

**HOLLY CITY DEVELOPMENT CORPORATION**  
**(A Component Unit of Millville Housing Authority)**

**COMPARATIVE FINANCIAL STATEMENTS**

**For The Years Ended**  
**September 30, 2011 and 2010**

**HOLLY CITY DEVELOPMENT CORPORATION**  
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Holly City Development Corporation  
Millville, New Jersey

We have audited the accompanying Statements of Net Assets of Holly City Development Corporation (a not-for-profit organization), a component unit of Millville Housing Authority, as of September 30, 2011 and 2010 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holly City Development Corporation as of September 30, 2011 and 2010 and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Polcari & Company*

POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
May 10, 2012

**HOLLY CITY DEVELOPMENT CORPORATION**  
**(A Component Unit of Millville Housing Authority)**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**As of September 30, 2011 AND 2010**

ASSETS

	<u>2011</u>	<u>2010</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 239,007	\$ 161,750
Accounts Receivable	20,534	156,250
Prepaid Expenses	5,086	10,614
Total Current Assets	264,627	328,614
<u>FIXED ASSETS</u>		
Land	83,346	83,346
Buildings	552,399	552,399
Leasehold Improvements	75,051	-
Furniture, Equipment and Machinery - Administration	171,374	155,083
Total Fixed Assets	882,170	790,828
Less: Accumulated Depreciation	(232,156)	(203,566)
Net Fixed Assets	650,014	587,262
Total Assets	\$ 914,641	\$ 915,876

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 38,422	\$ 37,585
Deferred Revenues	19,870	40,528
Current Portion of Notes Payable	6,763	5,053
Advances from Millville Housing Authority	-	172
Total Current Liabilities	65,055	83,338
<u>LONG TERM LIABILITIES</u>		
Non-current Portion of Notes Payable	116,020	71,911
Total Long Term Liabilities	-	-
Total Liabilities	181,075	155,249
<u>NET ASSETS</u>		
Unrestricted Net Assets	733,566	760,627
Total Net Assets	733,566	760,627
Total Liabilities and Net Assets	\$ 914,641	\$ 915,876

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

HOLLY CITY DEVELOPMENT CORPORATION  
 (A Component Unit of Millville Housing Authority)  
COMPARATIVE STATEMENTS OF ACTIVITIES  
 For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>REVENUE, GRANTS AND OTHER SUPPORT</b>		
Membership Dues Income:		
Individual Memberships	\$ 445,426	\$ 455,089
Pool Rental Revenue	75,468	70,518
Other service Fees	83,675	65,771
Other Revenues:		
Fee for Service Contracts	65,090	-
Lease Enforcement Services	77,126	-
Day Camp Revenue	17,650	18,628
Community Room Rental	16,290	19,235
Vending Machine Income	4,496	3,959
Miscellaneous Other Revenue	23,237	16,354
Investment Income	836	744
In-kind Contributions	37,800	37,800
Grant Income:		
Millville Housing Authority	-	69,758
Other Grants	1,000	70,000
<b>TOTAL REVENUE, GRANTS AND OTHER SUPPORT</b>	<b>848,094</b>	<b>827,856</b>
<b>EXPENSES AND LOSSES</b>		
<b>EXPENSES</b>		
Program Services	802,674	661,809
Management and General	72,481	71,845
<b>TOTAL EXPENSES</b>	<b>875,155</b>	<b>733,654</b>
Loss on Disposal of Property and Equipment	-	290,558
<b>TOTAL EXPENSES AND LOSSES</b>	<b>875,155</b>	<b>1,024,212</b>
<b>DECREASE IN NET ASSETS</b>	<b>(27,061)</b>	<b>(196,356)</b>
<b>NET ASSETS, BEGINNING OF YEAR (Restated)</b>	<b>760,627</b>	<b>956,983</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 733,566</b>	<b>\$ 760,627</b>

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

HOLLY CITY DEVELOPMENT CORPORATION  
 (A Component Unit of Millville Housing Authority)  
STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended September 30, 2011

	Program Services	Support Services	
	Community Activities	Management and General	Totals
Advertising	\$ 18,173	\$ -	\$ 18,173
Bank Service Charges	-	6,643	6,643
Benefits	62,763	-	62,763
Compensated Absences	6,453	-	6,453
Computer Expense	-	6,958	6,958
Contract labor	18,644	-	18,644
Depreciation expense	13,640	14,950	28,590
Dues and subscriptions	-	314	314
Insurance	22,388	-	22,388
Interest expense	-	6,827	6,827
Legal Fees	6,158	-	6,158
Licenses and permits	350	-	350
Payroll Processing Fees	-	8,410	8,410
Pool management fees	10,868	-	10,868
Pool/exercise facility expense	7,932	-	7,932
Postage and delivery	-	1,351	1,351
Professional fees	76,492	-	76,492
Administrative Other	3,829	-	3,829
Property tax expense	9,859	-	9,859
Repairs and maintenance	40,032	-	40,032
Rent	18,900	18,900	37,800
Salaries	348,307	-	348,307
Supplies	4,402	-	4,402
Telephone	-	3,699	3,699
Training	-	523	523
Travel and entertainment	-	689	689
Unrelated business income tax	-	3,217	3,217
Utilities	70,087	-	70,087
Write-off State Grant Receivable	63,397	-	63,397
<b>Total Expenses</b>	<b>\$ 802,674</b>	<b>\$ 72,481</b>	<b>\$ 875,155</b>

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

**HOLLY CITY DEVELOPMENT CORPORATION**  
**(A Component Unit of Millville Housing Authority)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2010**

	Program Services	Support Services	Totals
	Community Activities	Management and General	
Advertising	\$ 19,763	\$ -	\$ 19,763
Bank Service Charges	-	4,710	4,710
Benefits	48,638		48,638
Compensated Absences	1,535		1,535
Computer Expense	-	5,085	5,085
Contract labor	9,067	-	9,067
Depreciation expense	14,034	11,663	25,697
Dues and subscriptions	-	238	238
Insurance	26,667	-	26,667
Interest expense	-	7,660	7,660
Legal Fees	960	-	960
Licenses and permits	899	-	899
Payroll Processing Fees	-	6,122	6,122
Pool management fees	80,354	-	80,354
Pool/exercise facility expense	23,419	-	23,419
Postage and delivery	-	1,616	1,616
Professional fees	-	9,775	9,775
Administrative Other	2,433	-	2,433
Property tax expense	9,561	-	9,561
Repairs and maintenance	13,051	-	13,051
Rent	18,900	18,900	37,800
Salaries	313,050	-	313,050
Supplies	4,284	-	4,284
Telephone	-	3,830	3,830
Training	-	246	246
Travel and entertainment	-	569	569
Unrelated business income tax	-	1,431	1,431
Utilities	75,194	-	75,194
<b>Total Expenses</b>	<b>\$ 661,809</b>	<b>\$ 71,845</b>	<b>\$ 733,654</b>

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

HOLLY CITY DEVELOPMENT CORPORATION  
(A Component Unit of Millville Housing Authority)  
STATEMENT OF CASH FLOWS  
For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase / (Decrease) in Net Assets	\$ (27,061)	\$ (266,114)
Adjustments to reconcile the Change in Net Assets to Net Assets Provided/(Used) in Operating Activities:		
Depreciation	28,590	25,697
Loss on Disposition of Property	-	290,558
Prior Period Adjustment	-	69,758
Decrease/(Increase) in Assets		
Accounts Receivable	135,716	-
Prepaid Expenses	5,528	(2,410)
Increase/(Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	837	(18,555)
Deferred Revenue	(20,658)	3,502
Net Cash Provided to Operating Activities	<u>\$ 122,952</u>	<u>\$ 102,436</u>
<u>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</u>		
Proceeds from Disposition of Property	-	-
Acquisition of Property and Equipment	(91,352)	(13,652)
Net Cash Provided by Capital & Related Financing Activities	<u>(91,352)</u>	<u>(13,652)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Repayment of advance to Millville Housing Authority	(172)	(1,693)
Proceeds from Notes Payable	51,564	-
Repayment of Loans	(5,745)	(63,902)
Net Cash Provided by Investing Activities	<u>45,647</u>	<u>(65,595)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	77,247	23,189
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>161,760</u>	<u>138,571</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 239,007</u>	<u>\$ 161,760</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	<u>\$ 6,827</u>	<u>\$ 7,660</u>
Cash paid for income taxes	<u>\$ 9,859</u>	<u>\$ 1,431</u>

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



HOLLY CITY DEVELOPMENT CORP.  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 1      NATURE OF ACTIVITIES**

Holly City Development Corporation, located in Millville, New Jersey, was Formed in August of 1998 for the following purposes:.

- To sponsor, plan for, organize, process, construct, manage, repair, renovate and operate affordable housing and related facilities affordable to low income and moderate income persons and families in the City of Millville.
- To further economic development and redevelopment within the City of Millville and its environs including development of residential, commercial, office and other real estate projects in a manner beneficial to the community.
- To preserve, rehabilitate and replenish a deteriorating and aging housing stock at prices for rentals affordable to low-income and moderate-income persons and their families in accordance with federal and state standards.
- To provide support services or otherwise coordinate with, cooperate with and obtain assistance by way of grants, loans, guarantees or other forms of financial or technical support from federal, state, county and municipal governments and from private sector organizations for programs and facilities to serve low income families.
- To bring together the resources and technical expertise of federal, state, county and municipal officials agencies and governments together with the private sector in order to accomplish the foregoing with minimum duplication and maximum efficiency.
- To improve the quality of living for residents of the City of Millville by providing better and more diverse housing opportunities.
- To promote the highest standards of ethics.

Holly City Development Corporation is a component unit of Millville Housing Authority

HOLLY CITY DEVELOPMENT CORP.  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting**

These financial statements are prepared on the accrual basis of accounting.

**Financial Statement Presentation**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, if applicable. In addition, the Organization is required to present a statement of cash flows.

**Contributions**

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**Recognition of Donor Restrictions**

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

HOLLY CITY DEVELOPMENT CORP.  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment and Depreciation**

Property and equipment valued at \$1,000 or more is capitalized at cost if purchased and at fair market value if donated. Improvements also are capitalized at cost. Routine repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

**Advertising Expense**

The Organization expenses the production costs of advertising when incurred. For the years ended September 30, 2011 and 2010, \$18,173 and \$19,763, respectively, was reported as advertising expense.

**Income Taxes**

Holly City Development Corporation qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, it is not subject to state or federal income taxes. However, the Organization has reported \$9,859 and \$1,431, respectively, in unrelated business income taxes for the fiscal years ended September 30, 2011 and September 30, 2010. This unrelated business income is related to income received from several small non-exempt initiatives.

**Revenue Recognition**

Revenue and expenses are recorded on the accrual basis. Membership dues are reported in the period in which they are earned. Amounts that have been collected but not earned are recorded as deferred income.

**Accounts Receivable**

Accounts Receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful 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 accounts receivable.

HOLLY CITY DEVELOPMENT CORP.  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates in the Preparation of Financial Statements**

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

**Accounting for Uncertainty in Income Taxes**

Effective October 1, 2008, the Organization adopted Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN 48 prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. For the Organization, tax positions taken include the entity's status as a not-for-profit corporation and the approval and qualifications for this status.

**Impairment Losses**

The Corporation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2011 or 2010.

HOLLY CITY DEVELOPMENT CORP.  
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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 2**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expense Allocations**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Those studies consider the time devoted by the Association's personnel and the portion of its resources used in providing various program services and other activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**Commitments and Contingencies**

The organization receives a substantial amount of its support from members. A significant reduction in the level of support, if this were to occur, may have an effect on the organization's programs and activities.

**NOTE 3**     **ACCOUNTS RECEIVABLE**

The accounts receivable balance of \$20,534 represents amounts billed to Millville Housing Authority for services provided during the month of September.

**HOLLY CITY DEVELOPMENT CORP.**  
**(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2011 and 2010**

**NOTE 4    PROPERTY AND EQUIPMENT**

A summary of property and equipment as of September 30, 2011 and 2010 is as follows:

	Sept. 30, 2011	Sept. 30, 2010
Land & Improvements	\$ 83,346	\$ 83,346
Buildings	552,399	552,398
Administrative Equipment	246,425	155,083
Total Fixed Assets	\$ 882,170	790,827
Accumulated Depreciation	(232,156)	(203,565)
Net Fixed Assets	\$ 650,014	\$ 587,262

**NOTE 5    DONATED PROPERTY AND SERVICES**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed services are not recognized as revenues unless the services received create or enhance the value of a nonfinancial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers. During the years ended September 30, 2011 and 2010, the Organization leased property, which is part of Maurice View Plaza, with a fair value of \$37,800 for \$1 per year.

**HOLLY CITY DEVELOPMENT CORP.**  
**(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2011 and 2010**

**NOTE 6      NOTES PAYABLE**

The following is a summary of the notes payable for the year ended September 30, 2011:

	Balance at 9/30/2010	Additions	Retirements	Balance at 9/30/2011	Amounts Due in 1 Year
Sun National Bank	\$ 63,934	\$ -	\$ (2,776)	\$ 61,345	\$ 4,032
Millville Housing Authority	\$ 13,030		\$ (2,553)	\$ 10,477	2,737
Millville Housing Authority	-	51,564	(603)	50,961	1,161
	<u>\$ 76,964</u>	<u>\$ 51,564</u>	<u>\$ (5,932)</u>	<u>\$ 122,783</u>	<u>\$ 7,930</u>

Sun National Bank Note

The proceeds of this loan were used to purchase land and a building. The loan was dated May 26, 2005 and matures May 26, 2010. At that time, payments were adjusted to \$565.73 monthly, including interest at 6.95%. The unpaid balance of the note is payable in full on May 26, 2015.

Millville Housing Authority – Note 1

The Organization borrowed \$14,241 from Millville Housing Authority to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning April 15, 2010 with the outstanding balance due in full on March 15, 2015. The note bears interest at a fixed rate of 7.00%.

Millville Housing Authority – Note 2

The Organization borrowed \$51,564 from Millville Housing Authority to rehnovate the locker rooms for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning April 30, 2011 with the outstanding balance due in full on March 30, 2021. The note bears interest at a fixed rate of 7.00%.

**HOLLY CITY DEVELOPMENT CORP.**  
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**NOTES TO FINANCIAL STATEMENTS**  
 For the Years Ended September 30, 2011 and 2010

**NOTE 6      NOTES PAYABLE (Continued)**

Required Loan Payments

The following is a schedule of required principal payments for the next five years and thereafter:

Sun National Bank

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,756	\$ 4,033	\$ 6,789
2013	2,957	3,832	6,789
2014	3,161	3,628	6,789
2015	52,560	3,038	55,598
	<u>\$ 61,434</u>	<u>\$ 14,531</u>	<u>\$ 75,965</u>

Millville Housing Authority - Note 1

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,737	\$ 647	\$ 3,384
2013	2,935	449	3,384
2014	3,148	236	3,384
2015	1,657	35	1,692
	<u>\$ 10,477</u>	<u>\$ 1,367</u>	<u>\$ 11,844</u>

Millville Housing Authority - Note 2

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,278	\$ 3,520	\$ 4,797
2013	1,255	3,427	4,682.15
2014	1,469	3,328	4,797.58
2015	1,576	3,319	4,894.71
Thereafter	45,385	3,220	48,605.00
	<u>\$ 50,962</u>	<u>\$ 16,814</u>	<u>\$ 67,777</u>

Interest expense was \$6,827 and \$6,593 for the years ended September 30, 2011 and 2010, respectively.



HOLLY CITY DEVELOPMENT CORP.  
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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 7**      **CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts, and these balances, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At September 30, 2011, the bank balance was \$239,007, all of which was covered by FDIC Insurance.

**NOTE 8**      **RELATED PARTY**

Holly City Development Corporation is closely associated with and related to Millville Housing Authority. The activity of Holly City Development Corporation has been included in the financial statements of Millville Housing Authority as a component unit for the fiscal years ended September 30, 2011 and 2010.

The Organization and Millville Housing Authority have a common Board of Trustees. There is a management agreement between the Organization and Millville Housing Authority.

The Organization also leases part of Maurice View Plaza from Millville Housing Authority for \$1 per year. The fair market value of this space is \$37,800 per year.

Holly City Development Corporation formed Holly City LLP 1 in October of 2006. The Organization's sole purpose is to create an entity that would help to facilitate the development of a new tax credit low-rise project with which Holly City Development Corporation is currently involved. This entity will have no assets and will serve to limit the liability to both Holly City Development Corporation and Millville Housing Authority.

HOLLY CITY DEVELOPMENT CORP.  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2011 and 2010

**NOTE 9**     **Continuing Operations**

During 2009, Management along with the Board of Trustees, determined that current economic trends and projections would preclude Millville Housing Authority from continuing to advance and fund many of the real estate programs and initiatives previously engaged in by Holly City Development Corporation. In connection with this decision, and to enable Holly City Development Corporation to continue operations, the Housing Authority forgave \$740,469 of advances to Holly City Development Corporation by formal resolution. This forgiveness of debt was recorded as grant revenue and repayment of outstanding debt by Holly City Development during 2009.

During the fiscal year ended September 30, 2010 the Housing Authority of the City of Millville provided a grant of \$69,758 to Holly City Development Corporation to be used to repay an outstanding loan incurred in connection with prior development activities.

**NOTE 10**     **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 10, 2012, the date on which the financial statements were available to be issued.