

**Report On Audit**

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

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

**Neighborhood Affordable Housing Friends, Inc.**  
**Undercliff Avenue Apartments**  
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# *Hymanson, Parnes & Giampaolo*

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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. - Undercliff Avenue 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. - Undercliff Avenue Apartments, of the Borough of Edgewater, New Jersey, 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.**  
**UNDERCLIFF AVENUE PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

	December 31,	
	2017	2016
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash	\$ 130,144	\$ 111,397
Accounts Receivable	563	498
Total Current Assets	130,707	111,895
<b>Capital Assets:</b>		
Land	87,600	87,600
Buildings	446,464	446,464
Total Fixed Assets	534,064	534,064
Less: Accumulated Depreciation to Date	(138,065)	(126,633)
Net Book Value	395,999	407,431
<b>Deferred Outflows of Resources</b>		
Total Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 526,706	\$ 519,326
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 51,473	\$ 62,267
Security Deposit Payable	2,972	2,972
Mortgage Payable - Current Portion	5,440	5,227
Total Current Liabilities	59,885	70,466
<b>Noncurrent Liabilities</b>		
Mortgage Payable - Long Term	243,795	249,079
Total Liabilities	303,680	319,545
<b>Deferred Inflow of Resources</b>		
Total Deferred Inflow of Resources	-	-
<b>Net Position</b>		
Net Investment in Capital Assets	146,764	153,125
Unrestricted Net Position	76,262	46,656
Total Net Position	223,026	199,781
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 526,706	\$ 519,326

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**UNDERCLIFF AVENUE PROJECT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017 AND 2016**

	December 31,	
	2017	2016
<b>Revenue:</b>		
Rental Income	\$ 20,277	\$ 19,764
HUD Rental Assistance	68,847	70,722
Other Revenue	599	691
Total Revenue	89,723	91,177
<b>Expenses:</b>		
<b>Operating Expenses</b>		
Administration Expenses	16,687	28,544
Utility Expenses	8,689	7,467
Ordinary Maintenance Expenses	5,775	8,984
Taxes and Insurance	14,556	14,488
Interest & Mortgage Expenses	10,220	10,450
Depreciation Expense	11,432	11,906
Total Operating Expenses	67,359	81,839
Operating Income	22,364	9,338
Interest Income	881	874
Excess Revenue over Expenses	23,245	10,212
Beginning Net Position	199,781	189,569
Ending Net Position	\$ 223,026	\$ 199,781

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**UNDERCLIFF AVENUE PROJECT**  
**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	\$ 20,212	\$ 19,764
HUD Rental Assistance	68,847	70,722
Other Income	599	691
Receipt from Urban Renewal		-
Payments to Vendors	(31,275)	(50,902)
Payments for Salaries and Wages	(10,670)	(11,663)
Payments for Real Estate Taxes	(12,656)	(12,618)
Payments for Insurance	(1,900)	(1,870)
Payments for Interest & Mortgage Expenses	(10,220)	(10,450)
Net Cash Provided by Operating Activities	22,937	3,674
<b>Cash Flow From Capital Activities</b>		
Payments made to Mortgage Note	(5,071)	(4,840)
Purchase of Property and Improvements	-	(32,900)
Net Cash (Used) by Capital Activities	(5,071)	(37,740)
<b>Cash Flow From Investing Activities</b>		
Interest Income	881	874
Net Cash Provided by Investing Activities	881	874
Net (Decrease) Increase in Cash and Cash Equivalents	18,747	(33,192)
<b>Beginning Cash</b>	111,397	144,589
<b>Ending Cash</b>	\$ 130,144	\$ 111,397
<b>Reconciliation of Operating Income to Net Cash</b>		
Provided by Operating Activities		
Excess of Expenses Over Revenue - Operations	\$ 22,364	\$ 9,338
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense - net of adjustments	11,432	11,906
(Increase) Decrease in:		
Accounts Receivables	(65)	(52)
Increase (Decrease) in:		
Accounts Payable	(10,794)	(17,518)
Net Cash Provided by Operating Activities	\$ 22,937	\$ 3,674

See accompanying notes to the financial statements.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.  
UNDERCLIFF AVENUE 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., Undercliff Avenue 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 7-unit housing complex on Undercliff Avenue in Edgewater, New Jersey.

Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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., Undercliff Avenue 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., Undercliff Avenue 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 Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The primary government holds the corporate powers of the organization.
- C. The primary government appoints a voting majority of the organization's board.
- D. The primary government is able to impose its will on the organization.
- E. There is fiscal dependency by the organization on the primary government.
- F. The organization has potential to impose a financial benefit or burden on the primary government.

The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue Apartments is subsidized by The Department of Housing and Urban Development (HUD) through financing and operating subsidies under its Corporation 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., Undercliff Avenue Apartments.



**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**UNDERCLIFF AVENUE APARTMENTS**  
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**Activities**

The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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.

**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., Undercliff Avenue 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.**  
**UNDERCLIFF AVENUE 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.  
UNDERCLIFF AVENUE APARTMENTS  
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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., Undercliff Avenue Apartments total assets, liabilities and net position; a Statement of Activities to report the change in Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue Apartments financial position; and a Statement of Cash Flows to report the change in the Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue Apartments cash and cash equivalents.

To help donors, creditors, and others in assessing the Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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 Position, Temporarily Restricted Net Position, and Unrestricted Net Position.

**Sources of Income**

The Corporation's revenues consist primarily of rents received from the tenants and subsidies received from HUD.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**UNDERCLIFF AVENUE APARTMENTS**  
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**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.

**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 Position.**

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., Undercliff Avenue 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.**  
**UNDERCLIFF AVENUE APARTMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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 \$130,144 at December 31, 2017, and \$111,397 for 2016 are located in the following:

	December 31,	
	2017	2016
TD Bank	\$ -	\$ 104,810
Bank of New Jersey	130,144	6,587
Mariner's Bank	2,972	-
Total Cash, Cash Equivalents	\$ 130,144	\$ 111,397

**Risk Disclosures**

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's investment policy limits the Corporation's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2017, the Corporation's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Corporation's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

At December 31, 2017, the Corporation's investments were limited to asset-backed securities, corporate bond and U.S. Treasury/Agency securities as permitted by the U.S. Department of HUD.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at December 31, 2017 and 2016 were in the amounts of \$563 and \$498, respectively, which consisted of receivable amounts of tenants.

The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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.**  
**UNDERCLIFF AVENUE APARTMENTS**  
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**NOTE 4 – 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 of Fixed Assets is provided using the straight-line basis over the useful lives of the respective assets.

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., Undercliff Avenue 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	\$ 87,600	\$ -	\$ 87,600
Building	446,464	-	446,464
Total Fixed Assets	534,064	-	534,064
Accumulated Depreciation	(126,633)	(11,432)	(138,065)
Net Book Value	\$ 407,431	\$ (11,432)	\$ 395,999

**NOTE 5 – 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 Undercliff Avenue Corporation. Accounts payable at December 31, 2017 and 2016 were in the amounts of \$51,473 and \$62,267, respectively.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.**  
**UNDERCLIFF AVENUE APARTMENTS**  
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**NOTE 6 - LONG TERM DEBT - MORTGAGE PAYABLE**

The Corporation had an outstanding mortgage held by the TD Bank through September of 2016. The Corporation refinanced the mortgage with Bank of New Jersey and paid off the remaining balance owed to TD Bank in the amount of \$254,306.

The refinanced mortgage with Bank of New Jersey was in the amount of \$265,000 and bears interest at the rate of 4% per annum over a 30-year period. The mortgage requires monthly payments of \$1,274 and is collateralized by the Corporation's real estate. The mortgage balance as of December 31, 2017 was \$249,235 and for December 31, 2016 was in the amount of \$254,306. The debt service requirement, as to principal reduction of the mortgage, is as follows:

Year	Principal	Interest	Total Payment
2018	\$ 5,440	\$ 9,851	\$ 15,291
2019	5,661	9,630	15,291
2020	5,892	9,399	15,291
2021	6,132	9,159	15,291
2022	6,382	8,909	15,291
Subtotal	29,507	46,948	76,455
Therafter	219,728	107,079	326,807
Total	<u>\$ 249,235</u>	<u>\$ 154,027</u>	<u>\$ 403,262</u>

**NOTE 7 - 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 \$76,262 and \$46,656 for 2016.

Net Investment in Fixed Assets as of December 31, 2017 is \$146,764 and \$153,125 for 2016.

**NOTE 8 - 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., Undercliff Avenue Apartments for salaries and payroll related expenses.

**NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, INC.  
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**NOTE 9 – CONTINGENCIES**

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

Grants Disallowances – The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue 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., Undercliff Avenue Apartments for expenditures disallowed under the terms of the grant. The Neighborhood Affordable Housing Friends, Inc., Undercliff Avenue Apartments management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 10 – 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.