

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

**COMPARATIVE FINANCIAL STATEMENTS**

**For The Years Ended**  
**September 30, 2013 and 2012**

HOLLY CITY DEVELOPMENT CORPORATION  
(A Component Unit of Millville Housing Authority)  
COMPARATIVE FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Holly City Development Corporation

We have audited the accompanying financial statements of Holly City Development Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates

made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holly City Development Corporation as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Polcari & Company*

POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
February 20, 2014

HOLLY CITY DEVELOPMENT CORPORATION  
 (A Component Unit of Millville Housing Authority)  
COMPARATIVE STATEMENTS OF NET ASSETS  
 As of September 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 36,512	\$ 119,003
Accounts Receivable	12,460	13,993
Prepaid Expenses	8,953	10,006
Contributions Receivable	25,000	-
Total Current Assets	82,925	143,002
<u>FIXED ASSETS</u>		
Land	83,346	83,346
Buildings	888,138	855,478
Leasehold Improvements	61,282	61,282
Furniture, Equipment and Machinery	221,037	187,440
Total Fixed Assets	1,253,803	1,187,546
Less: Accumulated Depreciation	(368,000)	(292,869)
Net Fixed Assets	885,803	894,677
Total Assets	\$ 968,728	\$ 1,037,679

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 29,302	\$ 29,931
Deferred Revenues	18,942	20,613
Current Portion of Notes Payable	17,061	14,456
Total Current Liabilities	65,305	65,000
<u>LONG TERM LIABILITIES</u>		
Non-Current Portion of Notes Payable	266,190	261,725
Accrued Compensated Absences, Non-Current	12,084	9,741
Total Liabilities	343,579	336,466
<u>NET ASSETS</u>		
Unrestricted Net Assets	625,149	701,213
Total Net Assets	625,149	701,213
Total Liabilities and Net Assets	\$ 968,728	\$ 1,037,679

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>REVENUE, GRANTS AND OTHER SUPPORT</u>		
Membership Dues Income:		
Individual Memberships	\$ 427,785	\$ 464,350
Pool Rental Revenue	84,416	85,740
Other Service Fees	21,151	25,454
Other Revenues:		
Management and Other Service Fees	149,724	84,770
Lease Enforcement Service Fees	85,000	92,012
Day Camp Revenue	25,796	23,989
Community Room Rental	9,600	9,600
Vending Machine Income	2,780	3,146
Miscellaneous Other Revenue	21,454	18,382
Investment Income	246	481
Donations	6,000	-
In-Kind Contributions	37,800	37,800
Grant Income:		
Other Grants	68,963	-
TOTAL REVENUE, GRANTS AND OTHER SUPPORT	<u>940,715</u>	<u>845,724</u>
<u>EXPENSES</u>		
Program Services	909,807	791,951
Management and General	106,973	86,126
TOTAL EXPENSES	<u>1,016,779</u>	<u>878,077</u>
DECREASE IN NET ASSETS	(76,064)	(32,353)
NET ASSETS, BEGINNING OF YEAR	<u>701,213</u>	<u>733,566</u>
NET ASSETS, END OF YEAR	<u>\$ 625,149</u>	<u>\$ 701,213</u>

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, 2013

	<u>Program Services</u> <u>Community Activities</u>	<u>Support Services</u> <u>Management and General</u>	<u>Totals</u>
Salaries	\$ 384,395	\$ -	\$ 384,395
Benefits	67,012	-	67,012
Advertising	19,326	-	19,326
Bank Service Charges	-	8,575	8,575
Computer Expense	-	11,810	11,810
Contract Labor	14,396	-	14,396
Depreciation Expense	56,348	18,783	75,130
Dues and Subscriptions	-	313	313
Insurance	44,617	-	44,617
Interest Expense	17,412	-	17,412
Legal Fees	-	6,407	6,407
Licenses and Permits	500	-	500
Management and Other Services	32,120	-	32,120
Payroll Processing Fees	-	9,401	9,401
Pool Management Fees	9,517	-	9,517
Pool/Exercise Facility Expense	15,426	-	15,426
Postage and Delivery	-	670	670
Lease Enforcemenet Specialists	110,403	-	110,403
Audit Fees	-	7,607	7,607
Administrative Other	-	15,132	15,132
Property Tax Expense	9,503	-	9,503
Repairs and Maintenance	40,531	-	40,531
Rent	18,900	18,900	37,800
Supplies	372	-	372
Telephone	-	6,295	6,295
Training	-	2,569	2,569
Travel and Entertainment	-	511	511
Utilities	69,029	-	69,029
<b>Total Expenses</b>	<u>\$ 909,807</u>	<u>\$ 106,973</u>	<u>\$ 1,016,779</u>

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, 2012**

	Program Services	Support Services	Totals
	Community Activities	Management and General	
Salaries	\$ 372,823	\$ -	\$ 372,823
Benefits	58,265	-	58,265
Advertising	20,913	-	20,913
Bank Service Charges	-	9,913	9,913
Computer Expense	-	10,922	10,922
Contract Labor	15,429	-	15,429
Depreciation Expense	45,763	14,951	60,714
Dues and Subscriptions	-	263	263
Insurance	37,960	-	37,960
Interest Expense	14,997	-	14,997
Legal Fees	-	7,016	7,016
Licenses and Permits	420	-	420
Payroll Processing Fees	-	8,926	8,926
Pool Management Fees	9,593	-	9,593
Pool/Exercise Facility Expense	23,457	-	23,457
Postage and Delivery	-	961	961
Lease Enforcement Specialists	69,269	-	69,269
Audit Fees	-	7,607	7,607
Administrative Other	-	1,859	1,859
Property Tax Expense	9,898	-	9,898
Repairs and Maintenance	19,568	-	19,568
Rent	18,900	18,900	37,800
Supplies	5,180	-	5,180
Telephone	-	3,340	3,340
Training	-	1,183	1,183
Travel and Entertainment	-	285	285
Utilities	69,516	-	69,516
<b>Total Expenses</b>	<b>\$ 791,951</b>	<b>\$ 86,126</b>	<b>\$ 878,077</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase / (Decrease) in Net Assets	\$ (76,064)	\$ (32,353)
Adjustments to reconcile the Change in Net Assets to Net Assets Provided/(Used) in Operating Activities:		
Depreciation	75,130	60,714
Decrease/(Increase) in Assets		
Accounts Receivable	1,533	6,541
Prepaid Expenses	1,053	(4,920)
Contributions Receivable	(25,000)	-
Increase/(Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	1,714	1,250
Deferred Revenue	(1,671)	743
Net Cash Provided to Operating Activities	<u>\$ (23,305)</u>	<u>\$ 31,975</u>
 <u>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</u>		
Proceeds from Disposition of Property	-	-
Acquisition of Property and Equipment	(66,257)	(305,376)
Net Cash Provided by Capital & Related Financing Activities	<u>(66,257)</u>	<u>(305,376)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from Notes Payable	22,041	165,000
Repayment of Loans	(14,970)	(11,603)
Net Cash Provided by Investing Activities	<u>7,071</u>	<u>153,397</u>
 Net Increase / (Decrease) in Cash & Cash Equivalents	 (82,491)	 (120,004)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>119,003</u>	 <u>239,007</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 36,512</u>	 <u>\$ 119,003</u>
 SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	<u>\$ 12,557</u>	<u>\$ 14,997</u>

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

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**NOTE 1 - ORGANIZATION AND 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. The Organization does not have any permanently or temporarily restricted net assets.

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.

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, 2013 and 2012, \$19,326 and \$20,913, 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.

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.

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. No allowance for doubtful accounts was required at September 30, 2013 and 2012.

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. The Association files an annual Form 990 with the Internal Revenue Service and its tax returns for the year 2009 and subsequent years remain subject to examination by tax authorities.

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 2013 or 2012.

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**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.

Compensated Absences - The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

**NOTE 3 - ACCOUNTS RECEIVABLE**

The accounts receivable balance of \$12,460 represents amounts billed to Holly City Property Management Millville for services provided during the month of September.

**NOTE 4 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of September 30, 2013 and 2012 is as follows:

	<u>Sep 2013</u>	<u>Sep 2012</u>
Land	\$ 83,346	\$ 83,346
Buildings & Improvements	949,420	916,760
Furniture, Equipment & Machinery	<u>221,037</u>	<u>187,440</u>
Total Fixed Assets	<u>1,253,803</u>	<u>1,187,546</u>
Accumulated Depreciation	<u>(368,000)</u>	<u>(292,869)</u>
Net Fixed Assets	<u>\$ 885,803</u>	<u>\$ 894,677</u>

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**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, 2013 and 2012, the Organization leased property, which is part of Maurice View Plaza, with a fair value of \$37,800 for \$1 per year.

**NOTE 6 - NOTES PAYABLE**

The following is a summary of the notes payable for the year ended September 30, 2013:

	Balance at 9/30/2012	Additions	Retirements	Balance at 9/30/2013	Due in 1 Year
Sun National Bank	\$ 58,588	\$ -	\$ (2,957)	\$ 55,631	\$ 3,161
Cumberland Empowerment Zone	47,899	-	(2,405)	45,494	2,527
Century Savings Bank - Fitness Center	112,262	-	(4,927)	107,335	5,160
Millville H.A. - Equipment Loan	7,740	-	(2,935)	4,805	3,147
Millville H.A. - Locker Room Upgrade	49,691	-	(1,361)	48,330	1,461
Millville H.A. - Equipment Loan #2	-	22,041	(385)	21,656	1,605
	<u>\$276,180</u>	<u>\$22,041</u>	<u>\$ (14,970)</u>	<u>\$283,251</u>	<u>\$17,061</u>

Sun National Bank - The proceeds of this loan were used to purchase land and a building. The loan was dated May 26, 2005 and matured 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.

HOLLY CITY DEVELOPMENT CORPORATION  
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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2013 and 2012

**NOTE 6 - NOTES PAYABLE (CONTINUED)**

Cumberland Empowerment Zone - The proceeds of this loan were used to expand and construct a new exercise room at the Family Center. The loan was dated October 26, 2011 and matures October 26, 2026. The loan is payable in monthly installments of \$395.40, including interest at 5.00% per annum. The unpaid balance of the note is payable in full on July 21, 2026. The loan is collateralized by a second mortgage lien on the property located at 10-12 Mulberry Street, Millville, New Jersey, a third mortgage lien on 14 Mulberry Street, Millville, New Jersey, assignment of rents and leases on 10-12 Mulberry Street and a second position security interest on all equipment, inventory and business assets of Holly City Development Corporation.

Century Savings Bank – Fitness Center Loan - On July 9, 2011, the Organization entered a construction/permanent term loan with Century Savings Bank. Pursuant to that agreement, the Organization borrowed \$115,000 to construct a 1,600 square foot addition to the Family Center. Construction of the addition was completed in March 2012 and the loan was converted to a permanent loan. The loan bears interest at 6.25% and is payable based on a ten year amortization schedule with a five year balloon. Repayment is based on fifty-nine (59) equal monthly principal and interest payments of \$991.82 commencing April 1, 2012. The loan was dated July 9, 2011 and matures July 9, 2026. At that time, payments were adjusted to \$991.82 monthly, including interest at 6.25%. The unpaid balance of the note is payable in full on March 1, 2017. The loan is collateralized by a first mortgage lien on 10-12 Mulberry Street, Millville, New Jersey and a security interest in furniture, fixtures and equipment and an assignment of rents and leases on the 10-12 Mulberry Street property. The loan is guaranteed by Millville Housing Authority.

Millville Housing Authority – Equipment Loan - 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 – Locker Room Upgrade - The Organization borrowed \$51,564 from Millville Housing Authority to renovate 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 CORPORATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**

**NOTE 6 - NOTES PAYABLE (CONTINUED)**

Millville Housing Authority – Equipment Loan #2 - The Organization borrowed \$22,041 from Millville Housing Authority to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning July 1, 2013 with the outstanding balance due in full on June 1, 2023. The note bears interest at a fixed rate of 7.00%.

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>
2014	3,161	3,623	6,784
2015	52,470	3,123	55,593
	<u>\$ 55,631</u>	<u>\$ 6,746</u>	<u>\$ 62,377</u>

Cumberland Empowerment Zone

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2,527	2,218	4,745
2015	2,657	2,088	4,745
2016	2,792	1,953	4,745
2017	2,935	1,810	4,745
2018	3,086	1,659	4,745
Thereafter	31,497	8,714	40,211
	<u>\$ 45,494</u>	<u>\$ 18,442</u>	<u>\$ 63,936</u>

Century Savings Bank

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	5,160	6,742	11,902
2015	5,563	6,339	11,902
2016	5,909	5,993	11,902
2017	90,703	11,049	101,752
	<u>\$ 107,335</u>	<u>\$ 19,074</u>	<u>\$ 137,458</u>

MHA - Equipment Loan

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3,147	236	3,383
2015	1,658	36	1,694
	<u>\$ 4,805</u>	<u>\$ 272</u>	<u>\$ 5,077</u>

MHA - Locker Room Upgrade

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,461	3,336	4,797
2015	1,576	3,221	4,797
2016	1,634	3,163	4,797
2017	1,801	2,996	4,797
2018	1,929	2,868	4,797
Thereafter	39,929	10,750	50,679
	<u>\$ 48,330</u>	<u>\$ 26,334</u>	<u>\$ 74,664</u>



**HOLLY CITY DEVELOPMENT CORPORATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
 For the Years Ended September 30, 2012 and 2011

**NOTE 6 - NOTES PAYABLE (CONTINUED)**

MHA - Equipment Loan #2

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,605	1,466	3,071
2015	1,723	1,348	3,071
2016	1,845	1,226	3,071
2017	1,978	1,093	3,071
2018	2,121	950	3,071
Thereafter	<u>12,384</u>	<u>5,509</u>	<u>17,893</u>
	<u>\$ 21,656</u>	<u>\$ 11,592</u>	<u>\$ 33,248</u>

Interest expense was \$17,412 and \$14,997 for the years ended September 30, 2013 and 2012, respectively.

**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, 2013, the bank balance was \$79,763, 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, 2013 and 2012.

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 provides management, lease enforcement and maintenance services to Millville Housing Authority on a fee-for-service basis. Fees

HOLLY CITY DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)  
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**NOTE 8 - RELATED PARTY (CONTINUED)**

charged to the housing authority for the fiscal years ended September 30, 2013 and 2012 totaled \$234,724 and \$176,782, respectively.

Holly City Development borrowed funds from the Millville Housing Authority for the purchase of equipment and real property improvements at the Holly City Family Center. Details of those notes payable are provided in Note 6.

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.

**NOTE 9 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 20, 2014, the date on which the financial statements were available to be issued.