

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

COMPARATIVE FINANCIAL STATEMENTS

**For The Years Ended
September 30, 2014 and 2013**

HOLLY CITY DEVELOPMENT CORPORATION
(A Component Unit of Millville Housing Authority)
COMPARATIVE FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

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CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Holly City Development Corporation
Millville, New Jersey

We have audited the accompanying financial statements of Holly City Development Corporation (a not-for-profit organization), a component unit of Millville Housing Authority, which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities and cash flows for the years the 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 of 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, 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.

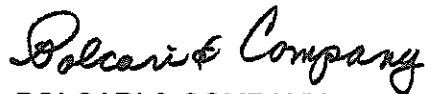
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Activities by Program for the fiscal years ended September 30, 2014 and 2013 on pages 17 and 18 are presented for the 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 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 to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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 taken as a whole.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
January 6, 2015

HOLLY CITY DEVELOPMENT CORPORATION
(A Component Unit of Millville Housing Authority)
COMPARATIVE STATEMENTS OF NET ASSETS
As of September 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 120,270	\$ 36,512
Accounts Receivable	17,989	12,460
Contributions Receivable	-	25,000
Deposit	37,500	-
Prepaid Expenses	9,079	8,953
Total Current Assets	184,838	82,925
<u>FIXED ASSETS</u>		
Land	83,346	83,346
Buildings	888,138	888,138
Leasehold Improvements	61,282	61,282
Furniture, Equipment and Machinery	221,037	221,037
Total Fixed Assets	1,253,803	1,253,803
Less: Accumulated Depreciation	(447,062)	(368,000)
Net Fixed Assets	806,741	885,803
Total Assets	\$ 991,579	\$ 968,728
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 20,247	\$ 27,960
Deferred Revenues	59,623	18,942
Due to Related Parties	34,073	-
Accrued Compensated Absences - Current	1,170	1,342
Current Portion of Notes Payable	65,647	17,061
Total Current Liabilities	180,760	65,305
<u>LONG TERM LIABILITIES</u>		
Non-Current Portion of Notes Payable	200,698	266,190
Accrued Compensated Absences, Non-Current	10,525	12,084
Total Liabilities	391,983	343,579
<u>NET ASSETS</u>		
Unrestricted Net Assets	599,596	625,149
Total Net Assets	599,596	625,149
Total Liabilities and Net Assets	\$ 991,579	\$ 968,728

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUE, GRANTS AND OTHER SUPPORT		
Membership Dues Income:		
Individual Memberships	\$ 358,947	\$ 427,785
Pool Rental & Aquatics Classes	108,868	84,416
Other service Fees	21,106	21,151
Other Revenues:		
Management & Other Service Fees	179,292	149,724
Lease Enforcement Service Fees	63,000	85,000
Day Camp Revenue	32,423	25,796
Community Room Rental	9,600	9,600
Vending Machine Income	1,510	2,780
Miscellaneous Other Revenue	19,929	21,454
Investment Income	212	246
Donations	50,510	6,000
In-kind Contributions	37,800	37,800
Grant Income:		
Government Grants	156,413	-
Other Grants	25,000	68,963
	1,064,610	940,715
TOTAL REVENUE, GRANTS AND OTHER SUPPORT		
EXPENSES AND LOSSES		
EXPENSES		
Program Services	1,022,161	943,839
Management and General	68,002	72,940
	1,090,163	1,016,779
TOTAL EXPENSES		
DECREASE IN NET ASSETS	(25,553)	(76,064)
NET ASSETS, BEGINNING OF YEAR	625,149	701,213
NET ASSETS, END OF YEAR	\$ 599,596	\$ 625,149

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase / (Decrease) in Net Assets	\$ (25,553)	\$ (76,064)
Adjustments to reconcile the Change in Net Assets to Net Assets Provided/(Used) in Operating Activities:		
Depreciation	79,062	75,130
Decrease/(Increase) in Assets		
Accounts Receivable	(5,529)	1,533
Prepaid Expenses	(126)	1,053
Contributions Receivable	25,000	(25,000)
Deposits	(37,500)	
Increase/(Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(7,713)	1,714
Compensated Absences	(1,731)	-
Deferred Revenue	40,681	(1,671)
Net Cash Provided to Operating Activities	<u>\$ 66,591</u>	<u>\$ (23,305)</u>
 <u>CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES</u>		
Acquisition of Property and Equipment	-	(66,257)
Net Cash Provided by Capital & Related Financing Activities	<u>-</u>	<u>(66,257)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advance from Millville Housing Authority	34,073	-
Proceeds from Notes Payable	-	22,041
Repayment of Notes Payable	(16,906)	(14,970)
Net Cash Provided by Investing Activities	<u>17,167</u>	<u>7,071</u>
 Net Increase / (Decrease) in Cash & Cash Equivalents	 83,758	 (82,491)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>36,512</u>	 <u>119,003</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 120,270</u>	 <u>\$ 36,512</u>
 SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	<u>\$ 14,997</u>	<u>\$ 12,557</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, 2014 and 2013

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.

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

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 generally accepted accounting principles for not-for-profit organizations in the United States of America, 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 generally accepted accounting principles for not-for-profit organizations in the United States of America, 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 CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

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, 2014 and 2013, \$15,973 and \$19,326 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.

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, 2014 and 2013.

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

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

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Generally accepted accounting principles prescribe 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 2011 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 2014 or 2013.

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

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

Accounts receivable of \$17,989 and \$12,640 at September 30, 2014 and September 30, 2013, respectively, represents amounts billed to various agencies for services provided during the month of September.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$25,000 at September 30, 2013 represents a grant pledged by Wells Fargo Regional Community Development Corporation (Wells Fargo CDC) during the fiscal year ended September 30, 2013 and paid during the fiscal year ended September 30, 2014. The total grant of \$50,000 received from Wells Fargo CDC was provided to enable the employment of a community builder to continue to develop the implementation framework for action plan of Millville's Center City Activities.

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

NOTE 5 DEPOSIT

The deposit of \$37,500 at September 30, 2014 represents a deposit on real estate to be purchased and redeveloped in connection with the Millville Center City project.

NOTE 6 PROPERTY AND EQUIPMENT

A summary of property and equipment as of September 30, 2014 and 2013 is as follows:

	<u>Sept. 30, 2014</u>	<u>Sept. 30, 2013</u>
Land & Improvements	\$ 83,346	\$ 83,346
Buildings and Improvements	949,420	949,420
Furniture and Equipment	<u>221,037</u>	<u>221,037</u>
Total Fixed Assets	\$ 1,235,803	\$ 1,235,803
Accumulated Depreciation	<u>(447,062)</u>	<u>(368,000)</u>
Net Fixed Assets	<u>\$ 806,741</u>	<u>\$ 885,803</u>

NOTE 7 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, 2014 and 2013, 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 CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

NOTE 8 NOTES PAYABLE

The following is a summary of the notes payable for the year ended September 30, 2014 and 2013:

	Balance at 9/30/2013	Additions	Retirements	Balance at 9/30/2014	Amounts Due in 1 Year
Sun National Bank	\$ 55,631	\$ -	\$ (3,161)	\$ 52,470	\$ 52,470
Cumberland Empowerment Zone	45,494	-	(2,312)	43,182	2,657
Century Savings Bank - Fitness Center	107,335	-	(5,220)	102,115	5,563
Millville H.A. - Equipment Loan	4,805	-	(3,147)	1,658	1,658
Millville H.A. - Locker Room Upgrade	48,330	-	(1,461)	46,869	1,576
Millville H.A. - Equipment Loan # 2	21,656	-	(1,605)	20,051	1,723
	<u>\$ 283,251</u>	<u>\$ -</u>	<u>\$ (16,906)</u>	<u>\$ 266,345</u>	<u>\$ 65,647</u>

	Balance at 9/30/2012	Additions	Retirements	Balance at 9/30/2013	Amounts 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.

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

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

NOTE 8 **NOTES PAYABLE (Continued)**

Cumberland Empowerment Zone (Continued)

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, NJ and a security interest in furniture, fixtures and equipment and an assignment of rents and leases on the 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
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
 For the Years Ended September 30, 2014 and 2013

NOTE 8 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>
2015	\$ 52,471	\$ 3,038	\$ 55,509
	<u>\$ 52,471</u>	<u>\$ 3,038</u>	<u>\$ 55,509</u>

Cumberland Empowerment Zone

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,657	\$ 2,218	4,745
2016	2,657	2,088	4,745
2017	2,792	1,953	4,745
2018	2,935	1,810	4,745
2019	3,612	1,133	4,745
Thereafter	28,529	8,714	37,243
	<u>\$ 43,182</u>	<u>\$ 17,916</u>	<u>\$ 60,968</u>

Century Savings Bank

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	5,563	6,339	11,902
2016	5,909	5,993	11,902
2017	90,643	3,620	94,263
	<u>\$ 102,115</u>	<u>\$ 12,332</u>	<u>\$ 118,067</u>

Millville Housing Authority - Note 1

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,658	36	1,694
	<u>\$ 1,658</u>	<u>\$ 36</u>	<u>\$ 1,694</u>

Millville Housing Authority - Locker Room Upgrade

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2019	2,078	2,719	4,797
Thereafter	37,821	10,750	48,571
	<u>\$ 46,839</u>	<u>\$ 25,717</u>	<u>\$ 72,556</u>

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

NOTE 8 NOTES PAYABLE (Continued)

<u>Cumberland Empowerment Zone</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,723	\$ 2,218	\$ 3,701
2016	1,845	1,856	3,701
2017	1,978	1,723	3,701
2018	2,121	1,580	3,701
2019	2,479	1,222	3,701
Thereafter	9,905	8,714	18,619
	<u>\$ 43,182</u>	<u>\$ 17,313</u>	<u>\$ 37,124</u>

Interest expense totaled \$17,384 and \$17,412 for the years ended September 30, 2014 and 2013, respectively.

NOTE 9 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, 2014, the bank balance was \$159,004, all of which was covered by FDIC Insurance.

NOTE 10 RELATED PARTY TRANSACTIONS

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, 2014 and 2013.

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

HOLLY CITY DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF MILLVILLE HOUSING AUTHORITY)
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2014 and 2013

NOTE 10 **RELATED PARTY (Continued)**

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.

NOTE 11 **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 6, 2015, the date on which the financial statements were available to be issued.