13,980
Other maintenance contracts	2,122	5,693
	<u>\$ 57,026</u>	<u>\$ 180,845</u>
<u>SCHEDULE K - UTILITIES</u>		
Water	\$ 12,879	\$ 13,919
Sewer charges	15,776	17,256
Electricity	46,133	41,029
Fuel	-	287
Gas	25,958	27,510
	<u>\$ 100,746</u>	<u>\$ 100,001</u>
<u>SCHEDULE L - COMPUTATION OF MANAGEMENT AGENT FEE</u>		
Fee (per unit per month)	\$ 66.13	\$ 62.36
Number of units	<u>80</u>	<u>80</u>
	5,290	4,989
Number of months	<u>12</u>	<u>12</u>
Management agent fee	<u>\$ 63,485</u>	<u>\$ 59,866</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
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>
Gross apartments rent	\$ 768,108	\$ 747,039
Less: Section 8 subsidies	267,727	271,424
Less: Vacancy loss	<u>17,153</u>	<u>23,573</u>
Net apartment rents	483,228	452,042
Commercial rent	<u>96,450</u>	<u>96,450</u>
Total tenant rent	579,678	548,492
Less: Utilities	<u>100,746</u>	<u>100,001</u>
Total tenant rent less utilities	478,932	448,491
PILOT rate	<u>2.5%</u>	<u>2.5%</u>
Total PILOT due	11,973	11,212
PILOT paid	<u>8,955</u>	<u>8,310</u>
PILOT payable	<u><u>\$ 3,018</u></u>	<u><u>\$ 2,902</u></u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE N - CUMULATIVE RETURN ON EQUITY

Return on equity 11.12%

Per NJHMFA

1996	\$ 2,998
1997	57,408
1998	77,057
1999	248,792
2000	267,007
2001	267,007
2002	267,007
2003	267,007
2004	267,007
2005	267,007
2006	267,007
2007	267,007
2008	267,007
2009	267,007
2010	267,007
2011	267,007
2012	267,007
2013	267,007
2014	267,007
2015	267,007
2016	267,007
2017	267,007
2018	267,007
2019	267,007
2020	267,007
2021	267,007
2022	267,007
2023	267,007

Total accumulated return on equity \$ 6,794,423

Amount distributed \$ -

Contributions

Syndication payments \$ 2,401,138

Total contribution basis for return on equity \$ 2,401,138

x 11.12%

Return on equity - 2023 \$ 267,007

There were no distributions to partners during the year ended December 31, 2023.

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

SCHEDULE O - RELATED PARTY TRANSACTIONS (CASH BASIS)

<u>Company Name</u>	<u>Type of Service</u>	<u>Amount Paid (Received)</u>	
		<u>2023</u>	<u>2022</u>
Gloucester County Housing Development Corporation	Bookkeeping and reporting services	\$ 7,306	\$ 6,998
Gloucester County Housing Development Corporation	Management fee paid	-	-
Gloucester County Housing Development Corporation	Ground lease	500	500
Housing Authority of Gloucester County	Contracted salaries and related expenses	346,235	285,832
Housing Authority of Gloucester County	Rent income	<u>(96,450)</u>	<u>(96,450)</u>
		<u>\$ 257,591</u>	<u>\$ 196,880</u>

POP MOYLAN URBAN REDEVELOPMENT COMPANY, LLC
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2023 and 2022

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

Net loss at year end	\$	(489,990)
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Additions

Depreciation/amortization	\$	360,989	
Interest expense		169,120	
Management fees		63,485	
Total additions			593,594

Deductions

Capital purchases from operations		(23,079)	
Debt principal payments		(173,904)	
Total deductions			(196,983)

Cash flow available	\$	(93,379)
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*As per Pop Moylan Urban Redevelopment Company, LLC's partnership agreement, there is no available current year cash flow.

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

To the Members of
Pop Moylan Urban Redevelopment Company, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pop Moylan Urban Redevelopment Company, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, members' equity (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 Pop Moylan Urban Redevelopment Company, LLC'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 Pop Moylan Urban Redevelopment Company, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Pop Moylan Urban Redevelopment Company, LLC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pop Moylan Urban Redevelopment Company, LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 27, 2024