



**FRENCH STREET URBAN RENEWAL CORP**  
**(AN S-CORPORATION)**

**FINANCIAL STATEMENTS**  
**(INCOME TAX BASIS)**

**DECEMBER 31, 2021**

**FRENCH STREET URBAN RENEWAL CORP**  
**(AN S-CORPORATION)**  
DECEMBER 31, 2021

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Certified Public Accountants  
Management Consultants

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Stockholders  
French Street Urban Renewal Corp (an S-Corporation)  
Lavallette, New Jersey

Management is responsible for the accompanying financial statements of French Street Urban Renewal Corp (an S-Corporation), which comprise the statement of assets, liabilities and stockholders' equity (deficit) - income tax basis as of December 31, 2021, and the related statements of revenues and expenses - income tax basis and changes in retained earnings (deficit) - income tax basis for the year then ended in accordance with the income tax basis of accounting, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting including the statement of cash flows. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Meisel, Tuteur & Lewis, P.C.*

MEISEL, TUTEUR & LEWIS, P.C.

Roseland, New Jersey  
June 8, 2022

**FRENCH STREET URBAN RENEWAL CORP**  
**(AN S-CORPORATION)**  
STATEMENT OF ASSETS, LIABILITIES AND  
STOCKHOLDERS' EQUITY (DEFICIT) - INCOME TAX BASIS  
DECEMBER 31, 2021

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**ASSETS**

|                                                                                       |                          |
|---------------------------------------------------------------------------------------|--------------------------|
| REAL ESTATE, AT COST                                                                  |                          |
| Land                                                                                  | \$ 3,800,712             |
| Building                                                                              | 24,392,708               |
| Land improvements                                                                     | 429,150                  |
|                                                                                       | <u>28,622,570</u>        |
| Less: accumulated depreciation                                                        | <u>8,808,862</u>         |
| <br>TOTAL REAL ESTATE, AT COST,<br>NET OF ACCUMULATED DEPRECIATION                    | <br><u>19,813,708</u>    |
| <br>OTHER ASSETS                                                                      |                          |
| Cash                                                                                  | 44,467,583               |
| Due from affiliates                                                                   | 1,177,568                |
| Deferred financing costs, net of accumulated amortization<br>in the amount of \$4,444 | <u>1,328,678</u>         |
| <br>TOTAL OTHER ASSETS                                                                | <br><u>46,973,829</u>    |
| <br>TOTAL ASSETS                                                                      | <br><u>\$ 66,787,537</u> |

**LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

|                                                                                   |                          |
|-----------------------------------------------------------------------------------|--------------------------|
| LIABILITIES                                                                       |                          |
| Mortgage payable                                                                  | \$ 71,118,121            |
| Tenants' security deposits                                                        | <u>268,450</u>           |
| <br>TOTAL LIABILITIES                                                             | <br><u>71,386,571</u>    |
| <br>STOCKHOLDERS' EQUITY (DEFICIT)                                                |                          |
| Common stock - \$0.01 par value, 100 shares<br>authorized, issued and outstanding | 1                        |
| Retained earnings (deficit)                                                       | <u>(4,599,035)</u>       |
| <br>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)                                          | <br><u>(4,599,034)</u>   |
| <br>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)                          | <br><u>\$ 66,787,537</u> |

See independent accountant's compilation report.

**FRENCH STREET URBAN RENEWAL CORP**  
**(AN S-CORPORATION)**  
STATEMENT OF REVENUES AND EXPENSES - INCOME TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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|                                                |                       |
|------------------------------------------------|-----------------------|
| REVENUES                                       |                       |
| Rental income                                  | \$ 3,443,092          |
|                                                | <u>3,443,092</u>      |
| TOTAL REVENUES                                 |                       |
| OPERATING EXPENSES                             |                       |
| Bank fees                                      | 39,348                |
| Charitable contributions                       | 13,000                |
| Consulting fees                                | 2,100,000             |
| Insurance expense                              | 38,119                |
| Management fees                                | 368,024               |
| Office and other                               | 168                   |
| Professional fees                              | <u>78,069</u>         |
|                                                | <u>2,636,728</u>      |
| TOTAL OPERATING EXPENSES                       |                       |
| INCOME FROM OPERATIONS BEFORE OTHER INCOME     |                       |
| (EXPENSE), NON-CASH EXPENSES AND INCOME TAXES  | <u>806,364</u>        |
| OTHER INCOME (EXPENSE)                         |                       |
| Interest income                                | 221                   |
| Dividend income                                | 62                    |
| Interest expense                               | <u>(5,850,186)</u>    |
|                                                | <u>(5,849,903)</u>    |
| TOTAL OTHER INCOME (EXPENSE)                   |                       |
| LOSS BEFORE NON-CASH EXPENSES AND INCOME TAXES | <u>(5,043,539)</u>    |
| NON-CASH EXPENSES                              |                       |
| Depreciation                                   | 650,798               |
| Amortization                                   | <u>387,174</u>        |
|                                                | <u>1,037,972</u>      |
| TOTAL NON-CASH EXPENSES                        |                       |
| LOSS BEFORE PROVISION FOR INCOME TAXES         | (6,081,511)           |
| PROVISION FOR INCOME TAXES                     | <u>61,451</u>         |
| EXPENSES IN EXCESS OF REVENUES                 | <u>\$ (6,142,962)</u> |

See independent accountant's compilation report.

**FRENCH STREET URBAN RENEWAL CORP**  
**(AN S-CORPORATION)**  
STATEMENT OF CHANGES IN RETAINED EARNINGS (DEFICIT) - INCOME TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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|                                |                       |
|--------------------------------|-----------------------|
| BALANCE - JANUARY 1, 2021      | \$ 1,543,927          |
| Expenses in excess of revenues | <u>(6,142,962)</u>    |
| BALANCE - DECEMBER 31, 2021    | <u>\$ (4,599,035)</u> |

See independent accountant's compilation report.

Urban Renewal Entity: French Street Urban Renewal Corp.  
Annual Calculation of Allowable Net Profit and Excess Profit Charge  
per N.J.S.A. 40A:20-3(a) and (c) for the fiscal year ending:

12/31/21

**Gross Revenue:**

(1) Total Gross Revenue per audited Statement of Operations  
(please include copy of annual audited statement prepared by  
a certified public accountant)

\$3,443,092

**Adjustments:**

(2) Insurance, Operating and Maintenance Expenses paid by  
Tenant which are ordinarily paid by a Landlord

(A) \$172,155

(3) Vacancy reserves in excess of the  
allowable reserve of 10% of Gross Revenues

(4) Rental income from an affiliate related to the Project

(5) Adjusted Total Gross Revenue (Sum of (1) through (4))

\$3,615,247

**Expenses:**

(6) Total Expenses per audited Statement of Operations

\$10,800,578

(The statutes N.J.S.A. 40A:20-15 do not expressly identify what items are to be deducted from gross revenues.  
City's position is that these statutes be read in pari-materiu with N.J.S.A. 40A:20-3.)

**Adjustments:**

(7) Depreciation or Obsolescence

(B) \$650,798

(8) Interest on Debt, except interest which is part of debt service

\$4,667,263

(9) Income Taxes

\$61,451

(10) Salaries, Bonuses or Compensation paid, directly or indirectly,  
to Directors, Management, Officers, Stockholders,  
Partners or other persons holding any proprietary ownership  
interest in the property.

(11) Payments for services rendered in excess of reasonable and  
customary payments to an affiliate or related party

(12) Amortization in excess of allowable reserve

(13) Adjusted Total Expenses (Line (6) less lines (7)  
through (12)

\$5,421,066

(14) Statutory Net Profit (Line (5) less (13))

(\$1,805,819)

(15) Less Allowable Profit

\$3,387,651

(Allowable profit  $\frac{12}{100}$  % (per Financial Agreement)  
x Total Project Cost (Line 17)

(16) Excess Service Charge (Line (14) less (15))  
(Please remit to the City within 90 days  
of fiscal Year end with a copy of this  
Report)

(17) Total Project Cost (per "Computation of Total Project  
Cost per N.J.S.A. 40A:20-3(h)" form))

\$28,230,424

**Certification:**

I certify that the information supplied above is complete and accurate and complies with the provisions of  
N.J.S.A. 40A:20-1 et seq. I also understand per the provisions of the financial agreement, the City of New  
Brunswick may examine and audit all supporting financial records, documents and papers related to this  
entity.

Kathryn Bewald  
Certified Public Accountant

(A) This information has been requested from the tenant, but has not been provided. Balance was estimated based on 5% of gross income.

(B) This amount is composed of operating expenses (\$3,290,791), income taxes (\$61,451), debt service per 40A:20-3(c)(1) (\$2,264,609),  
other interest expense (\$4,667,263) and the annual service charge paid per 40A:20-3(c)(1) (\$516,464).