

Report on Audit

HOLLY CITY FAMILY CENTER

**A Component Unit of the
Millville Housing Authority**

**For the Years Ended
September 30, 2021, and 2020**

Holly City Family Center

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16
Supplemental Information	
Schedules of Income	17

Independent Auditor's Report

Board of Directors
Holly City Family Center
Millville, New Jersey

We have audited the accompanying financial statements of Holly City Family Center (a Not-For-Profit) in Millville, New Jersey, which comprise the statements of financial position as of September 30, 2021, and 2020, 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 involved 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 Family Center as of September 30, 2021, and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional information shown on page 17 is presented for purposes of additional analysis and is 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.

The financial statement of the Holly City Family Center as of September 30, 2020, was audited by other auditors whose report dated July 29, 2021, expressed an unmodified opinion on those statements.

Giampaolo & Associates

Lincroft, New Jersey
May 27, 2022

Holly City Family Center
(A Component Unit of Millville Housing Authority)
Statements of Financial Position
As of September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents		
Operating	\$ 81,064	\$ 100,154
Accounts Receivable	6,292	-
Prepaid Expenses	2,603	5,298
Total Current Assets	89,959	105,452
Capital Assets		
Buildings	438,476	438,476
Furniture and Equipment	130,800	130,800
Total Fixed Assets	569,276	569,276
Less Accumulated Depreciation	(200,862)	(157,900)
Net Book Value	368,414	411,376
Total Assets	458,373	516,828
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 9,735	\$ 8,806
Accrued Liabilities	9,520	18,555
Due to Related Parties	161,604	114,957
Deferred Revenue	6,424	18,247
Note Payable - Equipment	5,583	5,648
Total Current Liabilities	192,866	166,213
Noncurrent Liabilities		
Note Payable - Millville Housing Authority	-	73,357
Note Payable - Equipment	-	5,583
Note Payable - PPP Loan	-	65,089
Accrued Compensated Absences, Non-Current	11,668	10,620
Total Noncurrent Liabilities	11,668	154,649
Total Liabilities	204,534	320,862
Net Assets		
Net Assets without Donor Restriction	253,839	195,966
Total Liabilities and Net Assets	\$ 458,373	\$ 516,828

See accompanying notes to the financial statements.

Holly City Family Center
(A Component Unit of Millville Housing Authority)
Statements of Activities
For Twelve Months Ended September 30, 2021 and 2020

<u>Income</u>	2021	2020
Program Income	\$ 544,823	\$ 237,211
Management & Other Service Fees	63,494	77,538
Interest Income	31	40
Total Income	608,348	314,789
<u>Operating Expenses</u>		
Administrative Expenses	59,103	54,051
Utilities	49,792	44,620
Operating Expenses	377,326	297,044
Maintenance and Repairs	3,877	2,739
Insurance	16,764	22,466
Financial Expenses	651	1,191
Total Operating Expenses	507,513	422,111
Income from Operations Before Depreciation	100,835	(107,322)
Depreciation Expense	(42,962)	(41,562)
Change in Total Net Assets without Donor Restriction	57,873	(148,884)
Prior Period Adjustment	-	38,868
Beginning Net Assets without Donor Restriction	195,966	305,982
Net Assets without Donor Restriction	\$ 253,839	\$ 195,966

See accompanying notes to the financial statements.

Holly City Family Center
(A Component Unit of Millville Housing Authority)
Statements of Functional Expenses
For Twelve Months Ended September 30, 2021 and 2020

	September 30, 2021			September 30, 2020		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
<u>Administrative Expenses</u>						
Salaries	-	\$ 23,386	\$ 23,386	-	\$ 16,320	\$ 16,320
Payroll Taxes and Employee Benefits Cost	-	2,312	2,312	-	1,763	1,763
Bank Fees and Charges	-	6,113	6,113	-	6,169	6,169
Computer Expense	3,612	4,849	8,461	2,656	4,611	7,267
Professional Fees	-	4,732	4,732	-	8,433	8,433
Office Expense	-	1,311	1,311	-	1,490	1,490
Payroll Processing Fee	-	4,240	4,240	-	3,768	3,768
Telephone	3,330	-	3,330	4,098	-	4,098
Audit Fee	-	4,515	4,515	-	4,515	4,515
Other Administrative Expenses	686	17	703	-	228	228
<u>Utilities Expenses</u>						
Electric	48,981	-	48,981	41,475	-	41,475
Gas	811	-	811	3,145	-	3,145
<u>Operating Expenses</u>						
Salaries	252,029	-	252,029	202,248	-	202,248
Payroll Taxes and Employee Benefits Cost	27,986	-	27,986	24,875	-	24,875
Advertising and Marketing Expense	1,195	-	1,195	1,686	-	1,686
Pool and Exercise Facilities Expense	45,207	-	45,207	17,188	-	17,188
Supplies	2,009	-	2,009	2,937	-	2,937
Training	900	-	900	110	-	110
Rent	48,000	-	48,000	48,000	-	48,000
<u>Maintenance and Repairs Expenses</u>						
Repairs and Maintenance	3,877	-	3,877	2,739	-	2,739
<u>Insurance</u>						
Insurance	16,764	-	16,764	22,466	-	22,466
<u>Financial</u>						
Interest Expense	651	-	651	1,191	-	1,191
Total	\$ 456,038	\$ 51,475	\$ 507,513	\$ 374,814	\$ 47,297	\$ 422,111

See accompanying notes to the financial statements.

Holly City Family Center
(A Component Unit of Millville Housing Authority)
Statements of Cash Flows
For Twelve Months Ended September 30, 2021 and 2020

	2021	2020
Cash Flow From Operating Activities		
Increase (Decrease) in Net Assets from Operations	\$ 57,873	\$ (148,884)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense	42,962	41,562
Interest Income	(31)	(40)
(Increase) Decrease in:		
Accounts Receivables	(6,292)	32,836
Prepaid Expenses	2,695	(845)
Increase (Decrease) in:		
Accounts Payable	929	965
Accrued Expenses	(9,035)	5,964
Compensated Absences	1,048	1,153
Related Parties	46,647	44,308
Unearned Revenue	(11,823)	10,303
Net Cash Provided (Used) by Operating Activities	124,973	(12,678)
Cash Flow From Capital and Related Financing Activities		
Purchase of Equipment	-	(78,612)
Payment of Notes Payable	(5,648)	(5,219)
Issuance of Debt	-	73,357
Proceeds form PPP Loan	-	65,089
Prior Period Adjustment	-	38,868
Forgiveness of PPP Loan	(65,089)	-
Forgiveness of Loan	(73,357)	-
Net Cash (Used) Provided by Capital and Related Financing Activities	(144,094)	93,483
Cash Flow From Investing Activities		
Interest Income	31	40
Net Cash Provided by Investing Activities	31	40
Net (Decrease) Increase in Cash and Cash Equivalents	(19,091)	80,845
Beginning Cash	100,154	19,309
Ending Cash	\$ 81,064	\$ 100,154
Supplemental Cash Flow Disclosures		
Cash Paid for Interest	\$ 651	\$ 1,121

See accompanying notes to the financial statements.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Holly City Family Center, located in Millville, New Jersey, was formed in July of 2016 to serve as a wholly owned subsidiary of the Housing Authority of the City of Millville and to improve the quality of living for residents of the City of Millville by providing better and more diverse housing opportunities.

On July 31, 2016 Holly City Development Corporation transferred all of the assets and liabilities of its community center to Holly Center Family Center, a newly formed organization. The center provides educational and recreational services to residents of the city of Millville and its surrounding areas. Holly City Development Corporation also transferred all of the assets and liabilities of its property management division and its information technology consulting division to Holly City Family Center. Those divisions provide property management and information technology services to Millville Housing Authority and other housing authorities and not-for-profit agencies in southern New Jersey.

Holly City Family Center is a component unit of Millville Housing Authority.

The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

The Millville Housing Authority is able to impose its will on Holly City Family Center. Based on the above criteria, the Holly City Family Center has identified that it is a component unit which should be subject to evaluation for inclusion in the Millville Housing Authority reporting entity.

Activities

The Holly City Family Center conducts two activities, one of which is to operate a fitness center for members. The property management division provides for various services including IT computer support and maintenance services to other entities.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sources of Income

The Holly City Family Center's revenues consist primarily of program income associated with the pool and fitness activities. The property management division generate management fees for various services including IT computer support.

Method of Accounting

The financial statements of Holly City Family Center are prepared under the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements also been prepared in accordance with accounting policies of the Millville Housing Authority. These policies are consistent with those with generally accepted accounting principles.

Report Presentation

The financial statements presentation follows the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model.

The Holly City Family Center is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restrictions
- b. Net Assets with Donor Restrictions

In addition, the Organization is required to present a statement of cash flows.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two - net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Entity, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses.

The new standard is effective for the Holly City Family Center's year ending September 30, 2018 and thereafter and must be applied on a retrospective basis. The Center adopted the ASU effective October 1, 2017. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification of Net Assets

Net assets of the Center are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Center. Certain restrictions may be needed to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Center on September 30, 2021 and 2020 were considered to be net assets without donor restrictions.

Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Cash and Cash Equivalents

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

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

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 are also 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.

Impairment Losses

The Center 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 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 2021 nor 2020.

Advertising Expense

The Center expenses the production costs of advertising when incurred. For the year ended September 30, 2021, \$1,195 and \$1,686 for 2020 was reported as advertising expense.

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. Management continually monitors membership payment patterns, investigates past-due accounts to assess likelihood of collections, and monitors the industry and economic trends to estimate required allowances. It is reasonably possible that management's estimate of the allowance will change. No allowance for doubtful accounts was required on September 30, 2021 and 2020.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes:

No provision has been made for income taxes, if any since the Holly City Family Center is a 501c (3) corporation in the State of New Jersey. It is required to file annually IRS form 990. In carryout the Center' tax exempt purpose; there are no income taxes due to an exemption from federal and state taxes. Federal and state payroll tax returns required to be filed by the Holly City Family Center have been filed on a timely basis and sums due for those returns were made on a timely basis.

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 Center, tax positions taken include the entity's status as a not-for-profit corporation and the approval and qualifications for this status. The Center files an annual Form 990 with the Internal Revenue Service and its tax returns for the year 2019 is subject to examination by tax authorities.

Commitments and Contingencies

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

Liquidity

On September 30, 2021, the Center has \$87,356 cash and equivalents available to meet needs for general expenditures consisting of cash of \$81,064 and \$6,292 of accounts receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Center in the next 12 months.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable of \$6,292 on September 30, 2021, and \$-0- for 2020 represents amounts billed to various agencies for services provided during the month of September.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 4 PROPERTY AND EQUIPMENT

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2021, and 2020:

	Balance September-20	Additions	Balance September-21
Buildings	\$ 438,476	\$ -	\$ 438,476
Furniture and Equipment	130,800	-	130,800
Total Fixed Assets	569,276	-	569,276
Less Accumulated Depreciation	(157,900)	(42,962)	(200,862)
Net Book Value	\$ 411,376	\$ (42,962)	\$ 368,414

	Balance September-19	Additions	Balance September-20
Buildings	\$ 396,476	\$ 42,000	\$ 438,476
Furniture and Equipment	94,188	36,612	130,800
Total Fixed Assets	490,664	78,612	569,276
Less Accumulated Depreciation	(116,338)	(41,562)	(157,900)
Net Book Value	\$ 374,326	\$ 37,050	\$ 411,376

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, primarily seven years for furniture, fixtures and equipment and forty years for buildings. When assets are disposed of, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to expense as incurred. Betterments and improvements are capitalized.

Property and equipment valued at \$1,000 or more is capitalized at cost if purchased and at fair market value if donated. Improvements are also capitalized at cost. Routine repairs and maintenance are expensed as incurred.

Depreciation

Depreciation expense for 2021 was \$42,962 and \$41,562 for 2020. Depreciation of capital assets is provided using the straight-line basis over the useful lives of the respective assets. Buildings are depreciated over 15-40 years and furniture, equipment, and machinery are being depreciated over 3-7 years.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

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 Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies temporarily restricted net assets to net assets without Donor restriction.

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 year ended September 30, 2021 and 2020, the Center leased property, which is part of Maurice View Plaza, with a fair value of \$48,000 for 2021 and \$48,000 for 2020 year.

NOTE 6 NOTES PAYABLE

The following is a summary of activity for notes payable on September 30, 2021:

	September-20	Payments	Forgiveness	September-21
Equipment Lease	\$ 11,231	\$ (5,648)	\$ -	\$ 5,583
Millville H.A. Equipment Loan #3	73,357	-	(73,357)	-
PPP Loan - 2020	65,089	-	(65,089)	-
Total	<u>\$ 149,677</u>	<u>\$ (5,648)</u>	<u>\$ (138,446)</u>	<u>\$ 5,583</u>

Holly City Family Center – Equipment Loan # 3

The Center borrowed \$73,357 from Millville Housing Authority to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are in full on April 1, 2024. The note bears interest at a fixed rate of 5.00%. Per agreement with Millville Housing Authority payments were suspended indefinitely effective April 1, 2020, and interest due on the loan from that date until payments are resumed is abated. The Authority forgave this balance in the 2021 year.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 6 NOTES PAYABLE - CONTINUED

Capital Lease – Equipment Loan

The Center borrowed \$21,658 from Micro Lease Corporation to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning September 1, 2019, with a monthly lease payment of \$528 for forty-eight (48) months ending August 2022.

The following is a summary of activity for long-term lease payable September 30, 2021:

September 30, 2022	\$	5,583
Total Lease Payable	<u>\$</u>	<u>5,583</u>

Paycheck Protection Program loan

Federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The Holly City Family Center elected to account for the Paycheck Protection Program loan in accordance with International Accounting Standards No. 20, Accounting for Government Grants and Disclosure of Government Assistance.” The Holly City Family Center recognized the amount expected to be forgiven on a systemic basis that is consistent with the timing of the associated costs that have been incurred for the period April 2020 to October 2020.

The Holly City Family Center applied for and a forgivable Paycheck Protection Program loan of \$65,089 as provided under the CARES Act and the loan was funded on April 17, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24-week period through October 31, 2020, and that certain employment levels are maintained.

To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due in monthly payments starting on November 5, 2020, and carries an interest rate of 1%. The Holly City Family Center has used all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness has been submitted. The Holly City Family Center has elected to account for the forgivable note in accordance with *International Accounting Standards No. 20, Accounting for Government Grants and Disclosure of Government Assistance* and, therefore, has estimated the amount to be forgiven and time period over which the qualifying costs will be incurred of 6 months and recognized. The date of forgiveness is June 9, 2021.

NOTE 7 DEFERRED REVENUE

Deferred revenue on September 30, 2021, and 2020 represents prepaid membership fees for the Center.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 8 CONCENTRATION OF CREDIT RISK

The Center maintains its cash accounts at one bank. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limit; however, the Center has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at September 30, 2021.

NOTE 9 RELATED PARTY TRANSACTIONS

Holly City Family Center is closely associated with and related to Millville Housing Authority. The activity of Holly City Family Center has been included in the financial statements of Millville Housing Authority as a component unit for the fiscal year ended September 30, 2021 and 2020.

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 \$48,000 for 2021 year.

The Authority forgave loan payments in the amount of \$73,357 during 2021.

On September 30, 2020 notes payable to Millville Housing Authority totaled \$73,357. The Center borrowed \$73,357 from Millville Housing Authority to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are in full on April 1, 2024. The note bears interest at a fixed rate of 5.00%. Per agreement with Millville Housing Authority payments were suspended indefinitely effective April 1, 2020 and interest due on the loan from that date until payments are resumed is abated. The Authority forgave this balance in the 2021 year.

Accounts payable due to Millville Housing Authority on September 30, 2021 was \$161,604 and \$114,957 for 2020.

NOTE 10 PRIOR PERIOD ADJUSTMENT

For year ending September 30, 2020

Holly City Family Center had a prior period adjustment in the amount of \$38,868 for writing off old outstanding invoices which management feels that they won't be paid.

Holly City Family Center
(a Component Unit of Millville Housing Authority)
Notes to the Financial Statements
For Twelve Months Ended September 30, 2021, and 2020

NOTE 11 SUBSEQUENT EVENTS

Coronavirus Pandemic:

In December 2020, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Center operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the collection of dues and rental fees for the services rendered. Operating functions that may be changed include communication with others, storing and access data on a cloud and maintenance of the facility. Changes to the operating environment may increase operating costs. Holly City Family Center during the 2020 year received PPP loan proceeds in the amount of \$65,089 to be used for certain qualified cost and certain employment cost during a 24-week period ending October 31, 2020.

Events that occur after the statement of financial position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of financial position date required disclosure in the accompanying notes. Management has evaluated the activity of the Center thru May 27, 2022; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Holly City Family Center
(A Component Unit of Millville Housing Authority)
Schedules of Income
For Twelve Months Ended September 30, 2021 and 2020

<u>Income</u>	<u>2021</u>	<u>2020</u>
<i><u>Program Income</u></i>		
Membership Dues	\$ 186,867	\$ 117,324
Pool Rental & Aquatics Classes	73,526	54,872
Day Camp Revenue	79,682	-
Guest Pass Income	12,305	7,126
Fitness Classes	1,218	7,395
Vending & Miscellaneous Income	765	807
Miscellaneous Other Revenue	4,010	1,687
In-Kind Contributions	48,000	48,000
PPP Revenue	65,089	-
Forgiveness of Loan	73,361	-
Total Program Income	<u>\$ 544,823</u>	<u>\$ 237,211</u>
<i><u>Management Fees</u></i>		
Fee for Service	63,494	77,538
Total Management Fees	<u>\$ 63,494</u>	<u>\$ 77,538</u>
 Investment Income	 <u>31</u>	 <u>40</u>

See accompanying notes to the financial statements.