

**Report On Audit**

**Neighborhood Affordable  
Housing Friends, Inc.  
Edgewater Place Apartments  
Edgewater, New Jersey**

**For the Year Ended  
December 31, 2017**

**Neighborhood Affordable Housing Friends, Inc.**  
**Edgewater Place Apartments**  
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# *Hymanson, Parnes & Giampaolo*

## *Certified Public Accountants*

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### **Independent Auditor's Report**

Board of Trustee's  
Neighborhood Affordable Housing Friends, Inc.  
300 Undercliff Ave  
Edgewater, New Jersey 07020

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Neighborhood Affordable Housing Friends, Inc. - Edgewater Place Apartments (a nonprofit organization) in the Borough of Edgewater, New Jersey which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net position, 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 audit. We conducted our audit 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 Corporation'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 Corporation'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 opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Neighborhood Affordable Housing Friends, Inc. - Edgewater Place Apartments, as of December 31, 2017 and 2016, and the respective changes in financial position and its cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

*Hymanson, Parnes & Giampaolo*

Date: May 31, 2018  
Lincroft, New Jersey

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

	December 31,	
	2017	2016
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash	\$ 344,730	\$ 321,602
Accounts Receivable	88,447	69,619
Prepaid Expenses	-	3,393
Total Current Assets	433,177	394,614
<b>Capital Assets:</b>		
Land	310,200	310,200
Buildings	1,297,160	1,291,402
Total Fixed Assets	1,607,360	1,601,602
Less: Accumulated Depreciation to Date	(438,760)	(402,869)
Net Book Value	1,168,600	1,198,733
<b>Other Assets</b>		
Mortgage Acquisition Costs, Net of Amortization	5,747	9,030
Total Other Assets	5,747	9,030
 Total Noncurrent Assets	 1,174,347	 1,207,763
<b>Deferred Outflows of Resources</b>		
Total Deferred Outflows of Resources	-	-
 Total Assets and Deferred Outflow of Resources	 \$ 1,607,524	 \$ 1,602,377
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 7,883	\$ 39,033
Security Deposit Payable	10,537	6,896
Unearned Revenue	473	-
Mortgage Payable - Current Portion	17,448	16,765
Total Current Liabilities	36,341	62,694
<b>Noncurrent Liabilities</b>		
Mortgage Payable - Long Term	781,987	798,932
Total Liabilities	818,328	861,626
<b>Deferred Inflow of Resources</b>		
Total Deferred Inflow of Resources	-	-
<b>Net Position</b>		
Net Investment in Capital Assets	369,165	383,036
Unrestricted Net Position	420,031	357,715
Total Net Position	789,196	740,751
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 \$ 1,607,524	 \$ 1,602,377

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016**

	<u>December 31,</u>	
	2017	2016
<b>Revenue:</b>		
Rental Income	\$ 109,932	\$ 83,948
HUD Rental Assistance	176,678	189,291
Other Revenue	3,496	1,722
Total Revenue	290,106	274,961
<b>Expenses:</b>		
<b>Operating Expenses</b>		
Administration Expenses	68,929	93,533
Utility Expenses	20,880	27,931
Ordinary Maintenance Expenses	40,949	25,832
Taxes and Insurance	40,060	35,078
Interest & Mortgage Expenses	32,784	33,517
Amortization Expenses	3,283	3,283
Depreciation Expense	35,891	35,099
Total Operating Expenses	242,776	254,273
Operating Income (Loss)	47,330	20,688
Interest Income	1,115	691
Excess Revenue over Expense	48,445	21,379
Beginning Net Position	740,751	719,372
Ending Net Position	\$ 789,196	\$ 740,751

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**STATEMENT OF CASH FLOW**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016**

	December 31,	
	2017	2016
<b>Cash Flow from Operating Activities</b>		
Rental Revenue	\$ 93,212	\$ 83,948
HUD Rental Assistance	176,678	189,291
Other Income	3,496	1,722
Payments to Vendors	(102,553)	(110,626)
Payments for Salaries and Wages	(60,880)	(77,268)
Payments for Real Estate Taxes	(35,174)	(35,078)
Payments for Insurance	(4,886)	(4,808)
Payments for Interest and Mortgage Expenses	(32,784)	(33,517)
Net Cash Provided by Operating Activities	37,109	13,664
<b>Cash Flow From Capital Activities</b>		
Payments made to Mortgage Note	(16,262)	(15,529)
Change in Other Assets, Net of Amortization	3,283	3,283
Purchase of Fixed Assets	(5,758)	-
Receipt from Tenant Security Deposits	3,641	-
Net Cash (Used) by Capital Activities	(15,096)	(12,246)
<b>Cash Flow From Investing Activities</b>		
Interest Income	1,115	691
Net Cash Provided by Investing Activities	1,115	691
Net Increase in Cash and Cash Equivalents	23,128	2,109
<b>Beginning Cash</b>	321,602	319,493
<b>Ending Cash</b>	\$ 344,730	\$ 321,602
<b>Reconciliation of Operating Income to Net Cash</b>		
Provided by Operating Activities		
Excess of Revenue Over Expenses - Operations	\$ 47,330	\$ 20,688
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense	35,891	35,099
(Increase) Decrease in:		
Accounts Receivables	(18,828)	(2,927)
Prepaid Expenses	3,393	(3,393)
Increase (Decrease) in:		
Accounts Payable	(31,150)	(35,802)
Unearned Revenue	473	(1)
Net Cash Provided by Operating Activities	\$ 37,109	\$ 13,664

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.  
EDGEWATER PLACE APARTMENTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Corporation Data**

Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments was formed for the recognition of mutual concern and common interest to achieve better living environments for residents of the County of Bergen in the State of New Jersey through providing decent, safe and affordable housing to elderly and economically disadvantaged individuals. Operations commenced on May 6, 2004. At present, the Corporation maintains a 19-unit housing complex on Edgewater Place in Edgewater, New Jersey.

Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments was organized exclusively for charitable and educational purposes and guidelines used by the Department of Housing and Urban Development will be used as the definition of low income and very low income families.

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments shall coordinate and expand the roles of Federal, State, Local Government, private sector organizations, professional organizations, private foundations and the community at large as it related to the provision of affordable housing in the State of New Jersey.

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments is not a component unit of the Edgewater 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 Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments is subsidized by The Department of Housing and Urban Development (HUD) through financing and operating subsidies under its Project Based Voucher Program.

The Corporation financial statements are summaries of the financial position, results of operations, net position classification and sources and applications of cash of the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments.



**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
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**Activities**

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments was formed to achieve better living environments for residents of the County of Bergen in the State of New Jersey through providing decent, safe and affordable housing to elderly and economically disadvantaged individuals.

**Basis of Accounting**

The financial statements of Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments are prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable.

Operating revenue and expenses consist of those revenue and expenses that result from ongoing principal operations of Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non exchange transactions or ancillary activities.

The major sources of revenue are tenants dwelling rentals and other revenue.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by December 31, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

Other revenue is income composed primarily of miscellaneous services fees and resident's late charges. The revenue is recorded as earned since it is measurable and available.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Significant Accounting Policies**

The Corporation's financial statements have been prepared in accordance with those with generally accepted accounting principles. The financial statements of the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments are prepared under the accrual basis of accounting in order to recognize the flow of economic resources.

Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenue and expenses consist of those revenue and expenses that result from ongoing principal operations of the not-for-profit. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

**Other accounting policies are as follows**

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – Prepaid expenses represent payments made by the Corporation in the current year to provide services occurring in the subsequent fiscal year.

6- Advertising costs are charged to expense when incurred.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Other accounting policies are as follows -Continued**

7- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Corporation but which will only be resolved when one or more future events occur or fail to occur. The Corporation's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Corporation or unasserted claims that may result in such proceedings, the Corporation's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Corporation's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

8 - Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Corporation's commitment to a formal plan of action.

9- When expenses are incurred where both restricted and unrestricted net position are available the Corporation will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

10- Fair Value Measurements – Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which requires the Corporation to develop assumptions.

The carrying amounts reported for cash and short-term investments approximate fair value.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
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**Report Presentation**

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statement of Not-for Profit Organizations. In accordance with SFAS #117 establishes standards for general-purpose external financial statements issued by nonprofits. The objective of this statement is to enhance the relevance and understandability of financial statements provided by nonprofit organizations. SFAS #117 requires nonprofits to issue three financial statements, a Statement of Financial Position to report the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments total assets, liabilities and net position; a Statement of Activities to report the change in Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments financial position; and a Statement of Cash Flows to report the change in the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments cash and cash equivalents.

To help donors, creditors, and others in assessing the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments operation, this SFAS #117 requires that expenses be reported according to their functional classification (e.g. program services and general administrative expense). In addition, organizations are encouraged to report expenses by their natural classification.

**Contributions**

In accordance with SFAS#116: Accounting for Contributions, this SFAS establishes accounting standards for contributions received or made. In accordance with this statement, contributions received, including unconditional promises to give (pledges), are generally recognized as revenues in the period received, at their fair market value. Similarly, contributions made, including unconditional promises to give, are recognized as expenses in the period made, at their fair market value. Conditional promises to give, whether received or made, are recognized when they become unconditional, when the conditions are substantially met. In addition, SFAS #116 requires nonprofits to distinguish between contributions received that increase Permanently Restricted Net Assets, Temporarily Restricted Net Assets, and Unrestricted Net Assets.

**Net Position**

GASB Statement No. 63 requires the classification of "net assets" into "net position". SFAS #116 requires the classification of net position into three components, Unrestricted Net Position, Temporarily Restricted Net Position, and Permanently Restricted Net Position.

**Unrestricted Net Position.**

The Unrestricted Net Position consists of net positions that do not meet the definition of Temporarily Net Position or Permanently Restricted Net Position. Unrestricted Net Position may be designated for specific purposes or location by the action of the Corporation's Board of Trustees/ Directors.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
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**Net Position -Continued**

**Temporarily Restricted Net Position.**

Subject to donor-imposed stipulations that may be fulfilled by actions of the Corporation to meet the stipulations or become unrestricted at the date by the donor.

**Permanently Restricted Net Postion.**

These are subject to donor-imposed stipulations that they be retained and invested permanently by the Corporation. The donors require the Corporation to use all or part of the investment return on these net positions for specified or unspecified purpose.

**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 recoverability of mortgage receivable, 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.

**Income Taxes**

No provision has been made for income taxes, if any since the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments is owned and operated by the Housing Authority of the Borough of Edgewater. The Neighborhood Affordable Housing Friends, Inc., is a 501c (3) corporation in the State of New Jersey. It is required to file annually IRS form 990. In carryout out the Corporation 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 Neighborhood Affordable Housing Friends, Inc., have been filed on a timely basis and sums due for those returns were made on a timely basis. The Corporation files income tax returns in the U.S. federal jurisdiction. The corporation is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – CASH AND CASH EQUIVALENTS**

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments' cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

Cash, Cash Equivalents of \$344,730 at December 31, 2017, and \$321,602 for 2016 are located in the following:

	December 31,	
	2017	2016
TD Bank	\$ -	\$ 8,340
Bank of New Jersey	334,193	313,262
Mariner's Bank	10,537	-
Total Cash, Cash Equivalents	\$ 344,730	\$ 321,602

**Concentration of Credit Risk**

The Corporation maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at December 31, 2017 and 2016 consisted of the following:

	December 31,	
	2017	2016
Accounts Receivable - Tenants	\$ 6,989	\$ 5,366
Accounts Receivable - Repayment Agreements	9,731	-
Accounts Receivable - Other	71,727	64,253
Total Accounts Receivables	\$ 88,447	\$ 69,619

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write off's, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
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**NOTE 4 – PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at December 31, 2016 consisted of prepaid insurance in the amount of \$3,393.

**NOTE 5 – FIXED ASSETS**

Fixed assets consist primarily of property under construction for the sale to qualified families and are stated at cost. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred.

Depreciation Expense

Depreciation is computed by using straight-line method for financial reporting purposes and the modified accelerated cost recovery system (MACRS) method for federal income tax purposes. The estimated useful lives of depreciable assets are:

1.) Building and Structure	40 Years
2.) Site Improvements	15 Years
3.) Furniture & Equipment	15 Years
4.) Vehicles	5 Years
5.) Computer Equipment	5 years

The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2017.

Below is a schedule of fixed assets for the twelve months ended December 31, 2017

	December-16	Additions	December-17
Land	\$ 310,200	\$ -	\$ 310,200
Building	1,291,402	5,758	1,297,160
Total Fixed Assets	1,601,602	5,758	1,607,360
Accumulated Depreciation	(402,869)	(35,891)	(438,760)
Net Book Value	\$ 1,198,733	\$ (30,133)	\$ 1,168,600

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
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**NOTE 6 – OTHER ASSETS – MORTGAGE ACQUISITION COSTS**

Loan fees related to permanent financing are capitalized and are amortized on a straight line basis over a five-year period. Acquisition costs in relation to the refinancing of the mortgage with Bank of New Jersey as detailed in Note 9 resulted in the amount of \$16,417. Below is a schedule of the amount net of amortization as of December 31, 2017:

	December 31,	
	2017	2016
Mortgage Acquisition Costs	\$ 16,417	\$ 16,417
Less: Amortized Amount	(10,670)	(7,387)
Total Other Assets, Net of Amortization	\$ 5,747	\$ 9,030

**NOTE 7 – ACCOUNTS PAYABLE**

As of December 31, 2017 and 2016 the Corporation reported accounts payable on its statement of financial position. Accounts payable are amount owing to creditors or generally on open accounts, as a result of delivered goods, and completed services. The accounts payable consists of expenses prorated from the Housing Authority and the Edgewater Place Corporation. Accounts payable at December 31, 2017 and 2016 were in the amounts of \$7,883 and \$39,033, respectively.

**NOTE 8 – UNEARNED REVENUE**

The Corporation reported unearned revenues on its statement of financial position. Unearned revenues arise when resources are received by the Corporation before it has legal claim to them, as when rents monies are received prior to the month which it is measurable. In subsequent periods, when the Corporation has a legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and the revenue is recognized. The unearned revenue for 2017 is \$473 and \$-0- for 2016. Unearned revenues for 2017 consisted of tenant prepaid rents.



**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**EDGEWATER PLACE APARTMENTS**  
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**NOTE 9 - LONG TERM DEBT - MORTGAGE PAYABLE**

The Corporation had an outstanding mortgage held by Bank of New Jersey as of December 31, 2017. The amount of the mortgage was originally \$850,000 and bears interest at a rate of 4% per annum which is to be repaid over a 30-year period. The mortgage requires monthly payments of \$4,087 and is collateralized by the Corporation's real estate. The mortgage balance as of December 31, 2017 was \$799,435. The debt service requirement, as to principal reduction of the mortgage, is as follows:

Year	Principal	Interest	Total Payment
2018	\$ 17,448	\$ 32,911	\$ 50,359
2019	18,159	32,200	50,359
2020	18,899	31,460	50,359
2021	19,669	30,690	50,359
2022	20,470	29,889	50,359
Subtotal	94,645	157,150	251,795
Thereafter	704,790	369,721	1,074,511
Total	<u>\$ 799,435</u>	<u>\$ 526,871</u>	<u>\$ 1,326,306</u>

**NOTE 10 - NET POSITIONS**

As of December 31, 2017 and 2016 there was no Temporarily Restricted Net Position. Total Unrestricted Net Position as of December 31, 2017 is \$420,031 and \$357,715 for 2016.

Net Investment in Fixed Assets as of December 31, 2017 is \$369,165 and \$383,036 for 2016.

**NOTE 11 - RELATED PARTY TRANSACTIONS**

The Edgewater Housing Authority did not provide support revenues for the years ended December 31, 2017 and 2016 to pay administrative cost and certain other expenses. The Edgewater Housing Authority charged the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments for salaries and payroll related expenses.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
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**NOTE 12 – CONTINGENCIES**

Litigation – At December 31, 2017, the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments was not involved in any threatened litigation.

Grants Disallowances – The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments for expenditures disallowed under the terms of the grant. The Neighborhood Affordable Housing Friends, Inc., Edgewater Place Apartments management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 13 – SUBSEQUENT EVENTS**

Events that occur after the statement of net assets 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 net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Corporation thru May 31, 2018; 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.