

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN FRICANO TOWERS
NJHMFA PROJECT NO.: 861

SEPTEMBER 30, 2021 AND 2020

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DAVID J. ARDOIN, CPA P.C.
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Partners
JPF UAW Urban Renewal Housing LLC

Report on the Financial Statements

We have audited the accompanying financial statements of JPF UAW Urban Renewal Housing LLC NJHMFA Project No.: 861 (a New Jersey limited liability company), which comprise the statements of assets, liabilities and partners' equity as of September 30, 2021 and 2020 and the related statements of operations, partners' equity, and cash flows for the fiscal years ended September 30, 2021 and 2020, and the related notes to 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 practices prescribed or permitted by the New Jersey Housing Mortgage Finance Agency (NJHMFA). Management is responsible for 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *New Jersey Housing and Mortgage Finance Agency Accounting Policies & Procedures Manual*. 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 risks assessments, the auditor considers internal control relevant to JPF UAW Urban Renewal Housing LLC'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 JPF UAW Urban Renewal Housing LLC'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of assets, liabilities and partners' equity of JPF UAW Urban Renewal Housing LLC as of September 30, 2021 and 2020, the results of its operations, partners' equity and cash flows for the fiscal years ended in accordance with the accounting practices prescribed or permitted by NJHMFA as described in Note A1.

Basis of Accounting

We draw attention to Note A1 of the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the accounting practices prescribed or permitted by the NJHMFA, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the NJHMFA. Our opinion is not modified with respect to that matter.

Other Matters

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 17-24 is presented for purposes of additional analysis as required by the *New Jersey Housing and Mortgage Finance Agency Accounting Policies & Procedures Manual*, and is not required part of the financial statements. The above described supplemental 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. Such 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 above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of JPF UAW Urban Renewal Housing LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JPF UAW Urban Renewal Housing LLC's internal control over financial reporting and compliance.

We certify that we have met the licensing requirements of the State of New Jersey.

David J. Ardoin, CPA P.C.

Frederica, Delaware
December 14, 2021

LEAD AUDITOR: DAVID J. ARDOIN

EIN: 52-2088361

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
STATEMENTS OF ASSETS, LIABILITIES AND PARTNERS EQUITY
SEPTEMBER 30,

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,123,946	\$ 1,806,557
Tenant accounts receivable	9,516	1,648
Account receivable - subsidy	5,281	-
Account receivable - affiliate	-	3,032
Prepaid insurance	9,236	6,805
Prepaid expense	100	100
Total current assets	<u>1,148,079</u>	<u>1,818,142</u>
 SECURITY DEPOSITS HELD IN TRUST		
Security deposits held in trust	<u>49,796</u>	<u>46,927</u>
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Real estate tax and insurance	244,082	156,224
Reserve for repairs and replacements	<u>1,787,416</u>	<u>1,703,272</u>
	<u>2,031,498</u>	<u>1,859,496</u>
 FIXED ASSETS		
Land	3,328,535	3,328,535
Land improvements	144,684	144,684
Building	16,581,867	16,218,659
Furniture, fixtures and equipment	<u>389,101</u>	<u>350,603</u>
	20,444,187	20,042,481
	<u>3,387,852</u>	<u>2,933,723</u>
Less: Accumulated depreciation	<u>17,056,335</u>	<u>17,108,758</u>
 TOTAL ASSETS	 <u><u>\$ 20,285,708</u></u>	 <u><u>\$ 20,833,323</u></u>

See notes to financial statements

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
STATEMENT OF ASSETS, LIABILITIES AND PARTNERS EQUITY - CONTINUED
SEPTEMBER 30,

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 141,268	\$ 150,336
Accounts payable - HUD Section 8	-	670
Accounts payable - management fees	28,979	15,863
Accrued real estate taxes	106,689	96,191
Accrued interest payable	64,700	66,418
Prepaid rent	8,451	6,751
Mortgage loans payable - current maturities	469,492	469,492
Total current liabilities	<u>819,579</u>	<u>805,721</u>
DEPOSIT LIABILITIES		
Tenant security deposits	<u>49,796</u>	<u>46,927</u>
LONG-TERM LIABILITIES		
Mortgage loans payable, net of current maturities	17,176,111	17,644,602
Debt issuance costs, net	(66,352)	(69,380)
Total long-term liabilities	<u>17,109,759</u>	<u>17,575,222</u>
TOTAL LIABILITIES	<u>17,979,134</u>	<u>18,427,870</u>
PARTNERS' EQUITY		
Reserve for repairs and replacements	1,787,416	1,703,272
Unrestricted	519,158	702,181
Total partners' equity	<u>2,306,574</u>	<u>2,405,453</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 20,285,708</u>	<u>\$ 20,833,323</u>

See notes to financial statements

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
STATEMENTS OF OPERATIONS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
INCOME		
Apartment rentals	\$ 4,224,431	\$ 4,153,861
Vacancies, net of special claims	<u>(44,638)</u>	<u>(28,647)</u>
	4,179,793	4,125,214
Other income	53,598	86,380
Total revenue	<u>4,233,391</u>	<u>4,211,594</u>
EXPENSES		
Administrative expenses	110,899	106,573
Salaries and related charges	780,055	835,698
Maintenance and repairs	233,222	473,236
Maintenance contracts	147,419	118,524
Utilities	218,539	459,327
Management fee	198,701	198,988
P.I.L.O.T.	390,980	358,510
Property and liability insurance	86,576	81,663
Total operating expenses	<u>2,166,391</u>	<u>2,632,519</u>
Income from operations	<u>2,067,000</u>	<u>1,579,075</u>
Interest on mortgage	785,927	806,131
Interest - amortization of debt issuance costs	3,028	3,028
Provision for repair and replacement reserve	106,444	63,667
Fees and charges	7,795	7,795
	<u>903,194</u>	<u>880,621</u>
Income before depreciation, amortization	<u>1,163,806</u>	<u>698,454</u>
Depreciation, equal to mortgage principal amortization	<u>468,491</u>	<u>448,361</u>
Income before depreciation excess and amortization	<u>695,315</u>	<u>250,093</u>
Depreciation, excess	<u>(14,362)</u>	<u>(4,947)</u>
NET INCOME	<u><u>\$ 709,677</u></u>	<u><u>\$ 255,040</u></u>

See notes to financial statements

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
STATEMENTS OF PARTNERS EQUITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Partners' Equity - Unrestricted</u>		
Balance, Beginning, unrestricted, as previously stated	\$ 702,181	\$ 697,141
Prior period adjustment	-	-
Balance, Beginning, unrestricted, as restated	<u>702,181</u>	<u>697,141</u>
Net income (loss)	731,977	255,040
Partner distributions	(915,000)	(250,000)
Balance, Ending, unrestricted	<u>519,158</u>	<u>702,181</u>
 <u>Partners' Equity - Reserve for Repairs and Replacements</u>		
Balance, Beginning, repairs and replacements reserve	1,703,272	1,639,605
Additions during the period	159,764	120,000
Interest earned	1,235	13,536
Withdrawals during the period	<u>(76,855)</u>	<u>(69,869)</u>
Balance, Ending, repairs and replacements reserve	<u>1,787,416</u>	<u>1,703,272</u>
Partners' Equity, end of year	<u><u>\$ 2,306,574</u></u>	<u><u>\$ 2,405,453</u></u>

See notes to financial statements

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No. 861
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2021	2020
Cash flows from operating activities		
Net income	\$ 709,677	\$ 255,040
Adjustment to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	454,129	443,414
Amortization - debt issuance costs	3,028	3,028
Prior period adjustment	-	-
Payment for repair and replacement reserve	106,444	63,667
(Increase) decrease in accounts receivable - tenants	(7,868)	17,726
(Increase) decrease in accounts receivable - subsidy (net)	(5,951)	8,324
(Increase) decrease in due to affiliate	3,032	(3,032)
(Increase) decrease in prepaid expenses	(2,431)	267
Increase (decrease) in accounts payable and accrued expenses	(9,068)	87,035
Increase (decrease) in management fee payable	13,116	(13,212)
Increase (decrease) in accrued real estate taxes	10,498	(12,693)
Decrease in accrued interest payable	(1,718)	(1,644)
Increase in prepaid rent	1,700	2,336
Increase in tenant security deposits (liability)	2,869	830
Net cash provided by operating activities	<u>1,277,457</u>	<u>851,086</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(401,706)</u>	<u>(178,794)</u>
Net cash used in investing activities	<u>(401,706)</u>	<u>(178,794)</u>
Cash flows from financing activities		
Principal payments on mortgage	(468,491)	(448,361)
Distributions	<u>(915,000)</u>	<u>(250,000)</u>
Net cash used in financing activities	<u>(1,383,491)</u>	<u>(698,361)</u>
DECREASE IN CASH, RESTRICTED CASH AND EQUIVALENTS	(507,740)	(26,069)
Cash, restricted cash and equivalents, beginning	3,712,980	3,739,049
Cash, restricted cash and equivalents, ending	<u>\$ 3,205,240</u>	<u>\$ 3,712,980</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 787,645</u>	<u>\$ 807,775</u>

See notes to financial statements

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 and 2020

NOTE A – ORGANIZATION

The Company was formed as a New Jersey Limited Liability Company on March 19, 2013 to purchase John P. Fricano Towers located in New Brunswick, New Jersey and to operate thereon the apartment complex of 213 units pursuant to the laws of the State of New Jersey. The Company is subject to the limitations set forth in the rules and regulations of the U.S. Department of Housing and Urban Development (HUD) and the New Jersey Housing & Mortgage Finance Agency (NJHMFA), as to rent charges and operating methods.

The purchase of the real estate was from a related entity, New Brunswick UAW Housing Corporation, at a price of \$19,000,000 which was determined by an independent appraisal.

The Company is not subject to any limitation on distributions of project funds pursuant to an expiring Section 8 Contract. The Company receives a material portion of its revenue from NJHMFA under HUD's Section 8 rental subsidy program. This program provides for direct rent subsidy payments to the partnership on behalf of qualified tenants.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis for presentation

The accompanying financial statements have been prepared in accordance with the New Jersey Housing and Mortgage Finance Agency Accounting Policies & Procedures Manual.

The accounting practices prescribed or permitted by the Agency for transactions for reserve for repairs and replacements differ from generally accepted accounting principles as follows:

- Funding of the reserve for repairs and replacements is recorded as an expense.
- Reimbursements from the reserve for repairs and replacements are recorded as income when approved by the Agency as opposed to when the actual expenditure is made by the Company.
- Interest earned by the Reserve Fund is recorded directly in the fund balance.

2. Rental Property and Depreciation

Depreciation of property and equipment, stated at cost, is computed primarily using the straight-line method over the estimated useful lives of the assets ranging from 5-40 years. Costs that are deemed to increase the useful life of the property or equipment are capitalized. The capitalization policy is \$5,000 per item. Any costs incurred below this threshold are expensed as ordinary repairs and maintenance. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts, and any resulting gain or loss is included in operations.

3. Impairment of Long-Live Assets

The Company is subject to the provisions of the Impairment of Disposal of Long-Live Assets topic of the FASB Accounting Standards Codification (ASC) 360-10-35. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Company's financial statements. The standard requires

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. *Impairment of Long-Live Assets (Continued)*

impairment losses to be recorded on long-live assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the fiscal years ended September 30, 2021 and 2020.

4. *Income Taxes*

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as partnership. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. These financial statements do not reflect a provision of income taxes and the Company has no other tax positions which must be considered for disclosure. The Company's federal income tax returns are subject to examination by the IRS, generally for three years after they were filed.

5. *Accounting for Uncertainty in Income Taxes*

Accounting Standards Codification (ASC) Topic 740 (ASC740), Income Taxes, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest and penalties, disclosure, and transition. It is management's belief that the Company does not hold any uncertain tax position. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. At a minimum, the September 30, 2018 through 2020 tax years are open for examination by taxing authorities.

6. *Debt Issuance Costs*

In connection with obtaining the mortgage loan, the Company incurred debt issuance costs. These costs are being amortized using the straight-line method over the term of the mortgage. Generally accepted accounting principles require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended September 30, 2021 and 2020. In accordance with ASU 2015-03 debt issuance costs are now being classified as an offset to mortgage payable in the statement of assets, liabilities and members' equity.

7. *Rental Income*

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the partnership and tenants of the property are operating leases.

8. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Use of Estimates (Continued)

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

9. Cash and cash equivalents

The Company considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial positions to the sum of the corresponding amounts within the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,123,946	\$1,806,557
Restricted cash:		
Tenant security deposits	49,796	46,927
Reserve for taxes and insurance	244,082	156,224
Reserve for replacement	<u>1,787,416</u>	<u>1,703,272</u>
Total	<u>\$ 3,205,240</u>	<u>\$ 3,712,980</u>

10. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and mortgage payable. Receivables are reported at their net realizable value, which approximates fair value. All other financial instruments are stated at cost, which approximates fair value.

11. Subsequent Events

Subsequent events have been evaluated through December 14, 2021, the date the financial statements were available to be issued.

12. Advertising Costs

Advertising costs are expensed in the year incurred.

NOTE C - HOUSING ASSISTANCE PAYMENT CONTRACT

In conjunction with the purchase of the building, the Company was assigned the Housing Assistance Payment Contract from the seller. The seller had renewed its original contract for a one-year term on February 28, 2013 and was set to expire on February 27, 2014. The Company applied for and was granted an early termination of the one year contract and replaced it with a twenty year basic renewal contract with a Preservation Exhibit providing for an additional term of one year. The effective date of the new contract is July 17, 2013 that expires July 17, 2033. The New Jersey Housing and Mortgage Finance Agency remains as the Contract Administrator. Pursuant to Section 4-5 of the Section 8 Renewal Policy Guide limits on distributions for the Company will be removed during the twenty year renewal term. Rents can be adjusted on each fifth year of the anniversary date of the contract based on either an OCAF or budget based adjustment.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE D – TAX ABATEMENT AGREEMENT (PILOT)

The Company was assigned the tax abatement agreement from the seller effective July 17, 2013. Real estate taxes are calculated under a tax abatement agreement with the City of New Brunswick whereby the Company incurs an annual service charge of an amount equal to ten percent (10%) of the adjusted rent receipts as defined. The calculation of real estate taxes is presented in the supplementary information.

NOTE E – DEBT ISSUANCE COSTS

Debt issuance costs of \$90,833 are being amortized over the term of the mortgage loan using the straight-line method. In accordance with ASU 2015-03 amortization expense is now being reported as interest expense on the mortgage payable in the statement of operations. Amortization expense for the fiscal years ended September 30, 2021 and 2020 totaled \$3,028, respectively. At September 30, 2020 and 2019, accumulated amortization totaled \$24,481 and \$21,453, respectively.

Estimated amortization expense for each of the next five years and thereafter is as follows:

2022	\$ 3,028
2023	3,028
2024	3,028
2025	3,028
2026	3,028
Thereafter	<u>51,212</u>
Total	<u>\$ 66,352</u>

NOTE F - MORTGAGE PAYABLE

In conjunction with the purchase, the Company entered into a Mortgage Note with the seller (New Brunswick UAW Housing Corporation) effective July 17, 2013. The mortgage note payable in the original amount of \$20,903,835 is payable in monthly installments of \$104,678 of principal and interest charged at an annual rate of 4.40% beginning September 1, 2013 for a period of thirty (30) years. The mortgage note matures August 1, 2043. The apartment project is pledged as collateral for the note. The note was assigned to an affiliate, WPR UAW Housing Corporation, on April 4, 2014.

The balance owed on the note as of September 30, 2021 and 2020 is \$17,645,603 and \$18,114,094 respectively. Interest charged to operations for fiscal years ended September 30, 2021 and 2020 was \$785,927 and \$806,131 respectively. Accrued interest as of September 30, 2021 and 2020 is \$66,418 and \$66,418 respectively.

Principal payments due on the mortgage notes during the next five years are as follows:

2023	\$ 489,526
2024	511,505
2025	534,470
2025	558,468
2026	606,123
Thereafter	<u>14,945,511</u>
Total	<u>\$ 17,645,603</u>

JPF UAW URBAN RENEWAL HOUSING LLC
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE F - MORTGAGE PAYABLE (CONTINUED)

Under agreements with NJHMFA, the Company is required to make monthly escrow deposits for taxes and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions to partners. The liability of the Company under the mortgage notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

NOTE G - SURPLUS CASH

As of September 30, 2021 the partnership had available surplus cash, computed as follows:

Cash:			\$1,173,742
Cash on hand and in banks			
Current obligations:			
Accounts payable and accrued			
expenses (due within 30 days)	\$276,936		
Accrued interest payable	64,700		
Rent deferred credits	8,451		
Tenant security deposits	<u>49,796</u>	<u>399,883</u>	
			<u>\$ 772,859</u>
Surplus cash			

NOTE H - RELATED PARTY TRANSACTIONS

The management agent, Region Nine Housing Corporation, is an affiliated and related party.

Management and Accounting Fees

The property is managed by Region Nine Housing Corp., one of the members in the Company, pursuant to a management agreement approved by NJHMFA effective July 17, 2013. The agreement remains in force as long as the Company is self managing. The fee was changed to \$73.44 effective January 1, 2020, \$72.94 effective March 1, 2020, and \$72.08 effective January 1, 2021. In addition, Region Nine Housing Corp. is eligible for an annual bonus fee for "excellence in management" of the project, as determined and approved by NJHMFA in its review of the compliance with the Agency/HUD regulations and the physical maintenance of the property. Management fees including the bonus fee for the fiscal years ended September 30, 2021 and 2020 charged to expense were \$198,701 and \$198,988 respectively.

Region Nine Housing Corporation also receives a bookkeeping/accounting fee as approved by NJHMFA on a per unit per month basis. Total bookkeeping/accounting fees charged to operations amounted for the fiscal years ended September 30, 2021 and 2020 to \$13,185 and \$12,915 respectively.

Salaries and related Costs

Salaries and related costs are reimbursed to the management agent for actual payroll costs incurred plus a reimbursement for health insurance. Payroll taxes and workers' compensation are paid by the project directly.

**JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE H – RELATED PARTY TRANSACTIONS (CONTINUED)

Salaries and related Costs (Continued)

Region Nine Housing Corporation has established a Health Reimbursement Account (HRA) for the employees of the Corporation. This account is funded by the Corporation and employees receive distributions from this account for medical related expenses incurred.

Maintenance and Repairs Costs

In fiscal year 2018 the Partnership contracted with an affiliated entity, Region Nine Improvements, LLC to perform maintenance and repair services. Total charged to operations for fiscal years 2021 and 2020 was \$130,920 and \$235,848 respectively. Total capitalized to fixed assets for fiscal years 2021 and 2020 was \$128,624 and \$-0- respectively. In fiscal year 2018 the Company contracted with an affiliated entity, R-9 Associates to perform maintenance and repair services. Total charged to operations for fiscal year 2021 and 2020 was \$8,401 and \$15,290 respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a high quality credit institution where accounts are issued to the FDIC limit of \$250,000.

Current Vulnerability Due to Certain Concentrations.

The Company's sole asset is a two hundred thirteen (213) unit affordable housing project. The Company's operations are concentrated in the low income real estate market. In addition, the Company operates in a heavily regulated environment. The operation of the Company is subject to administrative directives and rules and regulations which are subject to change. Such charges may occur with little notice or inadequate funding to pay for the related costs including the additional administrative burden to comply with change. In addition, any rent increases the Company may request in the future will be subject to the approval of the New Jersey Housing Mortgage Finance Agency

NOTE J – RETIREMENT PLAN

A 401(k) plan is maintained and managed by the Company. A contribution of \$500 per year for each full time employee is made to this plan by the Company. For fiscal years ending September 30, 2021 and 2020 the sum of \$3,000 and \$3,500 was charged to operations respectively.

The current management agent (Region Nine Housing) has undertaken action to establish a new defined benefit plan for all full time employees. The plan is retroactive to January 1, 2016. For the years ended September 30, 2021 and 2020, \$14,348 and \$16,481 were charged to operations for the establishment and funding of this plan.

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

NOTES TO FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2021 and 2020

NOTE K – OTHER CONDITIONS - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a virus commonly referred to as COVID-19 began to spread throughout the world. The impact of the outbreak has affected business functions in many ways, and it is anticipated that business functions will continue to be impacted for quite some time. JPF UAW Urban Renewal Housing, LLC has been able to change and adapt its business functions to safeguard the health and safety of the residents and staff. To date there has been no significant long term impact to the financial conditional of the JPF UAW Urban Renewal Housing, LLC. Management of the JPW UAW Urban Renewal Housing, LLC community is optimistic that with appropriate help and guidance from HUD and HMFA it can continue to manage and mitigate the effect of this outbreak, and continue to insure the safety and well-being of the residents and staff.

NOTE L – NEW ACCOUNTING PRONOUNCEMENT

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. This guidance requires that the statement of cash flows reconcile the change during the period in the total of cash, cash equivalents, and restricted cash reserves. As a result, the restricted cash reserves will be included with cash and cash equivalents when reconciling the beginning-of-period and the end-of-period total amounts presented in the statement of cash flows. The Company adopted the guidance during the fiscal year ended September 30, 2020, and applied its provisions retrospectively. The adoption of ASU 2016-18 did not have a material impact on the Company's financial statements.

**SUPPLEMENTAL INFORMATION
SUPPORTING DATA REQUIRED BY NJHMFA**

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

SEPTEMBER 30,

	<u>2021</u>	<u>2020</u>
SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS		
Due from affiliate	\$ -	\$ 3,032

SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

<u>Accounts Payable</u>		
Security contract	\$ 1,509	\$ -
Utilities	49,029	36,313
Administrative	13,663	13,397
Security deposit refunds	(105)	972
Repairs and maintenance items	40,536	28,323
Employee benefits	15,498	16,481
Capital improvements	19,600	53,720
401(k) and other withholding	1,538	1,130
Total	<u>\$ 141,268</u>	<u>\$ 150,336</u>

<u>Accrued Expenses</u>		
Management fee	<u>\$ 28,979</u>	<u>\$ 15,863</u>

SCHEDULE C - LOANS, NOTES OR MORTGAGES PAYABLE
(OTHER THAN MORTGAGES PAYABLE TO NJHMFA)

Mortgage payable - WPR UAW Housing Corporation (see Note F)	<u>\$ 17,645,603</u>	<u>\$ 18,114,094</u>
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**JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No. 861**

**SUPPLEMENTAL INFORMATION
SCHEDULE D - CHANGES IN RESERVE BALANCES**

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Balance Oct. 1, 2020	Additions	Transfers	Interest Earned	Payments	Balance Sept. 30, 2021
Real estate tax escrow	\$ 55,550	\$ 443,100	\$ 22,300	\$ 73	\$ (380,482)	\$ 140,541
Insurance escrow	100,674	93,232	-	49	(90,414)	103,541
Repairs and replacement reserve	1,703,272	159,764	(22,300)	1,235	(54,555)	1,787,416
	<u>\$ 1,859,496</u>	<u>\$ 696,096</u>	<u>\$ -</u>	<u>\$ 1,357</u>	<u>\$ (525,451)</u>	<u>\$ 2,031,498</u>
	Balance Oct. 1, 2019	Additions	Transfers	Interest Earned	Payments	Balance Sept. 30, 2020
Real estate tax escrow	\$ 98,572	\$ 327,600	\$ -	\$ 581	\$ (371,203)	\$ 55,550
Insurance escrow	102,666	79,200	-	470	(81,662)	100,674
Repairs and replacement reserve	1,639,605	120,000	-	13,536	(69,869)	1,703,272
	<u>\$ 1,840,843</u>	<u>\$ 526,800</u>	<u>\$ -</u>	<u>\$ 14,587</u>	<u>\$ (522,734)</u>	<u>\$ 1,859,496</u>

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No. 861

SUPPLEMENTAL INFORMATION
SCHEDULE E - CHANGES IN FIXED ASSET ACCOUNTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Assets			Accumulated Depreciation			Net Book Value Sept. 30, 2021
	Balance Oct. 1, 2020	Balance Sept. 30, 2021	Additions	Balance Oct. 1, 2020	Provisions	Balance Sept. 30, 2021	
Land	\$ 3,328,535	\$ 3,328,535	-	\$ -	-	\$ -	\$ 3,328,535
Land improvements	144,684	-	-	34,103	7,234	41,337	103,347
Buildings	16,218,659	16,581,867	363,208	2,792,271	409,908	3,202,179	13,379,688
Furniture, fixtures and equipment	350,603	389,101	38,498	107,349	36,987	144,336	244,765
	<u>\$ 20,042,481</u>	<u>\$ 20,444,187</u>	<u>\$ 401,706</u>	<u>\$ 2,933,723</u>	<u>\$ 454,129</u>	<u>\$ 3,387,852</u>	<u>\$ 17,056,335</u>
	Assets			Accumulated Depreciation			Net Book Value Sept. 30, 2020
	Balance Oct. 1, 2019	Balance Sept. 30, 2020	Additions	Balance Oct. 1, 2019	Provisions	Balance Sept. 30, 2020	
Land	\$ 3,328,535	\$ 3,328,535	-	\$ -	-	\$ -	\$ 3,328,535
Land improvements	144,684	-	-	26,869	7,234	34,103	110,581
Buildings and improvements	16,039,865	16,218,659	178,794	2,391,153	401,118	2,792,271	13,426,388
Furniture, fixtures and equipment	350,603	350,603	-	72,287	35,062	107,349	243,254
	<u>\$ 19,863,687</u>	<u>\$ 20,042,481</u>	<u>\$ 178,794</u>	<u>\$ 2,490,309</u>	<u>\$ 443,414</u>	<u>\$ 2,933,723</u>	<u>\$ 17,108,758</u>

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No. 861

SUPPLEMENTAL INFORMATION - CONTINUED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
SCHEDULE F - OTHER INCOME		
Laundry	\$ 5,433	\$ 5,187
Antenna income	39,517	40,089
Late fees, damages, legal fees	2,533	2,020
Interest on reserves	1,357	14,587
Interest on investments	4,611	8,663
Other income	147	15,834
Total	<u>\$ 53,598</u>	<u>\$ 86,380</u>
SCHEDULE G - ADMINISTRATIVE EXPENSES		
Stationery and supplies	\$ 5,745	\$ 4,212
Postage	707	690
Other office expense	2,333	4,134
Inspection and other fees	19,904	9,844
Accounting and bookkeeping	13,185	12,915
Computer charges	18,014	10,231
Other professional fees	860	5,223
Legal	2,118	3,520
Audit	9,850	9,850
Bad debts	1,542	16,362
Telephone	10,177	9,434
Social service expenses	15,138	12,792
Miscellaneous administrative	11,326	7,366
Total	<u>\$ 110,899</u>	<u>\$ 106,573</u>
SCHEDULE H - SALARIES AND RELATED CHARGES		
Superintendent	\$ 43,295	\$ 62,472
Office and admin	107,339	127,703
Janitorial	132,027	118,251
Social service	40,907	61,817
Security and other	133,928	135,730
Other salaries	48,811	41,784
Employee rent free unit	20,573	38,633
Employee benefits	185,559	187,361
Workers compensation, payroll taxes	67,616	61,947
Total	<u>\$ 780,055</u>	<u>\$ 835,698</u>

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861

SUPPLEMENTAL INFORMATION - CONTINUED
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
SCHEDULE I - MAINTENANCE AND REPAIRS		
Kitchen equipment	\$ 7,403	\$ 26,229
Plumbing	517	3,499
Electrical	2,118	4,774
Windows and glasses	809	979
Painting and decorating	7,453	10,808
Janitor supplies	10,460	9,192
HVAC supplies	2,986	1,660
Maintenance supplies	49,309	136,347
Snow removal	11,882	586
Miscellaneous maintenance and repairs	140,285	279,162
Total	<u>\$ 233,222</u>	<u>\$ 473,236</u>
SCHEDULE J - MAINTENANCE CONTRACTS		
Security contract	\$ 18,975	\$ 12,223
Fire system monitoring and repairs	18,584	17,596
Grounds, parking, landscaping	15,829	13,713
Elevator contract	11,660	22,067
Trash removal	29,335	25,795
Heating and air conditioning	24,577	9,033
Exterminating	10,063	8,341
Other	18,396	9,756
Total	<u>\$ 147,419</u>	<u>\$ 118,524</u>
SCHEDULE K - UTILITIES		
Fuel	\$ 33	\$ 682
Gas	48,040	43,979
Electricity	48,028	51,914
Water	57,094	205,451
Sewer	65,344	157,301
Total	<u>\$ 218,539</u>	<u>\$ 459,327</u>

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
SUPPLEMENTAL INFORMATION - CONTINUED

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

SCHEDULE L - COMPUTATION OF MANAGEMENT FEE

	<u>Mgmt. Fee</u>	<u>Homeless Fee</u>	<u>Total</u>
2021 Management & Homeless fee rate (213 units):			
October - December (\$70.94, \$2.00 per unit)	\$ 45,330	\$ 1,278	\$ 46,608
January - May (72,08/unit, none taken)	76,765	-	76,765
June (\$72,08/unit, \$15.00/month)	15,353	15	15,368
July - September (\$72.08/unit, \$300/month)	46,060	900	46,960
	13,000	-	13,000
Excellence in management fee	<u>\$ 196,508</u>	<u>\$ 2,193</u>	<u>\$ 198,701</u>
Total management fee expense			
2020 Management & Homeless fee rate (213 units):			
October - December (\$69.41, \$2.50 per unit)	\$ 44,353	\$ 1,598	\$ 45,951
January - February (\$70.94, \$2.50 per unit)	30,221	1,065	31,286
March - September (\$70.94, \$2.00 per unit)	105,769	2,982	108,751
	13,000	-	13,000
Excellence in management fee	<u>\$ 193,343</u>	<u>\$ 5,645</u>	<u>\$ 198,988</u>
Total management fee expense			
		<u>9/30/21</u>	<u>9/30/20</u>
Management fee payable at October 31,		\$ 15,863	\$ 15,317
Management fee expense		198,701	198,988
Less: payments		<u>(185,585)</u>	<u>(198,442)</u>
Management fee payable at September 30,		<u>\$ 28,979</u>	<u>\$ 15,863</u>

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
 NJHMFA Project No. 861
 SUPPLEMENTAL INFORMATION - CONTINUED

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

SCHEDULE M - COMPUTATION OF PAYMENT IN LIEU OF TAXES

	<u>2021</u>	<u>2020</u>
Rental income	\$ 4,224,431	\$ 4,153,861
Less: vacancies, staff units, bad debts	<u>(66,753)</u>	<u>(83,642)</u>
Net rent	<u>4,157,678</u>	<u>4,070,219</u>
Less: Fuel	33	682
Gas	48,040	43,979
Electricity	48,028	51,914
Water	57,094	205,451
Sewer	65,344	157,301
Trash removal	<u>29,335</u>	<u>25,795</u>
	<u>247,874</u>	<u>485,122</u>
Adjusted rent receipts	<u>3,909,804</u>	<u>3,585,097</u>
Payment in Lieu of Taxes @ 10.00%	<u>\$ 390,980</u>	<u>\$ 358,510</u>
Balance accrued (prepaid) as of October 1,	\$ 96,191	\$ 108,884
Expense for the period	390,980	358,510
Payments	<u>(380,482)</u>	<u>(371,203)</u>
Accrued (prepaid) as of September 30,	<u>\$ 106,689</u>	<u>\$ 96,191</u>

**JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861**

SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2021 and 2020

SCHEDULE N - RELATED PARTY TRANSACTIONS

All related party transactions are disclosed in Note H to the financial statements.

SCHEDULE O - PAYROLL TAX FILINGS AND PAYMENTS

Based on the audit procedures performed, federal, state and local income and payroll tax returns were filed on a timely basis and the related tax payments were also made on a timely basis.

SCHEDULE P – CUMULATIVE RETURN ON EQUITY

Beginning for the year ended September 30, 2013, there is no limitation on the return on equity. However, before a payment on the return on equity is made the Company must have established an operating reserve in an amount as required by NJHMFA. The Company has established and fully funded operating reserve in the amount required by NJHMFA.

SCHEDULE Q – DISTRIBUTIONS

Based on the audit procedures performed, there were cash distributions of \$915,000 and \$250,000 paid to the partners for the fiscal years ended September 30, 2021 and 2020 respectively which were duly authorized by NJHMFA.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS**

To the Partners
JPF UAW Urban Renewal Housing LLC

Report on Compliance for Each Major HUD Program

We have audited JPF UAW Urban Renewal Housing LLC's compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs (the Guide) that could have a direct and material effect on each of JPF UAW Urban Renewal Housing LLC's major U.S. Department of Housing and Urban Development (HUD) programs for the year ended September 30, 2021. JPF UAW Urban Renewal Housing LLC's major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Programs	Direct and Material Compliance Requirements
Housing Assistance Payment Contracts	Fair housing and nondiscrimination, replacement reserve, residual receipts, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant application, eligibility, and recertification, units leased to extremely low-income families, tenant security deposits, management functions, unauthorized change of ownership/acquisition of liabilities and unauthorized loans of project funds.

Management's Responsibilities

Management is responsible for compliance with the requirements of law, regulations, contracts, and grants applicable to its HUD programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JPF UAW Urban Renewal Housing LLC's major HUD programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in, *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about JPF UAW Urban Renewal Housing LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. However, our audit does not provide for a legal determination of JPF UAW Urban Renewal Housing LLC's compliance.

Opinion on Each Major HUD Program

In our opinion, JPF UAW Urban Renewal Housing LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of JPF UAW Urban Renewal Housing LLC is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered JPF UAW Urban Renewal Housing LLC's internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JPF UAW Urban Renewal Housing LLC's internal control over compliance.

A deficiency in internal control over compliance exists when the design of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with compliance requirement of a HUD program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

David J. Audon, CPA P.C.

Frederica, Delaware
December 14, 2021

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Partners
JPF UAW Urban Renewal Housing LLC

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of JPF UAW Urban Renewal Housing LLC which comprises the statements of assets, liabilities and partners' equity as of September 30, 2021, and the related statements of operations, partners' equity, and cash flows for the year ended September 30, 2021, and the related notes to the financial statements and have issued our report thereon December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JPF UAW Urban Renewal Housing LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of JPF UAW Urban Renewal Housing LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of JPF UAW Urban Renewal Housing LLC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the JPF UAW Urban Renewal Housing LLC's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance whether JPF UAW Urban Renewal Housing LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Compliance and Other Matters, continued

The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See Finding 2021-1 in the Schedule of Findings and Questioned Costs.

Purpose of this Report

The purposes of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JPF UAW Urban Renewal Housing LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JPF UAW Urban Renewal Housing LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

David J. Ardoen, CPA P.C.

Frederica, Delaware
December 14, 2021

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2021

Finding 2021-1 – DCA Inspection Report Violations

The Department of Community Affairs (DCA) for the State of New Jersey conducted a physical inspection on March 23, 2021. The report indicated twenty-six open violations of which five were classified as “life safety” violations. DCA is responsible for enforcing the provisions of the Hotel and Multiple Dwelling Law (P.L. 1967, c. 76, 1, eff. May 31; Amended by L. 1970, c. 138, 1).

Recommendation – The Company must correct all violations as noted and schedule a re-inspection to close out the report.

Management Response – The Company and management have been in the process of correcting all violations and requested a re-inspection which is tentatively scheduled for January 2022. Management will be revising policies and procedures to prevent these type of violations from reoccurring.

STANDARD HUD COMPLIANCE CERTIFICATION

We have audited the financial statements of JPF UAW Urban Renewal Housing LLC as of September 30, 2021 and for the year ended September 30, 2021 and have issued our report thereon dated December 14, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and when applicable the standards to financial audits contained in the generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about JPF UAW Urban Renewal Housing LLC's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Management's Responsibility

The management of JPF UAW Urban Renewal Housing LLC is responsible for compliance with those requirements.

Opinion

In our opinion, JPF UAW Urban Renewal Housing LLC complied, in all material respects, with the requirements described above for the year ended September 30, 2021.

Compliance and Other Matters

In addition, we have tested JPF UAW Urban Renewal Housing LLC's compliance with the specific program requirements that are part of the most recent Consolidated Audit Guide, issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, for the year ended September 30, 2021.

We also attest to you that we have reviewed the following on a test basis:

1. All reports required by HUD for timely filing and accuracy.
2. The validity of the H.A.P. (or R.A.P.) contract and amendments thereto.
3. The accuracy of the maximum chargeable rents.
4. The qualifications of the tenants as to admission and their required monthly contributions.
5. The certification and recertification of tenants.
6. The files located at the project, the managing agent's office, and supervisory managing agent's office for adequacy.

Based upon our review of the items 1 to 6 above, no matters came to our attention that would invalidate the future and uninterrupted receipt of the federal subsidies, under existing rules and regulations.

This report is intended solely for the information and the use of the audit committee, management, the U.S. Department of Housing and Urban Development and the New Jersey Housing & Mortgage Finance Agency and is not intended to be and should not be used by anyone other than these specified parties.

David J. Cardoni, CPA P.C.

Frederica, Delaware
December 14, 2021

JPF UAW URBAN RENEWAL HOUSING LLC
T/A JOHN P. FRICANO TOWERS
NJHMFA Project No.: 861

SEPTEMBER 30, 2021

CERTIFICATE OF PARTNER

I hereby certify that I have examined the accompanying financial statements and supplemental data of JPF UAW Urban Renewal Housing LLC and, to the best of my knowledge and belief, the same is complete and accurate.

GENERAL PARTNER
Keystone U.A.W. Housing Corporation

Signature

Date

Partnership Employer
Identification Number:
46-2228581